# The COMMERCIAL are Countries FINANCIAL **CHRONICLE**

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#### **EDITORIAL**

# As We See It

One of the most uninspired and uninspiring general election campaigns in our history is now about to come to a close. Outstanding candidates with earnest convictions and established records of solid achievements have been chosen by neither party. Vital current problems have been largely ignored in the oratory from the hustings while voters have been regaled with accusations about the personal life or behavior of candidates or of their families. Old files have been faithfully gnawed, and the politically dead (one must believe and hope) controversies or prejudices invoked day after day ad nauseam. Even the "big guns" of each of the parties have usually signally failed to come to grips with issues which should be decided by the voters next week, but have for the most part contented themselves with "personal appearances" and at least half specious

The much complained of apathy is, as a consequence, the most natural, not to say inevitable, result imaginable, and whichever party gains an advantage by this indifference of the voter, the public must lose in the long run. Of course, some such situation as this has come to be so common as to be almost "normal" for Congressional elections at the mid-term of a President, but it seems to us that both parties have out-Heroded Herod upon this occasion. One may well wish, though hardly hope, that the outcome of the voting next week would be such that all the political managers would come to the conclusion that such tactics as these do not pay.

The state of affairs in this country and in the world renders all this particularly unfortunate at Continued on page 18

# From War to Peace **Economy Without Upset**

By HON. GEORGE M. HUMPHREY\* Secretary of the Treasury

Treasury Secretary, in calling attention to the shift from a war to a peacetime economy without serious economic depression, says record shows that most dangerous thing is to permit erection of a great collapsible structure of speculative credit. Stresses job creation through expanding business, and defends the "incentive" tax policy. Says Administration is meeting responsibility to relieve human suffering and destitution, and outlines objective of converting short-term into long-term national debt.

Views future optimistically.

All Americans can welcome the fact that this nation is making the shift from high to lower government spending without more strain on the economy.

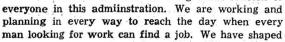
Hundreds of thousands of our people have successfully changed from making things for killing to making things for living. This has involved temporary hardships in some individual cases but this great exhift is being made without a great

shift is being made without a great economic upheaval.

Industrial activity and total em-

ployment have held remarkably well throughout recent months. The throughout recent months. The fourth quarter of this year is already even brighter both industrially and commercially.

The number of unemployed is currently decreasing. We have had more people working during this year than in any other year in the nation's peacetime history. Unemployment is a matter of the greatest concern to George M. Humphrey



\*An address by Secretary Humphrey before the 80th Annual Convention of American Bankers Association, Atlantic City, N. J., Oct. 19, 1954.

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

Continued on page 52

# ABA Holds 80th **Annual Convention**

Meeting held in Atlantic City, N. J., from Oct. 17 through Oct. 20. Homer J. Livingston, President of the First National Bank of Chicago succeeds Everett D. Reese, President of the Park National Bank of Newark, Ohio, as Association's President; Fred F. Florence, President of the Republic National Bank of Dallas, Texas becomes Vice-President, and Sherman Drawdy, President of the Georgia Railroad Bank & Trust Company, was reelected Treasurer. Addresses of Secretary of the Treasury George M. Humphrey; John J. McCloy; Benjamin Strong; George Champion; Everett D. Reese; John L. McCaffrey; Gwilym A. Price, and H. Earl Cook given herein. Association membership now comprises 17,021 banks and branches, comprising over 98% of all banks in the United States and 99% of nation's banking resources.

The American Bankers Association held its 80th Annual Convention in Convention Hall at Atlantic City, N. J., from Oct. 17 through Oct. 20, and, before adjourn-







ment, elected Homer J. Livingston, President of the First National Bank of Chicago, as President of the Association to succeed Everett D. Reese, President of the Park

Continued on page 44

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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.)

GLENELG P. CATERER

Vice-President, Lionel D. Edie & Company, Inc., New York City

Yale & Towne Manufacturing Company

Yale & Towne Manufacturing Yale & Towne Manufacturing Company engages in three main fields of manufacture. The most important is material handling equipment which accounts for about 65% of total sales. Locks and builders' hardware accounts accounts accounts for about accounts for about 65% of total sales.

hardware account for about 33% and powdered metals 2%. Exports from the domestic manufacturing plants come to 7 or 8%, but the



ome of the company also operates plants abroad. The British, Canadian and German subsidiaries, operations of which are consolidated with domestic, (German since 1953), contribute about 10% to total sales.

The materials handling equip

The materials handling equipment division in recent years has accounted for the bulk of the profits. The company is the largest factor in the electric lift truck field and since introduction in 1949 of gas powered trucks, has a important factor, here become an important factor here too. The company now has a complete line of electric, gasoline, diesel and propane powered industrial trucks, hoists, etc. ranging in price from \$22 for some hand hoists to about \$65,000 for units capable of handling 100,-000 pound loads. In 1953 about 90,000 units of material handling

equipment were shipped. Great promise is held for the expansion of the industrial truck business in Europe. Until 1953, Yale & Towne served the European markets through exports from the American material handling division, or through European licensees. In 1953, both the German and British subsidiaries, after having completed the necessity. German and British subsidiaries, after having completed the necessary plant expansions and tooling, started to make their own versions of powered Yale industrial trucks. In view of the accelerated modernization of European industries a profitchle and stead industries, a profitable and steadily growing business is expected.

Earnings of the lock and hardware division have been unsatisfactory in the postwar period. Problems of high cost operations at the sprawling factory at Stamford, Conn., were compounded by the entry into the hardware business of many new single-line producers. Although some far- year-end amounted to \$49,740,426

reaching improvements to modernize the Stamford operations were undertaken, production there could not be effected at there could not be effected at competitive costs and could not be extended to a satisfactory list of products. As a first step, a new plant was erected in Salem, Va., in 1948 to which the activities of the Specialties Division were transferred from Stamford. This plant was enlarged in 1953 to produce automotive, cabinet and luggage locks.

In 1953, two new plants were leased, one in Gallatin, Tenn., and the other in Lenoir City, Tenn. Each one of these two plants is a single story structure designed for volume, single line, low unit cost production. The Gallatin plant manufactures builders' locks known as tubular and cylindrical "key-in-the-knob" locks for lowcost mass housing as well as for the commercial, institutional and higher priced home construction markets. The Lenoir City plant produces Yale lines of staple locks and hardware including padiocks, nignulatches and other auxiliary locks which are sold in retail outlets to the general public. The remaining Stamford operation is much smaller but more efficient than before.

The company is probably the only manufacturer which now produces and distributes the full gamut of locks from inexpensive padlocks to the high-style, high quality, expensive builders' finishing hardware. The transition period has involved large moving and starting-up expenses. Some of these have continued into 1954, but once completed, the management feels sure of its competitive position to make profits.

Yale & Towne first entered the powdered metals products business in 1951 through an acquisiand enlarged the operation a second acquisition in 1953. Still a beginning industry, powdered metallurgy possesses large potentialities for growth. The facilities of one of the plants is being doubled.

Capitalization at the end of 1953 consisted of 628,586 shares of capital stock, ahead of which were \$20,000,000 of unsecured promis-\$20,000,000 of unsecured promissory notes to insurance companies, of which \$8,500,000 bear 23/4% interest rate, \$1,500,000 bear 31/4% and \$10,000,000 bear 4%. The notes mature \$10,000,000 on May 1, 1967 and \$10,000,000 on Feb. 1, 1973 with installments of \$250,000 on the first \$10,000,000 of notes payable on May 1 and Nov. 1 of each year beginning May 1, 1955 and \$250,000 on the second \$10,000,000 of notes payable Feb. 1 and Aug. 1 of each year beginning Feb. 1, 1956.

Total current assets at the 1953

	Net Sales (000)	Pre-Tax Profit Margin	Net Earnings (000)		—Per Share Earned	Common— Dividend
1946	\$39,997	5.6%	\$1,030		\$2.12	\$1.00
1947	62,161	7.9	2,845		5.85	1.60
1948	65,191	5.8	2,127		4.17	1.00(d)
1949	56,520	3.5	1,269		2.49	1.00
1950	65,153	7.9	2,707		5.30	1.50
1951	93,127	8.8	2,824		4.61	2.50
1952	89,009	6.3	2,941	9	4.77(a)	2.50
1953	109,626(	b) 4.8	2,895		4.61(c)	2.50
*1953	51,986	6.8	1,364		2.21	1.00
*1954	45,028	3.5	760		1.21	1.00
* *Circ months	1 5		1 12			

(a) Includes \$353,680, or \$0.57 a share for credit on five years' excess depresion accruals.

(b) Includes operations of German subsidiary.

(c) Includes \$303,143, or \$0.48 a share other income representing 1952 net ings of German subsidiary.

(d) Plus 5% stock.

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

Yale & Towne Manufacturing Company - Glenelg P. Caterer, Vice-President, Lionel D. Edie & Co., Inc., New York City. (Page 2)

of which \$4,536,692 was cash and \$30,713,297 was inventories at lower of cost or market. Current habilities were \$13,142,199 leaving net working capital of \$36,-598,227. Property, plant and equipment was carried at a cost value of \$35,003,157 and net depreciated value at \$23,191,309.

Capital expenditures in 1904 are Capital expenditures in 1934 are much reduced from the expenditures of \$4,785,000 in 1953 and \$2,045,000 in 1952. Total capital expenditures from 1947 through 1953 aggregated \$24,006,000. Lepreciation and a mortization charges of \$1,633,578 were made in 1953 and of \$943,706 in 1952.

The record since 1946 of sales, earnings and profit margins, together with the per share net earnings and dividends is shown in the accompanying table:

Sales for the first half of 1954 were down 13% from those for the corresponding period of 1953 During the first half 1954, addiburing the first hair 1934, additional extraordinary expenses of moving equipment from Stamford to the two new Southern plants were absorbed as well as the starting-up expenses. In addition, there has been a continuation, tion of expenses in connection with reorganization of domestic hardware and powdered metal operations and substantial selling expenses incurred as a result of vigorous efforts to introduce new products and to stimulate sales volume. While third quarter sales were poor because of summer vacation plant shutdowns, the present rates of orders, shipments and earnings are believed to be showing considerable improvement.

The products of Yale & Towne are essentially durable goods, mostly capital goods, and as such sales of the company are vulnerable during periods of business recession. This is particularly true of the material handling division. However, allowing for such periods, the longer term outsuch periods, the longer term outlook indicates a growth pattern
which should be stimulated because of the declining pool of
young manpower in this country
over the next five or six years,
and because material handling
still presents large opportunities
of savings in manpower and production costs. The outlook for
rising material handling equipment sales appears more attractive for the British and German
subsidiaries. Repair parts sales, subsidiaries. Repair parts sales, which carry a better profit margin, have been rising steadily and should continue this trend with the increase in the size of the truck population. Volume curtruck population. Volume currently runs between \$10 million and \$12 million.

Based on potentialities of \$110 million sales in some future good year and an overall pretax profit margin of 10%, net earnings of 1) \$11,000,000 before Federal income taxes can be estimated. Allowing for a 52% tax rate net earnings would be \$5,300,000, equivalent to about \$8.50 a share on the capital stock. Dividends at the rate of \$2.50 annually have been paid over the past three years, and larger payouts are likely when earnings rise. Yale & Towne common stock is listed on the New York Stock Exchange and closed last night at 483/4.

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# "The New Direction"

By HENRY C. ALEXANDER\* President, J. P. Morgan & Co. Incorporated Commercial Bankers, New York City

Referring to the switch in Federal administration from a controlled economy to a free enterprise system as "The New Direction," prominent New York banker finds that the "results have been heartening." Says it is essential to continued economic progress that there is assurance to our business and our people that free and profitable enterprise is to be respected and not rejected. Warns against "the false hope that more and more money at cheaper and cheaper rates will carry us forward against all odds." Sees brighter future abroad.



To paint in a few broad strokes To paint in a few broad strokes the background, I would remind you that for nearly 15 years, our economy had the benefit of unusual and extraordinarily powerful stimulants at work one after another. They brought great activity to our economy. World War II began the period and this was followed hard on by an enormous postwar boom bottomed on pentup demand for goods and services. up demand for goods and services of almost every variety. Increased production brought this into balance and a little beyond in 1949. A small recession was underway, but along came Korea and the vast and highly necessary program of rearmament that followed in its

wake.

With these great forces — war and boom and armament build-up —pretty well behind us more than a year ago, it seemed certain that we would subside into a spell of at least relative economic calm —even recession—unless we could successfully unloose forces vital and virile for further economic growth and expansion, Fortunately, our government took the turn, a turn of national policy, a turn away from the soft roads of more and more government planning and control toward the higher and firmer ground of free and dynamic enterprise. We unloosed the economy from price fixing and wage fixing. We began to cut expenditures, We reduced taxes. As a nation, we set about generally to let the price system and the incentive system go to work. These measures, highly essential and highly necessary, represented a turn in direction, represented what I would call "The New Direction." With these great forces

This New Direction is, in my

\*An address by Mr. Alexander be-fore the Annual Dinner of the Invest-ment Bankers Association, New York Group, New York City, Oct. 21, 1954, in honor of the Honorable George M. Humphrey, Secretary of the Treasury.

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There is an old saying that it is judgment, the most significant better to light one light than to happening in financial and ecocurse the darkness. During the nomic affairs in our country in few minutes I have to speak I the last 20-odd years. I don't need shall try to remind you that our distinguished heed this wise serving of the Treasury is deserving of the highest compliment tion in touching upon the state of our country in the peak of the finances. The great armament build-up, as was Secretary surely to be expected, has re-

reasury is deme highest compliment
ms part in setting this New

Direction.

The results have been heartening Business activity, while off
business and somewhat from the peak of the
finances. The
great armament build-up, as was
Secretary surely to be expected, has re(George M. mained at-a high level. Some soft
Humphrey, spots here and there, yes, and an
increase in unemployment—smell
would not
wish, I know,
to preempt
this field. mained at a high level. Some soft spots here and there, yes, and an increase in unemployment—small in relation to total employment but, as always, large as a social problem and cruel in its effect upon each family involved. I hope that this deplorable aspect will be short-lived.

Nevertheless, when we consider Nevertheless, when we consider the size of the over-all problem of readjustment which we had before us, I think the nation as a whole can be enthusiastic about the over-all results that have been obtained. If we will hold to the sights we have set, I don't see that the future of business and employment should be darkened by serious misgivings. We can be confident that the spirit of enterprise, invention and discovery confident that the spirit of enterprise, invention and discovery here remains indomitable. Our engineers will go forward with designing and constructing, our scientists will find new methods, our farmers will produce more crops, our miners dig more ores and then find new ones, our businessmen will plan more production and distribution, our population will grow and our people will buy and use and consume more of the products of our soil, our mines, and our factories. This more of the products of our soil, our mines, and our factories. This is still the New World. Essential to such progress, however, is the light of confidence and assurance to our business and our people. to our business and our people that free and profitable enterprise is to be jected. respected and not

# False Hopes of More and More Money

These are our strengths. Let us rely upon them. And here, I should like to say a world of caution about money matters.

caution about money matters.

Let us not rely upon the false hope that more and more money at cheaper and cheaper rates will carry us forward against all odds. There is a limit to what money can do. The money climate has been made favorable for agriculture, commerce and industry. I approve of what has been done; in fact, I advocated it. But at the same time, I warn against the dangers of an overabundance of

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# Low Spirits

By IRA U. COBLEIGH

A brisk Fall review of the business of making and selling whiskies and a particular look at a major factor in this trade - Schenley Industries, Inc.

Even with all the wide market because racket money to be made enthusiasm recently displayed, especially in relation to certain oils and steels, there still are certain



as this column is not gener-ally regarded as a bulletin board for Alc o h o l i c s Anonymous, it

can go on record as report-ing a rather noticeable decline in the guzzling of "hard lik-ker" in the U. S. During World War II, when incomes (especially at time and one half) were carried to new highs, drinking gained in vogue so that, in 1942, 92 million

vogue so that, in 1942, 92 million gallons of whiskey were consumed in the U. S.—and this, mind you, in a year in which very little whiskey was produced, due to the war effort. From 1941-45 most of the distilling facilities here were converted to production of closely.

converted to production of alcohol for munitions.

for munitions.

So it was, that, in that period, distillers recorded good earnings, first by manufacturing alcohol, and second by selling aged whiskey from big prewar inventories. There was also another favorable factor—taxes. In 1935 the Federal tax on distilled waters was a meek \$2.00 a gallon; in 1939 it was nudged up to \$2.25; in 1941 to \$3; in 1943 to \$6.00 and then, as they say on television, the "big economy package" was enacted. economy package" was enacted, \$10.50 a gallon on 11-1-51. This burdensome excise has remained unto this day and, more than any other single factor, has bedevilled the liquor trade—despite numerthe liquor trade—despite numer-ous attempts in the Congress to moderate this most onerous tax bite. Lest you think I am a little harsh in condemnation of this narsh in condemnation of this liquid source of Federal revenue, may I further cite state taxes which, on the overall nationwide average, are around \$1.50 a gallon. This all adds up to a tax of roughly \$2.20 for each 1/5 of 90 proof of blended whiskey, proffered to sustain sociability, or animate conversation in our fartestic mate conversation in our fantastic American social and economic or-der. That a tax of this magnitude is unjust, and loaded against distillers is rather obvious; and that the height of this tax slows down retail sales should be apparent to retail sales should be apparent to the most naive. Compare this tax load, if you will, with the fat subsidies a c c o r ded butter, wheat, corn, tobacco, etc., and you'll swiftly see how it is that the distilling companies feel that they have been especially discriminated against by punitive taxation. They feel that a lower tax would, by spurring greater legal consumption, actually deliver more dough per annum to Uncle Sam; try feeds, rounds out the list of 99.019%. The certificates, and conduction of live stock and pouloff the issue of the conduction of live stock and pouloff the issue of the conduction of live stock and pouloff the issue of the conduction of live stock and pouloff the issue of the issue of the conduction of live stock and pouloff the issue of the conduction of live stock and pouloff the issue of the certificates, and solve the conduction of live stock and pouloff the issue of the certificates, and solve the conduction of live stock and pouloff the certificates of the conduction of live stock and pouloff the certificates of the conduction of live stock and pouloff the certificates of the conduction of live stock and pouloff the certificates of the certificates of the certificates of the conduction of live stock and pouloff the certificates of the c

here by tax evasion has lured bootleggers and stills back into furtive existence on quite a large

shares on the scale.

N. Y. Stock
Exchange in the doldrums
— so me of them are distillers. Wheress this column. the major problem of the distillers seems to be a big warehouse inventory—over 700 million gallons at the 1953 year end. There's a catch to this inventory deal, too. After whiskey has been in bond for eight years it must be taken out of warehouses, and the tax must then be paid on it. For certain companies this may meet tain companies, this may mean selling at once; and with a lot of eight year potables coming out of bond in 1954, and following years,

> 88% of all "hard likkers" imbibed in the U. S. It's slipped to below 80% now, due to the impressive inroads of gin (credit an assisthere to Commander Whitehead!), vodka and rum, all of which are less expensive.

Well, we've probably dished out enough on the gloomy side to account, in part at least, for the general lack of market enthusiasm for distillery shares, and many stockholders in this trade look back wistfully to the lush earnings and plump quotations of 1946. In that year, for example, Schenley common sold at 80. Since its current price is only a meager 25% of that elegant altitude, we may well pause to enquire in the ensuing paragraphs, what prospects Schenley has to move up again. (17½, recorded this year, was its low since 1945.)

Schenley Industries, Inc., with Well, we've probably dished out

Schenley Industries, Inc., with gross sales of \$421 million in 1953 (fiscal year ends 8-31), ranks among the "Big Four" distillers. Its coverage of the alcoholic bev-Its coverage of the alcoholic beverage trade includes not only production, bottling and distribution of distilled liquors and the ownership of bottling plants and warehouses but big sales in wines and beers as well. Its best known brands in clude I. W. Harper, Schenley Reserve, Three Ferthers and Old Charter; and anno incement was made last week of two new premium blends, one to sell at \$12.95, to be the "Cadillac of Whiskies." Wines are the well known Cresta Blanca line; and Blatz, produced at Milwaukee, is a national favorite (and except

turned out by this quite versatile

enterprise.
Our consideration of SH com-Our consideration of SH common, as perhaps a quite undervaluated equity at around the 20 level, leads to a discussion of balance sheet and earnings prospects. We'll hit the balance sheet first. We lack the one for 8-31-54, but last year's (1953) worked out, in respect to the 4,365,726 of common to per share figures of \$38.50 working capital. \$53.12 book working capital, \$53.12 book value. These encouraging figures are further buttressed by 10 year net earnings 1944-1953 averaging \$5.70 per share and dividends the annual average of \$1.70 (1953,

\$1.53 per share).
Our whole problem here centers on the question, can historic earning power be restored and how soon? Certainly on a balance sheet basis the stock can be tagged as underpriced. Inventories have been steadily reduced in the past two years, beer sales have recovered from last year's strike-ridden figures, the drug business is doing better; and the management believes that "the largest and mest engressive."

bond in 1954, and following years, there is always the possibility of price slicing by the less well-heeled companies to convert the weighty inventory into cash.

There's another problem that has distillers a little worried and that is the declining ratio of whiskey drinking. Whiskey, as recently as 1949, accounted for some 88% of all "hard likkers" imbibed in the U. S. It's slipped to below 80% now, due to the impressive inroads of gin (credit an assist the second of the common of the major distillers. Seagrams, National Distillers and Hiram. Walker. As a Distillers-Seagrams, National Distillers and Hiram Walker. As a matter of fact, if could perhaps be argued that the whole equity list here has quite decently discounted the adverse industrial factors ticked off earlier. Further, as all successful market operators know, the most favorable buying opportunities are usually found in the right growing companies, in an early stage; or in mature companies before, or when, they've turned the corner from a period of soggy or non-existent earnings. That may be the position of some That may be the position of some of the whiskies now. (Not so e whiskies now. (Not so Hiram Walker and Seagrams.)

In any event those intrepid enough to consider SH common now, can rely on some defensive qualities contained in the Schenley balance sheet. The stock would seem unlikely to go into a serious tailspin from here, with all those current assets per share. Further, should there be a resurgence of earnings, SH might conceivably show, once again, the market pep that made it a bouncy favorite eight years ago. Schenley has paid cash dividends since 1941, and there have been four stock splits since 1944. Schenley stockholders have not always been in low spirits.

Halsey, Stuart Group Offers Equipments

Halsey, Stuart & Co. Inc. and associates on Oct. 22 offered \$2,-850,000 of Bangor & Aroostook RR. 234% serial equipment trust certificates, series P, maturing annually Nov. 1, 1955 to 1969, inclusive. The group won award of the issue on Oct. 21 on a bid of 99.019%.

of 99.019%.

The certificates are priced to yield from 1.45% to 3%, according to maturity. Issuance of the certificates is subject to the authorization of the Interstate Commerce Commission

The issue is to be secured by new standard-gauge railroad equipment estimated to cost \$3,-675,000, consisting of 350 all-steel refrigerator cars.

Other members of the offering group are: R. W. Pressprich & Co.; Freeman & Co.; The Illinois Co.; Wm. E. Pollock & Co., Inc.; and McMaster Hutchinson & Co.

# **Economics of Pipe Line Financing**

By CHARLES J. HODGE\* Partner, Glore, Forgan & Co. Members. New York Stock Exchange

As a basis for financing natural gas pipe lines, Mr.. Hodge prescribes the following: (1) the company must have contracts for an ample supply of gas; (2) it must have a market for such gas; (3) it must operate under jurisdiction and rate making powers of Federal Power Commission, and (4) it must rely upon the successful public offering of its securities. Explains procedure in financing pipe lines, and concludes investment banker, in addition to being convinced of the soundness and profit potentialities of his product, must exercise extreme care in preparing venture capital financing for the public.

This enormous investment in pipe lines has increased payrolls, added greatly to the consumption of steel and power, and has been of great benefit to the construction industry, as you well know. More important, I think, is the fact that practically every individual in this nation has benefited from the pipe line.

Let me point out one example

Let me point out one example in particular; namely, the natural gas pipe line. It wasn't so many gas pipe line. It wasn't so many years ago that natural gas in the ground was going begging, with much of it being flared off into the atmosphere. We knew there was a tremendous volume of it. We also knew there was a large demand for natural gas, especially for residential consumption in metropolitan areas, but we also out to be a pipe line, and once the pattern was formed, natural gas in these remote areas became economically important to the entire nation. In particular, those states which have abundant reserves of gas have benefited substantially from the pipe lines. Moreover, if you contrast today's well-head price with that of 15 conclusion that the pipe line has added untold value to our national resources.

\*An address by Mr. Hodge before the ral gas pipe lines alone reaches American Society of Civil Engineers, New York City, Oct. 21, 1954.

Continued on page 18

I have been asked to say a few words on the economics of pipe lines and their financing.

It has often been said that our modes of transportation; airplanes, high-speed automobiles, trucks and high-speed trains have substantially reduced the obstacles of time and space. It goes without saying that this progress in transportation has had a pronounced effect on the world, both militarily and economically. And mestic freight than our trucking industry, have also succeeded in

militarily and ecomestic freight than our trucking industry, have also succeeded in overcoming these same obstacles of time and space. They have played a major part in the fantastic growth of the petroleum industry. Generally speaking, any major development which has contributed to the growth of an industry, of necessity, represents a sizable investment on the part of sizable investment on the part of pipe line is no exception.

This enormous investment in pipe lines has increased payrolls, added greatly to the consumption of steel and power, and has been the life line for the refiner and the integrated oil company. Being a life line, it is also not surprising that the crude oil pipe line is contributed or owned by the oil company or by the refiner. This, I believe, is essential, and being essential, we then find that most of the funds required for the construction and operation of crude oil lines have been provided by the oil companies and refiners.

There has, therefore, been very

crude pipe lines. When funds have been raised to construct a crude line, they have been raised under the name of the individual oil company or refiner and have not been directly related to the construction or operation of the crude line. As a result of these two factors, the role of the investment banker has been minor in the financing of crude lines.

#### Natural Gas Pipe Lines

On the other hand, the problem of company control, does not knew a bridge was needed to lem of company control, does not bring the forces of supply and delem as large for the natural gas mand together. This bridge turned pipe line as it does for the crude line because the natural gas pipe line carries its product to a public market. The result has been that the great majority of natural gas pipe lines have been financed publicly.

The growth of the natural gas pipe line industry has been tremendous. In 1946 there were 226,-500 miles of natural gas pipe lines years ago, you cannot escape the versus 393,900 at the end of 1953. This is an increase of 74% in the short span of seven years. Considering the cost per mile of pipe For the purposes of this discus- line to be well up in the thousands sion, I should like to divide pipe of dollars, the investment in natu-

Continued on page 18

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### The State of Trade and Industry

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

Total industrial production for the country as a whole in the period ended on Wednesday of last week displayed slight gains over that of the week before, but continued about 7% lower than a

There was, however, no improvement in the reports on unemployment the past week. Although continued claims for insurance benefits in the week ended Oct. 2 were at the lowest level of the year, they were more than double those in the corresponding week a year ago. The week's decrease was primarily due to the return to jobs of almost 10,000 automobile workers and the exhaustion of benefit rights by others. Initial claims for insurance in the week ended Oct. 9 were at the highest point since July, about 29% higher than a year ago. Layoffs in trade and textile, apparel, food processing and primary metals industries were responsible for the increase. The major areas with a very substantial labor surplus were Lawrence, Mass.; Providence, R. I.; Muskegon, Mich.; Charleston, W. Va.; Altoona, Johnstown, Scranton, Wilkes-Barre and Hazelton, Pa. There was, however, no improvement in the reports on unem-

September business failures declined 10% from those in August and were at the lowest level of the year, as seasonally expected for the month. However, the September total of 819 casualties was 19% higher than those in the same month last year and also larger than in any September since pre-war 1940.

According to the consensuly adjusted "Durks Feilure Index"

According to the seasonally adjusted "Dun's Failure Index," the September mortality rate was at a post-war high of 44 casualties per 10,000 enterprises listed in the "Dun & Bradstreet Reference Book." This was the same rate as in August; the Index registed 36 in September 1953 and 65 in September 1940.

Businesses less than five years old had the highest proportion of casualties. Two fifths of the failing enterprises were in their first three years of operation.

September casualties in the 25 largest cities declined more sharply than did those in non-metropolitan districts; the former declined 15% and the latter, 7%. There was a particularly marked decline in failures in New York City. Mortality in metropolitan areas was 26% higher than in September 1953, with the most pronounced yearly gains in Los Angeles, Cleveland, Baltimore and San Francisco.

Steel production is expected to rise again this week, marking the eighth consecutive week of increase, states "The Iron Age," national metalworking weekly. Operations this week are scheduled at 74.3% of rated capacity.

A strong influx of new orders from auto producers is putting more steam into a market that was already gaining steadily. While you can expect a temporary letdown toward the end of December, demand is expected to continue strong well into 1955. Still higher production rates may be expected in the weeks immediately ahead, this trade weekly asserts.

Cold-rolled sheets, which are reflecting the sharpest recovery, are expected to be in tight supply for at least the next 60 to 90 days. Some producers are trying to increase output of their sheet mills in order to be able to take a bigger share of the new

Small users who had been getting quick delivery from mills are now scurrying to warehouses as rapidly extending mill de-livery promises to catch them with inadequate inventories. Ware-house buying is picking up too—very sharply in some areas, "The Iron Age" reports.

A somewhat milder pickup is being felt on hot-rolled sheets, hot and cold-rolled strip and plates. Galvanized sheets and tin-plate, which have been consistently among the most popular products, are expected to ease seasonally during the next several weeks. But the overall outlook on flat-rolled products is for a tighter market, this trade magazine points out.

Producers still expect structural demand to ease seasonally, but so far it is holding much better than had been anticipated. The same is true of oil country goods. Hot-rolled and cold-finished carbon and alloy bars are all stronger. This is an especially welcome development, as these products had been lagging badly earlier this year.

After several weeks of mounting pressure and higher prices, scrap demand has leveled off, at least temporarily. Several steelmakers put additional blast furnaces back into operation in order to keep their scrap costs from mounting higher.

The automotive industry's cumulative 1955 model car output nudged 100,000 units on Friday of last week with Chrysler Corp., General Motors and Studebaker all showing strong gains, according to "Ward's Automotive Reports."

"Wards" said Chrysler Corp. production moved up 15%, Pontiac 18% and Chevrolet 51% over the previous week, pushing the industry's 1955 model output to 94,100 units. Studebaker, in addition, operated at a 36-week high level.

Meantime; model changeover shutdowns at Buick, Oldsmobile, Cadillac and Ford which held domestic car and truck output near a two-year low last week, neared an end, heralding roaring industry volume.

The statistical agency counted 59,672 car and truck completions in United States plants last week against 57,424 in the prior week and 142,716 a year ago, but predicted that this year's weekly high of 148,645 reached during May would be shattered during

Among truck producers, the statistical agency said, Dodge is operating at a level sufficient to rank it number 3, its historical position, in industry output once Ford ends its current model

Continued on page 50

# Observations . . .

By A. WILFRED MAY

#### **THAT 1929 PERFORMANCE** - Is an Encore Ahead?

Pervading the dramatic reminiscing about the greatest collapse in financial history at this twenty-fifth anniversary of October, 1929's market cataclysm is the question, "Can it happen again?"—a query given additional timeliness now by the stock averages' long re-ascent to near their former "dizzy" peak.

That the current reactions to this tearsome question which are slanted at examining our

That the current reactions to this tearsome question which are slanted at examining our business or general economic factors should be recognized as completely inconclusive, is evidenced by the 1929 segregation of the market boom from external conditions.

From 1926 to 1929 there was no basis either in business activity or in the price level (via the "inflation-hedge" factor) to justify the tremendous stock market rise. And, consistently, the subsequent decimation of share prices and vanishing of buyers in the face of

prices and vanishing of buyers in the face of the 16-million-share-day selling onslaught stemmed from no relevant change in outside

The FRB Index of Industrial Production

A. Wilfred May

The FRB Index of Industrial Production from 1926 to 1928 only rose from 51 to 53, and during 1929's first eight months of boiling market action, advanced at the similar slow rate of 3%.

And the index of wholesale commodity prices was practically unchanged between January to September of 1929 (rising from 62.3 to 62.5); and declining by only 0.1% in October, 1.5% in November, and 0.01% in December. (Similar divergence between the stock market on the one hand and business activity and prices on the other. occurred in the post-World War II period.)

A. Wilfred May

#### Emotion-Plus-Credit

on the other, occurred in the post-World War II period.)

Emotion-Plus-Credit

The great rise and fall of stock was motivated by psychological phenomena peculiar to the market place—illogical and unpredictable; fanned by the use and abuse of credit.

The 1920's four-year quadrupling of common stock prices, a fall in their average yield to 31/3%, call loans averaging 8% and on some days rising to 20%, brokers' loans at over \$63/4 billion with total securities loans at least \$10 billion, new issue offerings at the astounding rate of \$11/4 billion monthly, Stock Exchange volume at a daily average of 4 million shares (including the Saturday 2-hour sessions), stocks selling at anywhere from 20 to 200 times boom earnings (American and Foreign Power, earning \$1, sold at 199 in 1929; three years later it sold at 2) in an atmosphere combining the frenzy of the gambling casino with the tipping and doping of the race-track—all stemmed from speculative psychology-plus-credit. ogy-plus-credit.

Not only was there a scarcity of stocks, but also of exchanges, to go around. Thus the New York Produce Exchange, which for years had been perfectly happy in dealing in such earthy necessities as vegetables and lard, suddenly constructed a large addition to its building, and increased its membership, to help satisfy the institute demand for trading in company equities. insatiable demand for trading in company equities.

Rank amateurs by the millions were playing the market; barbers, chauffeurs, bootblacks, elevator boys, servant girls, elbowing sophisticated traders to crowd into branch brokerage offices ing sophisticated traders to crowd into branch brokerage offices to see themselves becoming rich to the tune of the glamorous ticker, sizzling along hours behind the quotations on the Stock Exchange floor. But it must not be imagined that the professional experts, knowledgeable economists or otherwise prudent remained properly aloof. In fact the experience of the early skeptics was particularly tragic—emotionally as well as financially. Cautiously and wisely they withdrew from the market at its "unwarranted" highs of 1928; but after realizing the "error" of their previous "groundless" fears, they rushed back in July-September, 1929; with a consequent jumping-out-the-windows in 1930.

The psychological influences—in contrast to the business and economic data which are susceptible to quantitative measurement—may be epitomized in this summary of the credo ruling that "New Era" period\*:—

#### New Era Credo

- (1) Common stocks of well-managed corporations would always be a buy at any price [Blue Chip-itis].
- (2) Stocks have a tremendous scarcity value (Ex., it was imagined that it would soon become impossible to buy utility stocks, which were already selling at 100 times earnings, at any
- (3) Common stock buying on margin was not speculative. Borrowing money at 12% to buy equities stocks yielding 2%, for a quick capital gain, was "investing." Such credit use was no different from borrowing from the commercial bank for ordinary
- (4) Bear markets in the "New Eha" have become obsolete and permanently extinct.
- (5) Because the United States is a marvelous country, the "leading" common stocks should always be bought, irresp of price, and put away for the "long pull" and never sold. [More Blue Chip-itis.]
- (6) A property's value was automatically enhanced by multiplying the paper share certificates which represented its ownership -through split-ups, stock dividends, etc.
- (7) A very valuable privilege accrues to a shareholder when through the issuance of "rights" he is permitted to pay into his company additional funds for more stock at a price less than the Continued on page 52, 2 Fed 1 · 90

\* Quoted from Speculation, by A. Wilfred May, Columbia University, 1932.

#### COMING EVENTS

In Investment Field

Nov. 3, 1954 (Milwaukee, Wis.) Milwaukee Bond Club annual fall Dinner at Alonzo Cudworth

Nov. 4-6, 1954 (Florida)

Florida Security Dealers Association Annual Convention and Election of Officers

Nov. 17. 1954 (New York City)

Purchases & Sales - Tabulating Division of Wall Street annual dinner at the Hotel Statler.

, 28-Dec. 3, 1954 (Hollywood, Fia.)

Investment Bankers Association Annual Convention at the Hollywood Beach Hotel.

May 8-10, 1955 (New York City) National Federation of Financial Analysts Societies at the Hotel Commodore.

Sept. 13-16, 1955 (Mackinac Is-land, Mich.)

National Security Traders Association annual convention.

#### With McCoy & Willard

(Special to THE FINANCIAL CHRONICLE)
BOSTON, Mass.—Vera E. Egan is now associated with McCoy & Willard, 30 Federal Street.

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DETROIT, Mich.-Alexander J. Riker has been added to the staff of First of Michigan Corporation, Buhl Building, members of the Detroit and Midwest Stock Exchanges.

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\_\_\_\_\_\_

to cause a quick loss. Cites pattern of previous bull markets to substantiate his conclusion of "blue chips getting paler while low-priced stocks blush with the excitement of things to come."

All broad bull markets have centration on the blue chips has definite patterns — consisting of dominated the market to such an three distinct stages — first, ac- extent that these fancy jewels apcumulation: second, appreciation pear bluer and more diamond-

(when the better class issues rise, while secon-dary issues afe neg-lected); third, speculation when the low-priced ssues have their inning.
Right now we
are, in my
opinion
finishing the
second stage



second stage
a n d getting
ready for the final phase.
The broad, uninterrupted and
continuous strength of the stock
market this Summer and Fall
surprised, astonished and confounded most of the experts—yet
it was a typical culmination phase
of the second stage of a bull
market.

#### Market Up, Business Down

There have been numerous times in the past when the stock market kept going up, while, at the same time, business was going down, but the current period of divergence has been longer than

regular downtrend.

Everyone is waiting for the well-advertised business turnabout. From week to week the tendency is to postpone it until later on in the year. Thus far, neither retail sales nor railroad car loadings have given a clue. Other indices, such as construction, electric power production, steel production, bank clearings, etc., etc., combined with the first two, merge into what is referred to as the Index of General Business.

We do expect the indices to turn modestly upward very soon, but we do not expect the stock market to keep on going up.

Many of the stock market leaders have gone along so fast that in many respects shares of some companies already are in the process of discounting much, if not all, of whatever business improvement comes along improvement comes along

#### Scarcity in the Front Row

Obviously there has been an acute shortage of supply whenever the investment trusts and pension funds come into the market to buy these front-row orchestra seats at premium prices. In proportion to these premiums, the mezzanine and balcony seats are more or less unoccupied. The disparity is so obvious, and has been getting more so, that, in our opinion, the blue chips are in much more speculative ground at this level than the low-priced issues which heretofore have been regarded as the groundities at the speculative ground at the speculative ground at the speculative grounding at the grounding state. regarded as the speculative stepchildren.

Many industrial shares in the

medium-priced field remain at comparatively low levels. They have a long way to go on the upside, when their time comes but meanwhile the unique con-

#### The Rumor Factory

studded than ever.

Wall Street would not be in its own element if the rumor factory did not work overtime. We have heard all sorts of fanciful tales explaining the strength in this or that security. It is only fair to say that this trait of "colorization" is a familiar Wall Street weakness and is nothing unusual.

No matter whether the market

No matter whether the market is going up or going down—always there must be a "reason" (or, rather, excuse) so that the public seemingly can rationalize what it imagines is going to take place or what it would like to see happen.

Reasons necessarily do not have to be either coherent or logical—just so long as they are plausible.

And if they are plausible, they are bound to be acceptable.

The amplification of the romance

varies with the state of the mar-ket. For some time past, rumors of spinoffs or stock dividends served to create that much extra

companies send both issues sky- of things to come. Practically all of the various accepted business indices made a peak some time around the Spring of 1953. Since then, the business line has been in an irregular downtrend.

companies send both issues skyward. All of this proves that when the general atmosphere is rousingly bullish, it makes no differsay, those in which it may be ence whether a company is being easier to make a "quick loss" at split into smaller units or whether

We made the observation, im- and selectivity.

5 POINT CLUB

Jack Manson

Jack Barker

What's Ahead for the Bull Market?

By JACQUES COE
Senior Partner, Jacques Coe & Co., New York City
Members New York Stock Exchange

Market economist maintains recent market strength manifested usual culmination phase of the second stage of a typical bull market; to be followed by final phase of speculation in low-priced issues. Asserts premiums on blue chips are now excessive, making them the most speculative group and easiest to cause a quick loss. Cites pattern of previous bull markets

mediately after Eisenhower's election, two years ago, that the capitalistic hegemony would enter into an entirely new atmosphere of optimism, based upon confidence in a cooperative government administration. Also, that the big money would begin pouring into equities. Since this capitalistic confidence basically is the most important factor in the entire stock market picture, soon we shall be entering a more sensitive atmosphere.

#### Election Influences

The overall momentum continues in great force, and, in accordance with precedent, will take some time to run itself out. It is our opinion that, if the business index fails to pick up sharply there may be a real election scare. The thinking would go somewhat as follows: a strong possibility of a Democratic House and Senate and a trend towards and Senate and a trend towards a Democratic Administration in 1956; a dissipation of the capital istic confidence which came into being after Eisenhower's election; a stronger trend towards the Left; more redistribution of wealth; more labor troubles; higher costs; higher taxes, etc.

We never have had much patience with straddlers — those expressors of market opinion hidexpressors of market opinion independent of the control of the cautious." The real problem is how can one becautious and what should one do about it?

#### Paling Blue Chips

We have analyzed the pattern of previous bull markets — and were struck with one outstanding were struck with one outstanding similarity. In late stages, the ratio of low-priced shares to high-grade shares always advanced sharply. This particular phenomenon has been lacking thus far—but we can begin to see horsepower of bullish enthusiasm, initial indications of blue chips Almost in the same breath, getting paler while low-priced der the name of the "Edison Efrumors of mergers between two stocks blush with the excitement fect."

It was this Edison Effect that

the general atmosphere is rous—most speculative group—that is to first electron tube detector of raingly bullish, it makes no differ—say, those in which it may be ence whether a company is being easier to make a "quick loss" at split into smaller units or whether the moment — is the blue chip smaller units are being formed group, and that it might be well into a big company. Either is to get oneself into about 50% sufficient for the rabid bull.

In three weeks following Labor readjustment of prices in the interpretation tube detector of radios signals—a two element tube which he called a "valve."

Fleming's valve in turn provided the stepping-stone to Dr. Lee de Forest's epoch-making invention of the three element tube which he called an "audion." De Forest's audion not only detected but amplified radio signals—a two element tube which he called a "valve." In three weeks following Labor readjustment of prices in the Day, 87,000,000 shares of General high-priced group, this cash readjustment of prices in the Motors advanced 15 points, or one money can be used to go into billion, three hundred million in- secondary groups on their way crease in market value in one towards becoming primary groups, company. Can this be healthy? all of which takes time, patience

# **NSTA Notes**

#### SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York Inc. (STANY) Bowling League standing as of Oct. 21, 1954 was as follows: 1. Donodio, Hunter, Fredericks, Demaye, Saijas, Kelly\_\_\_\_ 20 2. Barker, Brown, Corby, Weseman, Whiting, Fitzpatrick 20 3. Newing, Define, Gavin, Montanye, Bradley, Huff 181/2 4. Leone, Nieman, O'Mara, Forbes, Greenberg, Gannon \_\_\_\_ 18 5. Meyer, Murphy, Frankel, Swenson, Dawson-Smith, Kuehner 6. Kaiser, Hunt, Werkmeister, Kullman, McGovan, O'Connor 15 7. Growney, Alexander, Eiger, Valentine, Burian, Craig \_\_\_ 15 8. Bean, Meyer, Bies, Pollack, Leinhardt, Weiler\_\_\_\_\_ 9. Krisam, Clemence, Gronick, Stevenson, Weissman, Reid 13 10. Manson, Jacobs, Siegel, Topol, Frankel, Tisch\_\_\_\_\_ 13 11. Klein, Rappa, Farrell, Voccolli, Straus, Cohen\_ 12. Serlen, Rogers, Krumholz, Wechsler, Gersten, Gold\_\_\_\_ 71/2

> 200 POINT CLUB Jack Barker \_\_\_\_ 218 Giles Montanye \_\_\_ 213

# Light, Power and Progress By BRIG. GEN. DAVID SARNOFF\*

Chairman of the Board, Radio Corporation of America

After reviewing electronic progress, Gen. Sarnoff discusses lines of further research in this field. Foresees electronic light emerging from television research, and reveals develop-ment of a light amplifier and a new form of illumination. Says a flat TV screen, like a picture on the wall, is destined for the future, and concludes "electronic amplification and conversion of light will enrich the life for all of us."

ern electronic era. It made the front pages in 1904, just as tele-vision did 35 years later at the New York World's Fair, when we demonstrated the addition of sight to radio sound.
Indeed, Edi-



birth of which
we now celebrate, is closely related to the
developments which followed in
electronics. It was while working
on the incandescent lamp that
Edison made his vital contribution to radio. His sensitive curiosity was aroused by a mysterious electrical manifestation inside the bulb. Some unidentified force, he observed, seemed to be at work. He was too busy with other fate-ful explorations to pursue the clue. But as was his habit, he made copious notes on the phenomenon and it entered the stream of new electrical knowledge un-

David Sarnoff

companies send both issues skyward. All of this proves that when
ward atmosphere is rousward atmosphere is rousward

but amplified radio signals, and it also functioned as an oscillator. The revolution in communications which has so greatly influenced the world you and I live in, may fairly be said to derive in part from the incandescent genius of Thomas Alva Edison.

We rightly think of Edison first as the lamplighter who dispersed darkness: an achievement in itself sufficient to make him immortal. But he was far more than that. Edison's influence — the Edison Effects—are all-pervasive. They can be traced in telegraphy and telephony, in the phonograph and the cinema, in radio and television, indeed, in every major step of our technological advance.

#### Industrial Research

But one of his primary contributions, perhaps the most important of all, is rarely included in the amazing inventory of his triumphs. I refer to the laboratory of industrial research, which was to become an essential and fruitful element in American scientification. ful element in American scientific

Edison set up the first industrial research laboratory in unpretentious form at Menlo Park. Later he established a more extensive laboratory at West Orange, New Jersey. It may be said that he invented a new technique for inventing. Without denying free play for intuition and inspiration. inventing. Without denying free play for intuition and inspiration,

\*An address by Gen. Sarnoff at the St. Louis Chamber of Commerce Lunch-eon in observance of Light's Diamond Jubilee, St. Louis, Mo., Oct. 19, 1954.

Lee de Forest's exhibit of he made inventiveness a purposean infant prodigy, wireless telephony, was an important milestone on the highway to the modern electronic
era. It made
the from the made inventiveness a purposeful and organized enterprise—in
which the minds and energies of
hundreds and even thousands of
men are focused upon the solution
of specific problems.

He provided us with a wonder-working method for the attain-ment of material progress. It is the method that continues to wrest secrets from physics, chemistry and metallurgy, from areo-dynamics and electronics, and from nature itself.

Not far from Edison's workshops in New Jersey, now stands the Princeton laboratory which is the Research Center of the Radio Cor-Research Center of the Radio Corporation of America. I am highly honored that it bears my name. Like all great research efforts, it concentrates the diverse talents and specialized skills of a large number of trained scientists, physicists and engineers. icists and engineers.

The principle of collective re-earch upon which it operates earch the technique of setting a fixed goal that may seem impossible until it is reached—is a product of Edison's extraordinary mind. So we can say that he has a right-ful share of credit for multitudes of products that have materialized since the day, 75 years ago, when the electric lamp became a practical fact.

The lamp will remain forever the luminous symbol of Edison. Throughout the world it shines in his honor every moment of the day and the night. In every window, on every street, on every lighted ship or plane, we behold the imperishable glory of Edison.

And there seems to me a peculiar fitness in that symbol. For through the ages light has awed and fascinated and inspired mortal man. Our thinking and feeling, our very vocabulary, have been drenched in a wondering awareness of light. And in television we behold a new extension of light, for television is light deployed as victures on a screen. The 32 million TV sets in American homes produce a small amount of light, not only in the material sense but, I venture to hove, in the intellectual and spiritual senses of the word.

We sreak of our great prophets man. Our thinking and feeling,

We speak of our great prophets and teachers as bringers of light and can conceive no werse fate than to the cast into utter darkness. John Milton proclaimed that "God is Light," and hailed it as the "offspring of Heaven firstborn." The Psalmist prayed for "A Lamp unto my feet, and a light unto my path," as we all do when we repeat the beautiful line of Cardinal Newman: "Lead. kindly light, amid the encircling and can conceive no worse fate ly light, a mid the encircling gloom."

#### "More, More Light"

Tradition has it that the last words uttered by the great German pret. Goethe, were "Light, more light!" And light, more light is what Edison bequeathed

light is what Edison bequeathed to mankind. It is an overwhelming thought that he made the monumental gift only 75 years ago; the span of a single lifetime.

Though natural and man-made light is an element as indivisible from the processes of life as air and water, it is still endlessly mysterious and a continuing challenge to science and man's inlenge to science and man's ingenuity.

We know that light, traveling at

a speed of 186,000 miles a second.

Certainly we have here a fun-damental building block of the universe, and one with which men of science have been playing in their laboratories in the last few generations. New patterns of il-lumination are emerging even

It was the intensive search for high-efficiency fluorescent ma-terials for the television screen that led to the development of the fluorescent tube as a rival to incandescent light. And today, curiously, it is once more television research that bids fair to produce another and even more far-reaching revolution in light-

We are now engaged in the development of a new form of light
—electronic light. This new form
seems destined to carry forward
the great work sparked by Edison
and is likely to loom ever larger
in public consciousness as this de-

velopment progresses.

The story, or at least the climactic chapter in the story, begins as recently as 1951. On the occasion of the 45th anniversary of my association with radio, I suggested to the research men foregathered

to the research men foregathered in our Princeton Laboratories that they invent three "presents" for me by the time the 50th anniversary arrives in 1956.

All my suggestions sounded "impossible." But those of us who are unhampered by too much knowledge of the obstacles have more confidence in the scientists than the scientists sometimes have in themselves. Personally I have always proceeded on the theory that whatever the mind of man that whatever the mind of man can imagine, the mind of man can ultimately produce.

In any case, I asked them first, for a magnetic tape recorder for television programs; second, for an electronic air-conditioner; and third, for a true amplifier of light. And amazingly, there is reason to believe that I shall receive all three of these anniversary presents within the time I specified.

The magnetic TV tape recorder

The magnetic TV tape recorder has already been produced and it functions in color as well as in black-and-white. It records and reproduces sight as readily as magnetic tape does for sound. Its implications for the future are many. To cite just one example, the television camera can be used to make tele-movies in the home. You can make a tape recording of You can make a tape recording of Willie eating his porridge, and in color, just as heretofore you could record his first prattlings — and you can project it on your own television set.

As for the electronic air roadi

As for the electronic air condi-tioner, I can say that encouraging progress is being made and that a laboratory model is now under

#### The Light Amplifier

But in the context of this Diamond Jubilee of Light, what interests us most directly is the evidence already available that the light amplifier is not too far out

light amplifier is not too far out of reach. I am speaking of light which is produced directly within a thin layer of electronically active material. Already, I have seen this light amplification experimentally, in ratios of more than 20; and further progress is certain to be made.

What are the potentials for practical use of such a revolutionary development as the light amplifier? It is not possible to foresee all of them before a new invention reaches the stage of practical application. Often, as we know from experience, the most significant uses are not immediately apparent.

When Faraday first produced an electric current, neither he nor

electric current, neither he nor

is the fastest moving form of his generation could visualize the ger than a jewel case or cigar box. energy. Man has crashed through spectacular future he had un. No cabinet will be required. The the barrier of the speed of sound locked. Neither did Marconi dream television box will contain all the but, though his pretensions are of broadcasting and television controls — tuning, volume, light, infinite, he cannot even imagine a break through the speed limits of light.

Certainly we have here a function of light will enrich life for eye and your mood. sion of light will enrich life for eye and your mood. all of us.

the will be displaced by a thin, flat nation. Screen like a picture on the wall. In of Or, it may be in an easel-like light an frame than will sit on your living lead to room table and, being portable. vision reams of the room or house. If desired, the our transcents of the room or house.

Television, however, is only one A first benefit from this re- of the avenues through which search will be bigger and brighter electronic light will flow into television pictures in the home, daily life. Right down the line it I believe that the TV tube of to- will provide substitutes for presday will eventually be eliminated, ent types of light used for illumi-

In other areas, the electronic Gr. it may be in an easel-like light amplifier may be expected to frame than will sit on your living lead to devices which will make room table and, being portable vision possible in darkness. These can be moved to any other part of the room or house. If desired, the same program could be received and in the air. The perils of night on a number of screens in different rooms of the house.

The pictures could be controlled from a little television box no big-far-reaching light without glare.

In short, the sky is the limit in over an electronic device in Denimagining the future of electronic ver, Colorado that set into motion light. The one certainty is that, a power shovel at Shippingport, like other major scientific innopations in the past, it will open roads to improvements on existing products and processes, and will give birth to entirely new instrugies by atomic energy. The era of nuclear power for civilian use was touched off at that moment.

So much for Light, the first of Read Admiral Lewis L. Strauss, imagining the future of electronic light. The one certainty is that, like other major scientific innovations in the past, it will open roads to improvements on existing products and processes, and will give birth to entirely new instruments, appliances and services.

So much for Light, the first of the three topics in may assign-ment for this address.

The second is Power. And we require no crystal ball to foreses that in the near future power will mean nuclear energy. Already a submarine, atomically powered, has been launched. That ships, locomotives, aircraft and even automobiles will in due time be propelled by atomic fuels can be taken for granted. taken for granted.

Recently, as we saw on TV and heard on radio, President Eisen-hower waved a neutronic wand

Read Admiral Lewis L. Strauss, Chairman of the Atomic Energy Commission, hailed that episode as "more fundamentally a pioneer venture than the first railroad to penerate the West." Again, strain our imaginations as we might, it cannot possibly encompass all the potentialities of that new source

of power.

Today, 73% of electric power in the United States is derived from steam power plants fired by coal, oil or gas, and nearly all the rest from water power. In the years ahead, electricity will be increasingly derived from stemple energy. ingly derived from atomic energy.

Continued on page 21

New Issue

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500,000	1956	21/4	1.00	1,075,000	1962	2	100
550,000	1957	21/4	1.20	1,100,000	1963	21/4	2.10
550,000	1958	2	1.40	1,125,000	1964	21/4	2.15
625,000	1959	2	1.55	1,150,000	1965	21/4	100
625,000	1960	2	1.70	1,150,000	1966	21/4	993/4

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The above Bonds are offered, subject to prior sale before or after appearance of this advertisement, for delivery when, as and if issued and received by us and subject to the approval of legality by the Secretary of Justice of the Commonwealth of Puerto Rico and Messrs. Mitchell and Pershing, Attorneys, New York City.

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Boettcher and Company Indianapolis Bond and Share Corporation Prescott & Co. Park, Ryan, Inc.

October 27, 1954.

# Dealer-Broker Investment **Recommendations & Literature**

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

- Atoms in Business—"Highlights No. 28"—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.
- Business in Brief—Quarterly economic bulletin—The Chase National Bank of the City of New York, Pine Street Corner of Nassau, New York 15, N. Y.
- Candidates For Stock Splits—Bulletin—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.
- Chemical Fertilizer Industry—Analysis in "Monthly Stock Digest"—Nomura Securities Co., Ltd., 1-1chome, Nihonbashi-Tori, Chuo-ku, Tokyo, Japan.
- Foreign Investment Through the Japanese Market in September 1954—In "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo,
- Investment Opportunities in Japan—Circular—Yamaichi Secu-rities Co., Ltd., 111 Broadway, New York 7, N. Y.
- Newling Canadian Letter—Fortnightly review of the Canadian Securities Markets—Newling & Co., 21 West 44th Street, New York 36, N. Y.
- 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.
- ew York City Bank Stocks—Quarterly comparison—New York Hanseatic Corporation, 120 Broadway, New York 5, New York.
- ew York City Bank Stocks—Comparative figures at Sept. 30, 1954—First Boston Corporation, 100 Broadway, New York 5, New York. New York City Bank Stocks-
- parison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y. Over-the-Counter Index-Folder showing an up-to-date com-
- uicksilver Special report ask for Report C-308 Friedman & Co. Inc., 52 Broadway, New York 4, N. Y.
- Summary on 613 Major Stocks—16 page summary included in special 4-week introductory offer, ratings & reports on over 200 major stocks and 14 industries, plus special situation recommendation supervised account report, 2 fortnightly letters and 4 weekly supplements—for new subscribers only \$5.00—Dept. CF-62 Value Line Investment Survey, 5 East 44th Street, New York 17, N. Y.
- TV Makers—Analysis of prospects in current issue of "Market Pointers"—Francis I. du Pont & Co., 1 Wall Street, New

On the Press-

Highlights # 28

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York City. In the same issue are a brief analysis of Movies, and lists of possible beneficiaries of economic growth, opportunities in Canadian Shares, and 40 selected companies with Foreign Operations.

- Television Analysis of prospects Sutro Bros. & Co., 120
  Broadway, New York 6, N. Y. Also available is a review of changes in the holdings of investment trusts.
- Uranium Digest—Brouchure of facts and figures on the uranium mining industry—Whitney & Company, 10 Exchange Place, Salt Lake City 1, Utah.
- American Potash & Chemical Analysis Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of Canadian Pacific Railway.
- Arkansas Western Gas Co.—Memorandum—Rauscher, Pierce & Co., Mercantile Bank Building, Dallas 1, Tex. Also available is a memorandum on Public Service Co. of New Mexico.
- Bird & Son, Inc.—Analysis—May & Gannon, Inc., 161 Devonshire Street, Boston 10, Mass.
- Blaske Lines-Memorandum-G. H. Walker & Co., 503 Locust Street, St. Louis 1, Mo.
- Chesapeake Industries, Inc.--Bulletin-Gottron-Russell & Co., Inc., Union Commerce Building, Cleveland 14, Ohio.
- City Investing Co.—Memorandum—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y. Also available is an analysis of C. I. T. Financial Corp.
- Colorado Oil & Gas Corporation—Analysis—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.
- Ekco Products Company—Analysis—Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Ill.
- Lucky D Uranium Mining Co.—Report—James M. Toolan & Co., 67 Wall Street, New York 5, N. Y.
- Ludman Corporation—Analysis—Standard Investing Corporation, 40 Exchange Place, New York 5, N. Y. Also available is an analysis of Drewrys' Limited U. S. A.
- Maule Industries, Inc. Analysis Baruch Brothers & Co., Inc., 44 Wall Street, New York 5, N. Y.
- National Starch Products, Inc.—Analysis—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y. Also available is a bulletin on H. L. Green Company, Campbell Wyant & Cannon and Waukesha Motors.
- York Central Railroad—Bulletin—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a report on Southern Company and on Cannon Mills.
- New York City Omnibus—Bulletin—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.
- Norris-Thermador Corporation-Analysis-Cohu & Co., 1 Wall Street, New York 5, N. Y.
- Northern Illinois Gas Company-Analysis--A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.
- Official Films, Inc. Card memorandum Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.
- Pressed Steel Car—Data—Bache & Co., 36 Wall Street, New York 5, N. Y. Also in the same bulletin are data on St. Joseph Lead and Affiliated Gas Equipment.
- Riverside Cement Analysis Lerner & Co., 10 Post Office Square, Boston 9, Mass.
- 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.
- Traders Finance Corporation Limited—Data—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada. In the same bulletin are data on Canadian Investment Fund, International Nickel Co. of Canada and Howard Smith Paper Mills Ltd.
- Western Maryland Railway Company Bulletin (No. 178)— Smith, Barney & Co., 14. Wall Street, New York 5, N. Y. Also available is a bulletin (No. 179) on Missouri Pacific Railtead Company.
- Western Maryland Railway Co.—Analysis—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.
- Wisconsin Electric Power Company Analysis in corrent issue of "Business & Financial Digest" Loewi & Co., 225 East.
  Mason Street, Milwaukee 2, Wis. Also available in the same issue is an analysis of Uarco Incorporated.

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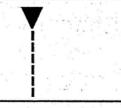
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# DEPENDABLE MARKETS



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Glore, Forgan & Co. and Halsey, Stuart & Co. to manage underwriting group. Applications re-ceived from 500 other houses desirous of participating in marketing the bonds.

Financing of the Illinois toll highway system will be co-managed by Glore, Forgan & Co. and Halsey Stuart & Co. Inc., two of the leading investment banking firms in the country and two firms which have been closely tied in with the development of the Middle West. dle West.

These firms were chosen, according to Evan Howell, Chairman of the Illinois State Toll Highway Commission, first of all, because they are among the leading national underwriters in the country. With main offices in Chicago and sales offices and representatives in the other major financial centers, these firms are in the best position to serve the Illinois State Toll Highway Commission. They are aware of the State's day-to-day traffic problems, and since they are so closely tied in with midwestern development theirs will be a continuing interest in the State's toll highway system.

Financing of the Illinois toll Financing of the Illinois toll highway system awaits the feasibility report being prepared by Joseph K. Knoerle & Associates, Inc., due around the middle of November. In the meantime, Glore, Forgan & Co. and Halsey Stuart & Co. Inc., have received applications from more than 500 other investment banking houses around the country who want to around the country who want to share in marketing the bonds which could approximate \$583,-000,000.

The toll highway system to be built by private funds through the sale of revenue bonds consists of a route skirting Chicago from the Indiana border to the Wisconsin line, a route in a northwesterly direction to Wisconsin via Rockford, an East-West route toward the Cities of Rock Island-Moline and a thruway connecting Moline and a thruway connecting East St. Louis with Indiana near Terre Haute.

Glore, Forgan & Co. has been prominent in toll road financing from the first, participating in the issues of Pennsylvania, New Jersey, Massachusetts, Connecticut, Ohio, Indiana, New York and Kansas. In addition, Glore, Forgan & Co. has been designated the underwriting manager for the proposed Texas Turnpike Company's toll read from Dallas Fort Worth to Houston, and as joint manager of the forthcoming Oklahoma Turnpike. The firm is also fiscal advisor to the Department of Highways of the Commonwealth of Kentucky which recently sold \$38,500,000 of bonds to finance construction of a 40mile toll highway from Louisville to Elizabethtown, Kentucky.

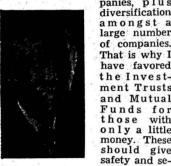
Halsey, Stuart & Co. Inc., has been equally prominent in toll highway financing. The firm has served as one of the account managers for toll road financing in the States of Indiana and New York and has participated in issues for the Massachusetts Turnpike. Connecticut Expressway. Pennsylvania Turnpike, New Jersey Turnpike, Garden State Turnpike, Ohio Turnpike and Kansas Turnpike.

