GAS INDUSTRY FEATURED IN THIS ISSUE

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EDITORIAL

As We See It

He who would on the morning after—or possibly even a week after—undertake to interpret the election results this year would be a rash man. Nothing like real homogeneity existed or exists in either of the major parties. Personal villification all too frequently beclouded all issues in local contests. On the basis of most of the political arguments advanced, one is almost obliged to conclude that all candidates adopted precisely the policy which Mr. Stevenson attributed to Vice-President Nixon—that of figuring out what to do to win the election and then doing it. Of course, the strategists of both parties, but perhaps most particularly the Democratic party, laid out their campaigns this year with at least one eye fixed on 1956. What the effect of all this will be on the course of public policy during the next two years, the future only will disclose.

It seems to us, however, that one of the "issues" which the Democratic party never tired of trying to bring into this campaign needs careful watching in the future. It was constantly harped upon by a number of the pressure groups supporting the Democratic candidates. In their attitude toward it some of the members of the President's party, even some of the so-called conservative elements in that party, seemed about as nearly akin to the party of Messrs. Roosevelt, Truman and Stevenson as to their own. Mr. Stevenson, with his penchant for phrase-making, paid his respects to this question by labeling his opponents as the party of "budget-firsters."

Of course, the truth of the matter is, unfortunately, that the Eisenhower Administration, though more conservative and more hope-inspir-

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The Forward March Of the Gas Industry

By E. H. EACKER*
President, American Gas Association
President, Boston Consolidated Gas Company

Retiring President of American Gas Association discusses developments and problems in the gas industry, which now, with assets of over $13,500,000,000, is sixth largest industry in the nation. Stresses need for improved public relations of the industry and the widening and intensification of the use of gas in homes and industry. Says vast opportunities lie ahead, and calls attention to final draft of the Gas Transmission and Distribution Pipe Line Code.

Last October, Frank Smith, your then President, to whom you need no introduction, stood before our annual convention and pointed to a year of decisions made, a year of preparation for action. He presented a great challenge to me.

Earl H. Eacker

It hardly seems possible to me that 12 months have passed since you elected me your President. They have been a very short 12 months in which to accomplish anywhere near what I hoped might be accomplished toward the goal to which Frank pointed. My course has covered practically every section of the United States and taken me from the Eastern Coast to scenic Western Canada. I have been called on to deliver many major addresses and have participated in many more meetings and conferences. I had the opportunity to meet and discuss local and industry problems with literally hundreds of people of all segments of our industry. One has only to fly over the vast areas over which I have flown and to visit the sections I visited to understand why the local problems of one area differ

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*Presidential address of Mr. Eacker at the 36th Annual Convention of the American Gas Association, Atlantic City, New Jersey, Oct. 11, 1954.

The Pitfalls of a Dollar Averaging Policy

By THOMAS J. McNICHOLS
Assistant Professor of Finance,
Northwestern University

Posing a number of questions regarding the effects of "dollar averaging" in the purchase of stocks, Prof. McNichols claims that if these questions are ignored, investors "may find that a tide more potent than the speculative upsurge of 1928-29 will upset their program." Holds pension funds are the most rapidly increasing force in the investment market, and these funds, along with the stock acquisitions of insurance and investment companies, provide a steady and growing stream of new money for the securities market; and if institutional buyers continue to make regular purchases of a small group of quality stocks, their concentrated buying will further depress stock income yields.

Has the "dollar averaging" theory led presumably conservative institutional and individual investors to a belief that quality stocks can be bought without exercise of judgment as to value? And can such buying push the stock market to stratospheric heights? Is there enough common stock to satisfy the potential demand of the new pension and other funds that have decided common stocks are "safe" if you only buy regularly month in and month out—ignoring price changes? May not this new buying be more potent as "bull market steam" than anyone has reckoned?

Thomas J. McNichols

While this brief article cannot answer all of these questions it will suggest how they should enter into the thinking of common stock investors. If they ignore them they may find that a tide more potent than the speculative upsurge of 1928-29 will upset their program. "Dollar averaging," which calls for monthly buying of a con-

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SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 37.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

J. ROSS OBORNE
Assistant Manager,
Nesbitt, Thomson & Co., Ltd.,
Toronto, Ontario

Superior Propane Ltd.


J. Ross Oborne

People don't need pipelines — to have gas in their homes. Few Canadians are aware that gas is available in cylinders for domestic use. Few Canadians realize that a new industry is in the making in this country.

About 30 years ago, a chance experiment in the United States resulted in the discovery of an unusual gaseous by-product of petroleum. This new by-product, it was found, could be compressed to a liquid and placed in cylinders for shipment. Upon release from the cylinders it resumed its gaseous form and could then be used in the same manner as natural or manufactured gas.

This "bottled gas" known as Propane was to have a marked effect on the standard of living of people on this continent. Here for the first time was a gas that could be shipped anywhere for home or industrial use. Here was an opportunity for those who lived beyond the reach of gas pipelines to have the same comforts as the manufactured gas and natural gas users. Here was a new fuel, Propane, that could compete with electricity, manufactured gas, oil, wood and coal. Not only could Propane compete, it was found that it would do many of the jobs better than the others. The flame was discovered to be hotter and cleaner and because of its simplicity in use repairs to Propane appliances were rare. In addition, of course, electric power failures ceased to be a nuisance in Propane equipped residences.

It was not long before the advantages of Propane as a fuel came to be recognized in the U. S. A. These figures on total annual propane gas sales in the United States illustrate the remarkable growth of the industry, even during the depression years:

Year	Gallons
1922	223,000
1929	9,931,000
1934	56,427,000
1939	223,580,000
1944	898,071,000
1951	4,227,275,000
1953	*4,900,000,000

*Approximate.

A representative U. S. company, which operates mainly in New England, has doubled its sales regularly every four years since its inception in 1922. There are now 7½ million users of Propane in the U. S. A. Besides the domestic uses, such as refrigeration, home heating, cooking, hot water heating, clothes drying and incineration, there are many industrial uses. It is employed in making chemicals and rubber. It is used in tobacco drying and chicken brooding. It is in wide use as tractor fuel. Thousands of buses operate on it instead of gasoline and experiments are being conducted using it as a fuel for turbine railway engines.

So much for propane, its history and its uses. Let's see where Canada fits into the picture and where "the investment I like" comes on the scene.

Propane is comparatively new to Canada. It was probably first used in Alberta and it still enjoys a great use there. This fact is an interesting one in that Alberta has unlimited natural gas available. In Ontario propane is just coming into its own and we shall hear a great deal more about it when the natural gas pipeline comes from the West. The advent of a gas pipeline will result in the propane companies having a large amount of free advertising. When natural gas becomes available through a pipeline everyone in the area becomes gas conscious. Advertising reaches out far beyond the economic limits of the pipeline and those who do not have the pipeline at their door become in very short order prospective users for propane.

Here in Ontario there is one company that has made large strides in the propane business. It is well equipped to take advantage of future growth possibilities in the industry. This company, Superior Propane Limited, came into being in 1951. It was formed to acquire the Essotane Gas Division of Imperial Oil Limited. At that time there were 9,300 customers to whom were being sold 1¾ million gallons of propane per year. Sales are now running close to 4½ million gallons and more than 18,000 customers are served. As the industry is still in its infancy in Canada, overall figures are hard to obtain and assess; however, it is evident from the sales figures available that the growth trend is very similar to that in the U. S. The only difference appears to be that, as yet, only a fraction of the potential market has been tapped. Therefore, the industry in Canada is on an earlier and sharper part of the growth trend. As an example of this, Total Sales (which includes appliance sales) of Superior Propane products were $717,600 in 1951, $1,126,400 in 1952, $1,817,000 in 1953 and for the first six months of 1954 showed a further 37% increase over the pervious year.

The Company's storage plants are located at Maple, Stratford, Carleton Place and Simcoe. Offices and showrooms are located at Barrie, Belleville, Stratford, Guelph, Peterborough and Simcoe. The Head Office is in Toronto.

The capitalization of Superior Propane Limited is a simple one—

Outstanding is:

$1,000,000 5½% Sinking Fund Debentures, due 1974.

40,000 shares $1.40 Cumulative Redeemable $25 par value preferred shares.

345,500 shares Common Stock.

The debentures are presently trading to give a return on the investment of about 5¼%.

The Preferred shares are listed on the Toronto Stock Exchange and have been selling at about $24, at which price the yield is 5.83%.

Plans are underway to have the common shares listed in the near future. At the present time the market is $3.15 bid per share without an offering.

The growth in sales and customers since 1951 has, of course, been reflected in earnings.

Conservative estimates for 1954 are as follows:

Debenture Interest covered—five times.

Preferred share dividends covered—3½ times.

Earnings available for common shares—35c per share.

Superior Propane Limited is one of the largest companies in the propane business in Canada. It is capably managed. It has a healthy working capital. It is in a sound position to take full advantage of the fact that the Propane Industry is proving to be one of our fastest growing industries. The increasing trend toward suburban living and the increasing popularity of gas products in Eastern Canada are very likely to place the three securities of Superior Propane Limited close to the top of each of their categories in the relatively near future.

DONALD S. WARMAN
Granbery, Marache & Company,
New York City
Members, New York Stock Exchange

Kaiser Aluminum & Chemical Corporation
$2.50 Convertible Preferred Stock

The North American aluminum industry at the present time enjoys a unique position of advantage. The productive capacity of primary aluminum has been doubled by the post-Korea expansion program and this has been done under extremely favorable conditions, both financial and otherwise. And there is a minimum threat to the industry of any serious imbalance between supply and demand, a condition which so often arises following a rapidly effected large-scale expansion of an industry's productive capacity. The reason for this favorable situation is the fact that the Federal Government is pledged to purchase at prevailing prices during the five-year period after new facilities reach full capacity any part of the output of the new facilities not sold for commercial uses.


Donald S. Warman

In mid-1952 there was released the report (sometimes referred to as the "Paley Report") of the President's Materials Policy Commission. The Commission, which was composed of an independent citizen's group and aided by experts drawn from government, industry and universities, spent many months of intensive study of world and U. S. materials with respect to past, present and future supply and demand. Of important significance with respect to the outlook for future growth of the aluminum industry are the following excerpts from that report:

"Aluminum has not yet found its 'normal' relative place in the materials demand of the American economy. In almost all its uses it is in the process of winning markets away from competing materials, as already cited in the discussions of the other nonferrous metals. But markets gained from the nonferrous metals are unlikely to be quantitatively the most important causes of aluminum's future expansion,

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Prospective Changes In the Economic Trend

By SUMNER H. SLICHTER*
Lamont University Professor, Harvard University

As a guide to the business outlook, Prof. Slichter discusses the stability that has characterized the current year and reviews the divergent trends in the present economic situation. Foresees as prospective changes in the trend of the economy: (1) the reversion of Federal fiscal policy from a contractive to a mildly expansive influence; (2) the increase of purchase of goods and services by State and local governments; (3) inventory reductions; (4) continued rise in outlays for non-durable goods; and (5) heavy expenditures for housing. Reviews probable characteristics of the recent recovery.

I
The Long Period of Stability

It is well known that the general business stuation has appeared to have been remarkably stable ever since the beginning of the year—a period of 10 months. Personal incomes, upon which consumer buying power depends, when adjusted for seasonal changes, have scarcely moved since last January. The same is true of the seasonally adjusted index of industrial production. New orders of manufacturers have scarcely changed since April. The quarterly figures on both total expenditures and total output for the entire economy show no change for the first three quarters of 1954. At no other time since figures have been available has the American economy been through such a long period in which total output and total expenditures have remained so steady.

Sumner H. Slichter

It is generally believed among both businessmen and economists that the present period of stability will be followed by a period of expansion rather than by a new decline in production. An example of the forecasts of early recovery is the report of the Committee on Economics of the Business Advisory Council of the Secretary of Commerce at the Hot Springs meeting last week, that business in 1955 would be greater than in 1954, though slightly below the levels of 1953. I share the view that the current period of stability will be followed by expansion rather than contraction. Nevertheless, one cannot exclude the possibility that the present and recent stability will be terminated by a drop in business rather than by a rise. And certainly one sholud not forecast expansion without having quite definite reasons for so doing.

The present overall stability of the economy is the result of a balance between some influences making for expansion and other influences making for contraction. In addition, there are some important influences which have been neutral as between expansion and contraction but which will probably not continue to be neutral much longer. Let us examine these several influences and attempt to decide which contracting, expanding, and neutral influences are likely to continue more or less unaltered and which are likely to change.

II
Divergent Trends in the Present Economic Situation

By far the most powerful influence making for contraction has been the economic policy of the Federal government. Since the fourth quarter of 1953, the Federal government has cut its purchases of goods and services by over $10 billion a year and since the first quarter of 1954 by $5.7 billion a year. Tax reductions saving individuals and corporations about $7.4 billion a year at current levels of income have gone into effect since the first of the year. In other words, the Federal government has passed on in the form of lower taxes about two-thirds of the savings from the cuts in Federal spending since the last quarter of 1953. The economy, however, has felt the effects of the cuts in expenditures a little sooner than it has felt the benefits of tax cuts.

A second deflationary influence has been the drop in the expenditures of business concerns for plant and equipment. On a seasonally adjusted basis, these outlays in the third quarter of 1954 were running at about $1.5 billion a year less than in the first quarter.

It is usual to include among current deflationary influences the efforts of business concerns to reduce inventories. I count these efforts as a neutral rather than a deflationary influence because, during the last four quarters, the rate of inventory reduction has remained virtually unchanged and because after the first of the year, for business as a whole, the incomes derived from the selling of inventories appear to have been used to buy goods. The deflationary impact of the change in the inventory policy of business was felt in the third and fourth quarters of last year when the shift from accumulating to reducing inventories did bring about a reduction in the total buying of goods.

Offsetting the drop in Federal

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*An address by Prof. Slichter before the New England Bank Management Conference, Boston, Mass., Oct. 29, 1954.

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Drugs and Food for the Home

By IRA U. COBLEIGH

Enterprise Economist

Current consideration of a well rounded corporation with expanding sales of eminent products at home and abroad —American Home Products Corporation.

American Home Products Corporation is both well rounded, and well heeled financially; and seems to possess some sort of an economic Geiger that indicates what lines may be profitably added and what lines should be sloughed off. For example it sold Duff Baking Mix in 1952 and Clapp's Baby Foods last year, without disturbing its impressive forward motion in both gross sales and net earnings. And 1954 will be the best year yet, thanks to moving ahead with present products and taking on some interesting added products such as "Easy Off," a fast selling oven cleaner, Dennison's line of food products, and certain processed foods supplementing present merchandise lines.

Ira U. Cobleigh

Just to indicate how effective has been this diversified development of manufacture and sale, net sales have grown from $44 million in 1941 to over $188 million this year — with a $200 million figure not too remote on the horizon. A company that can proceed like this, and consistently translate, year after year, these wholesome increases in gross, into net earnings, offers the best sort of evidence of sustained good management.

Actually, any consideration of American Home Products falls into four separate parts—its four major divisions of manufacture and distribution: (1) Ethical drugs; (2) Packaged Drugs and Cosmetics; (3) Foods; and (4) Household products. Let's look at them one by one.

Ethical drugs account for 45% of net sales and perhaps as much as 50% of net profits. They are deployed through four subsidiaries, the best known being probably Wyeth Laboratories. Although American Home Products has not been associated with pioneering any special-purpose wonder drug, it does offer a quite complete assortment of vitamins, hormones, antihistamines and antibiotics. It also has brought forward a new sort of longer lasting penicillin called, I believe, Bicillin. The steady advance of the ethical drugs division, both by virtue of product diversity and attractive profit margins is, and probably will remain, the number one element in the HPT earnings statement.

Next in importance, and accounting for about 19% of 1953 sales, is Packaged Drugs and Cosmetics. This section is embodied in the Whitehall Pharmacal Co., and here you find brand names extensively dinned into your ears (and your medicine cabinet), by long continued, and quite effective advertising. When you brush your teeth it's Kolynos. If your tummy is on the Fritz, there's BiSoDol to straighten you out. If you're stricken with a headache (alcoholically or otherwise induced) Anacin tablets are in the bottle on the second shelf, dear! If an angry corn has you limping, there's Freezone. Edna Wallace Hopper cosmetics are calculated to make the little woman look like a doll. All these are wares of the Whitehall Pharmacal line, and their sales across-the-board seem both to continue and increase as the years go by.

Food products also racked up 19% of 1953 sales, and are presented to the public under three quite well known names. The first is Chef Boy-Ar-Dee products leading off with spaghetti and including a wide list of packaged and processed foods offering quality, taste, convenience and speed of preparation to American housewives. To this line has been added the recently acquired Dennison tomato catsup and other tomato-derived items. Crisp advertising is doing a good job for Chef Boy-Ar-Dee. Perhaps the first of the quickie coffees was G. Washington. This, too, is an HPT leader; and for cooking flavoring, the extracts of Burnett are known in many countries of the world—and have been for decades.

The fourth divisional unit is Household Products which gives substance to the corporate title. Here you find 3-in-1 Oil, for grinding lawn mower or squeaky sewing machines. Aerowax and Wizard Wick are also on the list, plus plastic woods and insecticides.

There, in brief, is a panorama of company activities and while the name reads American Home Products, some 20% of sales are actually made abroad. Of this 20% segment, Canada supplies about 25%, the rest of the British Empire roughly 50% with South America filling out the balance. Foreign sales should not be regarded here as a side-line. They are big, and important managerial emphasis is being placed on their growth.

Perhaps we have now given you, in capsule, a sufficient idea of the breadth and variety of company operations so that a presentation of some financial data, eagerly sought by present and prospective shareholders, may be appropriate at this juncture.

About capitalization, it's quite straightaway consisting of $11,-458,000 in 3% debentures due 1965, and 3,842,154 shares of common listed on the New York Stock Exchange and currently selling at 60. Net working capital is around $60 million with roughly a 3-to-1 current ratio of assets to liabilities.

About dividends, the record is excellent with an unbroken skein of cash declarations going back 28 years to 1926. There was a 3-for-1 split in 1946. Current financial policy seems to indicate cash distribution of somewhere around 65% of net, on the basis of which 1954 declarations should total $2.40 regular, with a 60 cent year end extra just declared. Last year the figures were $1.80 with a 50 cent year end bounty. These distributions relate to 1953 per share earnings of $3.41 and an indicated or estimated figure for 1954 perhaps around $4.20.

Manner of dividend distribution is also of interest since HPT is one of the few corporations to mail out dividend checks each month. While this does entail some extra trouble and expense, it has the advantage of bringing to the over 20,000 shareholders of HPT a company message each month. Since this year's figure is 20 cents per month (against 15 cents last year) stockholder good will, and a sense of well being, may well be promoted by this frequent receipt of dividends of growing magnitude. Opening one's mail, and perceiving a dividend check within, is surely one of the continuing pleasures of being a stockholder in a good company.

Here then we see an improving equity in a mature and excellently managed company. Whereas 1954 has evidenced a dip in sales and profits in many lines, American Home Products is showing a sale gain that should aggregate between 6% and 7% come New Year's Eve, and the net earnings distillate is quite certain to be the best in company history. A 1954 expansion program involving an outlay of $7½ million is persuasive to a further advance in earning power in coming years.

If stability and defensive qualities are sought in a common stock, HPT shares do not deserve to be overlooked. Well established brand names, such as the ones we've mentioned, seem to sell well through thick and thin; and the company's cash resources suggest resolute ability to withstand any adversity that may come. On the forward side you need only to project into the future a line based on a composite of the rates of increase of sales and net profits for the past decade, and you'll wind up with the notion that HPT common is not only a durable investment, but one properly cataloged in the "growth" class.

New Los Angeles Bond Club Member

LOS ANGELES, Calif. — The Bond Club of Los Angeles announces that Lawrence M. Tilton has been elected to membership. Mr. Tilton is a wholesale representative of Vance, Sanders & Co., well-known distributors of Massachusetts Investors Trust, Boston Fund, Century Shares Trust, and other mutual investment funds.

Encouraging Signs of Business Uptrend

By HARRY A. BULLIS

Chairman of the Board, General Mills, Inc.

Among the signs that have taken place, Mr. Bullis cites: (1) completion of inventory liquidation; (2) prospective increase in automobile output; (3) rising trend in steel production; (4) continued building construction boom; (5) expansion in highway construction; and (6) larger corporate net earnings. Lists basic foundations for economic strength.

I believe we have reached the bottom of what might be termed an economic adjustment and that the American economy will soon be moving upward. Among the most encouraging signs are these:

Harry A. Bullis

(1) There is evidence that the inventory liquidation has about run its course.

(2) Automobile production, with prospective introduction of new models, is scheduled to increase shortly.

(3) There is a change in the production rate of heavy industry. Steel production, which ran at 64% of capacity in the third quarter is now expected to average between 70% and 75% in the final three months of this year.

(4) There has been a firming in the price structure of certain underlying commodities, such as non-ferrous metals.

(5) The rate of government new orders to industry has about doubled since the end of the last fiscal year and the impact will be felt over the months ahead. This increased expenditure has been planned for a temporary period.

(6) The building construction boom shows no sign of abatement. The high level rate of building of new houses reflects not only the population gains, but also the trend toward modernization of dwellings and business structures.

(7) A prospective over-all gain in highway construction of about 10% to 15% is indicated in existing plans for major turnpikes.

(8) The earnings of 650 industrial manufacturers for the first half of this year, according to a compilation of the "New York Times," amounted to $3,750,000,000, some 3% over the relative period of last year.

Basic Foundation for Economic Strength

Underneath the evidences of business activity, I see certain strong pillars of support for the economy.

(1) There is an abundant supply of credit. The supply of money has expanded and interest rates have declined. The monetary policy is designed to provide business with funds for its legitimate needs on attractive terms.

(2) The tax relief for corporations and individuals acts as a stimulant. The removal of the excess profits tax, along with the new provisions for depreciation allowances, encourage corporate expansion.

(3) Capital expenditures by industry have continued somewhere between $26 and $27 billion. Plans for the future show little likelihood of any serious decline from this figure.

(4) Consumer savings continue high, the second quarter having been at the rate of almost $20 billion per annum.

(5) Consumer spending power, as measured by disposable income, continues at very high levels, estimated for the year at about $254 billion.

(6) The absence of price controls has restored vigorous competition to business—the basis of America's strength.

(7) Technological invention, as evidenced by research in atomic energy and other fields, gives great promise of unprecedented contributions to our economic progress.

(8) The rapid growth of population assures continued increase in demand for consumer goods and more houses for years to come.

(9) International commercial accounts are in reasonable balance. Other countries have been able to build up their reserves and make progress toward convertibility.

(10) The so-called "built in" stabilizers—social security, unemployment insurance and long-term amortization of mortgage debt—help to maintain the confidence of the people.

Conclusion

It is my belief that America is in its greatest era of dynamic growth. The developments in technology and the expansion of industry that will result from the use of atomic power, for which $14 billion has been appropriated and $9 billion spent by the Federal Government, stagger the imagination. Truly we are only on the threshold of a great advance.

Barring any international developments which would completely change the scope of business activity, I am confident that the future continues to offer hope of even better things to come for American business and the American people.

With A. B. Morrison Co.