# Investors vs. **Speculators**

By ROGER W. BABSON

Asserting the nation may get topheavy with "safe investments Mr. Babson holds some people must be willing to take some risks by putting money into new enterprises. Cites risks taken by early
New England capitalists. Praises
"incentive tax" legislation and
urges taking risks "for good of
nation."

I have always encouraged the safe investment of money through buying stocks in well-known, standard, dividend-paying companies, plus diversification a mongst. a



large number of companies. That is why I have favored the Investment Trusts and Mutual Funds for those with only a little money. These should give safety and security.

The nation as a whole, however, may get top-heavy with "safe invest-ments." Too many people cannot live on the dividends of old-established corporations. Some people must be willing to take some risks by putting some money into new enterprises.

#### Who Built American Industries?

Who Built American Industries?

During the past few weeks I have been studying the industrial history of New England. Conservative "investors" did not build the cotton factories, the paper mills, the woolen plants of New England. These were built by men willing to take risks. The sailing ships which set forth from Boston, Portsmouth, Gloucester, Salem, and New Bedford to all parts of the world—without charts or steam—and even before the days of lighthouses—were built by "speculators," not by "investors."

The Securities and Exchange Commission has done a good thing for conservative investors and the big, established companies; but whether the Commission has done well for the nation as a whole is debatable. America today needs more speculators.

Pioneering Encouraged

#### Pioneering Encouraged

Pioneering Encouraged

It is said that the Democrats inaugurated most of the new tax law changes to help the sick and aged. The Republicans, however, are responsible for the features of the 1954 Tax Law which encourage invention, industry, and young concerns. During the Roosevelt Administration, business was treated with a certain disdain. The New Deal politicians and professors, who had had no experience with business, wrote the laws.

Such legislation has helped the unfortunate who were unable to

unfortunate who were unable to work, but it has discouraged the formation of new companies to provide future employment. It has been very difficult for young men to get the capital or to save enough from earnings to start a new business. It has been like trying to run a church without a Sunday School-or have a family without raising children. The new 1954 Tax Law makes it easier for any young man of good character to start a new business. It also encourages older investors to take some risks by starting new enterprises, prospecting for uranium and other rare metals,

This third school is intended to help worthy young people with vision do new things which their parents or friends may think im-

As I meet the men who are doing big things today, I find that — as a rule — they did not come from big cities. Most of

and providing future employment for the next generation.

What Utopia Means to Me

Mrs. Babson and I have founded three successful colleges—Babson Institute for men at Babson, Park, Mass., Webber College for women at Babson Park, Florida, and a third college in the center of the United States, at Eureka, Kansas.

This third school is intended to Their college was the wood box Prime Minister, Professor, or and the corn field. They were Captain of Industry has more obliged to fight severe heat in time than you have.

I forecast that some day every reader will realize that time is taking risks with horses, cattle, worth more than money. My apartic and storms. Steam heat, air conpeal this week is that you use ditioning, and flossy colleges may a fair proportion of your time in make good investors, but these taking risks for the good of the modern luxuries do not teach men attoin.

With Arthur M. Krensky make good investors, but these modern luxuries do not teach men to take risks. A greater willing-ness to risk is the need of America today.
One More Thought

Young people who are born without luxury or without money and who are struggling for an education should remember this: the New York and Midwest Stock You have as much time as any- Exchanges. In the past he was them were brought up on farms. one in the world. No President, with Francis I. du Pont & Co.

#### With Arthur M. Krensky

CHICAGO, Ill.—Ira J. Kaufman has become affiliated with Arthur M. Krensky & Co., Inc., 141 West Jackson Boulevard, members of

#### With Charles A. Goodwin

SALEM, Oreg. - Charles D. Garver has been added to the staff of Chas. A. Goodwin & Co., Masonic Building.

#### Joins Bell & Farrell

(Special to THE FINANCIAL CHRONICLE)

LA CROSSE, Wis.—Holland L.
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October 27, 1954

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(A wholly-owned subsidiary of Safeway Stores, Incorporated)

\$50,000,000 Serial Debentures, Series A

Due \$5,000,000 on each November 1, 1955 to 1964, inclusive Dated November 1, 1954

 Maturities	Interest Rates	Maturities	Interes
1955	3.00%	1960	3.60%
1956	3.15	1961	3.70
1957	3.25	1962	3.80
1958	3.35	1963	3.90
1959	3.45	1964	4.00

#### Price for all Maturities 100%

plus accrued interest from November 1, 1954

#### \$25,000,000

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Dated November 1, 1954

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plus accrued interest from November 1, 1954

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# Outlook for the Stock Market

By JAMES F. HUGHES\*

Market Analyst, Auchincloss, Parker & Redpath Members of the New York Stock Exchange

Mr. Hughes first reviews trend of stock prices from 1945 to 1954, and then states that, on the basis of past performance record, it is impossible to be positive that a business recovery in 1955 will guarantee a continuation of the advancing trend. Says visible technical relationships resemble the situation in the spring of 1946 and the summer of 1948, when the market turned down regardless of favorable business trends.

Before trying to make a forecast of the future of the stock market for 1955, I think it is wise to try to understand what hap-



James F. Hughes

pened from 1945 to 1954. To begin with, things hap-pened in 1954 to high grade blue chip isblue chip is-sues that haven't hap-pened since 1929 but rela-tively little happened to hundreds of the low priced and medium priced stocks.

The superior performance of the blue chips was reflected in the first hundred point advance in the Dow-Jones point advance in the Bow-Sines industrial average for a 12-month period since 1929. From September 1953 to September 1954, the average showed a net gain of 108 points. This makes it the third best 12 months performance in the 58-year life of the average. It is probably just a coincidence that it had to wait 25 years for the return of a Republican Administration before it was able to hang up another 100 point record.

Now that the average is back in the old New Era groove of a hundred points a year there is a temptation to project this rate of advance for another year or two. Before yielding to this temptation it may be advisable to make any forecast contingent on a drastic improvement in the performance of low priced spec-ulative stocks. Certainly the per-formance of the D-J industrial average in the past year has not accurately reflected the action of the market as a whole. In fact the record of a great many sec-ondary and low priced issues dur-ing the past year has been ex-tremely disappointing.

While the industrial average advanced 108 points in 12 months, the low-priced speculative index of Standard & Poors on a monthly basis showed a net pain of only 30 points from September 1953 to August 1954. This moderate advance in a year compares with 181 points in the low priced stocks for the 12 months ended November 1928, during which period the industrial average advanced 114

The relatively poor performance of the low priced stocks has been generally explained by the fact that the moderate decline in business activity has hurt the smaller and economically less efficient companies more than it has the large, efficient companies. As a result it is logical that the As a result it is logical that the stocks of the big companies have done so much better in the market. Furthermore, now that business recovery has set in the low priced and secondary stocks can be expected to do relatively better from here on. from here on.

These explanations appear to have the support of economic logic but it is doubtful whether economic developments of the past year have had as much to do with the performance of the industrial average since Septem-

\*An address by Mr. Hughes at meeting of the Association of Customer Brokers, New York City, Oct. 14, 1954.

ber 1953, as has a series of market developments which have pro-gressively favored the technical position of high grade investment issues while impairing the technical position of low-priced spec-ulative stocks. In the regulated market, completely uncontrolled market, completely uncontrolled mob psychology frequently plays a far more important role than logical economic factors. The most important reason for the relatively poor performance of low priced stocks as a group since 1946 is that they did so very much better than high grade stocks during the war and the first year thereafter. thereafter.

Progressive deterioration in the technical action of the low priced stocks is shown in the following

The progressively worse relative performance of the low priced stocks as compared with the D-J industrial average has not been entirely the result of economic trends influencing earnings of the two groups. Economic factors have, of course, played a part but probably far more imporfrom 1943 to early 1946 speculative interest concentrated on low priced stocks because they offered far greater percentage profits on priced stocks because they offered far greater percentage profits on outright purchases than were possible with most stocks in the D-J average. As a result the low priced group between November 1943, and February 1946, advanced 254% as against 60% for the Dow-Jones stocks.

By the time uncontrolled mob psychology in the regulated market has climaxed two years of advancing trend with a number of fantastic stilt formations during the postwar victory celebra-tion, several hundred stocks were all through as far as the longer-range postwar bull market was concerned. Probably the simplest way to describe what has hap-pened in 1953-1954 is to say that the regulated market has duplicated with high grade leading issues the dangerous stilt formations which in 1946 climaxed the bull market careers of several hundred stocks.

#### Comparison With 1927 and 1949

However, very few people seem to be thinking in terms of 1946 when making stock market comparisons. Much more popular years for comparative purposes appear to be 1927 and 1949. One justification for using 1927 as comparable to 1954 is the fact that the Federal Reserve money managers in 1954, for the first time since 1927, inaugurated a major program designed to ease credit conditions at a time when the stock market was right at the peak of a long major advance. The 1927 program opened the door for the wild speculative orgy of 1928-1929. From a technical viewpoint, however, the stilt for-mations of 1954 are much closer mations of 1954 are much closer to 1929 than they are to 1927. And from an economic viewpoint it is probably safe to assume that

-Period of Advance

Nov. 1943 - Feb. 1946

June 1949 - Feb. 1951

Sept. 1953 - Aug. 1954

Standard & Poor's Low-Priced Low to High Points Gained -Dow-Jones Industrials-Low to High Points Gained 129 to 207 + 78 83 to 294 +211105 to 221 +116 161 to 255 + 94 +108160 to 190 + 30 255 to 363

15 Team, and resp. cell - 2 / St. Ale team that is 4 and 1 and 2 & 3 and 2 and 2 and 3 and

severely criticized for any in- consolidation after 1951 highs dreds of listed issues which in creased speculation following the comparable to their 1947-8-9 per- the past two years have been reduction in legal reserve reformance:

quirements in July. Because the Aluminum Co. of America considerably below still formation credit managers know all about 1927 it is unlikely that they will permit two more years of accelerated bull market.

The chief technical defect in the attempt to make the advance since September 1953 analogous to the beginning of the 1949-1951 uptrend is the fact that practically all of the leaders of the recent advance have been in a fairly persistent recovery from their 1949 lows. They did not spend the two years, 1952-1953, below their 1951 tops, quietly building a technical foundation for further major recovery. It was this type of preparation from the autumn of 1946 to the summer of 1949 that provided the majority of stocks with a strong base from which to stage an important advance between 1949 and 1951.

#### General Electric Technical Pattern Since 1946

General Electric, as one of the outstanding leaders of the 1954 advance, provides an excellent illustration of the difference between the 1946-1949 pattern and the 1951-1954 performance. postwar victory celebration of GE between August 1945 and February 1946 was an extremely con-servative 10 point advance, from ary 1940 was an extremely conservative 10 point advance, from 42 to 52. From February 1946 to May 1947, GE declined 20 points to 32. During the next 24 months it held in a range between 32 and 43, comfortably below its 1946 high. It started the 1949 recovery 43, comfortably below its 1946 high. It started the 1949 recovery from a June low at 34 and seven months later it exceeded its 1948 high by getting above 44 in January 1950. In September 1951 GE established a temporary top at 63. Unlike the situation following 1946, it did not take five years for GE to exceed its 1951 high. In July 1952 the stock reached 64; In December it got above 72. During 1953 GE never sold below 66 and in May and August it established new high at and 76.

In the eight months following September 1953, the low month in the industrial average that is supposed to resemble June 1949, GE made up for its long neglect by investors. It staged quite a rediscovery celebration with a stilt formation that zoomed from 69 to 145. Instead of bringing back memories of the seven months following June 1949, this performance is more reminiscent of the five months between March of the five months between March and August in 1929, when, on a corrected basis, General Electric soared 46 points from 54% to 100%.

#### The Pattern of Stock Price Trend

The purpose of this detailed study of the market career of General Electric since 1945 is to emphasize the fact that there are many other important stocks that have followed the same pattern. While many of these have not advanced as sensationally as GE since last September, they have continued in a steady uptrend since 1949 and as a result show a chart formation that on the basis of technical precedent looks more like the end, rather than the beginning, of a bull market.

# Continuous Advance Since 1949 Plus Recent Stilt

Following is a list of stocks that have followed the GE pattern since 1946. This means that they remained below their 1946 high until some time after the the credit managers of 1954 are aware of the fact that for the first time in 27 years they are have been in a consistent major in a position where they can be advance, with no time out for June low in 1949, but thereafter have been in a consistent major

Aluminum Co. of America

American Home Products

Boeing Bullard Carrier Corp. Champion Paper & Fibre Champion Paper & Fibre
Cincinnati Mil.ing Machine
Container Corp.
Corning Glass Works
Crown Zellerbach
Cutler-Hammer
Dixie Cup
Douglas Aircraft Ex-Cello Freeport Sulphur General American Trans. General After.can Tran General Telephone Gillette Co. Goodrich (B. F.) Co. Goodyear Tire Ingersoll Rand Kimberly-Clark Corp. Lily-Tulip Cup Lockheed McGraw Electric McGraw Hill Publications Minneapolis-Honeywell National Lead Otis Elevator Outboard Marine & Mfg.
Penn.-Dixie Cement
Scott Paper
Sperry Corp.
Union Tank Car
United Aircraft Vanadium Corp. of America Westinghouse Electric Corp.

All of the stocks in the above list have staged concentrated adrances that qualify for comparison with the stilt formations of the early part of 1946. Many other important issues have not followed the exact GE pattern since 1946 but have contributed to a continued main untrained during lowed the exact GE pattern since formation peaks. The probabili1946 but have contributed to a continued major uptrend during something like this will happen the past eight years so that it is to the important leaders of the impossible to classify them as current free-wheeling expedition having started a new bull market into virgin price territory. from their September 1953 lows. from their September 1953 lows. Following is a list of the more important stocks in this group:

American Can Borden Continental Can DuPont International Business Machine International Paper Jewel Tea Kroger
Lone Star Cement
Louisiana Land & Exploration
Minn. Mining & Mgf. National Dairy Products National Tea Reverse Copper & Brass Shell Oil Seaboard Oil Sunshine Biscuit Texas Co. Union Carbide United Biscuit U. S. Gypsum U. S. Rubber

In addition to the stocks in the foregoing lists practically all of the utility and natural gas issues have been in a persistent major uptrend since 1949 so that it is also impossible to classify them as having started a new bull market from the lows of last Septem-

#### Exploitation of Virg'n Price Territory

Practically all of the stocks listed have been free-wheeling in price ranges that have either represented new all-time highs or resented new all-time highs or have exceeded highs made during the past 15 years. Under condi-tions resulting from the regula-tion of professional speculative activities there is relatively little chance that stocks which have been unable to advance in recent years will be able to come to life and supply belated speculative leadership. When the current leaders run out of gas there is a possibility that a long time may elapse before the market will be able to show anything comparable to its minority performance thus far in 1954.

This opinion is based on the technical fact that there are hun-

A - - 11 4 - 1 - 1 - 1

brow-o is scartered between 1946 and 1952. Included in this group are a number or stocks which are, or were, regarded as attractive issues but which got caught up in such concentrated buying stampedes that they have been avanable recently considerably below their peak popularity prices. Some of the outstanding members of this group are: members of this group are:

Amerada American Airlines American Cyanamid
American Smelting & Refining
Amercan Tele. & Tele.
American Tobacco
Canadian Pacific J. I. Case Celanese Corp. Coca Cola Consolidated Min. & Smlt. Electric Au o-Lite International Pete Merck & Co. Montgomery Ward Northern Pacific Parke, Davis Pfizer Schenley Industries Texas Pacific Land Trust

The stocks listed above are all examples of exceptional stilt for-mations that have climaxed in-dividual major advances. Regard-less of the subsequent course of market averages and the trend of general business activity, they have been unable to wade through the supply of stock at higher prices which was traded during the process of making their still to the process of making their still to the supply of the process of making their still to the supply of the

#### Stilt Formations

In looking back at 1946 it may be of some interest to note that the stilt formations of the postthe stift formations of the post-war victory celebration advance were made against a background of declining industrial activity. From February 1945 to February 1946, the FRB index of produc-tion declined 35% while the D-J industrial average advanced 34% by the time the production index had advanced 20% from its February 1946 low, the industrial average had declined 23%.

On the basis of this past per-formance record it is impossible to be positive that a business reto be positive that a business re-covery in 1955 will guarantee a continuation of the advancing trend in the stock market. Tecn-nical relationships, now visible, resemble the technical situation in the spring of 1946 and the early summer of 1948. In these two earlier years the market turned down regardless of the existence of favorable business trends. The of favorable business trends. The same pattern cannot be ruled out as a possibility in the present situation. Finally, there can be no assurance that the market will assurance that the market will continue to advance if industrial activity fails to show the moderate recovery in 1955 that is now being forecast by practically all forecasting economists.

#### Joins Morgan Staff

LOS ANGELES, Calif.—Charles W. Butterfield is now associated with Morgan & Co., 634 South Spring Street.

#### W. H. Wittmeyer Opens

BUFFALO, N. Y.-William H. Wittmeyer is conducting a securities business from offices at 940 East 29th Street.

#### Atwill Adds to Staff ...

(Special to THE FINANCIAL CHRONICLE) MIAMI BEACH, Fla.-George I. Reed is now with Atwill and Company, 605 Lincoln Road.

# Are Labor Unions Destroying Free Enterprise?

By PHILIP CORTNEY\* President of Coty, Inc.

Economist and industrialist, in contending that the rising economic power of labor unions is the consequence of bad laws, finds collective bargaining has come to mean two things: (a) right to strike; and (b) a prohibition against the employment of workers ready and willing to work at the wages employer is able to pay. Maintains workers now absorb full benefit of increased productivity through higher wages in highly mechanized industries, and thus prevent lower prices. Concludes, despite increased wages, unions have not sub-stantially increased workers' share of national income.

I know from experience that the debaters have in mind the po-businessmen dislike to discuss the sition, interests and problems of subject of labor unions, at least large corporations and big unions. publicly. Even more, we business-

men, together with most of the politicians are coddling and pampering the unions. The great general conspiracy of silence will be of no avail. It is my purpose to show you why I believe that the labor unions are committing



suicide. Un-fortunately they are at the same time destroying the free enterprise system. The result of their policies can be either inflation destructive of the social fabric of our free society, or a regimented controlled economy, wherein there will be no room for leben with will be no room for labor unions,

Let me make clear that I do not blame the labor unions for the dangerous or ominous alternatives we are facing. These are simply the result of fallacious economic theories which have taken hold of many minds, and of bad laws due mainly to demogration. mainly to demagoguery.

The labor unions have come to expect an increase in wages or other benefits each time a con-tract is reopened for negotiation. How could it be otherwise? The How could it be otherwise? The labor unions are mainly concerned with justifying their existence and the dues they receive, regardless of means and consequences to the economy as a whole, to the workers they represent, or to the employers. This situation is only too human. Besides, the Employment Act of 1946 as it has come to be interpreted by labor unions and politicians means essentially inflation as a way of life, at least as long as the inflationary joy-riding can last without upsetting the apple-cart. Inasmuch as the bargaining power of labor unions is gaining power of labor unions is increased manifold when we have full employment and inflation, the labor unions have come to have a vested interest in inflation, even when they profess to dislike the rise in prices due to inflation.

#### Consequences of Bad Laws

Let me examine, one by one, a w of the consequences of our

(I) The present labor laws are putting in serious jeopardy the great majority of small and medium sized businesses, by which I mean businesses employing up to let us say 1,000 or 1,500 workers. To understand this, we must keep in mind that the Wagner Act, like the Taft-Hartley Act, was written with consideration given mainly to with consideration given mainly to the problems of large corporations confronting powerful national la-bor unions. As a matter of fact, when discussions are held on pub-lic platforms regarding the labor unions or the Taft-Hartley Act it becomes invariably obvious that

\*An address by Mr. Cortney before the California Personnel Management Asso-siation, Berkeley, Cal., Oct. 19, 1954.

Yet deeply buried in the statis-tics published by the Department of Labor one can discover the fact that there are constantly 200,000 to 300,000 men on strike. These being strikes not as spectacular as those of the steel companies, the fact goes unnoticed by the public. Who will ever tell the story of the suffering and anguish of both the workers and the employers involved in these strikes, many of which are completely useless and senseless?

#### Economic Power of Labor Unions

There may well be no other way than collective bargaining to de-termine wages in modern society with big industrial units, but there are a few safeguards which are essential if our free enterprise system is not to succumb in the

there is no criterion by which to determine wages. Mr. James Lincoln, President of the Lincoln tical purposes that the business-Electric Co. of Cleveland, went man has the choice of accepting even so far as to say that collective bargaining is equivalent to "civil war" because there is no because strikes can at times have criterion but power to guide conductive the conditions put by the labor unions or going out of business deadly consequences for a firm. tive bargaining is equivalent to "civil war" because there is no criterion but power to guide contending parties during negotiations. This power takes the form of economic power, but also that of physical power in the form of intimidations. intimidations, threats, etc.

When we speak about the economic power we should bear in mind that while the big corpora-tions are a match for the big labor unions, this is not the case for small and medium sized businesses employing let us say up to 1,500 employing let us say up to 1,500 workers. We have recently seen a big industry grant an increase in wages and raise prices at the same time while working at only 70% of capacity. The small and medium-sized businesses are not only unable to increase prices as they increase wages, but for the overwhelming majority of them a strike may mean bankrutpcy, or at least very serious financial difficulties. The present tug of warbetween labor unions and employers of small and medium-sized businesses is seriously undermining the morale, courage, and even ing the morale, courage, and even the health of those engaged in free enterprise. Besides, the relations between management and workers became deplorable as a result of the animosity and tension created by the labor unions during the socalled collective bargaining.

#### What Collective Bargaining Means

Collective bargaining has come are a few safeguards which are esto mean two things: (a) a right sential if our free enterprise systo strike, and (b) a prohibition tem is not to succumb in the against the employment of work-process. We should not forget that ers ready and willing to work at

deadly consequences for a firm.

Some people claim that there is a remedy in law against arbi-trary action in picketing and violence by labor unions, but all practical experience proves that by the time one could secure such remedy is of no avail because by the time one could secure such a remedy, overcoming all legalistic tricks, the business may be very seriously put in jeopardy. It is therefore essential, particularly for the protection of small and medium-sized businesses that and medium-sized businesses, that there be some safeguards against abuses of labor union power.

The situation would be easier if all the labor bosses had a sense of responsibility and showed restraint. Unfortunately this seems difficult to obtain because the strategy necessary to justify the existence of the labor unions compels the labor bosses to create animosity between employers and workers. As we have seen in reworkers. As we have seen in recent cases, the labor bosses will give in only when a company is near bankruptcy, or when it threatens to go out of business.

What makes the situation even worse is the habit to consider that when a large cornoration like

when a large corporation like U. S. Steel or General Motors grants an increase in wages or pensions, that this should constitute a pattern for all other con-tracts to be negotiated between employers and labor unions. This view is not only absurd economically but can have the most serious consequences for corporations unable to grant wage raises.

nese comments lead to the ob-

vious conclusion that large cor-porations like U. S. Steel, General Electric and others, which seem able to pass increases in wages on able to pass increases in wages on to the buyers and consumers, should be most careful of the consequences their decisions may have on the rest of the country. In point of fact, in Sweden and Holland an accord on wages reached between the employers and labor unions of an industry is subject to the veto of the confederation of all other unions not involved directly in the negotiations.

# Workers Absorb Whole Benefit Of Increased Productivity

(II) One of the worst conse quences of labor unionism derives from the fact that increases in productivity in the highly mechproductivity in the highly mech-anized industries are absorbed in increased wages instead of be-ing translated into lower prices. Because lower prices make for larger consumption by the whole community, one of the necessities of a dynamic industrial system, compatible with the maintenance of a relatively stable currency, is to transmit the benefits of tech-nological progress to consumers at nological progress to consumers at large by prompt price reductions commensurate with declines in real costs. This is the more important as the great majority of people are employed in jobs where there is hardly any technological progress. nological progress.

It used to be generally admit-ted that one of the secrets of a ris-ing standard of living in the United States was higher and higher wages and lower and low-er prices. What this means is that righer wages and lower and low-er prices. What this means is that nominal wages were increasing slowly and that technological progress was translated mainly

was translated mainly Continued on page 12

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\$100,000,000

# Continental Oil Company

Thirty Year Sinking Fund 3% Debentures

Dated November 1, 1954

Due November 1, 1984

Interest payable May 1 and November 1 in New York City.

#### Price 1011/4% and Accrued Interest

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October 28, 1954.

Continued from page 11

# Are Labor Unions Destroying Free Enterprise?

50%. Rufus Tucker computed that between 1860 and 1932 the averbetween 1860 and 1932 the average annual increase in money wages was 2.1%, and the annual increase of real wages slightly less than 1%. Prices of most mass-produced manufactured goods were decreasing. Between 1914 and 1920, wages, influenced by inflation and our immigration laws, went up by about 120%. Between 1941 and 1951 wages went up also by about 120%, due basically to monetized budgetary deficits and to credit-inflation by

aîly to monetized budgetary deficits and to credit-inflation by banks. But present wage costs per unit of production are more than double those of 1939. A Ford sedan automobile which cost \$680 in 1939 costs now \$1,750.

One of the crucial events of our economic history, which has weighed on our destiny eversince, was the rise of 120% in wages during World War I, without any rise in productivity, due to monetary inflation and to the immigration laws. This promoted a basic maladjustment between the industrial workers and farmthe industrial workers and farmers, as soon as agricultural prices began to slip after the end of World War I.

World War I.

It is this fact which is responsible for our agricultural policies of restricting output, or for subsidizing farmers as a means of restoring "price parity" between agriculture and industry. It is the same fact which is responsible for the high tariffs, instituted at the end of World War I. The high wages of our workers have come to be protected by the immigration laws and by high tariffs. The disparity created by the huge rise in wages was a factor in the credin wages was a factor in the credit expansion policy of the Federal Reserve Banks in the 1920's who thought that they would thereby

into lower and lower prices. Be- prevent a collapse of the agricul-fore 1914 it took about 30 years tural prices. This credit expan-to increase nominal wages by sion, together with wrong monetary policies, is one of the great culprits of the depth and length of the 1929 depression.

During the 1920's and 1930's the high wage policy in the durable goods industries impoverished the agriculturist and the erished the agriculturist and the lower paid third of the population, who were unable to buy the production of the higher paid workers. Moreover, the high wages in the durable goods industries hampered investment and construction on account of the rise construction on account of the rise in costs. The economic stagnation and unemployment in the United States during the 1930's can be

explained in a much more sensible way by our wage policies than by any other theory.

It is interesting and important to have present in our minds the changes in prices of a few products of great consumption:

The price of an Underwood Size Standard Typewriter by years was as follows:

1914	\$102.50
1929	102.50
1939	115.50
1954	175.00

The price of a Ford Tudor Se-

1914	\$975.00
1929	500.00
1939	680.00
1954	1,750.00
Man's Shirt:	
1914	\$1.50
1939	1.99
1954	4.25
Man's Shoes:	
1914	\$3.95
1939	5.00
1954	11.00

# Unions Have Small Impact on Increasing Labor's Share of National Income

Statistics seem to prove that the impact of labor unions on the share of the national income distributed to labor is not signifi-cant. However, the impact is great on the wage structure, to the great detriment of the eco-nomic equilibrium necessary to a mass-production, mass-consumption economy like ours.
As I said before, in the 1920's, and in the 1930's the farmers and

lower paid third of the population were unable to buy the production of the higher paid work-ers. What we call over-production is in reality a blockage in the exis in reality a blockage in the exchange of goods. The maximization of production in a mass-production, mass-consumption economy like ours depends a great deal on the wage structure and on the relation between industrial and agricultural prices. I am strongly convinced that our wage-structure is imbalanced to the detriment of both investment and mass con-sumption; this will become obvi-ous as soon as we shall stop stimous as soon as we shall stop stimulating our economy by artificial means like so-called easy money, subsidies, extremely easy conditions for buying homes, which should rather be called brooder-houses, deficit spending, etc. I should like also to mention in passing that the high wages paid for building houses and making automobiles and durable goods make only more serious the evil make only more serious the

make only more serious the evil consequences of installment selling on our economy.

What are the effects, for instance, of the high wages in the automobile industry on our economy as a whole? The automobile is an instrument of necessity and of pleasure. People have come to desire an automobile whether they desire an automobile whether they can afford it or not. The high wages in the automobile and ancillary industries have the result that a great mass of the lower paid part of our population, mostly occupying jobs which hardly benefit directly from technological progress, are either unable to buy a car or are heavily mortgaging their income to acquire people cannot afford to hold, over a and maintain one. Not a long long period of time, assets payable time ago the Federal Reserve in a fixed number of dollars if the Bank of New York made the folvalue of the dollar steadily drops.

"The community may be forced

"The rather spotty situation in retail trade and the decline in soft goods are generally explained on the grounds that many people have the grounds that many people have committed so large a portion of their income to monthly payments on mortgages and installment loans for the purchase of durable goods that they have little left over for new clothing."

(IV) The labor unions have become the champions of so-called "full-employment," or rather of a perpetual boom, which spells inflation and can only bring disaster in its wake or the end of our free society. society.

No one can approve of long interruptions of economic growth and no one likes to see millions of job-seeking men remain unemployed for long periods of time.

But it is about time that everyone, particularly the labor unions and the politicians, understood that the best way to avoid decreasing.

the best way to avoid depressions and large-scale unemployment is to avoid or minimize booms in-

to avoid or minimize booms instead of trying to perpetuate them by artifical means.

The modern economists are not concerned with the causes of economic disturbances, and of unemployment. They contend that we can cure economic disturbances without knowing their causes, mainly by inflation of money and credit and large government expenditures. The advocates of full employment would even prevent needed readjustments which are inherent in the very way a free society functions.

Worse yet the labor unions advocate full employment policies

Worse yet the labor unions advocate full employment policies without ever mentioning wage rates, if not for requesting higher wages in the name of "purchasing power." Now, one of the main causes of unemployment is precisely high wages and a distorted structure of wages, due to monopolistic practices or to violence or olistic practices, or to violence, or to lack of countervailing power of small and medium-sized busi-

It is simply absurd to leave the determination of wage rates and of the wage structure to monopoof the wage structure to monopolistic unions and to violence or coercion, and then request the government to maintain full employment by deficit-spending and ployment by deficit-spending and cheap money, which means nothing else than inflation.

# Full Employment, Higher Wages And a Sound Dollar

The truth is that full employment is 90% inflation (as the "Economist" said the other day). We can't have full employment, higher and higher nominal wages

When unemployment gets under a certain percentage of the employable workers, the bargainging power of the labor unions becomes excessive. The bargaining power of the labor unions is the greater as employers do not the greater as employers do not resist increases in wages when business is good. As wages rise, costs rise, and the prices of the products rise. In our country, the cost of living goes up the more as the prices for agricultural products. of living goes up the more as the prices for agricultural products are tied up to the prices of industrial goods by the so-called "parity" formula. When the cost of living goes up, the workers ask again for higher wages, and the farmers get automatic increases for their products. This is the famous rising spiral of wages and prices, which destroy the purchasing power of the dollar. On top of that recent labor contracts have so-called escalator provisions have so-called escalator provisions which will soon become express elevators, thus aggravating and accelerating the destruction of the

In his last book Professor Slich-

"Nothing less than the integrity Goodbood of the dollar is at stake, because Avenue.

value of the dollar steadily drops.
"The community may be forced to choose, therefore, between subjecting collective bargaining to fairly drastic control and accept-ing a dollar that does not com-mand confidence because it is exmand confidence because it is expected to fall in value. That will be a hard choice. Nevertheless it looks as if the country will eventually have to decide which alternative is the lesser evil — the regulation of collective bargaining or the acceptance of a steadily depreciating dollar."

If we should decide that we need permanent wage controls, we shall also have to control profits, and having thus blocked the price mechanism we shall get a regimented controlled economy.

Our choice is clear: If we do not put an end to the excessive power of monopolistic labor unions we

of monopolistic labor unions we shall get either a worthless dollar or a regimented economy. We should be aware that our

economy is in an unsound and un-easy balance due mainly to abuses of credit, bad farm poliabuses of credit, bad farm policies and wrong wage structure, sustained by artificial means like buying agricultural commodities at so-called parity prices, artificially held low interest rates, extremely easy conditions for buying homes, deficit spending, easy money, etc.

Too many people have come to believe that inflation is a "cureall" for all the mischief committed by wrong policies with the

all" for all the mischief committed by wrong policies with the
help of demagogic or bad laws.
Much as I wish that these optimists should prove right, reason
and historical experience bear
sufficient evidence that there
will be a terrible day of reckoning if we continue our present
absurd economic policies.

#### The Remedies

Is there any hope for escaping the dilemma of inflation or a regimented economy?

The remedies are at hand if it were possible to enlighten the people on the dangers confronting them, and if it were thinkable that the politicians would get the intestinal fortitude to resist the pressure of the electorate.

Three measures seem essential and urgent: One is to subject the labor unions to the anti-trust laws; second, to prohibit picketing; and last but not least, to amend our labor laws so as to give con-sideration to the special problems of small and medium-sized busi-

Contrary to the experience of Contrary to the experience of the large corporations, particular-ly of those which enjoy govern-ment orders, the profit picture of the great majority of small and medium-sized businesses is not good. It behooves both the gov-ernment and big business to adopt laws and policies which should ernment and dig dusiness to adopt laws and policies which should protect small and medium sized businesses from the unbearable pressures and consequences of labor union practices. Neither our free enterprise system nor the labor unions will survive the at-trition and slow death of small and medium-sized businesses.

### With Oscar E. Dooly

(Special to The Financial Chronicle)
MIAMI, Fla. — Bernard R.
Keegan is now associated with
Oscar E. Dooly & Co., Ingraham Building.

#### With FIF Management

ecial to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Vincent T. Cortina has become connected with FIF Management Corporation of

#### With Goodbody & Co.

(Special to THE FINANCIAL CHRONICLE)
SARASOTA, Fla. — Cecil G. Bundy has become associated with Goodbody & Co., 21 South Palm

\$2,850,000

# Bangor and Aroostook Railroad Equipment Trust, Series P, of 1954

23/4% Serial Equipment Trust Certificates (Philadelphia Plan)

To mature \$190,000 annually November 1, 1955 to 1969, inclusive

To be guaranteed unconditionally as to payment of par value and dividends by endorsement by the Bangor and Aroostook Railroad Company

#### MATURITIES AND YIELDS

1955	1.45%		9.5	1960	2.60%	1965	2.95%
1956 -	1.80		7	1961.	2.75	1966	2.975
1957	2.05	- 0		1962	2.80	1967	3.00
1958	2.25			1963	2.85	1968	3.00
1959	2.45			1964	2.90	1969	3.00

Issuance and sale of these Certificates are subject to authorization by the Interstate Commerce Commission. The Offering Circular may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

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October 22, 1954.

# Basic and Applied Research Needed for a Virile Economy

By ALFRED P. SLOAN, JR.\* Chairman of the Board, General Motors Corporation

Prominent industrialist, in pointing out that basic knowledge, combined with fundamental and applied research, is the only way we can expand the creation of wealth and thereby promote human progress, holds we have failed adequately to encourage young minds to devote their lives to fundamental science. Sees need of better understanding of the relationship of the economics of production processes to human progress, and says our problem is to adjust national policies to a clear realization of the possibilities of technology in promoting progress.



The fundamental tool with which the engineer works is basic knowledge. He must have a constant supply of basic knowledge, provided by fundamental research, to support the process of applied research, advanced engineering and the production processes.

Now I believe history will demonstrate that far too much of the basic knowledge upon which we have relied in the past, and which the engineer has capitalized so effectively, has been associated with foreign sources. We have been better exploiters than creators. Somehow we have failed adequately to fire the imagination of our own brilliant young minds with an urge to devote their lives to the cause of fundamental science. Recently the President of the United States called attention to the significance and inadequates of our present basic rescience. Recently the President of the United States called attention to the significance and inade-quacies of our present basic research programs and to the necessity of expanding them to support applied research and advancing technology which, in turn, advance human progress and national security. Whatever we, as engineers, or as managers, or whatever we may be, can contribute in our own way to encourage the expansion of basic research, assuredly to that degree will we be expanding the tools with which the engineer works.

Let me say, also, that however significant the need for a broader foundation of basic research may be, it is equally true that the challenge to the traditional disciplines of the engineer is far greater to-

lenge to the traditional disciplines of the engineer is far greater to-day than at any time in the past; for science both here and abroad is moving aggressively forward. The postwar age is in every sense a research area. Who among us this evening has the imagination to forecast the peacetime future of nuclear energy in terms of to forecast the peacetime future of nuclear energy in terms of higher living standards, better health, and the promotion of human progress in other ways? While physics may be in the van at the moment because of nuclear energy, chemistry, biology or some specialized combination of the traditional scientific disciplines are by no means in the back-

Whatever wealth we may produce can be distributed according neers to deal with these problems, to any pattern we may elect to but trained engineering leadership to translate these scientific adsome and give to others. The only way we can expand the greation of

only way we can expand the creation of wealth and thereby promote household thereby promote household the like, have fired the imagination of the people. They see, as never before, the marvels of science. Personally, I am convinced that tremendous scientific developments lie just before us. Basic research, capitalized by engineering interpretation, will accomplish miracles in further promoting better living, better health and extending the span of effective life. Cancer — the greatest curse levied by nature on the human race—is now for the first time in history under heavy scientific attack. Given talent, supplyed the must have a constant supply of basic knowledge proporting resources and time, does anyone dare say that cancer can survive the challenge of concentrated, coordinated and persistent scientific effort? Science and techscientific effort? Science and technology are clearly accomplishing
wonders. Moreover a better understanding of the relationship
of the economics of our processes
of production in sures greater
strength and stability in our economic life. Our problem then is
not whether these things are possible. Our problem is to adjust sible. Our problem is to adjust our national policies in order that the clearly realizable possibilities of our science, technology and economic life can be capitalized in terms of human progress and happiness.

I have tried, gentlemen, in these rather disjointed remarks, which are based upon the experience of over 50 years on the American scene, to present the role of the engineer, yesterday and today. So far as tomorrow is concerned, his role stands out crystal clear. The rapid advances of science and technology, their increasing penetration into all sectors of the economy mean the engineer, of necessity, must become an increasingly penetration in acceleration. sity, must become an increasingly potent force in accelerating human progress. This will be true of the engineer, not only in his professional capacity, but in his capacity as an administrator and as a scientist who seeks additional basic knowledge. It will also be true of the engineer in his role as a proponent of economic statesmanship and, in the final analysis, in his service as a humanitarian. The engineer knows that progress in a democracy is more collective in a democracy is more collective than individual. He believes the basic purpose of human effort is to promote human progress on a broad scale. His training makes it clear to him that the essential basis of human progress is expanded knowledge. That is the catalyst with which he works. He accepts the fact that a free society accepts the fact that a free society is a fundamental field of unlimprecialized combination of the traditional scientific disciplines are by no means in the background. In any case, whatever the nature of the evolution or revolution of science may be, we shall need an ever-growing supply not need an ever-growing supply not are a part. Such is the formula for human progress, as I see it.

\*From an address by Mr. Slean on the occasion of the presentation to him of the Hover Medal at the Annual Dinner of the American Institute of Consulting Engineers, New-York City, Oct. 19, 1954.

But there is one highly signif-

icant limiting factor of great influence and potential danger that cannot be overlooked. It is too little understood. Too little investigated. Too frequently ignored. This factor involves the relationship between nations, between groups within nations and between individuals and it affects our civilization in many other ways. It stands out dramatically in everything we read. In everything we hear. Wherever, we go. It has the power to acherve meaning to little between the meaning to be clear. Human progressials been actuated by scientific knowledge—the approach of the engineer. Human nature, on the other hand, is too often dominated by weakness, the vicissitudes, the emotions, and the self-sinness that so often characterize the greatnesses of human reactions. One of the major problems of the future—a real challenge to our civilization—is to bring human progress. We must create viduals and it affects our civilization in many other ways. It stands out dramatically in everything we see. In everything we read. In everything we hear. Wherever, we go. It has the power to accelerate progress. It also has the power to destroy our civilization. That is the factor of human behavior. To appraise human behavior requires the services of a social philosopher who undersocial philosopher who understands and can value the intangible. Such an appraisal is largely outside the province of the engineer who must confine himself to the physical realities.

far out-distanced the advancement New York and Midwest Stock of human behavior. The reason Exchanges.

human progress. We must create leadership and develop values in the social sphere which will measure up to our scientific and technological accomplishments and the material progress they have given our civilization.

#### David A. Noyes Adds

CHICAGO, Ill.—Frank Harmon Suffice it for me to say that it has been added to the staff of seems clear that the material David A. Noyes & Co., 208 South values of human progress have La Salle Street, members of the

#### Goodbody Adds in Chicago

(Special to THE FINANCIAL CHRONICLE): CHICAGO, III.—Paul H. Robinson is now connected with Good-body & Co., 1 North La Salle Street.

#### With Reynolds Staff

SAN FRANCISCO, Calif. — William M. Friede has become connected with Reynolds & Co., 425 Montgomery Street.

#### Joins Goodbody & Co.

(Special to THE FINANCIAL CHRONICLE)
MIAMI, Fla.—William L. Shaw has become affiliated with Goodbody & Co., 14 Northeast First Avenue.

#### Joins Federated Managem't

WORCESTER, Mass .- Alfred J. Ford, Jr. is now with Federated Management Corporation, 21 Elm

This announcement is not an offer to sell or a solicitation of an offer to buy these securities.

The offering is made only by the Prospectus.

\$3,000,000

# Wisconsin Michigan Power Company

First Mortgage Bonds, 31/8% Series due 1984

Dated October 15, 1954

Due October 15, 1984

Price 1003/4% and accrued interest

Copies of the Prospectus may be obtained from the undersigned.

# HALSEY, STUART & CO. INC.

October 27, 1954

This announcement is not an offer to sell or a solicitation of an offer to buy these verties.

The offering is made only by the Prospectus.

\$10,000,000

# Florida Power & Light Company

First Mortgage Bonds, 31/8% Series due 1934

Dated November 1, 1954

Due November 1, 1984

Price 100.877% and accrued interest

The Prospectus may be obtained in any State in which this announcement is circulated from only such of the undersigned and other dealers as may lawfully offer these securities in such State.

HALSEY, STUART & CO. INC.

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October 28, 1954

# Investment Potentials In Atomic Energy

By NEWTON I. STEERS, JR.\*

President, Atomic Development Mutual Fund, Inc.

Mr. Steers, though asserting it is true there has been much over-optimism regarding investment potentials of atomic energy, calls attention to the rapid progress of this new development, which "has grown in 15 years from an equation whispered in the President's ear to a \$14 billion program." Reviews advances in atomic power and presents data on several "atomic stocks," which have "investment potentials."

#### Introduction

There is no doubt that many of the recent uranium stocks are ladies of easy virtue. Many of them are adventurers—not gold-diggers per-

haps, but not uranium dig-gers either. They generally have a lit-tie real estate which is dan-gled before those who are interested as a sort of dubious dowry, most of which dowry is reserved to older and closer friends



-friends who are generally not asked to con-tribute anything so distasteful as hard cash.

\*A paper presented by Mr. Steers before the National Industrial Confer-ence Board, New York City, Oct. 14,

But the prevalence of shady ladies should not prejudice us against the honest and respectable girls of good character who offer their suitors a reasonable chance for happiness.

A recent commentator on the field of atomic investment struck a welcome note of caution. In so doing, he, in my opinion, went too far, For example, he stated that only a "clairvoyant could pick the potential General Motors, Ford, or Chrysler." I don't believe it is necessary to be quite so despairing as all that. Clairvoyance would, of course, end our problems. But as all that. Clairvoyance would, of course, end our problems. But an informed and continuous examination will certainly improve the odds on picking winners in this field, as in any other. It is a harder job, but not a hopeless job. The commentator I referred to has stated that "A quarter of a century may be only a moment in history, but it is a long time in the life of an investor." No doubt this is true, but it is completely irrelevant in incompleted to the present building of an atomic submarine. Whether the atomic submarine will actually set useful war instrument is a matter of conjecture. Certainly, when General Dynamics Corporation is selling for more than twice its book value, the glamor has already been anticipated in pushing but it is completely irrelevant in its book value, the glamor has al-connection with an industry which has grown in 15 years from an equation whispered in the Presi-I believe this is a perfect ex-

0.8

3.4

2.7

-2.1%

Katang

Me'al

West Rand Consolidated.....

National Lead ...... 545 Harshaw Chemical..... 4134

I am going to read to you a few remarks made by another invest-ment analyst in February and March of 1954.

"The launching of our first atomic energy submarine has been coincidental with a tremendous amount of publicity and publication of all sorts of articles in financial periodicals, and to this should be attributed the recent rise of General Dynamics Corporation from 33 to 39. It is a characteristic of investors to jump on the bandwagon when securities such as General Dynamics Cor-poration are glamorized....

"It is therefore, our conclusion that General Dynamics Corporation is selling way out of line for the reasons stated, and comparable securities are obtainable at a market value of no more than 20 to

25.... "Past Earnings Record -- Based upon the nine-year average earnings record of both companies General Dynamics Corporation should be selling for 17¾ based upon Consolidated Vultee's pres-

as now risen to 66, and earnings from \$5.72 to \$7.01. At that the price-earnings ratio is still less than 10. The point is that conventional standards must be modified in the light of a radically new technology.

It is true that there has been much over-optimism, but if I may refer to the first commentator again, it is more than "plain English" to state that Sears Roebuck will benefit from atomic develop-ment to as great an extent as other stocks more closely related to the industry. It is one man's opinion, and it is, in my opinion, plain

#### "Anatomy" of the Industrial Atom

The various parts of what may be termed the industrial atom have been analyzed in greater de tail than we will have time fo here. However, a recapitulation in rough economic terms will serve to put in focus the stock market variety of analysis which follows. The dollar values below exclude those flowing in accordance with a cost type contract with the government. a cost-type contract with the government, whether such contract be at the prime or sub level. That is, only dollars are included on which a private profit may be earned.

#### III

#### Uranium Mining and Milling

The present annual gross value of the uranium mining industry in the free world (and nearly all

3.3% 5.0 3.4

2.6%

20.0

dent's ear to a \$14 billion program, a mple of a man whose cautious a program whose success is the major determinant of our nation's survival, and which has just been made to a much greater extent available for private investment.

I am going to read to you a few 39 has now risen to 68, and earnings. Raw Materials Director last month, We know that the Belgian Congo and Canada are sources of comparable magnitude. A substantial plus factor arises since it has been authoritatively stated that South Africa will, within a year or two, surpass the Belgian Congo. Of this figure, more than half is probably devoted to ore purchase. The value of milled ore is perhaps value of milled ore is perhaps twice that of mined ore, but much of the money spent has been used in creating stock piles of ore to be

milled.

A very marked growth factor may be inferred from the very large increase in uranium consuming capacity which the A.E.C. is building. Oak Ridge and Hanford have been the \$2 billion installations in the past. They will be joined shortly by Savannah River, Paducah and, later, Portsmouth. An increased need is confirmed by the A.E.C.'s announced and active policy of encouraging uranium mining and the newly increased depletion allowances.

# Other Raw Materials

Other Raw Materials

It is difficult to get comparable figures on auxiliary atomic metals such as lithium, thorium, zirconium, and beryllium.

Total lithium ore shipped from U. S. mines in 1952 was valued at about \$1 million. Lithium Corp. and Foote Mineral are expected to gross \$20 million in 1954 — mostly from lithium, though values in this case are in processed form. (Spodumene ore concenuranium produced is purchased by form. (Spodumene ore concen-

Capital Appreciatio	n of Se	lected A	tomic C	ompanies	
			0ct. 7 1954	% Increase Over 1953	Ir
, 그리 경기 집에 가지 아이를 잃었다는 것을 하면 생각하다.	Low	High	Price	High	
Climax Molybdenum	33	43	54	26	
Vanadium Corporation	15	23	36	56	
Gunnar Mines	2.25	13.75	9.40	-32	
Foote Mineral	33	50	122	144	
Lindsay Chemical	15	19	39	105	
Lithium Corporation	358	61/4	24	284	
Homestake Mining	33	41	51	25	
Beckman Instruments	11	17	24	41	
Consolidated Engineering	11	15	22	47	
General Dynamics	31	47.	68	45	
Union Carbide	61	75	83	11	
Vitro Corporation	534				
West inchause Floris		77/8	14	79	
Westinghouse Electric	39	52	72	38	

	TA	В	LE	4	A
. 1 . 2					

Dow Jones Industrial Average 255

#### Price-Earnings Ratios and Yields of Atomic Companies

72

38

			Price-Earnings	Average
5	ub-Tabl	e galante de la companya de la comp	Ratio	Yield
	4.1.11	Raw Materials — Uranium Mining — U. S	14 1	4.39
	4.1.12	Raw Materials — Uranium Mining — Canada		
	4.1.13	Raw Materials — Uranium Mining — Africa	10 5	4.8
	4.1.20	Raw Materials - Uranium Processing	20.0	2.6
	4.1.30	Raw Materials - By Product Uranium	15.7	4.0
	4.1.40	Raw Materials - Lithium, Thorium, Zirconium, Bervil	ium 30 0	2.2
	4.2	Radioactive Materials and Radiation Instruments	37.5	0.9
	4.3	Suppliers of Special Equipment	9.3	5.0
	4.4	Atomic Energy Commission Contractors	17.0	3.3
	4.5	Application of A'omic Power	10.7	6.0
	4.6	Diversified Atomic Activities	24.6	2.3

### SUB-TABLE 4.1.11

#### Raw Materials-Uranium Mining-U. S.

	Price 0ct. 4 1954	Earnings 12 Months June 30,'54	Indicated Dividend	Price- Earnings Ratio	Yield
Climax Molybdenum		5.02	3.00	10.6	5.7%
Vanadium Corp	351/8	2.39	1.20	14.8	3.4
Anaconda Copper		3.08	3.00	13.7	7.1
Atchison, Topeka & S. F. RR.		12.12	5.75	9.6	4.9
El Paso Gas	3838	*2.53	1.60	15.2	4.1
Homestake Mining	4658	2.10	1.60	22.2	3.4
Kennecott opper	871/4	7.93	6.00	11.2	6.9
Kerr-McGee Oil	431/2	12.64	0.60	16.5	1.4
Penn-Texas Corp	1938	1.10	1 4 4	17.6	10.000
Union Pacific RR	13534	14.72	6.00	9.2	4.3
Average				14.1	4.3%

\*12 Months, July 31, 1954. †12 Months, March 31, 1954.

#### SUB-TABLE 4.1.12

#### Raw Materials-Uranium Mining-Canada

	Price Oct. 4 1954	Earnings 12 Months June 30,'54	Indicated Dividend	Price- Earnings Ratio	Yield
Algom U-anium	8.90	+			12
Pres'on E. Dome	41/8	<b>≠0.07</b>	0.08	59.0	2.00
Centre Lake	0.92				100
Croft Uranium	0.71	#			
Faraday Uranium	0.82	t		11. 111	
Gunnar Mines	9.00	10.40		+ †22.5	
New Mylamaque	0.44	+		122.3	
Pronto Uranium	5.40	i i		*****	
Rexspar Uranium	1.02	. +			
Rix-Athabaska	1.24	ş			
Average				Infinite Ne	ligib!e

Dec. 31, 1953. †Estimated 1356. ‡Not in production. \$Not

# SUB-TABLE 4.1.13

Raw Materia	ls—Ura	nium Min	ing—Afri	oa 🔭
	Price Oct. 4 1954	Earnings 12 Months June 30,'54	Indicated Dividend	Price- Earning Ratio
a Copper	880	50.38	29.00	17.5

age				19.5	4.
S Raw Mater	1.50	BLE 4.1.20 Jranium P	All the second of		
t de de la competition della competition de la c	Price 0ct. 4 1954	Earnings 12 Months June 30,'54	Indicated	Price- Earnings Ratio	Yie
ckrodt Chemical	42	2.23	0.80	18.4	1.9
Hydrides	20	0.48		40.2	

#### SUB-TABLE 4.1.30 Raw Materials-By-Product Uranium

	Price Oct. 4 1954	Earnings 12 Months June 30,'54	Indicated Dividend	Price- Earnings Ratio	Yiel
Blockson Chemical	391/4	2.33	1.40	16.8	3.6
International Min. & Chemical	3658	2.44	1.60	15.0	4.4
Average				15.9	4.0

#### SUB-TABLE 4.1.40 Raw Materials-Lithium, Thorium, Zirconium, Beryllium

ociyiniani Corp	31/2	1.70		21.0	
oote Mineral	121	2.16	1.00	56.0	0.8%
indsay Chemical	3934	0.97	0.60	40.8	1.5
ithium Corp	2334	0.42		56.0	
American Potash "B"	601/4	4.07	2.00	14.9	3.3
Sullivan Consolidated Mines	3.82	0.23	0.18	13.6	4.7
Carborundum Co	337/8	2.57	1.75	13.2	5.2
Average			. K. * 17.3 / 17.	30.9	2 29

#### SUB-TABLE 4.2 Radioactive Materials and Radiation Instruments

	Price Oct. 4 1954	Earnings 12 Months June 30,'54	Indicated Dividend	Price- Earnings Ratio	Yield
Atomic Instrument	81/4	*0.17	. 7 1	48.5	
Beckman Instrument	2238	0.75		29.8	
Consolidated Engineering Corp.	221/2	0.69	0.40	32.6	1.8
Nuclear Instrument & Chemical	51/8	* * ¶		•	
-Tracerlab, Inc	131/8	0.32	1.1	35.4	
Victoreen Instrument Co	61/8	0.07	2% stock	99.5	
Abbout Laboratories	431/2	2.32	1.85	13.8	4.2
Avairage				27.0	0.00

\*12 months, Dec. 31, 1953. \*Deficit. -

### SUB-TABLE 4.3

#### Suppliers of Special Equipment

Price Oct. 4 1954	Earnings 12 Months June 30,'54	Indicated Dividend	Price- Earnings Ratio	Yield
4334	÷7.27	4.75	6.0	10.8
67	7.19	4.00	9.3	6.0
261/2	2.17	1.00	10.2	3.8
6038	7.96	2.00	7.6	3.3
23	2.88	1.20	8.0	5.2
521/2	6.27	3.00	8.4	5.7
24	3.96	1.50	- 6.1	6.3
771/2	13.30	3.00	5.8	3.9
191/2	5.28	0.60	3.7	3.7
24	0.99		24.2	
321/2	*4.30	1.80	7.5	5.5
3758	2.58	2.00	14.5	. 5.3
,.			9.3	5.0
	Oct. 4 1954 4334 67 261/2 6038 23 521/2 24 771/2 191/2 24 321/2	Oct. 4 12 Months June 30,754 4334	Oct. 4         12 Months Indicated Dividend Value 30, 54         Indicated Dividend Value V	Oct. 4         12 Months         Indicated Dune 30,754         Earnings           4334         *7.27         4.75         6.0           67         7.19         4.00         9.3           26½         2.17         1.00         10.2           6038         7.96         2.00         7.6           23         2.88         1.20         8.0           52½         6.27         3.00         8.4           24         3.96         1.50         6.1           77½         13.30         3.00         5.8           19½         5.28         0.60         3.7           24         0.99          24.2           32½         4.30         1.80         7.5           37%         2.58         2.00         14.5

#### SUB-TABLE 4.4 A. E. C. Operating Contractors

	Price Oct. 4 1954	Earnings 12 Months June 30,'54	Indicated Dividend	Price- Earnings Ratio	Yield
Bendix Aviation	941/2	10.13	3.00	8.3	3.2%
Dow Chemical	41	*1.42	1.00	28.8	2.5
duPont	14738	5.75	5.00	25.8	3.4
Goodyear Tire & Rubber	85	10.48	3.50	8.1	4.1
Monsanto Chemical	92	4.51	2.50	20.1	2.7
Phillips Petroleum	63	5.50	2.60	10.5	4.1
Procter & Gamble	9334	5.42	2.70	17.3	2.9
- 17 <u>. km</u> - 11. Oznak		Adda 15 %		17.0	3 29

\*12 months, May 31, 1954.

#### SUB-TABLE 4.5 **Application of Atomic Power**

	Price 0ct. 4 1954	Earnings 12 Months June 30,'54	Indicated Dividend	Price- Earnings Ratio	Yield
General Dynamics	6738	7.96	3.50	8.4	5.2%
Detroit Edison	331/4	1.91	1.60	17.4	4.8
Duquesne Light	3358	2.27	1.72	14.7	5.1
Newport News Shipbuilding	391/4	6.52	3.00	6.2	7.7
North American Aviation	451/8	5.62	2.75	8.2	6.1
Stone & Webster	241/2	2.40	2.00	10.2	8.2
United Aircraft	621/4	6.48	3.00	9.6	4.8
Average				10.7	6.0%

#### SUB-TABLE 4.6 **Diversified Atomic Activities**

	Price 0ct. 4 1954	Earnings 12 Months June 30,'54		Price- Earnings Ratio	Yield
Vitro Corporation	15	0.40		37.5	
General Electric	44	2.13	1.60	20.6	3.6%
Union Carbide	83	3.17	2.50	26.2	3.0
Westinghouse	7278	5.09	2.00	14.3	2.7
Average				24.6	2.3%

\$3.2 million in 1954.

Westinghouse, National Lead, and Carborundum Co. have all been active in zirconium production. The last-named has a \$10 million contract at \$13.46 per lb.

Beryllium Corp. is the major producer, not closely held, of beryllium products. It grossed \$9 million in 1953. Price per lb. ranges from \$50 to \$200, depending on form and grade. on form and grade.

Radioactive Materials and Radiation Instruments
Radioactive materials are research's newest and most promising tool. According to Sumner Slichter, \$3.2 billion were spent in the U. S. on research last year, so that we must keep in mind that research is a big industry, and the use of the new tool has just started. A.E.C. Commissioner Campbell estimates that U. S. industry saved \$100 million last year by means of these "tagged" atoms, and that this figure will reach \$1 billion annually in 10 years.

The future of radioactive materials will be greatly brightened if the fission product variety can be applied economically. The meat counter life of fresh beef has been extended from five days to three weeks by means of irradiation, without harmful effects. There has, however, been an impairment in flavor. A hopeful note on the latter count has been the potato preservation tests where a taste panel showed a

note on the latter count has been the potato preservation tests where a taste panel showed a definite preference for irradiated potatoes eight months old, as compared with untreated potatoes of the same age. Irradiation of conventional chemicals has been shown to produce unexpected results in the properties of the compounds produced and in the promotion of the chemical reaction itself.

Growth in the use of radiation instruments must keep pace with that of radioactive materials since the two are used in conjunction the two are used in conjunction with one another. However, they are used also in conjunction, in considerable numbers, with every reactor. Research reactors are planned by many universities. The Navy plans 20 full-scale atomic propulsion units by 1960. How fast the Duquesne plant will be followed by other large reactors is hard to predict, but the Army's Fort Belvoir "package" unit can hardly fail to be the forerunner of considerable numbers of additional reactors.

This industry has grown to about \$40 million in five years from

\$40 million in five years from about one-fifth that. Further rapid growth appears inevitable.

#### Reactor Components

It is clear that a really large impetus will not occur in this field until atomic power is "competitive." But the relative nature of tive." But the relative nature of this concept "competitive" bears emphasis, since the power costs which must be bettered vary so sharply. And, equally important, most of the continental U. S. high-cost areas could not use the capacity which an atomic reactor would have to have to make it competitive, even in a high-cost area. In other words, a large rearea. In other words, a large reactor is necessary to produce electricity more cheaply than that available in Eureka, Nevada; and Eureka, Nevada, cannot use that much power.

Nevertheless, the "package" (or

small) reactor is expected to be literally competitive in the remote areas in which it will first be used. Costs in mills run from 16 in the philippines, to 63 in Greenland, and costs for "package" power two years ago were estimated at 25 to 40 mills. It is reasonable to suppose that these costs have been brought down so that even the

trates are valued at about \$0.60 Philippines may now be a profit-per lb. of contained lithia.)

Lindsay Chemical Co., which has a near monopoly on thorium perts think power can now be pro-salt production, should gross over \$3.2 million in 1954.

Westinghouse National Lead power would have been competitive with 15% of the capacity built in the U. S. since the war (1.728.000 kwh., or at least \$259 million worth of uranium power plants). Six-mill power would have been competitive with 40% plants). Six-mill power would have been competitive with 40% of the incremental capacity (4,-881,000 kwh., or at least \$732 mil-lion worth of uranium power plants).

The kinds and types of equipment used in uranium power plants overlap, to a large extent, the conventional kinds and types But only certain companies are taking the lead in learning the new technology. The others will be left behind, for this kind of know-how cannot be learned without painstaking care over a long

#### -VII

"Growth" of the Industrial Atom

It would be possible to analyze all atomic stocks, and, if the same amount were invested in each stock, to get an average appreciation. I have not done this, but instead have selected the 13 which we have to date found most worthy of emphasis. These have done better than even the average of atomic stocks, but I should like to point out that these stocks were to point out that these stocks were not selected after the fact to include only the ones which appreciated the most. (See table

You will note from the data in table 4.0 that on the average the atomic stocks have appreciated 67% or more over any price you or might have paid during 1953, as compared with a Dow Jones appreciation of 26%. Yields are low, to be sure, as might be expected after such rises. In the next section an examination is made of a larger number of stocks classified larger number of stocks classified in accordance with their major atomic activity.

# VIII "Physiology" of the Industrial Atom

If the above may be looked upon as a brief anatomical summary of the industrial atom, and of the growth of part of it, we can perhaps term the rate of earnings and dividends as constituting the physiology; for the life process of our atomic companies is their ability to generate earnings. In the final analysis of course, the growth in market value, considered in the last section, can only occur if sustained by life-giving earnings and dividends.

Since earnings and dividends are meaningful only as related to price, price-earnings ratios and dividend yields for some of the atomic industrial subdivisions are

given in table 4A.

More detailed tables showing the data indicated for individual companies are provided. It will be noted that ratios and yields have been arithmetically averaged, which implies that an equal in-vestment was made in each stock.

Ratios are high and yields are low, reflecting the fact that the market is capitalizing on the basis of a favorable future. Personally of a favorable future. Personally, and on the whole, I do not believe the future to be any less bright than the market's valuation. "It may well be that ratios will rise further and yiel's fall lower as it becomes clear that certain earnings and dividends are destined to

The problem, of course, is to study the companies covered above and others which may join them, so as to anticipate which them, so as to anticipate which ones will undergo capital appreci-ation in the future. This involves as thorough a knowledge as possible of the companies' non-atomic business as well as a particularly intensive study of the impact of atomic development on them.

# Economic Stability To Prevail in 1955

By HENRY BUND\*

Executive Director, Research Institute of America

Forecasting a period of economic stability in 1955, with a slight upswing in production, Dr. Bund looks for stiffer competition, with a dip in spending on new plants and equipment, and some letting up in rate of home building.

yet it is prac-tically a safe bet that few, if any, will really anticipate the course of their particular businesses over



rather in the experiences of these

Most businesses have just come through a period of readjustment—whether they accept the label recession as applicable to them or not. They have seen production and sales tumble by anywhere from 10% to 20%. They have seen competition become sharper. seen competition become snarper, pressure on prices harder to resist. By and large, they have weathered this period and its difficulties quite well, as evidenced most clearly in the profit statements not only of the industrial giants but in many of the smaller. giants but in many of the smaller companies as well.

Now the silver lining which has been so long talked about and advertised is with us. The brighter tomorrow is today. Almost instinctively, many business executives, maybe most, will think back to the not so recent past of the early fifties or even late forties with their continuing expansion and boom—and that is precisely where the greatest hazard of 1955 business will lie.

\*A statement by Dr. Bund before the National Association of Sheet Metal Dis-tributors, Atlantic City, N. J., Oct. 5, 1954.

A unique hazard confronts business as the average executive ter a period of prosperity. Because his first critical and detailed look at the prospects for 1955. It may sound ex
may sound ex
aggregated and

Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity. Because we are not about to encurs of prosperity and prosperity are not about to encurs of prosperity. Because we are not about to encurs of prosperity and prosperity are not about to encurs of prosperity and prosperity are not about to encurs of prosperity are not last year's figures and to wipe out the mistakes in cost control plan-ning and just plain good management. Because even with an im-provement in general economic conditions the most dominant single factor on the economic scene will be stability, and that is one condition which, except in a very temporary sense, few executives are prepared to work against.

Overall, the prospects for 1955 are shaping up quite clearly: Al-ways barring new international complications, the national econ-omy will continue at about the pace at which it is moving now. The normal growth and the fact, for instance that inventory corfor instance, that inventory cor-rection has run its course in many important lines, will mean some net gain. In the Institute's judgnet gain. In the Institute's judgment, the net gain will not be more than 3%, at the outset not more than 5%. With additional capacity, more modern, higher speed equipment, and more distribution facilities coming into play every month, this will not make business any easier than it was this year. On the contrary, competition will get stiffer yet—and this against the backdrop of an executive attitude which expects a real easing of the pressures which have characterized much of 1953 and 1954. 1953 and 1954.

Turning to specifics, the Institute expects consumer spending to be most nearly in line with this forecast. In other words, a steady forecast. In other words, a steady but very mild upward trend, with competition for the consumer dol-lar growing more intense. Soft goods, which are only now really coming out from under the down-ward pull, will undoubtedly have a number of good months. But there is the danger that the usual tendency to overproduce against

a good market may have to be paid for later in 1955 by hew in-ventory pressures and price cut-

Durable lines by and large stand to do 5% to 10% better next year in dollar volume—again excepting those lines where over-production will tend to create special pressures and problems.

Defense spending will be down.

pressures and problems.

Defense spending will be down another \$2 billion or so. While some of this additional decline was to be offset by further spending by state and local government as a whole it will at best be neutral, at worst provide somewhat less buying than it did in 1953. The sharper bidding already evident on recently let government contracts will continue; those who lose out on government contracts will be more determined to hold on to or gain a larger share of

on to or gain a larger share of their own civilian markets.

Business spending on new plants and equipment will dip so me more, but probably not more than about 3% to 10%. Last year the Research Institute was a l most Research Institute was almost, alone in disagreeing with the official forecasts which saw capital spending holding almost level. We correctly put the probable total spending at \$26 to \$27 billion. (Latest estimates are that the year will wind up at \$26.7 billion.) However, in the light of the current decline, most of the current forecasts are turning to the other extreme and predicting a much higher, further reduction than we believe likely. believe likely.

Construction, finally, will show a mild drop. This year's fantastic performance of the building industry has taken most observers by surprise, including the Research Institute, However, despite the stimulating effect of new housing legislation, we believe that at least part of this year's activity has actually borrowed from the future; that the present rate of building is too high in relation to current need and that the first mild dent will be made next year. Look for an overall decline of about 4% to 5%.

It will be important for the man who is running a business to resist over-optimism about next year. True, the trend will be upward, during the first half at least, but business will not be any easier than in 1954 for most firms.

This announcement is neither an offer to sell, nor a solicitation of offers to buy, any of these shares. The offering is made only by the Prospectus.

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October 26, 1954

# THE MARKET . . . AND YOU

that it is now left up to the election results to set the near couple of sessions.

had to be absorbed, not the least of which was in the steel and aircraft sections. The distire story will be told.

For the aircrafts it was a was unable to exhibit any in this atmosphere.

bellwether class, anything less than an increase seemed to be again on this week's news. a signal for precautionary profit-taking. And even some increases in the extra payments that have come to be more or less regular have been shrugged off with a rare only an increase in the reguany market enthusiasm.

The bullish element, naturally, had little to go on in the adverse technical situation caused by the rail failure to better its average. But the bearish side had little to cheer about since what concentrated selling was around, such as that which started off the week, failed to generate any widespread liquidation and, at best, dwindled into some more backing and filling.

#### Oils Irregular

subsequent strength. One far from spectacular.

Stocks reacted a bit this of the stronger, and the week, mostly because of the eventual dividend action failure of the rail average proved to be well-founded, again to make any progress was Warren Petroleum which into new high territory. The reached its best price since net result, consequently, was the issue was last split in 1948. It is an all-time high for the stock which was first term pattern after the next listed as recently in 1945 and which is, as a matter of fact, one of the newer ones in the Some concentrated selling large oil lineup. The present company was set up in 1937.

Among the other oils there appointment was evident was little to choose from. when Armco and U. S. Steel Royal Dutch seemed to dedeclared only the regular light in running a perverse dividends against a backdrop course; when the group genof high expectations for better erally was doing better, Royal action. At the worst immedi- Dutch went the other way, ately after the news, Armco, and vice versa. The gyrations usually a slow-moving item, of the higher-priced members was off past three points and of the section continued to it kept the entire steel divi- cover considerable ground but sion nervous throughout, with held for the most in what Bethlehem Steel's meeting to- might be termed a trading day necessary before the en-range slightly below the highs of the year.

One of the few issues that case of somewhat persistent showed definite benefit from weakness despite good divi- dividend action was National dend action. Along with the Gypsum. The solid reason for corporate largesse came a re- it all seems to be the impact curring tale of a stretchout in of repeated raises plus small deliveries in the last quarter, but steady stock payments. affecting profits that have The 35-cent rate of 1953 was been piling up from capacity pushed to 40 cents for two operations. Glenn Martin, quarters this year, 45 cents quarters this year, 45 cents which made its first payment the next and this week raised since 1947 and larded it with to 50 cents along with annual a stock payment in addition, payments of 2% in stock. The issue held in a trading range as measured by the averages, great independent enthusiasm only slightly changed year by in this atmosphere. only slightly changed year by year from 1950. Then, earlier For the staple issues in the historic high that was nudged a couple of notches higher

Chemicals had a rather rough time of it and it was getting somewhat routine to find such pivotals as DuPont and Allied Chemical showing insistence by investors that in both the plus and minus columns within a single seslar disbursement warranted sion. American Potash B stock, which showed some signs of being something of a fast-turn favorite recently, has been having troubles, losing ground both last week and this week.

#### Televisions Pick Up

The televisions continued at times to show a new favor which logically is anticipating the holiday gift season and the profits of the period plus acknowledging the rather good strides made in cleaning up the heavy inventory prob-lem of earlier this year. They Oils made little progress were joined in more than overall, alternating between momentary popularity by ing and underwriting activities of selective weakness in the some of the airline issues. In John R. Boland will be taken group and equally pinpointed both cases, however, it was

#### Papers and Cements Lag

The erstwhile favorites, the paper stocks, seemed to have run their course with little in the way of outstanding buoyancy this week and International Paper, particularly, was subjected to some rather pronounced pressure occasionally. The even more recent trading items, cement shares, also showed signs of running out of steam and they, too, were swaying in tune with the market in contrast to independent strength up to here. Conversely, Coca-Cola which featured the weak column for some time, found enough support to loll around a shade above its year's low, without any serious attempts to violate its floor figure.

The long-depressed farm equipment shares showed some tentative signs that they were thinking of changing their ways. Again, there was nothing too convincing or outstanding about it but in a minor way their ability to withstand selling periods, and International Harvester's ability to maintain a meager plus during one of the week's heavier liquidations, gave at least small comfort to their followers. That there was little else encouraging around magnified it somewhat.

#### **Utilities Have Election Jitters**

Utilities, however, definitely had the election jitters which the Dixon-Yates controversy and its high place in the campaign speeches did little to quell. For the group, some four months' progress has been canceled out, which this year, it broke out to a means a standing about three points below the year's high. The scope of this retreat can best be gauged by the fact that only a couple of times this year have they showed a change of as much as a point or even approaching it for any full week.

[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.]

### Nagler Helicopter **Shares All Sold**

John R. Boland of New York City on Oct. 27 announced that all of the 299,000 shares of Nagler Helicopter Co., Inc., common

thelicopter Co., Inc., common stock, recently offered to the public at \$1 per share, have been sold. The company was incorporated in Delaware in November, 1952. Its office, work shop and hangar is located at the Westchester County Airport in White Plains, N. Y.

One of the Nagler helicopters One of the Nagler helicopters has been completed and is under-going test flights at present; and tests for the Armed Forces are scheduled for the near future. Now that the Nagler Helicopter

Co. issue has been sold, the tradover as of Nov. 1, 1954 by John R. Boland & Co., Inc., New York

# From Washington Ahead of the News

■ By CARLISLE BARGERON

point that has stood out strikingly to me in the reports of the political correspondents who have been traveling about the country—and I personally have not had the opportunity to do much traveling of my own—is that there is an unusual apathy towards

the Congressional campaigns but a trend to-wards the Democrats. Just how you can have apathy and at the same time a trend is some-

thing that I can't understand.

The correspondents generally have agreed that there is this apathy and this trend and that there is this apathy and this trend and they have given the reasons for the trend: In the farm belt, usually the stronghold of the Republicans, the dissatisfaction with farm prices and the new flexible price support program which has not yet gone into effect; in the industrial areas the gripe is supposed to be unemployment. Then in the next breath these correspondents have told of the unusual apathy.

Apathy in political campaigns comes about from two things and two things only: either there is no dissatisfaction over conditions or not enough to stir the voters up. If they are not dissatisfied

enough to be stirred up an overturn in government

enough to be stirred up an overturn in government would not seem to be in sight.

I am not saying this by way of predicting that the Republicans may retain control of the House and the Senate. In the House they are faced with a mathematical situation by which they stand to lose around 10 seats in the ordinary course of things. At least the history of the past 35 years or so is that the party in power always, with one exception, has suffered a retrogression in the off-year Congressional elections. Also, the population shifts in our country have brought about a situation whereby the Republicans, except in landslides, cannot hope to have a margin in the House of more than 20 seats. In the 83rd Congress they had a margin of only four or five. On the other hand, the mechanics in the Senate are in favor of the Republicans this year which means that more Democrats are up for reelection in highly debatable States than Republicans.

Republicans.

Yet when the reports are practically unanimous that a man like Cordon in the staunchly Republican State of Oregon; Ferguson in Michigan; Saltonstall in Massachusetts, are fighting for their political lives against relative nonentities; that Republican Dworshak in Idaho will barely skim through over the irresponsible Glenn Taylor even if he skims through; when the reports generally agree that the Republicans are not likely to beat the ultra liberal Douglas in a State like Illinois, one would be very fool-hardy indeed to expect the Republicans to hold control of the hardy, indeed, to expect the Republicans to hold control of the

hardy, indeed, to expect the Republicans to hold control of the Senate.

Then we get back to that paradox in these reports that there is a Democratic trend but a general apathy. I just don't understand it and I entertain some hope, some little hope, that we may be in for a repetition of 1948 when the political prognosticators almost as a whole were forced to eat crow.

It goes without saying that in the past two weeks the Republicans have woke up and have been putting on a hard hitting campaign. They have very plainly thrown aside their smugness and have gotten down to work. They are unquestionably frightened and this goes for President Eisenhower. If nothing else is accomplished before Nov. 2, at least the President will definitely have cast aside the bad counsel he had been getting and decided that he is a Republican, that his fortunes are inextricably woven with the Republican Party.

I have expressed myself very forcibly recently to some of my friends among Eastern editors, telling them that if on Nov. 3 they write that the Republican defeat is not by any means to be taken as a defeat of Eisenhower, that it would be more than I could stand. I doubt very seriously that any of these gentlemen will be so concerned about my health as to be restrained from writing this but at least Mr. Eisenhower has come to think differently.

In some States, notably New York, the fright of the Republicans has come to border on hysteria. But at least they have come up with a convincing case that there is more employment today and less unemployment than at any time, except during war, in the past 25 years; at least they are telling the farmers, when they seemed either to be afraid or too lazy to do this heretofore, that they, the farmers, are operating today under a farm price support program that was written by the Democratic Administration, not the cans have decided to let the voters know that the current housing scandals brewed during the Democratic Administration, not the incumbent one, as people generally were thinking.

There was some high order of pageantry in the President's going to the airport on Monday to greet Secretary of State John Foster Dulles and of the nationwide TV program that night. There is this difference between this piece of political pageantry and that which Roosevelt used to put on. In Roosevelt's case it was to sell the country on a crisis. Monday night's pageantry dealt with peace. It should have been effective.

From Michigan I get reports that the Charlie Wilson episode about the dogs that sit on their fannies has, in that State, at least, redounded to the benefit of the Republicans in that it projected Walter Reuther back into the political limelight. Since the CIO's terrible beating in Ohio in the Bob Taft campaign of 1950, Reuther and the other CIO luminaries have thought it best to do their work in the background. Reuther couldn't stand the lack of the spotlight. It's too bad the Republican strategists couldn't have seen the episode in this perspective at first, instead of running around and apologizing for Wilson.



# NEWS ABOUT BANKS CONSOLIDATIONS NEW BRANCHES NEW OFFICERS, ETC. REVISED CAPITALIZATIONS AND BANKERS

of Walter Appointment Faller as an Assistant Secretary and Adalbert von Gontard, Jr. as an Assistant Treasurer at Manufacturers Trust Company of New York, was announced on Oct. 21 by Horace C. Flanigan, President. Mr. Faller came to Manufacturers Trust in October, 1940. He is a graduate of the American Instigraduate of the American Insti-tute of Banking and is assigned to the bank's West Side Office, in New York at 481 Eighth Avenue at 34th Street. Mr. von Gontard, a graduate of Washington Univer-sity, joined the bank in Septem-ber, 1951. He is assigned to the Out-of-Town Business Depart-ment, and his territory embraces ment, and his territory embraces the States of Kansas and Mis-

T. Reed Vreeland, President, of International Bank, New York, N. Y., announced on Oct. 22 that his organization has purchased the majority ownership in the International Trust Company of Liberia, one of the two American owned banks in Africa. Mr. Vreeland will assume the position of land will assume the position of Chairman of the Board of the new company. George Schaeffer, formerly a Vice-President in the foreign department of the Chase National Bank, of New York will continue as President, according to Mr. Vreeland. In commenting on the purchase of the International Trust Company of Liberia, Mr. Vreeland noted that in recent years the International Bank, which was formed in 1920, has played an imporant role in fiwhich was formed in 1920, has played an imporant role in financing trade between the U. S. and Latin America. The bank now plans to play a similar role

The International Trust Company of Liberia, founded by a group of American investors, carries on the business of a trust company in Liberia and acts as the sole agent of the Government of Liberia in the registration of ships under the Liberian flag. It also assists clients in establishing companies under the Liberian also assists clients in establishing companies under the Liberian Corporation Law. The actual purchase of the majority ownership of the company by the International Bank was completed on July 12 but has not been announced until the Oct. 22 statement by Mr. Vreeland.

The International Bank is chartered under the laws of Arizona and has two wholly owned subsidiaries: International of Washington, Inc., which repre-sents the company in New York City and the International Bank of Washington, S. A., a Panama corporation. The company is also a shareholder of Washington International Corporation Ltd., Ber-muda.

The International Bank was chartered in 1920 to engage in the international private merchant banking field. After World War II a group of industrialists and fi-nanciers, includling Henry Ford II, Charles Payson, George T. Weymouth and Mr. Vreeland, ac-quired the bank, stimulated to this action by the renewed interest of the United Government and other friendly foreign governments toward the development of world trade. Since then it is announced, the personnel, policies, and organ-ization of the bank have under-gone an intensive period of reorganization. Under the new management the bank has engaged in merchant banking during the past two years in Brazil, Columbia, the Union of South

A. New Hebrides and New Cale-

Gregory Spartans

Wice-President

Rank Spartalis has named Commercial State Bank and Trust

Commercial State Bank and Trust Company of New York, it was announced by D. Mallory Stephens, Chairman of the Board, and Jacob Leichtman, President.

Mr. Spartalis' career in banking began in 1932 with the National Bank of Greece where he remained until 1945, leaving to serve as personal Secretary to the Prime Minister of Greece. Shortly thereafter, he was appointed press Prime Minister of Greece. Shortly thereafter, he was appointed press envoy for the Greek Government in the United States. He joined the Bank of Athens and Trust Company in 1948 as bank representative and director of Public Relations and, in 1953, was appointed a Vice-President of the Royal State Bank of New York.

The Kings County Trust Com-pany of Brooklyn, N. Y., is cele-brating its founding in 1889—a year that the United States was year that the United States was celebrating the centennial of the Washington's Inaugural, Paris was celebrating thecentennial of the Fall of the Bastille, and Henry Stanley was off to Africa to find Dr. Livington. The company first opened its doors to the Brooklyn while a Cott 14 in the Arburkle public on Oct. 14, in the Arbuckle public on Oct. 14, in the Arbuckie Building at 373 Fulton Street. In 1893 the company moved to its present location at Fulton Street corner at the corner of Court Square where it occupies the first floor. This building is of French Victorian design and copied after an old French City Hall. The span of life of the Kings County Trust Company has encompassed four wars: in 1898, the Spanish American War; 1917 to 1918, World War I; 1941 to 1945, World War II; and the recent Koeran War 1950 to

The bank countered, survived, and went ahead during five de-pressions. Four years after its founding the first depression struck in 1893. In 1896 there was another although less severe fi-nancial disturbance. Brooklyn's banks were particularly effected and their financial strenght was seriously tested in 1907. The twenties brought two depressions, the very short lived depression of 1920-21, and the tremendous depression that started in 1929. As an aftermath of this last de-pression and before it had run its course, every bank in the country was closed. Kings County Trust one of the first permitted to re-open its doors.

From its early days when its deposits were \$1,600,000, the bank has grown and its deposits on June 30 of this years were \$53,-323,000. Its capital in 1889 was \$500,000, and it stayed that way until this year when the company added \$1,500,000 from its surplus to make the capital \$2,000,000 The to make the capital \$2,000,000. The surplus grew from \$250,000 to \$7,500,000 with \$1,500,000 going to its capital. Since November, 1890, when Kings County Trust Company paid its first dividend, regular dividends have been paid each year without interruption. In the early part of this year the outstanding shares were increased from 5,000 shares of \$100 par value each, to 50,000 shares of \$40 par value.

lumbia, the Union of South Kings County Trust Company, Stein, Holland N. Stevenson, M.D., Africa, Bolivia, Peru. Venezuela, who had served in the New York Fred A. Storay, Ralph T. Tyner,

State Assembly for two years, Jr., John H. Walsh, and Walter H. was a member of the State Board helped develop the Atlantic Basin Young. and docks, etc

Only five Presidents have served Kings County Trust Com-pany during its span of 65 years. Joseph C. Hendrix served from October 1899 to May 1893. For the next 33 years Julian D. Fair-child served until 1926 when he was succeeded by his son Julian P. Fairchild who remained President until his dealth in June 1934. William J. Wason, Jr., served from the time of Mr. Fairchild's death until he became Chairman of the Board in January 1952. The present President Chester A. Allen has served since that time. All Presidents of the Kings County Trust Company have been inent leaders in Brooklyn.

The Bellport National Bank of Bellport, N. Y., reports a capital of \$75,000 as of Oct. 13, the amount having been increased from \$25,000. A stock dividend of \$25,000 yielded part of the increase while the same amount (\$25,000) resulted from the sale of new stock.

The Mohawk National Bank of Schenectady, N. Y., has increased its capital from \$500,000 to \$625,-000, the enlarged capital having been brought about by the sale of new stock to the amount of \$125,000. The increased cabecame effective on Oct. 15.

As of the Oct. 1, the Plattsburg National Bank & Trust Company of Plattsburg, N. Y., with common stock of \$500,000 was merged with the National Commercial Bank & Trust Company of Albany, N. Y., with common stock of \$3,000,000. The merger was effected under the charter and title of the National Commercial Bank & Trust Company of Albany, which as of the date of the merger has a capital stock of \$3,000,000 with 150,00 shares of common stock, par \$20 each; surplus of \$7,500,000 and undivided profits and re-serves of not less than \$1,000,000. The present location of the Plattsburg National Bank at 2 Brinkerhoff St., will be known as the Plattsburg office of the National Commercial Bank & Trust Co. of Albany, while the other banch offices of the Plattsburg Bank become the Au Sable Fork Branch, the Champlain Branch and the Rouses Point Branch of the Na-tional Commercial Bank & Trust Co. of Albany.

In a joint statement, Mr. Ralph T. Tyner, Jr., President of The Westchester Bank & Trust Com-pany, New Rochelle, N. Y. and Mr. John F. Boland, President of The First National Bank & Trust Company of Tukkhee, N. Y. 200 The First National Bank & Trust Company of Tuckahoe, N. Y. announced that stockholders of the two banks at meetings on Oct. 26 voted a consolidation of the two institutions under the name National Bank of Westchester, with the head office at 31 Mamaroneck Avenue, White Plains, New York, effective as of the close of business October 29. On Nov. 1, 1954, the combined banks will open for business under the new name.

the combined banks will open for business under the new name, Mr. Tyner will be President of the National Bank of Westchester; Oliver W. Birckhead will be Chairman of the Board; Edward P. Prezzano will be Chairman of the Executive Committee; John F. Boland will be Senior Vice-President; and Robert N. Bavier will be Chairman of the Advisory Board. Board.

The Board of Directors comprises the following: J. Lester Albertson, Oliver W. Birckhead, John F. Boland, Honorable Fred-erick P. Close, Oscar A. de Lima, Howard B. Fonda, Leslie B. Gillie, Joseph C. Hendrix, the first Howard B. Fonda, Leslie B. Gillie, President, drew about him some John M. Joyce, Jr., John E. Lock-of Brooklyn's most prominent wood, Harold J. Plunkett, Edmen in organizing the bank. Among them was James S. T. Stranahan, First Vice-President of Wings County Trust Company.

Fred I. Kent, 85, for many years a Vice-President of the Bankers Trust Company, New York, and a leader in both the American Bankers Association and the American Institute of Banking, its educational section, died on Oct. 24. At the time of his death, Mr. Kent was a director of Banking. Kent was a director of Bankers Trust Company and of the Scars-dale National Bank & Trust Co., Scarsdale, New York.

Mr. Kent was the first national President of the American Institute of Banking, being elected to that office in 1903, and was closely associated with the Institute during its formative years. He was Chairman of the Com-merce and Marine Commission of the American Bankers Association the American Bankers Association for 33 years, beginning in 1921; a member of its Research Council from 1937 to 1953 and an advisory member in 1953-54; and a member of the Association's Advisory Committee on Special Activities since 1942. He was a member of the A.B.A.'s Executive Council in 1920-21 and a member of the Advisory Committee to the Export-Import Bank from 1934 to 1936.

Mr. Kent was born in Chicago, Mr. Kent was born in Chicago, Illinois, and entered banking in 1886 as a clerk at the First National Bank of Chicago, Ill. He advanced through various positions of the bank and was named manager of the Foreign Exchange Department in 1905. He is included Department in 1905. He joined bepartment in 1905. He joined the Bankers Trust Company of New York in 1908 and became Vice-President in 1909—the position which he held until his retirement in 1928. He organized the Paris office of that institution in 1919

The death of Clarence G. Meeks, President of the Company of Union County, N. J. and Hoboken since 1940 occurred on Sept. 28 according to the Newark "Evening News," which also states that he had been a director of the Hudson Trust since 1918. Mr. Meeks was 73 years of age. From the "Evening News" we also quote: "A past President of the Union City Rotary Club, he served as Governor of the New Jersey international district for one year beginning in 1948. During World War I, he was food administrator for the North Hudson area. He The death of Clarence G. Meeks.

for the North Hudson area. He \$150,000.

of Geological Survey, the Hudson County Park Commission and the Council of Christ Hospital, Jersey City. He was a past President of the New Jersey Bankers Association and Vice-President of the Amercian Bankers Associa-tion. He headed the Hoboken Chamber of Commerce and the Chamber of Commerce of North-ern Hudson County. He was President of the board of trustees of Stevens Hoboken Academy.

On Oct. 1 the Merchants National Bank of Quakertwon, Pa., with a common stock of \$100,000, and the Sellersville National Bank of Sellersville, Pa., common stock of \$75,000, consolidated under the charter and title of the Merchants National Bank of Quakertown. The latter, at the effective date of the consolidation had a capital of \$155,000, in 3,100 shares of common stock, par \$50 each; surplus of \$545,000 and undivided profits of not less than \$300,000.

The Northern Trust Company of Chicago, has announced that Gilbert H. Scribner, Jr. has been elected a member of the board of directors to fill the vacancy created by the dealth of Merle J. Trees. Mr. Scribner is a partner of Winston & Co., Chicago real estate firm.

An increase of \$250,000 in the capital of the Continental National Bank of Lincoln, Neb. has occurred, raising the amount of the capital from \$750,000 to \$1,-000,000. The enlarged capital became effective on Oct. 13.

The officers and directors of The First National Bank of Tampa, Fla., announce the death on Oct. 16 of E. P. Taliaferro Chairman of the Board of Directors of the bank.

A stock dividend of \$50,000 declared by the American National Bank in Winter Haven, Fla., has raised the bank's capital, effective Oct. 11, from \$100,000 to

# E-X-P-A-N-S-I-O-N

This 16 year old producer of quicksilverwhich has paid close to \$11/2 million in dividends—is expanding its output to meet the increased demand for quicksilver, at much higher prices. Current market is \$331 per flask (76 lbs.) compared with \$275 in June and much lower previous prices. With much higher production now scheduled, both sales and earnings should show substantial increases. Company also has various oil and gas interests in Canada. This stock, now quoted around \$2.25 per share, should sell at much higher prices in the near future. Our free report tells why. Send for it . . . NOW!

Ask For Report C 308

# L. D. Friedman & Co., Inc.

Investment Securities

New York 4, N. Y. DIgby 4-0860 52 Broadway

Continued from first page

As We See It

this time. There are so many matters that need to be righted, and the righting of them requires so much public education and public understanding that it is little short of tragic that a professedly anti-New Deal, anti-Fair Deal Administration and political party has made so little real attempt to get vital issues before the general public this autumn. True, of course, there has been boasting about budgetary improvement, tax reform, and some other success in eliminating or reducing certain of the crass excesses of the Roosevelt and Truman Administrations. Some of these achievements are genuine, and the Eisenhower Administration is warranted in claiming credit for them.

#### Basic Issues Ignored

The plain truth of the matter is, however, that many if not most of the really basic questions involved in the New Deal and Fair Deal type of programs have often not even been considered by the present Administration and have been apparently completely forgotten in this campaign debate. Others, despite large claims, have hardly been more than dabbled with. And, with deep regret be it said, in certain instances the present Administration has gone further than any of the "achievements" of the Roosevelt and Truman Administrations. Apart from an apparently somewhat more rigorous and realistic dealing with subversives in governmental circles, about all that the Republican regime can and does boast about is a better and more systematic and business-like administration of the New Deal and Fair Deal type of programs, and it is essentially this that is being preached upon the political hustings today so far as such matters as these occupy the minds and activities of the campaigners.

We have here, obviously, a reflection of the situation in each of the major political parties, and of the persistent belief among the professional politicians that the way to political success in this day and time is to promise almost anything to the American public and cater as fully as possible to their prejudices and their cupidity. It is all too widely assumed that the ordinary voter is swayed chiefly, if not solely, by his judgment as to what he can get out of this or that candidate or party—or else that he is consciously or unconsciously firmly convinced that what is good for him, individually, is and must be good for the mation. Nowhere, or almost powhere according to this nation. Nowhere, or almost nowhere, according to this view, are there to be found any substantial number of voters willing and capable of standing aloof and coming to grips with the welfare of the country as a whole on a broad and abiding basis.

In these circumstances it is all but inevitable that major political parties would be seriously divided among themselves. It is almost as inevitable that basic principles should be forgotten or relegated to subordinate places in the plans of the parties. It is commonly said that the Republican party is "split down the middle" and that this is the explanation of the "middle of the road" plans and procedures of President Eisenhower. In one respect and in one sense of the word the party is divided into two cliques or segments, but this division or split revolves about personalities, individuals, and party politics. For want of a better or more terse way of expressing it, the situation is

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The company is engaged in the exploration and development of mineral properties on which it holds options and leases. The company has under lease or option mineral rights on over 68,000 acres in Franklin, Hancock and Washington Counties in the State of Maine and 1,045 acres in the Masham Township, Gatineau District, Ouebec, Canada.

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Exploration	Corpor	ration.								
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often described as a bifurcation of the party into the Taft and the Dewey wings.

#### Split in Evidence

That there is substance in this description has been made plain by much that has taken place during the two years of the present Republican regime. It would, however, be a grave mistake to suppose that this is another way of saying that the party is correspondingly divided in its attitude toward New Dealish or Fair Dealish types of programs or plans. Senator Taft himself — outstanding leader that he was—was a supporter of a number of programs and policies which were hardly of the cloth of which historical American free enterprise and self-reliance were cut. Most of his followers will condemn in the most ardent way parts of the New Deal and Fair Deal policies and programs at the same time that they vote for other measures which are of the same type. There are few. distressingly few, members of influence in the Republican party who have not made distressing concessions to the semi-socialistic trends of the day, or who have not been taken into camp by some of the pressure groups by which they are surrounded and which can supply substantial blocks of votes on election day.

Somewhat the same is, of course, to be said of the Democratic party. There are, to be sure, a few prominent members of that party who are still rather consistent advocates of programs which would probably be quite acceptable to some of the real American statesmen of times gone by, but their number is relatively small and they have little or no influence in party councils. The party, like its opponents, is in a sense divided along personal lines or in accordance with prejudice and traution into two more or less distinct elements - the so-called Southern conservatives and the rest of the party—but the "rest of the party" is at the helm and the Southerners still mostly vote Democratic, anyhow.

Evidently, something rather drastic needs to be done to get basic issues before the voters of this country. We think it could be done, given the rise of the right man, but we must say that we can see little prospect of it in the early future.

Continued from page 4

# Economics of Pipe Line Financing

into the billions of dollars. I cient earnings providing a fair should like to point out to you some of the factors which have entered into the financing of these billions of dollars of natural gas pipe lines.

Since the natural gas pipe line companies operate under the jurisdiction of the Federal Power Commission, one of the first steps to be taken is to secure a Certificate of Necessity from that Commission. This, gentlemen, is not an easy task. To put it very sim-ply, the Federal Power Commission requires that you

(1) Have proven reserves of natural gas available to the pipe line either owned in fee or con-tracted for which assures that the gas will be available for a period of at least 20 years or more to meet the initial requirements of your market.

(2) Have contracts and evi-

dences of need and salability of the gas in the markets which you plan to serve.

(3) Back up your representa-tions by geological studies and by marketing studies.

The detail work involved in meeting these requirements is staggering and I am sure would be of little interest to you at this

The Federal Power Commission The Federal Power Commission also requires that you have Let-ters of Intent from capital sources stating that they are able to sup-ply the investment funds neces-sary for the construction and for the operation of the pipe line company in its initial stages. At this point you run into that old saw — which comes first, the chicken or the egg? Obviously, the money is not going to be adthe money is not going to be ad-vanced unless the pipe line com-pany is permitted by the Federal necessary equipment, and many Power Commission to earn a suf-ficient rate of return to service However, the investment in natu-the debt and to bring down suffi-ral gas pipe line companies has

return to equity-holders. Believe me, the latter objective is a very tender point at this stage of the financing. Our country has progressed to its present high level of economic development only by the use of capital which was courageous enough to go into new ventures. The rate of return on this capital must be commensur-

this capital must be commensurate with the risks of a new enterprise if capital is to be attracted. If the rate of return is not attractive, this capital will seek other more attractive outlets.

Having secured the Certificate of Necessity and satisfied the requirements which I have mentioned, the natural gas pipe line company then gives the green light to its investment banker to go ahead definitely with the filight to its investment banker to go ahead definitely with the financing plans. The investment banker who has been working with the new company and has secured Letters of Intent for the debt, usually from large institutional sources of funds, then proceeds to form a group of investment bankers for the purpose of buying the equity from the company. This step permits the issuance of the large amount of debt pany. This step permits the issuance of the large amount of debt and allows the company to finalize its plans. The group of investment bankers turns around and sells these equity securities to investors in all sections of the country. The pipe line company

is then officially born.

I have not said that the pipe line is officially in business beline is officially in business be-cause of the many problems and hazards which arise even after one has the funds. There are haz-ards of varying steel prices, haz-ards of providing the process. ards of providing the necessary right-of-way at a reasonable cost, hazards of delays in receiving the

proved to be very sound, and has, in my opinion, given a fair return to the investor in most cases. It

has, however, become more and more difficult in recent years to secure the proper rate of return. In concluding my remarks on natural gas pipe lines, let me summarize the character of a natural gas pipe line company:

(1) The company must own or have contracts for the supply of gas in volume sufficient to assure

efficient service.
(2) It must have a market for the sale of such gas.

(3) It must operate under the jurisdiction of the Federal Power Commission, which Commission sets forth the rate of return.

(4) It must rely upon the successful public offering and distribution of its securities.

bution of its securities.

I bring these points out because a natural gas pipe line is not just a transportation company; it is also a geological, marketing, legal, and financial company. It is a geological company because it must concern user with future reserves of gas. It is a marketing company because it must also market the product. It is also market the product. It is a law firm because its cases on rates are constantly being argued before the Federal Power Commission, and it is a financial com-pany because it must continually come to the markets for more capital and must insure a fair rate

of return for that capital.

Now I want to discuss with you the most promising present day development in pipe lines—the Products Pipe Line.

#### Products Pipe Line

A products Pipe Line
A products pipe line, as you know, ships all grades of clean petroleum products, such as premium gasoline, house-brand gasoline, aviation gasoline, jet fuel, kerosene, distillates and liquid petroleum gasses, the latter including butane and propane, Whereas the natural gas pipe line has had a dynamic growth

line has had a dynamic growth and, from all indications may be approaching maturity, the prod-ucts pipe line should be classified as a rapidly growing infant.

From 1940 to 1950 products pipe line mileage increased from 7,000 miles to 21,898 miles, and at present, there are approximately 33,-750 miles in operation. This represents an outstanding rate of growth. While it is generally thought that this rate of growth mought that this rate of growth will taper off somewhat, many competent industry observers predict a future steady growth which will continue to be beneficial to the petroleum industry, to the public, and to the defense program of the nation.

The impact of the products pipe line on the economy of the nation has resulted in the reduction of product cost to the consumer and product cost to the consumer and has offered a more efficient and less costly distribution of products to areas which previously presented difficult marketing problems. I should not like to get involved in any serious discussion with marketers or refiners concerning the competitive effects which the products pipe line may have had on them, because I'm sure I would be out over my head, nor would I care to discuss the sure I would be out over my head, nor would I care to discuss the impact which the products pipe line has had on our railroad system. In each case, however, I believe that it would be difficult to refute the arguments that (1) the products pipe line is the most economic and efficient means of shipping perfulcing products and (2) ping petroleum products and (2) it is what the public wants because of the effect which the line has had on the reduction, or holding down of consumer prices.

For purposes of this discussion. I should like to divide products pipe lines into two classes; the shipper-owned pipe line, and the of which are normally common carriers. An example of what I mean by a shipper-owned pipe line is the Plantation Pipe Line which is owned by several oil part of this nation both in peace and in war. A typical example, on the other hand, of a non-shipper-owned pipe line, which is publicly owned, is the Buckeye Pipe Line which serves Pennsylvania and New York State.

vania and New York State.

As in all cases of transportation systems which affect the public welfare, these pipe lines have come under the scrutiny of Governmental Agencies. Both classes of products pipe lines operate under the jurisdiction of the Interstate Commerce Commission. In addition, however, the shipperowned lines in the past have also been subject to the close scrutiny of the Department of Justice. The of the Department of Justice. The Elkins Consent Decree of 1941, which resulted from action taken which resulted from action taken by the Department, in a broad sense, can be considered a restrictive decree in so far as it relates to the profits which can be carried through to the owners of a shipper-owned line. I do not feel that I should go deeply into the merits of this Decree at this point, but I might say that this has been one factor in the trend toward non-shipper-owned lines.

The construction of the products The construction of the products

pipe lines to date has required very substantial amounts of capital. In most cases, however, you will find that this capital has been provided by the oil companies or the refiners and has flowed into the construction of shipper-owned pipe lines. But because of the trend toward non-shipper-owned lines, I believe that the substantial amounts of capital required for these lines will be provided by a much broader public participation than we have seen before.

I have taken you over some of the construction of shipper-owned

pation than we have seen before. I have taken you over some of the problems of financing a natural gas pipe line, and I should now like to discuss some of the problems of financing a non-shipper-owned products pipe line. Estimates of the cost of construction run anywhere from \$25,000 to \$50,000 per mile depending, of course, upon the terrain, size of pipe and other factors. You can see at this point that any conversation pertaining to a fair-sized pipe line immediately represents a substantial sum of money.

I am sure you have all heard the term, "Money appears to be easy" meaning that you can borrow at a

meaning that you can borrow at a low rate of interest, but in my business we also have a saying, "Money is easy up to the time you try to get it."

A rule of thumb usually followed in seeking capital for a pipe line venture is to obtain long term debt funds constituting between 60% and 75% of the total capitalization. This debt must obviously come from the institutions, such as insurance companies, pension funds, universities, and certain foundations which are best equipped to supply capital of this type. It is not a simple matter to convince these great sources of capital that they should lend this money to a pipe line lend this money to a pipe line project. While most of them are favorably inclined toward the industry, they have a great responsibility to insure that these funds are placed into sound projects.

In the case of the non-shipper-cycled line and long agency.

in the case of the non-shipperowned line, any lending agency
will have to be convinced that the
project is sound. The lending authorities have to be convinced,
over and above the paper economics of the line and the desirability of serving the proposed
area, that the traffic will actually
flow through in sufficient volume
to guarantee service on the debt
and to provide the necessary
margin of safety. Believe me
when I tell you that this convincing takes a lot of doing. The
easiest way is to negotiate what
is known as a "throughput agreement' with each of the proposed
shippers. Under this agreement
the shipper contracts to ship a
specified number of barrels per
day-through the fine. This agreement is not easy to obtain, but if
o b tainable from responsible obtainable from responsible

comes much easier.

An alternative approach is to obtain a Letter of Intent which warrants that the shipper intends to ship a specified amount of product through the projected opipe line. I personally believe that once a responsible shipper has given evidence of his intent, this avidence provides a suitable prop evidence provides a suitable prop for financing. Unfortunately, there are those who disagree with me, some of whom are the people wno have the funds to lend. They are therefore more than worthy opponents. I believe, however, that progress will be made in the construction of non-shipper-owned pipe lines by using Letters of

My firm at the present time is associated with the Kaneb Pipe Line, which was financed on the basis of Letters of Intent. I am confident that the intention as evidenced by Letters provided by responsible refiners will be carried out, although there is no legal obligation. Kaneb has been operating for about a year now and ating for about a year now and has successfully moved all the products which I have previously mentioned. Incidentally, Kaneb is now delivering substantial quantities of Jet fuel to major air bases, and this is the first time that a private pipe line has done so. This opens a completely new field to pipelines. Kaneb, I be-lieve, takes the lead in demon-strating a method of financing for future projects of this nature

I have explained the procedure through which you must go to secure the debt monies for the pipe line. The next step is to raise the remaining 25% to 40% of equity money by either going to substantial venture capital funds which specialize in purchasing equities of this nature, or by going to the public. Often it is easier to secure funds from private institutional or individual vate institutional or individual sources; hence, one reason for the term "Private Placement." This is especially true if the project is not of such magnitude as to put a strain on the resources of these private sources. If it is, then we turn to public distribution. Since the initial successes of the natural gas pipe line financing, this type of financing has become more and more popular with the public with the result that the public route has become easier than it used to

I should like to point out, however, that while the investment banker must at all times convince himself of the soundness and profit potentialities of his product, he must exercise almost superhuman care in preparing a venture capital financing for the public. The large private sources of the public of the large private sources. ture capital financing for the public. The large private sources of venture capital approach a pipe line financing in a very sophisticated manner and by making exhaustive checks to satisfy themselves that the project is feasible. The individual investor has neither the time nor the resources to extify himself in such a manto satisfy himself in such a man-ner and must rely almost entirely upon the representation of the inupon the representation of the investment banker. I do not mean that individuals should not invest in venture projects of a sound nature, because as you all know, this country was built on this principle. What I do mean, however is that the utmost care must

I believe the products pipe line Lat to any duty of prompt com-

companies and refiners and has sources, the job of financing be-will enjoy a tremendous growth should like to say at this point economy. It is in this area that every decade, and that that my firm has participated in there has been so much darkness part of this nation both in peace.

An alternative approach is to converted the evaluations from the many pipe line underwriting and it is here that we should conventional line as it now exists. I believe that there is a substantial market for this financing, and I believe, that the people who invest in them will enjoy very substantial returns on their investment. I believe at the same time that some mistakes will be made, but over all, I predict that the non-shipper-owned products pipe line will become more and

that my firm has participated in many pipe line underwriting which include crude, natural gas and products pipe line companies. We believe that our participation in the financing of these projects has been good for the economic growth of the nation, has been good for the investor, and has aided the defense prgram of this country. We believe that each type of pipe line presents a separate problem, and we look forward to many future opportunities to more a favored place for the investment of funds.

Completing this discussion, I line industry.

Continued from page 3

# "The New Direction"

money. Money will always find pensation for private property exan outlet as surely as the sun will rise in the East. If there is will rise in the East. If there is more money about than the forces of production are willing to use, it will find its outlet not in making jobs, not in making employment for the unemployed—it will find its outlet in inflation, in speculation, in stock prices, in the non-productive shuttling of goods from one hand to another at from one hand to another at higher and higher prices without adding to real wealth. There are limits beyond which it is better not to go with money. Too much money, too cheap, like the love of money, can be the root of much evil.

#### The Foreign Situation

Now, finally, for a look beyond Now, finally, for a look beyond our own shores, for opportunities beyond those within our own land of which I have spoken, for opportunities more wholesome than war, boom, and armament build-up. I see these opportunities in increased world trade and investment and, notwithstanding the many difficulties. I predict investment and, notwithstanding the many difficulties, I predict that we shall see these on the rise. Here, I believe, is the next great phase. I emphasize, however, that it is not a matter that lies wholly in our own hands as some of our friends abroad are always telling us.

In this area, the political and military climate in the free world is of high importance. This seems somewhat more favorable. A clearer and firmer direction for the free world that free world is of high importance. This seems somewhat more favorable. A clearer and firmer direction for the free world that free world is of high importance. The free world that free world is of high importance. The free world is of high importance. The free world that free world is of high importance. The free world is of high importance and investment. I believe that it is offers new and healthy opporting the more free without risking our industries that are essential to our defense that are essential t

somewhat more favorable. A clearer and firmer direction for the free world appears to be shaping up. I have in mind the Southeast Asia Treaty and the recent and very promising London Accord. don Accord.

economic affairs abroad, there is progress in many places. The scene is brighter. Many of the countries of Western Europe, for countries of Western Europe, 10r example, by industry and self-discipline, have struggled up from the pitiful aftermath of war. More and more of them are giving a better and better account of themselves. Their production is increasing, their resources are building up, their dollar gap is corrowing their economic growth building up, their dollar gap is narrowing, their economic growth is accelerating—in England, in Belgium, in Holland, in Western Germany and, yes, in France. Belgium, in Holland, in western Germany and, yes, in France. This has not meant less trade for us. Our exports to Europe have been increasing. The dreaded multiplier of the slightest downturn in business here did not multiply — quite the contrary. Their economies have recently ours.

pensation for private property ex-propriated. No wonder American private capital shied away from countries so minded and preferred to stay at home or go to such places as Canada. Nor must international trade and investment be built upon the

and investment be built upon the and investment be built upon the reckless extension of credit that shouldn't be extended at all to finance the sale and purchase of goods that shouldn't be sold or bought at all. Surely, we and the world had enough of that in the 1920s.

No, each country that is to participate must build a sound economy for itself, based on greater omy for itself, based on greater production, greater savings, greater freedom, and greater enterprise. We can help with our military aid programs and off-shore purchasing for this is a part of our national security program. But we can stop subsidizing economic nonsense and monetary lawlessness. In our own interests, and not as de-gooders, but as and not as do-gooders, but as realistic businessmen, we can buy more, ease our tariffs and our

and it is nere that we should next light the light and carry it forward for the good that will come to us in our own living and strength and in the living and strength of the whole free world.

#### King Merritt Adds

(Special to THE FINANCIAL CHRONICLE) LOS ANGELES, Calif.—Robert B. Harris has been added to the staff of King Merritt & Co., Inc., 1151 South Broadway.

#### With L. A. Huey Co.

(Special to THE FINANCIAL CHRONICLE)
DENVER, Colo.—Neal C. Finch
is with L. A. Huey Co., U. S. National Bank Building.

#### Now With Courts & Co.

(Special to THE FINANCIAL CHRONICLE) ROME, Ga.—John W. Williams is now affiliated with Courts & Co., 213 East First Street.

#### With King Merritt

(Special to THE FINANCIAL CHRONICLE)
CHARLEVOIX, Mich.—Dean Davenport is now connected with King Merritt & Co., Inc.

#### W. G. Nielsen Adds

Special to THE FINANCIAL CHR BURBANK, Calif. - Elizabeth Jensen has been added to the staff of W. G. Nielsen Co., 3607 West Magnolia Boulevard.

#### Two With Curran Co.

(Special to THE FINANCIAL CHRONICLE) SACRAMENTO, Calif.—Core Ed James and Gertie M. Sands have joined the staff of The Curran Company, 4336 Fourth Avenue.

#### With Harris, Upham

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

NEW ISSUE

October 27, 1954

299,000 Shares

### NAGLER HELICOPTER COMPANY, INC. Common Stock

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### Jas. Adams Reelected By Amer. Cancer Soc.



James S. Adams

James S. Adams, general partner, Lazard Freres & Company has been re-elected Vice-Chairman of the Board of Directors of the American Cancer Society by delegates to the Society's annual meeting at the Hotel Roosevelt in New York City New York City.

### Milwaukee Bond Club **Annual Fall Dinner**

MILWAUKEE, Wis. — The Annual Fall Dinner of the Milwaukee Bond Club will be held Nov. 3rd at the Alonzo Cudworth Post Clubhouse. Cocktails will be served from 5 to 7 with dinner at 7. Harold E. Wood, President of Harold E. Wood & Co., St. Paul, will be a special guest.

will be a special guest.

Reservations may be made with
Harold Franke, The Milwaukee
Company, who is chairman of the

#### With Akin-Lambert

pecial to THE FINANCIAL CHRONICLE) LOS ANGELES, Calif. — Grady Galloway is now affiliated with Akin-Lambert Co., 639 South Spring Street, members of the Los Angeles and San Francisco Stock

#### With Richard Harrison

(Special to THE FINANCIAL CHRONICLE) SACRAMENTO, Calif. — Percy T. Masaki is now connected with Richard A. Harrison, 2200 Sixteenth Street.

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### Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Investors are showing only a nominal amount of interest in the Government market because there are other investments in which money can be put to work, and the income from the latter obligations is more favorable than that which is obtainable in Treasury securities. Another reason for the lack of active interest in Government securities. Another reason for the lack of active interest in Government securities is because traders and investors are inclined to wait until there is more in the way of guesses or forecasts as to what the Treasury will do in the big December refunding. It will not be too long before the year-end operation will be upon us. In the interim, quotations of Government securities are getting more attractive to those that have funds to invest.

Speeches by those that are in charge of monetary policy seem to indicate that the money markets will continue to stay on the easy side and this will eventually be reflected in the tone and trend of the Government market.

#### **Sporadic Buying Interest**

Even though the Government market is again in one of those in between periods, which means that it is waiting for the time when there will be more information, of one type or another, about the year-end refunding operation, there has been and still is a fair amount of investment buying being done in specific issues. The guessing as to what the Treasury will do to take care of the December maturities seems to be getting a little more prolific, despite the belief that no matter what the financial district does in the way of predictions these area thirds to with in line with the way of predictions these are not likely to be right in line with what the Treasury eventually decides upon.

It appears as though the powers that be must always have a bit of a surprise when it comes to new offerings or refundings, even though at times the differences between the forecasts and the actual terms have been rather minor.

#### **Refunding Expectations Aired**

It seems as though some in the financial community are now putting forward the opinion that the Dec. 15 refunding will consist of a "package deal," with the longest maturity in the "bundle" not likely to exceed ten years. This, to be sure, gives plenty of latitude to the guesses which are being made, but it seems as though the near-term issues which will be a definite part of the so-called "option deal" are being considered by the forecasters as the solid part of the picture. As to whether there will be an eightor a ten-year obligation in the refunding package, this seems to be a matter in which the forecasters, at this time, do not appear to be too much in agreement. too much in agreement.

On the other hand, there are those money market specialists who hold to the belief that there will not be any issues in the December refunding offering which will be longer than a note in maturity. They are of the opinion that the securities which will be used in the late year refunding will be tailored to meet the needs of the commercial banks and the central banks, and this means the shorter-term obligations. Also, it is being pointed out that the monetary authorities are not anxious to have the Treasury in the money markets competing with corporate, tax-free or mortgage borrowers, because these various units are too important to the business pattern to have any changes take place in these borrowings at this time.

As yet there is no real evidence that the various pension funds have not been able to put money to work in the securities which have been coming into the market. Where investments are confined to Government issues, there appears to be enough of the longer term obligations around to take care of the demand which has been around recently. Also, some of the more distant Government securities are now at levels where the yield is attractive to certain institutional buyers.

#### **Pension Funds Continue Active**

According to advices, it seems as though some of the pension funds have been buyers of the longer term Government bonds because the income is favorable and they do not believe that prices of these securities will decline much from prevailing levels. This buying has not been too sizable, but it has been substantial at times, and there are reports that under the market orders by these funds are beginning to reach fairly important proportions.

There are still in the market a number of potential switch; appearations, and it will not take much more of a change in quotations to put these over. These are being done on a price spread basis, with the trend the same as it has been, namely, from the shorts and the intermediates into the longs.

# Somewhat Obvious, Perhaps, but-

"Abroad, we must be willing to accept a world filled with diversities and build our alliance with friends whose ideas we may not be willing to accept for ourselves. At home, we must practice the tolerance that the Bill of Rights champions. We must be willing to meet an idea at the level of argument and counter-argument, not at the police level of

Fear of ideas robs us of the resiliency needed, if we are to understand the revolutions presently sweeping Asia and Africa." — Associate Justice William O. Douglas.

On more than one occasion in the past we have found ourselves in disagreement with Mr. Douglas. We think, however, that here he has uttered a timely warning - which should be, but is not

always, obvious.

# Bank and Insurance Stocks

By H. E. JOHNSON

#### This Week — Insurance Stocks

The market for insurance shares in recent weeks has been quite unsettled. Although there has been no general liquidation, individual issues have reacted rather sharply so that several are now considerably below the highs reached only a month or so ago.

The main reason for the decline is, of course, the hurricane and windstorms that have swept the eastern states in the last three months. Property losses from the first two storms were substantial. However, a large amount of the damage was caused by water and there were also sizable small boat losses. Because of this much of the damage was not covered by insurance and in other instances the impact was felt by a few companies that specialize in small the impact was felt by a few companies that specialize in small boat insurance.

In the latest hurricane the area affected was more extensive and the damage much greater. The extent of damage is still to be determined. Because of the nature of the storm, losses so far as insurance companies are concerned are likely to be considerably greater than the total of the two earlier storms.

Thus, operating results for those companies that have a large portion of their business concentrated in fire and extended coverage lines are likely to be rather unfavorable in the last six months of the current year. Even with the very satisfactory underwriting results in the first six months, it is possible that several of the companies that handle a large portion of private dwelling business may record a statutory underwriting loss for the year. Experience is expected to vary widely among the different companies depending upon type of business handled and concentration of risks in areas where damage was extensive. It will still be some time until losses can finally be determined but prospects for the last half of 1954 do not look promising.

This represents quite a change in the outlook of only a couple of months ago. At that time with a very satisfactory six months behind them, fire companies were hopeful that 1954 would be one of the better years so far as underwriting operations were concerned. There had been no major storms as there were in the spring of 1953. The prospects of another large fire such as the Livonia catastrophe in August 1953 was remote. At the same time fire losses themselves were beginning to ease.

Much of this has now changed. Thus, it is to be expected that share prices would reflect the less favorable prospects.

"Barron's" insurance stock index reached a high for this year during the first week in August when it was equal to 279.69. Since that time the index has eased to 262.03 at the end of last week. Since then there has been some further decline so that the index will surely be lower at the next reporting period.

Even so the index is still considerably above the low of 204.23 reached earlier in the year and practically all stocks show gains as compared with year-end prices.

In the tabulation below we show price comparisons and changes for the year to date for 24 of the major fire and casualty companies.

CUPPENT MADVET

	PRICE	DEC. 31,'53	CHANGE	PRICE RANGE
Aetna Insurance	621/2	561/4	+ 61/4	80 - 561/4
Agricultural Insurance	32	291/2	+ 21/2	37 - 30
American Insurance	303/4	26	+ 43/4	33%- 25%
American Surety	651/2	60	+ 51/2	691/2 - 571/2
Boston Insurance	371/4	33	+ 41/4	431/2 - 331/4
Continental Casualty	761/2	48	+281/2	94 - 481/8
Continental Insurance		751/2	+101/2	973/4- 72
Employers Group		45%		
Fidelity-Phenix			+10	991/2-176
Firemen's (Newark)	323/4	28	+ 43/4	
Glens Falls Insurance			+ 63/4	
Great American			+ 2	43 - 321/4
Hanover Fire				48 - 3634
Hartford Fire	160	1391/2	+201/2	178 -139
Home Insurance management	401/4		+ 11/4	4814- 3834
Insurance Co. of No. America	931/2	821/4	+111/4	1021/2 - 83
New Hampshire Fire	41	44	<b>— 3</b>	471/2 - 401/2
Phoenix Insurance			+ 71/2	993/4- 723/4
St. Paul Fire & Marine		351/2	+ 8	511/2- 353/4
Security Insurance	411/2	35	+ 61/2	52 - 351/4
Springfield F. & M	49	491/4	- 1/4	62 - 461/2
U. S. Fidelity & Guaranty	763/4	61	$+15\frac{3}{4}$	81 - 641/2
United States Fire	451/2	381/4	+ 71/4	52 - 373/4
Westchester Fire	261/4	251/4	+ 1	30 - 25

#### NATIONAL BANK of INDIA, LIMITED

Bankers to the Government in Kenya Colony and Uganda Head Office: 26, Bishopsgate, London, E. C. 2.
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Reserve Fund £3,104,687
The Bank conducts every description banking and exchange business.
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COMPARISON AND ANALYSIS

#### 17 N. Y. City **Bank Stocks**

Third Quarter 1954

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Specialists in Bank Stocks

Continued from page 7

# Light, Power and Progress

How much of it and how soon, no one can as yet estimate with certainty. But we may be sure that with every passing year, more and more electric power plants for industry, transportation and the home will be atomic. The question of whether it can be done, already has been answered in the affirmative. The remaining problems are tive. The remaining problems are primarily those of making the new process more economical.

This use of atomic energy is not likely to affect the basic structure of the nation's public utilities. They will simply be converting from one fuel to another, and in the long run a cheaper one.

But as the industrial and commercial development of atomic energy expands and more nuclear reactors are put in operation, we can expect the availability of large amounts of suitable low-cost waste products from these installations.

And the radiations from these waste products may one day be converted directly into electricity.

#### Much Work Yet to Be Done

Much Work Yet to Be Done
Naturally, much fundamental
work and applied research remain
to be done and years will elapse
before this becomes a practical
reality. However, when this goal
is reached, we shall see atomic
generators of electricity small
enough to be installed for use in
the home. This prospect offers a
bright hope for mankind and it is
based on more than a fantastic based on more than a fantastic

Last January, you may recall, the Radio Corporation of America staged a public demonstration of an electric battery powered by atomic energy. The amount of cur-rent produced was minute: barely rent produced was minute: barely enough to send a telegraphic message which I had the privilege of tapping out. But the implications of that moment were far-reaching. This was no longer a matter of using nuclear energy as a fuel to produce steam to generate electric current. It was the direct conversion of atomic energy into electric sion of atomic energy into electric power. The principle has been successfully established—and that is always the break-through point in the emergence of new forces. When atomic batteries become

When atomic batteries become available they will bring into the realm of practicality a long array of miniature devices, such as wrist-watch radios, or vest-pocket radio telephones, or electric shavers no bigger than a penknife. Thirty years ago, I talked about the possibility of a wrist-watch radio. But I could not foresee just how it would be powered. The atom had not yet been split and the transistor was still in the womb of time.

Today, the transistor is a mar-

womb of time.

Today, the transistor is a marvelous midget already in practical use. It was born of the exploration of the electronic properties of solids. No larger than a kernel of corn, the transistor can detect, amplify and oscillate, which is to say that it can perform the fundamental functions of the familiar electron tube. electron tube.

In RCA Laboratories we have built a television set equipped with transistors. It uses no tubes except the picture tube. We can except the picture tube. We can now look ahead confidently to the day when TV receivers will use transistors and the picture tube will make way for the new picture screen I have already described.

The fact that electronics and the picture will make way for the new picture screen I have already described.

atomics are unfolding simul-taneously is a portent of incalcul-able changes ahead. Never before have two such mighty forces been unleashed at the same time. Together, electronics and atomics are fated to dwarf even the industrial revolutions brought by steam and revolutions electricity.

commercial realities. But I venture to predict that children born today will see every one of the devices and forces which I have mentioned in practical use before they cast their first vote—even if the veting and in reduced to the control of the control of the control of the control of the veting and in reduced to the control of the the voting age is reduced to 18.

#### Changes Spell Progress

Doubtless some of the innova-tions will call for a change in products or methods of operation in some of today's business or-ganizations. However, the whole history of our American economy proves that such changes spell progress

From the viewpoint of the country as a whole, we may be sure that it will mean many new jobs for every job cancelled out. The contrast between the millions employed by the automotive and re-lated industries and the employlated industries and the employ-ment provided by the blacksmith shops they displaced is an over-worked example. But it tells the basic story—the example is trite but true.

Besides, we can count on the leaders of American business to keep pace with the great surge of change. Rather than attempt to turn back the clock of science, they will make the most of the new day and its new hours. Their technical and commercial abilities, honed on the whetstone of experience, will be channeled in the new directions. directions.

Radio broadcasting did not obsolete the older phonograph in-dustry. Nor has television meant the death of the movies. On the the death of the movies. On the contrary, by forcing motion picture leaders to explore new techniques, TV may in the long run prove a blessing in disguise for the elder art. The new industry of radio and television has become a lucrative source of revenue for the electrical industry. A recent survey shows that \$450,000,000 will be paid this year for the electric current used to operate television and radio sets in American homes. It is estimated that within three years this figure will reach \$700,-

I think it only natural that those who make and distribute electricity for light and power with the methods of today, should take the methods of today, should take the lead in developing the new methods of tomorrow. The displacement of coal, oil, and gas by atomic energy will offer enormous scope for expansion of the light and power industry.

#### Atomic Power

I have been reading a series of recent advertisements by the Genrecent advertisements by the General Electric Company that seem to me significant for the future. One of them, having indicated the rate at which the company has launched new products since the end of the war, declares, and I quote their exact words:

"The atom will produce power

"The atom will produce power for homes in 5 to 10 years. Full-sized plants will generate elec-tricity from atomic energy. . . . Biggest question in producing electricity with atomic energy has not been: Can it be done? — but: How can it be done economically on a full-scale basis so that many areas and many people can ben-efit?"

General Electric anwers its own question by saying, and again I quote their words:

"America is now very close to a practical answer. We already know the kinds of plants which will be feasible, how they will operate, and we can estimate what their expenses will be. In five years—certainly within ten—a number of them will be operating at about the same cost as those using coal.

They will be privately financed. Obviously no one can say with They will be privately financed, assurance when the developments built without government sub-I have touched upon will become sidy."

eral Electric Company, in re-ferring to electronics and atomic energy, said:

others—are so promising that we expect to produce more in the next ten years than in all the previous 75 years of our existence."

The figures and the percentages may be different, but the pattern also holds true for the Radio Coralso holds true for the Radio Corporation of America. It holds true for American enterprise as a whole. If growth and renewal are the evidences of life, then surely American business is the "living-est" entity produced by man in all the millenia of his history.

all the millenia of his history.

Well, I have gazed into the crystal ball—or rather the industrial research laboratories of which Edison's was the robust forefather. I have spoken with considerable assurance of the first two topics of my address—Light and Power. Now, I should like to say a few words on the remaining topic—Progress.

If the more multiplication of

If the mere multiplication of material things were the whole of progress, my task would be simple. But progress in the deeper and true sense cannot be measand true sense cannot be measured by the yardsticks we use for electronics or nuclear energy. Its standards of measurement are spiritual, in units as tenuous as beauty and virtue, happiness and fulfillment—above all, peace and neace of mind peace of mind.