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—William J. Shinnick has become affiliated with A. B. Morrison & Co., du Pont Building. He was formerly with Barham and Company.

Lehman Brothers to Finance Florida Latin-American Center

Lehman Brothers has been appointed by the Inter-American Center Authority, an agency of the State of Florida, to manage a nation wide investment banking group to offer $60,000,000 revenue bonds to finance construction of an Inter-American Cultural and Trade Center near the City of Miami, Fla., it was announced Oct. 29.

The Inter-American Cultural and Trade Center will be a permanent exhibition and entertainment area and is designed to increase trade and assist in improving relationships with Latin-America and other countries in the western hemisphere.

Harry A. McDonald, former Chairman of the Securities and Exchange Commision and later Administrator of the Reconstruction Finance Corporation, who has been appointed by the Authority as Managing Director, stated that the concept of the project dates back many years and that the Inter-American Center Authority was created by an act of the Florida Legislature in 1951. In 1952 the Congress by public law unanimously endorsed the establishment of the Center to serve the nation's public interest.

Construction is scheduled to get underway immediately after the sale of the bonds. The project will be self-substaining and self-liquidating. Many Latin-American countries have indicated interest in exhibition space as have many larger American industrial firms.

C. Bruce Ellsworth Is With First of Texas

SAN ANTONIO, Tex.—C. Bruce Ellsworth has become associated with First of Texas Corporation, Gunter Building, as manager of the corporate department. Mr. Ellsworth was formerly a partner in Shawell-Ellsworth Co., was Houston manager for Russ & Company, Inc. In the past he conducted his own investment business in San Antonio.

I. J. Niemuth Co. Expands Its Staff

DALLAS, Tex.—I. J. Niemuth Company, Burt Building, specialists in the life insurance company stocks, announce that Bill R. Vandiver has become associated with their firm as office manager. Mr. Vandiver was formerly chief clerk for Texas Power & Light.

Fred Orchard and Frank McCarver have been added to the firm's sales staff.

With A. M. Kidder Co.

(Special to The Financial Chronicle)

MIAMI, Fla.—Edmond C. Peterson is with A. M. Kidder & Co., 139 East Flagler Street.

The State of Trade and Industry

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

Over-all industrial production for the nation as a whole in the period ended on Wednesday of last week showed a seasonal rise. Output of steel, lumber, paper and paperboard and freight car loadings at a high for the year indicated substantial improvement. Total manufacturing output, however, was 6% under the same week of last year according to reports.

Unemployment in early October, Secretary of Labor Mitchell announced the past week, fell to 2,741,000; the monthly decline being the largest in more than three years. Employment, it was reported was essentially unchanged. This relationship between employment and unemployment was possible because of a seasonal contraction in the farm work force. Initial claims for unemployment insurance benefits in the week ended Oct. 16 declined 7% from the preceding week but were somewhat higher than two weeks earlier.

An increase in idle workers' new claims for jobless pay by 18,800 to 272,600 occurred in the week ended Oct. 23, the United States Department of Labor reported. It ascribed the rise chiefly to layoffs in the textile, food processing and machinery industries. In the like week a year ago, new claims rose by 17,200 to 216,902.

A quick turnabout in steel buying patterns is rapidly changing the steel market outlook, "The Iron Age," national metalworking weekly, reports this week. A month ago steel buyers were generally taking it easy living off the shelf. But today there is a lot of private worrying over deliveries.

Many buyers are taking a fresh look at their inventories in view of higher manufacturing schedules and extended delivery promises for steel supplies. Frequently the answers they come up with are not at all reassuring, this trade weekly observes.

After lagging through the early part of the year while other steel products carried the ball, cold-rolled sheets are leading a strong fourth quarter advance. Greatest market strength is in the great Chicago-Detroit consuming axis, where revived automotive demand has been piled on top of demand from other more consistent but less volatile consumers.

The result is that some Midwestern mills are sold out on cold-rolled sheets for the balance of 1954. Some are now accepting orders for rolling and delivery in the first quarter of 1955. And they are beginning to pick and choose their business with an eye toward costs and customer relationship.

The impact of the strong upturn is being felt as far away as the East Coast, where cold-rolled sheets can still be obtained witn only a six- to seven-week wait. But deliveries are becoming more extended in the East, too. Demand for cold-rolled sheets and galvanized sheets is being reflected to a lesser degree on other flat-rolled products, this trade authority notes.

Domestic passenger car output last week, up 43% from the prior week and near a two-month high, began the climb out of model changeovers towards its target of all-time record volume for November, states "Ward's Automotive Reports."

It said the industry's 65,173 car completions the past week against 45,649 the week before put October passenger car output at a 26-month low of 232,900 units. September, it added, netted 285,851 cars.

It pointed out, however, that the industry's program for November of 509,000 cars is an all-time high for that month and is a prelude to even greater volume for December. The present peak for November—506,610 units—came in 1950.

"Ward's" said that Chrysler Corp., held to 30,500 car completions in October by model changeovers, is striking for 106,000 in November, or 21% of industry volume, as against 13% during October.

Meantime, Ford Motor Co. divisions and Cadillac ended their model changeover shutdowns last week. In addition, Chevrolet reached its pre-changeover rate with its 1955 models and Pontiac scheduled its second consecutive all-time high weekly total.

The statistical agency said that the Independent car makers, paced by Studebaker, operated at a seven-month high the past week of nearly 6,000 units, despite the fact Kaiser, Packard and Willys remained idle.

Only Oldsmobile and Buick within the Big Three have yet to start 1955 model production, but resumption there is expected next week.

Among truck makers, resumption by Ford after model changeover boosted United States combined car and truck output last

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Observations . . .

By A. WILFRED MAY

The Election Results and Investing Policy

We cannot know what long-term market action will follow the *Election result* with its somewhat surprising show of Republican strength. But we do know it connotes enough economic and political factors of both a bullish and bearish nature to account for either an up or down market. And as always, interpretation of the reasons, including selection and emphasis, will be made to fit the antecedent market action. Supporting this conclusion's validity in the election area is the record showing no substantial correlation between election results and in the past, when the two parties' political philosophies differed much more decisively.

A. Wilfred May

Divesting his market appraisal from his political and ideological preferences, the realis investor is faced with the relevant objective fact that actually there is little difference between the two parties' institution of relevant economic policies in many areas—now or in 1956.

Sophisticated England has been witnessing a major rise in equity shares in the face of many capitalist fears of a Labor Party victory in next year's elections.

Certainly both our parties—realizing the political "facts of life"—are committed to the continuation of built-in inflation and intervention via the maintenance of a high level of business activity and employment. Witness continuous self-defensive attitudes of Republican spokesmen regarding the government's "responsibility" for prosperity—even before the political campaign. Witness too this Administration's hasty retreat to easy-money after its deflation gesture of the 3¼% Government bond flotation. More recently the President's chief economic adviser, Dr. Burns, in his Detroit speech of a fortnight ago defended vigorously and in detail the Administration's discharge of its "responsibility for curbing the business cycle and promoting a stable prosperity." And to some listeners President Eisenhower's prediction of a $500 billion national annual output in his Oct. 25 speech seemed to be out-Keyserling-ing even that Fair Deal protagonist of expansion.

Neck-and Neck Race to Welfare and Expansion

Irrespective of differences in degree in their programs, surely both the long-time expansionist Democrat and the politically-conscious Republican legislators will follow policies carrying major support to stock prices, via stimulation to business activity through the effects of easy money on yields and investment buying power—with varying tinges of inflation. Consistent therewith is the explanation of the post-Election Day's market strength by some as a result of "the Democratic upsurge" and by others on the ground of "the Republicans' unexpected good showing."

Under *any* Administration here, government-financed road-building to fill our highway needs over the next decade will proceed with the huge expenditure of $100 billion—completely dwarfing the late New Deal. And the two parties have been running neck and neck in the race to broader housing and social insurance coverage.

The continuation of high-level armament outlays with all its ramified stimulants to the economy, while not a process of discretionary government intervention, is assured to be as high under the Democratic gains (particularly in view of their campaign charge of "niggardliness") as it has been under the Republicans in the absence of a complete Russian rapprochement.

Even the utility industry, whose stocks have recently been doing some liberal discounting of stepped-up Democratic public power and political attack by the Democrats, has considerable long-term cushioning—such as the projected need for a 200% in-

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Don't Throttle the Private Works Program!

By BENJAMIN F. FAIRLESS*

Chairman of the Board, United States Steel Corporation

Pointing out the benefits of private works, as contrasted with public works, Mr. Fairless warns against those "misguided gentlemen who seek to throttle America's private works program." Says public works supply only a stop-gap solution to problems of unemployment, and stresses the need for investment incentive as a means of providing additional jobs and thus avoiding unemployment. Calls attention to reduced share of national income that goes into dividends, and decries discrimination against stockholders through double taxation of dividends.

For more than a year, now, our national economy has been undergoing the difficult transition from way to peace; and if we look at the economic picture as a whole, I think most of us will agree that this transition has NOT produced anything which remotely resembles the serious, nation-wide recession that many economic and political experts believed was inevitable. We will concede, I suppose, that the decline in our over-all business activity was surprisingly mild; and that the vast majority of our citizens suffered no grave financial hardship as a result of it.

Benjamin F. Fairless

But on the other hand, we will also agree, of course, that the sudden shrinkage in war production has caused a considerable increase in unemployment; and that our new peace-time economy has not yet been able to absorb all those who were thrown out of work. This is a matter of the deepest concern to all of us; and it is the problem that I want to discuss with you now.

Suppose we start with the facts:

Out of 65 million people in our total civilian labor force, more than 32 million have jobs. The average weekly earnings of factory workers were higher last month than they have ever been in the corresponding month of any previous year. Because of tax reduction, moreover, their takehome pay is higher still; and since the cost of living has remained virtually unchanged during the past two years, all of these financial gains which labor has enjoyed in this transition period, represent an increase in purchasing power. So clearly this group, as a whole, has suffered no critical injury.

But the remaining 2¾ million workers—constituting about 4% of the total labor force—are unemployed. Happily their number is diminishing rapidly; and happily, too, the turnover within this group has been fairly steady. About half of these jobless people have been idle for a few weeks at most; and only one-quarter of them have been out of work for 15 weeks or longer. Moreover, we find that half-a-million of these job-hunters are newcomers to the labor market.

Thus if we look only at the broad, general outlines of this picture—and if we are content to view it from on high—we are bound to conclude, I suppose, that the unemployment problem is NOT serious, and that it represents no threat to our national economy, as a whole. There has been no marked decline in purchasing power, private spending, or personal savings. On the contrary, almost every reliable index of business activity indicates that we are back on the upgrade again . . . that the transition is largely behind us, and that we can now hope for a long period of sound and steady economic growth.

And all of that is encouraging, so far as we are concerned.

But for those who are unemployed—and especially for the 800,000 men who have been pounding the pavements for months in search of a job that they cannot find—none of this will buy any groceries. So far as these men are concerned, this period of transition has been a tragic personal disaster; and from their point of view, we are in the depths of a depression that is just as bad as any that our nation has ever experienced, or could possibly experience. They want a job and a paycheck; and they think that something should be done about it.

Keep Open the Door of Opportunity

Well, so of course, do we; because no matter who we are — whether we are Republicans, or Democrats, or public officials, or just plain businessmen—there is one point on which we all agree wholeheartedly: That here in America, the door of opportunity shall never be closed to anyone!

So I propose, now, that we come down off our economic mountaintop of charts and figures and business indexes, and take what might be called a "miner's-eye view" of this problem as it looks to the unemployed worker himself. How do we get him back on the payroll?

Now right here, of course, we come to a parting of the ways. As a nation, we are firmly united in our desire to wipe out unemployment; but we are sharply—and even bitterly—divided on the question of ways and means. There are, as is often said, two schools of thought:

In one of these schools, we find practically all of the outstanding leaders of Organized Labor. They argue that this is a task for the government to handle. They say that it calls for a big program of Public Works and a whole lot of deficit spending. They know that this means another crippling round of printing-press inflation, and another costly spiral of wages and prices; but that doesn't worry them much. In fact many of them seem to think that what we really need most in this country today is another good shot in the arm, just to pep us up a little. So that is their solution of this problem.

The other school of thought embraces many businessmen who are flatly against any further inflation. I suppose their philosophy can best be summed up in the words of the West Virginia mountaineer who said he sure didn't want any more IN-flation, 'cause it made fer high prices; and the Lord knew he didn't want any more DE-flation, 'cause it made fer low wages; but if somebody would just come up with a little plain, old-fashioned NO-flation, he'd be durned glad to settle fer that!

So those who belong to this "no-flation" school, do NOT believe that unemployment is primarily the task of government. They think that basically, it is the responsibility of our American system of individual enterprise. And instead of embarking on a vast Public Works Program, they want to enlarge what I am going to call our "National Private Works Program."

Now perhaps you have never thought, in exactly those terms, about the billions upon billions of dollars that individual Americans have invested in job-producing facilities in every field of enterprise; and I am frank to say that I've never heard anyone speak of a Private Works Program before; but that, of course, is just exactly what it is. And it is this program, in turn, which created nearly all of the 62 million jobs that exist in this country today.

Public vs. Private Works

So the issue boils down, in its simplest form, to a question of Public versus Private Works; and the fellow who's out of a job doesn't care much, right now, which kind of work he gets just so it pays off—and soon! But between these two programs, there are three important, fundamental differences that will profoundly affect his future employment. Let's see what they are and what they mean to him:

Now in the field of Public Works, there are many useful and necessary projects which are properly, and historically, the responsibility of government —

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*A talk by Mr. Fairless before the Charleston Chamber of Commerce, Charleston, W. Va., Oct. 28, 1954.

Federal Regulation Threat To Natural Gas Supply

By K. S. ADAMS*

Chairman, Philips Petroleum Company

Asserting recent Supreme Court decision, imposing Federal regulation over sales of natural gas by independent producers and gatherers, has already resulted in the abandonment or suspension of at least three major gas transmission projects, Mr. Adams contends, unless relief is obtained by Congressional action, a period of chaos in the natural gas industry will result, and not only the industry, but investors, labor, distributors, transporters and producers will suffer. Attacks a "Federal controlled economy."

Most of you are familiar in a general way with the events leading to the recent United States Supreme Court decision imposing Federal regulation over sales of natural gas by independent producers and gatherers where the gas is ultimately to be transported across state boundary lines. But it is surprising to find how few public officials and businessmen, including gas distributors and even gas producers, understand what has happened and what the effect will be. News writers, columnists and others more often than not have, intentionally or through ignorance, misstated the issues and misled the public.

K. S. Adams

Until the recent Supreme Court decision, hardly anyone believed that it was the intent of the Natural Gas Act of 1938 to regulate the gas sales of independent producers, who are producers of natural gas who do not transport gas across state lines and are not affiliated with a company that does. In fact, producers proceeded to make contracts for interstate sales under the specific assurance, stated in studied opinions of the Federal Power Commission, that such sales were not subject to federal regulation. However, until Congress amends the Natural Gas Act the sales of gas to interstate pipelines by independent producers are subject to regulation.

Those who championed the cause of regulation are about to learn that they may have won a battle only to lose the war. In a speech at Kansas City in 1951 I warned that Federal regulation of natural gas production was "the sugar-coated route to less natural gas at higher prices." That prediction is now borne out. Already the operating burdens and economic uncertainties thrust upon producers by Federal regulation have served to reduce the interstate gas supply for distribution by your companies. The Supreme Court's decision of last June has resulted in the abandonment, curtailment or suspension of at least three major gas transmission projects.

The principal advocates of Federal regulation of independent producers have been state and municipal authorities of Wisconsin and Michigan. They were warned time and time again in the course of the protracted litigation that Federal regulation of gas producers would be detrimental to the interests of their gas consumers. They were unmoved. It is ironical that those two states should be the first to feel the pinch of the Federal regulation which their officers so zealously sought.

American Louisiana Pipe Line Co. has projected a 30-inch pipeline from Louisiana to Detroit. It was planned that this line would ultimately furnish 700 million cubic feet of gas per day to both Michigan and Wisconsin. Refusal of producers to immediately apply to the Federal Power Commission for certificates of convenience and necessity to sell gas to this pipeline brought a group of citizens from those states scurrying to Washington. Their mission was to plead for relief from the effects of the mandate they so long had fought for.

Congress Can Give Relief

But only Congress can give relief from the situation which threatens their future gas supply. There is no power in any commission to compel gas producers to contract to sell their gas in interstate commerce if they do not choose to do so.

Thus the advocates of Federal regulation from these two states created a Frankenstein which is turning on them to deprive some 375,000 homes and many industries in these two states of the new or additional natural gas supplies they so much desire. In Detroit alone 70,000 are waiting for their first natural gas connection or for gas for major usage such as househeating.

An affiliate of Tennessee Gas Transmission Co. had planned a 30-inch pipeline from Corpus Christi, Texas, via southwestern Louisiana, to Monroe, Wis. Because of supply difficulties arising from the Supreme Court decision, the transmission company has deferred the project "at least until the Fall of 1955."

A few weeks ago the Peoples Gas Light and Coke Co. of Chicago ran a full-page newspaper ad showing sketches of 25 model homes and apartments open for inspection. The caption to the sketches read: "Piped for future gas heat and today's modern gas appliances." But a footnote read: "Gas heat at present is not available to new users until they reach their turn on a first-come, first-served wating list. About 100,000 are now on the waiting list of applicants."

The hope of gas heat for these new homes was made more remote when several producing companies in Oklahoma recently withdrew their offer of gas reserves to an interstate pipeline project designed to deliver greater quantities of gas to the Chicago area. These reserves are estimated to be sufficient to supply 150 million cubic feet of gas daily for a 20-year period. Negotiations are now under way for the sale of this gas for use within Oklahoma.

Incidentally, on Oct. 18, a group of 80 Oklahoma businessmen arrive in New York City for the purpose of again making their annual visits with heads of manufacturing firms in the northeastern states. Their specific aim is to influence new manufacturing ventures to locate in Oklahoma. One of their strongest sales points this year is the undedicated underground supplies of natural gas in Oklahoma which will be sold for use only within the state,

*An address by Mr. Adams at the 36th Annual Convention of the American Gas Association, Atlantic City, New Jersey, Oct. 12, 1954.

either for power generation, heat or as raw material for manufacturing.

Curtailment of pipeline projects is dramatic proof that the consumers' gas supply will be gradually reduced under Federal regulation. It means that many thousands of homes will not have any natural gas, and that many more will be denied the additional gas they would like to have.

It means that huge quantities of steel and other equipment will not be used for thousands of miles of pipelines, their pumping stations and other facilities that will not be built. It means the loss of other related construction jobs which would require huge quantities of materials and large employment.

To you, it means a reduced volume of business. It means the death blow to your future gas supply. Where will your present volume come from, let alone the additional quantity you desire, after the dwindling supplies in the underground reservoirs now serving you are gone?

To gas appliance manufacturers and dealers, it means the loss of sales of untold numbers of kitchen ranges, heaters, furnaces, water heaters, clothes driers and other gas-burning equipment.

It means less gas for commercial and industrial purposes. It means a further decline in the economy of the older industrial areas as the recent movement of the manufacturing industries to gas producing states is accelerated.

Growth of Gas Industry

Statistics fail to show the true demand for gas, as they do not take into account the vast number of potential customers wishing for natural gas who are not even registered on waiting lists. In the southwestern producing states approximately 60% of the households use natural gas but in the other states only about 15% have thus far been able to obtain it.

The natural gas industry has undergone tremendous growth in trying to fulfill this unsatisfied demand. But bear in mind that this growth occurred while the producing industry was operating under competitive conditions free of Federal regulation.

I was interested in the statement by your association's President Mr. E. H. Eacker, in his welcoming letter in the advance convention program. He says that an additional $4 billion will be spent in the four years from 1954 through 1957 to help meet the tremendous demand for gas services. This prediction may have been correct before the Supreme Court decision, but in my opinion it is now due for reappraisal.

Most of the discovered but undeveloped backlog of gas supplies that made possible the great quantities of gas going to your customers over the past several years has now been harnessed to the market. So-called distress gas is no longer available. Every gas field which has been dedicated to supplying your markets is a natural underground reservoir containing only so much gas. The quantity in that reservoir is constantly dwindling as the gas is used.

Insecurity of Gas Producers

Why will Federal regulation keep producers from selling new or additional supplies of gas for interstate movement?

There is nothing arbitrary or vindictive about the refusal of producers to make sales under Federal regulation. On the contrary, their best business judgment compels them to avoid selling their gas in a market where they have no idea as to the price they will receive for it.

The insecurity which producers face in supplying the federally regulated interstate market was made crystal clear in the Federal Power Commission's first orders to producers and gatherers under its new authority bestowed by the Supreme Court decision. The Commission directed that no change in any "rate, charge, or service in effect on or after June 7, 1954," should be made, *whether provided by contracts or not,* and that no sale should be discontinued, without its approval.

How can a producer afford the gamble of contracting for the sale of his gas when he has no assurance that he will receive the price stipulated in the contract? He knows that the price may be changed at any time by a Federal regulatory agency which for one reason or another, including new membership, has more than once demonstrated a complete reversal of policy.

Take first the producer or gatherer who is now delivering gas to a pipeline company but who has not fully developed his acreage. Assume that the pipeline company's volumes of gas are declining or that it wants more gas to deliver to its customers. Will the producer drill another well costing perhaps $100,000 or more, not knowing whether it will be a dry hole or a success and not knowing, if it should be a success, what price a governmental agency will allow him to charge for his gas? Would you?

Or, take the producer or gatherer who has not yet contracted his gas acreage but from whom an interstate pipeline company wants to buy gas. Under the present order of the Commission, if he ever starts delivering gas to the pipeline company, even under a contract for a temporary supply, he has no assurance that he can ever get loose. He *really* has a long term contract. Can he afford to contract with a pipeline company knowing that, if he does, he may be tied up with it forever and knowing that, after he takes the risk of drilling his wells, the Commission may deny him his contract price? Would you?

Large sums of money, usually borrowed, are required for exploration and development activities and equipment necesary to find and produce natural gas. Such borrowings must be paid off from the proceeds received from the sale of the gas. It will be most difficult for a producer to obtain a bank loan to support this heavy investment when his ability to repay is made so uncertain.

It may be impossible to conform with prevailing state conservation measures affecting natural gas production and at the same time comply with Federal regulation. Federal regulation has purposes entirely different from those of state conservation measures. The latter are aimed primarily at conserving underground supplies in the public interest and producing

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Dealer-Broker Investment Recommendations & Literature

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

Agricultural Equipment Companies—Analysis—Granger & Company, 111 Broadway, New York 6, N. Y.

Bond Market—Bulletin—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

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

Canadian Economy: 1954 vs. 1953 (first 8 months)—Analysis—Kippen & Company Inc., 607 St. James Street, West, Montreal, Que., Canada.

Chemical Fertilizer Industry—Analysis in "Monthly Stock Digest"—Nomura Securities Co., Ltd., 1-1chome, Nihonbashi-Tori, Chuo-ku, Tokyo, Japan.

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

Morgan Averages of 20 Largest Stock Life Insurance Companies—Bulletin—Morgan & Co., 634 South Spring Street, Los Angeles 14, Calif.

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

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

Uranium Directory—Capitalization information, names, addresses—$10 per copy—Claudia H. Smith, Hotel Utah, Salt Lake City 1, Utah.

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Arizona Bancorporation—Report—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Audubon Park Raceway, Inc.—Data—Crerie & Company, Electric Building, Houston 2, Texas.

Automatic Electric Co.—Memorandum—Doyle, O'Connor & Co., 135 South La Salle Street, Chicago 3, Ill. Also available is a memorandum on **Telephone Bond & Share Co.**

Chemical Corn Exchange Bank of New York — Bulletin — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Cornell-Dubilier Electric Corporation — Analysis — Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Dow Chemical Co.—Memorandum—Walston & Co., 120 Broadway, New York 5, N. Y.

Elaterite Basin Uranium Company—Report—Julius Maier Co., Inc., 15 Exchange Place, Jersey City 2, N. J.

Ferro Corp.—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y. Also available are memoranda on **W. R. Grace & Co.** and **Reynolds Metals Co.**

General American Oil Co. of Texas—Memorandum—Sanders & Newsom, 1309 Main Street, Dallas 1, Texas.

Harley Patents, Inc.—Bulletin—E. E. Smith Company, 15 William Street, New York 5, N. Y.

Hazel Bishop, Inc.—Analysis—Standard Investing Corporation, 40 Exchange Place, New York 5, N. Y.

Imperial Oil Limited—Analysis—L. S. Jackson & Company, Limited, 132 St. James Street, West, Montreal, Que., Canada.

International Nickel Company of Canada Limited—Review—James Richardson & Sons, 173 Portage Avenue, West, Winnipeg, Man., Canada and Royal Bank Building, Toronto, Ont., Canada.

Ludman Corp.—Analysis—Lapham and Company, 40 Exchange Place, New York 5, N. Y.

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

National Life & Accident Insurance Co. — Memorandum — Clark, Landstreet & Kirkpatrick, Inc., 315 Fourth Avenue, North, Nashville 3, Tenn.

Niagara Mohawk Power Company—Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are a list of **High Yielders** and **Preferreds with Arrears.**

Nickel Plate—Discussion in November "Investment Letter"—J. R. Williston & Co., 115 Broadway, New York 6, N. Y. Also in the same issue is a list of attractive **Industrial Common Stocks.**

Pacific Intermountain Express Company — Bulletin — Brush, Slocumb & Co., Inc., 1 Montgomery Street, San Francisco 4, Calif.

Pantex Manufacturing — Analysis — Strauss, Ginberg & Co., Inc., 115 Broadway, New York 6, N. Y.

Pinellas Industries, Inc. — Analysis — Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Pittsburgh Steel Co.—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Fred B. Prophet Company—Analysis—Smith, Hague, Noble & Co., Penobscot Building, Detroit 26, Mich.

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

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

Sheller Manufacturing — Memorandum — Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y. Also available is a memorandum on **Technicolor, Inc.**

Tidelands Royalty—Analysis—Garrett and Company, Fidelity Union Life Building, Dallas 1, Texas.

West Side Calhoun County Navigation District Improvement Revenue Bonds—Bulletin—Rauscher, Pierce & Co., Incorporated, Milam Building, San Antonio 5, Texas.

Western Air Lines, Inc.—Review—$2.00 per copy—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Western Maryland Railway — Analysis — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available are analyses of **American Phenolic Corporation, Bird & Son, Inc.** and **National Dairy Products Corp.**

Forecasts Modest Business Recovery

National City Bank "Letter" holds there is ground for thinking that the trend is upward again and business sentiment is heartened.

The November "Bank Letter" of the National City Bank of New York holds that business recession is in the recovery phase and the indications point to a modest recovery toward higher levels. Discussing the economic picture, the "Bank Letter" states:

"Any poll of current opinion among business men and economists would show widespread expectation that the period ahead will be one of modest recovery. In the swings of business in 1953 and 1954 three phases can be distinguished. The decline ran from the summer of 1953 to about March of this year. The spring, summer and early fall brought stability and sidewise movement. Now there is ground for thinking that the trend is upward again. One of the common predictions about the recession was that it might have roughly a saucer shape, namely, a moderate rate of decline, a relatively long and flat bottom, and a moderate rate of emergence on the up side. Current developments seem to support this analysis.

"Business sentiment is heartened by the fact that most of the decline in defense orders is now behind, and that inventory reduction, particularly in stocks of purchased materials, is now a waning influence. Ordering is more nearly on the basis of current use. In some cases commitments have been stepped up to replenish stocks depleted by strikes (copper and lumber particularly), or to take account of lengthening delivery dates. A year ago plentiful supplies and competitive pressures shortened delivery schedules and allowed purchasers to cut stock and commitments. It would go too far to say that this process is being generally reversed, for there is little disposition to build inventory. Nevertheless, delivery dates have lengthened on some things. In periods like this business men keep the markets under careful review. It is one thing to take a calculated risk on low stocks, but quite another to fail to note a change in market conditions and suddenly have to start scrambling for supplies.

"It is natural that the signs of recovery should be most pronounced in the durable goods industries, since they were hardest hit by the contraction. While total output of goods and services dropped only 4% during the recession, durable goods manufacturing dropped 13% as a whole, and in many lines considerably more. Durable goods factories, which employ only one-sixth of non-farm workers, accounted for nearly three-quarters of the decline in non-farm employment. To an important degree, it is the indication of improvement in durable goods which has prompted Chairman Arthur F. Burns, of the Council of Economic Advisers, to say that "the evidence, as I read it, is therefore that we are again entering a phase of economic expansion."

Suttmeier Pres. of Briggs, Schaedle Co.

At the annual stockholders meeting of Briggs, Schaedle & Co., Inc., 44 Wall Street, New York City, dealers in United States Government securities and bankers acceptances, M. Greacen Briggs was elected Chairman; Walter E. Suttmeier was elected President; John L. MacFarlane, Senior Vice-President; LaRoy Roome, Vice-President; Robert H. Britton, Secretary and Treasurer; and John Godson, Assistant Treasurer.

H. N. Nash Phones To New York City

PHILADELPHIA, Pa. — The Philadelphia investment firm of H. N. Nash & Co., Girard Trust Building, announces installation of direct telephone connections to Kugel, Stone & Co., New York for New York Bank Stocks and Shelby Collum Davis & Co., New York for Fire and Life Insurance and Casualty stocks.

Marcus Bros. Admit

CHICAGO, Ill.—David Marcus will be admitted to partnership in Marcus Bros., Board of Trade Building, members of the New York Stock Exchange.

With Hall & Hall

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif.—Jesse M. Barbre has been added to the staff of Hall & Hall, Bank of America Building.

Joins Coombs Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—B. E. Boyle, Charles M. Pyke, and Paul E. Viko have joined the staff of Coombs & Co. of Los Angeles, Inc., 223 South Beverly Drive.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Rock F. Houle has become affiliated with Dempsey-Tegeler & Co., 210 West Seventh Street.

With H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Basil B. Mallicoat has become associated with H. L. Jamieson and Co. of San Francisco. He was formerly with King Merritt & Co., Inc.

The Gas Industry in Action

By J. THEODORE WOLFE*
Executive Vice-President
Consolidated Gas, Electric Light and Power Co., Baltimore, Md.

Mr. Wolfe relates the efforts being taken to promote and increase the use of gas by consumers. Tells of the work of "the Action Program for Gas Industry Development" in the widely separate areas of cooking, air-conditioning and industrial uses. Says the work should be on the program of each individual gas utility company and gas appliance manufacturer.

The gas industry is engaged in warfare—not the internecine warfare of the atom or hydrogen bomb, but the kind of warfare which has characterized American business for generations past. This is a strange sort of warfare; while it can be deadly and often is, if any of the participants grows careless or weary, it can equally well prove a source of increasing strength and vitality to any or all who engage in it wholeheartedly. This, of course, is the warfare between sellers of competing products or services. It is the kind of warfare which any American businessman ought to relish.


J. Theodore Wolfe

Now, in any kind of warfare or competition—military, economic or merely athletic—it behooves the participant to understand and measure the strength of his opponent. To shrug him off, to scoff at his weapons without ever taking the trouble to observe that he is constantly improving them, not only does no good but is apt to prove fatal. And it may prove equally fatal for the participant who attempts to carry on the fight with weapons of his own which, however potent they may have been in yesterday's battle, are obsolete when pitted against those which his enemy is using today or developing for tomorrow.

In any war (or competitive enterprise), there is a place for defensive action, but no one ever won or even survived a war by remaining constantly and permanently on the defensive. There are some few people in the gas industry who have been trying to do so. They seem to feel that, because gas has been a favored fuel for a 100 years and more, because it has experienced a postwar boom in its aggregate sales, and because in many areas it is cheaper than any competing fuel, the industry enjoys an impregnable defensive position. Those who have such notions belong on the Maginot Line.

I am glad to say that the industry as a whole is alive to the need for a sparkling offense. The **Action Program for Gas Industry Development** is fundamentally an offensive program. It recognizes the potency of the opposition's weapons. It expresses confidence in the basic strength of its own arsenal but, at the same time, faces up realistically to the need for improvement in many of its weapons and in the vigor and skill with which they are employed. To say it another way, and without resort to figures of speech, the **action program** seeks an upgrading—

First, in the quality of gas appliances available to the consuming public;

Second, in the amount of time, money, effort and skill devoted by all elements of the industry to the sale and promotion of those appliances; and

Third, in the dependability of the service offered by gas utility companies to the users of gas appliances and equipment.

Time does not permit me to review with any completeness the areas in which the **action program** has disclosed present or potential strengths or weaknesses in our industry's armor, nor the steps which are being taken to capitalize on the strengths and to overcome the weaknesses. You will get the picture, I think, if we concentrate our attention today on just a few areas in which the need for action is clear.

One such area is with respect to the cooking load. It is not a major factor in the industry's total revenues. But it is a good, year-round base load. And a gas range in the kitchen is a symbol of the householder's acceptance of the service which we sell. Remove that symbol and I cannot help but feel that the gas industry will lose more than just the dollars represented by the cooking load.

Yet, here is a weak spot in our armor. It is a matter of cold statistics that, whereas gas ranges outsold electric by 15 to one just a few years prior to World War II, last year the ratio was less than two to one. These are nation-wide data, of course, not applicable to particular communities but none the less significant. Say what you will about the trend towards building in suburban areas where gas is not available (and that doubtless is a major factor), we cannot escape the obvious fact that the relative position of gas with respect to the cooking load has weakened. Gas range sales since World War II have not kept pace with the growth in gas customers, and census data for the years 1940 and 1950 show a decline—a modest one, to be sure, but still a decline—in gas cooking saturation, even in urban areas where gas is generally available. And recent market surveys conducted in several widely scattered sample cities consistently revealed a consumer preference for gas cooking well below the present saturation. These facts demand attention.

What is wrong with gas cooking? If you say "Nothing," you are basically right. If you say, "Gas is superior to any other fuel for cooking," you may still be right, but a lot of your present and prospective customers don't believe you. And the reason they don't believe you is that neither you nor the gas industry as a whole has shown them face-to-face the cooking appliance which they would consider superior. The industry has been selling the cheapness of its appliance and the fuel it consumes. Now, the only customer who buys cheapness is the one who can't afford to do otherwise. When he can afford to do so, he will buy convenience, cleanliness, coolness, or what have you, but not cheapness. I hate to confess it, but the industry as a whole has even failed in one of its cardinal objectives; it has failed to assure the gas cooking customer of maximum safety. Oven "puffs"—a euphemistic term if I ever heard one—are all too common. Nearly always due to the customers' carelessness, of course, but still, an annoying and sometimes painful experience which breeds many a prospect for another and more expensive kind of cooking appliance.

I am not here before a general session of the American Gas Association to sell any of the products of this great industry short. I am simply trying to point out an area in which the war of the 20th century demands action. Happily, it is getting action.

There are plenty of good gas ranges on the market today. In large measure they offer all those crazy things the customers want—convenience, cleanliness, coolness, safety. They are not necessarily cheap, although they do generally undersell competitive appliances in the various price brackets. The industry (and this means you) must increase its efforts to sell them. As a guide to your efforts, the Residential Gas Section of A.G.A. has developed several sets of qualifications which have been labeled, "Desirable Features for Gas Ranges"—

One set for the deluxe or high price market;

A second set for the new and replacement market;

And a third set for the multiple housing market.

These were recently distributed to the industry with the urgent recommendation that each gas utility company focus its sales and promotional efforts on ranges which incorporate the so-called "Desirable Features."

These "Desirable Features" are not to be confused with the requirements for A.G.A. Laboratory approval. They go beyond the approval requirements. They are designed to put before the prospective range buyer in each of three price brackets the kind of range, **now available**, that will most likely make him and keep him a satisfied user of gas.

I emphasized those words, "now available." A gas industry on the offensive to command the cooking load in tomorrow's homes will have to develop progressively better ranges than are now available. Action towards this objective is most encouraging.

Early this year, in Cleveland, the A.G.A. Laboratories demonstrated a number of new range components which were developed through a PAR research project. These were the so-called "nickel burner" (named for its size and not for its worth); the hypodermic needle pilot, offering instant ignition for top burners, with very low pilot consumption; low BTU oven and broiler pilots; improved valves; and other features. Several leading range manufacturers have taken hold of these laboratory developments, put their own engineers to work, and are even now in process of testing commercial applications of them. I believe we may expect to have available, in the reasonably near future, gas ranges which incorporate burner, valuve and pilot assemblies superior to anything we have heretofore seen. These should be available in the various price brackets.

In my enthusiasm for the results of a PAR project, I would not want to ignore or slight the many forthcoming improvements worked out in the research departments and on the designing boards of the manufacturers themselves. One of these, in particular, holds great promise. It is the Radiamatic burner, employing an entirely new and revolutionary concept in the use of gas as a cooking fuel. In the Radiamatic range of tomorrow, the gas industry may well find the means to command a goodly share of the deluxe range market, now its weakest spot.

One of the points in the **Action Program for Gas Industry Development**, generally endorsed by the industry last year, was this:

"It is regarded as essential to the upgrading of gas ranges as to both safety and service that automatic lighting of top burners and also automatic lighting of all other burners be adopted at the earliest date possible."

Effective Jan. 1, 1954, automatic lighting of top range burners became one of the basic requirements for A.G.A. Laboratory approval. The "Desirable Features for Gas Ranges" (to which I have previously referred) stipulate automatic ignition of all range burners as one of the points to be emphasized by gas utility companies in their sales and promotional efforts. But the industry will not be in its strongest attacking position until it is able to say that oven "puffs" are a thing of the past. To that end, the Gas Industry Development Committee is urging that automatic ignition of all range burners be made a requirement for Laboratory approval. The development of relatively inexpensive ignition systems consuming only nominal quantities of gas should make this forward step possible in the not too distant future.

Here, then is the prospect—

New emphasis on quality in our sales and promotional efforts;

Better ranges both in the deluxe and the more moderate price brackets;

All new ranges with automatic ignition;

With weapons like that, the war will be fun.

Suppose we move to another area where action is clearly called for. It is in the field of air conditioning. Here is a potential bonanza, or perhaps a pitfall. The force of our action may determine which. The past 10 years have witnessed a tremendous growth in the gas heating load. We want this load and we need it, not alone for the revenue it brings in directly but also because to carries with it water heating and other uses of gas. But there is that bugaboo of load factor which must be rooted out and dealt with if we are to protect the long term economic soundness of our business. All of use doubtless have struggled and are struggling with the problem. Off-peak industrial sales have furnished at least a temporary answer to some companies, but are not feasible for others because of limitations in their gas supply contracts. "Peak shaving" with manufacturing or storage facilities has helped tremendously and will surely become an increasingly important measure. But what better answer to the load factor of space heating could there possibly be than space cooling with gas?

We know it can be done, and done with satisfaction to the customer whose home is heated in winter and cooler in summer by the same automatic device. Some companies in the industry have made important progress in promoting the only year-round gas fired air conditioning system now available. But these are only a few. As an industry, we have yet to direct enough of our attention to this golden opportunity.

Of course, the selling is tough. In many areas, the installed cost of a gas air conditioning system is too great, the operating cost is not sufficiently competitive, and the distributing and servicing facilities are inadequate. Yet, we cannot afford to sit idly by. We must attack these weaknesses and overcome them.

I said that air conditioning could prove a pitfall. Please observe that a great many electric companies are worrying about that

Continued on page 20

*An address by Mr. Wolfe at the 36th Annual Convention of the American Gas Association, Atlantic City, New Jersey, Oct. 12, 1954.

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York announces the following candidates have been nominated to hold office for the year 1955:


Alfred F. Tisch


Edward J. Kelly


Nathan A. Krumholz


Daniel G. Mullin


Henry Oetjen

President—Alfred F. Tisch, Fitzgerald & Company, Inc.
First Vice-President—Edward J. Kelly, Carl M. Loeb, Rhoades & Co.
Second Vice-President—Nathan A. Krumholz, Siegel & Co.
Treasurer—Daniel G. Mullin, Tucker, Anthony & Co.
Secretary—Henry Oetjen, McGinnis & Company.

Directors (Two-Year Term): Bernard J. Conlon, P. F. Fox & Co.; Daniel D. McCarthy, Union Securities Corporation; Harry A. Michels, Allen & Company; William F. Thompson, Greene & Co.

Trustees of the Gratuity Fund (Two-Year Term): Sidney Jacobs, Sidney Jacobs Co.; Charles F. Preller, Eastman, Dillon & Co.

National Committeemen: Samuel E. Magid, Hill, Thompson & Co., Inc.; Stanley Roggenburg, Roggenburg & Co.; Harold B. Smith, Pershing & Co.

National Committeemen Alternates: Samuel F. Colwell, W. E. Hutton & Co.; Cyril M. Murphy, John C. Legg & Company; John J. O'Kane, Jr., John J. O'Kane, Jr. & Co.; Theodore Plumridge, Eastern Securities Inc.; Robert A. Torpie, J. C. Bradford & Co.

Nominating Committee (Four (4) members to be elected): Leslie Barbier, G. A. Saxton & Co., Inc.; Edward L. Chapman, Spencer Trask & Co.; Thomas L. Curry, Stone & Webster Securities Corporation; Frederick R. Eisele, Freeman & Company; William L. Fleckner, Merrill Lynch, Pierce, Fenner & Beane; Paul C. Fredericks, Jr., Warren W. York & Co., Inc.; John S. French, A. C. Allyn and Company Incorporated; A. Kingston Ghegan, Edwin L. Tatro Company; E. Michael Growney, Joseph McManus & Co.; Joseph D. Krasowich, Bonner & Gregory; George V. Leone, Leone & Pollack; John D. Ohlandt, New York Hanseatic Corporation.

Nominations other than those selected by the Nominating Committee can be made by a petition presented to the Secretary endorsed by 15% of the members eligible to vote for candidates. All nominations shall close fifteen (15) days prior to the Annual Election.

Members of the Nominating Committee are James F. Kelly, Kidder, Peabody & Co.; Walter V. Kennedy, Coffin & Burr Incorporated; Lewis H. Serlen, Josephthal & Co.; Andrew R. Steven, Jr., A. C. Allyn & Company Inc.; John J. Meyers, Jr., Chairman, Gordon Graves & Co.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League standing as of Oct. 28, 1954 is as follows:

Team:	Points
Donadio (Capt.), Hunter, Fredericks, Demaye, Saijas, Kelly	22
Leone (Capt.), Nieman, O'Mara, Forbes, Greenberg, Gannon	22
Barker (Capt.), Brown, Corby, Weseman, Whiting, Fitzpatrick	20
Meyer (Capt.), Murphy, Frankel, Swenson, Dawson-Smith, Kuehner	20
Mewing (Capt.), Define, Gavin, Montanye, Bradley, Huff	19½
Growney (Capt.), Alexander, Eiger, Valentine, Burian, Craig	19
Bean (Capt.), Meyer, Bies, Pollack, Leinhardt, Weiler	19
Krisam (Capt.), Clemence, Gronick, Stevenson, Weissman, Reid	16
Kaiser (Capt.), Hunt, Werkmeister, Kullman, McGovan, O'Connor	16
Manson (Capt.), Jacobs, Siegel, Topol, Frankel, Tisch	15
Serlen (Capt.), Rogers, Krumholz, Wechsler, Gersten, Gold	11½
Klein (Capt.), Rappa, Farrell, Voccolli, Straus, Cohen	10

200 Point Club
Hoy Meyer 206-204

5 Point Club
Julie Bean

SECURITY TRADERS ASSOCIATION OF LOS ANGELES

At the annual meeting of the Security Traders Association of Los Angeles, the following new officers were elected:


Richard R. O'Neil


Robert M. Green

President: Richard R. O'Neil, Fairman & Co.
Vice-President: Robert M. Green, Pledger & Company, Inc.
Secretary: John R. Nevins, Lester, Ryons & Co.
Treasurer: Clemens T. Lueker, Hill Richards & Co.
Board of Governors: John C. Hecht, Dempsey-Tegeler & Co.; Thomas A. Euper, Akin-Lambert Co., Inc.; and Nieland B. Van Arsdale, Blyth & Co., Inc.

The Association announces that the annual Christmas Party will be held Dec. 17 at the Hotel Statler. Tariff for guests and members, $15.

LETTER TO THE EDITOR:

Finds Economic Illusions in Dr. Schmidt's Money Supply Views

Sidney Brown, Economics Instructor at Pace College, takes exception in particular to statement "that there has never been a major business depression without a prior shrinking in the money supply."

Editor, Commercial and Financial Chronicle:

Mr. Emerson Schmidt's address, "How Government Can Help Business Help Itself," reprinted in the *Chronicle*, Oct. 7, 1954, contained economic illusions which may be of dire consequence to our economy.

I believe this is so because Mr. Schmidt subscribes to ". . . a growing school of thought which takes the view that a moderate growth in our money supply based on the growth in the labor force, the rise of productivity and the secular decline in the velocity of the money turnover . . . [would] assure prosperity." Later he makes the observation ". . . that there has never been a major business depression without a prior shrinking in the money supply."

Here are the illusions singled out and examined:

(1) **Moderate Growth in Our Money Supply:** Will moderate be in terms of a trend line of a 20-year period? A decade? Per annum? Will it be a percentage rate that will go down or up, when the items comprising the formula split "half here and half there"? Assuming a divergence in the composition, just how will the parts—labor force, productivity, velocity—be weighted? Will the parts, in turn, be weighted or will their total figures be accepted at face value? And while one can easily go on raising innocent questions, there is this which must be answered. In defining "moderate," will the Federal Reserve Board of Governors accommodate the sound credit needs of business and agriculture, or will it accommodate the proposed monetary standard of "labor force-productivity-velocity"?

(2) **Labor Force:** What kind of an average will be used to define labor force? Will the formula adjust for seasonal June and September variations, and the fact that the identical labor force can expand during depressed periods and contract during prosperity? This, incidentally, diverging from known data on bank deposit velocity. Finally, whose definition of the labor force and its composition will be accepted? The Labor Department? Census Bureau? CIO? An economist's or engineer's

(3) **Productivity:** Are we, here, to assume a constant growth of, say, 2.8% each year; or, measure the year just finished and then adjust the proposed monetary growth formula? The latter, obviously, cannot be considered since it will always be behind changed directions. The former can not be accepted either for it may unwittingly inflate or deflate the money stream. All productivity studies which arrive at a rate of productivity growth show a wide range of fluctuations over a long period of time. To assume a steady annual rate would not be in accordance with known observations.