It is good for our inflated pride to recall that the things we cherish most—our great moral and religious systems, our treasures of learning and art and philosophy, our heritage of what is closest to the Divine in the mortal—have come down to us from ages when there was no electric power, no automobiles no radio and no teleautomobiles, no radio and no tele-vision. The Magna Charta and the Declaration of Independence,

the Declaration of Independence; let us never forget, were written by torch, kerosene or candlelight. Whether the splitting of the atom can be called "progress" will depend, in the final analysis, on whether we can find the wisdom to direct the released power into channels of peaceable and constructive use. We can all ardently join President Eisenhower in the hope he expressed recently that the miraculous inventiveness of man shall not be dedicated to his death but to his life." That and

tentials for the services of peace, for increasing prosperity and eliminating poverty, for health and happiness rather than for mass terror and destruction, are

To keep pace with the rapid march of science, we must accel-erate our steps socially. To do so

In another of its ads, the General Electric Company, in receiving to electronics and atomic energy, said:

"... All these fields—and many others—are so promising that we expect to produce more in the ext ten years than in all the provious 75 years of our exist—are so promised to the same with nuclear power. The Adam can triumph over the Atom. Its potentials for the services of peace, for increasing prosperity and effectively we chooses. But we have learned to need the Light that illuminates our mind and the Power that ignites the Divine spirit within us. The secret of Progress is in man triumph over the Atom. Its potentials for the services of peace, and occasion such as this Diamond of the province of the chooses. But we have learned to need the Light that illuminates our mind and the Power that ignites the Divine spirit within us. The secret of Progress is in man triumph over the Atom. Its potentials for the services of peace, and occasion such as this Diamond of the province of the Light that illuminates our mind and the Power that ignites the Divine spirit within us. The secret of Progress is in man triumph over the Atom. Its potentials for the services of peace, and the power and to use it out mind and the Power that ignites the Divine spirit within us. The secret of Progress is in man triumph over the Atom. Its potentials for the services of peace, and the power and to use it out mind and the Power that ignites the Divine spirit within us. The secret of Progress is in man triumph over the Atom. Its potentials for the power and to use it out mind and the Power that ignites the Divine spirit within us.

In another of its ads, the General triumph over the Atom. Its potentials for the power and to use it out mind and the Power that ignites the Divine spirit within us.

In another of electronics and atomic control its power and to use it out mind and the Power that ignites the Divine spirit within us.

On the wider road of human on the wider road of human progress there is ample room for Science and Society to travel without colliding. This is the road we must pursue in our search for true happiness, stable prosperity, and lasting peace.

### **General Motors President Reports** Strong Economic Recovery Abroad

Harlow H. Curtice, after inspection tour of GM plants in Europe, finds there is good improvement in industrial produc-tivity and a rise in the standard of living.

week inspec-tion tour of GM manufacturing and asin seven European coun-tries, gave out the following statement:

"I was gen-uinely im-pressed with the strong economic re-

covery made during the postwar period by the countries which I visited. Industrial productivity is showing good improvement, and there is an accompanying rise in the standard of living. of living.

Harlow H. Curtice

"Europe's remarkable progress has come a good deal more rapid-ly and appears to be on a sounder basis than even the most optimistic of us believed possible a few years ago.

"We believe that prospects for the automobile industry in the European countries in which General Motors operates are exceedingly good. We are expressing our confidence in their economies and in our own business with an \$182,000,000 program of expansion and modernization to meet the staff of Mutual Fund Associates, 444 Montgomery Street.

Joins Witherspoon Staff (Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, Calif. — Joe Scott has joined the staff of that alone is the test.

and modernization to meet the Yet there is no excuse for degrowing demand for GM passpair. We know that electricity, senger cars and trucks overseas.

Harlow H. Curtice, President of General Motors Corp., who on Oct. 19 returned to the United States aboard the "Queen Mary" Additional expansion projects already have been approved for England, Germany, Belgium and Switzerland. Additional expansion projects already have been approved for England, Germany, Belgium and Switzerland. Additional expansion projects already have been approved for England, Germany, Belgium and Switzerland. Additional expansion projects already have been approved for England, Germany, Belgium and Switzerland. Additional expansion projects already have been approved for England, Germany, Belgium and Switzerland. Additional expansion projects already have been approved for England, Germany, Belgium and Switzerland. Additional expansion projects already have been approved for England, Germany, Belgium and Switzerland. Additional expansion projects already have been approved for England, Germany, Belgium and Switzerland. Additional expansion projects also are under consideration for GM plants in Sweden, Copenhagen and France.

"My visit has been most interesting and productive. I have been greatly impressed with the skill and industry of our employ-ees, and the caliber of our General Motors executive staff overseas. I have encouraged an even greater interchange of information between our personnel in Europe and the United States. Such an interchange can accelerate our progress."

Mr. Curtice left the United States Sept. 15 aboard the "Queen Elizabeth." He visited GM operations in England, Belgium, Sweden, Denmark, Germany, Switzerland and France.

#### Mutual Fund Assoc. Add

SAN FRANCISCO, Calif. -Ralph S. Raven has been added

Scott has joined the staff of Witherspoon & Company, Inc., 215 West Seventh Street.

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

**NEW ISSUE** 

134.150 Shares

Bonanza Oil & Mine Corp.

COMMON STOCK (Par Value 10c Per Share)

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Company established in 1938 produces quicksilver from its mine in Sutherlin, Oregon. Company also owns certain oil and gas interests in Alberta and British Columbia.

L. D. FRIEDMAN & CO., INC.

52 Broadway, New York 4, N. Y.

# We Have Gained Strength

My most interesting and thrill-ing tour is coming to an end. There may be a sigh of relief, but there is also a feeling of regret and nos-talgia that more than two

years of living out of a suit-case, as Presi-dent and Vice-President of tion, are about over. In almost anyother year, the President would have turned over the gavel to his successor a month

ago and then gone fishing. But some one must have wanted to make sure that I would work hard enough, so the Convention dates were moved into Convention dates were moved into October, extending my term of office to 13 months. Perhaps it was to give the candidates for Miss America plenty of time to return home so that the country's bankers would not be distracted from serious work here in Atlantic City.

I intend to use no adjectives to describe the privilege I have had in being permitted, through your confidence and graciousness, serve in the leadership of the Association. It has given me an even stronger faith in the future of our

\*Address of Mr. Reese before the 80th Annual Convention of the American Bankers Association, Atlantic City, N. J., Oct. 19, 1954.

By EVERETT D. REESE Retiring President, American Bankers Association President, Park National Bank of Newark, Newark, Ohio

Retiring ABA President reports on impressions regarding economic conditions and other situations affecting banking during his term of office. Says it is "a story of progress and optimism," but points out some places have not shared the growth and prosperity experienced by others, and this has been a source of concern to the worker, the business man, and the local banker. Sees sound base for further economic growth and concludes banking has been in the forefront in maintaining public confidence.

nation and its role in a troubled the world, and renewed assurance that banking will share importantly in that role if it can live up to the responsibilities before it.

Very few Americans ever have the opportunity, in a period of two years, to travel so widely over the country and under the conditions which were made possible for me. Being with bankers and other groups in scattered areas is highly instructive. Bankers are close to the nerve centers of the economy. They are drawn into the cross-currents shaping conditions in trade, industry, agriculture, and finance. I would be negligent, therefore, if I failed to take a few minutes to give you my observe. minutes to give you my observa-tions of what I saw and heard in travels from Maine to California, Florida to Washington State, with stops at close to 44 states in between, and Mexico.

It is not hard to lose sight of

the fundamental readjustments that have taken place in our country in the past two years. A less resourceful and less optimistic nation might have weakened under-such readjustments, as many nations in history have done. But one conclusion is foremost in my observations — our country has gained strength through resourcefulness, courage, and a deep faith fulness, courage, and a deep faith in the future.

It is not easy to make transitions swiftly and painlessly from a shooting war to quiet military fronts, from inflation to price stabilization, from military plant expansion to peacetime growth, from inventory building and stockpiling to genuine consumption of ma-terials, and from labor shortages to labor fluidity; and yet I believe that we have made these transi-tions remarkably well.

The answer for this lies not in a single government policy that might be presumed to be able to turn the spigot of economic activity on or off. It lies rather in the dynamic character of our nation. In New England, I did not find despair over changing fortunes in parts of the textile industry, but rather optimism over the potentials of new businesses and new dataset. ideas. One need only mention the atomic submarine and a revolutionary photographic process for composing newspapers and books as examples of the industrial magic now quartered in New England. A swing down the coast presents a great variety of recent developments: the new office buildings in the great trade center of New York; the sprawling acres of the Fairless Steel works at Moror the Fairless Steel works at Mor-risville, Pa., and the new chemi-cal and industrial plants of Vir-ginia, West Virginia, the Caro-linas, and on through the South. The story over the country is much the same, Many of our older much the same, Many of our older areas have had a fresh burst of activity; and atomic energy, electronics, and natural resources are causing great developments in many new areas. The pressures of a growing population are cutting new pieces for our jigsaw puzzle of economic life. of economic life.

A Story of Progress and Optimism

story of progress and optimism. But I would be dishonest if I misonly the good. Some places have not shared the growth and prosperity experienced by others. Unemployment has not been insignificant in some cities. Some agripultural procedures to the state of the sta cultural areas have been forced to make needed readjustments. Sup-ply and demand conditions have intensified the forces of competition, and thereby have produced temporary local business setbacks. Now and then—as in the coal industry—technological progress and resource development in other lines have led to fundamental dislocations for existing businesses. Older fibers — both natural and synthetic-have had to make room for the new miracle fiber products their markets invaded by compe- optimism.

fundamental readjustments tition resulting from the new have taken place in our couning the past two years. A less that is giving us a larger and burceful and less optimistic on might have weakened unsuch readjustments, as many of these developments, and can reconsting history have done. But port that they have been sources. port that they have been sources of concern for the worker, the business man, and the local banker.

Still, we have not as a nation allowed industrial developments like these to force us into hysteria. One of the country's outstanding economists said recently that the most remarkable and encouraging thing about the business situation is that the readjustments we have experienced have not fed upon themselves. The optimism and resourcefulness that so frequently have been brought to my attention these past few months, I believe, are the reasons why this is so.

As a nation, we have consciously As a nation, we have consciously or otherwise exercised remarkably good judgment that has paid off in stability—a sound base for further economic growth. Too frequent rumblings on the military fronts and the world political scene have not produced the war hysteria that leads to scare-buying and commodity speculation. ing and commodity speculation. Equally as important, the transition from the Korean War to more of a peacetime basis has not been accompanied by a defeatist atti-tude on the part of government. Fublic policy appears to have been focused upon giving full expression to the basic underlying strength of our growing nation, by providing business, industry, and labor with the incentives to tap that strength instead of offering a crutch before it could be ing a crutch before it could be determined whether the patient was actually lame or just experiencing growing pains.

# Banking Has Aided Public Confidence

I am proud to note, moreover. that banking has been in the forefront in helping to maintain public confidence. Many times in the past, bankers have been, justly or unjustly, maligned because they called in loans or refused to excalled in loans or refused to extend new loans when rivoles appeared on the credit waters and sailing became a little rougher! I have experienced no complaint on this score. Demands for credit are being met; and, by and large, the attitude of the lending officers of our banks remains wholesome and constructive. They have been sided, in no small measure by the monetary policy of the Federal Reserve System. When it became clear that the danger of incame clear that the danger of inflation had subsided, the monetary authorities were prompt to en-courage banks to lend and invest. Contrary to the charge from some politically biased quarters that the Federal Reserve System was being used as a tool of "hard money" a flexibility has been demonstrated that is essential to maintaining the monetary stability needed as a base for sound economic growth. Banking has taken the cue, and is actively seeking out new opporof the chemist's laboratory. Less tunities to encourage the use of resourceful companies have seen bank credit in sustaining business tions.

I have told you in some detail what I have observed in my travels on your behalf; and if I have conveyed an impression of confidence and optimism, let me nonetheless emphasize that the time has not yet arrived—and never will-when bankers can sit back and bask in the light of past ac-complishments, small or great.

The crosscurrents flowing through the developments in so many of our policies and operamany of our policies and opera-tions tell us that our job of learn-ing is never ended. It would be a terrible tragedy if banking, through unsound or inadequate policies and practices, should fail to lend its full weight to the potentials inherent in our nation's growth. Bankers have a great opportunity to play a large and constructive part in the wonderful developments that lie ahead. We must not hestitate to accept leadership in those areas where our influence can properly and judiciously be exercised. I am convinced, and proudly so, that banking has within it wonderful people who not only demonstrate ability in financial matters, but who are vital forces in their communities and in the nation as a whole.

There is only one basic reason for the existence of banking. It must serve, and it must serve well. The job that lies ahead, then, is for us to explore constantly and zealously the ways that banking can still help to promote our nation's growth—even after one and three-quarters centuries of exist-

Our Association is based on our common interests and objectives. It derives its strength only from its membership. One of its func-tions is to stimulate and help its members find more ways to serve better and more efficiently. How-ever, the real responsibility for providing better banking rests upon the bankers themselves. Each of us-must have full understanding of his obligations. But it is not enough for us to learn through our associations—state and na-tional—and other channels how to be better bankers. We must be better bankers.

Toward this end, I would like to set down several major areas in which we can work individ-ually and through our associations to make banking a more dutiful servant to a dynamic and growing nation:

1. We must stimulate the interest of the highest caliber of men and women to make banking their life' work. All of our learning life and experience will prove ulti-mately of little use unless it can be passed on to capable manage-ment. This is one of the most serious problems of banking to-day. How often does one hear day. How often does one hear about mergers undertaken in part to consolidate and conserve key personnel? Personnel is one of the most important assets of a bank today, and yet it does not appear on the balance sheet. Let us make it a vital and increasingly valuable asset.

2. We must continue the devel-pment of our banking educa-onal systems. Even more and rider opportunities should be tional systems. Even more and wider opportunities should be made available to those engaged in banking to increase their knowledge, not only in technical banking, but also in broader subjects. This will help to improve the standards of our services to the public. A.I.B., banking schools and related educational programs, as well as training courses within tional systems. as well as training courses within our own banks, demand the sup-port of all cf us.

3. We must strengthen our

banking organizations so that we can make most effective use of our state, local, and national associa-This means active partici-

Continued on page 42

### Investment Bonds and Stocks



Securities of the United States Government and its Instrumentalities

State, Municipal and Revenue Securities

Bonds, Preferred and Common Stocks of Industrial, Public Utility and Railroad Corporations

Bank and Insurance Company Stocks

Bankers' Acceptances

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# CHRYSLER CORPORATION THE FORWARD LOOK

This Thursday see Chrysler Corporation's great new full-hour TV musical—"Shower of Stars," CBS-TV, 8:30-9:30 P.M., EST.

# A New Background for Banking

It is a great honor for me to be asked to speak to this gather-ing. I am very much aware of the fact that I am viewed as a



relative new-comer to banking, and this makes the invitation to speak to you even more pleasing to me indeed. Howindeed. How-ever, the fact is I was a banker before most of you were. Outside of some tutoring ventures, first jobfilled before

many of you were born—was as a banker; that is, if you could call banking running around the streets of Philadelphia with things in my hands called "items," the nature of which was then and is now deeply obscure to me. On nature of which was then and is now deeply obscure to me. On one occasion I was elevated to the dignity of carrying an umbrella upstairs to the great E. T. Stotesbury, who was then the head of the banking institution with which I was connected, but I seldom received such extraordinary recognition.

I have to confess to you that it

I have to confess to you that it was only a week ago that I stood in this same spot and spoke to another group, only they were all either customers or—I hope—prospective customers; and while I am happy to see many customers again today, I also recognize many competitors amongst you. Now I may be a new boy at banking, but I have been involved in it just long enough to know that I have gotten myself into a most competitive industry.

Apart from the impression of hand experience with banking has new and very deep awareness of whether it be at the national level or the community level. It seems

\*An address by Mr. McCloy at the 80th Annual Convention of the American Bankers Association, Atlantic City, N. J., Oct. 19, 1954.

Chairman, Chase National Bank of the City of New York

Prominent New York Banker, in discussing the new background for banking, finds as two great questions now confronting the nation: (1) will the momentum of progress in recent years continue, and (2) can we continue to develop means by which we can work with our Allies in achieving both a common defense and improved living standards. Reviews recent economic progress, and stresses tremendous force of government in the economy, particularly that arising from monetary policy. Concludes, the strength and stability in our present situation is likely to continue, but much depends on working in harmony with our Allies toward international peace.

pulse of business. His is a unique opportunity to gauge the state of health of our economy and to de-termine what is required to hold it to a forward course.

In this regard, the past two years have been particularly eventful, for we have seen the economy move from the support of active war to a period of peace—albeit an uneasy one. We have witnessed the accompanying rewitnessed the accompanying readjustment in business and have played our part through counsel, advice, and credit assistance in advice, and credit assistance in minimizing its impact. Now we are confronted with a new set of circumstances—circumstances that are bound to have profound ef-fects on our economic and politi-cal life. We are at the end of one era and at the start of a new one era and at the start of a new one
—an era when we shall not be
preparing for active war, but in
which we shall be required to
keep up very heavy defense expenditures; an era when the vast
backlogs of consumer and business demand born of World War sharp competition that my first- II have at last been dissipated; an era when the need to work in given me. I also have sensed a close harmony with our allies will be greater than ever, but in the place of American banks at which many of the old pressures the center of our economic life, acting to maintain that harmony will have been seriously weakened. This is an appropriate moment, then, to ask ourselves what the implications of these new circumstances may be for business

#### Two Great Questions

As we survey the future, it is apparent that two great questions confront us. First, will our country be able to retain the moconfront us. First, will our country be able to retain the momentum of recent years in its economic life—will we move ahead or will we fail to make full use of our resources? And second, can we continue to develop means by which we can work with our allies in achieving a common defense and improved living standards throughout the free world? These quesout the free world? These questions of course are not unrelated, and the answers lie in the realm of the political as well as the eco-nomic. Indeed, within the an-swers to these questions lies, in a very real sense, the ultimate se-curity of the country. I shall try this morning to single out certain trends in American life today which may cast some light on the path that is at least open to us in the future.

Certainly one of the principal characteristics of American life—and one that is noticeably sharper than in the '30's—is a feeling of than in the '30's—is a feeling of strong forward movement, a sense of continuing growth and change which brings with it new opportunities and steady improvement. We all can cite a number of factors that contribute to this, but two or three of them are deserving of special mention, for they will have much to do with the level at which we operate in the level at which we operate in the next few years.

Clearly one of these-indeed, a main generator of the forward movement of the economy—is the high rate of growth of our population. Much has been made of this in recent years; yet I am not certain that even now we an grasp its full significance. We have only to cast back to the sentiments prevailing in prewar days to take measure of the certain that even now we days to take measure of the change. At that time the experts had set an upper limit of 160 million for the United States, a peak that was to be reached about 1975. Population was actually increasing by only 1 million a year and ing by only 1 million a year, and the level set for 1954 was some 144 million. These calculations must have led to many an erronemust have led to many an errone-ous policy on the part of both business and government for, as we all know, our population today is expanding at the rate of about 3 million a year and it already has topped 163 million. We may well reach 186 million 10 years hence and 205 to 210 million by 1975.

Now it is clear that under the right circumstances an increase of 25 to 30% in the number of heads over the next two decades can mean a great deal for American business. And the impact is not only to be gauged from a mere reading of the totals—there are changes in the relative numbers of various age groups that exert their own influence. Then again, this rapid growth cannot help but force vast change through de-centralization. The trek to the

trite to say so but it is a fact that generally, as well as for our own the banker, more than anyone business of banking.

Two Creat Questions

The Creat Questions 1907, almost a half-century ago, some 1,200,000 people came to our country from abroad, establishing the peak for such migration. Now an average of 1,200,000 are moving each year into the suburbs—and all with incomes, skills and talents that far surpass those of the earlier migrants. And along with this movement of people is a continuing dispersal of industry away from the main centers. The record volume of construction now under way in new homes, new roads, new shopping centers, new schools, is all directly linked to this dispersal of our people and our industry.

#### Higher Incomes of the People

Yet all this growth, movement and change undoubtedly would be on a smaller scale were it not be on a smaller scale were it not for another development of the past 15 years. Here I have in mind the huge improvement that has been made in the incomes of our people. Even after allowance for higher prices, the income of the average American, after taxes, is half again as large as it was in 1929. But dramatic as this total rain appears, it is no less so than gain appears, it is no less so than the change in the distribution of income among our people. Most of us have been conscious of the rising living standards reflected in the new homes of the suburbs, in the new care and the growded. in the new cars and the crowded highways and, for that matter, in the increased salary and wage costs paid out in running our own business. And in banks, as well as in other businesses, we have noted that it is the lower and middle salary brackets that have advanced the most, while the gain in managerial incomes has been much the smaller. As a matter of fact, as I said here last week, when adjusted for rising prices, the average income of the top 5% of income recipients in the United States in the past few

years was actually down from years was actually down from prewar days, whereas the average income of the bottom two-fifths of the population had risen about 40%. What a complete refutation this is of Karl Marx's Communist Manifesto, which stated that capitalism inevitably leads to an ever-increasing pauperization of the masses!

Needless to say, when viewed

perization of the masses!

Needless to say, when viewed as costs, these higher wage and salary figures have had their less pleasant aspects, but the fact is that a vast new middle income market has thus been opened up, and it has done much to create the steady and persistent demand. the steady and persistent demand which those industries that serve the consumer continue to enjoy— particularly those which provide particularly those which provide new appliances and all those other goods that make for an easier and more pleasant life. No one can deny that the creation of large markets for such goods adds to the forward movement of our economy.

#### Technical Progress

And then there is another factor which has never ceased operating in American life but which in some ways is more powerful than ever before. This is the matter of technical change and, related to it, the growth of capital. We sometimes are prone to forget how far-reaching has been the technical development that has been compressed solely within the lifetime of many of us here. At the turn of the century the electric power industry was a mere infant. Communciation through the air was unknown, which has never ceased operating mere infant. Communciation through the air was unknown, either by voice, sight or flying machine. The growth of the automobile lay ahead of us, as did the development of electronics, synthetic fibers and plastics. Today, these are all major industries, and numerous others could be cited to match them.

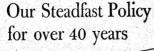
Rather than abating the page of

Rather than abating, the pace of technical change has, if anything, been stepped up. Research today is regarded as basic to survival by companies in many lines. Take the chemical industry, for example; it can expect at least one-fifth of its business in 1975 to consist of products not yet discovered or in production. And research is not only aimed at new products—it is directed increasingly at new and

the tree increasingly at new and better ways of doing things.

This search for new equipment has been intensified by the steady advance in costs, as all of you here know from firsthand experience. While banks do not lend themselves completely to the process. selves completely to the process known as automation, there is no doubt whatever that much new equipment will be developed and

Continued on page 38





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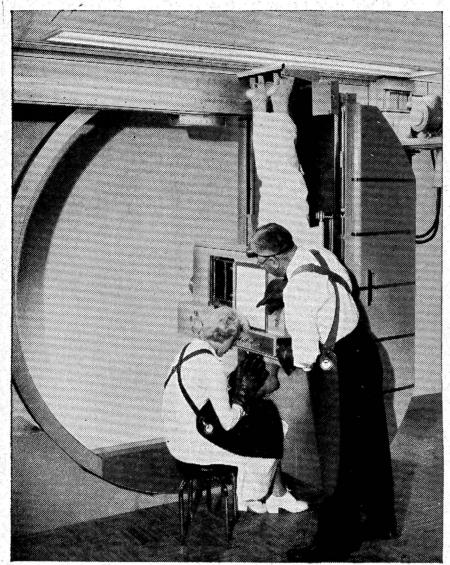
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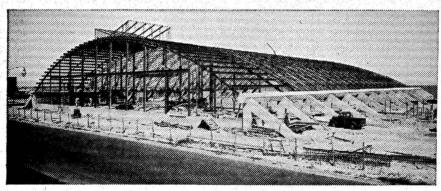
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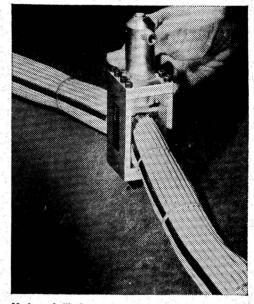


Hung by the Heels. This new diagnostic X-ray machine makes it possible to hang a patient by the heels while a fluid that is opaque to X-rays is injected into her spine, and travels slowly down toward her head as the doctor fluoroscopes her spine in the search for a possible tumor. The support for the huge geared ring on which the X-ray table is mounted, as well as most of the sheet steel panels used on this unit, is made from USS Steel.

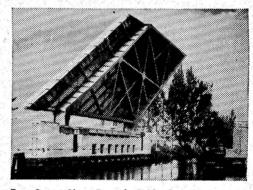


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# Common Stocks—"The Big Change"

The title of this talk deserves I am sure, early explanation and amplification. I will give you this once in order to remove any misconcep-

tions, as well as to render my apologies and thanks to the late Fred-erick L. Allen, the author of that intriguing book pub-lished a few years ago on "The Big Change" that took place in this country between 1900

and 1950—the 50 years when the United States of America completed its adolescence and came of age.

say that investment processes had a part in this change is a gross understatement. It might even be said that the science of investing conservative funds was revolutionized during these 50 years. By conservative funds, of course. I mean the investments of insurance companies, sayings banks, pension and profit-sharing plans, endowment funds, individual and family holdings, and the many various forms of trust estates.

estates.

Without exception, during the early and middle 1800's, conservative funds of this type were placed in mortgages or real estate. Then came railroad mortgage bonds, as well as obligations of the United States Government and of the various separate states and municipalities. The view of common stocks prevailing at that time is nicipalities. The view of common stocks prevailing at that time is suggested by this quotation from an opinion handed down by the New York Court of Appeals in

"The moment the fund is invested in stock, it has left the control of the trustees; its safety or risk of loss is no longer dependent upon their skill, care, or discretion; and the terms of the investment do not contemplate that it ever be returned to the trustees."

Obviously, the atmembers has

Obviously, the atmosphere has changed since 1869, and in fact, during the 20 years since 1934, to take an arbitrary period. Today

\*An address by Mr. Strong before the 80th Annual Convention of the American Bankers Association, Atlantic City, N. J., Oct. 18, 1954.

By BENJAMIN STRON President, United States Trust Company of New York

Pointing out that the conservative investing of funds has been revolutionized during last half-century, Mr. Strong analyzes the various factors and elements that have brought about a "big change" in investment practice. Finds inflation is largely responsible for making common stocks a necessary part of conservative investment fabric. To inflation, may be added the government's "cheap money" policy along with the coming of maturity to American industry. Finds increased responsibilities and need of skill in making investment.

it is indeed a rarity if any of the look closely at the reasons why funds I have listed do not use we are there, and how we can common stocks to some degree. As we all know, legal requirements have been relaxed over the years; and other parties have lieve it would run about as folbeen removed. In addition, public lows: The United States has opinion, both amateur and pro-emerged as the financial center of opinion, both amateur and pro-fessional, has accepted this liner-alization and is now committed to the granting of broad investment powers.

I should like to try to analyze briefly the various factors and elements that have brought about this big change in investment practice and to discuss somewhat more fully the implications of the big change itself, particularly as these implications affect those of us engaged in trust investment policy.

#### The Impact of Inflation

To begin with, I do not believe that inflation accounts for the whole movement, despite the fact whole movement, despite the fact that majority opinion would probably give it as the principal reason for the present broad use of equities. The funds that I am discussing have permanence; they have a continuing investment problem, in good times and bad. Furthermore, I am sure there is no one in this room who has the temerity to say that he will have the wisdom to eliminate, or substantially reduce, equities from his trust accounts before the next deflationary period comes.

stantially reduce, equities from his trust accounts before the next deflationary period comes.

The fact is that common stocks embarkation on the deep and are now a necessary part of our conservative investment fabric; and they will stay so, in good times and bad, war and peace, inflation and deflation. We will, therefore, have to take the inevitable hazards involved; and by careful selection and timing, we must keep these risks to a minimum. In short, we are in equities for all time; and we had better

The second development in the direction of cheap money in the dir

lieve it would run about as fol-lows: The United States has emerged as the financial center of the world, and the United States dollar is now the free world's hard currency.

what does that rather stagger-ing role involve? It means prin-cipally a cheap money center, such as London has been for generations. This country became a cheap money center quickly and dramatically in the early '30's when two seemingly unrelated developments brought it about almost overnight. In 1933 the Federal Reserve authorities issued a eral Reserve authorities issued a regulation prohibiting the payment of interest on demand bank deposits. This immediately made it possible for the commercial banks to lend profitably for the spread between what they received in interest from borrowers. In a real sense, this put a theoretical ceiling on the prime bank lending rate, and thereby substantially reduced the fluctuations, as well as the inflationary influences involved.

# Development of Cheap Money Policy

stocks? The answer is that it reduces materially the range of price fluctuations, and therefore the market risks in the fixed-income portion of the portfolio. Violent and often rapid changes in the prices of long-term bonds, as well as preferred stocks, now appear less likely than in years past.

the investor today than in the past. The self-regulation of our stock exchanges and the supervisory measures taken by the Federal Reserve System and the Securities and Exchange Commission have sharply reduced the excessive speculative influences that prevailed for so many years.

Trust funds of all categories cannot, and must not, be subjected to violent and sudden price fluc-tuations brought on by unsound, speculative positions and manipulations. We, as investors, may be in a position to guard against broad price movements due to the varying complexities of our econ-omy or to the changing character of a particular industry or company; but we cannot cope with the contrivings of the gambling element that in years past has often brought disaster to the conserva-tive investor. It can be said, I be-lieve, that we now have a climate in which we can function in common stocks with reasonable expectation that we can buy or sell in a broad market of accentable in a broad market of acceptable stability.

### The Influence of the Coming of Maturity to American Industry

Influence number three is the changed aspect of American in-dustry in the past 50 years. It has passed through the growing pains passed through the growing pains of the late 1800's and the early 1900's to the full maturity of the mid-Twentieth Century. Corporate management now inspires confidence; and its willingness, even eagerness, to discuss facts, figures, and policies with investors gives the opportunity for mutual understanding that has never existed before. Furthermore, the financial position of industry is, for the most part, sound. dustry is, for the most part, sound. Surely the corporations of this country are today more worthy of our investment consideration than they ever were in our history.

#### A Summary

So, to sum up the reasons why we are justified in being interested in equities for our trust funds, we have:

- (1) A more stable interest rate
- (2) A more favorable equity market in which to function.
- (3) A more mature industrial climate in which to invest.

What then are the implications

and impacts of this big change? What does substantial investment in equities demand of us who are responsible for trust funds?

To me, nothing in the history of trust investment has had more far reaching effects than this big change. In a sense, it alters the whole character of our business, and should radically change our approach to investment problems and methods.

In years past, we were largely investors in debt, usually protected by a mortgage or other secured position. For such investments we have had services to provide ratings of quality, and in many states we have had approved many states we have had approved legal lists to protect us. In a num-ber of states, New York for one, practically all wills and deeds written 30 or more years ago car-ried these restrictive legal clauses. As the years have passed, how-ever, a gradual relaxation has come; and I would guess that in the future there will be very few trusts that do not carry broad investment powers.

Obviously, these broad powers demand more skill, experience, and knowledge if they are to be successfully executed. Full discretion carries a great responsibility and demands a high degree of professional skill. The techniques used in supervising a legal bond portfolio, or any bond portfolio for that matter, are far from adequate for handling a diversified list that includes a goodly percentage of equities. The highest degree of ability and experience is needed in the trust investment personnel, with mature un-Obviously, these broad powers ment personnel, with mature un-derstanding at the management level and in the committees in-volved in policy decisions. Pervolved in policy decisions. Per-functory trust committees or those composed of officers and direc-tors having little financial and investment experience may well be subjected to a critical eye. No matter how heavily the commercial banking side may predomi-nate, I am sure that every bank president realizes today that the trust department can never again be considered a routine operation, a necessary evil, or a sideline. It must be recognized now as an operation that requires the very best talent and highest degree of knowledge available.

Sources of information must be

broadened. No longer is it possible to run a trust portfolio from the pages of a manual or a rating Investment officers must study industries and companies at first hand, or have available to them the reliable opinions of those who have this knowledge. Wise

Continued on page 41



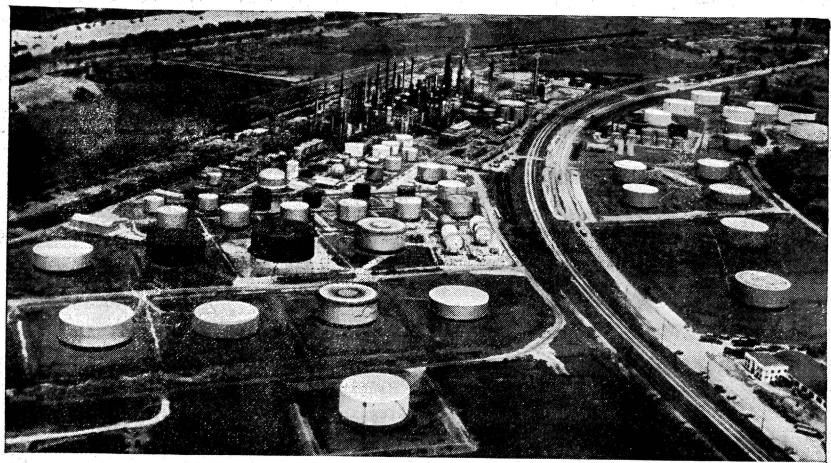


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# Our State Banking System—Past and Future

The fact that this is the 80th convention of the American Bankers Association testifies to the heritage of cooperation and mutuality of purpose which

is yours as A merican bankers. To-

day I want to



talk of the contribution of the state banking system to the building of this heritage. For although you each op-erate under

mental authorities, your banks nevertheless constitute a system with an historic past and a challenging future.

This American

This American system of state banking is unique in structure; it is imposing in strength; and it is dynamic in performance. Comprising more than 9,000 banks, state banking extends into every section of the nation—meeting the daily requirements of millions of farmers, manufacturers, merchants, and consumers. With assets totaling about \$85 billion, state banks account for almost two-thirds of the number of all commercial banks; in many states, the proportion is still higher; and in 10 states, four-fifths, or more, of all commercial banks are operating under state charter.

of all commercial banks are operating under state charter.

Probably there is no better testimonial to the inherent vitality of state banking than the history of its progress to its present stature. The beginning was not easy, for a movement to abolish banking appeared early in our history. When the earliest bank failures occurred—at about the time of the War of 1812—the fact that they were unexpected immediately unexpected immediately decades. This feeling was inten-

\*An address by Mr. Cook before the 80th Annual Convention of the American Could not, do. Some of the abuses Bankers Association, Atlantic City, N. J., Oct. 18, 1954.

By H. EARL COOK Chairman, Federal Deposit Insurance Corporation

Characterizing the American state banking system as unique in structure, imposing in strength and dynamic in performance, Mr. Cook traces history of state established banks. Lays defects and early failures of state banks to the novelty of banking, and points to improvements and remedies that have taken place. Finds dual banking system healthful, and sets forth a few suggestions for further improvement in state banking systems.

rency supply began to bewilder ignorance, rather than design, the average citizen. Each bank while some of the opposition was issued its own notes, choosing its an understandable reaction to a own size and color. Counterfeiting new and misunderstood business. The deep depression of the late lated notes, as well as the notes of nonexistent banks, added to the confusion. No businessman could eliminated many banks which had the way to of his own. of nonexistent banks, added to the confusion. No businessman could be sure of the value of his currency until he consulted the "banknote table," published daily in the local paper.

#### An Antibank Mania

The wave of antibank feeling which swept the country did not consist merely of criticism or dislike—of which we all have occasionally been the victims—but instead took the form of insistent demands for the outright abolition of all banks. "Destroy the banks" was the cry heard in many quarters, and not a few of these were heeded by state legislatures. At one time, no fewer than nine

states forbade banking. Several states forbade banking. Several incorporated such prohibitions in their constitutions. Other states, while permitting the operation of banks previously started, placed great obstacles in their paths in an undisguised effort to eradicate them. There have come down to them. There have come down to us many stories of those who understood the importance of banking to the growth of the nation and therefore fought to preserve and improve the banks.

As we look back upon this period, it is evident that one of brought to life an antibank senti-ment which was to be of great that one of the basic difficulties was the very significance for the next few novelty of banking. It was a time sified as the nation's fickle cur- public were learning how banks

flagrantly violated the canons of flagrantly violated the canons of sound banking and left the way clear for the state banking system to enter what we might term its "golden age." Antibank feeling gradually subsided; and, for 20 years beginning in 1845, the system flourished and introduced many of the great improvements many of the great improvements which ever since have been hallmarks of American banking.

#### Clearing House Development

We can cite first in this connection the development of the clearing house. It is not likely that today's highly complex business of banking could operate without a clearing mechanism. For a long time, clearings were conducted on a primitive basis even in the largea primitive basis, even in the largest cities. Messengers from est cities. Messengers from each bank would make the rounds daily or sometimes weekly or monthor sometimes weekly or monthly in the western and southern states — returning notes, checks, and other obligations. It was recognized quite early that a change was necessary, but it was difficult to accomplish this in such a bighty individualistic industry. a highly individualistic industry. The forerunner of the modern clearing house was established in Boston in the middle 1820's when period, it is evident that one of Boston in the middle 1820's when the basic difficulties was the very the Suffolk Bank made arrangenevelty of banking. It was a time when both the bankers and the public were learning how banks operated and what they could, and could not, do. Some of the abuses "country banks" received in the were undoubtedly the result of course of business.

The first modern clearing house was established in New York City in 1853. In the beginning, there was strong opposition to the idea that one central office handle daily clearings. However, this opposition, which came largely from the older bankers, gradually subsided, disappearing entirely when it became apparent that the clearing house was fulfilling a long-needed function. The idea soon spread to other cities; and at the time the national banking system was established, clearing houses were in operation in Boston, Philadelphia, Baltimore, and New York. The first modern clearing house York.

Deposit insurance represents another contribution of the state another contribution of the state banking system prior to 1860. In 1829 Joshua Forman, a public-spirited merchant from central New York State, proposed to the then governor, Martin Van Buren, that the disastrous consequences of hank failures might be mitithat the disastrous consequences of bank failures might be mitigated by a system whereby the banks provided an insurance fund for the redemption of the obligations of failed banks. Mr. Forman, incidentally, conceived this idea while visiting Canton, China, where the so-called "Hong Merchants" made themselves mutually responsible for the debts of a failing member. New York immediately adopted his insurance plan, which in some ways was quite similar to Federal deposit insurance; and within the next 30 years, five other states followed this example.

The record of these early state

The record of these early state insurance plans shows that depositors and noteholders of failed banks received, in most instances, a degree of protection never be-

fore available. Most successful were the systems of Indiana, Ohio, and Iowa. Substantial protection was also received by creditors of failed banks in New York and Vermont during this period. Eventually most of these systems came to an end because the charters of the participating banks expired or the participating banks expired or because of their conversion to national banks.

#### Development of Bank Supervision

A third significant improvement in banking, originating under the state banking system, was the development of modern techniques of bank supervision. When banking began in this country, supervision was virtually nonexistent; it was not even considered within the authority of the state! What supervision there was took the form of reports of condition, but this was done only because in most instances, the state was a stockholder. For example, as late form of reports of condition, but this was done only because in most instances, the state was a stockholder. For example, as late as 1837 the right of the state of Louisiana to exercise supervisory authority over two banks was denied by the bankers on the grounds that the state held no stock in their banks.

In many states, it was found that the early reports of condition to the legislature were both inadequate and irregular. Consequently,

quate and irregular. Consequently, members of the legislature were sometimes appointed to determine the accuracy of these statements. These were the first bank examiners, but it should be noted that their examinations were limited to an investigation of the correctness of the totals shown on condition reports: a x a miners were rarely permitted to appraise the actual condition of bank assets.

When New York was consider

ing adoption of its pioneer insur-ance program in 1829, the charge that insurance would place a premium on reckless banking—to the detriment of the well managed banks—was soon raised. It became obvious that if the banks were to obvious that if the banks were to be mutually responsible for each others' action, then, at the same time, there would have to be de-veloped some method of prevent-ing unsafe and unsound banking. Consequently, in the same act which provided for insurance, the New York legislature introduced New York legislature introduced a revolutionary concept of bank supervision: (1) Examiners would be appointed to devote full time to, and receive adequate compensation for, the examination of banks; (2) They would be given unrestricted access to bank records and could recommend the closing of a bank for unsafe and unsound banking practices; (3) Examinations would be made at regular intervals.

As we would expect, there was considerable opposition to this

As we would expect, there was considerable opposition to this proposal. Most of the opposition to the insurance legislation was directed not against insurance itself, but against the hitherto unheard-of idea that banks should be examined by trained individuals specifically appointed for that task. However, the merits of such a policy soon became evident; and, without exception, every state without exception, every state which adopted bank-obligation insurance made provision at the same time for a system of bank supervision. Many other states which did not provide for the in-surance of bank-obligations also adopted similar supervisory pro-

There were many other advances made during this aptly termed "golden age" of state banking. Among them: management techniques were improved; ment techniques were improved; capital positions were strengthened; state participation in banking largely disappeared; and, in many states, banking systems were developed which, to this day, have been unsurpassed in strength and integrity. Needless to say, all the problems had not been solved—particularly in the frontier

# A Great Milestone in Connecticut Banking

On July 1 of this year, The Hartford-Connecticut Trust Company and Phoenix State Bank and Trust Company merged to form The Connecticut Bank and Trust Company. This notable milestone in Connecticut banking brought together two strong and progressive banks with a rich heritage of service to our State.

Today, The Connecticut Bank and Trust Company has 21 offices in 13 thriving Connecticut communities...Through these offices and with its greater financial capacity to serve, The Connecticut Bank plays a major role with Industry and Business which contribute so much to the National Economy.

> Charles A. Lillie Honorary Chairman of the Board

Lester E. Shippee Chairman

John B. Byrne Chairman of the Executive Committee

Raymond C. Ball President

# THE CONNECTICUT BANK

AND TRUST COMPANY

states — but the progress which had been made justified the fondest hopes of state banking enthusiasts.

#### The Impact of the National Banks

In 1861 the period I have just reviewed came to an abrupt end reviewed came to an abrupt end with the outbreak of war between the states. There was a fear that the state banks would not be equal to the task of assisting in its financing; and although the problem of a currency supply consisting of many varieties of notes was gradually lessening, there were many who felt that there should be a more uniform currency. Conbe a more uniform currency. Consequently, a system of banking under federal charter was proposed, and finally adopted in 1863.

At the beginning of that year, all of the chartered banks in the

At the beginning of that year, all of the chartered banks in the country were operating under state sanction; but within about five years, the number constituted less than 15%. As a matter of fact, toward the end of the 1860's, there were less than 300 state banks; and few doubted that they were witnessing the death of a great state bank system. The contest was marked with bitterness, since it was common knowledge that many supporters of the national banking system hoped through this new act to eliminate the state banks forever. Actually, for the first two years after passage of the National Bank Act, the state banking system seemed to be waging a winning fight. At the end of 1863, there were only 66 national as compared with 1,466 state banks; by the end of the following year, there were still relatively as compared with 1,466 state banks; by the end of the following year, there were still relatively few national banks although the number was now 467. It was becoming clear to the proponents of the national banking system that their act had to be revised and additional measures adopted to encourage acceptance of the new system.

system.

In 1865 the national banking act was thoroughly rewritten to make it more attractive to state bankers. But more important, a Federal tax of 10% was levied on the notes of every state bank. Except for the larger cities, where the state banks had developed a large deposit business, this seemed to state banks had developed a large deposit business, this seemed to be tantamount to a prohibition of state banking. In areas of the country where bank notes were essential to the operations of farmers and business men, the typical state bank had either to close or join the national banking system. system.

We can see the effects of these 1865 measures in the cold statistics of banking. By the end of that year, the number of national banks had increased from 467 to 1.294 while state banks declined from well over 1,000 to only 349. This trend continued during the next few years until it appeared by the end of the decade as though the state banking system was about to disappear entirely.

We all know what saved the state banking system: deposit banking began to grow in giant strides. In the years prior to 1860, deposits had been smaller than the yolume of circulating notes; but their subsequent growth was

but their subsequent growth was so rapid that by the middle 1880's deposits were more than four times deposits were more than four times as large as circulating notes. The state banking system took a new lease on life beginning in 1870; and in about 20 years, the number of its banks once again exceeded the number of national banks.

When we reflect on the numerous developments which have occurred in American banking, one of the most important was emer-

curred in American banking, one of the most important was emergence of our dual banking system, for the outcome of that contest between two great banking systems was a victory of neither one nor the other. It was another step in the ladder of America's economy. It was not realized at that time that there was room for both

systems, and even more important, that free-enterprise banking would actually be more effective with two healthy, systems, rather than with only one.

Summing Up the Heritage of the State Banking System

How can we best sum up the heritage of the state banking system? I would say that it is the ability to adapt to changing readily and conditions without

Summercial and Financial Curonice

systems, and even more important, of meeting the financial needs of the essential function of meeting the financial needs of the state banking system of meeting the financial needs of the local community and the nation. Of course, we are all interests of federal deposit insurance; but, more important, good bank supervision. Not to the success of federal deposit insurance; but, more important, good bank supervision is vital to the basic interests of each individual banker. The rules under which examiners operate are quently, it is appropriate now to suggest an important way in which the basic interests of each individual banker. The rules under which examiners operate are quently, it is appropriate now to suggest an important way in which the basic interests of each individual banker. The rules under which examiners operate are quently, it is appropriate now to suggest an important way in which the basic interests of each individual banker. The rules under which examiners operate are quently, it is appropriate now to suggest an important way in which the basic interests of each individual banker. The rules under which examiners operate are quently, it is appropriate now to the basic interests of each individual banker. The rules under to those who will follow. Consequently, it is appropriate now to the basic interests of each individual banker. The rules under to those who will follow. Consequently, it is appropriate now to the basic interests of each individual banker. The rules under to those who will follow. The measures developed out of an example of job you want them to do.

It may surprise some of you to know they should



# EXTRA HELP WHEN YOU WANT IT!

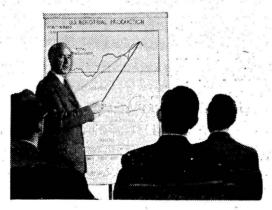
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National City's correspondents call on the Bank's 71 Branches in Greater New York, 57 Branches overseas, 142 years of banking experience, and up-to-date, high speed operating departments whenever and wherever they can be useful.

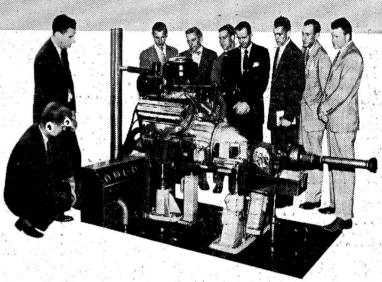
These are all important reasons for using National City as a New York correspondent, but National City's friends agree that the most important extra service they get is the Bank's well-trained, seasoned, loyal staff. (Including 2,654 members in the Bank's Quarter Century Club with aggregate years of service reaching nearly 100,000.)

National City has long recognized the importance of extra training to promising staff members. Throughout our organization you will find key positions filled by officers who came to us from all parts of the country and who have taken part in our specialized training programs. As a matter of fact, our present Chairman, who came from Vincennes, Indiana, was a member of our College Training Class of 1916.

So, to help you help your customers anywhere in the world, one New York correspondent—The National City Bank of New York—is ideally equipped with the resources, facilities, and trained people to assist in any banking problem.



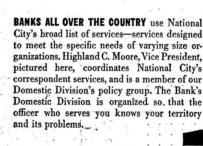
EXECUTIVE TRAINEES, many of whom will one day move into positions of responsibility, are selected for leadership po-tential demonstrated on the job or for their academic back-grounds. Training consists of a formal course of instruction by Bank officers, supplemented by rotation through major Domestic and Overseas Departments of the Bank. Here George B. Roberts, Vice President and co-editor of the Bank's Monthly Economic Letter, shows how to interpret broad economic trends.



YOU AND YOUR CUSTOMERS can be confident that the National City officer who serves you has first hand knowledge of your problems. As part of our continuing effort to be sure our men have a complete grasp of America's complex economy, each year National City Foundation sponsors a six-week tour of the country's leading industrial centers. The Tour is made up of promising Citibankers. Here a group inspects an automobile plant.



TRANSIT, BOOKKEEPING and other operating personnel are trained in a completely equipped model bank, comparable to one with \$50,000,000 in deposits. Here new National City employees learn basic bank operations on a full-time, full-pay basis. Conducted out of the mainstream of day-to-day business, so as not to interfere with regular Bank work, the Training Center overcomes fundamental problems of on-thejob training. Curricula for these training courses are available to our correspondents.





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# The Atom and Electricity

By GWILYM A. PRICE\*

President, Westinghouse Electric Corporation

Mr. Price, prefacing his remarks by stating that "the human race is still only

scratching the surface of atomic power technology," describes problems of designing an atomic plant for generating electric power. Reveals that first large

scale atomic power plant is being built 25 miles west of Pittsburgh, and will be able to service 100,000 inhabitants. Foresees no atomic power threat to

utilities because: (1) atomic plants will use same equipment as steam plants;

(2) increased demand for electric power means no useful power plant will be

It has occurred to me that some observations of mine on the progress that is being made in bring atomic power directly to
American in-



you as bank-I do not need

to tell you that I am not an expert on the subject, or to point out that

neering degree I hold was con-ferred on me rather recently in a moment of academic liberality. moment of academic liberality. But I have been exposed to this atomic program for a number of years. I figure, moreover, that I may be just the person to explain a complicated technical subject like atomic power to a group of bankers. If I can understand what I have written out here, then I know that all of you certainly can.

You will remember that the histransferred control of atomic energy from military to civilian hands and made it a government monopoly. Since then, the Federal Government has appropriated more than \$12 billion for atomic more than \$12 billion for atomic energy development.

As some one once pointed out, you spend a billion here and a billion there and it begins to mount up into money. This must be very discouraging to Mr. Hughes. In the eight years of civilian control of the atom, developments have gone forward on several broad fronts.

One has been in military weap-One has been in military weapons. Another has been in direct
civilian uses that cover a wide
and varied range, including the
photographing of the insides of
steel castings; exposure of agricultural seeds to radiation, to
speed up the rate of changes in
their hereditary characteristics;
the diagnosis and treatment of

\*An address by Mr. Price at the 80th Annual Convention of the American Bankers Association, Atlantic City, N. J., Oct. 20, 1954.

dustry and in-directly to the peaceful serv-ice of our people may be of interest to you and may even

> displaced; and (3) civilian use of atomic power is still some years away. sources in gauges to measure and keep uniform the thickness of metals, rubber, plastics and coatings as they go through the production lines. Radioactive isoonly engitopes have been described as pos-

> > thousand years.

Power to Generate Electricity

Still another area of develop-ment is in the field of atomic power—power to propel ships and power to generate electricity. The and electricity are my subject this morning.

This year the Atomic Energy Commission began a special five-year, \$200-million program for de-veloping reactors for industrial power. There are almost as many different kinds of reactor concepts as there are moves in a chess game; and so in this program the Commission is exploring five dif-ferent approaches at once, in somewhat the same way that dur-ing the war the Manhattan Project explored four different ways of obtaining material for the atom bomb. Westinghouse is carrying bomb. out the work on one of these re-actor approaches—the only ap-proach now scheduled for construction of a full-scale plant.

Now, any or all of these methods may prove satisfactory. Or, as was the case in making the bomb material, several may prove to be practical; and one or two may turn out to be outstandingly successful. The evidence required for any sort of solid judgment at this point is just plain lacking,

scratching the surface of atomic reactor and primary coolant cir-power technology. I must talk cuit intended as a heat source for most extensively this morning generating 60,000 or more kiloabout our own work, in terms of the experience of our company and our people working in this field. This is simply because that is what I know best. sibly the greatest new research tool since the microscope — and that dates back almost half a

It was one year ago this week that Thomas E. Murray, a member of the Atomic Energy Com-misssion, announced the award to Westinghouse of the first contract for developing and designing an atomic plant primary system for generating civilian electric power.

Like any other power plant, the atomic variety starts with the fuel and its container. The theory of a nuclear reactor is superficially simple. When Uranium-235 atoms are smashed and fly apart, the fragments strike other atoms and produce enormous amounts heat. In the most common variety of atomic power plant, the heat is picked up by a "coolant" or fluid and carried to a boiler similar to a steam boiler fired by oil or coal. The coolant, flowing through pipes which ear in context with rester The coolant, flowing through pipes which are in contact with water, converts that water into steam. The steam turns a turbine, just as it does in any conventional installation. All we have to do is design and engineer this atomic plant in detail, put it together, and make it do exactly what it is supposed to do. Unfortunately, that is not quite so simple as the that is not quite so simple as the

Where the scientist leaves off Where the scientist leaves offer and the engineer takes up, and especially where the work overlaps, is the point at which problems become intense. Except for the genuis of the scientist, of course, there would be no such thing as a reactor. But this very fact has tended to divert attention from the painful greative role of from the painful, creative role of the engineer, who must bring the scientist's dream down to earth and make it into a working struc-ture of fuel elements, control mechanisms, moderator, shielding, pipes, pressure vessel, heat ex-changer, and all the other specially adapted gear that comprise an atomic power plant atomic power plant.

#### The Power Plant Undergoing Construction

Last March, after receiving and analyzing nine proposals, the AEC accepted an offer made by the Duquesne Light Company of Pittsburgh. The offer stipulates that Duquesne Light will furnish a site for the entire project, will build and pay for an electric generating plant, will contribute \$5 million toward the cost of the reactor plant, will operate the reactor portion of the plant and bear the labor costs thus entailed, and wlil waive any reimbursement by the government if the contract is terminated. In addition, Duquesr Light will buy steam produced by the reactor plant at a rate equiv-alent to 8 mills per kilowatt hour.

This first large scale atomic ower plant is being built on the outh bank of the Ohio River, about 25 airline miles west of turbines, generators, transformers, Pittsburgh. Our general specifi- and other conventional equipcation is to develop, design, build, ment?

diseases; and the use of radiation since the human race is still only and test a pressurized light water watts of useful electric energy. This is about enough to service a city of 100,000 inhabitants; and as far as I know, it is the largest power nuclear plant now being built. We expect that it may start sending out power in 1957.

#### The Basic Design

The basic design of the plant has for some time now been an established reality. You may be established reality. You may be interested in a few details.

The most interesting and highly

developmental part is, of course, the reactor core. It may be about 6 feet in diameter and 7½ feet high—and may require a pressure vessel about 9 feet across and 28 feet high. The heat-generating material will be uranium and more than 10 tons may be used in the first core. As the reactor operates, it will produce plutonium, which in turn will be burned up. Thus we will derive power both from uranium and plutonium. The coolant will be ordinary distilled water. In fact, we call the plant PWR—meaning Pressurized Water Reactor—by reason of the fact that water under pressure will be used.

The reactor which provides the heat, and the heat exchangers which generate the steam, will be placed underground in concrete and steel structures. These underground structures will provide safety insurance over and above the many protective devices built into the reactor itself. The entire primary plant will be encased in a steel container, to confine any radioactive materials which might escape from the plant as a result of an accident. Actually, however, accidents are extremely improb-able, because pressurized water reactors can be designed in such a way that they are inherently

There are other features which frankly, I do not understand in all respects; and some which I could not talk about if I did. One final point, however, is worth stressing. This PWR plant which Duquesne Light will operate demonstrates two things beyond any doubt. American private industry is willing to invest large blocks of capital in harnessing the atom, ar is able to invest that capital.

Now, I have not talked too often on this subject before, and I have tried hard to imagine myself in your place in the audience; and it has occurred to me that there may be several questions I would want to ask if I were down there and you were up here. With your permission, I would like to ask and try to answer those questions.

# What Effect on the Utility Industry

First. What is atomic energy derelopment going to do to the economics of the utility indus'ty?

That is, what is going to happen to the industry's investment in

The answer to that is nothing is going to happen. I say that for reasons.

In the first place, atomic power plants will use much the same equipment and facilities as coalequipment and facilities as coalfired steam plants. In the present
state of the art, we anticipate that
the "uranium boiler" will simply
take the place of the coal boiler.
The generators and transformers
will be of the same types. The
turbines may be essentially the
same as those now being used.

In the second place, the demands for electric power in the
decades ahead will be so stupendous that every resource that is

ous that every resource that is practical and available will be practical and available will be needed and used. Atomic power will enter the picture as another major source of energy, not as a replacement but as an essential

replacement but as an essential supplement.

The rate of growth of electric power in this country has been about twice that of the rest of the economy. In order to satisfy our ravenous hunger for power, installed generating capacity has doubled every 10 years in this century, until it now stands at 100-million kilowatts. I believe it will continue to double in future decades. Our population will pass 200 million by 1980. Extraordinary power demands will come into play for air conditioning, industrial automation, refinement of low grade ores, manufacture of

dustrial automation, refinement of low grade ores, manufacture of high grade metals, better lighting, and more home appliances.

With a constant labor force, merely in order to obtain the 23% increase in physical output called for by population increase, industry must step up its use of electrical energy 54%. The utility man probably will have to increase his investment by \$35 billion or more in the next 10 years. If I were in your place, I'd lend it to him. He's a member of an efficient industry that ranks right along with atomic energy itself in along with atomic energy itself in rate of development.

#### Atomic Power Still Some Years Away

In the third place, the wide-spread and extensive use of atomic power for civilian purposes is still some years away. We speculate that in 1964, the total amount of atomic power installed may be in the negihborhood of 2 million kilowatts. This would be 1.2% of the total installed capacity anticipated by that year. Some experts have estimated that by the year 2000, about 50% of the then installed capacity of the electrical utility industry will be nuclear-powered. In the third place, the widepowered.

utility industry will be nuclear powered.

If such an estimate proves to be correct, there will still be in operation two or three times as much generating capacity, using coal, oil, and gas, as is in existence today. So you see, present equipment is not going to be obsoleted until it wears out—or until it becomes economicaly advisable to retire it. Thus the generation of atomic power will find its application in an orderly fashion.

This conclusion is more than a casual one. Westinghouse has backed it with some \$50 million invested in new plants and facilities to increase and refine our knowledge of the thermal cycle

knowledge of the thermal cycle and the steam turbine.

A second question I might ask is this: Why do we need mass production atomic energy at all in view of our rich resources in coal,

view of our rich resources in coal, oil, and water?

The answer, I think, lies in the undeniable fact that we are on the road to depletion of some of our sources of energy, and with others are approaching a condition where rising costs make the continued use uneconomical. Coal will be a major but progressively limited source for perhaps 75 years or more. Within 20 to 30 years, the contribution made by petroleum

REPORT OF CONDITION OF

### FIRST NATIONAL BANK

OF SALT LAKE CITY

SALT LAKE CITY, UTAH AS OF OCTOBER 7, 1954

#### RESOURCES

			-					
	Cash and Due From Banks U. Ş. Securities (Par Value	or	i	ess)	•	•	٠	. \$26,143,768.1 . 65,854,688.1
	Municipal Obligations	•	•	•	•	•		8,159,466.7
	Total Liquid Assets .				•		٠	\$100,157,923.0
	Loans and Discounts	•				,	.,	. 15,443,749.3
	Stocks				•			. 80,100.0
	Banking House							. 1.0
	Furniture and Fixtures .							. 1.0
	Other Assets	٠	•	•		•	•	9,249.5
	Total		•	•				. \$115,691,023.9
	LIAE	BIL	.17	ΊE	S			
٠	Demand Deposits							. \$103,939,720.1
	Time Deposits	٠	•	•	•		•	. 7,192,705.2
	Total Deposits					•		. \$111,132,425.3
	Capital Stock, Common .							. 750,000.0
	Surplus							. 1,500,000.0
	Undivided Profits and Rese	rve	8		•	•	•	2,308,598.5
	Total Capital Investmen	ıt.						. \$4,558,598.5

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and natural gas seems sure to decline. These statements take into account the tremendously inapplication, since this permits excreased rate of fuel consumption in this country. Other nations are far behind us in the utilization of energy as an industrial tool. Water power, the one big replenishable to the behavior of the plant is an all-civilian reactor, with no direct military application, since this permits explication, since this permits explication into the subject without dilution of the objective or confirmation in the permits explication into the subject without dilution of the objective or confirmation in the permits explication into the subject without dilution of the objective or confirmation in the permits explication into the subject without dilution of the objective or confirmation in the permits explication of the objective or confirmation in the permits explication of the objective or confirmation in the permits explication of the objective or confirmation in the permits explication in the perm power, the one big replenishable resource, is now comparatively small scale and is not an early prospect as a major energy source. Thus, in the long range view, when we measure forecasted energy requirements against conventional energy reserves, it seems obvious that the books just do not

# Volume of Atomic Energy Is Almost Limitless

On the other hand, recoverable energy that lies in the nucleus of the atom seems almost limitless. the atom seems almost limitless. You will remember that one pound of uranium, if fully utilized, has the energy equivalent of 1,500 tons of coal or 200,000 gallons of fuel oil. Geological estimates indicate that the world's reserves of uranium recoverable for less than \$100 a ton may amount to 25 million tons. This represents energy reserves something on the order of 25 times those of the world's combined resources of conventional fuels.

Other predicted sources of light.

Other predicted sources of light, heat, and power are currently in the news, as they have been for some decades. In Europe, for instance, there have been interesting experiments in harnessing the ing experiments in harnessing the ocean tides and in utilizing the glacier power of Mont Blanc. A famous English engineer proposed that men dig a shaft 12 miles straight down and tap the earth's internal heat. I believe one oil company has gone down more than four miles in California, but I haven't heard just how hot they I haven't heard just how hot they find it down there.
Interesting and probably signifi-

cant work has also been done in uitilizing solar energy—that is, collecting heat from the sun itself and harnessing this heat as re-ceived on the earth's surface to generate electricity. The A T & T Company's Bell Laboratories have Company's Bell Laboratories have announced at least one development, and there has been sufficiently widespread activity in this field to justify Stanford University in sponsoring a World Forum on solar energy. I understand that a mine in New Mexico for some 20 years ran a small steam engine by solar energy.

A few years ago, someone spent

A few years ago, someone spent \$1 million of private capital in Vermont on a new type of windmill. It had one thing to recommend it, at least—the price of coal may go up but the price of windshould remain constant for quite a while. A 1200-kilowatt winddriven electrical generator was built—and it worked—but it could not quite compete in cost with not quite compete in cost with electricity generated from coal-burning boilers, so the project was abandoned.

All these special sources power have created considerable speculation—more speculation, so far, than power. It takes a great deal of power to light a city or to turn the wheels of American

# When Will Atomic Power Be Commercially Competitive?

Another question that is frequently asked is this: When will atomic power be commercially competitive with conventionally produced power?