(4) **Velocity of the Money Turnover:** While there are data on the quantity of money in circulation and the turnover of bank deposits, there are no data on the velocity of money in circulation. The inclusion of this part in the formula may prove to be just as unrealiable as labor force and productivity figures. Moreover, during the 1930's many efforts were made to inflate the money supply by gold devaluation, irredeemability and debt monetization, yet, nevertheless, bank deposit velocity continued to decline. How much more successful could this new monetary standard school be?

(5) **Shrinking in the Money Supply:** To note the presence of a fever every time there is a cold does not necessarily mean that the fever causes the cold. To artificially lower the temperature by placing cold packs on the patient's brow and dissolving ice cubes in the patient's mouth may fool the thermometer but it does not cure the patient. To aver a symptom for a cause and to propose treating the symptom requires that it be shown that this characteristic of a business cycle is a cause. Certainly, a sound money and credit system has an important function in the economy. This is not to be minimized; for example, impair the quality of money and the economy is bound to suffer. But, this is not the point advanced by this new school, whose findings, if acted upon might very well contribute to monetary impairment.

Every business cycle has as one of many characteristics the shrinkage of the money supply. To conclude from this that prosperity can be assured by increasing the money supply constitutes, it is believed, specious reasoning. The assumption made is that it is the shrinkage that is the Apollyon in most of all instances, when actually it is the natural accompaniment of most past cycles. Causal forces are many and the writer knows of no single causal explanation in business cycles. To place the onus on money supply is both a confusion of cause and effect. It would be more valuable for the authors of this new proposal to probe the reason(s) for the money shrinkage. Some economists, such as Hawtrey, bewail the over-extension of credit. Most economists see prosperity as a period of money and credit at its highest peak. Depressions are known for the opposite state of affairs. Yet, we recover from a depression and go from prosperity to a depression.

It seems incredulous that, now, we should be told that the solution to "assure prosperity" is to maintain a moderate rate of growth in the money supply without specifying, in addition, the manner in which the money is to be created and spent. Will it be by a continuous increase in Federal debt monetization? Raising, again, the prise of gold? Just how will these methods strengthen the economy in terms of real per capita growth in wealth?

Our Federal Reserve System was set up as an independent administrator of the money and credit needs of our economy. In carrying out their duties of supplying not too much, not too little, money and credit, how well will the Board be served by a formula so weak in definition and applicability, and a business cycle explanation as false to economic history?

Sincerely,
SIDNEY BROWN
Economics Instructor

Pace College,
41 Park Row,
New York 38, N. Y.
Oct. 11, 1954.

With Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — William R. Hickey has become associated with Shearson, Hammill & Co., 52 South Grand Avenue. Mr. Hickey was previously with Neary, Purcell & Co. and Lester, Ryons & Co.

With Standard Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Fadil Mehmedagic has become connected with Standard Investment Co. of California, 210 West Seventh Street.

Three With Daniel Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Edward H. Ashdown, B. Peyton Legare and Leroy M. Solk have joined the staff of Daniel D. Weston & Company, 118 South Beverly Drive.

With First California

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George H. Hildebrand has been added to the staff of First California Company Incorporated, 300 Montgomery Street, members of the San Francisco Stock Exchange.

Can Railroads Meet Emergency Defense Requirements

By J. M. SYMES*

President, The Pennsylvania Railroad Company

Warning against "gambling our defense and perhaps future existence," prominent rail executive holds present pattern of regulation, restrictions, taxation and subsidized competition is fast putting the railroads in position of a weak segment of our economic system. Lays down suggested actions that should be taken to improve financial status of railroads and thus put them in a better position to provide for the national defense.

All of us here today know that without adequate transportation there cannot be an adequate defense program—but it is surprising the number of people who don't know it—and perhaps one of the most important jobs of your Association is to see that they do know it—at least those who ought to know it.

James M. Symes

I am going to discuss the matter of the railroad's ability to adequately meet the transportation requirements that could reasonably be expected of them in the event of another war. Before doing this, I would like to comment briefly upon transportation as a whole in this country. Quite frankly, it is one of the weakest segments of our entire economy, and I think by using a few figures I can show you why this is so. My comparison will be 1953 with 1929 — a span of 24 years. Those years have been selected because I think all will agree that in 1929 transportation was generally healthy in this country—and maintaining its relative economic position in our free enterprise system. 1953 is, of course, the latest year for which figures are available. Since 1929 the physical product turned out by manufacturing industries, farming and mining, has increased 97%. Ton miles handled by all transport agencies have increased 93%. So, in terms of volume, the transportation industry has just about held its own during this period—and it takes just about as much transportation per ton of industrial output in this country now as it did 24 years ago.

But let's take a look at corporate sales in dollars during the same period. For other than transportation it shows an increase of 288%—for transportation it shows an increase of but 136%. Then let's take a look at net income after taxes during the same period. For other than transportation it shows an increase of 137%—for transportation it shows a decrease of 2%. Had transportation sales gone up to the same extent as other corporate sales, the transportation agencies in this country would have received nearly $15 billion additional revenue in 1953—and had transportation net income after taxes maintained its relative position with other corporate net income, the transportation industry would have had about one and a quarter billion dollars additional net income — and I am sure these additional earnings would have been reflected in a stronger and healthier transport system than we have in this country today. With industry generally doubling in size, both with respect to volume and net income—and transportation doubling in volume but showing a decrease in net income—presents a very dismal picture to me.

Why has transportation not maintained its position in our economy? The answer is simple enough. It is because of subsidy in various forms to certain transport agencies that has permitted an artificial rate structure that in too many instances is much lower than the true cost of performing the service—and the necessity for other forms of transport, not so subsidized, to meet these artificial rates on a competitive basis — causing the entire rate structure of transportation as a whole to be inadequate to meet the inflationary trend that has taken place in our economy during the past 24 years.

Now as to the ability of the railroad industry to again meet transportation demands of another major war:

During the winter of 1940-41, questions was raised as to the ability of the railroads to meet the transportation demands of World War II. I happened to be one of a committee of three appointed to study and report on the situation then. It was the unanimous view of the committee then that we could handle the expected war load of World War II—and fortunately we did. One of the principal reasons was because then the railroads had much more excess capacity than did other industry as a whole. It took other industry quite a long time to catch up with transportation then. That would not be so now—following so closely on the tremendous increase in industrial capacity during and following World War II. The quick potential output of industry today is much greater than it was going into World War II. It would be extremely unfortunate if industrial output, under wartime conditions, were curtailed due to lack of transport.

But perhaps we should make a few transport comparisons today with the situation then. The peak rail traffic during World War II occurred in 1944 when Class One railways carried 745 billion revenue ton miles—and I don't think anyone will take exception to a statement that we were then operating at capacity.

But let's see what the equipment situation was then. The Class One railroad owned one and three-quarter million freight cars in 1944. The ownership now is approximately the same as it was then—although in Eastern territory the ownership is about 5% less. The total tractive effort or pulling power of our locomotives is now about 16% less than it was in 1944. With the relatively greater efficiency and utility obtainable from diesel locomotives, which are now in use in large numbers on the American railroads, I would say that insofar as motive power is concerned, we would probably handle the same ton miles today that we did during the peak traffic year of 1944—and I should think about the same equation would be applicable insofar as freight car equipment is concerned.

So—assuming that our present locomotive and freight car ownership is capable of again handling transportation the equivalent of what it was in 1944 — the next question to consider is — "What would the transportation requirements reasonably expected to be in the event of another war?" Here of course a large amount of speculation and personal opinion naturally come into the picture.

Some have said that if there be another war it might very well be over within a few weeks. If that is so, all of us are wasting our time and energy in even considering the subject. If it is not so, or if there is any question about it being so, then we should collect the facts, realistically appraise them, and prepare ourselves accordingly—to the best of our ability. I don't think any of us would want to gamble our defense, and perhaps future existence, on opinions that indicate the next war would be over quickly. I am sure if we planned it that way — it would be that way — but the results not as we would want them. So the equations I will make are on the premise that if there be another war, it will not be over quickly.

We do know that in 1939 the total ton-miles of inter-city freight traffic handled by all transport agencies amounted to 527 billion—and that this figure more than doubled in 1944. Also, that the railroads' participation of this total traffic on a ton mile basis increased from 64% in 1939, to 70% in 1944 — and has since dropped to less than 53% of the total. When the final tally sheet for 1954 is available it will probably show that the railroads participated in just about 50% of the total. It is also true that the total transportation requirements of the country, as expressed in inter-city ton miles, was greater in 1953 by nearly 10% than it was in 1944—the peak war year. This increase is because the trend of normal transportation requirements per capita in this country is definitely on the increase, as is of course the population itself.

Therefore, I think it is safe to reasonably assume that because of increased population, and ability of industry to step up production quickly, we could within a comparatively short time be called upon to produce freight transportation to the extent of one and one-half trillion ton miles. And remember that is only about 30% more than it actually was in 1953—and also remember the demands of World War II increased transportation requirements by 26% in 1941 over 1940—22%, 1942 over 1941—and 11%, 1943 over 1942—and 70% in the three years period 1943 as compared with 1940. I think it is also safe to assume that rail transportation will be called upon to handle a much larger percentage of the total requirements during wartime conditions than during peacetime conditions—and for the same reasons that it was so during World War II, namely, the railroads can produce more transportation, with less man power and less strategic materials, than can other agencies.

Again an assumption — and I think on the low side—it would be my considered opinion, in the event of another major war, that the railroads would be called upon to handle at least 65% of the total freight transportation requirements (much lower than their percentage during World War II)—and on the basis of one and one-half trillion ton miles, there would be 975 billion ton miles for the railroads to handle—30% more than they actually handled during the peak of World War II—and 60% more than handled during 1953.

Another thing to consider is the vast network of rail lines spread over our entire country — about 222,000 miles. The distribution of a 30% increase in traffic over 1944, and 60% over 1953, would be quite a task if evenly distributed over the entire railroad plant—but actually we know it would be concentrated on main lines and routes—meaning that a big increase in traffic would be channelled through a relatively small portion of the total rail line mileage—and the quickest way I know to curtail rail transportation output is to channel traffic via congested routes.

I have been talking entirely of the transportation of freight traffic up to this time. I am not going to burden you with the passenger problem—except to say that the railroady industry cannot do now what it did in World War II in the way of handling passenger traffic. On the railroad I am associated with we handled three billion passenger miles in 1939. This increased to 13 billion passenger miles in 1944. It has been dropping off ever since and is now back to around four billion passenger train miles. By operating as we did in 1944, under wartime conditions, existing equipment could probably double present business. But even that would be somewhere around 35% to 40% less than we were called upon to handle during the last war.

So I say to you, quite frankly, that if my appraisals of rail transport requirements in the event of another war are approximately correct, and I believe they are, then certainly we are not now prepared to do the kind of a job we would be called upon to perform—and will not be prepared to do so if present policies with respect to transportation are continued. With the same line of reasoning that caused me to indicate 14 years ago that the railroads could handle the expected load of World War II, causes me to say now that they are not prepared to do what will be expected of them in the event of another war.

I have commented on the weakness of transportation in our economic system and some of the reasons for this weakness. The transportation requirements that might be expected in the event of another major war — and how the railroads would probably fit into the overall picture. I have attempted to portray the picture as realistically as I could and possibly my appraisal of the situation is not good. The next question naturally is—what is required to strengthen transportation in this country so that it will be able to maintain its position in our economic system — and be able to meet the demands of peace and war efficiently and economically? I have already indicated that subsidy is destroying the inherent advantages of the several transport agencies resulting in natural advantages being shunted aside for artificial ones. Strong and healthy transport cannot long endure such conditions. The railroads have been calling this to the attention of the American people for years but with negligible results.

Perhaps realistically—instead of seeking equity and fair play in transportation on the sound premise that the user should pay for the true cost of the service he demands and receives, which I think was intended in the Declared Transportation Policy of Congress in 1940—we should have been seeking equality of competitive opportunity on somewhat the same terms as afforded our com-

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*An address by Mr. Symes at the Convention of the National Defense Transportation Association, Pittsburgh, Pa., Oct. 25, 1954.

The Natural Gas Act

By S. L. DIGBY*
Member, Federal Power Commission

Mr. Digby discusses Administration's policy on energy supplies, particularly that relating to natural gas. Refers to formation of a Cabinet Committee to survey problem, and cites provisions of the Natural Gas Act as applied to independent producers. Says changes are still needed in the Natural Gas Act and stresses the importance of regulation efficiency as well as cooperation of gas producers and distributors with the Federal Power Commission.

In discussing the Natural Gas Act, I recognize and accept the restrictions and limitations imposed upon me as a member of the Federal Power Commission. It is necessary and proper that I avoid saying anything that might be considered as an opinion upon an issue which the Commission may be called upon to decide officially.


S. L. Digby

I feel, however, that a proper regard for my official position and responsibility does not impair my right to speak in a frank and forthright manner. Indeed, I consider it my duty to speak objectively on this very important but difficult subject. I do not share the view that an officer of the government is deprived of the right or relieved of the duty to pursue the course in which he sincerely believes. If I need support in this position, I have it from the highest authority and would like to refer to some wise expressions by President Eisenhower in an address delivered on June 7, 1954, at the commencement exercises at Washington College in Maryland. In referring to the 172nd address which had just been delivered, the President said, "To what he has said, I have just one word to add—every one of these 172 commencement addresses, I venture to say, could be summed up in these words: Be not afraid to live by those things in which you believe." Again, in the same address, the President said, "The only problem is to live up to your own conscience, always having courage to do the thing you believe to be right. . . ."

The Cabinet Committee

The necessity and desirability for a broad national policy on the subject of natural gas is recognized in a news release from the White House, dated July 30, 1954, which deserves wide circulation and consideration. I am taking the privilege of quoting this news release at this time, as follows:

"THE WHITE HOUSE

"Formation of a Cabinet Committee on Energy Supplies and Resources Policy was announced today at the White House. The Committee will be composed of the heads of the following agencies:

"Department of State.
"Department of Defense.
"Department of Justice.
"Department of the Interior.
"Department of Commerce.
"Department of Labor.
"Office of Defense Mobilization —Chairman.

"The defense of the nation in wartime and the continued expansion of the United States economy in peacetime require an abundant supply of energy. The industrial progress of the United States has been marked by rapidly increasing annual and per capita utilization of energy resources.

"At the direction of the President the Committee will undertake a study to evaluate all factors pertaining to the continued development of energy supplies and resources and fuels in the United States, with the aim of strengthening the national defense, providing orderly industrial growth, and assuring supplies for our expanding national economy and for any future emergency.

"The Committee will review factors affecting the requirements and supplies of the major sources of energy including:

"Coal (anthracite, bituminous, and lignite, as well as coke, coal tars, and synthetic liquid fuels).

"Petroleum and natural gas.

"The Chairman of the Committee, after consultation with the members of the Committee, will appoint from outside of the Government experts in each one of the areas to be studied to serve, under his direction, as members of a task force or forces.

"The Committee will submit, not later than Dec. 1, 1954, its recommendations to the President."

The Cabinet Committee set up by the President will appoint a group outside of Government as a task force to assist in the study of natural gas in the United States. Any national policy which may evolve from this study will necessarily take into consideration the search for and production of natural gas, the interstate transmission, and the local distribution of natural gas, and the consumers and their needs and requirements. The interest of all of these segments of the industry, and indeed the public interest of the nation, will require full consideration of the maintenance of known natural-gas reserves and its availability for use by the consumers.

A discussion of the Natural Gas Act without giving consideration to the recent decision of the Supreme Court in the Phillips case would not be objective or useful. The interpretation given to the Natural Gas Act by the Federal Power Commission over the 16 years since its enactment was largely modified by this decision. As a consequence of such a situation, the Federal Power Commission suddenly found it necessary to assume the new and added jurisdiction over the independent producers without rules and regulations reasonably applicable to such an operation. Certainly it is the plain duty of the Commission to enforce and administer the Natural Gas Act as interpreted by the Supreme Court, and I am sure it will do its full duty in this respect. We would, however, be very unrealistic if we did not recognize the many problems which both the Commission and those subject to its jurisdiction must face at this time. Many of these problems can be ascertained only by the old rule of trial and error. The Commission cannot wait for such a solution but should, in the discharge of its duties, develop reasonable rules and regulations.

Without in any manner suggesting a personal view on these problems, I consider it proper, and I hope useful, to suggest for consideration some of the problems which may confront us in administering the Natural Gas Act as construed by the Supreme Court.

Provisions of Natural Gas Act

Without comment, I would like to quote from a few sections of the Natural Gas Act and have you consider them as applied to independent producers (natural-gas companies) as defined in the Federal Power Commission Order No. 174-A:

"Sec. 4. (b) No natural-gas company shall, with respect to any transportation or sale of natural gas subject to the jurisdiction of the Commission, (1) make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage, or (2) maintain any unreasonable difference in rates, charges, service, facilities, or in any other respect, either as between localities or as between classes of service.

"Sec. 7. (a) Whenever the Commission, after notice and opportunity for hearing, finds such action necessary or desirable in the public interest, it may by order direct a natural-gas company to extend or improve its transportation facilities, to establish physical connection of its transportation facilities with the facilities of, and sell natural gas to, any person or municipality engaged or legally authorized to engage in the local distribution of natural or artificial gas to the public, and for such purpose to extend its transportation facilities to communities immediately adjacent to such facilities or to territory served by such natural-gas company, if the Commission finds that no undue burden will be placed upon such natural-gas company thereby: *Provided*, That the Commission shall have no authority to compel the enlargement of transportation facilities for such purposes, or to compel such natural-gas company to establish physical connection or sell natural gas when to do so would impair its ability to render adequate service to its customers.

"(b) No natural-gas company shall abandon all or any portion of its facilities subject to the jurisdiction of the Commission, or any service rendered by means of such facilities, without the permission and approval of the Commission first had and obtained, after due hearing, and a finding by the Commission that the available supply of natural gas is depleted to the extent that the continuance of service is unwarranted, or that the present or future public convenience or necessity permit such abandonment."

"(f) The Commission, after a hearing had upon its own motion or upon application, may determine the service area to which each authorization under this section is to be limited. Within such service area as determined by the Commission a natural-gas company may enlarge or extend its facilities for the purpose of supplying increased market demands in such service area without further authorization."

"(h) When any holder of a certificate of public convenience and necessity cannot acquire by contract, or is unable to agree with the owner of property to the compensation to be paid for, the necessary right-of-way to construct, operate, and maintain a pipeline or pipelines for the transportation of natural gas and the necessary land or other property, in addition to right-of-way, for the location of compressor stations, pressure apparatus, or other stations or equipment necessary to the proper operation of such pipeline or pipelines, it may acquire the same by the exercise of the right of eminent domain in the district court of the United States for the district in which such property may be located, or in the State courts. The practice and procedure in any action or proceeding for that purpose in the district court of the United States shall conform as nearly as may be with the practice and procedure in similar action or proceeding in the courts of the State where the property is situated: *Provided*, That the United States district courts shall only have jurisdiction of cases when the amount claimed by the owner of the property to be condemned exceeds $3,000.

"Sec. 9. (b) The Commission, before prescribing any rules or requirements as to accounts, records, or memoranda, or as to depreciation or amortization rates, shall notify each State commission having jurisdiction with respect to any natural-gas company involved and shall give reasonable opportunity to each such commission to present its views and shall receive and consider such views and recommendations."

Producers and Gatherers Certificating

Another problem with which we are faced concerns the need, if any, for certificating the facilities of producers and gatherers. The answer to this problem is very significant not only in its own right but in relation to other provisions of the Act.

Approximately one-half of the States in the nation have modern and effective conservation laws—laws to prevent physical and economic waste of oil and gas. The wisdom of State conservation laws, administered by State agencies, is established and generally accepted. The matter of conservation of irreplaceable oil and gas is primarily the right and responsibility of the respective States. Much concern has been expressed with reference to a possible conflict of authority in the administration of the Natural Gas Act and the administration of State conservation laws and rules and regulations.

The concept, and indeed the cornerstone, of interstate gas transmission, distribution, and sale to the consumers, has always depended upon long-term contracts supported by ample reserves of natural gas. There have been built up in the practice of the Federal Power Commission in certificate cases requirements of proof of long-term sale contracts supported by known gas reserves of 15 to 20 years' supply. It appears to me that this has been a sound policy and was necessary in order to warrant the great financial expenditures in the building of transmission lines, distribution systems, and conversion by the consumers to the use of natural gas. It is generally known that the financial markets and the thousands of security-holders necessary in long-line financing have depended upon te sound judgment of the Federal Power Commission concerning the financial feasibility of these undertakings. The soundness of this approach has certainly warranted the confidence placed in the judgment of the Federal Power Commission by the public.

The exercise of the right by the contracting parties to forecast the commodity value of gas during the life of the contract has been an important factor in these agreements. Like other commodity values, the price of gas has increased with growing market demand and expanded transportation facilities. The American enterprise system of meeting such problems by private contract, influenced by rugged competition, has afforded a large measure of assurance both to security owners and the consumers of gas.

Now since the independent producers and the transmission companies are natural-gas companies subject to the same regulations, how will the long-range sale contract and dedication of gas reserves be affected? The right of a natural-gas company to sell its reserves was supported in a decision by the Supreme Court of the United States. *Federal Power Commission v. Panhandle Eastern Pipe Line Company*, 337 U. S. 498.

This case dealt with an interstate transmission company selling part of its own gas reserves. If an independent producer, now a natural-gas company under the Act, can likewise sell its reserves, how would this affect existing long-term sale contracts supported by a dedication of reserves? This question might possibly bring into focus the financial stability of a very large industry, and this in addition to the influence it will have on future contracts and dedications.

With reference to all of these suggestions, my concern is the protection of the consumers and the owners of outstanding securities.

Changes Needed in the Natural Gas Act

It is my considered judgment that the public interest requires changes in the Natural Gas Act. I will certainly not presume in this discussion to suggest the extent or the nature of the amendments needed. I am willing to leave this entirely to the wisdom and experienced judgment of Congress.

To attain the highest degree of efficiency in regulation, mutual cooperation is essential. This cooperation should not only be mutual but must be voluntary and free of coercion. It should be practiced by the regulators and regulated alike. Trust and forbearance can replace much coercion and reprisal. A voluntary compliance with the law is every man's duty. If the law is oppressive and bad it should be corrected.

One of the most impressive stories concerning voluntary duty grew out of the First World War. A young soldier, whose wounded leg had just been amputated, was told by the medical officer, "Soldier, I am sorry you had to lose your leg," to which the soldier replied, "I did not lose it—I gave it."

With your permission, I would like to conclude with two paragraphs taken from a paper which I delivered in New Orleans last June:

"The Federal Government is a creature of the several States and is a government of delegated and limited authority. The framers of the Constitution placed great emphasis upon retaining within the sovereign States all of the power not specifically delegated to the central government. The departure from the original concept of the framers of the Constitution has in many instances become appalling. The centralization of power in the National Government has steadily increased in almost every field of activity. Regulation has been no exception to this rule. . . .

"In recent years, the National Government . . . has grown and expanded in a manner which threatens the full exercise of power reserved to the several States. Under a favorable judicial and economic period this tendency has justified much concern. It is very encouraging at this time that this trend has been recognized as harmful and measures are being taken to correct it."

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

With McCarley & Co.

(Special to The Financial Chronicle)

ASHVILE, N. C. — Elbert E. Maynard, Jr. has been added to the staff of McCarley & Company, Inc., Jackson Building.

With Cantor, Fitzgerald

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif. — L. Lee Harrow is now affiliated with Cantor, Fitzgerald & Co., Inc., 232 North Canon Drive.

The Over-the-Counter Market

By EDWARD H. LADD, III*
Vice-President, The First Boston Corporation

In describing the over-the-counter securities market, Mr. Ladd points out the broad extent and importance of this market. Gives brief account of how the over-the-counter market operates, and discusses problems of pricing of over-the-counter securities. Notes increase in over-the-counter transactions and their relation to private placement and secondary offerings of securities.

I am pleased to have this opportunity to talk with you and will endeavor to outline what the Over-the-Counter Market in stocks is, how it operates, and try to give you an idea of the important part it plays in the buying and selling of such securities.

Edward H. Ladd, III

As you know, there are two markets for the purchasing and selling of securities. One the "listed market," provided by organized securities exchanges, you have already been told about. The other, the "Over-the-Counter Market," which is a combination, actually, of all our financial communities and firms, is a nationwide market and by far the larger market.

The Extent of the Unlisted Market

There are many securities which are not listed or admitted to trading on securities exchanges. The fact that the stock of a corporation is not listed does not necessarily reflect adversely on the company or on the marketability of the securities. For example, with the exception of Corn Exchange Bank and Marine Midland, I know of no other bank stock that is listed on the New York Stock Exchange or the American Stock Exchange. Well over 99% — practically 100% — of the shares of the banks of this country are unlisted.

The same may be said about insurance stocks. The only stocks of insurance companies that I know of that trade on an Exchange are the Insurance Company of North America, Fire Association of Philadelphia, Camden Fire Insurance Company, and Universal Insurance Company, which are admitted to trading on the American Stock Exchange; Fidelity Phoenix and Continental Insurance, which are listed on the New York Stock Exchange.

Therefore, you can readily see that buying and selling of shares of stocks of such outstanding institutions as the National City Bank of New York, Chase National Bank, Bank of America, First National Bank of Chicago, Travelers Insurance Company, Hartford Fire, Lincoln National Life, Connecticut General, and many others that I could list, is limited entirely to the Over-the-Counter Market.

Further, this group of unlisted securities is not restricted to bank and insurance companies, but includes public utilities. A few which I recall are Arizona Public Service, Connecticut Light and Power Company, Puget Sound Power and Light, certain subsidiaries of the American Telephone system, many independent telephone companies, and most all of the Natural Gas and Pipeline companies.

The same can be said of many other corporations, investment trusts, and many important industrials, whose stocks are not listed on any securities exchange. Actually, the number of companies whose securities are not listed far exceeds those whose securities are listed.

"Listed" Securities in Over-the-Counter Market

By no means is the Over-the-Counter Market limited to "unlisted" securities. A large volume of trading of listed securities is also done over-the-counter. There are several firms, such as ours, that conduct business over-the-counter in many listed stocks in which insurance companies, pension funds, investment trusts universities, savings banks and other large institutions have interest.

In this respect, The First Boston Corporation, for example, maintains active markets over-the-counter in many public utility common stocks that are listed on one securities exchange or another. The same may be said about other firms which, like The First Boston, are not members of a securities exchange.

In addition, a large volume of business in listed industrial and railroad stocks is transacted as principal or as agent over-the-counter by non-member firms.

Further, and of great importance, is the ability to raise private capital through the country-wide over-the-counter distribution system of the many dealers who are members of the National Association of Securities Dealers, Inc.

Also, the distribution of large blocks of previously issued securities is effected through the facilities of this Over-the-Counter Market, either in the form of a private placement or in the form of a secondary offering —registered or non-registered.

From what I have said, I hope that you have some idea of how broad and how large a field we are really considering.

How Over-the-Counter Market Operates

In endeavoring to give you an idea of how this market operates, I am going to do so by giving illustrations, based on my experience of operations at The First Boston Corporation in our day-to-day business.

Briefly, The First Boston Corporation is a national organization with capital and surplus of approximately $23 million. We are underwriters, distributors and dealers of government, municipal and corporate securities. Our day-to-day business in transactions in securities over-the-counter is principally with institutions of the type which I have already mentioned and with other dealers.

The control of our trading operations is centered in New York, each out-of-town office having a small trading department which is subject to the supervision of the New York group.

We specialize in many of the types of stocks which I have already mentioned and make firm markets in those securities. Our out-of-town offices are free to make a market, as directed by New York, in those particular issues for a reasonable amount of stock.

Suppose a dealer in the Middle West, representing an individual customer, wants to sell 500 shares of National City Bank of New York stock. The dealer would either telephone, or call on the teleprinter, our Chicago office and ask what the market is. Our market might be 54 bid, offered at 54½. Our Chicago office would be free to buy the stock at 54. They would advise New York on our private wire of the purchase. The New York office, depending upon our policy and our judgment of the market, would either leave the market 54½ or might reduce the market to 53¾-54¼.

An institution located in San Francisco decides that it wants to sell ten or twenty thousand shares. Our market is 54½. Ordinarily we would not pay that price for the block unless we knew where it could be sold at the same time. If such is not the case we would follow one of two courses. If the block could be moved at that level over a short period, we would so advise the seller and suggest that he give us the sell order. If quicker action was requested, under normal conditions, we would submit a bid slightly below the market for the block. In this example such bid would probably be around 53½.

As a result, you can see that transactions in stocks of nationally known corporations can be effected as quickly and easily over-the-counter as on a securities exchange.

Inactive Stocks

There are many stocks of corporations which are not nationally known and have inactive markets. Such stocks are usually dependent upon local markets. Naturally, most of the interest in such stocks is local, and when an account comes to us with an inquiry, we check the situation in the territory and work out the order there. Many times this transaction can not be effected quickly as the local dealer may have to find a customer who is interested in buying or selling the stock.

Pricing of Over-the-Counter Securities

There are, no doubt, certain questions that you have in regard to the Over-the-Counter Market. One is, how does a person know that they are getting a fair price for the security or buying it at a fair price? And, are there any quotations available in those unlisted securities?

There are a great many unlisted stocks which are quoted in the newspapers throughout the country. Ordinarily, there is a statement to the effect that the bid and asked prices are obtained from the National Association of Securities Dealers, Inc. and other sources, but are unofficial, and that they are intended as a guide to the approximate range within which the securities could have been sold or bought.

The general principles used by the National Association of Securities Dealers, Inc. in District 13, which comprises New York, Connecticut and New Jersey, for compiling a list of stocks may be of interest.

The market value of the stock should be at least a half a million dollars. There should be at least 300 stockholders in the area. The stock should have a reasonable value and be selling at least at $3 per share, preferably at a higher level. As far as the dividend policy of the company is concerned, the public, through the press or by mail, should be advised at least one week in advance of the record date. Also the company or corporation should make financial statements available to the public at least once a year. It is also very important that there are at least two responsible dealers who are making a primary market in the stock. Every afternoon quotations are obtained from certain dealers who are making markets in those securities.

Over-the-Counter Transactions Increasing

Over the last 10 years the volume of transactions in listed stocks over-the-counter has increased substantially.

Through changes in laws and policies, many institutions who in the past restricted their investments to fixed income paying securities have become buyers of common stocks. With this development, firms that originally specialized in bonds and worked closely in that field with the institutions have now broadened their activities to include certain common stocks that are of interest to insurance companies, pension funds, universities, savings banks, investment trusts and others. Many of the buyers for these accounts prefer to purchase their requirements in a transaction of size rather than in several small lots.

As a result, this Over-the-Counter Market as stated previously has developed a large amount of volume in listed securities.

Generally, the prices of these transactions are related to the market on the Securities Exchange, or are reasonably close to those markets. However, that is not always true and there have been times when blocks have traded at substantially different levels depending on size and demand.

It is also via the Over-the-Counter Market that private placements of listed as well as unlisted securities are made. In referring to private placements, I am speaking of the placing for the account of those who might be deemed in control of a company of stocks of that company that they may own.

There are certain restrictions on their liquidating to the public these so-called "control securities."

As for reasons for selling, there are plenty; they may want diversification; they may need money to pay taxes; or they might want to sell the stock and buy tax-exempt securities. Rather than go to the work and expense of filing a registration statement with the SEC, they will dispose of the stock by private placement.

In doing this for such an account, we are restricted as to the number of people that we may offer the security to, and also the type of the buyer.

We go to the type of buyer who we consider is a bona fide investor. We place the stock with him or with four or five or maybe 20 accounts that are qualified buyers. We put the buyers on notice that the security is coming from a person who might be deemed in control of the company, and they acknowledge that they are buying the stock for investment purposes and not for redistribution to the public. Generally, those blocks sell at a slight discount from the quoted market.

Secondary Offerings

In addition, I referred to distribution of listed or unlisted securities over-the-counter through secondary offerings. Earlier this year, we had an estate that wanted to liquidate a million shares of International Harvester common. Naturally, to sell a million shares day-by-day over the counter or on the Stock Exchange in the regular process of business would take some time. An underwriting group was formed and we offered the block at a fixed price, which was in line with the market, and allowed a concession to dealers which would carry an incentive to have their salesmen go out and sell the stock. That concession was larger than the commission on the Exchange. From 3:30 the afternoon of the offering and before 10 o'clock the next morning the million shares had been sold.

Many large blocks of stocks are distributed via secondary offerings. I understand the representative of the Stock Exchange spoke to you of their operations and mentioned to you what their "special offerings" were. Secondaries over-the-counter are quite comparable to specials on an exchange and they operate the same way, except that over-the-counter you reach a much broader field of dealers when you include those who are not members of an exchange.

I hope from what I have said I have given you some idea of how vast and how important this Over-the-Counter Market is to the securities industry. However, it is impossible to cover this broad subject in such a short time.

*A lecture by Mr. Ladd at the Fourth Annual Forum on Finance for Graduate Students and Instructors in American Colleges and Universities sponsored by the Joint Committee on Education representing The American Securities Business at Graduate School of Business Administration of New York University, New York City, Sept. 9, 1954.

New York Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of C. Francis Smithers to Charles C. Dunaif will be considered by the Exchange Nov. 11.

Charles F. Zeltner, member of the Exchange, and a limited partner in F. S. Smithers & Co., also became a general partner Nov. 1.

Our Friend the Stockholder

By S. WHITNEY LANDON*

Secretary, American Telephone and Telegraph Company

Asserting stockholder relations are really a matter of human relations, officer of corporation having largest number of stockholders maintains that all officers and employees of a corporation play a role in stockholder relations and should know what stockholders are interested in. Reviews various means at hand in meeting obligations to stockholders and reveals what is done to improve stockholder relations in the Bell System. Concludes, corporation officials should not forget that they are trustees of stockholders.

I am a little reluctant to speak here today for I know that I am speaking in the presence of many who are much better qualified than I to discuss the important subject of stockholder relations. You have some real experts in your midst. However, I have been closely associated with this work in a company which has more stockholders than any other company — approximately 1,300,000. Probably that is my card of admission to this speakers' table today. Whatever may have been going through your committee's mind in asking me, I feel greatly honored to be here and I welcome the opportunity to talk to you. Our subject is very close to my heart and I have done considerable thinking about it. Many people are thinking about it today and I believe that there will be more and more as time goes on.

S. W. Landon

As a background for what I plan to say, you might be interested in a few facts about our stockholders in the American Telephone and Telegraph Company. When the War ended in 1945 we had about 680,000 stockholders. From then until 1951 our stockholder family grew to 1,000,000, and since 1951 we have added about 300,000 more. Thus the number of our stockholders has approximately doubled since the War, while our number of shares has somewhat more than doubled. This means that more owners rather than bigger owners have supplied our large postwar additions to equity capital—about $4 billion.

Typically, our owner is a small investor. The average holding of our individual stockholders is 30 shares, representing at today's market approximately $5,000. 66,000 persons own one share; 75,000 own two shares; and 100,000 own ten shares. These are the three largest stockholder groups. Our stockholders come from some 19,000 communities in every state in the Union, and from Alaska, Hawaii, and over 80 foreign countries. During 1953, 145,000 new stockholders bought our stock. From our correspondence we know that for many of these the purchase of our shares was their first stock investment. It is true that a sizable number of people have owned our stock for many years, but an even greater number are relatively new with us. It is an interesting fact that on the average two new owners are needed for a net gain of one.

These small stockholders are tremendously proud of their investment. The man who gets his first share is just as proud of that one share as the man with 100 shares—and probably even more so. Also, they have the natural ambition to increase their number of shares. Many of them tell us in their letters that they look forward to a goal of five or ten shares. Others are working to increase theirs to higher figures. In spite of this, the average number of shares per individual holder stays quite constant. It has gone up a share or two during recent years, but not nearly as much as might be anticipated from the large amount of convertible debentures issued. This means that while the existing owners are gradually building up the number of shares they hold, there is a steady stream of one and two-share holders coming in at the bottom all the time. This supply of brand new share owners and the urge to build up more ownership on the part of the existing share owners are tremendously important to us all and to the financial health of our companies. It is to these people that American industry must look for the money which is constantly needed for its growth and development. And if our present stockholders are not happy and friendly toward our companies, their urge to add more shares would die and the supply of new investors would soon dry up.

When I was asked what title might be used for my talk, I said "Our Friend the Stockholder" best fits my thoughts and feelings. The stockholder starts out as our friend when he buys his stock, and if he doesn't stay that way it is our own fault. That he stays friendly is important not only to all of us here in this room, but to everyone in America. Stockholders are the owners of this great industrial machine which is America's strength and salvation both in peace and war. What could be more important than that cordial and friendly relations, based on mutual understanding and confidence, should exist between these people who own the business and those who work for them and manage their properties.

The time has long since passed when it was wondered whether good stockholder relations were worth working for. Today everyone knows that they are—they are a must. The question today is what more can we do to foster this essential of modern corporate success.

The Purpose of Stockholder Relations

The purpose of all stockholder relations activities is to build up and maintain a friendly, cooperative, and understanding group of stockholders. We want each one of them to feel that he or she is a part of the family—that he belongs. From a practical point of view, we need their money, and we want them to be happy that they have placed it with us and to be ready to give us more if we should need it.

I think in approaching our stockholder relations job we should realize that most of these people are just like ourselves—just like our friends. They want to be friendly and cooperative and they have a great pride in their company. Of course, we have the other type too, but they are in the minority, and our efforts should be aimed primarily at the average "good old American." This means that everything we write or say to them—whether it is a letter, printed material, or a personal contact—should be natural and human; as nearly as possible the way we would write or talk to a friend—a respected friend. I find that the safest rule for me is to treat each share owner just the way I would want my mother or my father treated. That objective has been a most helpful guide.

Stockholder relations is really a matter of human relations. As I have stated, our typical stockholder in the Bell System is a small investor — 30 shares — and we think our program ought to be conducted along lines that will maintain the understanding of people in all walks of life. This emphasizes the value of a plain-speaking, simple, down-to-earth, person-to-person approach — not talking down to people, but trying to meet with them as with the neighbor across the street or over the backyard fence.

Also, more of our individual accounts are held in the names of women than of men, and there is a marked growth in joint accounts, most of which seem to be held by husbands and wives. For this reason, there is value in trying to talk with our owners in a way that will be of interest to women. Although it is probably true that in some instances shareholdings of women may be a matter of "name only," it seems wise not to discount the growing participation of women in equity investments.

I mentioned previously the constant flow of new stockholders. We are, therefore, talking to a parade and not a crowd, and we ought not to hesitate to say things that are important merely because we have said them before.

Another thing which I think is worth mentioning is that, although stockholder relations usually head up to some one person, the responsibility and the credit go much deeper. Every officer and employee of a large corporation plays an active part in the stockholder relations of his company. Each of them is likely to have dealings with the owners of the business—often without ever being aware that the individuals with whom they come in contact are stockholders. In this sense, relations with the owners of a company are the day-to-day responsibility of all the officers and all the employees. It is, therefore, important that everyone on the payroll should be conscious of the fact that the business in which he is engaged is *owned* by the stockholders, that the stockholders are interested in the way the business is run, and that they are entitled to know that the management and employees fully appreciate the important part the stockholders play in the welfare of the business.

What Stockholders Are Interested In

I suggest that we consider for a moment what stockholders are interested in about a company in which they have invested their money. As I have stated before, they are, by and large, average Americans just like ourselves, and they have the same basic interests. In the first place they want to know that their investment is safe and that the income they have counted on is reasonably assured. Of course, a company's regular annual and quarterly statements provide the basic facts from which each stockholder can reach his own conclusion, and this information is enough for many. But when questions are raised we should be forthright in our reply. We cannot, of course, predict the future but we can restate in everyday language the important facts.

But over and above the dollars and cents, stockholders also want

Continued on page 28

*An address by Mr. Landon before the General Management Section of the American Gas Association, 36th Annual Convention, Atlantic City, New Jersey, Oct. 12, 1954.

From Washington Ahead of the News

By CARLISLE BARGERON

Now that the campaign is over and the dead cats, as I predicted, are being thrown all over the place, there comes up the picture of Vice-President Nixon.

Last Monday, Election Eve, a Democrat who has served twice as an Ambassador to Latin America, by which I mean he served one spell of five or six years before the 80th Congress, when the Republicans came into control, and another after Truman was reelected in 1948—and this has constituted his only livelihood—this Democrat, this sort of Democrat said to me, the Republicans would have fared much better had it not been for Nixon.

Carlisle Bargeron

When I asked him what he meant, he replied that Nixon had alienated "a lot of us fair minded Democrats."

Whereupon I laughed heartily as the expression goes and said "Oh nuts, and you know you are giving me a lot of bunk."

This man's attitude, however, is indicative of the feeling which the Democratic professionals have against the Vice-President of the United States. They have been so bitter and have made such a vigorous counter attack on him that a lot, too many, people have said to themselves: "We certainly hope Eisenhower continues to live; it would be terrible for Nixon to become President of the United States."

Now the facts are that the Democratic professionals have a secret admiration for Nixon, for his ability, for his energy and courage. They have no real feeling that the country would be in an awful shape if something were to happen to Eisenhower and Nixon were to become President. Privately these Democrats concede that he is a man of tremendous ability.

The reason Adlai Stevenson, Stephen Mitchell et al went after him so hard, the reason they have succeeded in smearing him so much amongst a great number of the American people, is that he was the best national campaigner the Republicans had. At the end he was slugging it out in the only way the people understood.

It is unfortunate that the President would not let him slug it out earlier in this way. It was the type of campaign that Nixon thought from the first was needed. But the President, wholly inexperienced in American political campaigns, thought hard hitting, reference to the Communist coddling on the part of the Democrats, reference to the fact that the so-called Democratic Administrations of Roosevelt and Truman were necessarily larded with Communists and fellow travelers—the fact that the President's attitude was to live and forget, held Nixon in check until about two weeks before the election. The President, himself, then became scared, admitted, in effect, for the first time, that he was a Republican President, and did some hard hitting himself.

What Mr. Eisenhower seemed not to understand was that for 20 years the so-called Democrats, a political motley, campaigned successfully against Herbert Hoover and the selling of apples on the streets. Many months ago the Attorney General, Herbert Brownell, a very practical politician, sought to give the Eisenhower Administration a lift by springing the Harry Dexter White case. I know of nothing that could have more pointed up the tragedy which the American people have gone through at the hands of the Roosevelt and Truman Administrations. But the heap of mock indignation which that political holly-podge called the Democrats, dropped upon him frightened the Administration and Brownell was not encouraged to pursue his activities. The theme was that the Republicans would go forward on a "positive" campaign of their "accomplishments." They were so naive as to think there were votes in their "positive" accomplishment of the passage "after 20 years" of the St. Lawrence waterway. They would be amazed to know the number of people who were against it in the first place and the still greater number who didn't give a damn one way or the other.

One can't escape another phase of the Republican campaign. And that is that the Eastern or Dewey influence proved to be wrong. This influence, among other things, caused the Administration to make an attack on one of its own men, Joe McCarthy. The results of the elections indicate that this hurt the Republicans in the Middle West and certainly there were no offsetting advantages in the East.

The Republicans were probably even more hurt by the fact that at the very time Congress was passing so much of the Eisenhower program, chalking up a record of impressive accomplishments, the public's attention was glued on the Army-McCarthy hearings.

New Jersey is an outstanding example of the damage to the Republican party done by this Eastern, so-called liberal influence. In 1942, New Jersey Republicans elected Albert W. Hawkes, an outstanding man, to the Senate over the Democratic incumbent, Smathers. But he was not "liberal" or global minded enough and the powers that be replaced him in 1943 with Hendricksen. Not necessarily brilliant but one of the most popular members of the Senate, it seemed he did not meet the perfection demanded by the Eastern Republican "liberals," so he was replaced this year by another candidate, former Congressman Case.

In Plain English!

"The Commodity Credit Corporation is the country's largest corporation, with more than $6,000,000,000 invested in commodities owned or in commodity loans. It is nearly twice the size of our largest non-governmental corporation.

* * *

"This is the grim prospect we face, in spite of our greatly stepped-up efforts to merchandise government-held surpluses both at home and abroad. And I hasten to add here that our accelerated efforts to move the stuff are paying dividends, but the job is so immense that accomplishments often seem meager by comparison.

Earl L. Butz

* * *

"Our competitive pricing system is not functioning effectively. The distribution lines have clogged up. Government has had to unplug them. It is today still siphoning surplus gluts out of clogged distribution channels."—Earl L. Butz, Asst. Secretary of Agriculture.

In plain English, we are producing more than people want—at least at prices asked—and government interference prevents adjustment either in production or prices!

Continued from page 11

Can Railroads Meet Emergency Defense Requirements

petition. Perhaps it is in the public interest that this be done. Certainly it is not in the public interest to encourage the use of a high cost method of transport through subsidy, at the expense of a low cost method of transport that it not subsidized. Certainly it is not in the interest of national defense to encourage transportation by subsidy that will not serve nearly as well the defense needs of our nation as will another transportation agency that is not subsidized. Instead of advocating removal of subsidy from our competition, or direct subsidy to the railroads, perhaps we should seek equality of competitive opportunity somewhat along the following lines:

(1) I have indicated that the rate structure of transportation is entirely inadequte to meet present day costs of performing the service. Yet there is a Federal tax on transportation—3% on freight and 10% on passenger service. Don't you think consideration might be given to returning the equivalent of this tax money to the railroads and they be required to match it, dollar for dollar—as is being done by the states in Federal aid highway programs—and earmark these funds for roadway maintenance? This would place the railroads on a more equitable basis with their competition insofar as roadway maintenance is concerned. There would not be a complete tax loss to Government, as it should have the effect of increasing earnings upon which Federal income tax would be paid.