The answer to that is that no one knows, and the guesses are variable. Much would depend, of course, on the cost of the conventional power where the atomic plant was located. Much would also depend on the accounting method to be used—the rate of amortization, for instance. We do know one thing: we certainly will amortization, for instance. We do after another that has tried it. If know one thing: we certainly will it had been adopted on a permanever learn how much a full-size ent basis in this country in the plant costs until we build the first field of atomic power, the results one and find out—and the second could eventually have proved disone will be cheaper, the third astrous — because we could not cheaper still. We can be glad that

much whether atomic power is or ever will be cheaper than fossil fuels. We actually have no choice in the matter. Regardless of com-parative costs, we are compelled to develop some new source of power commercially; and that power commercially; and that source apparently is going to be atomic energy. There is no other presently known way to close the gap between what we have and what we need.

The menace of Russian progress in atomic technology is ever present. As the former chairman of the Atomic Energy Commission, Gordon Dean, has said, "The Russian program operates at a high priority with highly qualified people, strong natural resources, and pole, strong natural resources, and bad intentions." Commissioner Thomas E. Murray said recently that we are running two atomic races against Russia—one for the production of atomic weapons; another for leadership in the development of nuclear energy for peaceful purposes.

#### Atomic Legislation

The final question I am going to ask for you is this: What about the atomic legislation that was passed in August?

The new act was drawn up after hundreds of hours of public and private hearings held during the past 18 months. It reflects the pull and tug of many attitudes and viewpoints. No one would claim that the new law is perfect
—no law ever is. But it does
create a more favorable climate for private enterprise—it does provide scope in which private enterprise can take hold and build for the future.

In this era of Big Government—when Government resources dwarf what even the biggest private company can muster—we tend to forget that America has something vastly bigger than Gov-ernment itself. This is American ernment itself. This is American industry taken collectively, taken as a whole. So long as Government essentially monopolized the atom business, American industry—our greatest source of physical strength—could not adequately puts its shoulder to the task of developing atomic power. Now, thank heaven, the new act will permit industry—the force which is far bigger and stronger than even Big Government—to start getting behind the atom and pushing its development.

In my opinion, then, the new atomic energy law, viewed broadly, is a great and constructive achievement of the present Congress. It will unquestionably mobilize more minds and greater resources for a broader attack than the problems of a tomic upon the problems of atomic

During the debate on the atomic During the debate on the atomic bill last summer, a certain amount of nonsense was spoken about a "give-away of public property to the predatory private intrests." Passage of the Act did not silence this charge. It apparently is to be an issue in the present election and for some time to come.

The men who voice such senti-The men who voice such sentiments, it seems to me, show little understanding of how democratic capitalism works and less faith in its principles. I do not impugn their motives; I simply believe that they are wrong. Their program of government monopoly of the basic means of production is by now a thoroughly discredited one. It has failed in one country after another that has tried it. If it had been adopted on a permaent basis in this country in the field of atomic power, the results

American industry, and we might therefore have lost ground to Russia in the race for technological advancement.

It is true that the government has invested heavily in atomic facilities and research in a government-industry partnership. This partnership has some notable successes to its credit. One example is the government-Westinghouse joint effort that brought into being the submarine Nautilus, first nuclear-propelled undersea craft in world history.

Yet the government also made an immense wartime investment in synthetic rubber, in electronics, in synthetic rubber, in electronics, in radar, in automatic controls, in jet propulsion research. The fruits of that research are being absorbed into the national economy, to the benefit of all our people, without adverse criticism. Too much stress has been placed on the unique aspects of a to mic power; too little on its similarity to other military developments that have been adapted to civilian use. Peacetime use of the atom does not depart as radically from earlier patterns as many have assumed.

in the past eight years, great progress has been made. With the new law, the way is open for even faster progress and at an accel-

erating rate.

The key to the broad and rapid development of a tomic power for civilan needs lies in the power for civilan needs lies in the use of the normal competitive forces which prevail in other American industries, and which have made those industries outstanding in comparision with the rest of the world for technology,

rest of the world for technology, per capita supply, widespread use, and low price. In the words of Woodrow Wilson, quoted recently by Dwight Eisenhower: "The highest form of efficiency is provided by the spontaneous cooperation of a free people."

Gentlemen, I had the privilege of speaking to this audience in Detroit just six years ago. I ended that talk with words which seem just as true to me now as they did then, and which seem singularly applicable to the situation in 1954. I said at that time: "Given a decent chance, permitted to operate

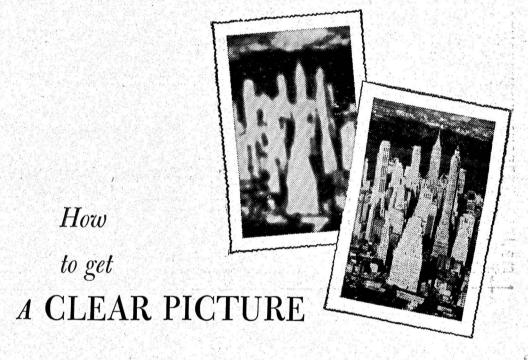
The Atomic Energy Act of 1946, as it was meant to operate, there now for the first time susbtanis nothing within economic reatially amended, was ably drafted son which this American service and ably administered. Certainly, cannot do for us. It can survive in the past eight years, great proand flourish under demands such as have never been made before as have never been made before on any system. It can endure ... everything but the hobbles which grind the machine to a halt and will not let it run free. . . . If we can restore incentive to its proper place, and keep it there, I am confident that this country and its people can reach any goals they set for themselves."

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# Banking's Contribution to a Dynamic Economy

I am very happy to have this opportunity to be here with you today. I do feel it is constructive for all of us to review occasionally

—if only as a basis for discussion — our past policies, present activities, and future program for discharging our great ing our great responsibility in providing proper credit to commerce, industry, and the individual. There is no better forum

for such a discussion than this important group, so I welcome the opportunity to make a few personal observances along these lines today.

Certainly when we survey the ac-complishments of our banking system over recent years, we find we have considerably more than doubled our loans oustanding since the end of World War II, and they have tripled in comparison with prewar. But more than this, our prewar. But more than this, our banks have shown a flexibility and willingness to adjust to chang-ing needs that have made them a key factor in the huge growth of our economy. We have only to read down the list of our current read down the list of our current activities to realize how true this is—the wide use of term loans, revolving credits and standby credits, new methods for financing utility expansion, oil production loans, the spread of consumer credit—all of these unknown or little used as recently as a quarter century ago. In war, in peace, through periods of incessant pressure, we have met the demands that were put to us with resourcefulness and imagination.

Now this past year we have faced a somewhat different situation— one that is new to the younger bankers. It has been a

\*An address by Mr. Champion before the 89th Annual Convention of the American Bankers Association, Atlantic City, N. J., Oct. 18, 1954.

Senior Vice-President, The Chase National Bank, New York City

After reviewing the banking record of past year, executive of New York banking institution points out forces for further banking expansion which will come about from an increasing population and enhanced output of old and new products. Calls attention to special circumstances now affecting bank business loans, such as corporation open market borrowing, but holds this need not displace bank credit in any substantial volume if business continues to expand. Sees need for more aid and support to business, both large and small, by banks.

for business generally, brought on in good part by a shift in our economy from the support of acarmed peace. It has posed a new challenge to us, and I believe we have met it remarkably well. Many banks throughout the nation are actually extending more credit today than they were a year ago. While this is not the case for all banks in large centers, even many of them are lending more than in the like period of 1952 or 1951— times which we then regarded as extremely active from a lending point of view. This lending ex-perience of our banks over the past year reflects developments in the economy with which you are all familiar. Yet I doubt that the general public appreciates the key contribution which the banks have made in helping to hold the business readjustment to modest proportions. I should like to review this matter with you for a mo-ment, for there is much of interest and value in the record of con-structive achievement made by

the banks since we last met.

Some of you may recall our discussion, at the Credit Conference in Chicago early this year. At that time, it was agreed that many companies would have to reduce inventories, and that inventory reduction generally would play a major part in shaping the business picture in the months ahead. So it has proved to be. In our dis-cussion, moreover, we concluded

year of transition and adjustment that the policies pursued by banks would have much to do with the orderliness of this development as well as with its impact on business generally.

#### A Satisfactory Record

Today we are able to look at the record. There is no doubt about its being a most satisfactory Banks have played their role with regard to the inventory prob-lem exceedingly well—lengthen-ing commitments where necessary, extending new credits, and pro-viding sound counsel and advice on inventory policy. Complaints that the banks have failed to stick by their customers in these less easy times must be few and far between. I for one have heard none. The results are written none. The results are written large in the experience of recent months—a gradual reduction of inventories with a minimum of distress selling and an impact that has failed to disrupt business.

Then again the banks have contributed to another scatter of the

tributed to another sector of the economy that has displayed unusual strength—the consumer and his spending. Here terms for credit have been lengthened where credit have been lengthened where necessary, and requirements for new loans have been eased for the most part. This faith in the consumer appears to be well merited, for the rate of delinquencies remains remarkably low.

Finally, our banks have never wavered in their great confidence in the future of the American economy. On the contrary, we

have continued to back this confidence with the most powerful means that we have available a steady stream of credit that has helped support the expansion of industry, as well as to maintain a high volume of construction across the country. It is highly signifi-cant that throughout the current readjustment, capital spending by industry has remained very large. At the same time, outlays for the At the same time, outlays for the construction of new homes, commercial facilities; and public works have actually been increased. We bankers cannot claim credit for all of this, or perhaps even for a major portion of it. Yet how different might the picture be if we had failed to display a confident and resourceful attia confident and resourceful atti-tude in our countless dealings with all sectors of the business com-

munity, Without question, the record shows that the policies of banks and of business generally—have paid off well over the past year. The adjustment brought on by the end of the Korean War has been accomplished with a minimum of disturbance. The national product, for example, declined only 4% at its lowest point. Industrial output fell off no more than 10%. Now there is evidence that this modest downturn is beginning to saucer out. Inventories have been reduced to more healthy levels; the decline in defense spending, which we ourselves felt in reduced loans to machinery and metal producers, is flattening out; but most important, the great elements of dynamic growth that shape American life today show no signs of weakening.

# Expanding Population and New Products

Today our population is expand-By 1975, industry must serve a market larger by a fourth than at present. Incomes are rising steadily as productivity improves y as productivity improves, and vast new middle-income market a vast new middle-income market is opening up. Huge numbers of our people are on the move, leaving urban centers for a richer life in the suburbs. Industry is at work in research on a scale never before known, designing new products and developing new ways of deing things

of doing things. Many of the new products resulting from research and devel-opment involve increased outlays business and the consumer. by business and the consumer. Television sets cost more than the radios of yesterday, and the new improved models will cost even more than the present ones. Upto-date electric refrigerators, with their improvements, cost more than the early ones. The automo-bile has doubled in price within the past 15 years and represents a much finer car. America is getting value received for all its goods, but the fact is that more dollars are needed to produce and merchandise these things for better living.

Now all this cannot help but create large new opportunities for our banks. It can be only a ques-tion of time until bank loans move on to new peaks. Such has been our history in the past, and so it

will prove to be again. We should set our long range sights accord-ingly. In the meantime, there is every indication that we shall continue to have a healthy demand for loans in the months ahead, al-though the volume may fall short of the record of 1953.

#### Special Circumstances Now Affecting Bank Loans

It may be worthwhile to pause here a moment to consider some of the special circumstances that now affect bank loans to business. now affect bank loans to business. Actually, total credit in use by commerce and industry has dropped very little when account is taken of all sources. However, some firms have been encouraged by changes in the rate structure to turn to nonbank sources to obtain a somewhat larger share of their needs—chiefly through the issuance of long term obligations and the sale of commercial paper. Now these are not developments

Now these are not developments hat in any sense are surprising; nor should they be any cause for alarm. We know that 18 months to two years ago many businesses felt it unwise to issue long term obligations, as they normally would have done, because of the rate structure. They came to the banks instead; and we were fortunate in being able to take care of their productions. of their needs, even in some cases where the usual source of funds was closed to the borrower. Today the rate structure has changed, as institutional and other investors have funds available. As a result, companies once again are expanding their long term indebt-

Then again, the rate structure in recent months has encouraged an expansion in the sale of com-mercial paper. Today the total stands at about \$2.2 billion. Corporate treasurers themselves have acquired an increasing amount of this paper, encouraged to do so by the very low rate to which treasury bills had declined. Yet I believe it is important that we see this activity in its true perspective. The increase in commercial paper since the end of 1952 has been less than \$200 million and been less than \$300 million, and the total itself is small compared with the aggregate of our bank loans. Nor should we forget that borrowers have access to commercial paper only because their credit is fully assured through bank lines—lines which the borrower should be required to use if we are to continue their avail-ability. In the meantime, it would be foolish indeed to let this small tail wag the dog so far as our rate structure is concerned.

The activity of corporate treasurers in the open market points up another factor that has a bearing on our loans—an increase in the liquidity of certain companies. Several developments have contributed to this—cash has been freed by lower inventories, for example, and the flow of depreciaample, and the flow of depreciation funds has expanded greatly. This year it is estimated that industry will have available some \$14 billion from depreciation allowances, about double the amount set aside in 1949. While this is a huge sum, it need not displace our bank credit in any substantial volume so long as business con-tinues to expand and make capi-tal improvements on the present

#### Guidance in Capital Spending

I believe we ourselves are charged with a certain responsicharged with a certain responsibility for guidance in this matter of capital spending, whether the funds are obtained partially or wholly from a bank. Too often a good customer begins to slip because he has failed to provide himself with adequate tools to keep in the forefront of the race. We all have seen this happen. I



think particularly of certain tex-tile mills that failed to keep their machinery thoroughly modern, and could not survive the return of a buyers' market. We need to know our customers well, and be thoroughly familiar with the in-dustries of which they form a part. We should know of new types of equipment and the most recent techniques. When we see a customer slipping behind, our job is to find out why, and then try and work with him toward a solution of the problem. This is a day and an age when no business can afford to have other than the most modern machinery and equipment. In these circumstances, I can't become overly concerned about business growing so liquid that it no longer needs to turn to banks for credit.

One other circumstance that continues to affect our loans for inventory is worthy of mention. It refer to the activities of the Commodity Credit Corporation. The CCC in effect is financing The CCC in effect is financing inventories which normally are carried by the merchants and processors of our agricultural products. Unfortunately, this activity will continue as long as such products sell around the support price. But offsetting this development, at least to some extent, is another trend. This is the tendency of many seasonal producers to spread their operations to a year-round basis, thereby expanding their need for credit to carry inventories of finished carry inventories of finished products.

In spite of all these special circumstances—the return to long term borrowing, heavier sale of term borrowing, heavier sale of commercial paper to corporate treasurers, increased liquidity, and activities of the CCC—our total loans to business should remain at a healthy level. As inventory buying a gain becomes normal, banks stand to gain by the resultant increase in business activity. On the whole, then, the outlook for loans can be regarded only as a most promising one. only as a most promising one.

# Responsibilities for Aiding Business

Business
Along with these opportunities that confront us, we must continue to accept the responsibility for aiding business at all levels, large and small. In this regard, we again are hearing much from Washington about the needs of the small businessman — just as though the banker had never heard of this gentleman before. You know and I know that small business has been our major interest historically. Government aid has been infinitesimal in relation to aid and support given small business by the banks, for small business has always been the backbone of our leading activities. More than this, our competitive banking system has been a key instrument for the development of small busineess into enterprises that are large. The head of one of our largest comporations today used that are large. The head of one of our largest corporations today used to call on one of my associates virtually every Friday in order to borrow for Saturday's payroll. His firm, like many others, grew to a position of leadership in less than a generation. All of you can cite many similar instances, in varying scale. It is this process, in which the banks have played a major role, that has done so much to develop our economy to its present level, with a vast improvement in living standards for that are large. The head of one of provement in living standards for all.

When it comes to talking about achievements like these—or about our continuing aid and support for small business—I am afraid that we bankers are inclined to hide our light under a basket. Perhaps this is a hangover from the days of two decades ago, when we found many of our words we found many of our words twisted and distorted. The fact is, however, that we no longer can count on having a good job become known if we stay silent. We need to broadcast the story of

banking widespread — before schools, the P. T. A., clubs like Rotary, and similar groups. Our aim should be to re-educate the American people on the significance of banking to their communities and in their daily lives. Let them know again that it is their money we are lending, and that in so doing we open up doors of opportunity for their sons with character and ability. Tell the story of rags to riches for the small concern, but point to the real moral—to the gain in employment and well-being for the takes. I am confident that Americans have come to realize that the man who makes no mistakes is the man who has never done anything.

There is no cause—no reason—for us to be on the defensive. Unlike many of our critics, who have never been exposed to the uncertainties and risks of business, we have a fascinating story which we can tell with all the authority story of rags to riches for the small concern, but point to the real moral—to the gain in employment and well-being for the ployment and well-being for the community. Nor do I think we should gloss over our own mis-

understanding and appreciation of banking by the general public is no shortage of credit anywhere gaining each year, we still en- in

counter much misinformation, correspondent banking provides even among our friends. We have full safeguards against this. But only to consider our experience with regard to the Small Business contention is again to look at the content of the provided of with regard to the Small Business Administration to see the nature of this problem.

#### No Justification for Small Business Administration

The facts clearly show that the facts clearly show that there is no real justification for the Small Business Administra-tion. If a credit risk of a small business is unsound, it is not proper to saddle the taxpayers with it. There certainly can be the country. Our system of

contention is again to look at the record. Since its new start a year ago, the Small Business Administration has made total loans of only around \$45 million. We all know this is but a drop in the bucket as compared with the billions of loans which our private banking system extends to small business each year.

In my judgment, we do not need the Small Business Admin-istration. Nor do we need its guaranties. Yet we cannot talk

Continued on page 43



 $E^{
m very\ day\ some\ 11,000\ travelength}$  elers arrive in New York by air. When their plane wings in over lower Manhattan, this dramatic, bird's-eye view of the city's financial center is spread out before them.

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Chase stands first in loans to American industry, and for many years has also been number one in correspondent bank relationships. Almost half of the banks in the country which

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# Future of Mechanization in Agriculture

Every fall at about this time we find ourselves in the middle of two seasons which have become traditional in America. One is



season, and the other is the prediction season. I must say I think the football season is more fun — and has fewer upsets. I don't know how the cus-tom of making fall prophecies got its start; but this is the time

John L. McCaffrey

when speak ers are asked about the outlook the farm equipment business or the automobile business, or the clothing business, and so on.

Almost nobody wants to be a prophet, and most of us are not very good at it. I certainly would not want to be a prophet on the short-run outlook. On the other short-run outlook. On the other hand, when we look at the long-run future in farm mechanization —which is what I have been asked to talk about—there are some basic things we do know and which we can talk about with reasonable confidence.

One of the things we know is that the United States is full of people and getting fuller. There may have been crop losses of other kinds, but the baby crop shows no sign of faltering. Every month there are more of us.

Another thing we know is that so long as there are people, they will have to eat and wear cloth-ing. Another is that, so far as we can see, their food and much of their clothing must come from the land. Another is that this production from the land will be carried on by a group of spe-cialized workers called farmers. Still another is that the farmers will require equipment of some sort to help them in their produc-

Now, of course, this is like telling you that the sun came up this morning. It is a statement of the obvious. I make it only as a pre-

\*An address by Mr. McCaffrey at the 80th Annual Convention of the American Bankers Association, Atlantic City, N. J., Oct. 19, 1954.

By JOHN L. McCAFFREY\* President, International Harvester Company

Stressing the growing population as a force requiring increased agricultural productivity through mechanization, farm equipment executive finds the major questions to be considered are: (1) the degree and speed of mechanization in the future; and (2) the general nature of technological changes. Points out farms are getting fewer and larger, while total farm acreage is increasing, and stresses higher efficiency and better education of the farmer. Explains nature of mechanical changes in farm equipment, and points out effects of mechanization as a basis for more farm credit.

liminary to some other statements which I believe are equally well founded but which may not be obvious.

When we talk about the future of mechanization in agriculture, I believe we can assume that we are really talking about the rate and nature of future mechanical progress. We can assume that we not go backward toward the horse binder and the hand rake.

Two Major Questions

There are just two major questions to be considered:

- (1) What will be the degree and speed of mechanization in the years ahead?
- (2) What will be the general nature of the technological changes in the future?

Let's take them one at a time and look at the matter of the degree and the speed of mechanization first.

The answer to this first question, I believe, is going to be governed in the future by the same factors that have governed it in the past. There are four of these factors. How much we mechanize and how quickly depends upon these things:

The number of farmers

The number and size of farms. The nature of the crops grown.

The farmer's personal values—what he considers to be the good life, for him.

There are long term trends available to guide us in predicting any of these things. Take the first one, the number of farmers. Here we have a history which shows that from colonial times down to the present, the relative number

of farmers has been constantly changed. He strives for efficiency declining and that this decline in the engineering sense of that has been accelerated in modern

Early in our history, 90% of our people lived and worked on farms. By 1870 that proportion had awindled to a little more than 1870 the proportion that a property of the prope 50%. By 1900 it was under 40%. In 1930 it reached 27%.

Since 1950 the number of people living on farms has declined at the rate of about three-quarters of a million persons per year. In April of this year—the most recent figure available—the census bureau estimated that farm population represented only 13.5% of the total United States popula-

So we have a well established, long term decrease in farm population and in the number of farm workers, whether they are farm owners or hired labor. I expect

that trend to continue.

Now, the second factor is the number and size of farms. From time to time, the government has changed its definition of what constitutes a farm, so present statistics cannot be compared with old ones. But no matter how we define it, the number of farms has been growing smaller.
In 1940, just before World War

II, the government said there were 6,096,000 farms in the United States. In the 1950 census, the number was placed at 5,382,000, a decrease of 12% in only 10 years. That decrease, too, reflects a long term trend toward fewer farms, which we would expect to find with a trend toward fewer

armers.

But we also know that once land is brought into production, it tends to be kept in production. This is confirmed by the fact that while the number of farms went down by 12% in 10 years, the total acreage included in farms actually went up about 9% in the same period.

This is a way of saying that our farms are getting fewer and larger. In 1940 the average size of an American farm was 174 By 1950 it had gone up 215 acres, an increase of 23%. The likelihood is that it has grown still larger since that time.

Now, the third factor is the

nature of the crops grown. There are fruit and other specialized crops which have largely resisted mechanization, so far. But the great bulk of American farming activity is concentrated on wheat. corn, hay, cotton, rice, tobacco, soybeans and other crops whose production requires a high degree of mechanization. One of the newer trends in agriculture, the trend toward greater use of fertilized pasture and grassland farming involves more rather than

less mechanization.

Finally, there is the matter of the values and the ideals of the farmer himself. It is no secret to farmer himself. It is no secret to you, I am sure, that the farmer as a person has been changing greatly. His educational level is much higher than it was a few years ago. His living customs and habits have become closer to those of the city man. His business ability and business methods have in the engineering sense of that word, and he is as cost-conscious as any merchant or manufacturer.

So, in answering our first question, as to the rate and the degree of future farm mechan-ization, this kind of a picture emerges:

# The Farmer Is Better Educated And More Efficient

The farmer is a well-educated and efficiency-minded producer, who wants not only to make a profit but to have some leisure time for himself and his family—to live a better life. His crops are those which require a high degree of mechanization. His mar--our total population—is rapidly enlarging. There are fewer farmers, and they operate larger

I conclude from this evidenceas I think you must also conclude—that the trend of the future will be toward a greater degree of mechanization in farm produc-tion, and that the rate of change will be fairly rapid.

Now the second question to be considered is: What will be the nature of the mechanical changes in farm equipment in the future, to meet the needs of this farmer we have been describing? Here again, I think the broad outlines

are fairly clear.

There will be, in my opinion, two kinds of mechanical changes

- (1) Changes in the source mechanical power available to the farmer;
- (2) Changes in the nature and se of the tools which he operates with that power.

Let's look first at the source of power. The primary source of power for farming operations is the interal combustion engine, either carbureted or diesel, mounted in the frame of the farm tractor. When we talk about changes in the power source, we are talking mainly about changes

in the tractor.

The first and most noticeable change is the trend toward greater power output. Almost without exception, new models of tractors in the last three or four years have been considerably more powerful than their predecessors; and this trend will certainly con-tinue up to its natural limits. Fewer farmers and more acres

require more power.

There is a limiting factor present, and that factor is weight. is essential to keep the total weight of a tractor within limits which will avoid too much compaction of the soil as the tractor passes over it. This problem can be met, as needed, in various ways through the design of the tractor engine and through the possible use of lighter metals in such engines.

But there is a definite and, I

believe, permanent trend toward tractors of larger power capacity.

Secondly, the power source—
the tractor — is being rapidly changed in the direction of greater flexibility in operation. I

illustrate what I mean, both relating to new models recently developed by my own company.

First is the torque amplifier. As you may know, the farm tractor ordinarily has five forward and one reverse speeds. The torque ordinarily has five forward and one reverse speeds. The torque amplifier is a planetary gear set installed ahead of the regular transmission and controlled by a simple hand level. It could just as readily be controlled by a push button, but that would be more lever is pulled, button, but that would be more mostly. When the lever is pulled, the planetary gears come into operation and immediately drop the tractor into a much lower gear without any declutching or shifting. The net effect is to give the tractor 10 forward and two research verse speeds.

To explain the importance of this development to a farmer, let's assume that he is plowing eight inches deep with four 14-inch plow bottoms, in third gear.

He hits one of those bad spots which frequently occur in a field. Instead of having to stop, shift gears, and start up again, he merely pulls the torque amplifier lever. Without any pause, the tractor's traveling speed is reduced 33% and the drawbar pull is increased 45%. He walks right through the hard spot as if it were not there.

We estimate that this development will enable a farmer to plow up to two acres more per day, using less fuel, and with much less wear and tear on the entire tractor.

As a second example of greater As a second example of greater flexibility, we have another new wrinkle, which we call the Hydra-Creeper. This is a hydraulic attachment, easily installed or removed, which will let the farmer operate his tractor at full throttle but at speeds as slow as one-quarter of one mile per hour. To say it another way, this creeper device lets the farmer get full horsepower while only traveling 23 feet per minute or about one-twelfth of the normal walking speed of a man.

Who wants to go that slow?

The answer is many, many farmers engaged in transplanting or harvesting operations on vegetable farms, nurseries, tobacco plantations, and other operations where slow speeds are needed for long periods of time.

At one of the great agricultural colleges in the tobacco country, engineers are already at work on the design of a mechanical transplanter to utilize this new creeping speed and permit the growth of an aromatic tobacco which has been seldom grown in this country because of the high labor requirements of transplanting. That is an example of the kind of changes which greater flexibility makes possible

Then, the third major develop-ment in the power source for farming is the application of new or altered types of power to farm

Up to the beginning of World War II, the farm tractor had been War II, the farm tractor had been developed to make mechanical power available to farmers in three ways: (1) As tractive, or pulling power; (2) By transmitting power to stationary equipment by pulleys and belts; (3) Through the power take-off shaft at the rear of the tractor, from which power was delivered to operate the mechanisms of farm machines connected to the tractor. machines connected to the tractor, such as a harvester-thresher or a corn picker.

Immediately after the war, in the late '40s, we added a fourth kind of power—hydraulic power. We installed a hydraulic pump in the tractor engine, and the new hydraulic controls greatly simplified and speeded up the farmer's greater flexibility in operation. I work by enabling him to lift, will give you just two examples lower, or regulate implements

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either mounted on the tractor or doing it much faster, much more

repulled behind it.

Electrall

Now our company has a new pre-production development which we call the Electrall and which promises to add a fifth kind of tractor power — the steady and clexible power of electricity. It has evolved from several years of intensive research work carried on by our engineers and engineers of the General Electric Company. The possibilities of the Electrall are far reaching.

The Electrall is a company to doing it much faster, much more easily and with great saving of the farmer's working time. This may not sound like much; but it can often save several hours, even half a day. That makes a great difference in the timeliness and efficiency of a farmer's work on the farmer's working time. This may not sound like much; but it can often save several hours, even half a day. That makes a great difference in the timeliness and efficiency of a farmer's working time. This may not sound like much; but it can often save several hours, even half a day. That makes a great difference in the timeliness and efficiency of a farmer's work on the farmer's working time. This may not sound like much; but it can often save several hours, even half a day. That makes a great difference in the timeliness and efficiency of a farmer's working time. This may not sound like much; but it can often save several hours, even half a day. That makes a great difference in the timeliness and efficiency of a farmer's working time. This may not sound like much; but it can often save several hours, even half a day. That makes a great difference in the timeliness and efficiency of a farmer's working time. This may not sound like much; but it can often save several hours, even half a day. That makes a great difference in the timeliness and efficiency of a farmer's working time. This may not sound like much; but it can often save several hours, even half a day. That makes a great difference in the farmer's work on the farmer's working time. This may not sound like much; but it can often save several hours, even half a day. Th are far reaching.

The Electrall is a compact elec-

The Electrali is a compact electrical generator, mounted on the tractor as a unit attachment. Power is transmitted to it from the tractor engine and is converted by the Electrall into electrical energy. Power is taken from the generator by a quick attachable cable to be applied as desired

tachable cable to be applied as desired.

The generator has three outlets. One provides 220-volt, three-phase, 60-cycle alternating current, primarily intended to drive electric motors on trailing or tractor-mounted farm machines. One provides 120-volt, single-phase current such as is used by an ordinary household circuit. The third provides power for 220-

an ordinary household circuit.
The third provides power for 220yolt, single-phase circuits.
What's so good about that?
Well, I'll tell you. We have used
it in three general ways up to
now, and there are undoubtedly a lot of things we haven't thought

of yet.

First, we can use it to operate

pulled by the First, we can use it to operate farm machines pulled by the tractor, such as harvester-threshers or hay balers. In this use, an electric motor is placed on the implement, replacing an auxiliary internal combustion engine ordinarily used. It has the advantages in this use of silence, smoothness, very low maintenance costs, and wonderful ease of control, since a push button does the work.

There is also the possibility for future farm implement design of

future farm implement design of using several small electric motors at different points on the machine instead of the present numerous belt drives and special gearing arrangements.

Second, we can use the tractor with Electrall as a power source for the operation of all kinds of portable tools anywhere on the farm or ranch, and not just where the high lines run. For example, it will power chain saws for the wood lot, or electric drills, planes, shapers, saws, and other tools for farm building projects. It will operate sheep shears or portable welding equipment. It will run a concrete mixer or floodlight a field, or do a great many other useful things.

Third, the tractor with Electrall can also be used as a source of Second, we can use the tractor

can also be used as a source of standby emergency power, within its capacity, for other electrical needs of the farm, such as household lighting, household appliances, pumps, milking machines, and other electrical equipment.

and other electrical equipment.

The potential importance of this development to farmers is great; we don't yet know how great.

I should add that we have also applied the Electrall to a motor truck, and we can do all the things with such a truck that we can do with the tractor, except for operation of farm implements.

So I thing you can look for the

So I thing you can look for the power source of farm mechanization to develop in the future along three lines: (1) Greater power available; (2) More flexible power available; (3) New kinds of power available.

Now obviously these changes will bring other changes in the machines which are actuated by the power. What is ahead in this direction?

I have already mentioned the possibility of multiple electric drives on the larger farm machines. We are seeing also a consistent development throughout the industry of new methods of attaching machines to the tractor,

We will see more and more automatic or semi-automatic controls applied to farm machines. The push button is probably go-

urban life.

I believe we will see more and more tractor-mounted machines. We want to save weight. We want to save cost. So we will go fur-ther in the direction of getting rid of wheels and axles and other parts and putting the machine right on the tractor where that is possible. That will probably lead to rather drastic changes at some point in the general design of tractors, aside from their contines. engines.

There are many farm machines. I can't attempt to detail develop-

the hillside harvester-thresher our company introduced this year.
Out in the wheat country of the Pacific Northwest, as you know, the hills are big, and they slope in all directions. The harvesting there has been a problem for many years. There have been hillside combines, as they are called, which were leveled from side to side to the they could side to side so that they could travel around the hills without spilling the grain out of the grain tank. But they still spilled because of tilting forward or back.

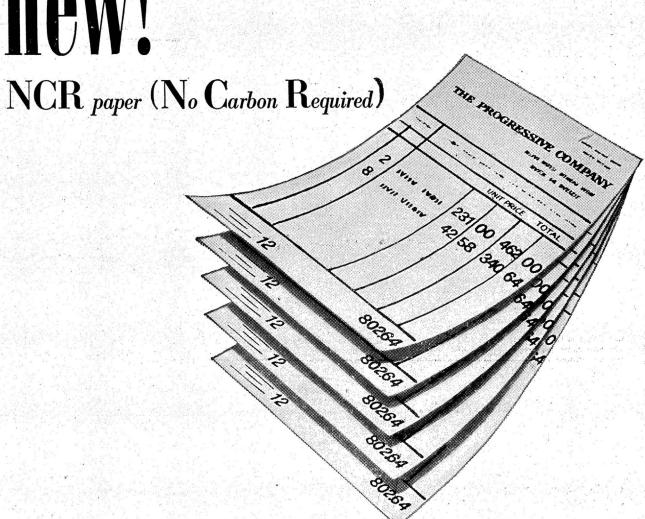
This year some of our engiments on particular machines. But just as an example of the hind of ingenious engineering that hydraulic cylinders, actuated auing to be as prominent a feature goes on, let me mention briefly tomatically by a pendulum device.

of farm life as it already is of the hillside harvester-thresher our So now we have a machine which stays level from side to side and from front to back, uphill or down, and around the curves. Not only is the body of the machine kept level, but the cutting platform is automatically located at a uniform height regardless of whether the machine is traveling uphill or down. Finally, to make it more fun and take all the work out of it, we added power steering as standard equipment.

I mention this just as an example of the kind of problemneers came up with a system of solving of which our industry is capable. You will see this ability

Continued on page 40





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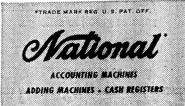
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# "1954 Most Prosperous Year In Our History": Eisenhower

President, in thevised speech at the National Security Industrial Association in Washington, says all fears of a paralyzing depression should be set aside, and, at present, the economy is working near record levels. Foresees an annual national output of \$500 billion within a decade, if seven means are taken to expand our economy. Reveals 400,000 drop in unemployment.

on October 25, pictured the national economy in a cound and prosperous condition, with pro-duction and spending at near record levels. He de-cried fears of a paralyzing deression, and et \$500 bil-



lion as a goal national output within the next decade.

The text of the President's ad-

It has been truly said that the

state of our economy is largely a mational state of mind.

For 20 long years, somewhere in the world there has been war—up until a few months ago. Thus, for almost a generation, tragedy and happiness—waste and plenty—foxholes and jobs—have been tightly joined in people's minds.

Many came to believe that these had to live together or not at all—that, without war, without the mountainous demands of the mountainous demands of the battlefield, modern industrial America would always overproduce, forcing unemployment and a downward economic spiral, ultimately cascading all of us into the terrible pit of depression. almost a generation, tragedy terrible pit of depression.

As war year succeeded war tion's economy exacted a heavy toll. It stunted growth. It warped economic behavior. It blighted

President Dwight D. Eisenhower, in a televised address delivered at Washington on October 25,

confidence and discouraged needed investments that thrive on confidence. Many of our people were frightened into grasping more for security and protection than for new opportunity and a fuller life.

But, in the past two years, there have been heartening events. They should release tremendous economic energies and, for all of us, open the door to a better, happier future. For, in two years, we have again demonstrated that America's prosperity does not necessarily

again demonstrated that America's prosperity does not necessarily depend on war's sacrifices.

Without war, our economy is working at near record levels.

Over 62 million people have jobs. The number is steadily increasing. The hours of work are getting longer. Consumers are spending at a bigher rote than ever before a higher rate than ever before. Construction records are being broken month by month. Wage rates are at their all time peak. rates are at their all time peak. Weekly earnings in manufacturing are again on the rise. Our people have more personal income after taxes than ever before. Our national production surpasses even the war peak of 1944. It is far above the levels of 1945 through 1952

1952. We know that, if we act wisely, before us is continuing expansion, with a steady rise in the living standards of all of our people.

To foster this expanding econ-

must be our government's

In so conducting our affairs, we must never lose sight of the fun-damental fact that our economy succeeds only as our people succeed. On the release of the treasure house of energy, brains and confidence of all 163,000,000 of our

Drawing on the richly varied abilities of our entire citizenry, we can foresee that in less than a decade the national output will increase from today's \$356 billion to \$500 billion. This would equal an average increase of more than \$3,000 for every American family of today. And these can be real dollars—dollars of stable buying power, not simply more dollars of cheapened value.

And while our people in their daily tasks are bringing this about, government must intelligently and vigorously do its part.

gently and vigorously do its part.

#### Dellar Value Must Be Stabilized

Government must work to stabilize the buying power of the dollar, else the value of the pen-sion, the insurance policy and the

son, the insurance policy and the savings bond is eroded away.

Government, through social security and by fostering applicable insurance plans, must help protect the individual against hardship and help free his mind from anxiety anxiety.

Government must use its full powers to protect its citizens from depression, unemployment and economic distress.

Government, my friends, must have a heart as well as a head. It must encourage, guide, backstop, supplement— but never dominate or attempt to account to the supplement. or attempt to regiment our people.

Events of recent months provide

lessons we must not ignore.

A year ago, inflation was halted.

Defense expenditures were being reduced. Wartime economic stilts that many thought were essential props for business were being cut down. New floods of automobiles, appliances and other products had swept away civilian market short-ages. We were shifting from the shortage economy of war to the

plenty of peace.

And why wasn't the result chaos and economic despair, as many

First, because taxes were cut. could devote fewer hours to meeting govvernmental obliga tions and more to their own living requirements. \$7,400,000,000 tax dollars are being left with our people to spend at a time when their buying power needed to be sustained. This saving is evident every time a citizen opens a pay envelope, goes to the movies, envelope, goes to the movies, takes a train or a bus trip, buys

MOTOR OI

wage earners with heavy medical bills, to businesses needing to ex-pand and thereby to create more the tax burden was reduced. Thus our national a d j us t men t from wartime to peacetime was eased. And our economy was

eased. And our economy was given added strength.

Second, government powers over money and credit were used to stabilize the buying power of the dollar. They were used in January, 1953, to stop the spiraling inflation which could have resulted in serious unemployment and depression. Later, as this risk diminished, the process was graddiminished, the process was grad-ually reversed to ease credit markets and encourage economic expansion. This helped people to buy homes, automobiles and household appliances. It encouraged them to construct new plants, aged them to construct new plants, manufacture equipment, build new shopping centers. It stimulated State and local public works. In these ways, our nation avoided liquidations which in the past brought on panics, widespread unemployment and despair.

The objective of these measures, I repeat, was to release individual enterprise and initiative — to maintain confidence among consumers and investors, among business men and working people.

Other measures also have helped to sustain our economic strength. Social Security was extended to 10,400,000 more people, including, for the first time, 5,500,000 farmers. Thus hundreds of millions a year were added to the buying power of our elderly people.

The protection of unemployment insurance was extended to some 4,000,000 workers not previsustain our economic strength.

some 4,000,000 workers not previ-

A new housing law helped our people acquire new homes and encouraged building throughout the country.

In carrying out farm laws still in effect, basic crops were sup-ported by loans and purchases amounting to \$1,646,000,000 in the current fiscal year. At the same time, a new farm program was carefully evolved to attack the problems of markets, production and surpluses which, for seven years, have forced a steady decline in farm income.

Strategic materials, essential to our military strength, are being purchased in an amount of \$900,-

A new multi-million dollar program for shipbuilding and repair is keeping in operation needed shipbuilding facilities and creating many jobs.

#### 'Most Prosperous' Peace Year in History

In these and many other ways, government has helped to keep our nation's economy on an even keel. And the result? This year 1954 is our most prosperous peacetime year in history.

This picture is marred, of course, by the fact that in certain industries and localities some unemployment still exists as the aftermath of war and inflation. It is a matter of deep concern to all of us when people, looking for work, cannot find it. Unemployment figures are far more than statistics. They reflect heartache—anxiety—hardship—and ultimately, loss of confidence in our mately, loss of confidence in our country's future. It is not only in the interests of the jobless work-men but for the benefit of all of us, that the problem be solved.

#### **Essential to Create More Jobs**

It is essential to create more jobs and to ease these war-born jobs and to ease these war-born hardships. Good progress is being made. Since last spring unemployment has been steadily declining. Still more progress is needed. There is certainly no comfort for us in the fact that the unemployment level is much lower today than during the recession of

a refrigerator. For all of our citi- 1949 and 1950, or in the fact that zens—from working mothers with unemployment today is less than dependents in their homes, to one-third its level in the years 1933 to 1940, when as many as 10,000,000 Americans were out of jobs and couldn't find them. . . .

I repeat that a central reason for our over-all economic growth is confidence that the American economy will meet the tests of peace. With this confidence, we shall keep on making this kind

war, fear of unemployment, fear of ourselves—fear of the future. Certainly, we know now that one such fear—the fear of a paralyzing depression - can be safely

But we must not rest. In our economy, to stand still is to fall behind. Our labor force is growing. Productivity is rising. We must do more than simply to plan against trouble or accept unemagainst trouble of accept them-ployment at its present level. Rather, we must advance toward and beyond the goal I mentioned earlier—within ten years, a na-tional production of \$500 billion.

#### Outlines Program To Increase Output

This means that we must do a number of things.

First, we must develop a for First, we must develop a for-eign economic program that will expand trade, encourage invest-ment, help bring about currency convertibility and reduce the need for direct aid to other countries. This program will expand mar-kets for our goods abroad. It will help improve our standard of liv-ing, as well as the security and solidarity of the entire free world. Our economy can grow only as Our economy can grow only as part, though a vastly important part, of a growing free world economy. Just as there is no security in isolation for America, neither is there durable prosperity.

Second, we must continue to re duce the cost of government, so we can have more tax cuts. Already in two years we have cut Federal costs by \$11,000,000,000. To the limit that national security To the limit that national security will permit, we must make more savings and return them, in the form of lower taxes, to the American people. Tax cuts will add still more to private income and expenditure. They will stimulate the continued growth of the economy. For every dollar cut down on Federal expenditures, I believe we can, with reasonable assurance, expect a two-dollar expansion in expect a two-dollar expansion in our private economy.

Third, we must give America a modern highway system. In addition to easing the nation's traffic problems, we will, by this great program, powerfully stimulate healthy economic growth and strengthen the nation's security.

Fourth, we must continue to improve our farm program. As the American farmer keeps on increasing his productivity—already the highest in the world—he must be helped to gain his fair share of the steady increase in our national income.

Fifth, we must speed the conversion of the atom to the peaceful service of mankind.

Sixth, we must work for more and better schools and homes. We must improve opportunities for teachers. We must further improve our social security system. We must provide better protection against the hardships of unemployment, ill health, poverty and old age and old age.

Seventh, in partnership states, local communities and pri-vate citizens, we must develop the water, power and soil resources of

our great river valleys.

In these and other ways, we shall continue economic progress for all America in a world at peace. Thus we shall assure every citizen of maximum opportunity

made to go together for...

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to enjoy good health and a good job, a good home and a good education, and a rising standard of living.

#### **Basic Facts That Promote** Prosperity

Three basic facts will promote this future prosperity.

population.

or Third, is the amazing variety of new products of our technology. Our population grows at a rate of five new Americans every minute. We have grown by 20,000,000 in the past ten years, by 1970 we will number 200 million. Simply to keep up with our needs for to keep up with our needs for homes, factories, schools, roads, and goods for these additional Americans will powerfully stimulate expansion of our economy. And, to provide us a higher standard of living it must expand even ard of living, it must expand even

more.

This expansion is entirely within our power. Doubters need only look at some of the new frontiers science opens to us almost daily—in plastics, new metals, peacetime atomic developments, antibiotics, television, aeronautics. Today more than twice as many of our people work in research and development as were so working a dozen years ago. America now invests four billion dollars a year in scientific research and development. No money is better invested in our nation's future.

In my own lifetime, from my

In my own lifetime, from my boyhood in Kansas to this day, I have seen automobiles, radio, television, telephones, electricity, tractors, power machinery, new insecticides and fertilizers, good roads and modern schools come to roads and modern schools come to rural America. If in this time so much could be done, I know that America's tomorrow will be still more exciting, still more produc-tive, filled with more and better things for all of our people.

We must, therefore, encourage our economy along the ways of healthy expansion and be vigilant to keep it vigorous and free.

### Lasting Peace—Our Greatest Hopes

My friends, there remains one thought, the most important of all, that I must leave with you. It is that only when we win the struggle for permanent peace can we devote the full power of this mighty country of ours to the advancement of human happiness.

vancement of human happiness.

America's greatest hope and opportunity is to make strong and lasting the present uneasy peace that has so lately come to the world. With a bright future clearly before us, we have no reason for fear. If we exercise wisdom, if we maintain our faith in the genius and energy of our people, if we avoid the centralization that is the refuge of fear, our economy will remain healthy and growing and strong.

With this strength, with this

With this strongth, with this confidence, our nation will be fortified in its quest for world peace—a quest that must never cease, never slacken, until the final goal has been attained.

#### Joins Parrish

PHILADELPHIA, Pa. -- Parrish PHILADELPHIA, Pa. — Parrish & Co., 1421 Chestnut Street, members of leading stock exchanges, announce that Stanley Bright, Jr. is now associated with them as a registered representative. Mr. Bright was formerly Pennsylvania representative of Vickers Brothers, New York.

#### Joins Morgan Staff

LOS ANGELES, Calif.-Frederic S. Funakoshi has joined the staff of Morgan & Co., 634 South Spring Street, members of the Los Angeles Stock Exchange.

### **National City Bank** Syndicate Offering **Puerto Rico Bonds**

The National City Bank of New First, of course, is our free way f life.

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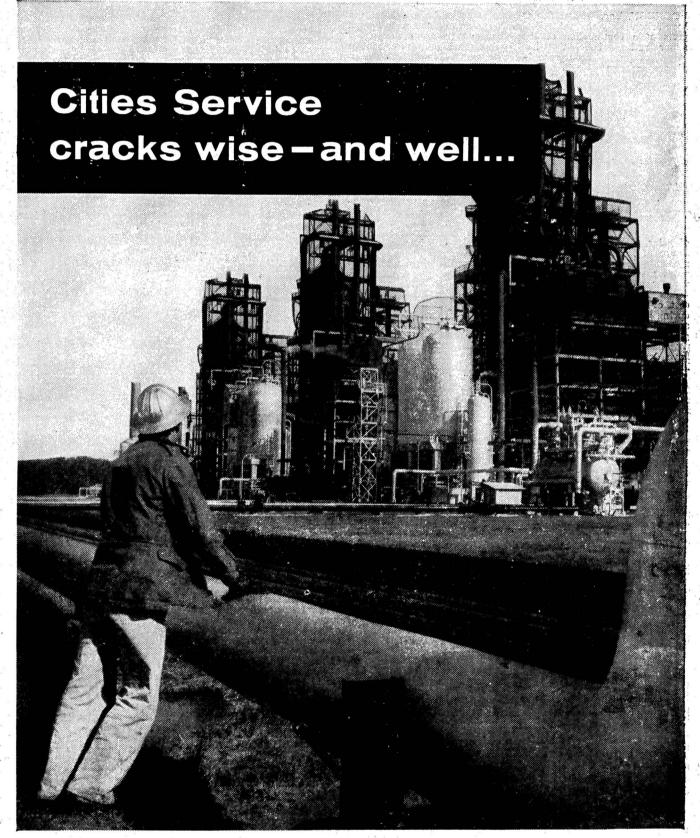
Also participating in the offer-g are: Chemical Corn Exchange ing are: ing are: Chemical Corn Exchange Bank; The First Boston Corporation; Lehman Brothers; C. J. Devine & Co. Inc.; B. J. Van Ingen & Co. Inc.; Kuhn, Loeb & Co.; Merrill Lynch, Pierce, Fenner & Beane; Banco Popular de Puerto Rico; Lee Higginson Corporation; A. C. Allyn and Company Incorporated; Stone & Webster Securities Corporation: rities Corporation;

Mercantile Trust Company, St. pany; Indianapolis Bor Louis; Braun, Bosworth & Co. In-Share Corporation; Pre corporated; F. S. Smithers & Co.; Co. and Park, Ryan, Inc. C. F. Childs and Company Incorporated; Kean, Taylor & Co.; Andrews & Wells, Inc.; Stifel, Nicolaus & Company Incorporated; F. Brittain Kennedy & Co.; Seasongood & Mayer; Lyons & Shafto Incorporated; Lakeside Se-Dulles & Co.; Boettcher and Com-

Bond Prescott &

#### To Form Ross & Hirsch

Arthur J. Ross will acquire a membership in the New York. Stock Exchange and on Nov. 4th will form, in partnership with Laurence J. Hirsch, Jr., the firm of Ross & Hirsch, members of the curities Corporation; Wurts, Exchange. Office will be located at 120 Broadway, New York City.



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

CITIES (A) SERVICE

A Growth Company

# Will the British Boom Continue? exercised a degree of restraint in Continued from page 24 the payment of dividends that was in sharp contrast with the lack of restraint of words.

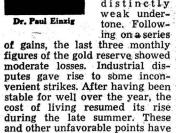
By PAUL EINZIG

Dr. Einzig, in calling attention to some recent setbacks in the business boom in Britain, finds that, despite some grounds for pessimism, the atmosphere remains rather hopeful, than otherwise. Finds there is a persistent increase of domestic consumdemand, but, on the other hand, industrial expansion presents a distinctly less cheerful picture. Concludes there is reason to believe British wage increases have gone beyond the economically justified limit.

of the

LONDON, Eng.

ular but per-sistent rise, the Stock Exchange exper-ienced some setbacks. Sterling has developed a distinctly weak under-tone. Follow-



and other unavorable points have given rise to a certain amount of pessimism, or at any rate they have damped the optimism that has hitherto prevailed.

Nevertheless, generally speaking, the atmosphere remains hopeful rather than otherwise. Very ful rather than otherwise. Very few people expect the boomlet to give way to a slump, and the number of those who expect it to peter out gradually is also moderate. The prevailing opinion is that business conditions will continue to remain reasonably prosperous. A further all-round increase of profits is widely anticipated. None of the indices mentioned above is of a nature or extent as to give rise to alarm.

The basis of the prosperity is

The basis of the prosperity is, first and foremost, the persistent increase of domestic consumers' demand. Day after day the shop-

Some doubts shoppers who have evidently have arisen lately about the pros-pects of a continuation of the minor business boom that has autumn the holiday resorts have been proceed—been full to capacity in spite of ing in Britain the bad weather. Trains and buses during the last are well filled with travelers. five or six There are long queues in front of months. After cinemas and theatres. The dean unspectac—mand for semi-durable goods such as television sets and motor cars remains at a high level. Nor has the sharp rise in the prices of foodstuffs such as meat, butter, tea and coffee, caused a slackeming of the demand.

Building activity continues to increase; month after month hous-ing figures show a progress com-pared with 1953 which was itself pared with 1953 which was itself a record year. In particular there is a steep increase in the number of privately built houses, in contrast to the Indusing activities of previous years which were confined almost entirely to constructions financed by public money.

On the other hand, industrial expansion presents a distinctly less cheerful picture. Capital invest-

expansion presents a distinctly less cheerful picture. Capital investment by privately owned industries is not proceeding at a satisfactory rate. Speaking at the annual dinner of the Chamber of Shipping on Oct. 14, Mr. Butler, Chancellor of the Exchequer, pointed out that the degree of investment in comparison with other European countries is far too low. He said that industrial firms should pay far more attention to equipping themselves to meet equipping themselves to meet fierce competition than to dis-tributing dividends. There has been, in fact, a noteworthy in-crease of dividends during the crease of dividends during the past year or so. But this was a mere overdue adjustment of the level of dividends to the all-round rise in the cost of living. Gen-erally speaking, the purchasing power of dividends is still below its prewar level.

Boards of limited companies in ping centers are crowded with Britain have until quite recently

in sharp contrast with the lack of restraint of wages demands. The result was that most companies have accumulated disproportionately large reserves. The value of their accumulated assets was not expressed in the Stock Exchange quotations of equities, and the low prices provided opportunities, for "take-over bids." Financiers were able to acquire the control of companies with big the control of companies with big liquid reserves. Once in control they were in a position to divert these reserves for their own requirements. The rise in Stock Exchange quotations during the past year or so has to some degree discouraged such operations, but there is still a fair scope for them. Nothing short of a further sub-stantial rise would stop them, and nothing but further dividend incould bring about such a

Unfortunately the much-needed and long-overdue dividend in-creases have stimulated excessive wages demands. At the time of writing the country is in the throes of several strikes, and there is a possibility of further major strikes arising from excessive claims. Beyond doubt to some degree the wages claims are justified by the ries in output. In 1954 the volume of industrial production has been running at more than 14% above the corresponding figure for 1950. In, the absence of an increase of wages the domestic market could not possible have absorbed the whole of the increase of the supplies of goods. It is true, their prices would have remained lower. But some increase of wages and prices was essential to provide additional purchasing power and additional inducement to exercise

that purchasing power.

There is reason to believe that the extent of wages increases has gone beyond the limit that has been economically justifiable.

From the point of view-of the prospects of the British business the prospects of the British business of the British boom, however, the increase of real wages is encouraging, for it ensures continued demand for consumer goods. The persistence of that demand, in turn, is bound to stimulate industrial investment. There is no indication of any inclination on the part of producers or merchants to allow their inventories to become depleted. The real tories to become depleted. The maintenance of their inventories in face of an increasing consumer demand is bound to stimulate pro-duction. And since in a great many instances the output is run-

ning very near capacity, industrial firms will have to decide sooner or later to expand their plant to cope with the rising demand.

It is one of the unusual features of the British boom that, in spite of its persistence, it has failed so far to lead to large-scale capital investment. The boom is mainstrong demand. If and when a strong demand for capital equipment is added to this, the pace of the boom is liable to become accentuated. On the whole the chances are, therefore, that the boom will continue.

#### Eldridge B. Scurr Has Joined Chiles-Schutz

cial to THE FINANCIAL CHRO

OMAHA, Neb. — Eldridge B. Scurr is now associated with Chiles-Schutz Co., Omaha National Bank Building. Mr. Scurr was formerly with Merrill Lynch. Pierce, Fenner & Beane and prior thereto was Assistant Manager of the municipal department of John M. Douglas & Co.

#### With California Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Irving M. Saltzman has been added to the staff of California Investors, 3924 Wilshire Boulevard.

## A New Background for Banking

applied to bank operations in the and certain electric appliances, for example—the trend is toward an even greater substitution of equip-ment, forced in many instances by

heavy competitive pressure.

And, of course, we cannot speak today of research without mentioning activities of the govern-ment. These spill over into many but fields, but are particularly im-nem, portant in appliances for the mili-sub-tary. All in all, some \$4 billion are now being spent each year by industry, government and private sources on research. This invest-ment is almost certain to bear fruit which approaches the strength of steel and the lightness of alumiare set to control intricate processes of manufacturing; and the color so eagerly awaited in tele-

ers and provides a new basis and a new impetus for economic life to move forward. We already to move forward. We already know of many uses for this new energy—as a source of heat and power, and in such diverse fields as medicine, chemistry and agri-culture. But we may fail to com-prehend many of the indirect consequences that are bound to flow from such a radical change—its likely impact on a field like metallurgy, for example, or the great impetus which it is certain to give

to the dispersal of industry.

But technical change touch our lives in still another waytouches way which may turn out to be the more profound. The airplane and the atom, taken together, have revolutionized the pattern of our national security. For the first time in our history, distance and recognity in themselves do not geography in themselves do not afford us either the sense or the reality of freedom from direct attack. Although it is becoming tire-some to talk about the vest noten-tialities of the destructive forces with which the world is now faced —for there is a point beyond which we cannot drive our imaginations to comprehend these new powers—nonetheless, we must face the fact that in the atom and hydrogen weapons we have a new and transcendent force which, if re-leased in war. could be reasonably expected to destroy civilization as expected to destroy civilization as we now conceive it. We can recall Einstein's macabre comment when he was asked what he thought the chief weapons of World War III would be. His enswer, you will remember, was that he was not certain, but he was sure what they would be in World War IV—they would be rocks!

And the other day Niels Bohr, the And the other day Niels Bohr, the great Danish atomic physicist who has just arrived in this country for a visit, said that the problem facing the world was no longer one of co-existence but of existence. Accordingly, we cannot but conclude from all we know and have heard about these weapons that the destruction involved in a third world war might be complete, and proceed on this assumption. Yet only 15 years ago one could honestly feel that, come what may, one's own home base was invulnerable.

#### Force of Government in Our Economy

one that few of us welcome that do lend themselves more read-ily to this development—mass pro-duction industries like automobiles omy. There are, of course, other one of government in our econ-omy. There are, of course, other considerations that have acted to aid and abet this development.
One relates to the strong desire
of our people for a range of social
services that they feel should be of our people for a range of social services that they feel should be provided by government. And still another is tied to the problem of economic stability. Whatever the reason, the fact is that government today is a claimant for almost one-fourth of the national product. Federal Government expenditures alone may amount to penditures alone may amount to more than \$63 billion in the cur-rent fiscal year.

sources on research. This investment is almost certain to bear fruit in the years ahead. Indeed, some is about ready for the harvest today—the new metal titantim, which approaches the strength of steel and the lightness of aluminum; the electric brains which are set to control intricate processes of manufacturing; and the color so eagerly awaited in television.

Atomic Energy

Finally, one cannot dwell on this matter of research and technical change without a special word on atomic energy. This promises to be one of those key innovations which mothers many others and provides a new impetus for economic life to make the best of it. And the to move forward. We already This is a far cry from even the fact is that the huge volume of government expenditures can pro-vide an element of stability in the economic picture which might not be there without it. For this spending to the extent that it is necessary for defense, roads, schools and other items of public welfare, need not decline with normal fluctuations in the business excels. And it gives governnormal intertations in the blast ness cycle. And it gives govern-ment leeway to play an even more active role in seeking to stabil-ize employment and purchasing proper — through tax changes, proper timing of expenditures and the automatic bringing into play of what the economists have come to call "built-in stabilizers."

I do not propose to talk here in any detail about possible programs the government might follow to soften the effects of the business cycle. I would only have you recognize that its powers in this regard have grown since prewar days, if only because of its heavy weight in the economy. And this is, of course, a matter which is close to all of us here. For some if only because of its of the principal tools the govern-ment still holds in its kit relate to monetary policy.

The Monetary Policy

I believe we might very well pause here and consider the government's monetary policy for a moment—particularly against the background of an economy powered by the dynamic forces I have just outlined, and committed to just outlined, and committed to large government expenditures. What should our monetary policy be? Certainly we are agreed that this policy should not be one of inflation in which money progres-sively deteriorates. Having seen the rayages of inflation in Germany both before and after the war, I am perhaps more deadly apprehensive of it than are some others who advocate just a little more of it year by year merely, as they say, to keep the standard of living up. It is still worthy of note that those countries in Eu-rope which have achieved the most spectacular recoveries and whose living standards are the highest are the ones which took the most drastic and sometimes painful steps to check inflation and solidify their currency after

To draw the fine line on mone-This revolution in our national tary policy requires courage and security has had one great effect not a little artistry. We are for-

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tunate in having men like our honored guest (Secretary Humphrey) and those who are associated with him now working at it. I know we all have the deepest respect and appreciation for them and others who now guide our monetary policy — for their strength, their ability and their courage. They are doing the very best they know how to do and this is a high standard indeed. Somehow they must walk the narrow ridge between inflation and deflation, and it is frightfully important that they maintain a read world as rendering nomic progress since that day—a fact which I know all of you recognize.

Today our nation is responsible for over half of the free world's production; we produce 58% of its steel, and generate two-thirds of its electricity. We bulk so large in the free-world coalition that even our mitich some of our mitor actions are apt to have a real impact on our allies. Apart from any ideology, this binds us inevitably to the people of the problem from which some of our and dare not stand alone. There is not a shadow and deflation, and it is frightfully important that they maintain a good balance meanwhile. Their task is made no easier, I need hardly say, by the fact that strong political winds are blowing—and these almost always come from the side of inflation. My only admonition is, and it is a fervent one, that they constantly lean into the wind.

Now quite clearly the banks have a tremendous stake in this monetary policy of the government. We stand at some of the principal levers which the authorities need to pull if they are to expand or contract the supply of money. And the manipulation of these levers, particularly those that affect interest rates and reserves required for our deposits, has a vital effect on our own health, and welfare. It is quite natural and proper, then, that we should call to the attention of the authorities from time to time the impact of their policies on our own well-being. Certainly we all appreciate that the objective must be to seek a balance that is in the appreciate that the objective must be to seek a balance that is in the best interest of the nation as a whole, and we would not have it otherwise. Yet we also know that it is a main concern of the Federal Reserve to maintain a sound monetary system, and that this in turn requires a healthy system of banking. We would only ask, then, that the authorities bear this latter consideration in mind as they discharge their responsibilities. Obviously if would make little sense to follow a line that crimped the to follow a line that crimped the banks for they are key instru-ments in generating an economic expansion and moreover they are at the very core of the capitalist system. Banks must be able continually to display a confident and resourceful attitude in their many operations which have so vital an influence on the economic future of our country.

future of our country.