(2) The cost of grade separations and maintenance of protective devices at grade crossings is grossly unfair to the railroad industry. Legislation should be enacted along the lines of the Hobbs-Truman Act concerning navigable streams (so that in the future the railroads would be called upon to pay for only the benefits actually received in grade crossing separations. Additionally, the cost of maintenance of bridges and protection at railroad grade crossings should be shared by all beneficiaries—and not entirely by the railroads as at present. It would seem a 90-10 participation in maintenance of protection at rail-road grade crossings would be fair —90% by Government and 10% on the part of railroads.

(3) There is presently moving via airway, highway and waterway, three kinds of traffic: common carrier, contract, and private carrier tonnage. Common carrier tonnage is all that moves over the railroads. The four major methods of transport in this country should be treated alike — and private and contract carrier tonnage permitted to move over the railways. Necessary safeguards to prevent abuse of this freedom could easily be provided to be sure that rates would be fully compensatory and discrimination as between users avoided.

(4) Curtail the importation of residual oil. In the event of war this supply would certainly be greatly lessened or eliminated. Its present volume in peacetime is a severe obstacle to the ability of the industry to meet wartime demands. There would be some improvement in peacetime economy from resulting increases in employment in coal and transportation.

(5) Railroad passenger transportation is essential to national defense. It is also required in the public interest. This operation on a full-cost basis amounts to an annual deficit of nearly $700 million. Tax relief in some form should be afforded the rail carriers on this phase of their operation.

(6) The railroads should have the right of appeal to the Interstate Commerce Commission when state regulatory bodies prevent discontinuance of unnecessary service that is operated at a loss.

(7) Serious consideration should be given to a program for stock piling railroad equipment for emergency use. The railroads cannot hope to maintain their position in our free enterprise system if during a peacetime economy they share in but 50% of the country's traffic — and during a wartime economy are called upon to perform 65 to 75% of the much large movement of traffic. To carry such an unused amount of capacity would soon break the bank in any industry.

(8) The various branches of the Government are large users of transportation. I think they fully recognize the shortcomings of the railroads' ability to meet defense requirements if they be required on a large scale. Maybe — the Government should loan money to the railroads for equipment and modernization of plant, to be paid back over a period of years by reduction in charges for moving Government freight.

The suggestions I have advanced are merely examples of some of the things that might well be considered in connection with a strong and healthy rail transport system in this country—on the basis of fair treatment to all and favors to none. As I analyze the facts, after careful documentation, the present pattern of regulation, taxation, subsidized competition, and restriction of the railroads' efforts to meet such competition, is fast bringing this admittedly weak segment of our economic system—and admittedly essential link for national defense—to a point from which the railroads could not, as they did in World War II, return quickly to full strength and vigor as the transportation work horse of national defense.

Some immediate changes in the condition in which railroads operate in a peacetime economy such as I have suggested would materially assist the railroads in modernizing their plant and equipment—at a cost that would not be noticeable to the American people. This assistance rendered by Government would be much less than that furnished other forms of transport. It would substantially strengthen our defense where admittedly it is now woefully weak.

I am happy to know that the serious situation of transportation in this country has been recognized at the top level by the recent appointment of the President's Cabinet Committee to study the subject in all of its phases. I am sure that worthwhile results will ensue from their investigation, and I think the Administration is to be congratulated for this forward looking step.

Witherspoon Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Norman S. Lawson has become connected with Witherspoon & Company, Inc., 215 West Seventh Street.

Hutton Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert J. Rugen has become associated with E. F. Hutton & Company, 160 Montgomery Street. Mr. Rugen was formerly with Reynolds & Co. and Walston, Hoffman & Goodwin.

Three With Mutual Fund

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—John C. Shunk, Peter J. Speros and William N. Wentworth are with Mutual Fund Associates, 444 Montgomery Street.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Norwood C. Bondhus and Finis McClure are now with Hamilton Management Corporation, 445 Grant Street.

J. W. Hicks Adds Two

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Charles L. Cole and John W. Deal have become affiliated with J. W. Hicks & Co., Inc., Colorado Building. Mr. Cole was formerly with Garrett-Bromfield & Co.

Public Utility Securities

By OWEN ELY

Middle South Utilities — Southern Company

Middle South Utilities and Southern Company have been under political fire for some time in connection with the proposed contract to build a 600,000 kw. steam generating plant at an estimated cost of $107 million in Arkansas. This plant would furnish power for the Atomic Energy Commission, thus reducing TVA's power commitments to the AEC (which have been growing fast) and releasing more power for TVA's regular customers.

The proposed plant is a result of President Eisenhower's suggestion, made in his January budget message to Congress, that the private electric companies join with TVA in supplying part of the Atomic Energy Commission's needs. There was nothing new in this proposal. Two different groups of midwestern utilities had already been formed for some time to construct large generating plants to supply power to the AEC. The two subsidiary companies which have been building these plants have been popularly known as EEI and OVEC (Electric Energy, Inc. and Ohio Valley Electric Co.). But for some strange reason there was no political outcry over the formation of these companies,* and the construction of these power plants is now well underway. They were designed, just like the new proposal, to help TVA shoulder the increasingly heavy burden of supplying power for AEC, which now uses (it is estimated) about 5% of the total U. S. output of electricity. Similarly, South Carolina Electric & Gas has set up a subsidiary to build a medium-sized plant, part of whose output is being used by the AEC in the so-called Hydrogen Bomb Plant in South Carolina.

The Middle South-Southern Company proposal was set up along generally similar lines to these earlier projects. Because the entire output would be sold to a single customer under contract, normal operating risks would be considerably reduced and hence the insurance companies would be willing to finance a very substantial part of the cost through loans. The two utility companies would set up a subsidiary and furnish its common stock money—about $5.5 million.

Operating utilities are customarily allowed an overall return of about 6% on the rate base by state regulatory agencies. However, under the proposed contract, the overall return on rate base for this proposed subsidiary would be reduced to about 3¾%. It is true that, because of the small amount of equity capital, the common stock return would be about 9%, but this figure is lower than the usual return allowed on common stocks by the regulatory commissions, which in the following example works out at about 11%.

	% of Total Capital	Cost of Capital	Weighted Cost of $100 Capital
Funded Debt	50%	3%	$1.50
Preferred Stock	15	4	0.60
Common Stock	35	11	3.85
Total and Average	100%	6%	$5.95

Political critics have harped on the "9% return" as though this were the return on the whole cost of $107 million—ignoring the fact that it applies only to a small part of the total, and that the two utility companies (through their subsidiary) will be responsible for the carrying costs on the entire $107 million. Moreover, the 9% return for the common stock is not guaranteed at all, but is merely a statistical estimate based on the proposed rate schedule and the estimated operating costs. If the plant's construction cost should go above present estimates (as happened with the EEI plant) or if other contingencies should occur, Middle South and Southern might get no return at all on their investment. Moreover, the AEC could cancel its contract to take power at any time, under mutually agreed payments, in which event the companies would have to find buyers for large amounts of power.

Unlike public power agencies, the private company would pay substantial taxes—local, state, and Federal. Yet it is understood that the rates would stand comparison with those in existing AEC contracts.

Thus far complete details of the proposed contracts have not yet been published by the AEC. Open hearings will begin Nov. 4, however, and it is to be hoped that the many inaccurate statements, inferences and red herrings resulting from attempts to exploit the "Dixon-Yates Scandal" as a political issue, will be cleared up.

Naturally, the stocks of these companies have suffered somewhat from the widespread newspaper publicity impugning the integrity of their senior officers. Middle South, with a much larger stake (79% as compared with Southern's 21%) has suffered the brunt of this campaign, particularly due to side issues with respect to its subsidiary, Mississippi Power & Light. Middle South's stock has declined in recent weeks from 32⅞ to 28, but has since recovered (Monday's close) to 29—a net decline of 12%. Southern Company has dropped 2 points to 17, or about 11%. These declines compare with about a 3% decline in the Dow Industrial Average from its 1954 high and 6% in the Dow Utility Average.

*Electric Energy, Inc. (in which Middle South Utilities has a 10% equity interest) was set up on a preliminary basis under an SEC order dated Jan. 15, 1951, during the Truman Administration. Other SEC orders dated Jan. 8, 1953 and Aug. 28, 1953 approved the financing of this company, substantially through institutional loans.

THE MARKET . . . AND YOU

By WALLACE STREETE

There was comfort to be derived from the unexpected strength of the Republican tickets in this week's elections and the stock market took full advantage of it with the best one-day gain of this year. The last time the list was so exuberant for one trading session was way back last April.

The thoroughness with which the opinion polls pointed up the opposition strength had mitigated against any surprise element in the election and even before the results were in, considerable doubt had been generated that a selloff was due. In fact, the nervous decline of last week had even been stemmed in the week's single pre-election session as some short-covering was accomplished.

Election-Plus-Production Bullish

Partly due to the election and partly because of the rising production rate, steel shares were able to shake off the chagrin over merely the regular dividend declarations. The fact that they are covering their present dividends by good margins plus the fact that yields are still running around 5 to 7% helped buoy the shares in this group. National Steel, however, had been somewhat more noteworthy on the soft side in response to a relatively less inspiring earnings statement. The Youngstown-Bethlehem situation, still rather clouded, has been able to inspire some wishful investing in the hope that the merger will work out after all.

* * *

Utilities were probably the outstanding case of election jitters. The average had declined somewhat steadily, including five out of the half dozen sessions immediately before the election. In fact, a minus sign of more than $3 for the month of October was not only the widest monthly change in this index so far this year, but marked the first month of 1954 that they had lost ground. High-priced People's Gas which narrowly escaped making the list of new lows, this week reached a price level below that wiped out a full year's progress. It was saved by the election.

* * *

Varied Dividend News

Apart from the election, dividend news made itself felt in a variety of ways, ranging from an initial shrug over an extra for International Nickel, to a restrained spurt as General Motors doubled its payment for the year-end plum, and to a rather sharp but monetary dip in Boeing Airplane as traders sold on the good news.

* * *

Aircrafts generally seem to have anticipated good dividend action to the hilt and have greeted the expected news with a good deal of restraint. General Dynamics elicited a rather surprising satisfaction over its dividend increase and preferred retirement plan. This probably was due to the fact that it had sold off considerably when a stock split, widely expected failed to emerge from an earlier directors' meeting.

* * *

It was also dividend action rather than the election that pushed the rubber shares to the fore, the specific encouragement coming from Goodyear's distribution and split proposal. The uncertain item in this group has been Lee Rubber which topped out recently after a good runup and hasn't shown any convincing sign of changing its ways even through the post-election rally.

* * *

Fading Chemicals

Chemical issues, the premiere growth group that had spearheaded the long advance, were laggard despite brief strength engendered by the election results. American Potash has been the easy member of the division more times that not and American Cyanamid has featured in the recent strength. For Monsanto and du Pont it has been a case largely of backing and filling with some occasional wide moves pretty well canceled out subsequently. Rohm & Haas, on the other hand, has fitted no cut pattern and has erupted in wide moves of half a dozen to a dozen points at a clip in either direction. The pre-election lull held it to a range of only a point and a couple of sales last week, by contrast.

* * *

Oils continue on a somewhat mixed pattern which also has kept them from showing any decisive direction. Royal Dutch came out of its recent retirement to show some semblance of strength. Standard Oil issues were content to mill around aimlessly, with Calso a bit ready to back up on heaviness.

Until the election the auto shares were undistinguished and derived little in the way of support out of the showings of the new models, as a wait-and-see attitude developed over whether Chrysler can improve its share of the market. The issues did share in the post-election runup in full measure with General Motors paving the way.

Electrical issues for the most continued to rest despite the outside influences, notably General Electric which, while it showed good buoyancy, certainly didn't share in the general enthusiasm to any great extent. The best acting in the group was McGraw Electric which was back in the wide-moving class again this week.

* * *

An Independent Sprinter

One individual favorite that stood out without any extraneous help whatever was American Metal Co. which, joining the ranks of the sprinters, posted several new highs. It had independent strength throughout the precautionary pre-election selling and continued to bound subsequently reaching a level some 2½ times the price of less than $20 at which it had begun trading as this year started.

* * *

Tobaccos came in this week for one of their periodic hopeful rebounds from all the cancer talk on only the slightest of rumors that some of the latest tests will dissipate any link between cigarettes and lung troubles. American Tobacco on a good gain made the "most-active list" where there have been few appearances from this group recently. Moreover, it was joined in the top activity column by Reynolds which also fared moderately well.

* * *

Rails shared in the new enthusiasm to a good measure but overall it was mostly a case of lolling around. The fact that they had a good day immediately before the election, with only four out of the 20 carriers used in the Dow rail average losing ground, was more encouraging to the followers of this long-neglected section than their post-balloting spirit. Rock Island was the star of the group, erupting to a new 1954 high after some fat gains. The new high is a feat that not many of the carriers are even in a position to attempt.

The technical indications were all favorable, but not vital yet. A good rebound on favorable election news clouded any real decision over whether the correction is finished or not. The most optimistic note is that rails appear to have found support at a level well above the lows of August and September and are in a position to attempt to make a new high again after one rebuff.

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

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Observations . . .

crease in generating capacity by 1970. In any event, have the utilities' politically destructive potentials perhaps been already fully discounted in their recent market jitteriness.

Toward the Down-Side

Offsetting these bullish market elements, there are, of course, bearish accompaniments.

Overall, there is the possibility, though particularly unpredictable, of a damaging change in business psychology—at least over the short-term—ensuing from indications of further Democratic resurgence in 1956.

Then the area of taxation harbors various negative effects. New and Fair Deal-ish expansion policy is committed to high taxes to accompany big spending; in contrast to the Republican philosophy, as voiced by Dr. Burns, to give tax reduction priority over increased spending, and to use it to stimulate investment as well as consumption. And apart from their general soak-the-rich credo, in certain specific tax areas, as capital gains, insurance, petroleum, the upsurge in Democratic power may be destructive to the investor and to the price of his securities. (In the case of life insurance taxation, however, the current favorable stop-gap arrangement has had no opposition on party lines.)

* * *

"NET"—there is little prospect of decisive economic change, particularly in relation to stock market action, resulting from the currently-enacted change in the composition of the new Congress.

Divergence of Prices Too

There is one market forecast this column would confidently make: namely, that the heterogeneity of the Election influences and market explanations will be fully equalled by that in the behavior of prices.

The varying intra-market and intra-industry course of some individual issues since the Republicans' victory on Election Day, 1952 is demonstrated in the following intervening price changes.

American Metal	+82%	Woolworth	+ 5%
American Smelting	— 8	Kresge	— 18
Standard Oil N. J.	+30	United Merchants	+ 42
Amerada	— 5	J. P. Stevens	— 26
Hiram Walker	+45	Lehigh Coal	+ 25
Schenley	—16	Peabody Coal	— 35
du Pont	+36	Baltimore & Ohio RR.	+ 27
American Cyanamid	—20	Pennsylvania RR.	— 11
Federated Dept Stores	+20	Columbia Broadcasting	+100
Interstate Dept. Stores	— 6	Zenith Radio	— 9
General Motors	+50	Eastern Airlines	+ 50
Chrysler	—25	United Airlines	+ 7

The Dow-Jones Industrial Stock Average Advanced by 25% during the period.

This year's pre-Election month of October's fall of 10 points in the averages, 59 issues **rose** 10% or more, 61 other issues between 6 and 10%, and 251 additional stocks by less than 6%. Again divergently, 435 issues **declined** from 6-10%, and 41 fell by more than 10%.

At the eve of this Election, during last Friday's weakness when the averages actually dropped 2.45 points to the lowest levels in six weeks, 249 issues nevertheless rose (against 670 declines), of which no less than 19 stocks hit new highs for the year (against only 13 lows).

What Investor Policy?

This pervasive divergence, combined with our afore-demonstrated conviction that prices over the near-term will generally follow unpredictable crowd psychology, leads to the decisive conclusion that investing decisions in expectation of long-term holding, should concentrate on appraising individual issues on quantitative criteria of value—resting on the basic principle that *any time is a good time to buy a good value.*

Pan-Israel Oil Stock Offered

Gearhart & Otis, Inc., of New York, and Crerie & Co., of Houston, Texas, are offering, as a speculation, Pan-Israel Oil Co., Inc., American voting trust certificates for 750,000 shares of common capital stock, at $2.50 per share.

The net proceeds from the financing will be added to the company's funds and will be used for exploration, drilling and development of presently held acreage; operations and expenses as and when required; and for the acquisition, exploration and development of additional acreage.

It is the intention of the management of Pan-Israel Oil Company, Inc. to confine operations to the State of Israel, where these sister companies hold the petroleum licenses covering approximately 800,000 gross acres. One of the pioneer groups in Israel's oil search, their properties are scattered throughout the country in areas which contain several known structures considered to be favorable for the accumulation of oil and/or gas.

Under the terms of contracts with Pantepec Oil Co., C. A., this company and Israel-Mediterranean Petroleum, Inc. recently began the drilling of their first deep test well on a jointly held 90,000 acre concession a few miles south of Tel Aviv in the Coastal Plain area. This well will seek production to a depth of 8,000 feet.

Humble Oil & Refining Holders Made Offer

The Standard Oil Co. (N. J.) is offering shares of its capital stock in exchange for shares of capital stock of Humble Oil & Refining Co. in the ratio of nine shares of the capital stock of Standard Oil Co. for ten shares of capital stock of Humble Oil & Refining Co. The terms of the exchange offer which expires Nov. 30, 1954 are set forth in a prospectus dated Oct. 29, 1954, copies of which are obtainable from the Corporation Trust Company, 15 Exchange Place, Jersey City 2, N. J.; First National Bank in Houston, Texas, and Morgan Stanley & Co., 2 Wall Street, New York 5, N. Y.

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The Security I Like Best

for substitutions even far in excess of those anticipated could be effected by less than a million tons of aluminum. They may, of course, be highly valuable substitutions because of the specialized uses served by the nonferrous metals. In contrast, the possibilities of substituting aluminum for steel and wood are almost unlimited. Aluminum window frames and furniture, and aluminum in construction could by themselves account for a four-or-five-fold expansion of United States aluminum demand from its present level.

"We have chosen to project the 1975 United States demand for aluminum at 4.5 million tons (between four and five times the 1950 consumption) as indicating a plausible rate of growth. A figure much less than this would imply almost no incursions of aluminum into fields now held by other materials. A figure much greater, say 10 times the 1950 output, would be possible if aluminum were assumed to take over more than a small part of the functions now performed by wood and steel."

Present U. S. capacity for primary production of aluminum is about 1,526,000 tons per annum, of which Kaiser accounts for about 27%. During 1953, the aluminum industry produced about 1,250,000 tons of the primary metal. This compared with 937,000 tons in 1952, 410,000 tons in 1946 and 112,000 tons in 1936. Shipments of all aluminum products in 1953, exclusive of deliveries to the government's stockpile, totaled around 1,620,000 tons —an increase of 22% over those of 1952. Of this amount, deliveries for all civilian uses were at a record 1,230,000 tons, the balance having been accounted for by defense and atomic energy takings.

The largest markets for aluminum are represented by the transportation field (automotive, rail, air and marine), the electrical field and the building industry.

At the present time, automobiles have on them an average of from 15 to 18 pounds of aluminum per car. One model, however, now has 66 pounds of aluminum on it. The industry feels that it is not unlikely that the future will witness as much as 120 pounds of aluminum on each car. One reason for this view is the fact that automobiles today are being loaded down with so many additional gadgets and accessories that lighter materials must be used in order to prevent the increase of over-all car weight. For the latter is important in the case of passenger cars because of the relationship between sales appeal and the horsepower-weight ratios. In the case of commercial vehicles, it is even more important because of its bearing upon operating and maintenance costs.

Not only are all segments of the electrical industry enjoying excellent secular growth but the use of aluminum within the industry is expanding at a very rapid rate. The year 1953 witnessed greatly increased use of covered aluminum wire for secondary distribution lines. The most important reason for the trend toward greater use of aluminum in the electrical industry has been the fact that the price of copper has been going up much more than the price of aluminum; and in the electrical industry one pound of aluminum goes as far as two pounds of copper.

The field in which the use of aluminum has been experiencing the greatest growth, and which holds forth the greatest potentialities for further growth, is the building industry and its allied fields. The aluminum-clad Alcoa skyscraper in Pittsburgh, which was completed in 1953, is an example of the extent to which aluminum can be efficiently and profitably utilized in construction work. At the present time, there are about 250 structures patterned after the Alcoa building which have been built, are being built or are in the blueprint stage.

In mid-1950, Kaiser Aluminum & Chemical had a productive capacity, built or building, of 180,000 tons of primary aluminum per annum. All bauxite was purchased from Alcoa in Dutch Guiana, made into alumina at Baton Rouge, La., and reduced to ingot at Mead and Tacoma, Wash., with power from the Bonneville dam. Fabricating mills were located at Trentwood, Wash.

Kaiser's 1951-54 expansion program, now completed, entailed the expenditure of some $230 million, about $176 million of which is subject to accelerated amortization (five year write-offs) under Certificates of Emergency.

This expansion program included: (1) The development of the company's large bauxite deposits in Jamaica, within 1,100 miles of the company's dock at Baton Rouge, with an annual capacity of 1,500,000 tons of bauxite and reserves estimated as sufficient to meet the company's expanded requirements for 50 years. (The major portion of the company's bauxite requirements is now coming from Jamaica.; (2) The construction of the world's largest reduction plant at Chalmette, La.; (3) Expansion of the Baton Rouge alumina plant and its adaptation to Jamaica ore; (4) Expansion of the Mead and Tacoma reduction plants; (5) Expansion of facilities at Trentwood, Wash., Newark, Ohio, and Halethorpe, Md.

The company recently announced plans for a new integrated sheet and foil rolling mill to be built on the Ohio River near Ravenswood, West Va. Construction is scheduled to begin around Jan. 1, 1955. The first unit, which will be completed around mid-1956, will have a rated annual capacity of 72 million pounds of sheet and foil.

After the first unit is in production, Kaiser intends to start a second phase of construction, culminating in 32 acres under roof, providing employment for 2,000 workers and resulting in a fully integrated rolling mill with an annual capacity of more than a quarter million pounds of commercial aluminum sheet and foil products. The cost of the project has not been announced but the O. D. M. has granted the company a $66 million Certificate of Necessity. The company has stated that funds for the first unit have been provided by rescheduling the maturity dates of the loans made with private institutions when the $230 million 1951-54 expansion was financed.

Although the new plant will initially be supplied with heavy-gauge coiled sheet from Trentwood, when the second phase of construction is completed and the mill is fully integrated, pig aluminum requirements will be supplied from the Chalmette, La. plant on the Mississippi River near New Orleans.

This new expansion should prove to be highly beneficial to the company. It will increase the proportion of the company's output that will be sold in fabricated form. It will decrease transportation costs; and by giving Kaiser for the first time an eastern sheet-and-foil plant, it will render the company better diversified geographically.

Kaiser's capitalization as of May 31, 1954, consisted of 3,783,780 shares of $1 par common (preceded by long-term debt of $163,840,000); 375,000 shares (par $50) of $2.50 convertible preferred stock (each share convertible into 1.41 shares of common) and 325,000 shares (par $50) of $2.75 convertible preferred stock (each share convertible into 1.66 shares of common). The Kennecott Copper Co. owns all of the $2.75 convertible preferred, having purchased it from the company for $16,250,000 in December, 1953. On the latter date Kennecott also purchased 100,000 shares of common stock from the four founding stockholders of the company.