In all I have said thus far I have tried to stress the strength in our present situation—to point out factors that make the position of our economy more stable than in the '30's. I have suggested that our present position is indubitably stronger; that We know considerably more about the nature of our problems than in pre-war days; and that circumstances have cast the government into a position to the government into a position to exercise more of a stabilizing

By all this I do not mean to imply that the future stretches before us as one long uninterrupted march forward. That is not the nature of the process by which progress is achieved in a free society, and we shall have to have the balance of mind to recognize, let us say, that the achievement of a second or even a third best year in our history may be a necessary phase of our forward progress. It is certainly not possible to foresee all the circumstances that will mold the future. Yet I believe that we have every reason to view the we have every reason to view the outlook for the American economy with confidence, enthusiasm and profound respect. And it is an outprofound respect. And it is an outlook which you and I, and all those others who make up the business community, can do much to help bring about. For ours is the task of translating the desires of the consumers and the discoveries of the researchers into the tangible form of practical reality. Beyond all else, we must never falter in our knowledge and faith that American business is a strong and progressive force, capable of fulfilling the hopes of our coun-

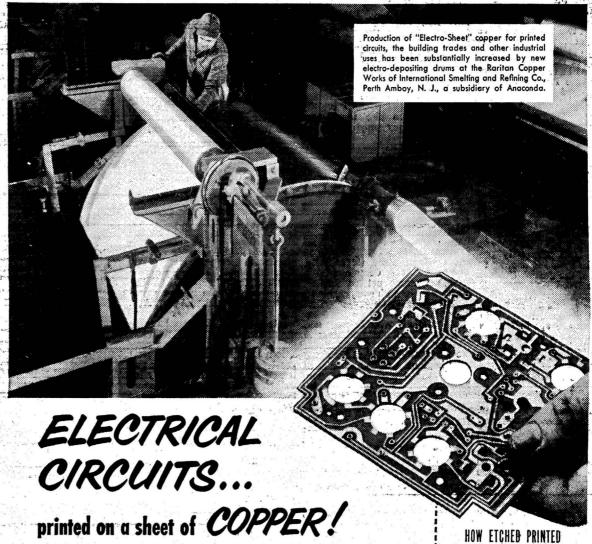
Harmony With Our Allies
And this brings me to the other
great problem which I suggested
at the outset now confronts all of
us as Americans—our ability to
work in close harmony with other
nations who are our allies, in the
interest of a common defense and
our mutual, welfare. This is a
problem from which some of our
countrymen still would like to
escape. Yet it is no more possible
to avoid the responsibilities of our

a real impact on our allies. Apart from any ideology, this binds us inevitably to the people of the free world, and them to us. With all this we cannot and dare not stand alone. There is not a shadow of a doubt but that in the Soviet countrymen still would like to escape. Yet it is no more possible to avoid the responsibilities of our world position than it is to turn our economy back to the beginning of the century. Indeed, the growing magnitude of our world to the extent of our dynamic eco-

world a population of more than qualities that we cannot leave to world a population of more than 800 million, the scales could possibly be tipped against us — not necessarily today, but in the dawn of some tomorrow. Clearly we need the friendship and cooperation of the 280 million people in Western Europe and the 182 million in the Americas, as well as the 700 million in India, Pakistan, South Asia and Japan if we are not to be borne down by the growing menace of Soviet encroachment.

qualities that we cannot leave to government alone, for in the last analysis the actions of our government must rest on a solid base of temperate and informed opinion among its responsible citizens. There has fallen on each of us, therefore, an obligation to sharpen his thinking and to seek to grasp the realities of the world situation. And certainly one of our primary duties in this regard is to gain a better insight into the national interests of our allies, and to seek to understand and make allowance for the peculiarities that custom, tradition and environment lend to their position. For if we fail in this, we shall find ourselves continuously falling prey and perhaps tinuously falling prey and perhaps even in the end succumbing to the tensions, recrimination and

Continued on page 40



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### A New Background for Banking

work day among us.

#### Peculiarities in Our Allies' Position

Let me cite an illustration or two of what I mean when I speak of the peculiarities in our allies' position—for this need to gain a larger measure of mutual understanding with our allies is one of the foremost problems pressing upon us today. Consider for ex-ample our British friends, who on occasion give signs of compromis-ing more than we feel desirable. Clearly this attitude is not unrelated to certain experiments with the new thermo-nuclear weapons we and the Russians have carried out independently over the past two years. The mere description of one of our explosions in the Pacific severely shook that this light of Winston Churchill the thinking of Winston Churchill, one who certainly has never flinched in the face of disaster. When he heard—whether accurately or inaccurately I do not mow—that an island had disappeared in the course of the operation he naturally felt that the disconnection has not contained in the naturally felt that the disconnection has not contained in the naturally felt that the disconnection has not contained in the naturally felt that the disconnection has not contained in the naturally felt that the disconnection has not contained in the naturally felt that the disconnection has not contained in the natural n tion, he naturally felt that the disappearance of an island, however small, was a matter of no little concern to what he frequently speaks of as "our island Empire." But seriously, in the face of such forces and with the development forces and with the development of the Soviets' strategic bomber force and their guided missile pro-gram, it is no wonder that the question is seriously raised in Britain whether in an all-out war the British Isles are really de-fensible. Whatever the answer to this question, the British Cabinet is bound to tread very carefully before it accepts the arbitrament of war. They are naturally bound to concentrate on deterrents war and they are apt to be bellicose than some of our politicians seem to be as they ponder those problems. All this we must weigh and understand when the British seem to take a softer line than we desire,

Or take the Frenchman. He is a citizen of a country which has, by a series of coincidences and the influences of her own history, a Communist voting population of between one-fifth and one-fourth of the entire electorate; and no appreciable dent has been made in their strength since 1944. The Frenchman has no recollection of a Russian invasion but he has a very vivid recollection of several German ones, Moreover, the Communist Party in France is not looked upon as something to be suppressed by an FBI or a Senasuppressed by an FBI or a Sena-torial investigation program. It is just too large to be dealt with on such a basis. There are too many people and, for that matter, too many legislators who are Communists. In short, the French look upon the Communists more as a political group seeking a par-liamentary majority than as a sort of conspiratorial body to be suppressed by the Surete and the Secret Police. This is not to say that the majority of Frenchmen are not uneasy over this situation: but it is difficult for them to trea all this group, or indeed to look upon them, as traitors (even though incidents like the Baranes affair indicate treason). This may be unfortunate for France, for us and for the alliance, but one must and think in relation to it.
Then take Germany. Day in

act and think in relation to it.

Then take Germany. Day in and day out the Germans have it into them by Soviet hammered into them by Soviet propaganda that if they arm in alignment with the West they must forego all hope of unifica-tion. There are many Germans who have the lingering feeling that the destiny of their nation lies eastward. Bismarck had this concept, as you know, and many Germans alive today can recall

dissension which the Communists their earlier vigorous trade with work day and night to plant the East. Four former Chancelthe East. Four former Chancel-lors, the latest being the notorious Papen, have recently come out against Adenauer and his Western policy. To be sure, no one of these is more than a spent force, but one of Adenauer's own coalibut one of Adenauer's own contion leaders, Dehler, seems to have taken very much the same line and so does the Socialist opposition. Yet today the people of Germany as a whole are solidly pro-Western and very few indeed would wish to see our troops depart. They have had the example Communist oppression before their eyes—in Berlin, along the Eastern boundaries, from the experiences of over 10 million refugees—as the French have not. But the point I wish to make is that though the or-dinary German's attitude toward Communism is much more like that of the average American's than the average Frenchman's, the situation is not static and cannot be taken for granted. There are taken for granted. some very strong counter-considerations which play upon Ger-many and they must be taken seriously into account as we form our policy and determine action.

There are great and, I believe to us, indispensable values to be preserved both in Europe and in Asia, and it will be up to each of Asia, and it will be up to each of us as citizens to appreciate this if we are not to lose them. To be indifferent or casual to the interest of Britain and the Commonwealth, to France, to Japan monwealth, to France, to Japan and to Geramny would be folly. The British Commonwealth, though perhaps not as mighty, represents strength comparable to that of either Russia or the United States. With all our differences and irritations with Particle and and irritations with Britain, and in spite of peripatetic missions to Moscow and Peking, I have not the slightest doubt that from the very beginning of any conflict in which the issues were drawn, Britain and the Commonwealth would be on our side. The real-ization of this fact throughout the world is one of our best guaran-tees of peace. It is just that im-

France's indecision and equivocal attitude have created great indignation but when we bear in mind the losses she suffered in the First World War, the de-moralization which the defeat and the German occupation induced, and the series of great and difficult decisions she has had to make since the close of the war, there can be some palliation of her attitude. With her resources, her attachment to democratic forms of government, our tradi-tional relationship and her latent strength, we must realize that we would suffer a heavy loss if France were not on our side. And with all the pulls and hauls on Germany—well, I may need to be instructed by the Joint Chiefs of Staff concerning the strategic importance of the island of Quemoy, but I feel no need for in-struction from them on the im-portance of aligning Germany's portance ortance of aligning Germany's evived strength with that of the West!

Again let me say that I recite all this because I wish to reall this because I wish to re-emphasize the need for, and the duty of, the responsible citizen to gain some awareness of the realities of the world situation, including the position of our allies. We cannot all be Secretaries of State or members of the National Security Council; we cannot all be experts on the Far East, South America or Europe: but each of us can be sufficiently knowledgeable in respect of the great forces that are playing around the world today to make an individual contribution to a

crimination.

I have not the slightest doubt that if we do maintain our good-will, our strength and, above all, our common sense, we will receive all the cooperation throughout the free world that we need and deserve. Certainly the London Conference was a sense of the conference of the don Conference was a good step don Conference was a good step forward in this respect, though much remains to be done and many Soviet blandishments have yet to be deflected before we can be fully assured of its achieve-ments. Nor can we blink at the fact that our troops are quartered in Britain, France and Germany, and some of our greatest overseas bases are on their soil. Likewise we have other great bases in the Middle East and some at least are in preparation in Southeast Asia. The fact that we have such bases—all invitations to immediate Soviet bombing should there be war—is in itself rather concrete evidence of the strength of our

### The Link of Economic Security With Physical Security

At the outset I linked our economic security with our physical security, and I want to return to this thought before I close. It is incumbent upon us all to seek to understand and to face objectively the enormous problems which our present technology and our pres-ent world position involve. Certainly no one among us would deny that some knowledge of the economic forces of the nation is essential to good banking; but it is also necessary to face and un-derstand some of the great political forces that so deeply are becal forces that so deeply are beginning to affect our daily lives.
It is not only the coming of the
airplane and atomic power, but
such things as the rise of Communism, the awakening of Asia
and the shift of power in the
Western World that we have to comprehend. We have to view these things with the same per-spective and flexibility as we view great economic and financial trends. The nation has already indulged in too much recrimination and passion over some of these developments to comport well with either the risks we run in this thermo-nuclear age or the dignity and importance of our position as a world leader. It is our duty to set the example for discussion and objective thinking.

The traditional position of the banker in the community is one of influence and responsibility. Many of you may be remote from positions of political influence, but the wide range and nature of your contacts are such that you in particular can do much to mold that which our leaders so much need in order to formulate a clear and strong policy in this period of tension: namely, a knowledgeable and sober attitude throughout the

The present Administration, in the person of the President, has given a splendid expression of this nation's character and objectives. He has pointed out that we seek dominion over no peoples and no lands — a fact that is generally recognized throughout the free world. Rather we seek to assure a political and economic environment in which the peoples of all nations may improve their lot and move forward along paths of their own choosing. To this end we ourselves have made an enormous contribution in establishing a peacetime prosperity and a level of productivity never before reached in history. And we have shared our riches with less fortunate nations to a degree never before known. We have worked hard at other aspects of international cooperation, and if there are occasional lapses or reactions from time to time which seem to alter our general course of con-

sober public opinion. We have to duct they are understandable. To as they may be I believe we shall gain this knowledge without bias have it otherwise would be to hold fast to our friends and allior slant, without nysteria or re- exact a degree of perfection from ances and that we shall continue us that has never been achieved to prove that the underlying by any other nation.

I have faith that we shall fully adjustments are quired of us, painful and exacting free.

course of the American economy I have faith that we shall fully is forward and it is bold. Come meet our responsibilities in the what may, our nation will conperiod ahead, that we shall make tinue to stand in the forefront of re- the titanic struggle to keep men

Continued from page 35

### **Future of Mechanization** In Agriculture

applied to many machines in many ways in the years ahead.

### Mechanization and Farm Credit

Finally, there is the question what effect all this will have on the farmer, as a borrower, and on you men as his bankers.

You will know the answers to that question much better than I. are bankers and I am not. You are bankers and I am not. Furthermore, you have been gaining more and more experience these last few years in the financing of farm equipment. To me, that is the way it should be; and I hope you will continue and expand your efforts in that field.

One thing is obviously going to happen in the future, just as it has happened in recent years; namely, the farmer is going to have a larger share of his assets invested in productive equipment.

That should not frighten any one. It is a normal and inevitable result of the fact that he has more acres, fewer human helpers, and an expanding market for his The process, in fact, is products. already well under way.

In 1941, before World War II, according to the balance sheet of agriculture which is prepared by the United States Department of Agriculture, the farmers of this country had only about 6% of their total assets invested in ma-chinery and equipment. That total undoubtedly includes their trucks, automobiles, and barn equipment as well as tractors and implements.

implements.

By 1945, near the end of the war, that investment had no t changed very much—it had gone up to 6.5%. By 1950, however, it had begun to grow; and in that year the investment in machinery and equipment amounted to 9.5% of the total assets.

In 1953, the most recent year

In 1953, the most recent year for which figures are available, it had stepped up again to 10.4%. I would expect to see a moderate I would expect to see a mouetaine but steady growth of that in-vestment in accordance with the known long term developments in farming. That's the first thing in farming. That's the first thing
I see as a trend.
Secondly, I believe you can expect to see new investments made

by farmers in farm machinery, not necessarily based on the old

equipment having been worn out.

In industry, it is common to see productive machinery replaced long before it is worn out, because new machines of greater capacity and usefulness, offering great cost-cutting possibilities, have been made available. Right now there is much discussion in the business journals of what is called "automation." which is a fancy word meaning greater mechaniza-tion with the latest automatic equipment.

I have tried to explain to you

some of the trends in farm ma-chine design which will make many present machines obsoles-cent from the standpoint of pro-duction costs of the farmer. The farmer is in business, too; and he has costs to cut. So I don't think any one should be alarmed about the farmer's investment in new farm equipment unless he is pre-pared to be frightened also by industry's investment in new indusequipment.

There are two things about farm

equipment — and about the fi-nancing of it—which none of us should ever forget.

The first and most important is that farm machinery is a product which pays for itself in use. That is the only basis on which is has ever been salable, and the only basis on which it ever will be salable. It must pay back its own cost and return a profit to it owner within a reasonable period of time, or it will not be bought.

The second fact is that over the vears-and our credit records for many, many years will prove it-the farmer's judgment on ho much equipment and what kind of equipment he needs has been very good judgment indeed. He knows, usually better than any one else, what it takes for him to earn the maximum profit.

earn the maximum profit.

Our job in the farm equipment industry is to help him do his work and earn his profit: We have to design machines that will do what he wants done, do it the way he wants it, sell for a price that he can reasonably afford, and pay for themselves in use.

Those are the same things w have always had to do. They will not change in the future. As we went about our task in the past, went about our task in the past, we have always had a great deal of help, and many friendships, and many common interests with you men in the banking profession. As we face the future, if we can count in the same friendship and understanding and support from you, I believe we will be able to get the job done.

### **Bankers Offer Mead** Corp. 2nd Pfd. Stock

An investment banking group headed by Drexel & Co. and Harriman Ripley & Co. Incorporated on Oct. 26 offered publicly a new issue of 150,000 shares of Mead Corp., 4.36% cumulative second preferred stock (par \$50) at \$52 per share.

The second preferred stock is convertible into common shares prior to Dec. 1, 1964, at the rate of 1% shares of common for each share of second preferred.

Proceeds from the sale will be added to the general funds of the company. The Mead Corporation is engaged in a policy of replacement, expansion and improvement of its facilities. In the ten years ended in 1953 approximately \$46. ended in 1953 approximately \$46,—000,000 was expended for this purpose and approximately \$7,—500,000 will be spent this year. The company produces paper and paper products.

Associated in the offering are: Associated in the offering are: G. H. Walker & Co.; Glore, Forgan & Co.; Blyth & Co., Inc.; The First Boston Corp.; Goldman, Sachs & Co.; Kidder, Peabody & Co.; Carl M. Loeb, Rhoades & Co.; Merrill Lynch, Pierce, Fenner & Beane; Smith, Barney & Co.; and White, Weld & Co.

#### William J. Minsch

William J. Minsch passed away Oct. 25th at the age of 70. Mr. Minsch, one of the founders of Minsch, Monell & Co., was a partner in Robert Garrett & Sons, prior to his retirement.

## Common Stocks—'The Big Change'

commercial bank management will in recent years, a very healthy encourage this type of approach development, has brought with it and will open the doors, through its commercial customers and of challenging existing boards of investment officers. If trust investment policy is to be dynamic, rather than stodgy and static, it must have a broad and constructive approach by us all.

abuses would end conservative investment in the equity market; and so it behooves those who are directly involved in those markets and those who have supervision over them to see that conservative funds can continue to invest in them with confidence. If our markets can show that they have in truth "grown up," there is almost unlimited opportunity for the investor, large and small, to enjoy the fruits of a constantly growing and improving American economy, directly involved in those markets

As important partners in the ownership of American industrial, commercial, and financial corporations, we inevitably take on certain responsibilities that we rarely had as bondholders. First, we have a responsibility for the management of these corporations. This takes us into waters that at times are rough and full of dangers,

must have a broad and constructive approach by us all.

In addition to these duties involved in present-day investment procedures; there are certain responsibilities. Not the least is our responsibility to see that the current favorable climate in the equity markets continues, so that we can go forward with confidence. Any tendency to revert to the "old days" must be resisted. A reversion to past excesses and abuses would end conservative inmatter how the chips may fall. We must always remember that each trust estate has a separate entity and is beholden to no one; its rights are secure and definite. Too often the corporate executor or trustee has been left out of wills and doed here seems of the former of the corporate of the former of the form and deeds because of the fear of losing independence and impartiality. Fortunately, the banking fraternity is now alive to these dangers; and it's up to us to convince the public of that fact. We must overcome the projudice that must overcome the prejudice that still persists in some minds against corporate executors and trustees.

The implications of common stock ownership in these stirring and changing times are many and compelling. They are infinitely more complex than they were when the East and Midwest comprised the industrial held of the prised the industrial belt of the country, and the rest of the na-tion was largely engaged in agri-

production. Witness the tremen-large share of our trust invest-dous and thrilling growth of the ments.

West Coast as one of our leading. So we find ourselves as investrees of manufacturing and complete more deaply involved than areas of manufacturing and com-merce. Witness also what is going on in every section of the South and Southwest where some of our greatest installations are unfolding. What does this 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 we must broaden our horizons and stretch our imaginations beyond the situations we find on our doorand Southwest where some of our the situations we find on our door-

In closing, let me venture the opinion that it means something more than that to us all—and something we must ponder on long and prayerfully. Now every section, in fact every state, has a common interest—the preservation and future growth of the industry and trade of this country as a whole. Every state must see to it that our government is sympathetic with our free industrial system and that those it sends to Washington as legislators and administrators have an understanding of our system and believe in it. The Federal Government has, of necessity, become so involved of necessity, become so involved in all facets of our economy that full confidence on both sides is essential.

essential.

I need hardly mention that any government in Washington, of whatever political party, that is patently hostile to business would soon, destroy the understanding and confidence that permits today's tremendous growth in production, research, and the techniques that increase the output and earnings of both labor and ment of these corporations. This country, and the rest of the native stakes us into waters that at times are rough and full of dangers, culture or the extraction and procespecially when there is a conespecially when there is a conespectation of control. The Today every section of the country, and the rest of the national detection, research, and the technology associated with niques that increase the output Carter H. Harrison & Co., 209 and earnings of both labor and capital. Such a political development with Lillig-Gould Investment Co. and George J. Lillig & Co.

tors more deeply involved than ever before in the big things going on in our nation. We should have an audible voice in these matters, for we are acquiring as investors the right and duty to influence trends and events. We have emerged from complete. have emerged from complete absorption in debt and now have an

sorption in debt and now have an important position in ownership. In occupying this position and in assuming this authority, we must conduct ourselves objection. must conduct ourselves objectively, and with wisdom and complete integrity. If we do so, the future of our fiduciary business is limitless, and our segment of the banking world will grow and prosper beyond our highest hopes. It is, indeed, a challenging thought and an inspiring prospect

thought and an inspiring prospect that faces us!

### Two Join Southern Inv.

(Special to THE FINANCIAL CHRONICLE)
CHARLOTTE, N. C.—Cecil C.
Rankin and Joseph O. Sargent
have become affiliated with
Southern Investment Co., Inc.,
Johnston Building. In the past
Mr. Rankin was with Jackson &
Smith and R. S. Dickson & Co.,
Inc. (Special to THE FINANCIAL CHRONICLE)

#### Thomson, McKinnon Adds

(Special to THE FINANCIAL CHRONICLE) CHARLOTTE, N. C.—James W. McKinney is with Thomson & McKinnon, Liberty Life Building.

#### Joins Carter H. Harrison

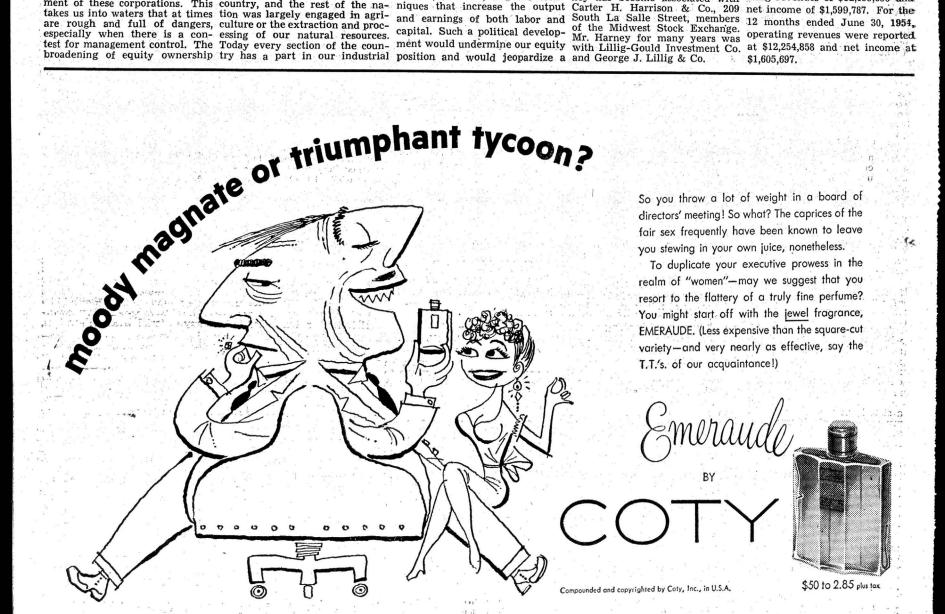
CHICAGO, Ill.-John A. Harney has become associated with

### Halsey, Stuart Offers Wisconsin Michigan Power Co. Bonds

Halsey, Stuart & Co. Inc. yes-terday (Oct. 27) offered \$3,000,000 of Wisconsin Michigan Power Co. or wisconsin Michigan Power Co-first mortgage bonds, 3\% series due Oct. 15, 1984, at 100.75\% and accrued interest, to yield approxi-mately 3.085\%. Award of the is-sue was won by the underwriter at competitive sale on Oct. 26 on its bid of 100.07\%.

Net proceeds from the sale of the bonds, together with funds to be received from the scheduled sale of 50,000 shares of common stock of the company to its parent organization, Wisconsin Electric Power Co., will be added to the general funds of the company to be used to retire short term bank loans of \$1,700,000; to finance the cost of continuing additions and improvements to the company's utility plant and to reimburse its treasury for capital expenditures Net proceeds from the sale of treasury for capital expenditures previously made.

Wisconsin Michigan Power Co. is engaged in the generation, distribution and sale of electric energy in a territory having an estimated population of 203,000 in the east-central and northern portion of Wisconsin Power Co. portion of Wisconsin, and in the Northern Peninsula of Michigan. The company also distributes in Appleton, Wisconisn, and its vicinity, natural gas which it purchases from Michigan Wisconsin Pipe Line Company. For the year 1953, the company had total operating revenues of \$12,159,630 and net income of \$1,599,787. For the 12 months ended June 30, 1954, operating revenues were reported at \$12,254,858 and net income at \$1,605,697.



### We Have Gained Strength

pation in their work, even at some the banking system.

personal sacrifice.

4. We must continue and enlarge our efforts in public relations. We need to broaden and intensify our efforts in telling the story of banking to our people. We have a great message to convey and can increase our opportunities to serve when more people. tunities to serve when more people know that we are willing and ready to serve them to their ben-efit. However, the best public relations are expressed in fine per-formance—deeds not words.

5. We must work constructively

with supervisory authorities, leg-islators, and government agencies in the search for better and more resourceful banking in the public interest. We must also be ready to give them the benefit of our best thinking, and support their efforts to promote a sound and stable economy.

stable economy.

6. As leaders in the community, 6. As leaders in the community, we must help to create a better sunderstanding on the part of our people regarding their duties and obligations if they wish to preserve for themselves and their children the great privileges of freedom of opportunity and a reliable dollar coupled with a high standard of living. We come in contact with large numbers of persons; and we can quietly and efsons; and we can quietly and effectively foster the cause of good citizenship, which in the long run will solidify the progress that we have made as a nation,

7. We must maintain a construc-tive attitude toward credit because therein rests the true vitality of cial needs of our people.

the banking system. Of all the credit agencies in the economy, the role of banking is most pervasive. It is intimately woven into the lives of all of our people. Bankers of the country must continue to exercise dynamic leadage in constitution of the country must continue to exercise the architecture. ership in serving the credit requirements of new, changing, and growing lines of economic activity. A negative attitude could tend to thwart the continued growth of our country. Bankers can and must do the job, or else expect to find it done for them in ways they might find distasteful. can and

These are areas of challenge for us in our goal toward better bank-ing. In each one of them, our Association can and has been of material service. Yet its role material service. Let us fore necessarily must be somewhat lim-ited. Ours is a complex banking structure. It is a system of di-verse interests, developed on verse interests, developed on democratic lines in the traditions of our government; and the pattern of our banking organizations has paralleled it. In so many ways, we can, through this Assoways, we can, through this Association, not only increase our usable knowledge, but also make more effective our efforts /in working with others. However, the real job lies with each one of us in fulfilling our responsibility to the public. Tools have no value unless the worker is willing and able to use them. able to use them.

We can best insure the perpetuation of the chartered banking Chapin is engaging in a securities system by serving well the finan-We can best insure the perpetusystem by serving well the finan-

Continued from page 29

### Our State Banking System -Past and Future

bank examinations and bank su-pervision does not go to building up the department but, instead, to the general fund of the state pervision does not go to building up the department but, instead, to the general fund of the state, where it is used for purposes never intended by you. You pay your state taxes: ad valorem real estate and capital stock taxes and, in some states, deposit taxes. You and capital stock taxes and, in some states, deposit taxes. You are all in the forefront of support for worthy civic enterprises. You are, therefore, justfied in seeking to assure that the money you pay to support your state banking departments be used for no other purpose.

#### Some Suggestions

There are many other things There are many other things which can be done to help your state banking department do its most effective job. All that is required is your determined and enthusiastic support. Here are a few suggestions which come to me as the result of my experience as a state bank supervisor and from my more recent observations of the problems faced by bank commissioners in other states.

my more recent observations of the problems faced by bank commissioners in other states.

Discretion over the chartering of new banks should be broadened. In some states, it is almost mandatory that a charter be granted when the proper forms have been filed and minimum capitalization requirements have been met. Yet there are other factors which are always vitally important to the making of a correct decision. For example, consideration should be soften to the ability of the community to support a bank, for if earnings prospects are poor, the Another factor to be considered, recognize the value of experience:
for obvious reasons, is the char- Advanced training programs
acter of the proposed management, should be made available, and LOS ANGELES, Calif.—John E.

I am confident it is not necessary fringe benefits—particularly those Lotspiech is now associated with for me to extend this list in order bearing on the health and security the Atomic Development Securi- Jr. is now connected with Good- Swilliams has become associated to make my point that the char- of examiners—initiated or intering of new banks is a function creased. All or most of these things

| Advanced training programs (Special to The Financial Chronicle) (Special to The Financi

which should never be permitted to become routine or to of political pressures.

Broader authority to check unsound banking practices is also needed by supervisory authorities in some states. Surprisingly enough, there are still a few states in which supervisory authorities cannot compel a bank to discon-tinue unsound practices. In some other states, the authority actu-ally held does not permit suffi-ciently prompt action or suitable penalties. The ability to act promptly and decisively in instances of mismanagement may well mean the difference between maintenance of banking stability and financial crisis.

The bank commissioner in too of our states is not ademany of our states is not adequately compensated for the responsibility with which he is charged, nor is his term of office of such length as will permit him to do the best job. I regret to say that there are a number of states which pays their bank compensations.

earnings prospects are poor, the ficient to attract highly capable bank is not likely to be sound men, and the salary scale should Another factor to be considered, recognize the value of experience.

you do with respect to the staffs of your banks—it is equally in your best interest to see that they are done for those charged with such an exacting and highly specialized job as bank examination.

I am confident that there is no one in this audience who would one in this audience who would feel that these suggestions run counter to the long-run interests of bankers. All of us in banking are dedicated to a mutual goal: that of making ever stronger that confidence in the American system of dual banking which is so tem of dual banking which is so essential to the welfare and economy of the nation. Neither the heritage of the state banking system nor its present condition of vigorous health should permit us to relay for one moment our efto relax for one moment our ef-forts in this direction. Trust will be ours only so long as trust is deserved.

Permit me to urge that you take these thoughts home with you, think them over thoroughly in a spirit of reflection, and then undertake to do something about them. I predict that you will de-rive immense satisfaction from the results which will stem from the attainment of any part, or all, of these goals.

#### Oscar Gruss Branch

Oscar Gruss & Son, members of the New York Stock Exchange, have opened a branch office at 28 West 47th Street for the convenience of clients in the Diamond Center.

#### J. E. Chapin Opens

#### F. M. Bradley Opens

ROCHESTER, N. Y. — Francis M. Bradley is engaging in a securities business from offices in the Genesee Valley Trust Building.

#### Horace L. Hotchkiss Jr.

Horace L. Hotchkiss, Jr. passed away Oct. 2nd at the age of 86. Prior to his retirement Mr. Hotchkiss had been a member of the New York Stock Exchange.

#### H. W. Wakefield Opens

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Hal W. Wakefield is engaging in a securities business from offices at 5830 College Avenue.

#### C. W. Nolting Opens

BIRMINGHAM, Ala.—Carl W. Nolting has opened offices at 117 Rosebud Drive to engage in a securities business.

#### Form Weber Inv. Co.

OGDEN, Utah—Weber Invest-ment Co. has been formed with offices at 2341 Kiesel Avenue to engage in a securities business. A branch office is located at 10 West Center Street, Provo

#### Carter Co. To Admit

Carter & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, on Nov. 4th will admit J. Louis Donnelly to partnership.

#### Three With Daniel Weston

(Special to THE FINANCIAL CHRONICLE)
LOS ANGELES, Calif.—Roy L.
Holmes, Maurice J. Kaplan and
Albert G. Smith have become
connected with Daniel D. Weston
& Company, 118 South Beverly
Drive

#### With Atomic Development

# Public Utility Securities

By OWEN ELY

#### New England Gas & Electric Association

New England Gas & Electric Association is a holding company with three electric subsidiaries, two gas, and one electric-gas subsidiary. Revenues are about 58% electric, 40% gas and 2% steamheating. The company also has about a 35% equity interest in Algonquin Gas Transmission, one of the two terminal pipelines delivering gas to New England.

The company last spring sold its interest in two subsidiaries, New Hampshire Electric and Kittery Electric Light. While these companies served a fairly large area in new Hampshire and along the southeastern edge of Maine, their gross plant investment was the southeastern edge of Maine, their gross plant investment was only about \$10 million or 9% of the system total. The company's present subsidiaries serve with electricity Cambridge, New Bedford, and all of southeastern Massachusetts including Cape Cod and the island of Martha's Vineyard. It also supplies gas service in Cambridge and Somerville, Greater New Bedford, Plymouth and an area extending from Worcester in central Massachusetts to the Hyde Park district of Boston. All operations are now in

Massachusetts.

Unlike most other New England utilities, the system has no hydro capacity although some of its purchased power (about 13% of the total) may have hydro-electric origin. The largest steam generating station, in New Bedford, provides virtually all the power needed for the southeastern Massachusetts properties. A shipping berth has been dredged to allow 500-foot oil tankers to make dock-side deliveries and an additional oil storage tank has been under construction. Extra power is available when necessary through interconnections with other utilities in the vicnity, and from two small diesel stations. There are two steam plants in Cambridge which generate most of the electricity for those areas.

NEGEA has been fortunate in having natural gas available

NEGEA has been fortunate in having natural gas available from both the Northeastern Gas Transmission Co. and the Algonquin Gas Transmission Co. It also maintains very efficient gas manufacturing facilities which can produce gas of high BTU content which is interchangeable with natural gas. These facilities are operated for peak shaving, effecting operating economies by reducing the demand charge payable under natural gas purchase contracts; they also serve as protection in the event of interruption of the natural gas supply. Cambridge Gas last year built another oil-gas set.

NEGEA has been one of the national leaders in perfecting its oil-gas manufacturing process, and unit costs have been reduced to a level somewhat comparable with the cost of natural gas. This, however, involves the sale of by-products, the price of which may be subject to cyclical influences. In any event, the efficient manufacturing the subject to cyclical influences. factured gas plants will provide for substantial expansion in the future, especially if added supplies of natural gas may involve higher field costs. The company has been very active in develophouse-heating customers, and the gas business is considered

At the end of 1953 NEGEA's equity ratio was about 34%, with plant on an original cost basis and with negligible intangibles. Book value was \$15 which compares with the present market price around 16½. The company sold common stock about a year ago on a 1-for-10 basis at \$13.75 per share, which was 93% subscribed on primary rights; with the remaining shares nearly nine times oversubscribed on the secondary rights. No equity financing has occurred this year to date. The sale of the company's New Hampshire and Maine subsidiaires to Public Service of New Hampshire last April did not involve cash, since NEGEA received 120,000 common shares of Public Service and the company's \$2,250,000 five-year note. five-year note.

The common stock record is shown below. In the 12 months ended Sept. 30, 1954, \$1.37 a share was reported vs. \$1.42 in the preceding period, on a consolidated basis; parent company earnings were \$1.28 vs. \$1.37 (these figures are on average shares outstanding). These earnings would be subject to some dilution (perhaps about 5c a share) if the \$4.50 preferred stock should be entirely converted. The sale of the New Hampshire and Maine subsidiaries is not expected to have any material effect on earnings.

Earnings for the calendar year 1954 some time ago were forecast at about \$1.40, but the subsequent hurricane damage (which may be amortized over a three-year basis) may reduce this by about 3 to 5c. It is conjectured that consolidated earnings would probably have to exceed \$1.40 consistently before an increase in the \$1 dividend might be considered.

The stock has been selling recently around 16½, to yield 6%. The price-earnings ratio is 12.4, which is substantially below the industry average.

#### NEW ENGLAND GAS & ELECTRIC ASSOCIATION \*

		- S.		OMMON STOCK RE	CORU
	YEARS	REVENUES	EARNED	DIVIDENDS	APPROX. RANGE
	1953	\$38,000,000	\$1.23	\$1.00	13 - 14
	1952	36,000,000	1,23	1.00	16 - 14
	1951	34,000,000	1.15	1.00	16 - 13
	1950	31,000,000	1.46	0.95	16 - 12
	1949	29,000,000	1.46	0.85	14 - 10
*	1948	29,000,000	1.31	0.80	12 - 10
	1947	25,000,000	1.31	0.40	13 - 10
	1946	22,000,000	1.37	%	
r	1945	20,000,000	1.28	"" ; " ,	
				V	A

"The figures include the New Hampshire and Maine subcidiaries, sold in 1954.

### Joins Goodbody Staff Gerard Jobin Adds

### Banking's Contribution To a Dynamic Economy

this agency to death. We must kill it by deeds—by meeting our full responsibilities to small business, taking advantage of our correspondent relationships if need be, and letting the nation know what we are doing; and our responsibilities in many instances should involve more than providing funds. Small business, more than large, peeds wise counsel and advice. We must be aggressive in providing such help whenever it is required.

Now if we are to fulfill our

whenever it is required.

Now if we are to fulfill our obligations to small business—indeed if we are to assist all business in the period of expansion ahead—our capacity for taking on risks must grow. Our banks provide the lifeblood of free enterprise, and it is quite clear that a continuing expansion of industry and trade would be greatly handicapped without an increase in our ability to lend. One has only to look at the economies of certain foreign countries where ethe commercial banks are dominated or controlled by a government. the commercial banks are dom-inated or controlled by a govern-ment-owned central bank to see how necessary free competitive banking is to a dynamic free economy. Loans to new firms which display integrity and ca-pacity are almost nonexistent in these countries.

All this is impressive evidence of our place in the scheme of things. Banks must grow if the economy is to grow. There is no doubt but that our banking system will need more capital if it is to carry on its full job in the years ahead; but in addition to this, we need to enlarge one further dimension in our capacity to bear risks. That is our position on reserves for bad debts. As you know, the Internal Revenue Service recently revised the formula on which bad debt reserves can be accumulated. The new formula be accumulated. The new formula permits each bank to calculate the ratio of its bad debts to loans outstanding for any consecutive 20-year period following 1927. The maximum amount of the bad debt reserve, then, is three times this ratio as applied to current loans. If all banks used the years 1928 to 1947 for their calculations, the total reserve would amount to 2.37% of loans.

This is certainly a good step forward from the earlier formula, which was based on loss experience covering only the most recent 20 years. But for a banking system that must be dynamic, the new formula does not go far How essential free banking is to growth in the American economy can be seen very simply from our experience in the postwar years. Over this period, the gross national product has risen about 70%; but at the same time, as I

ness to measure the risks we confront. I the year 1953, some 340,000 new businesses were established. But in the same period, 234,00 withdrew from the field, large numbers of them because of adverse records. All in cause of adverse records. All in all, it is estimated that 40% of new businesses will fail in their first three year. Without question, the risks of new business are never small.

In this regard, the most recent report of the Comptroller of the Currency carries some significant facts. He points out that in 1953—hardly a difficult year—the volume of substandard or doubtful scents of retirent hards are 117 ume of substandard or doubtful assets of national banks rose 31% to a total of \$420 million. This was close to 6% of our total capital accounts. We clearly need a very sizable reserve for bad debts if we are to carry out our risk-taking function effectively and not feel strapped whenever we run into a flurry in the economy.

Not only is the recent formula inadequate; it also is inequitable. It rewards poor banking and penalizes the good. The banks that incurred the heaviest losses two deaders. that incurred the heaviest rosses two decades ago now get the larg-est reserves. A more adquate and a more equitable reserve for bad debts is obviously imperative. In debts is obviously imperative. In my judgment, such a reserve should amount to 5% of loans. We should have some distance to go to achieve this reserve, for the average published at yearend 1953 was only 1.6% of loans. Legislation may be needed, and it should permit expansion at the rate of ½% a year to the ceiling. This is a matter on which our Association might well continue to take the lead in negotiations with appropriate authorities.

The problem of a shortage of

The problem of a shortage of

to seek a better understanding on the part of the public and the government of policies that are required for a healthy system of banking. The public (and some of our legislators) should appreciate the vital role of reserves if banks are to contribute aggressively to a growing economy. Too often we find people unaware that such reserves are not available to the stockholders as capital or for dividends. Then again, the monetary authorities, in fashioning their policies, must have an eye to the health of the banks, as well as to other considerations. They must permit us the means for expansion, so that we may carry on as prime movers for growth throughout the economy.

I am one of those who believes in hardened provides the confidence of the proud growth.

I am one of those who believes in horizons unlimited for America. We have the resources, the skills, and the technical basis for a further huge expansion in our countries. ther huge expansion in our country; our free enterprise system adds the energy and vigor that comes from a sound motivation; and at the 'center of this vast panorama of economic life stand our banks. We provide the credit that is essential to the daily life of all business. More than this, we serve as the helpful guide to business on means and methods required for a sound expansion. Ours is a position of great responsibility. Today, more than ever, the banker plays a key and sponsibility. Today, more than ever, the banker plays a key and critical role in the dynamic progress of America.

#### 50 Years With Firm

PHILADELPHIA, Pa.—Emil H. Fischer, head of the Stock Department of Wurts, Dulles & Co., Oct. 22, 1954 celebrated his 50th Anniversary with the firm. Mr. Fischer joined Wurts, Dulles, members of the New York and Philadelphia-Baltimore Stock Exchanges, just one year after the reserves is certainly capable of members of the New York and solution, as is our need for more Philadelphia-Baltimore Stock Excapital in the longer run. But to changes, just one year after the accomplish these aims we need to firm's founding in 1903.



trading department for Amos C. Sudler & Co., Denver, is the proud grandfather of Michael David Clark, born Oct. 19th to Phillip J. Clark, Jr. and his wife Barbara. The new trader for 17th Street weighed 6 lbs. at birth and stood 20 inches high. 20 inches high

### **Tollner & Bean Inc.** To Form in New York

Tollner & Bean, Inc. will be formed with offices at 25 Broad Street, New York City to specialize in municipal bonds. Nat Toll reprincipal of the firm, was formerly a partner in Schwamm & Co., in charge of the municipal department.

#### With L. A. Huey Co.

OMAHA, Ncb.—Paul McGuire as become associated with L. A. Huey Co., Patterson Building.

#### Edwin D. Morgan

Edwin D. Morgan, member of the New York Stock Exchange, passed away Oct. 18 at the age of 63.

# The World's Largest Shoemakers

### Employs

36,000 men and women.

### Sells

nearly 56,000,000 pairs of shoes yearly to 30,000 retail customers . . this is more than 10% of the shoes produced in the United States.

### Controlled by

more than 13,000 stockholders, with no person or organization owning as much as 3% of the 3,400,000 shares issued.

### **Operates**

63 shoe factories, including 6 Canadian plants . . . plus 33 other plants, including 7 tanneries, producing upper leather, soles, heels, cotton textiles for linings, etc.

Nationally Advertised & Nationally Recognized Brands Include:

#### CHILDREN'S SHOES

**MEN'S SHOES** 

Poll Parrot Red Goose

Weather Bird

The Rand City Club

John C. Roberts

Winthrop Florsheim

#### WOMEN'S SHOES

Accent

Queen Quality

Dorothy Dodd

Trim Tred Velvet Sten

Grace Walker

Florsheim

Sundial Shoes for entire family.

Conformal Shoes-featuring custom-fitted arch for men and women.

Hy-Test Safety Shoes for men and women.

# International Shoe Company

General Offices: 1509 Washington Ave., St. Louis 3, Mo.

Continued from first page

### ABA Holds 80th **Annual Convention**

#### The New President's Acceptance Address

Homer J. Livingston, President of the First National Bank of Chicago, upon his election to the Presidency of the Association, delivered the

following acceptance address: "No thought-

ful person can accept the opportunity to Berve as President of President of the American Bankers Asso-ciation with-out a deep sense of grati-tude, humility, and responsi-bility



and responsi- Homer 3. Livingston billity.

"The Association represents approximately 15,000 American banks with over \$200 billion in deposits. Our banks are located at the crossroads and the grass roots, as well as in the great metropolitan centers of the nation. The activities of our banks are inmoditan centers of the nation. The activities of our banks are inmately related to the lives,
fortunes, and hopes of every
merican citizen, whether we
mateguard his savings, finance his
home, grant credit to his business,
manage his estate, or extend other
essential financial services to him.
But our banks also reach for out-But our banks also reach far out-side the nation and finance the movement of goods and services across the oceans and continents of every hemisphere. The American banking system is today the largest and most powerful banking system in the entire world. Moreover, it represents private enterprise, private ownership, and private management operating in a free economy.

a free economy.

"By an interesting paradox, the great growth of the American economy which has been made possible by the banking system has at the same time also provided a serious challenge to banking leadership. A dynamic economy leadership and leadership. omy producing over \$360 billion of goods and services each year demands a far greater banking tensively resystem than was required even modeled. The changes that have

The Inflation Threat of 1953

"During the early months of 1953, there was a resurgence of inflationary pressures. At that time, business inventories were

National Bank of Newark, Ohio.
Fred F. Florence, President of the Republic National Bank of Dallas, Texas, was elected Vice-President, and Sherman Drawdy, President of the Georgia Railroad Bank and Trust Co., Augusta, Ga., was reelected Treasurer for the consuing year.

It was announced by Glen C.
Mellinger, Chairman of the Association's organization that 17,021 banks and branches were members of the ABA on August 31, close of the ABA on August 31, close of the Association year.

The membership is made up of 14,174 banks, 2,667 branches, and 180 members in foreign countries. During the past year, the Association's membership increased by 148 banks and branches. Included are over 98% of all the banks in the United States and the District of Columbia, every bank is a member of the Association, and in six states, only one bank is a nonmember. The states with 100% membership are Alabama, Arizona, A r k a ns a s, Colorado, Delaware, Idaho, Iowa, Louisiana, Missouri, Montana, Nevada, New Mexico, North Carolina, Oregon, Tennessee, Utah, Vermont, Washagton, and Wyoming.

The ABA has members in every state in the Union and in Alaska, Bermuda, Brazil, Canada, Cuba, France, French West Indies, Great Britain, Hawaii, Honduras, India, Japan, Mexico, Philippine Islands, Puerto Rico, Salvador, Tangier, Venezuela, and the Virgin Islands, Puerto Rico, Salvador, Tangier, Venezuela, and the Virgin Islands, Puerto Rico, Salvador, Tangier, Venezuela, and the Virgin Islands, Puerto Rico, Salvador, Tangier, Venezuela, and the Virgin Islands, Puerto Rico, Salvador, Tangier, Venezuela, and the Virgin Islands.

The New President's Acceptance Address

"(2) The responsibility courage-ously to resist all unsound eco-nomic and banking proposals and support sound proposals.

"(3) The responsibility to help its members inform the American people of the services and functions of private banking in a free

enterprise economy.

"(4) The responsibility providing thoughtful and intelligent national leadership on important economic, monetary, and fiscal problems.

"With the continued strong support and cooperation of our 15,000 banks, we greatly hope that the coming year may be one of constructive and continued progress for banking and for the economic welfare of the American people." people."

EDITOR'S NOTE: Full texts of other addresses made at the Convention, including those of Secy. Humphrey; John J. McCloy; Benjamin Strong; Everett Reese; George Champion; John McCaffrey, and Gwilym Price appear elsewhere in this issue.

### Economic Policy Committee Praises Monetary Policy

On the last day of the Convention, the ABA Economic Policy Commission, whose Chairman is Evans Woollen, Jr., Chairman of the Board of

the Board of the Fletcher Trust Com-pany, Indi-anapolis, Ind., issued the following state-ment apprais-ing the current national monetary policy:

"During the past four



### Heads of ABA Divisions and State Association Section



#### **NEW ABA OFFICIALS**

B. Magruder Wingfield is newly elected President of the ABA's National Bank Division; Joseph R. Jones, President of the Savings and Mortgage Division; Ben S. Summerwill, President of the State Bank Division; George C. Barclay, President of the Trust Division; and Robert E. Lee Hill, President of the State Association Section.



Joseph R. Jones



Ben S. Summerwill



George C. Barclay



Robert E. Lee Hill

plications for banking and for our whole economy. This report summarizes what the Commission regards as the most important of these involved in the commission of these involved in the commission of the commissi

these implications.

"From the outbreak of the Korean War until the spring of 1953, the main objective of Federal Reserve policy was to prevent an excessive expansion of credit in order to combat the danger of inflation. By early 1951, it became apparent that this objective could not be achieved unless the Reserve System was freed. less the Reserve System was freed from its commitment to peg the prices of government bonds at par or higher. This problem was re-solved by the so-called accord reached between the Federal Reserve and the Treasury in March

#### The Revival of Monetary Policy

"The accord of 1951 was a land-mark in monetary history. The abandonment of par pegs for gov-ernment bonds paved the way for the revival of monetary policy as an important instrument for help-ing to stabilize the American ing to stabilize the American

'During 1951 and 1952, the Fed-"During 1951 and 1952, the Federal Reserve authorities moved cautiously but steadily in the direction of restricting the expansion of credit. Official support in the government securities market was greatly reduced. Member banks were forced to borrow rather heavily from the Reserve Banks to obtain the additional reserves they required reserves they required.

"In our opinion, monetary policy made an important contribution to the stability of our economy during that period. It was not the only stabilizing factor, of course; but it was one of them. One cannot say with certainty that inflation would have been renewed during those years if the Federal Reserve had continued its support-at-par program. But it Federal Reserve had continued its support-at-par program. But it can be said with certainty that if an inflationary wave had started, there would have been no adequate monetary defense against it if the par pegs had been retained. Federal Reserve policy constituted an essential safeguard against the threat of renewed inflation.

increasing rapidly. Demands for credit were abnormal. In the words of the former chairman of this Commission, there appeared to be real danger that we might have 'a bubble on top of the boom.'
"Under these circumstances, the

"Under these circumstances, the Reserve System was clearly justified and met its responsibility in permitting some further tightening of credit conditions.

"It is generally conceded, however, that for a short time in the Spring of 1953 some credit markets became tighter than the monetary a uthorities had intended. There is no evidence, however, that this short-lived stringency had any lasting ill effects. In fact, it may have helped to prevent the threatened 'bubble on top of the boom.'

"Indeed, the evidence indicates that the restrictive monetary policy of early 1953 served as more than simply a deterrent to renewed inflation. It encouraged the postponement of some capital expenditures from 1953 into 1954. This was particularly apparent in

expenditures from 1953 into 1954. This was particularly apparent in the case of housing. Monetary policy thereby helped not only to temper the boom but also to cushing the policy through the production of the case of the c ion the readjustment.

#### The Policy of "Active Ease"

"Since the spring of 1953, the credit situation has been completely reversed. Stringency has been replaced by ease throughout the entire credit market. This has been accompanied by a spectacu-lar rise in bond prices and lower

lar rise in bond prices and lower interest rates.
"During this period, the Federal Reserve System has actively promoted easy credit conditions. This policy has unquestionably been in the right direction. Flexibility of monetary policy obviously must be a two-way proposition. Policy should flex in the direction of restraint when inflation threatens and in the direction of relaxation when business declines.

when business declines.
"The usefulness of monetary
policy in cushioning a decline in
business has been clearly demonstrated over the past year. Ready availability of credit has forestalled possible pressures to liquibility of mortgage money on liberal terms has been a major factor in keeping home-building at a trols has reduced the pressure for high level, and this has been one the use of selective credit controls

the most important supports

of business activity in 1954.
"From an overall standpoint, the influence of the Federal Rethe influence of the Federal Reserve's easy money policy is reflected in the fact that today total bank deposits and total bank loans and investments are actually higher than they were a year ago at this time. This is in sharp contrast with the contraction of bank credit and of the money supply that was once characteristic of business recessions. Federal Reserve policy of the past year has serve policy of the past year has provided the credit to ease the economic readjustment. It seems clear that this policy has been a constructive exercise in monetary flexibility.

#### The Four-Year Record

The Four-Year Record

"Looking at the four-year period as a whole, the fact stands out that monetary policy has been restored as a flexible weapon for combating economic instability. Also, over these four years, monetary policy has been put to the test—both on the upside and on the downside of the business cycle. It has demonstrated that the Federal Reserve can contribute substantially to the stability of banking and of the entire economy. "Equally significant is the fact that the Reserve System has regained its freedom. It is important from the standpoint of the broad public interest that the Reserve System should not be subservient to the dictates of political expediency. Also, over the long run, the independence of the Reserve System is essential to the independence of our private banking system.

"Another significant aspect of

"Another significant aspect of the four-year record is that major reliance has been placed on the use of the traditional techniques of discount policy and open-market operations. Four years ago, there was considerable agitation in favor of enlarging the Federal Reserve's powers over bank reserve requirements. Largely as a result of the success of the rediscount and open-market policies. this agitation has almost comdate indebtedness. Ready availa- pletely disappeared. Similarly, the proven effectiveness of the Federal Reserve's general credit consuch as Regulation W and Regula-

#### Responsibilities of Bankers

"It is clear, therefore, that bankers are vitally concerned with maintaining and strengthening a flexible monetary policy and helping to preserve the independence of the Federal Reserve System. We are concerned with these problems both from the standpoint of the welfare of banking and also from the standpoint of the welfare of the economy as a whole.

"This means that we as bankers

"This means that we as bankers This means that we as bankers have important responsibilities with respect to monetary policy. The present Administration in Washington is committed to the proposition that the Federal Reserve System should not be subordinate to the Treasury, but there is no assurance that this will be the attitude of all future Administrations.

"The conclusion is clear. Sound monetary management cannot survive and be truly effective without the enlightened support of the public; and this, in turn, requires the enlightened support of the banking community. It is an obligation of bankers everywhere to support the independence of the Federal Reserve System and the flexibility of monetary policy."

Members of the Economic Policy. "The conclusion is clear. Sound

Members of the Economic Policy Commission are:

Evans Woollen, Jr., (Chairman) Chairman of the Board, Fletcher Trust Company, Indianapolis, Ind. John R. Evans, President, First National Bank, Poughkeepsie, N. Y.

N. Y.

Mervin B. France, President, Society for Savings in The City of Cleveland, Cleveland, Ohio.

Herbert V. Prochnow, Vice-President, The First National Bank of Chicago, Chicago, Ill.

Rudolph E. Reichert, President, Ann Arbor Bank, Ann Arbor, Mich.

John W. Reminster.

John W. Remington, President, Lincoln Rochester Trust Company,

Lincoln Rochester Trust Company,
Rochester, N. Y.
Lester E. Shippee, President,
Hartford-Connecticut Trust Company,
Hartford, Conn.
Charles L. Smith, Chairman of
the Board, First Security Bank of
Utah N.A., Salt Lake City, Utah.
J. Harvie Wilkinson, Jr., Executive Vice-President, State-Planters Bank and Trust Company,
Richmond, Va.
Stuard Wilson, President, State
National Bank, Texarkana, Ark.
Willis D. Wyard, President, First
and American National Bank of
Duluth, Duluth, Minn.

#### **Resolutions Adopted**

At the closing session of the Convention the following resolutions were adopted:

"We are grateful that our nation is not now engaged in a shooting war with its inevitable casualty lists of American men and boys. We are, however, under constant attack in a cold war by a relent-less enemy which does not react to the nobler impulses and deto the nobler impulses and decencies of civilized man. Its attack is twofold. It seeks by deceit, lies, and treachery to infiltrate, debase, and corrupt from within, while it prepares for the day when it can attack from without.

"To meet this threat, we and our allies must maintain both defensive military strength and a retaliatory striking power so great that it will prevent an attack by men who recognize no moral restraints. To support our military strength as well as to preserve the welfare of our people, we must maintain a strong, sound, prosperous, and abundantly productive domestic economy. ductive domestic economy.

#### Sound Economy

"To maintain a sound domestic economy, as individuals we must produce more than we consume, earn more than we spend, and by the exercise of initiative, industry, and thrift acquire the capital

funds which are indispensable to a vital and growing economy.

"We reaffirm our strong conviction that the economy of a nation cannot remain sound and healthy if its Government continually lives beyond its means. We commend the steps which have been taken to reduce Federal expenditures, to eliminate waste, to improve efficiency in governmental activities, and to withdraw the Government from fields of acthe Government from fields of activity which can better be carried on by its citizens under our American enterprise system. We urge further action along these lines as rapidly as possible without endangering our national security and other essential programs, so that the Federal budget may be in balance at a figure that will in balance at a figure that will permit a further reduction in taxes and a program for a systematic reduction of the public debt.

"In this way we can maintain sound government credit the purchasing power of the dol-lar, and preserve for the Amer-ican people the traditional American incentive to produce, by allowing the retention by the individual of most of the proceeds of his mental and physical labor, free from confiscatory taxation by his Government. These are some of the precious heritages of American economic life.

#### Monetary Policy

Monetary Policy

"There is no magic formula for the use of monetary and credit controls by Government as a substitute for production by the people of a nation as a basis for a prosperous economy. A careful, continuing, and intelligent monetary policy is, however, of great importance in helping to stabilize the economy by providing restraints during periods of inflation and speculative excesses, and assisting in making credit readily available during periods of economic readjustment. We reaffirm our support of a flexible monetary policy and generally commend the actions taken under such a policy in the past two such a policy in the past two years during a period of transition from a wartime economy to a peacetime economy.

"Economic readjustments are unavoidable during a period when major changes take place in the nature and character of a large part of domestic production. Orderly readjustments, when nec-essary, are far better for our econ-omy than the continuance of maladjustments.

#### Banking Education

Banking Education

"The strength of our banking system and its contribution to this country's sound and growing economy has been due in large measure to the high quality of the management of our banks. We are proud of the part which the American Bankers Association, through its educational activities—the American Institute of Banking and the Graduate School of Banking—has taken and is taking in assuring the continued excellence of bank management by the development of a reservoir of specially trained and skilled bank personnel. We are encouraged by personnel. We are encouraged by the increasing interest in banking education as evidenced by the number of state bankers associanumber of state bankers associations which have individually or jointly established schools of banking or instituted other educational and training programs. In the interest of guaranteeing the continuity of bank management best qualified to serve the nation effectively, all banks are urged to take advantage of these facilities made available to them by the American Bankers Association and their state associations and their state associations

#### Savings Bonds

The American Bankers Assothe American Bankers Association notes with gratification that bank efforts in the promotion and sale of United States Savings Bonds are being more widely recognized and appreciated by the general public.

"We commend the banks for

their active leadership as "au-thorized issuing agents" in urging more individuals to buy and hold more Savings Bonds. This leadmore Savings Bonds. This leadership has contributed to the goal of sound money and the ideal of thrift.

"The American Bankers Association pledges its continued sup-port for this important program.

"To Everett D. Reese, our President, we extend our sincere thanks and appreciation for his splendid leadership during the of the Association could not be for the assistance which has been

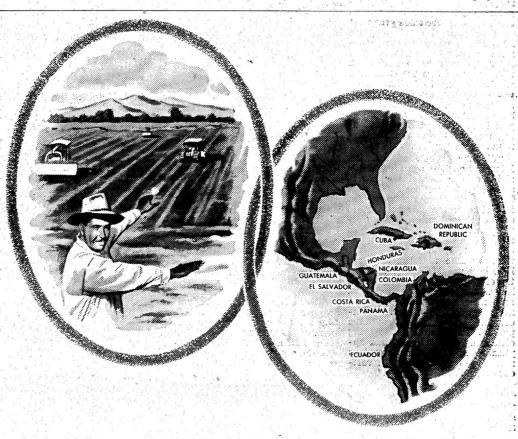
carried on successfully and efficiently without the work of the Council, the various commissions, the committes, and the other officers including the members of the staff. To all of them we acknowledge our appreciation.

"The help and assistance which the New Jersey haplers have the Wiston with the New Jersey happens have the New Jersey happens hav

the New Jersey bankers have rendered in making this convention an outstanding success are sincerely appreciated. To the hoyear. The comprehensive work this city, we express our gratitude

A special subcommittee of the ABA Committee on State Legislation reported that "enactment of the Uniform Commercial Code as a whole should not be recommended." During the Convention. the special subcommittee made a tels, the press, and the citizens of 100-page report on the proposed Uniform Commercial Code which

Continued on page 46



### LINKED BY EFFORT AND BY MUTUAL NEEDS

At present U. S. investments in Latin America, totaling six billions of dollars, are larger than in any other part of the world except Canada. Here is proof positive that American business is anxious to promote production in our sister republics. More, it is strong indication that with proper encouragement private capital can supplant government loans to neighbor nations . . . to the great benefit of every portion of the Western Hemisphere.

The need for private funds in Latin America can hardly be exaggerated; for no nation is completely independent. Rather is it interdependent with the countries that share its needs and aspirations. Such mutuality of interest has forged a powerful link between the Americas, for the good earth to the south produces in abundance while the good markets of North America purchase in abundance. Each helps the other.

Many of our international industries are seeking to better conditions in countries where their activity centers. United Fruit

a printer and stated.

Company has for many years engaged in a program of privately financed aid in the local fields of education, health, sanitation and public works. In addition to this and the construction of communication and transportation systems, United Fruit has been instrumental in establishing a multi-crop economy in Middle America and transforming thousands of acres of jungle into productive farm lands.

Such activities are not the whole answer. But the results, measured in terms of improved living conditions and the development of useful skills, do demonstrate that a well-planned and efficiently administered program of private aid can be among the most worthwhile investments North America can make.

It is this company's firm intention to continue usefully to serve the Americas . . . and, in strict accordance with the spirit of laws of the countries wherein it operates, to work toward a future of ever-increasing mutual benefit.

### UNITED FRUIT COMPANY

General Offices: 80 Federal Street, Boston 10

COLOMBIA . COSTA RICA . CUBA . DOMINICAN REPUBLIC . ECUADOR EL SALVADOR . GUATEMALA . HONDURAS . NICARAGUA . PANAMA 

### ABA Holds 80th **Annual Convention**

is intended to replace existing laws in the various states relating to negotiable instruments, collections, and other commercial trans-actions. The new Code has been adopted in Pennsylvania and is under consideration in several adopted in Pennsylvania and is under consideration in several other states, and has been the subject of intensive study by legal committees of bankers associations and other trade groups. In its general conclusion, the ABA special subcommittee recommended that "the greatest benefits from the scholarship and work that has gone into the Code can, we believe be best obtained by

we believe, be best obtained by amending the existing uniform statutes to incorporate the desirable changes and new rules pro-posed in the Code but still retain-ing most of the established terminology of the law.

"We have concluded that the interrelation between the various fields of commercial law represented by the various Articles of the Code is not such as to require inclusion of the law relating to each of these fields into one statute. In addition, it seems to us that the effort to do so will inevitably tend to destroy rather than promote uniformity in the law because it replaces most of because it replaces most of the established terminology of the law with new phases and clauses, and many new concepts, thus necessitating a long period of un-certainty and (especially with the provisions of Article 1) assuring conflicting interpretation and ap-plication, and also because various nonuniform amendments in various states seem inevitable.'

Recommendations of the committee with regard to separate articles of the proposed Code were summarized in the report as fol-

Article 1. General Provisions. Most of these provisions should not be included in

any statute.

Article 2. Sales. Since banking transactions seldom involve questions in the Law of Sales, we have not expressed any conclusions concerning Article 2, except that any revision of the Uniform Sales Act should be in the form of a separate statute rather than as a part of a Uniform Commercial Code.

form Commercial Code.

Article 3. Commercial Paper. That this Article should not be recommended for enactment either as a part of the Code or separately, but we would recommend approval of a uniform revision of the Uniform Negotiable Instruments Law to include the substance of Part 1 of Article 3 and the various other worthwhile provisions discussed in the body of this report provided the established terminology and concepts of that statute are not otherwise varied.

wise varied.

Article 4: Bank Deposits and Collections.
That this Article should not be recommended for enactment either as a part of the Code or separately, but we would recommend approval of a separate uniform statute following the approach and substance of the ABA approved bank collection code with the inclusion of the few improvements in the law and practice relating to bank collections contained in that part of Article 4. We would also recommend approval of a group of model statutes covering, with appropriate and substantial revision, most of the ground covered by the bank deposit provisions (Part 4) of Article 4.

ticle 4.

Article 5: Documentary Letters of Credit,
That this Article should not be recommended for enactment either as a part of
the Code or separately, and we would not
recommend preparation of a separate uniform statute on this subject.

Article 6. Bulk Transfers. That this Ar-ticle, with appropriate amendments to the sections discussed in this report, be recom-mended for enactment as a separate uni-form statute.

form statute:

Article 7. Warehouse Receipts, Bills of Lading, and Other Documents of Title. That this Article should not be recommended for enactment either as a part of the Code or a separate uniform statute; but that such changes as may be considered necessary should be made by proposed uniform amendments to the Uniform Warehouse Receipts Act and the Uniform Bills of Lading Act.

Article 8. Investment Securities. That

Bills of Lading Act.

Article 8. Investment Securities. That this Article should not be recommended for enactment as a part of the Code. We would recommend approval of a uniform revision of the Uniform Stock Transfer Act to include the more important benefits of this Article; but we believe that even if proposed as a separate uniform statute, with appropriate amendments as discussed in this report, it would be desirable from

the standpoint of both banking and the investing public.

une standpoint of both banking and the investing public.

Article 9. Secured Transactions. That this Article should not be recommended for enactment in its present form either as a part of the Code or as a separate uniform statute; but that there is great need for uniform legislation in two general fields covered by Article 9, namely accounts receivable financing and nonposessory security interests in tangible property. Because of this need, and because it is apparent that Article 9 has much merit, your Committee plans to continue its study of this subject especially in the light of the results of studies still being conducted in California and New York and elsewhere and to submit a more detailed report on the Article 10. Ejective Dats and Repealer.

the Article in the not too distant future.
Article 10. Effective Datz and Repealer.
That before the Code or any part of the
Code is considered for enactment in any
state careful study should be made of
existing statutes which would be repealed
or modified and appropriate amendments
of the latter should be prepared.

Members of the special subcommittee include: Chairman George F. Taylor, Director, Commonwealth Trust Company, Pittsburgh, Pa.; John A. Alexander, Counsel, Indiana Bankers Association, Indianapolis, Ind.; Robert H. Brome, Resident Counsel, Bankers Trust Company, New York, N. Y.; Ben C. Corlett, Vice-President, American Trust Company, San Srancisco, California; R. S. Douglas, Counsel, The Cleveland Trust Company, Cleveland, Ohio; Sherman Hazeltine, Chairman, ABA Committee on State Members of the special subcomman, ABA Committee on State Legislation, and President, The Bank of Arizona, Prescott, Ariz.; Edward Landels, Legislative Counsel, California Bankers Ascounsel, California Balikers Association, San Francisco, Calif.; Thomas B. Paton, Assistant General Counsel, American Bankers Association, New York, N. Y., Secretary; and John Rene Vincens, New York, N. Y., Assistant Secretary Secretary.

### Backgrounds of New Top ABA Officers

#### HOMER J. LIVINGSTON

#### President

Thumbnail sketches of the new

Thumbnail sketches of the new ranking officers of the American Bankers Association follow:
Homer J. Livingston, the new President of the American Bankers Association, is President and Director of The First National Bank of Chicago, Chicago, Illinois. He is a native of that city, and was graduated from the John Marshall Law School, Chicago, in 1924, with an L.L.B. degree and was awarded an honorary L.L.D. degree from Washington and Jefferson College, Washington, Pennsylvania, in 1952.

Mr. Livingston entered the banking business with The First National Bank of Chicago in 1922. In 1930, he became an Assistant Attorney; in 1934, Attorney; in 1944, counsel; and in 1945, vice-President. He became a Director in 1948 and President in 1950.

In the American Bankers Association, Mr. Livingston was a member of the Committee on Federal Legislation and Chairman of the Subcommittee on Bankruptey

member of the Committee on Federal Legislation and Chairman of the Subcommittee on Bankruptcy from 1940 to 1950, a member of the Credit Policy Commission from 1949 to 1953, and Vice-President of the Association in 1953-54. He was elected President of the ABA at the 80th Annual Convention in Atlantic City, New Jersey, Oct. 20, 1954.

He served as a member of the Legislative Committee and the

Legislative Committee and the Council of Administration of the Illinois Bankers Association in 1944.-45

Mr. Livingston is Chairman of the executive committee and Chairman of the stock trustees of charman of the stock trustees of the Monon Railroad; a Director of the Continental Casualty Com-pany and the Continental Assur-ance Company, President of the National Safe Deposit Company; and Director of Sears, Roebuck & Company.

He has long been active in Chi-fantile Paralysis; and a member State Association Section ago civic affairs and is at pres- of the Board of Trustees of the President: Robert E. Lee Hill, Trustee of the University United States Council of the In-Executive Manager, Missouri Bankers Association, Columbia, cago civic affairs and is at present a Trustee of the University of Chicago; Trustee and Treasurer, The Art Institute of Chicago; Director and Treasurer, Chicago Boys Club, Inc.; and Trustee of the Chicago Child Care Society and of the Farm Foundation. Mr. Livingston is married, has one son, and lives in River Forest, Illinois

#### FRED F. FLORENCE

#### Vice-President

Fred F. Florence, the new ABA Vice-President is President of the Republic National Bank of Dallas. Dallas, Texas. He was born in New York City, but moved with his parents to Rusk, Texas, in

infancy.
Mr. Florence entered the bank-Mr. Florence entered the banking business in 1907 with the First National Bank of Rusk. He rose to Assistant Cashier of that bank and in 1911 joined the American Exchange Bank, Dallas, Texas. After a few months with that institution and a short period as stitution and a short period as Cashier of the First State Bank Casner of the First State Bank, Ratcliffe, Texas, he became Vice-President of the Alto State Bank, Alto, Texas, in 1912. In 1915, he was elected President of that in-

In 1920, Mr. Florence became first Vice-President of the Guarfirst Vice-President of the Guar-anty Bank and Trust Company, Dallas, the forerunner of the Re-public National Bank. He was elected President of the Republic

National Bank in 1929.

In the American Bankers Association. Mr. Florence was a memciation, Mr. Florence was a member of the Committee on Banking Studies from 1934 to 1937; the Subcommittee on Taxation of the Committee on Federal Legislation from 1937 to 1941; the National Defense Loans Committee in 1941-42 and the National War Loans Committee in 1942-43; the Small Business Credit Commis-sion from 1944 to 1950; and the sion from 1944 to 1950; and the Credit Policy Commission from 1950 to 1954, being chairman from 1951 to 1954. He served a three-year term on the ABA's Executive Council from 1947 to 1950 and a one-year term on the Administrative Committee in 1947-48. He was elected ABA Vice-President at the 80th Annual Convention in Atlantic City, New Jersey, Oct. 20, 1954. 20, 1954.

Mr. Florence served as President of Texas Bankers Association in 1936 and was President of the Dallas Clearing House Association for three terms. He is a past Di-rector of the Association of Re-serve City Bankers.

Outside the banking business, Mr. Florence is a Director in a number of firms, including Austin number of firms, including Austin Bridge Company, Baker Hotel, Dallas Power & Light Company, Dallas Railway and Terminal Company, Lone Star Steel Company, Missouri - Kansas - Texas Railroad Company of Texas, and the Wyatt Metal and Boiler Works. He is President of the Cosmopolitan Hotel Company

He is President of the Cosmopolitan Hotel Company.

He is a Director of the Camp Fire Girls, Inc.; Civic Federation of Dallas; Dallas Citizens Council; Dallas Community Chest; Dallas Grand Opera Association; Dallas Symphony Orchestra; the Pilot Institute for Deaf; Texas Midcontinent Oil & Gas Association; U. S. Cerebral Palsy Association for Dallas County; and Boy Scouts of America, Circle Ten Council (North Texas). He is a Trustee of the American Heritage Foundation; Chairman and Trustee of St. Paul Hospital Advisory Board; a member of the Advisory Board; a member of the Advisory Board of the Dallas Branch of the Salvation Army; a member of the Executive Committee of Southern Methodist University; a Trustee and Treasurer of the Southwestern Medical Foundation; a Director and Treasurer of the State Fair of Texas; Trustee, Treasurer, member of the Executive Committee, and member of the Endowment Committee of the Texas Research Foundation; life-

merce.
Mr. Florence is married, has one and one daughter, and makes his home in Dallas.

#### SHERMAN DRAWDY Treasurer

Sherman Drawdy, who was re-elected Treasurer of the American Bankers Association is President of the Georgia Railroad Bank & Trust Company, Augusta, Georgia. He wase born in Groveland, Flor-ida, and attended schools there. He entered the banking business in 1921 as a clerk in the Bank of

in 1921 as a clerk in the Bank of Groveland, advancing to Cashier in 1924. In 1926 he joined the Florida State Banking Department as an Examiner and continued in that position for seven years. In 1933 he joined the Federal De-posit Insurance Corporation, and shortly thereafter he became Se-nior Examiner in the Sixth Fed-eral Reserve District for the Federal Reserve Bank of Atlanta.

Mr. Drawdy became associated with the Georgia Railroad Bank & Trust Company in 1936 as Vice-President and Comptroller. After being advanced to Vice-President being advanced to Vice-President and Cashier and later to fi Vice-President and Cashier, was elected President in 1947.

Mr. Drawdy has long been active in bankers' association affairs and served as President of the and served as President of the Georgia Bankers Association. In the American Bankers Associa-tion, he was state Vice President for Georgia of the Organization Committee in 1946-47, a regional Vice-President of the Organiza-tion Committee from 1947 to 1949, member of the Federal Legislative Council and of the Execu-tive Council from 1949 to 1952 and a member of the State Bank and a member of the State Bank-ing Departments Committee of the State Bank Division in 1950-51. He was a member of the Executive Committee of the State Bank Division from 1950 to 1953 and of the Division's Legislation Committee from 1951 to 1953, Georgia State Chairman of the Treasury Savings Bonds Committee from 1951 to 1953, and a member of the Commerce and Marine Commission in 1952-53. He was elected ABA Treasurer at He was elected ABA Treasurer at a meeting of the Association's Executive Council held at the close of the Association's 79th Annual Convention in Washington, D. C., Sept. 23, 1953; he was reelected for a second year at the meeting of the Executive Council held at the close of the 80th Annual Convention in Atlantic City, New Jersey, Oct. 20, 1954.

Mr. Drawdy is President of the

Mr. Drawdy is President of the Georgia Railroad and Banking Company; and a Director of North Augusta Banking Company, Augusta Lumber Company, Castleberry's Food Company, Casto-Stores, Inc., Professional Building,

Inc., and Claussen's Bakery, Inc.
He is married, has two children,
and makes his home in Augusta.

#### **New Division Presidents**

The officers elected for the four divisions and the State Association Section of the American Bankers Association follow:

National Bank Division

President: B. Magruder Wing-field, Vice-President, National Bank of Commerce of Houston, Houston, Texas.

Savings and Mortgage Division President: Joseph R. Jones, Vice-President, Security-First Na-tional Bank of Los Angeles, Los Angeles, Calif.

State Bank Division

President: Ben S. Summerwill, Chairman of the Board, Iowa State Bank and Trust Company, Iowa City, Iowa.

#### Trust Division

Texas Research Foundation; life-President: George C. Barclay, time Dallas County chairman of Vice-President, City Bank Farmthe National Foundation for In-ers Trust Co., New York, N. Y.

#### Next Convention in Chicago

Before the final adjournment of the Convention, it was announced that the 1955 Convention of the American Bankers Association will be held in Chicago, Ill. The dates for the Convention will be Sept. 25-28, 1955.

The last Convention of the ABA

to be held in Chicago was in 1951. At the 1955 meeting of the nation's bankers, the Chicago Clearing House Association will be hosts to the Convention.

### NASD District No. 13 **Receives Nominations**

The Nominating Committee of District No. 13 of the National Association of Securities Dealers, Inc. has submitted the following slate:



Earl K. Bassett

Board of Governors Earl K. Bas-sett, W. E. Hutton & Co., to succeed Carl Stolle, G. A. Saxton & Co., Inc. District

Commitee: Edgar J. Lof-tus, W. C. tus, W. C. Langley & Co. to succeed Earl K. Bas-

Sheets, Blyth & Co., Inc. to succeed George H. Walker, Jr., G. H. Walker & Co., John S. French, A. C. Allyn & Co., Inc. to succeed

C. Allyn & Co., Inc. to succeed Paul A. Gammons, Bradley, Gammons & Co., Inc.; W. Enos Wetzel, W. E. Wetzel & Co., Trenton, N. J., to succeed Edward S. Hinckley, Adams & Hinckley, Newark, N. J. Members of the Nominating Committee were: Walter F. Blaine, Goldman, Sachs & Co., Chairman; Raymond D. Stitzer, Equitable Securities Corporations, Paul Devlin, Blyth & Co., Inc.; Laurence M. Marks, Laurence M. Marks & Co.; and Stanton M. Weissenborn, Parker & Weissenborn, Inc., Newark, N. J.

### Sonnenberg Offers Maine Mining Shares

Sonnenberg & Co., Linden, N. J., is offering publicly 745,000 shares of common stock (par 10 cents) of Maine Mining & Exploration Corp. at 40 cents per share as a pregulation peculation.

The net proceeds are to be used

to exercise certain options, to pay for exploratory drilling and de-velopment expenses and for new equipment.

Maine Mining & Exploration Maine Mining & Exploration
Corp. was organized in Maine on
Nov. 6, 1953 to hold, explore and
develop as assignee of leases, certain properties in Maine in Washington, Hancock and Franklin
Counties (now covering 68,744
acres of property). Subsequently,
the company acquired leases the company acquired leases on 1,045 acres of property in Masham Township, Gatineau District, Quebec, Canada, with potential value as uranium claims

#### Henderson, Taylor Join Holton, Hull & Co. (Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert J. Henderson and Craig H. Taylor have become associated with Holton, Hull & Co., 210 West Seventh Street, members of the Los Angeles Stock Exchange. Mr. Henderson was formerly with Neary, Purcell & Co. and Francis I. du Pont & Co. and in the past an officer of Edward J. beau & Co. Mr. Taylor was First California Company Bourbeau & Co. Mr. Tayl with First California Co and Hannaford & Talbot.

### Merrill Lynch Heads "Pacesetter" Offering

A nationwide underwriting group headed by Merrill Lynch, Pierce, Fenner & Beane yesterday (Oct 27) offered a new type large debenture issue, which may be a pacesetter. Involved are \$75,000,000 in two series of debentures of Cortland Equipment Lessors, Inc. This commany is a wholly-owned This company is a wholly-owned subsidiary of Safeway Stores, Inc. which pioneered the development of the sale-and-lease-back financ-

ing.
Cortland Equipment Lessors, organized in 1945, owns store, warehouse, and office fixtures and equipment, and bakery, creamery, coffee and other manufacturing equipment, with net book value of \$87,700,000 after depreciation. These items are leased to parent Safeway Stores which operates

The new debentures principally replace a similar type financing arrangement handled by loans arrangement handled by loans through banks on a shorter-term basis. Over two-thirds of the money will be used to pay off bank loans now held by major New York, Chicago and California banks. The remainder will prepay advances from Safeway in pay advances from Safeway in the amount of about \$16,000,000 and approximately \$5,000,000 will

added to the working capital. The debentures are backed by the full credit of Cortland which in turn receives rentals from Safeway under a 60-year lease. Safe-way agrees the rental payments will always be sufficient to cover all Cortland's operating expenses including depreciation, interest and income taxes plus a flat fee

and income taxes plus a flat fee of \$140,000 per year.

The \$75,000,000 debentures consist of \$50,000,000 Serial Debentures, Series A and \$25,000,000 of 44% sinking fund debentures, series B, due Nov. 1, 1969, both of which are being offered at 100%, plus accrued interest.

which are being offered at 100%; plus accrued interest.

The series A debentures will mature in the amount of \$5,000,-000 on Nov. 1 of each year 1955 through 1964, with interest ranging from 3% to 4%. The series B debentures will have the benefit of a sinking fund at par to retire \$1,000,000 debentures each year 1955 through 1964 and \$3.000,000 each year 1965 through 1968.

Both series of debentures may be redeemed prior to maturity at the company's option, in whole or part. Initial redemption prices for the series A debentures will range from 1033% to 100%, and for the series B debentures will be 104% plus accrued interest.

plus accrued interest.

#### Harris, Upham to Open Second Uptown Branch

Harris, Upham & Co., nation-wide investment brokerage firm, has leased large office space at 99 Park Avenue for its second midtown branch to meet expanding business needs in the Grand Central area, it was reported by Alan V. Tishman, Vice-President of Tishman Realty & Construction Co., Inc., builder and operator of the new skyscraper.

The brokerage company, whose main offices are at 14 Wall Street, now has a midtown office at 604

now has a midtown office at 604 fifth Avenue, as well as offices in 30 other cities from coast to

### Harris & Partners In N. Y.

Harris & Partners Limited, Inc. will engage in an investment business from offices at 160 Broadway, New York City, as an affiliate of Harris & Partners Limited of Toronto.

### Railroad Securities

#### New York Central

Some speculative interest developed in New York Central from the new President, Mr. Perlman, might have some important information of a favorable nature to divulge in his talk before members of the New York Society of Security Analysts on Thursday. These hopes were quickly dashed. While holding to the cautious optimism that has characterized statements of the new management ever since they won the proxy fight, Mr. Perlman emphasized the magnitude of the read and the read and the future. He further stated that the management had no present intention of selling its stock holdings in such roads as Reading and Delaware, Lackawanna & Western to raise cash, as had been rumored for some time. In answer to a question it was also said by Mr. Young, Chairman of the Board, that the management had decided against selling the hotel properties and other Park Avenue real estate at this time. This came as quite a surprise, as Mr. Young had previously given disposal of this non-rail property number one priority Cortland Equipment Lessors, organized in 1945, owns store, warehouse, and office fixtures and equipment, and bakery, creamery, coffee and other manufacturing equipment, with net book value of \$87,700,000 after depreciation. These items are leased to parent Safeway Stores, which operates a nationwide chain of over 2,000 food stores in 24 states, the District of Columbia and five western provinces of Canada. The lease arrangement is in line with Safeway's established philosophy of separating various parts of its grocery business and of reducing the amount of capital tied up in fixed assets.

The new debentures principally.

the proxy fight, Mr. Perlman emphasized the magnitude of the job confronting the road and warned against the possibility of any miracles. This factor had, of course, also been stressed by the previous management, which had been given less than two years to work on the problem, and has long been recognized by most railroad analysts.

On the point of finances, which have been causing some concern in financial quarters because of the rapid evaporation of cash during the past 12 months, Mr. Perlman stated that the picture and that it was not anticipated Mr. Perlman spoke at consideration in forcessary over the foreseeable the large degree of obsolescence with a management repairs may be concentrated in fewer shops than formerly. Passenger losses have concentrated in fewer shops than formerly. Passenger losses have concentrated in fewer shops than formerly. Passenger losses have denomently by line and part of the credit of Central. It was also a disappointing announcement to course, also been stressed by the previous management, which had been given less than two years as to the reduction of Central to The Firmancial Chronostice.)

LOS ANGELES, Calif.—Harry have denoments of the past year or so but the deficit is further the road has joined with an abandonments of the past year or so but the deficit is further the road has joined with an unber of others to explore the past part of others to explore the past part of others to explore the past part of the development of standardized light weight equipment repairs may be concentrated in fewer shops than formerly. Passenger losses have deen pared significantly by line and train abandonments of the past year or so but the deficit is further the road has joined with substantial. To cut this further the road has joined with an unber of others to explore the past year or so but the deficit is further the road has joined with an unber of others to explore the past year or so but the deficit is further the road has joined with a past year or so but the deficit is further the

that characterizes the Central property, particularly with respect to the yards and signaling. The job of modernizing yards, which was started about two years ago, is to be pushed although there still remains much to the done and it will take time and money. This program is designed to permit the efficient handling of the much longer trains that have been made possible through dieselization. Also, it is proposed to eliminate a large amount of the multiple track in the east, substituting therefore centralized traffic control. It is anticipated that this step will materially reduce track maintenance costs and will also seen closed in the interests of economy and even when traffic recovers the management feels where on the system. Shops have also been closed in the interests of economy and even when traffic recovers the management feels that equipment repairs may be concentrated in fewer shops than formerly. Passenger losses have been pared significantly by line and train abandonments of the past year or so but the deficit is still substantial. To cut this further the road has joined with a number of others to explore the possibility of the development of standardized light weight equipment. This, also, is viewed strictly as a long-term potential.

All in all, Mr. Perlman held out the prospect of disappointing earnings for as much as another two or three years as the program is being implemented.

Meantime, the company was in the black to the tune of about \$1

erations for 1954, and considering the substantial cash needs of the company if the modernization program is to be pushed, most railroad analysts feel that the dividend outlook is dim to say the least. Perhaps Central will eventually come into its own, as has been predicted by the new management, but based on management statements there is still a long row to hoe.

#### 2 With Standard Inv. Co.

#### Rodman & Renshaw Add

# Jones 4 Laughlin

STEEL CORPORATION - Pittsburgh

And Subsidiary Companies

Consolidated Statement of Income for the quarter and for the nine months ended September 30, 1954, compared with the same periods of 1953

The statement of income set forth below shows the Corporation's income for the third quarter and the first nine months of 1954, both before and after giving effect to a change in accounting practice with respect to depreciation and amortization of emergency facilities. Because of the very large amounts of the Corporation's amortization of emergency. facilities in relation to its property account and its income, a decision was made effective January 1 of this year to take as an income deduction

for statement purposes, in respect of the cost of assets covered by Certificates of Necessity, depreciation by the declining balance method at twice the Corporation's regular rates of depreciation. This is in lieu of the depreciation and amortization of emergency facilities formerly provided for these assets. The six columns are set forth in order that there may be ample opportunity for comparing the results on both the former and present methods of accounting.

	Third Quarter ended September 30			Nine Months ended September 30					
· · · · · · · · · · · · · · · · · · ·	1	954	4 1953		1954		1953		
	After Change in Accounting Practice (See Footnote)	On Basis of Accounting Practice Followed in 1953, for Comparative Purposes (See Footnote)	N	After Change in Accounting Practice (See Footnote)	On Basis of Accounting Practice Followed in 1953, for Comparative Purposes (See Footnote)	`			
Sales and operating revenues	\$108,702,000	\$108,702,000	\$160,504,000	\$370,068,000	\$370,068,000	19mm	\$488,360,000		
Income from operations after deducting all expenses incident thereto, except those expenses shown separately below	\$ 17,198,000	17,198,000	\$ 31,747,000	\$ 60,940,000	60,940,000		\$ 94,254,000		
Less—Provision for depreciation and depletion	8,348,000	5,348,000	6,233,000	25,703,000	15,770,000		18,229,000		
Provision for amortization of emergency facilities	$\Xi_{i}$	7,660,000	7,203,000		22,718,000		21,182,000		
Interest charges Provision for Federal income and excess profits taxes—	904,000	904,000	1,096,000	2,742,000	2,742,000		3,707,000		
Current year	1,210,000	1,210,000	8,408,000	9,313,000	9,313,000		25,966,000		
Future years	2,349,000	·		6,648,000					
	12,811,000	15,122,000	22,940,000	44,406,000	50,543,000		69,084,000		
Net Income	\$ 4,387,000	\$ 2,076,000*	\$ 8,807,000	\$ 16,534,000	\$ 10,397,000*		\$ 25,170,000		
Earned per share of common stock outstand- ing at end of each period (1954—6,197,454 shares; 1953—6,200,654 shares)	\$.65	\$.28	\$1.36	\$2.49	\$1.50		\$3.88		

Effective January 1, 1954, depreciation has been provided in the books of acco Corporation on the total cost of all assets covered by Certificates of Necessity by the de-clining balance method at twice our regular rates of depreciation in lieu of amortization and depreciation formerly provided. Amortization and depreciation as formerly provided will still be deducted for Federal income tax purposes. The difference between the income taxes which are thus payable and those which would be payable on the current income shown in the above statement has been deducted from the current year's income in the statement and will be carried as a reserve to provide for future-income taxes. On the new basis depreciation and depletion provided in the third quarter and the nine months ended September 30, 1954, are \$4,660,000 and \$12,785,000 respectively, less than the amounts which would have been provided for depreciation, depletion and amortization on the former basis. Similarly on the new basis an additional reserve for Federal income taxes in future years has been provided in the amounts of \$2,349,000 in the third quarter and \$6,648,000 in the nine months ended September 30, 1954.

The income account for 1954 is subject to annual audit and adjustment,

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### Mutual Funds

report of Scudder Fund of Canada Ltd. shows an appraised valuation of \$30,069,822 in Canadian dollars, or a net asset value of \$30.93 per share in United States dollars which represents an appreciation of 3% since June 14, 1954. The \$30,000,000 investment company, which commenced operations on the above date, shows that \$19,-812,971, approaching two-thirds of the Fund's assets, was invested in common stocks of Canadian cor-porations as of Oct. 15, 1954. The remainder of the Fund's assets, price weakness in its products. \$10,256,851, was invested in various types of fixed-income bearpectation of substantial to weather a recession of substantial to weather a recession remainder of the Fund's assets, price weakness in its products. "This record encourages the engage of the substantial to the substantial to weather a recession remainder of the Fund's assets, price weakness in its products." ing Canadian securities.

Hardwick Stires, President, stated in the report that the "manstated in the report that the "management is confident of the long-term vigor of the Canadian economy and regards the portfolio as being well constituted to reflect the development of Canadian industries and resources." The portfolio, he said, will be altered as economic conditions change.

The Fund's largest group investment in common stocks on Oct. 15 was in metals and mining shares which had a quoted value of \$3,-973,004, or 13.2% of the total appraised value of the portfolio. The second largest common stock commitment was in petroleum shares, carried at \$3,175,510. Other major carried at \$3,175,510. Other major common stock group investments were: paper, \$2,608,750; banking and finance, \$1,981,250; construction, \$1,969,975; food and beverage, \$1,718,693; merchandising, \$1.388,225; steel, \$829,500; public utility, \$792,250; automobile, \$465,000; agricultural equipment, \$406,-250; chemical, \$248,537; rubber, \$166,025; and container, \$90,000.

Investment in bonds comprised: Government of Canada, \$6,349,256; Canadian Provinces, \$1,242,875; municipals, \$100,562; and corpora-

Canadian Provinces, \$1,242,875; municipals, \$100,562; and corpora-tion bonds, \$2,319,062. The Fund held preferred stocks quoted at \$321,000.

The Fund's policy permits investments of up to 20% of its assets in non-Canadian securities assets in non-Canadian securities and its largest single investment was in Royal Dutch Petroleum shares, 100 Guilders par, of which 7,500 shares, quoted at \$988,761, were held, followed by 20,000 shares of International Nickel Co. of Canada Ltd., \$928,311; 25,000 shares Powell River Co., Ltd., \$912,500; 800 shares Unilever N.V., \$912,500; 800 shares Unilever N.V., 1.000 Guilders par, \$835,966; 25,000 shares Dominion Stores, Ltd., \$750,000; 4,500 shares Canada Cement Co., Ltd., 12,000 shares Royal Bank of Canada; 12,000 shares Bank of Montreal: 14,000 shares Imperial Oil Ltd.; and 10,000 shares Industrial Acceptance Corp. Ltd. shares Corp., Ltd.

A PROMISING outlook for steel stocks is discussed in an interim report, part of a continuing investment service on Values in Industries, supplied to dealers by Distributors Group, sponsors of Group Securities, Inc.

"Steel stocks are currently pro-viding an unusually high rate of

THE FIRST interim stockholders' return, a return that appears well-report of Scudder Fund of Canada protected because their present protected because their present dividends are currently being earned by a wide margin," the report states.

"This is all the more interesting in view of the fact that the ing in view of the fact that the steel industry is currently operating at only about two-thirds of its rated capacity. Never before did the industry demonstrate an ability to earn anything at so low a relationship to capacity. Never before did it weather a recession before did it weather a recession

"This record encourages the expectation of substantially increased earnings, possibly increased dividends, as steel production continues its slow but steady recovery. Moreover, reported earnings understate the ported earnings understate the situation. Cash earnings are substantially higher. Because a large part of the recent great expansion of steel plant and equipment is being written-off at the rate of 20% a year by special government sanction, reported earnings during that 5-year amortization period are being artificially reperiod are being artificially re-

MILTON FOX-MARTIN, Manager of Dealer Relations, has an-nounced that the fourth annual edition of "A Guide to Selling Wellington Fund" has come off the presses.

The "Guide" is designed and written for use in sales training, and the new edition, tab indexed for easy reference, contains tested techniques for prospecting, sell-ing, handling objections and closing sales.

The section on markets in the manual is so thorough and de-tailed that it might well apply to the whole broad field of selling.

Under the chapter heading, "How to Close Sales," here's a sample of its advice:

"Usually, there's a time during the sales presentation when the prospect feels that it is to his dvantage to buy. He generally will give you buying signals, such as:

'Do I know anyone who owns Wellington Fund?'

Will the management be able to keep up as good a record in the future as in the past?'

'Do you think the time is right for me to invest?'

'Will the dividends in the fu-ture be as good as in the past?'

"If the prospect does not indi-"If the prospect does not indicate his interest by questions, try to get him to ask questions by posing some yourself. As a rule, the sale cannot be made without having the prospect ask questions during the presentation. If you have done a good job in your presentation, getting the order will generally take care of itself."

Other main chapter headings include: "What is the Market?", Who are Prospects for Mutual Funds?" and "How to Sell Mutual

### **Eberstadt Receives Report Award**



F. Eberstadt, President of Chemical Fund, Inc. (left), accepts "Oscar of Industry" for the best annual report of mutual funds. Presentation was made by Weston Smith, Executive Vice-President, "Financial World," at the magazine's annual report awards banquet held at the Hotel Statler, New York, October 25, 1954. 'Oscar of Industry"

### Puerto Rico Grants Tax-Free Operation to Investment Companies

By CARTER BURKE

SAN JUAN, Puerto Rico, U.S.A. Oct. 27, 1954—A bill providing for the creation, registration, operation and regulation of investment companies in Puerto Rico for the first time has been signed by Gov. Luis Munoz Marin to come effective on Jan. 1, 1955.

Referred to as the Investment Company Act of Puerto Rico, the bill sets up the machinery by which investment companies will function in the Commonwealth. It defines such companies as those issuers engaged primarily in the husiness of investing re-investing business of investing, re-investing or trading in securities and which own investment securities having a value exceeding 90% of the total value of their assets less government securities. ernment securities.

The firms, upon setting up commercial operation here will be exempt for 10 years from Puerto Rico taxes on income derived from the purchase and sale of stocks and other property in which they traffic, in order to encourage their development and increase the amount of the investment op-erations. This provision was made in Puerto Rico's new Income Tax Law signed by the Governor sev-eral months ago.

The new bill requires registra The new bill recuires registra-tion of investment companies with Puerto Rico's Secretary of the Treasury, in which they must dis-close their investment policies, or intended policies, and it prescribes requirements which all registered companies must meet, including:

1. Its principal office shall be maintained in Puerto Rico.

2. Its annual meeting of stock-holders shall be held in Puerto Rico.

3. At least two directors shall

be residents of Puerto Rico.

4. Its Chairman of the Board, or President or Vice-President and its Secretary or Assistant Secretary, shall be a resident of Puerto Rico, and

Puerto Rico, and
5. Within one year from the date of registration, and at all times thereafter, at least 20% of the value of its total assets, less cash, shall be invested in (a) securities of or guaranteed by the Commonwealth of Puerto Rico or any political subdivision, agency or instrumentality thereof, (b) securities of corporations or partnerships organized under the laws of Puerto Rico and deriving more than 70% of their income from sources within Puerto Rico.

In the event it becomes impos-

In the event it becomes impossible for any registered company to meet the last of these requireto meet the last of these requirements due to proven lack of such securities, the Secretary of the Treasury, through an administrative resolution, may limit to 10% of its total assets, less cash, the firm's investment in such securities for a year dating from the approval of the resolution.

The bill provides that no investment company shall be registered or, if registered, make a public offering of securities of which such company is the issuer unless such company has a net

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The act classifies investment companies as diversified and noncompanies as diversified and nondiversified. A diversified company is one which invests not
more than 5% of the value of its
total assets in securities of another issuer and which owns not
more than 20% of the outstanding voting securities. An investment company which does not
meet these requirements shall be
classified as a non-diversified
company, but will not be permitted to invest more than 25% of the
value of its total assets in securities of any other issuer nor to
own more than 75% of the outstanding voting securities of any
other issuer. Authorization is
given in the law to the Puerto
Rico Industrial Development Company, a public instrument, to orpany, a public instrument, to or-ganize investment companies and to participate in their organization and to own stock issued by these companies.

In a statement of motives contained in the preamble to the bill the Commonwealth Government states its recognition of the need and value of such firms in areas like Puerto Rico which need to develop more varied means of production and where the capi-tal available lacks means, knowledge and habits of investment in commercial and industrial securi-

In the Commonwealth of Puerto Sept. 30, 1953.

worth of at least \$100,000 within Rico, particularly, such firms will 90 days after such registration be valuable assets in accelerating statement becomes effective. the progress of Operation Boot-The act classifies investment strap, the island's vast economic development program, in addition

1. Creating an effective means by which local capital may par-ticipate more actively and sub-stantially in the development and expansion of production in Puerto Rico and,

2. Attracting foreign capital for investment in Puerto Rico.

DIRECTORS of Fundamental Investors, Inc., one the nation's largest mutual funds, voted a 100% stock dividend, according to Wm. Gage Brady, Jr., chairman.

Shareholders will receive on Nov. 28, an additional share for each share of Fundamental Investors owned on Nov. 8. Mr. Brady recalled that in 1946 the Fund had also paid a 100% stock divi-

At that time Fundamental's shareholders totalled 7,800. The number of the Fund's shareholders today exceeds 52,000.

NET ASSET VALUE of Wall Street Investing Corporation on Sept. 30 amounted to \$17.22 on each of the 304,682 shares outstanding, it was announced recently. This was \$3.60 a share higher than the \$13.62 reported on

success selling mutual funds through the tax saving approach. He has literally become an expert on inheritance tax laws, income tax laws, and the savings that can be effected through gifts to charitable institutions and by establishing living trusts. His business is becoming nationally known and his income from his work is such that I am quite sure it is most satisfactory to him. He it is most satisfactory to him. He has found his niche.

Each of us has certain abilities, likes and dislikes. We get along better with some types of people than we do with others, in short—there is a comfortable groove —there is a comfortable groove for every person. After a while you find this out for yourself. You can determine by your experience which type of people you "go best with." If you are a fortunate and gifted individual that seems to be able to throw fast balls knucklers curves, and wind balls, knucklers, curves, and wind it up with a change of pace then more power to you—but if you are like most of us, then find your strong spots (with people) and (the phase of the investment business that suits you best) and that's it.

### Halsey, Stuart Group Offers Florida Power & Light 31/8% Bonds

Halsey, Stuart & Co. Inc. and associates are offering \$10,000,000 Florida Power & Light Co. first mortgage bonds, 31/8% series due Nov. 1, 1984, at 100.877% and accrued interest, to yield 3.08%. Award of the issue was won by the group at competitive sale yesterday (Oct. 27) on a bid of 100.22%.

Net proceeds from the sale of the bands will be used by the company to provide additional electric and gas facilities, and for other corporate accordance. other corporate purposes.

The 1984 series bonds will be redeemable at regular redemption prices ranging from 103.88% to par, and at special redemption prices receding from 100.88% to par, plus accrued interest in each

Florida Power & Light Co. is electric service in various sectors laney, Wells & Co.; Walter Stokes of the State of Florida. Electric & Co.

service is supplied in 447 communities, the largest of which are Miami, Miami Beach, West Palm Beach, Ft. Lauderdale and Daytona Beach. The company also furnishes gas service in Miami, Daytona Beach, Lakeland and Palatka. All gas sold through mains by the company is manufactured in its plants, except at Palatka, where butane is purchased and distributed. In the Palatka, Lakeland and Daytona Beach areas bottled gas is also sold by the company beyond its mains.

For the year 1953, the company had total operating revenues of \$69,597,000 and net income of \$8,392,000. For the 12 months ended July 31, 1954, total operating revenues were reported at \$75,663,000 and net income at \$9,557,000.

Associated with Halesy Struct

Associated with Halsey, Stuart in the offering are: R. W. Pressprich & Co.; Salomon Bros. & Hutzler; Baxter, Williams & Co.; Hirsch & Co.; The Illinois Co.; Wm. E. Pollock & Co., Inc.; Freeengaged principally in supplying man & Co.; Thomas & Co.; Mul-

# Securities Salesman's Corner

**■ By JOHN DUTTON** 

#### Making Your Strongest "Pitch"

for something. It is the man who knows his own capacity and sticks to his own field that makes the most headway in almost any-thing in this life—sales work is no exception. There are curve ball pitchers, cross fire throwers, knucklers, speed-ball tossers and some very successful big leaguers who throw "nothing balls" and depend mainly on control, but depend mainly on control, but every top flight hurler knows his strong points; so does his man-ager, and he plays to strength. That's also the way it is in sales work and in the investment busi-

I know a man who started out in a new community with a simple letter preceding each call which he sent to 10 names every day. He picked out people who were rated \$50,000 and over and he religiously made his 10 calls a day. He would mail the letters, then three days later he would call and introduce himself. Many of his calls were wasted, but eventually he met quite a few

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Every man has a certain flair people with whom he began to do people with whom he began to do business. Finally he met one man who took a liking to him and started to recommend him to his wide circle of friends. From then on his clientele grew and he established himself in the investment business in less than a year in a brand new community where he was a complete stranger. where he was a complete stranger. A man who couldn't make the calls and meet people on a practically "cold" basis with only a letter of introduction between himself and the first call, could not have made a success of this procedure. This man had the procedure. This man had the personality, patience, and confidence to do the job.

I know another man who likes the statistical approach to the in-vestment business. He wants to do business with people on a pro-fessional basis. He analyzes ac-courts, he checks into a client's affairs, and he does a complete overall job of investment counsel-ling. His entire approach to the insection in the second of the less to say he has none with them. He knows his groove and he stays in it—he's happy and successful

I know another salesman who does considerable business with widows, and he has developed a technique of working with these accounts that brings him radiation and a constant source of new business. He has patience, he doesn't complicate his conversations or letters, he talks income and safety, and he does a good job selling conservative investments and mutual funds. He has found a broad market for securities among women investors and he among women investors and he has a knack for gaining the confidence of many women who leave a great many decisions to him—sound securities do the rest.

There is another friend of mine who is making a very unusual

Put this Question Question before Congress NOW! 

# Why Don't You **Stimulate** Individual **Enterprise**

by returning to the **GOLD COIN STANDARD?** 

NDIVIDUAL enterprise flourishes only when risk can be calculated, and when earned rewards can be retwined. Calculation is impossible when the medium of measurement — money — is unreliable. And rewards—paid in curency of shrinking value—are as tenuous as the smokescreen created by the fire of inflation.

The Federal administration was elected on promises of sensible economics and sound money. The best way to fulfill these promises is by enactment of the Gold Coin Standard. The best time to do it

The right to redeem currency for gold coin is fundamental in a free economy. It gives the people sovereignty over government. When displeased with government financial practices, they can automati-

... our aim ... a dollar on a fully convertible gold basis" 1 STAGE Let Freedom RING

cally halt monetary inflation by cashing in currency for gold coin.

For twenty years the recently deposed federal administration held this power away from the people. During those years, the purchasing power of the dollar declined about 60%.

Improvements in industrial productivity during the same period helped to mitigate the effects of the dollar's shrinking value. For example, Kennametal—super-hard cemented carbide introduced in 1938, her tripled theoretic has tripled the output potential of metal-worl and mining industries. But, it is a losing battle.

The President, important Cabinet members, Senators, and Congressmen have recognized the inherent rightness of return to the Gold Coin Standard.\* Why, then, should legislative action on it be delayed? The United States owns 65% of the world's gold—\$11 in gold for every \$100 of currency and bank deposits.

Returning to the Gold Coin Standard will demonstrate to our citizens that its government has faith in them—will win the world's respect for our monetary might—will encourage individual enterprise and stimulate American industry, of which Kennametal Inc. is a key organization, to contribute ever-increasing benefits to all our people.

We must resume without devaluation or delay.

Latrobe, Pa.

WORLD'S LARGEST Independent Manufacturer Whose Facilities are Devoted Exclusively to Processing and Application of CEMENTED CARBIDES

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### The State of Trade and Industry

changeover. Currently, Dodge is number 2 in weekly truck pro-

duction.
"Ward's" said United States car output for 1954 is 18.3% be hind a year ago but next week should pass volume of 4,337,481 in entire 1952, when the industry operated under government controls. Truck output is 19.2% behind last year.

In Canada, production is lagging behind the record 1953 pace

by 27.1%, with cars down 32% and trucks 42.9%.

Following a mild downward trend in the two preceding months, the number of corporations chartered in the United States rose slightly from 9,041 during August, to 9,256 in September. This compared with 7,433 charters issued in the corresponding month a year ago, or a gain of 24.5%. It was the highest for the month since September 1946, when 9,551 corporations were formed

New business incorporations for the first nine months of the year reached an aggregate of 85,596, representing an increase of 9.6% above the 78,094 new concerns listed in the similar 1953 period. This year's cumulative total was exceeded only in postwar 1946 with 103,638 new corporations for the nine months

#### Steel Output Reaches Highest Level Since Week of Feb. 15

Week of Feb. 15

The estimate you hear most frequently for next year is an ingot production rate of 75% of capacity, says "Steel," the weekly magazine of metalworking the current week. That wou'd yield 93,000,000 tons of ingots. In only three other years (1950, 1951 and 1953) has the out-turn been bigger.

A 75% rate indicates a belief that 1955's business will continue at the accelerated pace expected for the fourth quarter of 1954. This expected demand would come more from the end of steel inventory liquidation than from a pronounced upturn in business in general, comments this trade weekly. All this year consumption of finished steel has exceeded steel production. If production had been up to consumption, ingot output would have been at annual rate of about 95,000,000 net tons. That's about equal to 75% of capacity, it adds.

The reason for this predicted rate is that consumption of finished products is expected to be fairly comparable to that in 1954. No big expansion in any steel consuming group is expected next year. There may be some variations from this year, but gains and losses are expected to pretty much offset each other, "Steel" reports.

Currently, steel ingot output is off half a point, largely because of floods in the Ohio Valley and a plant shutdown in the

"Steel" reports.

Currently, steel ingot output is off half a point, largely because of floods in the Ohio Valley and a plant shutdown in the West for installation of new equipment. This put the national rate for the week ended Oct. 24 at 73% of capacity.

Much of the recent new strength in steel demand is centered in cold-rolled carbon sheets, a product used extensively in automobiles. Cold-rolled sheets, however, are the largest product tonnagewise in the steel industry.

Steel prices are steady. This is reflected in "Steel's" finished steel price composite, which holds at \$117.95 a net ton. The scrap market, however, shows additional price strength, largely as a result of the improved rate of steel production and in export demand on the East Coast for scrap.

The American Iron and Steel Institute announced that the

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 74.3% of capacity for the week beginning Oct. 25, 1954, equivalent to 1,772,000 tons of ingots and steel for castings as compared with 74.2% or 1,769,000 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 70.4% and production 1,678,000 tons. A year ago the actual weekly production was placed at 2,132,000 tons or 94.6%. 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. The American Iron and Steel Institute announced that the

#### Electric Output Declined Further the Past/Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 23, 1954, was estimated at 9,033,000,000 kwh., according to the Edison Electric Intelligible. tric Institute.

This represented a decrease of 84,000,000 kwh. below that of the previous week, but an increase of 727,000,000 kwh., or 8.8% over the comparable 1953 week and 1,337,000,000 kwh. over the like week in 1952.

#### Car Loadings Advance 2.6% Above Preceding Week

Loadings of revenue freight for the week ended Oct. 16, 1954, increased 18,209 cars or 2.6% above the preceding week, accord-

ing to the Association of American Railroads.

Loadings totaled 721,402 cars, a decrease of 101,180 cars or 12.3% below the corresponding 1953 week, and a decrease of 117,006 cars or 14.0% below the corresponding week in 1952.

#### U. S. Auto Output Picks Up In Latest Week

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The automobile industry for the latest week, ended Oct. 22, 1954, according to "Ward's Automotive Reports," assembled an estimated 45,643 cars, compared with 44,882 (revised) in the previous week. The past week's production total of cars and trucks amounted to 59,672 units, an increase above the preceding week's output of 2,248 units, states "Ward's." In the like week of 1953 142,716 units were turned out.

Last week, the 'agency reported there were 14,029 trucks made in this country, as against 12,542 (revised) in the previous week and 19,200 in the like 1953 week.

"Ward's" estimated Canadlan plants turned out 2,725 cars and 443 trucks last week, against 1,371 cars and 716 trucks in the preceding week and 6,249 cars and 829 trucks in the comparable 1953 week.

#### Business Failures Rise Sharply In Latest Week

Commercial and industrial failures rebounded to 229 in the week ended Oct. 21 from the low of 152 in the preceding week, Dun & Bradstreet, Inc., reports. Casualties were considerably heavier than a year ago when 185 occurred or in 1952 when there were 154. However, they continued 17% below the pre-war level

were 154. However, they continued 17% below the pre-war level of 277 in the comparable week of 1939.

Liabilities of \$5,000 or more were involved in 182 of the week's failures as against 130 in the previous week and 158 last year. A marked increase also took place among small casualties, those with liabilities under \$5,000, lifting their toll to 47 from 22 a week ago and 27 in the similar week of 1953. Thirteen of the failing concerns had liabilities in excess of \$100,000 as compared with 17 last week.

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All industry and trade groups showed higher mortality during the week, with the toll among manufacturers climbing to 47 from 28, among wholesalers to 28 from 12, among retailers to 102 from 79, and among construction contractors to 36 from 22. A milder rise brought commercial service failures up to 16 from 11. More businesses succumbed than last year in all lines except service. The sharpest upswing from 1953 occurred in construction which had over twice as many casualties as a year ago.

Most geographic regions reported an increase in failures; in fact, only two areas out of nine, the West North Central and Mountain States, had lower mortality during the week. Notably sharp upturns appeared in the Middle Atlantic Region where failures jumped to 87 from 46 and in the East North Central Region, up to 41 from 15. Casualties exceeded the 1953 level in all areas save the South Atlantic and West South Central States. Over twice as many businesses failed in the East North Central States as last year, while moderate increases from a year ago prevailed in other areas.

#### Wholesale Food Price Index Establishes Further New Low for Year

The wholesale food price index, compiled by Dun & Bradstreet, Inc., slipped another 5 cents the past week to stand at \$6.59 on Oct. 19. This marked the fourth straight drop and brought the current level to the lowest since Nov. 24, 1953, when it stood at \$6.53. It compared with \$6.54 on the like date a year ago, or a rise of 0.8%

Up in wholesale cost last week were wheat, rye, hams, lard,

cheese, sugar, rice and steers. Lower were flour, corn, oats, beef, butter, coffee, cottonseed oil, cocoa, eggs 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 Reflected An Irregular Trend the Past Week

The Dun & Bradstreet daily wholesale commodity price index moved irregularly last week. After rising for several weeks to reach the highest level at 277.78 on Thursday of the prior week, the index closed at 276.08 on Oct. 19. This compared with 276.31 a week earlier, and with 271.06 on the like date a year ago.

Trends in leading grain markets were mixed with prices holding in a narrow range. Corn was quite firm and made modest advances influenced by the heavy rains which have delayed harvesting. Primary market receipts of the yellow cereal are running considerably below a year ago at this time.

The Oct Lestimate of the Department of Agriculture placed

The Oct. 1 estimate of the Department of Agriculture placed this year's corn yield at 2,949,643,000 bushels, about 23,000,000 bushels below the estimate of a month ago, and 227,000,000 bushels below last year's outturn.

The cash wheat market was inactive with prices showing little change. The recent rains have helped in the completion of seeding operations in the Southwest. The volume of trading in grain and soybean futures on the Chicago Board of Trade increased moderately over a week ago and was considerably above a year ago.

Demand for hard wheat bakery flours showed some improvement as declining mill balances forced some buying for immediate and nearby delivery, but quantities ordered were generally small and the expected broadening in volume failed to materialize. Business in soft wheat bakery flours was moderate. Scattered export sales were reported to Cuba and the Americas. With most of the rice crop harvested and only small supplies of free rice remaining in the hands of farmers, prices continued to advance the past week under active demand from all domestic markets. Green coffee prices continued to weaken as the result of reduced offering prices by exporters to the United States market.

A drop of 5 cents a pound in vacuum packed roasted coffee Demand for hard wheat bakery flours showed some improve-

A drop of 5 cents a pound in vacuum packed roasted coffee was announced by a leading distributor late in the week.

Cocoa prices were down sharply for the week on liquidation and hedge selling prompted by the continued absence of manufacturer interest in the spot market and rumors that the British Cocoa Marketing Board sold cocoa at lower prices. Lard trended upward despite weakness in hog prices which dropped to the lowest levels of the year to date.

Spot cotton prices finished slightly lower after showing considerable strength at mid-week.

Principal bearish influences included the larger-than-expected official crop forecast and the New York Cotton Exchange Service Bureau estimate of consumption for September which showed a drop in the daily average rate to 32,200 bales, from 33,400 in August and 36,100 in September last year.

Firmness at mid-week was prompted by reports of an increased movement of cotton into the Government loan and prospects of a tight supply situation later in the season. Cotton ginned prior to Oct. 1 this season, totalled 5,691,000 bales, equivalent to 46% 7 of the indicated 1954 production, the largest proportion ginned to that date since 1943.

#### Trade Volume Turns Slightly Lower As a Result of Bad Weather In Various Parts of the Country

Nature played the villain's role in the retail drama of the period ended on Wednesday of last week as hurricane, flood, smog and warm weather variously hindered shopping in different parts of the country. Retail sales were slightly below those of both the preceding week and last year. Merchants were anxious that the moderate retail decline of the past few weeks be regained, and aggressive promotions, relaxed credit terms, and late shopping hours were frequently used to stir shoppers' interest.

The dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be unchanged to 4% below that of a year ago. Regional estimates varied from the comparable 1953 levels by the following percentlevels by the following percentages: Midwest —7 to —3; New England —6 to —2; East —5 to —1; Pacific Coast —3 to +1; Southwest —2 to +2; South —1 to +3 and Northwest 0 to +4.

Although apparel sales improved last week, total volume was not up to expectations. Men's coats and suits moved slowly, but slacks and sport coats were in good demand, with darker char-coal colors most popular. Wo-men's coats and suits sold poorly, while tweed and washable-flannel while tweed and washable-flannel piece goods were increasingly piece goods bought.

Television, curtains, draperies, china and glassware were among the most frequently purchased household goods, while carpets, houseware, bedding and upholstered furniture were in decreasing favor.

Total consumer spending for such merchandise was less than a year ago.

Stocks of new cars were at the lowest point in two years, and sales of both new and used models continued to lag. A brisk business was done in automobile parts.

The National Retail Dry Goods Association reported the past week that a survey by that organization revealed representative department stores in the first six months of the year had a 2% drop in sales from a year ago and realized a net profit of 0.7% of sales, as compared with 1.2% last year.

While the wholesale demand for food and most major appliances slackened moderately in the week orders for apparel, furniture and textiles expanded. The total volume of wholesale transactions was unchanged from the preceding week and slightly higher than a year ago.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ending Oct. 16 of the preceding week. In the 1954, increased 1% from the level previous week, Oct. 9, 1954, a decrease of 2% was also reported from that of the similar week in 1953. For the four weeks ended Oct. 16, 1954, no change was recorded. For the period Jan. 1 to Oct. 16, 1954, department store sales registered a decrease of 2% below the corresponding period of 1953.

Retail trade volume in New York City last week advanced from 6 to 10% ahead of the similar period a year ago aided by the stimulus of clear cool weather and heavy sales promotions.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Oct. 16. 1954, registered a decline of 8% below the like period of last year. In the preceding week, Oct. 9, 1954, a decrease of 6% was reported from that of the similar week in 1953, while for the four weeks ended Oct. 16, 1954, a deeline of 5% was reported. For the period Jan. 1 to Oct. 16, 1954, no change was registered from that of the 1953 period.

Indications of Current

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:

RICAN IRON AND STEEL INSTITUTE; dicated steel operations (percent of capacity)Oct. 3 Equivalent to—	the same of the	Previous Week *74.2	Month Ago 70.4	Year Ago 94.6	ALUMINUM (BUREAU OF MINES): Production of primary aluminum in the U.S.	Latest Month	Previous Month	Year Ago
cel ingots and castings (net tons)Oct. 3	1 §1,772,000	*1,769,000	1,678,000	2,132,000	(in short tons)—Month of Aug.  Stocks of aluminum (short tons) end of Aug.	125,296 70,249	126,161 75,621	110,54 24,37
ude oil and condensate output—daily average (bbls. of 42 gallons each) Oct. 1 ude runs to stills—daily average (bbls.) Oct. 1	5 6,195,950 5 ¶6,765,000	6,152,450 6,711,000	6,196,400 6,969,000	6,310,950 6,866,000	AMERICAN IRON AND STEEL INSTITUTE: Steel ingots and steel for castings produced			
asoline output '(bbis.)	5 23,095,000 5 2,278,000 5 10,163,000	23,131,000 2,005,000 10,752,000	23,852,000 2,313,000 10,047,000	23,717,000 2,569,000 10,351,000	(net tons)—Month of Sept. Shipments of steel products (net tons)— Month of August	6,771,000 4,681,242	6,666,907 4,490,179	8,883,42 6,498,60
Sidual fuel oil output (bbis.) ————————————————————————————————————	5 7,531,000	7,016,000 151,550,000	7,707,000 151,787,000	8,263,000 140,618,000	AMERICAN RAILWAY CAR INSTITUTE — Month of September:			,
Kerosene (bbls.) at	5 38,796,000 5 133,128,000	38,480,000 131,198,000	37,644,000 124,021,000	37,164,000 130,651,000	New domestic freight cars deliveredAMERICAN ZINC INSTITUTE, INC.—Month of	2,566	2,297	5,70
OCIATION OF AMERICAN RAILROADS: venue freight loaded (number of cars)	5 56,184,000 6 721,402	*56,054,000 703,193	57,268,000 711,228	53,103,000 822,582	Slab zing smelter output all grades (tons of			
enue freight received from connections (no. of cars) _ Oct. 1 . ENGINEERING CONSTRUCTION — ENGINEERING	6 596,381	604,658	583,345	633,660	2,000 pounds) Shipments (tons of 2,000 pounds) Stocks at end of period (tons)	60,092 77,863 175,482	*71,810 *76,584 *193,253	81,21 57,54 141,56
EWS-RECORD:	\$323,236,000 1 175,680,000	\$259,381,000		\$289,333,000	Unfilled orders at end of period (tons)  BANKERS' DOLLAR ACCEPTANCES OUT-	48,818	41,059	27,3
rivate construction Oct.  ublic construction Oct.  State and municipal Oct.  Federal Oct.	1 147,556,000 1 95,998,000	141,832,000 117,549,000 87,620,000	188,154,000 152,729,000 135,621,000	149,576,000 139,757,000 115,805,000	OF NEW YORK — As of Sentember 20:	6207.042.000	<b>*</b> 205 000 000	4007 100 0
OUTPUT (U. S. BUREAU OF MINES):	A STATE OF THE	. 29,929,000	17,103,000	23,952,000	Imports Exports Domestic shipments	138,803,000 11,273,000	134,439,000 13,449,000	134,767,0 10,794,0
minous coal and lignite (tons) Oct. 1 ssylvania anthracite (tons) Oct. 1 RTMENT STORE SALES INDEX—FEDERAL RESERVE	6 8,260,000 6 561,000	*8,285,000 523,000	7,930,000 532,000	9,492,000 697,000	Dollar exchange  Based on goods stored and shipped between	118,677,000 85,239,000	87,228,000 75,342,000	28,826,0 65,703,0
YSTEM—1947-49 AVERAGE = 100Oct. 1		118	120	118	foreign countries Total		47,374,000	37,669,0
URES (COMMERCIAL AND INDUSTRIAL) — DUN &	9,033,000	9,117,000	9,072,000	8,306,000	COAL OUTPUT (BUREAU OF MINES)-Month	\$500,746,000	\$562,840,000	\$514,941,0
RADSTREET, INC. Oct. 1		- 152	212	185	of Sept.:  Bituminous coal and lignite (net tons)  Pennsylvania anthracite (net tons)	33,935,000 2,229,000	33,055,000 *2,117,000	40,994,0 2,732,0
shed steel (per lb.) Oct. 1 iron (per gross ton) Oct. 1	9 4.798c 9 \$56.59	4.798c \$56.59	4.801c \$56.59	4.634c \$56.59	COPPER INSTITUTE—For month of Sent	2,220,000	2,111,000	2,132,
ap steel (per gross ton)Oct. I AL PRICES (E. & M. J. QUOTATIONS): ctrolytic copper—		\$33.00	\$30.17	\$32.83	Copper production in U. S. A.— Crude (tons of 2,000 pounds) Refined (tons of 2,000 pounds)	68,627 87,623	*61,609 103,901	86, 114,
omestic refinery atOct.	30 3500	30.250c	29.700c 29.900c	29.300c 28.750c	Deliveries to fabricators— In U. S. A. (tons of 2,000 pounds)————————————————————————————————————	88,947	92,475	104
its tin (New York) at	92.875c 15.000c 14.800c	15.000c 14.800c	93.875c 14.750c 14.550c	80.500c 13.500c 13.300c	of 2,000 pounds)	47,666	58,387	72
C (East St. Louis) at Oct. :	:0 11.500c	11.500c	11.500c	10.000 <sub>C</sub>	CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE— As of October 1 (in thousands):	a dan da		144
S. Government Bonds Oct. rage corporate Oct. Oct.	26 99.27 26 110.88 26 115.63		99.96 110.52 115.24	95.83 105.52 110.70	Corn, all (bushels)	2,949,643 959,258	2,972,641 962,135	3,176 1,168
Cock   Cock	26 112.37 26 110.70	112.19 110.52	112.19 110.52	107.62 105.17	All spring (bushels)	775,900 183,358 7,963	775,900 186,235 8,698	877 291
liroad Group Oct.	26 105.00 26 109.06 26 111.25	103.88	104.66 109.06 110.70	99.20 103.64 105.52	Barley (husbala)	1,506,213	177,537 1,509,386	278 1,216
oct. Ustrials Group Oct. Oct. Oct. Oct. Oct. Oct. Oct. Oct.				107.62	Flaxseed (bushels)	367,092 23,293 39,989	23,293	. 1
DA'S BOND YIELD BAILY AVERAGES: S. Government Bonds Oct. Coct. Oct. Oct. Oct. Oct. Oct. Oct. Oct. O	26 2.55 26 3.12 26 2.87	3.13	2.50 3.14 2.89	2.79 3.42 3.13	Rice (100 pound bags) Sorghum grain (bushels) Cotton (bales)	61,755 147,323 12,511		5: 10:
Oct.	26 3.04 26 3.13 26 3.45	3.05 3.14	3.05 3.14	3.30 3.44	Hay, all (tons) Hay, wild (tons)	105,787 10,874	103,687 10,874	100
Alliroad Group Oct. Oct. Oct. Oct.	26 3.22 26 3.10	3.23 3.11	3.47 3.22 3.13	3.80 3.53 3.42	Hay, lespedeza (tons)	27,997	46,454 27,997 3,881	29
DY'S COMMODITY INDEX Oct.	20 3.05	3.05 401.8	3.07 407.6	3.30 394.7	Peas, dry field (100 pound bags)	18,400 3,868	19,134 3,868	18
ONAL PAPERBOARD ASSOCIATION: ers received (tons)Oct. duction (tons)Oct.	16 241,538 16 252,442		235,147 244,607	236,069 264,379	Soybeans for beans (bushels) Peanuts (pounds) Potatoes (bushels)	1,083,130	324,713 1,167,970 345,515	1,588
centage of activityOct. filled orders (tons) at end of periodOct.	16 93	93	93 408,830	100 523,839		28,722 2,153,023 6,745	29,136 2,164,459 6,883	2,057
PAINT AND DRUG REPORTER PRICE INDEX— 949 AVERAGE = 100 Oct.	22 106.23	106.24	105.64	106.00	Sugar beets Broomcorn (tons)	13,829	13,593 23	12
K TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD- OT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					Hops (pounds) Apples, commercial crop (bushels) Peaches (bushels)	43,488 103,011 61,252	43,282 102,313 60,881	41 92 64
Odd-lot sales by dealers (customers' purchases)†———————————————————————————————————	9 1,112,144		706,904	579,679	Grapes (tons)	29,954 2,693	29,297 2,701	29 2
d-lot purchases by dealers (customers' sales)—	0 1 077 482		\$33,251,350 691,548	\$24,339,678 497,206	Apricots (3 States) (tons) Cranberries (5 States) (barrels)		192 160 978	1
Customers' short sales Oct. Customers' other sales Oct. Customers' other sales Oct.	0 1 069 674	965,481	12,092 679,456 \$30,060,985	10,185 487,021 \$19,087,496	Pecans (pounds) FACTORY EARNINGS AND HOURS—WEEKLY	91,252	104,378	211
und-lot sales by dealers—	9 291.700		192,840	148,970	AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of September:			
Short salesOct.	9 291 700	307,030	192,840	148,970	Weekly Earnings— All manufacturing Durable goods	\$71.86	\$71.06	\$7
Number of shares Oct.  AL ROUND-LOT STOCK SALES ON THE N. Y. STOCK	9 330,700	262,280	244,450	229,530	Non-durable goods	76.99 64.91	76.59 64.45	
EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES): tal Round-lot sales—					All manufacturing Durable goods Non-durable goods	39.7 40.1 39.1	39.7 40.1 39.3	
Short salesOct.		10,855,170	378,200 9,552,430	318.720 4,991,020	All manufacturing	\$1.81	\$1.79	. \$
Oct.  ND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:	2 10,148,980	11,240,876	9,930,630	5,309,740	Non-durable goods	1.92 1.66	1.91 1.64	
ansactions of specialists in stocks in which registered— Total purchasesOct.	2 1,109,270		1,182,360	575,640	GAS APPLIANCE MANUFACTURERS ASSO- CIATION—Month of Sept.:			
Short sales         Oct.           Other sales         Oct.           Total sales         Oct.	2 926,270	1,003,570	171,850 1,037,230 1,210,080	119,040 458,290 577,330	Gas conversion burner shipments (units) Gas conversion burner shipments (units) Gas operated boiler shipments (units)	35 100	69,800 28,200 8,800	
her transactions initiated on the 1100r—  Potal purchases ———————————————————————————————————	2 291,660	344,600	321,290	155,450	Domestic gas range shipments (units)	204,200	178,700	209
Short sales         Oct.           Other sales         Oct.           Fotal sales         Oct.	2 302.460	342,550	18,700 293,620 312,320	23,200 157,700 180,900	Month of Aug.:			yes t
her transactions initiated off the 1100r—	247 990	407;420	585,630	174,005	Gold (in fine ounces)	160,477	*161,837	179,
Total purchases Oct.  Short sales Oct. Total sales Oct.	2 64,300 2 374,180 2 438,480	428,060	50,950 404,088 455,038	38,990 199,302 238,292	SELECTED INCOME ITEMS OF U. S. CLASS I	2,928,872	*2,949,983	3,022,
tal round-lot transactions for account of members—Oct.	2 1,748,810 2 269,600	2,031,240	1,889,280 241,500	905,095	RYS. (Interstate Commerce Commission)— Month of June:			
Short sales Oct. Other sales Oct. Total sales Oct,	2 1.602.910	1,774,180	1,735,935 1,977,438	181,230 815,292 996,522	Net railway operating income Other income Total income	17.565.891	\$58,880,854 18,322,724 77,203,578	20,154,
DLESALE PRICES, NEW SERIES — U. S. DEPT, OF					Miscellaneous deductions from income Income available for fixed charges	3,411,270 93,834,957	3,485,763 73,717,815	119,818, 3,973, 115,844,
mmodity Group—Oct.		109.7	109.9 92.8	110.0 94.5	Other deductions Net income	61,813,815 2,843,533 58,970,282	41,722,927 3,063,716 38,659,211	81,988, 2,764,
Processed foods Oct.  Meats Oct. All commodities other than farm and foods Oct.	19 85.0	103,4 83.4	105.8 90.3	104.2 87.4	Depreciation (way & structure & equipment) Federal income taxes	58,970,282 44,064,545 24,447,421	43,864,475 16,167,905	79,224, 42,592, 58,692,
	. 114.6	114.6	- 114.4	114.6	Dividend appropriations:		111.	,,

Continued from first page

### From War to Peace **Economy Without Upset**

This nation has not always been able to make the transition from war to peacetime spending without major economic upsets. American history shows that we have been been always to be a superior of the state of the s mave had severe economic adjust-ments following all great wars. This was true after the War of 1612, the Civil War, and World War I.