In the fiscal year ended May 31, 1954, Kaiser had record sales of $226,641,000—a gain of 24% over those of the preceding 12 months; reported net income was $14,016,000 equivalent to $3.36 a common share (of which $1.01 a share was contributed by the final quarter) and $37.38 a share on the $2.50 convertible preferred. The report for that fiscal year represented the initial use by the company of a revised accounting method (recommended by the American Institute of Accountants), which shows net income after charging-off only normal depreciation and after providing for future income taxes to be paid on the amount by which accelerated amortization claimed for tax purposes exceeds normal depreciation. The net effect of this method of accounting is to show net income in an amount equal to that which would be shown if only normal depreciation were charged-off on both tax returns and reports to stockholders. According to the company, if this basis of accounting had been used for the fiscal year ended May 31, 1953, earnings would have amounted to $2.86 a common share and $31.38 a share on the $2.50 convertible preferred.

In the first quarter of the fiscal year to end May 31, 1955, the upward trend of earnings was further extended. Sales recorded a year-to-year increase of 10%; net income was up 54%; and $1.29 a common share was earned, as compared with $0.85 a share in the corresponding year-earlier period. The sharp rise in earnings notwithstanding the only moderate increase in sales volume strikingly highlights the extent to which Kaiser's earnings have been reflecting the inevitable unusual expenses that plague a company when new facilities first go into production; and it also highlights the commendable rate at which the company is emerging from its period of growing pains.

The current annual dividend rate on the common is $1.30 a share; and in the past four fiscal years, cash distributions have been supplemented by stock dividends.

As of May 31, 1954, working capital totaled $48.4 million; the current ratio was two to one; and the ratio of cash items to current liabilities was 0.6 to 1.

Relative to any consideration of the company's future annual sinking fund and debt maturity requirements, it is noteworthy that the cash inflow is large. For example, in the fiscal year ended May 31, 1954, when net income was $14,015,715, cash income, because of the heavy charge-offs resulting from the expansion program, amounted to $40,385,110—equal to a sizable slice (24.5%) of the company's total long term indebtedness as of May 31, 1954.

Long range estimates of future earnings are of course always highly nebulous. But we know of no way to avoid making them if one is attempting to evaluate a growth company equity. As a tool in arriving at an opinion on the attractiveness of Kaiser Aluminum, the following earnings projections are offered:

In the fiscal year to end May 31, 1955, I estimate per common share earnings of $5.20 to $5.50; in fiscal 1956, $6.60; fiscal 1957, $7.25; fiscal 1958; $8; and fiscal 1959, $8.50. These projections are based upon the company's present capitalization. Assuming the conversion into common of both of the presently outstanding convertible preferred issues, the above projections would be lowered to the following: fiscal 1955, $4.43 to $4.66; fiscal 1956, $5.52; fiscal 1957, $6.03; fiscal 1958, $6.61; and fiscal 1959, $7.

It is the writer's opinion that Kaiser Aluminum's $2.50 convertible preferred stock is an attractive holding for investors seeking capital gains. And notwithstanding its excellent price appreciation potentialities, its preferential status, and the fact that it is selling at less than $1.00 a share below conversion parity with the common, its current price of around 68¼ affords a yield of 3.7%. The common at its current price of around 48 yields 2.7%. Both the preferred and common stock are listed on the New York Stock Exchange.

J. C. Rambin Now Is With Rauscher, Pierce

DALLAS, Tex. — Rauscher, Pierce & Co., Mercantile Bank Building, announce that J. C. Rambin has become associated with them as municipal sales manager of institutional accounts in the Dallas-Fort Worth area. Mr. Rambin was formerly with M. A. Hagberg & Co., Inc.

R. A. Cunningham Co. Formed in New York

R. A. Cunningham Co., Inc. has been formed with offices at 115 Broadway, New York City to engage in a securities business specializing in municipal bonds. Officers are Richard A. Cunningham, President, G. D. Cunningham, Vice-President and Treasurer, and C. N. Hitchcock, Secretary. Mr. Cunningham was formerly Manager of the municipal bond department for Ernst & Co., Laird & Company and J. G. White & Co.

Two With Westheimer

(Special to The Financial Chronicle)

CINCINNATI, Ohio — Frank J. Casey and John F. Henry have become associated with Westheimer and Company, 326 Walnut Street, members of the New York and Cincinnati Stock Exchanges. Mr. Casey was formerly Wilmington, Ohio representative for Bache & Co.

Green, Erb Adds

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Edward L. Volkmer is now affiliated with Green, Erb & Co., Inc., NBC Building, members of the Midwest Stock Exchange.

British Stock Exchange Prospects

By PAUL EINZIG

Commenting on the renewed upturn of the London stock market, Dr. Einzig ascribes the rise to increased dividend payments of corporations that ignore the plea of the Chancellor of the Exchequer for dividend limitations. Says, to a large degree, rise in equities is a long-overdue adjustment of stock exchange values to intrinsic values, arising from gradual increase in undistributed profits.

LONDON, Eng.—After a period of hesitation the London Stock Exchange resumed its rising trend during the second half of October. Indeed its boom became accentuated, and during the three days to Oct. 21 the "Financial Times" index showed a rise of 5½ points. The immediate cause lies in the optimistic statements of the Chancellor of the Exchequer, Mr. Butler. Having foreshadowed in a recent speech a doubling of the standard of living of the British people within the next 25 years, he now claims that the progress achieved during the past year justifies his optimistic forecast. The figures of the balance of payments were satisfactory during the first half of 1954—even though they do not look quite so promising for the second half. Revenue was well maintained and there was a decline of expenditure. Industrial output continues to increase. The gold reserve has increased in spite of the substantial amounts of external debts repaid in recent months.

Dr. Paul Einzig

It is not surprising that Mr. Butler's official optimism should inspire similar sentiments in investors and speculators. But the fundamental reason for the rise is due not so much to the fact that the public follows the lead given by Mr. Btuler but to the fact that boards of directors disregard his exhortations in favor of maintaining dividend limitations. The wages ceiling has long disappeared, and now the dividend ceiling has also ceased to exist. It is the dividend increases, actual or anticipated, that are mainly responsible for the firm undertone. To a large degree the rise in equities has been a long-overdue adjustment of Stock Exchange values to intrinsic values, the latter having increased as a result of the gradual increase of undistributed profits.

At the same time the maintenance of consumer demand at a very high level has given rise to hopes that profits and dividends would continue to rise. In spite of the absence of a rising trend of prices—the cost of living index actually declined by one point in September—there is no doubt that inflation is proceeding unabated. The absence of a rise in prices is due to the fact that the rise in output of consumer goods has cancelled out the effect of the expansion of the consumers' purchasing power. There is more money to spend, but there are also more goods available on which to spend it.

One of the reasons why inflation is not causing a rise in prices in Britain is that the demand has been mainly for consumer goods. The extent of capital investment is inadequate. This is a bad thing from the point of view of future prospects, but it does mitigate the immediate effects of inflation. For an increase in the production of capital equipment tends to affect prices much more than a corresponding amount of increase in the production of consumer goods. This is because the time lag between the expenditure on production costs and the appearance of the finished products is naturally much longer for capital goods. Additional purchasing power is created as soon as their production begins, but it may take many months, and even years, before the goods on which the money is spent become available. In the case of consumer goods the time lag is much shorter, provided that the increase of their output does not involve an expansion of the producing plants.

The accentuation of the rise in equities gave rise to some anxiety about the possibility of a sharp relapse. There appears to be nothing in the economic situation that would be liable to cause such a slump. The favorable indices publicized by Mr. Butler are likely to remain favorable, more or less. Consumers' purchasing power is expected to continue to expand. There are no obvious clouds on the horizon of the business situation. Although the international position of sterling is not so strong as it should be, it is strong enough to obviate the necessity for drastic disinflationary measures to protect the gold reserve. Nor are boards of directors likely to change their policy favoring higher dividends. It would require more than mere exhortations to restore the dividend ceiling, and it is inconceivable that a Conservative Government should introduce legislation restricting dividend payments. Thus, the chances are that boards of directors will have more profit available for distribution, and that they will not hesitate to distribute a larger rather than smaller proportion of it. According to comparative statistics published recently in "The Financial Times," only 14% of the untaxed profits are distributed by British companies, while the corresponding figure for the United States is 26%. There seems to be, therefore, scope for further increase of British dividends in the absence of restrictive legislation.

The question is, what are the chances of a return of a Labor Government which would not hesitate to take early action to prevent dividend increases. The only development which would bring about a major Stock Exchange slump would be a Socialist victory at the next general election. The mere anticipation of such a victory might reverse the trend even before the general election. It is no wonder investors, speculators and stockbrokers are watching domestic political trends with keen interest. Such trends are in existing conditions much more important indices of Stock Exchange prospects than any of the figures indicating the financial and economic situation.

From this point of view the prospects are anything but clear. There was a contradiction between the Gallup Poll result in September, showing a decisive swing in favor of the Socialists, and the result of the Croydon by-election a few weeks later, at which the Conservatives more than held their own. This was explained by political commentators on the ground that in the meantime the split in the Labor Party that became evident at the annual conference at Scarborough diverted many "floating" voters from the Socialist to the Conservative camp. But the result of the Wakefield by-election, which disclosed no change in the percentage of votes, and that of the Shoreditch by-election, which shows an increase of the proportion of the Socialist vote by some 5½%, were published on the same day. The contrast between them caused bewilderment among political prophets.

What matters, however, is that, as things are, there is no likelihood of a general election before next summer, and it is far from certain whether there will be one at all in 1955. This means that holders of equities, whether investors or speculators, need not make up their minds for some time whether they consider a Socialist victory likely or not. Indeed at this stage any such conclusion would be grossly premature, for the political prospects are liable to change many times between now and polling day. As and when the presumed date of the general election will be drawing nearer, however, an increasing number of people will play for safety and take their profits while the going is good. This means that, unless there should be a clear swing of public opinion in favor of the Conservatives, liquidations during the late spring and summer of 1955 are liable to bring about a gradual but substantial decline of Stock Exchange prices. In the meantime, however, there is no reason why they should not reach new high records.

Magenheimer V.-P. Of Chase Nat'l Bank

Jacob Magenheimer has been appointed a Vice-President of the Chase National Bank, Percy J. Ebbott, President, announced. Mr. Magenheimer, who has been with the bank for 40 years, is associated with the official staff handling the bank's commercial and banking relationships in the South.

At the same time the board appointed the following as Second Vice-Presidents: Frank W. Burr and Melvin D. Lake, trust department; Carl E. Haugen, midwestern district, and Harold C. Taylor, bond department.

August F. Pardey and Frank M. Richards were appointed Assistant Cashiers in the bond deparment, and Edward B. Maybeck was made an Investment Officer and Richard G. Keneven an Estate Planning Officer in the trust department.

Newly-appointed Assistant Managers at New York City branches were: Robert P. Fechtel, 42nd Street; John P. Healy, Madison Square; Robert D. Hubbard, 57th Street; Theodore W. Lindabury, 73rd Street, and Harold A. Schulenburg, 25 Broadway.

Form Fidelity Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Albert Hayutin has opened offices in the First National Bank Building, to engage in a securities business under the firm name of Fidelity Securities Company.

Forms Rogers & Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Joseph W. Rogers has formed Rogers & Co. with offices in the Kittredge Building to conduct a securities business.

L. C. Fulenwider Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—L. C. Fulenwider, Inc., is engaging in a securities business from offices in the Equitable Building. Officers are L. C. Fulenwider, Jr., President; N. J. Fulenwider, Vice-President; and Hover T. Lentz, Assistant Secretary. Gerri V. Frellick is also associated with the firm.

Continued from first page

The Pitfalls of a Dollar Averaging Policy

stant amount of stock regardless of the market level, may offer a poor and perhaps dangerous guide to the future if it creates a new type of market that differs from the past on which theoretical market studies have been made.

"Dollar Averaging" Is Exerting a Potent Force

The effect on the market of the huge new volume of buying power created by dollar averaging cannot be accurately judged; however, there is little doubt that it is exerting a potent force. In the postwar period we have witnessed a decided trend to common stocks on the part of institutional investors, which commonly practice dollar averaging, as they have attempted to adjust their portfolios to a period of unprecedented inflation and new rules permitting common stock investment. The size of common stock ownership by institutions has been estimated to be approximately one-third of the market value of all listed securities. Institutional buying has been augmented in recent years by several new sources of funds that are already an important factor and are likely to become of greater importance in future years.

Undoubtedly the greatest new and most rapidly increasing force in the investment market is that of pension funds. The dollar value of pension plans in the United States increased from $1.9 billion in 1940 to about $17 billion in 1954. It is estimated that approximately 25 to 30% of this total is being invested in common stocks. The monthly payments by employers and employees are increasing pension funds by over $2¼ billion annually. This steady flood of funds finds its way into the investment market almost daily and the portion of the total, approximately $560 to $675 million, that is invested in common stocks annually, provides an important fund for dollar averaging.

Life insurance companies under the recent change in some state laws, notably New York State, are investing a larger percentage of their assets in common stocks. Aggregate stock holdings of life insurance companies at the end of 1953 amounted to $2.5 billion which accounted for 3.3% of their total assets. Approximately one-third of the total stock holdings were in common stocks. This represents a substantial increase over 1940 when life insurance companies had only 1.8% of their assets invested in stocks, with less than one-quarter of this total in common stocks. In addition, the total assets of life insurance firms have increased over 160% in this period. At the present time such institutions are purchasing over $250 million a year in stocks and have a steady stream of premiums flowing in each month that must find its way into investment channels.

Another example of a new source of funds for dollar averaging is found in the growth of common stock investments by New York State's mutual savings banks. On June 30, 1954, sixty-nine of these institutions investing jointly through a common fund owned common stocks with a market value of $10.2 million which represented an increase of 195% over the market value of the fund's equity holdings on June 30, 1953, when the fund was initiated. This was in addition to the greater volume of direct investments made in common stocks by both members and non-members of the common investment fund.

Personal trust departments, which as a group have long ranked as the most important holders of corporate stocks among the financial institutions, have in recent years increased their investment in common stocks as a result of changes in their investment practices and in statutory provisions. While personal trust funds are not likely to be in a position to follow dollar averaging to any extent, because of the usual lump sum investments made under each separate trust, they are nevertheless an important factor in the market because of the great volume of securities they own and hold. At the present, personal trust funds own over $20 billion in corporate stocks which accounts for over 15% of all outstanding domestic corporate issues. These large holdings, which generally are infrequently switched, tend to restrict the amount of securities available for institutional buyers that are confronted with the problem of investing a steady stream of funds.

Second in importance in total holdings of corporate stocks are investment companies. The popularity of this type of investment vehicle has increased tremendously in the past 10 to 15 years, after its period of decline following the 1929 crash. Total net assets of the 142 members of the National Association of Investment Companies, including both open- and closed-end companies, at present totals approximately $6 billion, a new all-time high. This important source of investment funds has shown a steady annual increase and is likely to enjoy popularity as long as market prospects prove favorable. The amount invested in common stocks varies from fund to fund depending upon the type, whether strictly a bond fund, a common-stock fund, or a leverage fund. While dollar averaging is used by investment companies their importance in this regard is minimized by the variable amounts available for investment by the open-end companies (which account for about $5 billion of the total holdings of investment companies) due to the fluctuations in the sale and liquidation of shares.

In addition to providing a steady and growing stream of funds for the securities market, institutions by their investment practices support the market in other important ways. There is a general tendency for institutions to hold the securities that they purchase rather than to resell. This minimum of shifting avoids the speculative label but at the same time reduces the floating supply of available investments. This is an important consideration when it is recognized that there is a lack of regular supply of new stocks as contrasted to bonds and mortgages. This is due of course to the fact that corporations have done the bulk of their equity financing in the past 15 years out of retained earnings. In 1953 new corporate issues of common stock amounted to $1.3 billion while corporate bonds and notes totaled $7 billion. This lack of availability of new common issues forces institutional investors to depend upon resold existing issues and makes the price of such issues especially susceptible to increases since any demand for existing securities can be met if the bid is made sufficiently attractive.

Of greater importance in attempting to determine the possible effects of dollar averaging is the fact that institutional buyers tend to concentrate on a small group of popular investment issues. This practice, of course, severely restricts their market activity and causes some rather interesting reactions that run contrary to generally accepted market theory. First of all, the regular purchases of the same group of securities by institutional buyers drives down the yields on the popular market leaders as the price of these securities is being driven upward. An examination of the yields on the 20 most popular industrial common stocks in the portfolio of institutional buyers clearly reveals that they are definitely lower than yields of the general market. The accompanying table indicates the 20 leading industrial common stocks held by institutions and their yields at Sept. 14, 1953, the beginning of the present bull market, and the recent market date of Oct. 8, 1954, and compares these yields with the average yield of the 30 stocks contained in the Dow-Jones industrial averages.

Yield of Institutional Favorites Dropping

Since the beginning of the present sustained upswing, which started on Sept. 14, 1953, when the Dow-Jones industrial averages dropped to 255.49, their lowest point since July 20, 1951, the average yield of the institutional favorites has dropped from 5.2 to 3.8%. The average yield of the 30 stocks in the Dow-Jones industrial list declined about the same percentage in this period, from 6.1 to 4.6; however, the average yield of the Dow-Jones industrial stocks, which includes 12 of the institutional favorites, still remains 0.8% greater. Further evidence of the fact that the institutional favorites have lower yields than the market in general is found in a comparison of the average yield of this group with the average yield of the stocks contained in the Dow-Jones averages which are not included in the list of 20 stocks favored by institutional buyers. On Oct. 8, 1954, these 19 stocks showed an average yield of 5.1%, 1.3% greater than the yield of the institutional favorites. On the same date the 50 industrial stocks contained in Standard and Poors' list had an average yield of 4.8, 1.0% greater than the average yield of the institutional group.

If the institutional buyers continue to make regular purchases of a small group of quality stocks regardless of the market level their concentrated buying will further depress the yields of these market favorites. As a consequence the returns from these popular issues, which comprise the greater part of the institutional portfolios, will decline. This is likely to happen even if the long-run growth trend of these securities remains the same. For over the long-pull the bulk of the return from stocks is a result of the dividends collected rather than the appreciation of the securities. If both the growth trend and the same dividend payments were continued the return on these popular securities would be less because each successive purchase in a rising market is likely to be made at a higher price and produce a lower yield.

There is a possibility that the present market level will go much higher if dollar averagers adhere to their regular purchase schedules regardless of market level. It would be hazardous to predict the end of the present market rise even if earnings tend to stabilize or turn down because dollar averaging ignores valuation. This regular influx of funds into the market may very well push yields of favorite industrial common stocks beyond the imbalance that existed between bond and stock yields in 1929. The present average yield of 3.8% on the institutional favorites is already below the average yields of approximately 4.0% on high grade preferreds. If the yields of popular issues drop another 25%, as they did in last year's bull market, they will be below the present average yield of approximately 3.0% on high grade bonds.

Dollar Averaging a New and Potent Market Factor

It can be concluded from the foregoing analysis that dollar averaging represents a new and potent force in the market that must be recognized. Since the end of World War II it has brought billions of dollars of new purchasing power into the market. This huge volume of institutional buying has been concentrated on a limited number of market favorites and is continually shrinking the floating supply of stocks. At this point the average yield of the common stocks so heavily invested in by institutional buyers has not declined to the level of high grade bonds. However, as indicated in the table, several of the leaders have reached or have gone beyond this point and the average yield of the entire group of institutional favorites is aproaching this level much more rapidly than the usual market averages indicate. Can dollar averaging be regarded as an investment policy when it ignores the question of the current value of the stock purchased? When it calls for regular purchases of a constant dollar amount of stocks regardless of market level? When it tends to be confined to a very limited number of popular stocks? If this practice can be considered an investment policy we are dangerously close to "New Era" thinking.

YIELDS ON 20 FAVORITE INDUSTRIAL COMMON STOCKS OF INSTITUTIONAL BUYERS

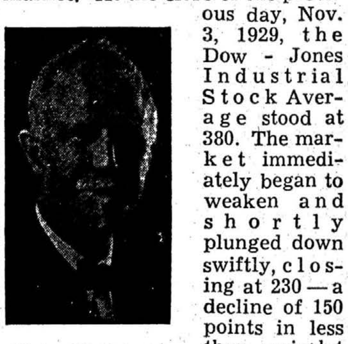
COMPANY—	Institutions Holding Stocks	—Yield Based on Price— Sept. 14, 1953	Oct. 8, 1954
Standard Oil of N. J.	506	6.3%	4.7%
General Electric	417	4.3	4.2
du Pont de Nemours	393	3.8	2.9
Union Carbide & Carbon	391	4.0	3.0
General Motors	360	7.4	4.4
Gulf Oil	341	4.8	3.2
Westinghouse Electric	334	5.0	2.8
Texas Company	319	6.6	4.2
Kennecott Copper	301	10.1	6.6
Phillips Petroleum	282	5.2	4.1
Socony Vacuum	269	6.5	4.5
Standard Oil of California	264	6.0	4.0
Sears Roebuck	256	4.8	4.1
Monsanto Chemical	233	3.1	2.8
Standard Oil of Indiana	230	3.8	2.9
Eastman Kodak	228	4.3	3.3
Montgomery Ward	228	4.5	4.7
Allied Chemical and Dye	225	4.7	3.4
Dow Chemical	221	3.0	2.4
Continental Oil of Delaware	220	5.1	3.7
Average Yield 20 Stocks		5.2%	3.8%
Avg. Yield Dow-Jones Industrials		6.1	4.6

The Stock Market

By ROGER W. BABSON

Asserting he expects another severe stock-market reaction sooner or later of at least 50 to 75 points, Mr. Babson holds such a break could occur even during a period of good business activity. Says current market presents much the same irregular picture as was present in 1929, but points out there are many new crosscurrents that did not exist then.

Twenty-five years ago I made a well-known forecast about an impending big break in the stock market. At the close of the previous day, Nov. 3, 1929, the Dow-Jones Industrial Stock Average stood at 380. The market immediately began to weaken and shortly plunged down swiftly, closing at 230—a decline of 150 points in less than eight weeks. Today the Dow-Jones Industrial Average is 358, within six points of the highest figures since 1929. In fact, it has moved up over 100 points since September, 1953.



Roger W. Babson

Reactions to Be Expected

I expect another severe reaction sooner or later, of at least 50 to 75 points. Surely, present stock yields are now too low, when 1954 Federal Taxes are deducted. Such a break in the market could occur even during a period of good business activity such as I am now forecasting. Stock prices have of late demonstrated that they can move independently of both business and earnings. It is well to recall that, in 1929, there were few outward signs of the stock market crash ahead.

Investors were then anticipating larger dividend returns with a reduction in risk through diversified Investment Trust holdings and promised mass production and inventions "such as the world had never seen before." The research laboratories of our great industrial concerns were also then depended on to bring these miracles about. In short, a "New Era" was then confidently anticipated. Basically, there was weakness, but it was most apparent in stock market speculation.