As you know, one of the causes of postwar depressions is the fact that when our nation goes to war it postpones for the time being the production of all sorts of peacetime goods. Once war ends, we turn to satisfying the backlog demands which built up while the war was on.

It is wholly human, even if un-wise, for such reconstruction booms to be overdone and for speculative credit structures to come into being. Soon the nation finds itself with surpluses instead of shortages and an inventory re-adjustment is required. Using up these surpluses and the resulting readjustment of manpower and resources to the invention, production and distribution of more new and different products and services has often in the past been a long, slow painful process.

#### Manger of Collapsible Speculative Credit

Study of past depressions makes clear some of the things that cought to be done. It also makes clear some of the things that ought not to be done. Many of the things in both categories concern monetary policy, with which you as bankers are intimately

familiar.

So that if the record tells us mything, it says that the most dangerous thing is to permit the erection of a great collapsible structure of speculative credit. When such structures finally topple, they set off a spiral of liquidation which can quickly descend into widespread depression throughut the economy. We should note that there is all the should note that there is all the difference in the world between the systematic and orderly liquidation of inventories that have simply become too large and liquidation forced by fear for loans that are in danger of going "under water." History records dramatically the "race of liquidity" and the disease that it can be a support of the state of th and the disaster that it caused in the early 1930's.

We have been most fortunate that no such fear caused any similar race for liquidity in the past year and a half. It must not occur in the future.

There are other lessons from the past which were applied to our economic situation over the past year and a half. It was clear that the government's policies

that the government's policies during all the 1930's were wrong and worked badly. They were designed to solve unemployment; yet there were still nine million temployed in 1939. These unemployed only got back to work after war broke out in Europe. I know of no one who thinks that war is the right way to cure unemployment. employment.

#### How Jobs Are Created

Jobs are created—and only honestly created in our free competitive price economy — by people using their money to expand existing businesses or start new businesses in the hope of making a profit. If any government policy is such as to make a profit un-likely or very difficult, people simply aren't going to launch the ventures from which new

our entire economic program in jobs grow. New ventures are distinct way best calculated to bring couraged by government controls of materials, labor, or prices or by uncertainty of labor and other costs or by the threat or actual practice of government competing with private enterprise.

Limitation on incentives or freedom of legitimate activity in any way have a deadening effect. This Administration's fiscal policies are shaped about the reductives of the state of the st tion of government spending as an tion of government spending as an absolute requirement for the reduction of incentive-destroying taxation. The reduction of government spending and lower taxes will help to avoid the inflation which destroys confidence and ultimately any action's economy. timately any nation's economy. The handout principle of deficits and resulting debts of the 1930's was a temporary expedient that assisted nothing fundamental. It actually deterred individual risks taking in competition with the free money that was being passed free money that was being passed around and finally became a means of destroying the soundness of the dollar.

#### Responsibility of Government

A primary responsibility A primary responsibility of government must, of course, be to relieve human suffering and destitution which cannot be taken care of by the individuals themselves when overtaken by adversity. But this must be done in the proper ways which this Administration has already improved and enlarged. and enlarged.

We seek the multiplication of production and income, not simply a new division of a stagnant

Most of you are well familiar by now with the major accom-plishments of this Administration plishments of this Administration during the past 20 months. You know how spending and spending programs have been cut by billions of dollars. You know how taxes have been cut by the largest amount in any year in the nation's history. You know how waste and extravagance have been stopped in many areas of government. You in many areas of government. You know how these and other poli-cies have been successful in creating a remarkably constant value of the dollar during the past year and a half while the cost of or-dinary living has shown a slight decline

You know what efforts we have been making to reconstruct the debt. I would like to give you today an analysis of what we have done in the past 20 months, which shows that we have already made steady, if not spectacular, prog-ress in this vital field.

#### The Debt Program

President Eisenhower, in his first State of the Union Message in February, 1953, said, in his discussion of fiscal policy, that "too great a part of the national debt" comes due in too short a time." The President said that the Treasury would undertake at suitable times a program of extending part of the debt over longer periods and gradually placing greater amounts in the hands of longer term investors.

Our determination to do this at

suitable times was based, of course, on the knowledge that too much short-term debt is infla-tionary. Handling of the debt by previous administrations had conprevious administrations had contributed substantially and deliberately to the inflation which robbed the dollar of almost half of its purchasing power from 1939 to January, 1953.

Every month the debt gets closer

to maturity simply as a result of the passage of time. Like the Red Queen, we have to run fast just to stand still. Our immediate job have ever dreamed.

has been to stop the debt from getting shorter—and then to start lengthening it gradually.

This we have done during the last 20 months.

In nine of the eleven major fi-nancings of the last 20 months, the debt was lengthened by offering investors securities other than one-year certificates. This is quite a contrast to the 20 months prior to January, 1953, when on only two occasions out of 13 was longer debt offered.

The major debt lengthening in the last 20 months has been a reduction in the amount of very short-term debt. The amount of marketable debt maturing in less than one year was cut down by over \$11 billion.

The amount of marketable debt running more than five years was increasing by about \$8½ billion.

We have made progress, too, in placing greater amounts of the debt in the hands of longer term individual savers, largely as a result of the highest level of E and H savings bonds sales since World War II. Individual investors al-together hold more than \$66 billion of government securities at the present time.

We are continuing to work to further the objective of reconstructing the debt. But we will continue also to operate with express the same because as you so well treme care because, as you so well know, our economy is a sensitive mechanism that can be seriously upset by hasty or ill-considered action. We repeat that our goals can be clear — our start toward them can be immediate—but action must be gradual. Progress has been made and will continue to be made. But we will continue also to make every effort not to also to make every effort not to act so as to upset the sensitive mechanism of our economy.

The government must borrow the government must borrow the money it needs so as not to interfere with the needs of other governmental units or private en-terprise for any money they may need. The government should not borrow large amounts of long-term money at times when it term money at times when it would seriously interfere with the supply of that money to finance the building of schools, hospitals, or highways by local or state governments or the expansion of power plants or building of new factories or other industrial enterprises by private business. What prises by private business. we are trying to do at this par-ticular time is to have the government borrow its money in such a way as to avoid the possibility of interfering with the expansion of our economy and the making of more and better jobs.

But whenever the opportunity presents itself to do so without such interference or retarding effect, we will seize it to extend maturities to whatever it seems the situation then existing will permit.

Every program that the Eisenhower Administration undertakes, every problem that we inherited, we look at with one thought in mind: Is it necessary for the good of most of our people? If so, we try to make sure that it is done in the most economical way. We are now definitely getting more and better defense for less money. There are many other examples of how we Every program that the Eisenmany other examples of how we are getting better government at less cost and so helping the economy to become healthier.

There is nothing to fear about the long future of this economy or this nation. If we keep doing the things we ought to do and this Administration can continue to put its sound fiscal and economic policies into effect, the years ahead will see greater prosperity and more jobs for more people making more, new, better and cheaper things for better, fuller living for us all, than any of us

Continued from page 5

## Observations . . .

prevailing market for the previously-existing lesser number of shares outstanding.

- (8) Large margin requirements would prevent any wide or disorderly decline.
- (9) An important insurance of the safety of the price level was the investment trust, which surely would be standing by effectively to stabilize the market.

The last-named expert investors, comprising the various types of holding companies—including general management investment companies, trading corporations, bank-holding companies — all coming under the general head of investing companies or "investment trusts" (but often acting as mere blind pools), chose this frenzied period, not to withdraw from the market, but actually to dive into that maelstrom of speculative excesses with increased vigor. During the first eight months of that 1929 peak of the highest but market in history, they secured from the public market playing market in history they secured from the public market-playing funds of \$2,770,000,000 contrasted with \$1,078,000,000 for the entire preceding year and with but \$960,000,000 in 1926 when prices were so much lower. The higher, not the lower, prices went, the more did the experts on economics and business buy.

Thus, factors from the outside-the-market areas were completely ignored by even the most knowledgeable market partici-

#### Interpretations by the Experts

Also in the forefront of the well-informed individuals who either disregarded or misjudged the business background of the investment situation were the bankers. Typically, on Oct. 15, nine days before "the end," the ranking officer of one of the top commercial banks, with resources exceeding a billion dollars, handed down this brilliant observation:

"The markets are now in a healthy condition; many leading securities are at levels which would have been considered perfectly sound and conservative even by the standards of ten years ago. The market values have a sound value in the general prosperity of our country."

And representing the reaction of the economists:—the following psychologically-warped interpretation of the significance of the business situation from the highly respected and widely quoted Professor Irving Fisher (September, 1929):—"There will not be anything in the nature of a crash. We are living in an age of increasing prosperity and earning power of corporations and individuals. This is due in large measure to mass production and inventions, such as the world never before has witnessed." (Two years later such "technological advance" motivated the short-selling of stocks at prices 70% below their level existing when this thought was expressed.)

With unique access to business facts gathered from all over

With unique access to business facts gathered from all over the nation, the Standard Statistics Service, after having been bearish on the stock market intermittently during the rise in 1928 and early 1929, in September, 1929, changed its mind and urged the retention and purchase of common stocks.

#### Blue Chips Yesteryear

Highlighting the irrelevance of reassuring business factors Highlighting the irrelevance of reassuring business factors in the devastating blow-up of the so-generally embraced New Era market *credo*, was the behavior of even the "good" stocks. The following table shows some of their "readjustments" which occurred during the two trading periods Oct. 28-29, 1929, with the "P. S." of their subsequently further decimated prices.

	0	ctober 28-29,		year year	
Stock-	High	Low	Percentage Decline	1932 Low	
Amer. Tel. & Tel	263	204	23%	63	
Anaconda	104	75	28%	3	
Amer. Water Works	109	65	40%	11	
Du Pont	165	80	50%	22	
General Motors	53	33	38%	7	
Int'l Tel. & Tel	100	61	40%	2	
North American	120	70	42%	13	
Radio	58	26	60%	2	
Westinghouse	175	100	43%	15	

#### Conclusion-Will History Repeat?

Does the past New Era's holocaust justify any unpleasant implications or forebodings at this happy anniversary time? On the reassuring "no" side there can be cited such constructive factors as elimination of manipulation and other market abuses, under Federal regulation; absence of market-credit expansion; government "guarantees" of economic stability; and less general speculative activity. tive activity.

On the other hand, justifying at least some forebodings are the SEC-dictated market thinness; possible exaggeration of the inflation threat as short-term market stimulus; market inflation and distortion from investors' tax policy; vulnerability to mutual fund redemptions; possible over-estimation of the shorter-term effect of pension fund and generally expanded fiduciary buying, with supplanting of quantitative value factors by a revival of the "scarcity" credo; and the consequently high prices of Blue Chip name-issues, on criteria of both historical levels and price-earnings ratios (some of the same issues are back up to 30 times earnings). And the truism must be remembered that history repeats, but not in the same way. in the same way.

In the light of all the imponderables involved in judging the external factors, qualitative and quantitative, the key to confident procedure would seem to lie in concentrating investing policy on quantitative factors of value, as prospective long-term earnings and dividends, to appraise the proper price of individual issues—in lieu of attempting to judge the present or future status of the market-as-a-whole.

While this will obviously not avoid severe intervening "head-aches," as long-term policy it does provide the only solu-

# Securities Now in Registration

Alabama Gas Corp., Birmingham, Ala. Sept. 29 filed 84,119 shares of comon sto 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.

Allied Thermal Corp., New Britain, Conn.
Sept. 23 (letter of notification) 5,333 shares of common stock (par \$25) being offered for subscription by stock-holders 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. Underwrite—Allen Investment Co., Boulder, Colo.

Amalgamated Hearing Corp., Salt Lake City. Ittaly

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.

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. writer-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 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

October 28 (Thursday)

-Orlando, Fla. Underwriter - Goodbody & Co., St. Petersburg, Fla.

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.

—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.. Denvey. Colo.

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.

\* Atomic Development Mutual Fund, Inc.
Oct. 22 (filed amendment) 3,000,000 additional shares of capital stock (par \$1). Price—At market. Proceeds—For investment.

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, Texas (11/17)
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

November 9 (Tuesday) Panellit, Inc. \_\_\_\_\_Co (Bear, Stearns & Co. and Lehman Brothers) 105,000 s

\_Common

Common

Yard-Man, Inc. \_\_\_\_\_ (Watling, Lerchen & Co.) \$1,121,680

\* INDICATES ADDITIONS SINCE PREVIOUS ISSUE · ITEMS REVISED

seven shares held; rights expire on Dec. 8. 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. Underwritten November 1 writer-None.

Barium Steel Corp., New York (11/4)
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 as of Nov. 3 (with an oversubscription privilege); rights to expire Nov. 24. Price—To be supplied by amendment. Proceeds—To repay short-term loan made to subsidiary; a major portion for completion of seamless tube milk 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—Lebman 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 Provo, Utah.

\*\*Bikini Uranium Corp., Denver, Colo.
Oct. 15 (letter of notification) 3,000,000 shares of common stock (par one cent). Price—10 cents per share.
Proceeds—For exploration and development costs. Office — 705 First National Bank Bldg., Denver, Colo. Underwriter—I. J. Schenin Co., New York.

Black Hawk Uranium & Metals Co. Aug. 9 (letter of notification) 5,000,000 shares of capital stock. Price—At par (two cents per share). Proceeds—For mining operations. Office—136 S. State Street, Sale Lake City, Utah. Underwriter—P. G. Christopulos & Co., same city.

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.

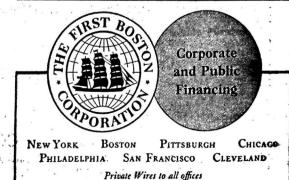
Burlington Mills Corp., Greensboro, N. C. Oct. 1 filed 151,936 shares of 4½% preference stock (par \$100) and 546,969 shares of common stock (par \$1) being \$100) and 546,969 shares of common stock (par \$1) being offered in exchange for the 455,807 outstanding shares of capital stock of Pacific Mills not now owned by Burlington Mills on the basis of one-third share of preferred and 1½ 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, III.

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 belonge for working capital and the reserved. pers; and the balance for working capital and general Continued on page 54



#### NEW ISSUE CALENDAR

	Southern Railway CoNotes (Bids noon ESI) \$15,000,000
	October 29 (Friday)
	Continental Uranium, Inc
	Israel-American Oil CorpCommon (Bear, Stearns & Co.) 750,000 shares
	Israel-Mediterranean Petroleum, IncCommon (Gearhart & Otis, Inc.) 750,000 shares
	Pan-Israel Oil Co., IncCommon (Gearhart & Otis, Inc.) 750,000 shares
	U. S. Mercury CorpCommon
	Zotox Pharmacal Co., Inc
	November 1 (Monday)
	Howard Stores CorpCommon
	Venezuelan Sulphur Corp. of AmericaCommon (Hunter Securities Corp.) \$3,000,000
-	November 3 (Wednesday)
1	Cott Beverage CorpCommon
	Templeton Growth Fund of Canada, LtdCommon (white, Weld & Co.) \$9,675,000
*	November 4 (Thursday)
	Poulsus Charl Com
int.	Barium Steel CorpCommon (Offering to stockholders—underwritten by Lee Higginson Corp.) 599,215 shares
	Beckman Instruments, Inc
w.	Colorado Oil & Gas CorpPreferred (Exchange offer to Derby Oil Co. common stockholders —underwritten by Union Securities Corp.) \$12,195,500
	Hawaii (Territory of)Bonds
	O'Sullivan Rubber Corp
	November 8 (Monday)
	National Fuel Gas CoCommon (Offering to stockholders—no underwriting) 381,018 shares
,	Penn Fruit CoPreferred and Common (Hemphill, Noyes & Co.) 100,000 shares of each
	Change deal Car Ca

Shenandoah Gas Co......Debentures & Common (Scott, Horner & Mason, Inc.) \$1,311,000

Tarbell Mines, Ltd.
(H. J. Cooney & Co.) \$299,880

	Sierra Pacific Power Co.
	Sierra Pacific Power Co
	Union Tank Car Co. Common
	(The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane) 380,000 shares
	November 15 (Monday)
	Mexican Gulf Sulphur CoCommon (Van Alstyne, Noel & Co.) 200,000 shares
1.	Old Hickory Copper Co
	Warren (J. C.) Corp
1	November 16 (Tuesday)
6	Pacific Telephone & Telegraph CoDebentures (Bids 11:30 a.m. EST) \$50,000,000
	November 17 (Wednesday)
	Aztec Oil & Gas Co
, ,	Crescent Uranium Mines, IncCommon
1	November 22 (Monday)
	Consolidated Freightways, Inc
	November 23 (Tuesday)
	Virginia Electric & Power Co
7	November 30 (Tuesday)
	Interstate Power CoPreferred (Bids to be invited) \$10,000,000
	December 1 (Wednesday)
	Laclede Gas Co
	December 14 (Tuesday)
	New England Tele. & Tele. CoDebentures (Bids to be invited) \$30,000,000
	New Orleans Public Service IncBonds
	December 15 (Wednesday)
	Illinois Central RR.  (Bids to be invited) \$18,000,000

corporate purposes. Underwriter — Barrett Herrick & Co., Inc., New York.

★ Campbell Soup Co.
Oct. 27 filed 1,300,000 shares of capital stock (representing 13% of the total stock of the company). Price
—To be supplied by amendment. Proceeds—To Estate
of Dr. John T. Dorrance. Underwriter—The First Boston Corp., New York.

• Canadian Delhi Petroleum Ltd., Calgary, Can.
Oct. 5 filed 268,686 shares of capital stock (par 10 centsCanadian) being offered for subscription by stockholders of record Oct. 15, at the rate of one new share for
each 12 shares held; rights to expire on Nov. 10. Price—
\$10 per share (U. S. funds) and \$9.70 (Canadian funds).
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 quire 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 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. 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.

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 Roll States of Home & Foreign Securities Corp. and Ons & 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 Fuel & Iron Corp.
Oct. 18 (letter of notification) 3,853 shares of common stock (no par). Price—At market (\$18.75 per share on New York Stock Exchange on Sept. 30). Proceeds—To Allen & Co., New York. Underwriter—J. R. Williston & Co., New York.

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 mated 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 mort-gage 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 West-chester Lighting Co. general mortgage bonds. Under-writer.—To be determined by competitive bidding. Prob-able bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley

for May 11, but has been postponed because of market Boston, Mass conditions. No new date set.

Constellation Uranium Corp., Denver, Colo.
Oct. 11 (letter of notification) 1,000,000 shares of common stock. Price—At par (one cent per share). Proceeds — For exploration and development expenses.
Office—206 Mercantile Bldg., Denver, Colo. Underwriter—Petroleum Finance Corp., Oklahoma City, Okla.

• Continental Uranium, Inc. (10/29)
Sept. 24 filed 500,000 shares of common stock (par 10 cents). Price—\$2.50 per share. Proceeds—To pay for properties, for development and drilling program and for general corporate purposes. Office — Chicago, Ill. Underwriter—Van Alstyne, Noel & Co., New York.

• Cott Beverage Co. (11/3)

• Cott Beverage Co. (11/3)

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 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.

\*\*Desert Uranium Co., Salt Lake City, Utah
Oct. 18 (letter of notification) 2,000,000 shares of common stock Price—At par (15 cents per share). Proceeds
—For exploration and development expenses. Office—
524 Atlas Bldg., Salt Lake City, Utah. Underwriter—
Van Blerkom & Co., same city.

★ Direkt-Form Corp. (N. J.)

Oct. 21 (letter of notification) 50,000 shares of common stock (par 10 cents). Price—\$1 per share. Proceeds—For working capital. Business—In orthopedic appliance and allied fields. Office—151 Hackensack Ave., Hackensack, N. J. Underwriter—20th Century Pioneer Securities Co., New York.

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.

Eula Belle Uranium, Inc.
Oct. 18 (letter of notification) 5,000,000 shares of common stock (par one cent). Price—Five cents per share.
Proceeds—For exploration and development expenses.
Office—506 First Security Bank Bldg., Salt Lake City,
Utah. Underwriter—Utah Securities Co., same city.

Tallon Gas Corp., Denver, Colo.

Oct. 20 (letter of notification) 5,400,000 shares of common stock (par five cents) to be offered for subscription by stockholders of Colo-Kan Fuel Corp. for a period of 40 days; then to public. Price—5½ cents per share. Proceeds—For expenses incident to gas activities (and possibly uranium). Office—527 Ernest & Cranmer Bldg., Denver, Colo. Underwriter—First Securities Corp., Philadelphia, Pa.

Farnan & Seemann, Inc., Los Angeles, Calif. 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 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 5%% capital debentures and 24,000 shares of 6% cumulative class E preferred stock (par \$25). Price—At par Proceeds—To reduce outstanding bank loans. Under-Proceedswriters—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.

tain & Co., Inc., New York.

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.

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, Laderwriter—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. - 100 Adelaide St.

& Co.; The First Boston Corp. Offering-Originally set .- West, Toronto, Canada, Underwriter-McCoy & Willard,

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 Gas Corp.

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. Underhare. Proceeds—For general—Washington, D. C. Underwriter-None.

General Telephone Co. of Pennsylvania.

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. Offering—Expected today (Oct. 28).

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.

Underwriter—Havenor-Cayias, Inc., same city.

Gulf States Utilities Co.

May 14 filed 160,000 shares of preferred stock (par \$100).

Proceeds — To redeem 50,000 shares of \$4.50 dividend preferred stock, 60,000 shares of \$4.40 dividend preferred stock 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); Kuln, 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.

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 3%%
first mortgage bonds due 1981 and \$10,000,000 of 3%%
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. 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 57,310 shares, Fridley & Hess and Crockett & Co., both of Houston, Tex.

Hawaiian Electric Co., Ltd., Hono!ulu 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.

\* Howard Stores Corp. (11/1)
Oct. 19 (letter of notification) 10,858 shares of common stock (par \$1). Price—At market. Proceeds—To common stockholders of Foreman & Clark, Inc. who exchanged their shares for Howard Stores stock. Office 40 Flatbush Avenue Extension, Brooklyn 1, N. Y.

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.

International Bankers Life Insurance Co. Sept. 29 (letter of notification) 12,500 shares of common stock to be offered for subscription by stockholders of record Sept. 20, 1954 at rate of one new share for each share held. Price-At par, (\$10 per share). Proceeds

For addition to capital and to be invested in appropriate securities. Office—Continental Life Building, Fort Worth, Texas. Underwriter—None.

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. (10/29)
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.

Sept. 21 filed American voting trust certificates for 900,000 shares of common capital stock (par one cent), of which 750,000 shares are to be offered to public. The remaining 150,000 shares to be under option to underwriters. Price—Last sale on American Stock Exchange day preceding the offering. Purpose—For exploratory drilling and development of presently held acreage in Israel. Underwriter—Gearhart & Otis, Inc., New York.

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.

★ Land-Air, Inc., Chicago, III.

Oct. 14 (letter of notification) \$300,000 of 6% 10-year notes due Nov. 1, 1964 to be offered for subscription by employees of company and California Eastern Airways, Inc., its parent; offer to expire on Nov. 30, 1954. Price—At par. Proceeds—For working capital. Office—201 N. Wells St., Chicago, Ill. Underwriter—None.

★ Leadville Lead & Uranium Corp., Denver, Colo.
Oct. 15 (letter of notification) 200,000 shares of common stock (par \$1). Price—\$1.25 per share. Proceeds—For exploration and development costs. Office — 718 Symes Bldg., Denver, Colo. Underwriter—None:

Liberty Uranium Corp., Salt Lake City, Utah July 1 (letter of notification) 3,000,000 shares of common Proceeds—For mining operations. Office—402 Darling Bldg., Salt Lake City, Utah. Underwriter—Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

Lincoin Telephone & Telegraph Co.

Sept. 22 (letter of notification) 9,623 shares of common stock (par \$16%) 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.

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.

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.

\* Magic Uranium Co., Inc., Salt Lake City, Utah
Oct. 15 (letter of notification) 3,000,000 shares of common stock (par one cent). Price—10 cents per share. Proceeds—For development and exploration costs. Office—529 Newhouse Bldg., Salt Lake City, Utah. Underwriter—I. J. Schenin Co., New York.

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.,

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.

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.

• Merrit-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 Nov. 15. Underwriter—None.

Metals & Mines Co., Reno, Nev.
Oct. 13 (letter of notification) 2,950,000 shares of class A common stock. Price—10 cents per share. Proceeds—For exploration and development expenses. Office—220 South Virginia St., Reno, Nev. Underwriter—None.

Mexican Gulf Sulphur Co. (11/15-18)
Oct. 22 filed 200,000 shares of common stock (par 10¢).
Price—To be supplied by amendment. Proceeds—For equipment, capital improvements and working capital.
Underwriter—Van Alstyne, Noel & Co., New York.

Underwriter—Van Alstyne, Noel & Co., New York.

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.

★ Missouri Insurance Co.

\* Missouri Insurance Co.
Oct. 21 filed 202,320 shares of capital stock (par \$5).
Price—To be supplied by amendment. Proceeds—To certain selling stockholders. Underwriters—A. G. Edwards & Sons, St. Louis, Mo., and 12 others.

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.

Natick Industries, Inc., Natick, Mass.
March 10 (letter of notification) 58,800 shares of common stock (par \$1). Price—\$5 per share. Proceeds—For working capital, etc. Underwriter—J. P. Marto & Co., Boston, Mass.

National 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 Nov. 8 on the basis of one new share for each ten shares held (with an oversubscription privilege); rights to expire Nov. 29. **Proceeds—**For investments in and advances to subsidiaries. **Underwriter—**None.

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. Pro-ceeds—For mining operations. Office—114 Atlas Bldg., Salt Lake City, Utah. Underwriter — Rocky Mountain Securities, the same city.

• Old Hickory Copper Co., Phoenix, Ariz. (11/15) 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. Portland, Ore.

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., up to 11:30 a.m. (EST) on Nov. 16.

★ Painted Desert Uranium & Oil Co., Inc.

Oct. 18 (letter of notification) 12,000,000 shares of common stock: Price—At par (one cent per share). Proceeds

—For exploration and development costs. Office—737
Peyton Bldg., Spokane, Wash. Underwriter—None, sales to be made through William M. Fredericks, Secretary-Treasurer of company. Treasurer of company.

Pan-American Uranium, Inc.

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. (10/29)
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.

Panellit. Inc.. Skokie. III. (11/9)

Panellit, Inc., Skokie, III. (11/9)
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.

Pay Day Uranium Co., Las Vegas, Nev.

Cot. 15 (letter of notification) 2,500,000 shares of capital stock (par two cents). Price—10 cents per share. Proceeds—For exploration and development costs. Office—230 Fremont St., Las Vegas, Nev. Underwriter—Allied Underwriter Co., the same city.

Peabody Coal Co., Chicago, III.
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, III.

ris & 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.

\*\*Penn Fruit Co., Inc. (11/8)
Oct. 22 filed 100,000 shares of cumulative convertible
preferred stock (par \$50). Price—To be supplied by
amendment. Proceeds—For expansion program and
working capital. Underwriter—Hemphill, Noyes & Co.,
New York.

\*\*Penn Fruit Co., Inc. (11/8)

\* Penn Fruit Co., Inc. (11/8)
Oct. 22 filed 100,000 shares of common stock (par \$5).
Price—To be supplied by amendment. Proceeds—To certain selling stockholders. Underwriter — Hemphill,
Noyes & 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.

★ Petersburg & Hopewell Gas Co.

Oct. 15 (letter of notification) 13,750 shares of common stock (par \$10) to be offered for subscription by stock-holders; then to public. Price—To stockholders, \$11.75 per share; and to public, \$12.75 per share. Proceeds—For additions and improvements to property, etc. Office—22 S. Sycamore St., Petersburg, Va. Underwriter—None.

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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

★ Plateau Uranium Oil Exploration Co.
Oct. 14 (letter of notification) 5,600,000 shares of common stock. Price—At par (one cent per share). Proceeds—For exploration and development expenses. Office—117 B North 14th St., Las Vegas, Nev. Underwriter -None.

★ Preformed Line Products Co., Cleve'and, Ohio Oct. 15 (letter of notification) 7,000 shares of common stock (par \$10). Price—\$40 per share. Proceeds—For new plant. Business — To manufacture and sell preformed armor rods and dead-ends. Office—53₁5 St. Clar Ave., Cleveland, Ohio. Underwriter—None.

Quaker Warehouse Co., Inc., Philadelphia, Pa. Sept. 10 filed \$900,000 of 10-year 6% debent 11 as 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 com-mon stock (par 10 cents). Price—\$2 per share. Pro-ceeds—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.

\*\*Raymond Corp., Greene, N. Y.

Oct. 21 (letter of notification) \$22,050 of 10-year 5½% debenture bonds and \$225,000 of 10-year 5½% debenture bonds, second series. Price—At par (in denominations of \$50, \$100, \$500 and \$1,000). Proceeds—For additions and improvements. Business — Manufactures material handling equipment. Office—Greene, N. Y. Underwriter—None.

★ Royalties & Minerals, Inc.
Oct. 15 (letter of notification) 300,000 shares of common stock. Price—At par (\$1 per share). Proceeds—For acquisition of royalty and mineral interests. Underwriters—Virgil McGee, Boise, Ida.; and Bud Mallett and J. S. Williams of Portland, Ore.

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 com-mon stock (par five cents). Price—20 cents per share. Proceeds—For exploration and development of proper-ties. Underwriter—Coombs & Co., Salt Lake City, Utah.

• Shenandcah Gas Co., Lynchburg, Va. (11/8)
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 Co. (11/9)

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. 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.

Somerset Telephone Co., Norridgewock, Me. June 11 (letter of notification) 2,200 shares of capital stock. Price—At par (\$5 per share). Proceeds—For expansion and new equipment. Underwriters—E. H. Stanley & Co., Waterville, Me.; and Clifford J. Murphy Co., Portland, Me.

• Southeastern Fund, Columbia, S. C. Oct. 8 (letter of notification) 57,619 shares of common stock (per \$1), \$100,000 of 8-year 6% subordinated sinking fund debentures due 1962 (with stock purchase war-

rants 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—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) Sept. 17 filed 488,883 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.

★ Sperry Rubber & Plastics Co.

Oct. 14 (letter of notification) \$125,000 of 4% first mortgage bonds due Nov. 15, 1974. Price—At par (in denominations of \$500 each). Proceeds—For general corporate purposes. Office—31 West 7th St., Brookville, Ind. Underwriter-None.

Stardust, Inc., Reno, Nev.
July 9 filed 621,882 shares of preferred stock (par \$10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. Price—\$10.01 per unit. Proceeds—For purchase of land and to construct and equip a luxury hotel. Underwriter—None.

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 derwriter-None.

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) being 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, 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 tay free income 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.

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., 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.

\* Tarbell Mines, Ltd. (Canada) (11/8)
Sept. 24 (Regulation "D") 599,760 shares of common stock (par \$1—Canadian). Price—50 cents per share.

U. S. funds. Proceeds—For exploration and development expenses and acquisition of property. Underwriter—H. J. Cooney & Co., New York.

\* 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 at Canada, Ltd. (11/3) 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.

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.

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., Chevenne Wyo. writer—Glen yenne, 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. both of Memphis, Tenn.

★ Union Tank Car Co. (11/9) Oct. 25 filed 390 000

Oct. 25 filed 380,000 shares of capital stock (no par). Price—To be supplied by amendment. Proceeds—To the Rockefeller Foundation, present owner of 480,000 shares. Underwriters—The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane, both of New York (latter to handle books).

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. (10/29)
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., came 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.

Oct. 7 filed 30,625 shares of common stock (par \$9) being 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—\$22 per share. Proceeds—To purchase stock of Upper Peninsula Generating Co. (a 50% owned affiliate) and for general corporate purposes including company's construction. corporate purposes, including 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.

★ Uran-Leum, Inc., Albuquerque, N. M.
Oct. 18 (letter of notification) 500,000 shares of common stock (par 10 cents). Price—20 cents per share. Proceeds—For exploration and development costs. Office—1522 San Carlos Ave., Albuquerque, N. M. Underwriter—None

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Uranium Corp. of America

Oct. 18 (letter of notification) 24,500 shares of common stock. Price—At par (\$1 per share). Office—54½ East San Francisco St., Santa Fe, N. M. Underwriter—None.

Uranium Corp. of Colorado

Sept. 23 (letter of notification) 300,000 shares of common stock (par one cent). Price—\$1 per share. Proceeds—For exploration and development costs. Office—129 East 60th St., New York, N. Y. Underwriter—None.

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 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 Apex Uranium Co.

Oct. 18 (letter of notification) 3,000,000 shares of capital stock (par three cents). Price—Six cents per share. Proceeds—For exploration and development expenses. Office—430 Judge Bldg., Salt Lake City, Utah. Underwriter—Mid-Continent Securities, Inc., same city.

\* Utah Premier Uranium Co.

Oct. 19 (letter of notification) 5,000,000 shares of common stock (par one cent). Price—Five cents per share. Proceeds—For expenses incident to mining operations. Office — 516 Confinental Bank Bldg., Salt Lake City, Utah. Underwriter—J. E. Call & Co., same city.

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.

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.

● Venezuelan Sulphur Corp. of America (11/1)
Sept. 17 filed 1,000,000 shares of common sto. (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.

★ Victory Exploration & Mining Co.
Oct. 15 (letter of notification) 250,000 shares of common stock (par one cent). Price—10 cents per share. Proceeds—For exploration and development expenses. Office—215 Kerber Bldg., Albuquerque, N. M. Underwriter—None.

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.

★ Virginia Electric & Power Co. (11/23)

★ Virginia Electric & Power Co. (11/23)
Oct. 22 filed 600,000 shares of common stock (par \$10) to be offered for subscription by stockholders of record Nov. 23 on the basis of one new share for each 10 shares held. Price—To be supplied by amendment. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Merrill Lynch, Pierce, Fenner & Beane; Stone & Webster Securities Corp. Securities Corp.

★ Vulcan-Uranium Mines, Inc., Wallace, Idaho
Oct. 15 (letter of notification) 1,500,000 shares of common stock. Price—At par (five cents per share). Proceeds—For expenses incident to mining operations. Address—P. O. Box 289, Wallace, Idaho. Underwriter—Alden J. Teske, d/b/a Wallace Brokerage Co., Samuels Hotel, Wallace, Idaho.

\*\*Warner, Inc.
Oct. 25 (letter of notification) \$250,000 of 10% debenture notes and 25,000 shares of class B common stock (par 10 cents) to be offered in units of \$10 of notes and one share of stock. Price—\$12 per unit. Proceeds—To repay portion of debt to Broadway Factors Corp. and for general corporate purposes. Office — 522 Fifth Ave., New York, N. Y. Underwriter—None.

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 (J. C.) Corp. (11/15)
Oct. 25 (letter of notification) 300,000 shares of common stock (par five cents). Price—\$1 per share. Proceeds—

To purchase equipment, liquidate debt to individuals and for working capital. Office—21 Hanse Ave., Freeport, N. Y. Underwriter — General Investing Corp., New York.

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 nipeline. Underwriters — White 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—Post-Securities Corp., be poned indefinitely.

Western Central Petroleums, Inc., N. Y.

Sept. 16 (letter of notification) 133,333 shares of common stock (par 10 cents). Price—At market (estimated at 36½ cents). Proceeds—To certain selling stockholders. Office—32 Broadway, New York. Underwriter—S. B. Cantor Co., New York.

Western 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.

\* Western Precipitation Corp., Los Angeles, Calif. Oct. 21 filed 60,000 shares of common stock (par \$1). Price—\$8.75 per share. Proceeds—For working capital, etc. Business—Designs, manufactures and installs equipment used for clearing industrial gases. Underwriter—Wagenseller & Durst, Inc., Los Angeles, Calif.

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.

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 com-mon 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. ept. 17 (letter of notification) \$290,000 of 10-year 5% 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 stock-holders. Business—Manufactures hand and power lawn mowers, and related gardening equipment. Underwriter—Watling, Lerchen & Co., Detroit, Mich.

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. (10/29)

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. -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.

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.

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.

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.

★ Central Power & Light Co.

\*\*Central Power & Light Co.
Oct. 25 it was reported company plans to issue and self 75,000 shares of preferred stock (par \$100). Proceeds—To repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Lehman Brothers and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co.

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.

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 3%% bonds and \$2,441,000 4% bonds. Underwriter—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.;

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

Compo Shoe Machinery Corp.

Oct. 25 it was reported company plans the sale of 31,00e shares of convertible preferred stock (par \$25), first to stockholders of record about Nov. 5 on a basis of one preferred share for each 10 common shares held (with an oversubscription privilege); rights to expire in about 15 to 20 days. Underwriter—May be Loewi & Co., Milwaukee. Wis.

★ Consolidated Freightways, Inc. (11/22-24)

Oct. 18 the corporation applied to the ICC for authority to issue and sell 100,000 shares of common stock (par \$5).

Price—Not less than \$16.50 per share. Proceeds—Tc finance purchase of equipment. Underwriter—Blyth & Co., Inc., New York and San Francisco.

Consolidated Natural Gas Co.

Sept. 16 J. French Robinson, President, announced that stockholders on Dec. 2 will vote on authorizing 920,822 additional shares of capital stock for an offering to stockholders planned for 1955 on a 1-for-8 basis. 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.

**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 4%% bonds now outstanding. Underwriter—To be determined by

Continued on page 58

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.

#### General Telephone Co. of Upstate New York

July 2 it was reported company plans to issue and sell 50,000 shares of 5% cumulative preferred stock (par. \$25). Underwriters—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York.

Georgia Gas Co.

Aug. 27 it was announced that this company, a subsidiary of United Cities Utilities Co., contemplates the issue and sale to residents of Georgia of \$300,000 par value of preferred stock, subject to the approval of the Georgia P. S. Commission.

#### Gulf, Moblie & 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 3%s due 1975 and 1969, respectively; collateral trust 3%s 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.

\* Hawaii (Territory of) (11/4)
Bids will be received at the Bankers Trust Co., 16 Wall
St., New York, N. Y., up to 10 a.m. (EST) on Nov. 4 for
the purchase from the Treasurer of the Territory of
Hawaii of \$6,500,000 public improvement bonds, series A, dated Nov. 1, 1954, and to mature annually on Nov. 1 from 1957 to 1974, inclusive.

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)

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 \$2,000,000 of 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.; and Lehman Brothers (jointly); 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.

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, ceeds—To refund \$38,345,000 of 4s due 1975 and \$13,336,-000 of 3%s 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.

Kentucky Utilities Co.

June 21 it was reported company plans to issue and sell \$15,000,000 first mortgage bonds, series F. Underwriter

To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. Bids — Expected to be received in October or November.

Kentucky Utilities Co.
June 21 it was reported company plans to issue and sell to its common stockholders some additional common stock, either on a 1-for-9 or an a 1-for-10 basis. At April 30, 1954, there were outstanding 2,286,784 shares. Underwriters—Previous common stock offering, in April, 1953, was underwritten by Blyth & Co., Inc. and J. J. R. Hilliard & Sons and associates.

Laclede Gas. Co. (12/1)
Oct. 25 it was reported company plans to issue and sell \$15,000,000 first mortgage bonds. Proceeds — To repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Stone & Webster Securities Corp.; Lehman Brothers; Blair & Co., Inc. and Drexel & Co. (jointly). Bids—Expected to be received on Dec. 1.

• Long Island Lighting Co.

Lypected to be received on Dec. 1.

Long Island Lighting Co.
Oct. 27 it was announced company plans late in 1954 to issue \$15,000,000 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.

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. nancing.

National State Bank of Newark (N. J.)

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. & Hinckley.

\* New England Telephone & Telegraph Co. (12/14)

Oct. 19 it was announced company plans issue and sale of \$30,000,000 debentures due 1988. Proceeds—To repay loans and for additions and improvements. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.; Glore, Forgan & Co.; Kuhn, Loeb & Co. and Union Securities Corp. (jointly). Bids—Expected to be received on Dec. 14.

★ New England Telephone & Telegraph Co. Oct. 19 it was announced company proposes to offer to its stockholders of record March 1, next, 511,205 additional shares of capital stock (par \$100) on a 1-for-5 basis. American Telephone & Telegraph Co., its parent, owns about 69% of presently outstanding shares. Proceeds—To repay temporary borrowings. Underwriter—None. None.

New Orleans Public Service Inc. (12/14)

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. (iointly); The First Boston Corp.: White. Weld & Co. Registration—About Nov. 5. Bids—Expected Dec. 14. \* O'Sullivan Rubber Co. (11/4)

\* O'Sullivan Rubber Co. (11/4)
Oct. 14 it was reported a secondary offering is expected of approximately 70,000 shares of common stock. Underwriters — Troster, Singer & Co., New York, and C. F. Cassell & Co., Charlottesville, Va.

Pacific Power & Light Co.

Oct. 19 stockholders approved a proposal to authorize 200,000 additional preferred stock of \$100 par value, which are to be sold in series. **Proceeds**—For new construction. **Offering**—Not imminent.

 Peninsular Telephone Co.
Oct. 19 stockholders approved proposal to increase 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-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.

Lug. 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 the right to subscribe to 100,000 shares of common stoc 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

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. Hroceeds—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.

Resources of Canada Investment Fund, Ltd.
April 27 the SEC authorized the company to register as an investment concern and to make a public offering of securities in the United States.

Savage Industries, Inc., Phoenix, Ariz.

Aug. 9 it, was announced company plans later this year
to issue and sell an additional block of 75-cent cumuto issue and self 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.

\* Sheraton Corp. of America
Oct. 15 it was reported company may later issue and sell
\$6,000,000 of first mortgage bonds due 1965. Underwriter
—Paine, Webber, Jackson & Curtis.

Paine, Webber, Jackson & Curtis.

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 Balitmore & Ohio RR. of its holdings in Southwestern Construction Co. western Construction Co.

Transcontinental Gas Pipe Line Corp.

March 16 it was reported company plans later this year to do some permanent financing to repay temporary bank loans necessary to pay for new construction estimated to cost about \$11,000,000 for 1954. Underwriters—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

United Dye & Chemical Corp.

Sept. 8 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—

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.

Western Pacific RR. Co.

Western Pacific RR. Co.

Sept. 8, it was announced that directors have approved the listic 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 Steams & Co. (jointly).

### Our Reporter's Report

Bankers who did the "standby" job on National City Bank's offering of 2,500,000 shares of additional capital stock to its shareholders, a 70-day chore, breathed a real sigh of relief when payment day on that deal rolled around.

Not that there was ever any question as to the outcome of the undertaking which was 98.09% subscribed. But in the words of one of their number, the operation proved a continuous skirmish with those who were determined to take a profit out of the deal one way or another.

"We were being shot at from behind every pillar and post, plus porarily by circumstances. the hedges," he asserted. At one time the snipers were really gunning for the sponsoring syndicate's bid. The latter group took it for just so long and then decided to test the general situation.

This they did by simply "pulling" the stabilizing bid and letting the market stand on its own feet. The sharpshooters didn't like this and, upon finding that they were fighting among themselves, they set up loud howls bewailing the fact that there was no bid for the moment.

however, the sponsoring group was able to make big "lay-offs" against rights acquired in the market, and wound up with only some 47,650 shares which were placed quickly, particularly since the bank's officers were privileged

#### DIVIDEND NOTICES

### AMERICAN GAS AND ELECTRIC COMPANY

Common Stock Dividend

Aregular quarterly dividend of forty-five cents (\$.45) per share on the Common capital stock of the Companissued and outstanding in the hands of the public has been declared payable December 10, 1954, to the holders of record at the close of business November 8, 1954.

W. J. ROSE, Secretary October 27, 1954.



The following dividends have been declared on the Common Stock of Allied Chemical & Dye Corporation:

Quarterly dividend No. 135 of Seventy-Five Cents (\$.75) per share.

Special dividend of Fifteen Cents (\$.15) per share.

Both dividends are payable December 10, 1954, to stockholders of record at the close. of business November 12, 1954.

Payment of these dividends will make a total of \$3.00 per share-paid in 1954, the same as in 1953.

W. C. KING, Secretary October 26, 1954.

at the subscription price.

#### Freeing Up Capital

Another phase of the National City offering was the amount of underwriting and dealer capital which was tied up for the duration. This was especially true in the case of dealers and firms who are members of organized exchanges which require that capital involved in such commitments be "earmarked."

Accordingly, quite a few of the participants found the scope of their operations circumscribed a bit for the period in which they were obligated to "standby" on the big deal.

With payment date rolling around, however, and the consequent release of such tied-up funds, these firms now are in position to turn again to their regular pursuits, such as building trading inventories where up these had been shaved tem-

#### Continental Oil

Continental Oil Co.'s \$100,000,due in 1984, reached the market today and the indications were 1938. that investor interest was more than encouraging.

The sponsoring group fixed a coupon rate of 3% for the issue, yield the buyer an indicated return of about 2.937%.

#### Cortland Equipment

A second large negotiated of-Throughout the long stand, fering brought to market this owever, the sponsoring group week was on behalf of Cortland Equipment Lessors Inc. This

#### DIVIDEND NOTICES





197TH, COMMON DIVIDEND regular dividend of Eighty-five Cents

(85¢) per share has been declared upon the Common Stock of THE AMERICAN TOBACCO Company, payable in cash on December 1, 1954, to stockholders of record at the close of business November 10, 1954. Checks will be mailed.

HARRY L. HILYARD, Treasurer October 26, 1954

#### ALUMINIUM LIMITED



SPECIAL GENERAL MEETING

**Record Date** 

Shareholders of Aluminium Limited will be held on Tuesday, November will be neld on Iuesday, November 23rd, 1954, at 11:00 o'clock in the morning, at the head office of the Company, 21st Floor, Sun Life Building, 1155 Metcalfe Street, Montreal, Quebec, Canada, pursuant to the Quebec, Canada, pursuant to the call of the Board of Directors, for the purpose of considering and, if thought fit, approving Special By-law No. 21 to increase the capital of the Company from 10,000,000 to 20,000,000 shares without nominal or par value. Only shareholders of record at the close of business on October 27th, 1954, will be entitled to receive notice of and to vote at the meeting and at any adjourn-ment thereof.

October 27, 1954

and serial bonds.

and carrying a 41/4% coupon to 1, 1983. yield 4.25%, were snapped up

The \$50,000,000 of serials, however, were, in the initial stage at least, a little less vigorous in moving out. Dealers were reported to have a supply of this portion of the offering available.

### **Morgan Stanley Group** Offers Continental Oil Co. Rebentures

A nationwide group of investment houses headed by Morgan Stanley & Co. is offering a new issue of \$100 million Continental Oil Co. 30-year sinking fund 3% debentures today (Oct. 28). The price of the debentures is  $101\frac{1}{4}$ 2.937% to maturity.

This financing, one of the largest corporate offerings of the 000 of sinking fund debentures, year, marks the first public financing by the company since

Out of the proceeds of the sale, \$45 million will be used by the company to retire its outstanding 31/4 % notes payable to banks. The setting a price of 1011/4 which balance of proceeds will be added be available for financing exploration and development of oil and gas properties, and other property additions.

> The sinking fund for the new debentures which commences in 1960 will retire a total of \$96 million principal amount prior to maturity. Sinking fund redemption prices range from 101.08% in the year ending Nov. 1, 1960 to 100% after Nov. 1, 1983. Op-

#### DIVIDEND NOTICES

#### SOCONY-VACUUM OIL COMPANY INCORPORATED



26, 1954

The Board of Directors today declared a quarterly dividend of 50¢ per share and an extra dividend of 25¢ per share on the outstanding capital stock of this Company, both payable December 10, 1954, to stockholders of record at the close of business record at the close of business November 5, 1954.

W. D. BICKHAM, Secretary

### Dennison

MANUFACTURING COMPANY Framingham, Mass.

### DIVIDEND NOTICES

**Debenture:** The regular quarterly dividend of \$2.00 per share on the Debenture Stock will be paid Dec. 3, 1954, to stockholders of record Nov. 8, 1954.

"A" Common and Voting Common: A quarterly dividend of 30 cents per share on the "A" Common and Voting Common Stocks will be paid

Dec. 3, 1954, to stockholders of record Nov. 8, 1954.

R. N. Wallis, Treasurer

HOTH YEAR

from 1041/4% if redeemed during wholly owned subsidiaries own The \$25,000,000 constituting the year ending Nov. 1, 1955 to and operate over 2,600 miles of term obligations, priced at par the principal amount after Nov. crude oil pipe lines and substan-

In addition to the new deben- pipe-line companies. quickly and moved to a premium. tures Continental Oil has outstanding 9.746.916 shares of capital stock of \$5 par value and \$688,-000 purchase obligations and a pipeline subsidiary has outstanding \$7.5 million long-term notes.

> operating income of \$476,842,000 Street. and net income of \$40.875,000 in 1953, is an integrated oil enterprise. In 1953 it ranked ninth in domestic crude production and 16th in domestic refinery runs. For the first nine months of 1954 gross operating income was \$371,- Street, members of the New York 057,000 and net income \$31,337,- and Midwest Stock Exchanges.

The company produces crude oil and natural gas in 14 states, inand accrued interest to yield cluding Taxas, Wyoming, California, Kansas, Oklahoma and Louisiana and estimates that its domestic reserves exceed 600 million barrels of oil and 2.2 trillion cubic feet of gas.

It owns and operates eight refineries, and distributes its refined products through direct marketing facilities in 25 states, chiefly to Continental's general funds, to in the midwest, southwest and

#### DIVIDEND NOTICES



#### INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 145 of one dollar and seventy-five cents (\$1.75) per share on the preferred stock payable Dec. 1, 1954, to stockholders of record at the close of business on November 5, 1954.

GERARD J. EGER, Secretary

#### INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company have declared quarterly dividend No. 159 of fifty cents (50¢) January 15, 1955, to stockholders of record at the close of business on December 15, 1954.

GERARD J. EGER, Secretary



### Southern Railway Company

DIVIDEND NOTICE

J. J. MAHER, Secretary.

to take up a total of 25,000 shares undertaking was divided into term—tional redemption prices scale Rocky Mountain areas. Two tial interests are held in other

#### With Investors Planning

(Special to THE FINANCIAL CHRONICLE) BOSTON, Mass. - Charles W. Mitchell has joined the staff of Investors Planning Corporation of Continental Oil, which had gross New England Inc., 68 Devonshire

#### Two With A. G. Edwards

ST. LOUIS, Mo. - Thomas E. Bahr and Robert L. Schuermann are connected with A. G. Edwards & Sons, 409 North Eighth



#### DIVIDEND NOTICES

United States Pipe and Foundry Company Birmingham, Ala., October 21, 1954

Birmingham, Ala., October 21, 1934
The Board of Directors this day declared a
quarterly dividend of seventy-five cents (75¢)
per share and an extra dividend of one dollar
(\$1.00) per share on the outstanding Common
Stock of this Company, payable December
13, 1954, to stockholders of record on November 19, 1954.

The transfer books will remain open. UNITED STATES PIPE AND FOUNDRY COMPANY JOHN W. BRENNAN, Secretary & Treasurer



#### DIVIDEND NOTICE

NOTICE
The directors, on October 15, declored a regular quarterly dividend (No. 60) of thirty (30) cents per share on the Common Stock, payable on Dec 20 to shareholders of record Nov. 5. The quarterly dividend (No. 76) on the 4½ per cent cumulative preferred stock, series A. will be poid at the rate of 26½ cents per share on Jan. 1, 1955 to shareholders of record Dec. 10, 1954 and the regular quarterly dividend (No. 18) on the second preferred stock, amounting to 27½ cents per share, will be paid on Dec. 1 to shareholders of record Nov. 5.

W. D. FORSTER, Secretary
SUNRAY OIL CORPORATION

SUNRAY AY OIL CORPORATION TULSA, OKLAHOMA



### THE TEXAS COMPANY

-209th-Consecutive Dividend and Extra Dividend

A regular quarterly dividend of seventy-five cents (75¢) per share and an Extra dividend of seventy-five cents (75¢) per share on the Capital Stock of the Company have been declared this day, payable on December 10, 1954, to stock-holders of record at the close of business on November 5, 1954.

The stock transfer books will remain open.

ROBERT FISHER

October 22, 1954



# Washington . . .

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Some-me early this fall the Eisen-hower Administration appears to have achieved a break-through of the then few re-maining barriers to a steady and enlarging supply of housing mortgage credit. Hence the out-look is officially for a steady to rising volume of housing conrising volume of housing con-struction for years to come— officials hope—stimulated by easy credit.

In an almost lyrical release, Norman P. Mason, Commis-sioner of the Federal Housing Administration, announced that September was the biggest September in the 20-year history of FHA in terms of applications for mortgage insurance. Applications as a whole were up 24% over August. Under the Eisenbower "Housing Act of 1954" the government decreed that its tacking should give mortgages in used homes a much better break than under the old reactionary law of supply and demand. As a consequence EHA's applications to underwrite mortgages on existing for mortgage insurance. Appliwrite mortgages on existing houses rose 50% to an all-time

So apparently the forced draft under credit for sale of used housing is already taking hold.

(In only one category, apartment houses, is business down, it is understood, although Mr. Mason omitted any information on this segment of FHA's busi-

Applications for new 1- to 4family housing units under the vastly more liberalized credit terms of the new FHA section 203 totaled 35,000 units, the highest volume under the pro-gram since May, 1950.

VA, although less lyrical about busting new records, reports a similar story, VA received requests for appraisals of nearly 90,000 houses, with a view to their getting the veterans' loan guarantees. Of these applications, well over half were for proposed mortgages on used houses and the balance for new housing units.

#### Subsidized Housing Runs to More Than \$60 Billion

Senator Harry F. Byrd (D., Va.) attempted to figure out how far the government had gone into the business of "aiding" or subsidizing housing ing" or subsidizing housing prior to the new and expanding era of government subsidies under the Housing Act of 1954.

He found that at a very minimum the government had sub-sidized prior to the new act, \$60 billion of housing either through direct subsidies or government loans and guarantees. It should be noted, of course, that the be noted. housing industry and the government object violently to the terming of FHA a subsidy, for a mortgage insurance premium is collected in an attempt to cover collected the risk.

However, as the Hoover Com mission task force opined in 1949, that until there was a set-back in the housing market, there was no way of telling how far the government's assumption of risk on guaranteeing and insuring mortgages will involve true costs to the taxpayer. So the subsidy element is absent for sure only so long as the government can by forced cheap credit, maintain a boom market in housing.

Senator Byrd's compilation was admittedly far from complete. Many of the agencies handling the more obscure housing activities furnished either no reports, or inadequate ones. Furthermore, some of the figures adding to the \$60 billion are from a few months to one year old. one year old.

one year old.

On the other hand, the \$60 billion did not represent a Federal contingent liability, for a very large volume of FHA and VA mortgages had been repaid in full, and the government's contingent liability thereby was extinguished prior to the operaextinguished prior to the operation of the new act.

Loan insurance and guar-antees constitute the biggest share of this total. FHA prior to the new act had an insuring authority of \$24.3 billion, and has insured loans to an aggregate of \$33.6 billion to last gate of March 31.

#### VA Has No Ceiling

There is no ceiling upon the amount of housing credit which can be guaranteed by the Veterans Administration, that beerans Administration, that being limited only by the number of eligible veterans who find the house they want and the lender who will extend them credit under a guarantee. The gross amount of VA mortgage credit insured through April was \$22.5 billion, and the government made direct loans of \$306 million. \$306 million.

"In 15 years," said Senator yrd, "the Federal Government as subsidized housing in the United States to the extent of more than \$60 billion in grants, direct loans, guaranteed loans, insured loans, and direct appro-

"These housing subsidies have been going out through at least 30 programs under the Housing and Home Finance Agency, and another half dozen or more pro-grams under the Veterans Ad-ministration and the Depart-ments of Defense, Agriculture, Interior, etc."

### REA Operates 53% of Farm Rural Business

Figures have been released by the Rural Electrification Administration indicating its place in the business of distributing power in rural areas. Some of these figures have been made available for the first time un-der the Eisenhower Administra-

It was announced publicly that 4,965,962 farms in the United States were supplied with electric current from cen-This amounts to 92.3% of the number of farms reported in the country by the Census Bureau, as of 1950. However, the trend has been toward a shrinkage in number and increase in age in number and increase in resulting size of farms.

Hence, REA's farm business is about wound up as such.

On the other hand, like any other utility, REA with a monopoly in any area must serve nonfarm customers. Of REA's total connections last June 30, 65.8% only were for farmers, whereas nine years ago farmers were 77.3% of REA's customers, when there were fewer of same.

Therefore it is expected that REA will still be expanding its business on existing lines as the population increases, particularly in areas outlying present BUSINESS BUZZ



"I'd like to buy the kind of a calendar Jack Benny uses to figure his birthdays!"

urban centers. Furthermore, use of electricity is on the upgrade.

Despite the great liberality of government credit for REA projects, private utilities still have almost half the rural electric distribution business. As of June 30, of the 4,965,962 farms receiving central station current, 54.3% were accommodated by the REA and the balance by others. The others were pre-dominantly private sources.

#### CCC Expands Barter Business

Business is picking up in the way of direct barter of Com-modity Credit Corp., commod-ities for critical and strategic materials for the national emergency stockpile.

Furthermore, CCC has an-nounced that it is more than willing to pick up more busi-

Under the Agricultural Trade and Development Act the De-partment of Agriculture may sell surplus price-supported farm commodities for foreign currencies. And the Foreign operations Administration may give them away for famine re lief or for charitable distribu-

seems CCC for four years has had the power to barter its price-supported commodities for critical and strategic materials, but the Agricultural Trade and Development Act liberalized considerably CCC's powers to conduct barter operations.

Under its old powers, CCC has bartered \$121 million of its commodities for scarce mate-

FOREIGN SECURITIES

rials, about half of this since Jan. 1, 1953. "It is expected that barter activities will now be in-creased materially," CCC said.

#### "SBA-RFC" Plans Expansion

When you run a government agency and want to expand its powers and "responsibilities," one of the nicest things you can do is to get an advisory com-mittee to recommend that you do so. Every good modern government agency is equippe with an advisory committee. is equipped

The committee of "consult-nts" to the Small Business Administration constitutes its advisory committee. The SBA consultants met here several days ago and with, of course, utmost spontaneity, recommended that the directors of the mended that the directors of the SBA regional offices be empowered to approve on their own motion, and without reference to Washington, any loan in the amount of \$100,000 or less, in place of the previous loan limit of the regional directors of \$50,000 or less.

Since of course the idea never would have occurred to SBA had not the consultants thought it up themselves, SBA is sol-emnly and with great serious-ness giving careful considera-tion to this recommendation.

SBA was started by the Eisenhower Administration with the avowed idea of being a self-help agency. It "sparked" set-ting up state committees appointed by governors, to create state and local pools of risk capital, with state and local initiative in determining just who

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among thousands of small business applicants for help, had a good idea, a good plant, and managerial brains. Uncle Sammy would only kick in a loan when the local committee were ready to back a gent with some of their own hard-earned money.

This conservative approach was soon dropped, and SBA was told to get the loans out. It is occupying RFC's office building and in getting to look and sound more like RFC every

(This column is intended to reflect the "behind the scene" inter-pretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

### Business Man's Bookshelf,

Economic Research - Quarterly review-National School of Economics, Ciudad University, Mexico, D. F., Mexico.

Our Colleges and Universities and Their Financial Support - National Association of Manufacturers, 2 East 48th Street, New York 17, N. Y. (paper).

Problems in Business Finance Leroy A. Shattuck and Joseph F. Bradley - Rinehart & Co., Inc., 232 Madison Avenue, New York 16, N. Y. (paper), 95¢.

### **Burton J. Vincent Opens Own Firm**

ecial to THE FINANCIAL CHRONICLE) CHICAGO, Ill.-Burton J. Vincent has formed Burton J. Vincent. & Co. with offices at 105 South La Salle Street to engage in a securities business. Mr. Burton was formerly Vice-President of Carl McGlone & Co.

### Joins Olmstead & Mulhall

(Special to THE FINANCIAL CHRONICLE)

KALAMAZOO, Mich.—Thomas L. Swiat is now associated with Olmstead & Mulhall, Inc., 123 West Michigan Avenue. He was formerly with the First National Bank & Trust Co. of Kalamazoo.

We have available copies of an Analysis of

### RIVERSIDE CEMENT

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recently prepared by THE OVER-THE-COUNTER

SPECIAL SITUATIONS SERVICE

This analysis shows why this stock offers an excellent op-portunity for capital gains.

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