Conservative Advice

The current market presents much the same irregular picture as was present in 1929. The so-called blue chips have outdistanced the bulk of the issues on the market, due to concentrated buying, much of it by Institutions, Pension Funds, and Mutual Investment Trusts. There are in addition many new crosscurrents in the market that did not exist in 1929. We have armament activity and other Government buying, heavy spending, support of farm prices, and especially the **intense new advertising programs, which I consider very important.**

It is clear that the economic picture and the trend in the market can change abruptly and snowball rapidly to an unexpected degree. The real purpose of my column this week is to bring to your attention that the market may soon be in as vulnerable a position as in 1929, especially if the capital gains tax should be repealed, for which the "bears" are striving. Those who were unprepared in 1929 had no chance to take the profits they thought they possessed. Nor did they have purchasing power when the market reached the unbelievable bargain levels of 1932.

General Conditions Now Good

The banks are now sound; employment is now good; profits in most lines are fair; while very few stocks are being "bought on margin"; all must have a margin of at least 50%. Home building is actually booming, and the inflation since 1929 has justified higher prices for both homes and stocks. Again, I commend the importance of today's advertising.

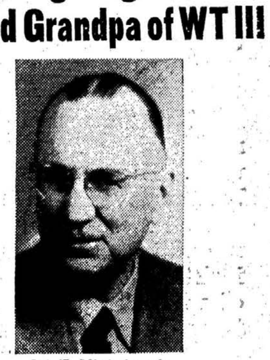
The boom in home building is, however, becoming a possible source of danger. This is a new factor which did not exist 25 years ago. Where the danger signals of 1929 are not now evident, this new danger signal of the "building boom" is surely with us. Furthermore, today's building is mostly on borrowed money. Only the Federal Government can prevent a wave of mass foreclosures some day.

Installment Purchases

This brings me to another present danger, namely, installment purchases. These purchases are today not increasing rapidly. They, however, are still very heavy. Curiously, they are now being encouraged by the banks which would have nothing to do with small loans 25 years ago.

Another different condition today relates to labor unions. Every right-thinking person must approve the general usefulness of labor unions in their place. Unions are justified in striking if necessary to eliminate bad working conditions and to get a fair wage. The present system, however of demanding more money merely because a union has a monopoly of a certain industry is wrong and could ultimately bring on a panic.

W. T. Nightingale Sr. Proud Grandpa of WT III



W. T. Nightingale

W. T. Nightingale, Sr., President of the Mountain Fuel Supply Company, Salt Lake City, is the proud grandfather of W. T. Nightingale III, courtesy of Mr. of Mr. and Mrs. W. T. Nightingale, Jr.

J. S. Hassan Resumes

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif. — John S. Hassan has resumed the investment business from offices at 23 Second Avenue. Mr. Hassan was formerly in the securities business in San Mateo and recently has been associated with Sutro & Co.

Investors Funding Formed

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Investors Funding Corporation has been formed with offices at 234 East Colorado Street to engage in a securities business. Officers are William A. King; President; John M. Howard, Vice-President and Treasurer; and John F. Gibson, Secretary.

Lewis & Roegner Formed

(Special to THE FINANCIAL CHRONICLE)

MAPLEWOOD, N. J.—Lewis & Roegner has been formed with offices at 56 Chestnut Street to engage in a securities businesss. George A. Roegner is a principal of the firm.

Continued from first page

As We See It

ing in its attitude toward waste of the taxpayers' substance, would have been much more worthy of support had it proved much more nearly a genuine "budget-firster" than was the case. Possibly, the nearest thing to a "budget-firster" to be found among the members of either party at this moment is Senator Byrd of Mr. Stevenson's own party, although the Senator is not wholly alone among his own political family in his regard for the pocketbooks of the great rank and file of the people of this country. The emphasis on the issue by so many of the Democratic candidates and their supporters this year underscores the split in the Democratic party even as a number of other events have emphasized division within the party of the President.

A Dangerous Doctrine

This "budget-firster" concept is a highly generalized notion which lends itself to many and dangerous applications. The superfluous government employee who has been removed from the national payroll and told in effect to find more productive and useful work in private life is quite likely to find a "friend" in the politician who insists that the "human welfare" of the harbored hireling of whatever party happens to be in power is far more important than any effort to pare or prune so impersonal and abstract a thing as a set of figures setting forth the outlays of the Treasury.

When the "human needs" of the embattled farmer are placed above and beyond all budgetary considerations the hazard to the solvency of us all is real. There are a great many farmer voters in the country, and the obliging politicians have for decades been pouring out billions of the money belonging to the rest of us to keep the farmers happy. The Truman Administration after the 1948 elections out-Heroded Herod in its scandalous generosity to the tillers of the soil and livestock husbandmen. Dispassionate citizens of the United States who have the interests of their country truly at heart and who understand the true inwardness of this situation must feel a debt of gratitude to President Eisenhower for the courage which enabled him to speak some plain words on this subject in the face of danger of attack from servile Democratic politicians and timid Republicans. The fact remains, however, that the Administration has hardly scratched the surface, and the outlook for really constructive statesmanship in the matter has never been good.

The Administration succeeded with virtually no opposition within or outside its own ranks in enacting into law an extension of the so-called social security system with no regard whatever for the inevitable effect upon the budget of future years and future generations. The fiction that future beneficiaries are actually now providing the funds to pay their future benefits is being permitted to continue as gospel among those who have no understanding of the complexities of a so-called reserve system which in effect takes the "contributions" of future beneficiaries and spends them as the politicians think best, leaving future pensioners dependent upon the production of future workers to meet the ultimate cost of the generous schemes now part of our system—as must inevitably in any event be the case.

Defense and the Budget

Another sin attributed to the "budget-firsters" now in control at Washington is that they have all but wrecked our defense for thirty pieces of silver. The present Administration, as a matter of fact, is due a large measure of commendation from us all for its insistence upon shifting the emphasis to the creation and maintenance of a real defense system in contra-distinction to spending large amounts of money on defense. The actual state of our defenses is a subject far too technical for most of us to hope to appraise independently. It is likewise true that the layman, particularly when hardly more than a smattering of the facts is available to him, is in no position to form a very firm opinion about the degree in which the waste and the pointless extravagance have been eliminated from the defense effort. It appears to us rather absurd, however, to assert that in this area the budget has been placed first and our real needs second.

These politicians who delight in pouring scorn upon others whom they describe as "budget-firsters" have a strange sort of economic and social philosophy—if their precepts can be dignified with such names as these. They probably do not realize how nearly they come to adopting the system by which some of Mark Twain's groups were said to make a living by taking in one another's washing. The rank and file whose economic status and prospects are supposed to be the subject of so much concern of these vote seekers are to be saved by having them pay out billions to keep millions producing farm products which no one wants. Some of these commentators come very nearly saying that we can all be enriched by waste or the production of needless items in the name of defense.

When stated in such bald terms as these, ideas such as these seem quite ridiculous. Careful students of current affairs, however, know that these professional anti-budget firsters need careful watching at all times.

Continued from page 9

The Gas Industry in Action

same bugaboo of load factor, but their worry is in reverse. The tremendous boom in electric air conditioning is creating for them excessive summertime peaks which are costly to meet. An obvious answer is the promotion of electric heating. Not so much in 1954 or 1955 or even in the next few years, but over the long pull this may well be the answer unless the gas industry can provide a different one by capturing a large portion of the summer cooling load. To do so will require substantial improvement—

First, in the competitive cost and performance characteristics of gas air conditioning equipment;

Second, in the distributing facilities of gas equipment manufacturers so that the market can be more effectively reached; and

Third, in the selling and promotional efforts of manufacturers and utility companies alike.

Through the PAR Program, A.G.A. is engaged in research looking towards the development of gas fueled air conditioning equipment which will more nearly meet the industry's need. Several manufacturers are likewise engaged in research, including the manufacturer who now sells the only year round gas system available. Continued and intensified research is a necessary first step. It must be supported by the industry at large, through contributions to the PAR Program, through willingness to buy and test experimental models using various cooling cycles, through aggressive efforts to promote the best equipment available now and at all times in the future. This is action, the kind of action needed to keep a potential bonanza from becoming a pitfall instead.

It's a long jump from the home appliances we have been discussing to the subject of industrial sales. But, if you want to go back to our talk about the cooling load, there is a connecting link. It is in the word "cheapness." Just as this great industry has been prone to sell the "cheapness" of its cooking appliances, so in all too many instances has it been selling the "cheapness" of industrial gas. At this point, let's not think of "cheapness" in terms of price alone. I fully realize that the drastic change in economic conditions brought about by postwar inflation, coupled with the inflexibility of regulatory policies, has created in some sections of the country an anomalous situation—gas, historically and intrinsically a premium fuel, is priced below the cost of competitive fuels. This may be all to the good for those who are buying nothing more than a quantity of British thermal units, but there is danger in such a situation. It is the danger that not only regulatory bodies but our industry itself may forget the true value of the service it sells and its obligation to make that service reliable. I am not speaking against the off-peak or interruptible sales which are a vital factor in the economics of many utility companies. I am speaking against any tendency to regard all industrial sales as being interruptible almost at will. Speaking from the viewpoint of a company which has sold substantial quantities of firm industrial gas at premium prices reflecting its value as a processing fuel, speaking on behalf of the men in our industry who have made a career of selling gas as a premium fuel, and speaking on behalf of the manufacturers of gas equipment who must compete with equipment using fuels which are not interruptible in their supply, I urge upon this great industry the wholehearted endorsement of an additional point recently proposed by the Industrial and Commercial Section as an amendment to the **Action Program for Gas Industry Development.** It is:

"Each gas utility company is urged to provide firm industrial gas within the limits of the system's capacity for those operations which cannot tolerate supply interruptions or curtailments."

Here, in three widely separated areas—cooking, air conditioning, and industrial sales—we have a picture of the approach which our industry is making towards the strengthening of its competitive armor. Some of you in this fine audience will be disappointed because areas in which you are more directly interested were not chosen for discussion. Let me assure you that their omission does not mean there is want of action in those areas. Indeed, my preliminary notes for this occasion dealt with many other aspects of the gas industry in action, for example:

Efforts to upgrade the gas water heater and to focus our selling and promotional efforts on those water heaters which are at least adequate in terms of size and performance;

Development of a package gas kitchen to supply the new and remodeled home market;

Improvement in operating practices with respect to the adequacy of house piping, the venting of appliances, and the location of meters;

Recognition of the unrealized opportunities available in the sale of gas for commercial uses;

Development of additional uses for gas and increased emphasis on the promotion of all presently known uses;

Participation by the gas industry in the Better America Program, aimed at the prevention or elimination of slum areas in the cities of our nation;

And so on.

To discuss all of these at one sitting would tax the patience of any audience. It should be clear by now that the gas industry is **in action.** Those who produce, transmit and distribute gas, and those who manufacture the appliances and equipment which consume it, individually and through their trade associations—A.G.A. and GAMA—are working together as never before to strengthen their competitive position. Not by ignoring or belittling their competition (which would be rather hard for me to do) but by improving their own products and their efforts to sell and promote them.

Ten gas utility companies, widely scattered across the country, in selected cities of moderate size, have been engaged for the past year in efforts to demonstrate the effectiveness of ACTION. They have surveyed the markets in these 10 cities. They have pulled all the stops in setting up merchandising and dealer promotional programs. With varying degrees of participation, they have drawn appliance manufacturers into these programs. And they are proving that aggressive action, based on careful market analysis and buttressed by adequate financial and moral support, does get results. In one of these cities, for example, dollar sales of gas appliances per residential meter in the first four months of 1954 increased 41% over 1953. Three other cities served by the same company and facing the same general economic and competitive conditions showed losses from 22% to 37%. We know that appliance sales generally in the early part of 1954 were below the previous year. In its demonstration city, this company has proven, to its own satisfaction and to all who are interested, that ACTION, in capital letters, pays off.

Which brings me to the happy point where I can make a closing observation. (Or perhaps I should say it brings me to the closing point where I can make a happy observation.) More and more, the **"Action Program for Gas Industry Development"** is becoming the program of each individual gas utility company and gas appliance manufacturer. Add all their programs together, season them with the cooperative efforts carried on through A.G.A. and GAMA, and in fact we have today "THE GAS INDUSTRY IN ACTION."

Thomas Graham Named To S. F. Commission

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LOUISVILLE, Ky. — Thomas Graham, The Bankers Bond Co., Incorporated, Kentucky Home Life Building, has been elected a commissioner of the Louisville Sinking Fund for his third three-year term.

New-Mar Uranium Corp.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — New - Mar Uranium Corporation is engaging in a securities business from offices in the Majestic Building. Officers are Ralph W. Newton, Jr., President; Charles W. Marion, Jr., Secretary - Treasurer; David F. Powers, Vice-President.

Huey Adds to Staff

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DENVER, Colo.—Jack A. Lerner has joined the staff of E. I. Shelley Company, Ernest & Cranmer Building.

'e effects of dollar averaging the fact that institutional ers tend to concentrate on a ll group of popular invest- t issues. This practice, of se, severely restricts their et activity and causes some er interesting reactions that contrary to generally ac- ed market theory. First of all, regular purchases of the same ip of securities by institu- al buyers drives down the lds on the popular market ers as the price of these se- ties is being driven upward. examination of the yields on 20 most popular industrial mon stocks in the portfolio nstitutional buyers clearly re- ls that they are definitely er than yields of the general ket. The accompanying table icates the 20 leading industrial mon stocks held by institu- s and their yields at Sept. 14, , the beginning of the present market, and the recent mar- date of Oct. 8, 1954, and com- es these yields with the aver- yield of the 30 stocks ained in the Dow-Jones in- rial averages.

eld of Institutional Favorites Dropping

ince the beginning of the ent sustained upswing, which ted on Sept. 14, 1953, when Dow-Jones industrial aver- s dropped to 255.49, their low- point since July 20, 1951, the rage yield of the institutional orites has dropped from 5.2 .8%. The average yield of the stocks in the Dow-Jones in- trial list declined about the e percentage in this period, n 6.1 to 4.6; however, the age yield of the Dow-Jones strial stocks, which includes of the institutional favorites, remains 0.8% greater. Fur- evidence of the fact that the itutional favorites have lower lds than the market in general ound in a comparison of the age yield of this group with average yield of the stocks ained in the Dow-Jones aver- which are not included in list of 20 stocks favored by tutional buyers. On Oct. 8, , these 19 stocks showed an age yield of 5.1%, 1.3% ter than the yield of the in- tional favorites. On the same the 50 industrial stocks con- ed in Standard and Poors' list an average yield of 4.8, 1.0% ter than the average yield of institutional group.

the institutional buyers con- e to make regular purchases small group of quality stocks rdless of the market level r concentrated buying will her depress the yields of these ket favorites. As a conse- nce the returns from these ular issues, which comprise greater part of the institu- al portfolios, will decline. This is likely to happen even if the long-term growth trend of these securities remains the same. For over the long-pull the bulk of the return from stocks is a result of the dividends collected rather than the appreciation of the securities. If both the growth trend and the same dividend payments were continued the return on these popular securities would be less because each successive purchase in a rising market is likely to be made at a higher price and produce a lower yield.

There is a possibility that the present market level will go much higher if dollar averagers adhere to their regular purchase schedules regardless of market level. It would be hazardous to predict the end of the present market rise even if earnings tend to stabilize or turn down because dollar averaging ignores valuation. This regular influx of funds into the market may very well push yields of favorite industrial common stocks beyond the imbalance that existed between bond and stock yields in 1929. The present average yield of 3.8% on the institutional favorites is already below the average yields of approximately 4.0% on high grade preferreds. If the yields of popular issues drop another 25%, as they did in last year's bull market, they will be below the present average yield of approximately 3.0% on high grade bonds.

Dollar Averaging a New and Potent Market Factor

It can be concluded from the foregoing analysis that dollar averaging represents a new and potent force in the market that must be recognized. Since the end of World War II it has brought billions of dollars of new purchasing power into the market. This huge volume of institutional buying has been concentrated on a limited number of market favorites and is continually shrinking the floating supply of stocks. At this point the average yield of the common stocks so heavily invested in by institutional buyers has not declined to the level of high grade bonds. However, as indicated in the table, several of the leaders have reached or have gone beyond this point and the average yield of the entire group of institutional favorites is approaching this level much more rapidly than the usual market averages indicate. Can dollar averaging be regarded as an investment policy when it ignores the question of the current value of the stock purchased? When it calls for regular purchases of a constant dollar amount of stocks regardless of market level? When it tends to be confined to a very limited number of popular stocks? If this practice can be considered an investment policy we are dangerously close to "New Era" thinking.

YIELDS ON 20 FAVORITE INDUSTRIAL COMMON STOCKS OF INSTITUTIONAL BUYERS

COMPANY—	Institutions Holding Stocks	—Yield Based on Price— Sept. 14, 1953	Oct. 8, 1954
Standard Oil of N. J.	506	6.3%	4.7%
General Electric	417	4.3	4.2
du Pont de Nemours	393	3.8	2.9
Union Carbide & Carbon	391	4.0	3.0
General Motors	360	7.4	4.4
Gulf Oil	341	4.8	3.2
Westinghouse Electric	334	5.0	2.8
Texas Company	319	6.6	4.2
Kennecott Copper	301	10.1	6.6
Phillips Petroleum	282	5.2	4.1
Socony Vacuum	269	6.5	4.5
Standard Oil of California	264	6.0	4.0
Sears Roebuck	256	4.8	4.1
Monsanto Chemical	233	3.1	2.8
Standard Oil of Indiana	230	3.8	2.9
Eastman Kodak	228	4.3	3.3
Montgomery Ward	223	4.5	4.7
Allied Chemical and Dye	225	4.7	3.4
Dow Chemical	221	3.0	2.4
Continental Oil of Delaware	220	5.1	3.7
Average Yield 20 Stocks		5.2%	3.8%
Avg. Yield Dow-Jones Industrials		6.1	4.6

The Stock Market

By ROGER W. BABSON

Asserting he expects another severe stock-market reaction sooner or later of at least 50 to 75 points, Mr. Babson holds such a break could occur even during a period of good business activity. Says current market presents much the same irregular picture as was present in 1929, but points out there are many new crosscurrents that did not exist then.

Twenty-five years ago I made a well-known forecast about an impending big break in the stock market. At the close of the previous day, Nov. 3, 1929, the Dow-Jones Industrial Stock Average stood at 380. The market immediately began to weaken and shortly plunged down swiftly, closing at 230—a decline of 150 points in less than eight weeks. Today the Dow-Jones Industrial Average is 358, within six points of the highest figures since 1929. In fact, it has moved up over 100 points since September, 1953.

Roger W. Babson

Reactions to Be Expected

I expect another severe reaction sooner or later, of at least 50 to 75 points. Surely, present stock yields are now too low, when 1954 Federal Taxes are deducted. Such a break in the market could occur even during a period of good business activity such as I am now forecasting. Stock prices have of late demonstrated that they can move independently of both business and earnings. It is well to recall that, in 1929, there were few outward signs of the stock market crash ahead.

Investors were then anticipating larger dividend returns with a reduction in risk through diversified Investment Trust holdings and promised mass production and inventions "such as the world had never seen before." The research laboratories of our great industrial concerns were also then depended on to bring these miracles about. In short, a "New Era" was then confidently anticipated. Basically, there was weakness, but it was most apparent in stock market speculation.

Conservative Advice

The current market presents much the same irregular picture as was present in 1929. The so-called blue chips have outdistanced the bulk of the issues on the market, due to concentrated buying, much of it by Institutions, Pension Funds, and Mutual Investment Trusts. There are in addition many new crosscurrents in the market that did not exist in 1929. We have armament activity and other Government buying, heavy spending, support of farm prices, and especially the **intense new advertising programs, which I consider very important.**

It is clear that the economic picture and the trend in the market can change abruptly and snowball rapidly to an unexpected degree. The real purpose of my column this week is to bring to your attention that the market may soon be in as vulnerable a position as in 1929, especially if the capital gains tax should be repealed, for which the "bears" are striving. Those who were unprepared in 1929 had no chance to take the profits they thought they possessed. Nor did they have purchasing power when the market reached the unbelievable bargain levels of 1932.

General Conditions Now Good

The banks are now sound; employment is now good; profits in most lines are fair; while very few stocks are being "bought on margin"; all must have a margin of at least 50%. Home building is actually booming, and the inflation since 1929 has justified higher prices for both homes and stocks. Again, I commend the importance of today's advertising.

The boom in home building is, however, becoming a possible source of danger. This is a new factor which did not exist 25 years ago. Where the danger signals of 1929 are not now evident, this new danger signal of the "building boom" is surely with us. Furthermore, today's building is mostly on borrowed money. Only the Federal Government can prevent a wave of mass foreclosures some day.

Installment Purchases

This brings me to another present danger, namely, installment purchases. These purchases are today not increasing rapidly. They, however, are still very heavy. Curiously, they are now being encouraged by the banks which would have nothing to do with small loans 25 years ago.

Another different condition today relates to labor unions. Every right-thinking person must approve the general usefulness of labor unions in their place. Unions are justified in striking if necessary to eliminate bad working conditions and to get a fair wage. The present system, however of demanding more money merely because a union has a monopoly of a certain industry is wrong and could ultimately bring on a panic.

W. T. Nightingale Sr. Proud Grandpa of WT III

W. T. Nightingale

W. T. Nightingale, Sr., President of the Mountain Fuel Supply Company, Salt Lake City, is the proud grandfather of W. T. Nightingale III, courtesy of Mr. of Mr. and Mrs. W. T. Nightingale, Jr.

J. S. Hassan Resumes

(Special to THE FINANCIAL CHRONICLE)

SAN MATEO, Calif. — John S. Hassan has resumed the investment business from offices at 23 Second Avenue. Mr. Hassan was formerly in the securities business in San Mateo and recently has been associated with Sutro & Co.

Investors Funding Formed

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Investors Funding Corporation has been formed with offices at 234 East Colorado Street to engage in a securities business. Officers are William A. King, President; John M. Howard, Vice-President and Treasurer; and John F. Gibson, Secretary.

Lewis & Roegner Formed

(Special to THE FINANCIAL CHRONICLE)

MAPLEWOOD, N. J.—Lewis & Roegner has been formed with offices at 56 Chestnut Street to engage in a securities businesss. George A. Roegner is a principal of the firm.

Continued from first page

As We See It

ing in its attitude toward waste of the taxpayers' substance, would have been much more worthy of support had it proved much more nearly a genuine "budget-firster" than was the case. Possibly, the nearest thing to a "budget-firster" to be found among the members of either party at this moment is Senator Byrd of Mr. Stevenson's own party, although the Senator is not wholly alone among his own political family in his regard for the pocketbooks of the great rank and file of the people of this country. The emphasis on the issue by so many of the Democratic candidates and their supporters this year underscores the split in the Democratic party even as a number of other events have emphasized division within the party of the President.

A Dangerous Doctrine

This "budget-firster" concept is a highly generalized notion which lends itself to many and dangerous applications. The superfluous government employee who has been removed from the national payroll and told in effect to find more productive and useful work in private life is quite likely to find a "friend" in the politician who insists that the "human welfare" of the harbored hireling of whatever party happens to be in power is far more important than any effort to pare or prune so impersonal and abstract a thing as a set of figures setting forth the outlays of the Treasury.

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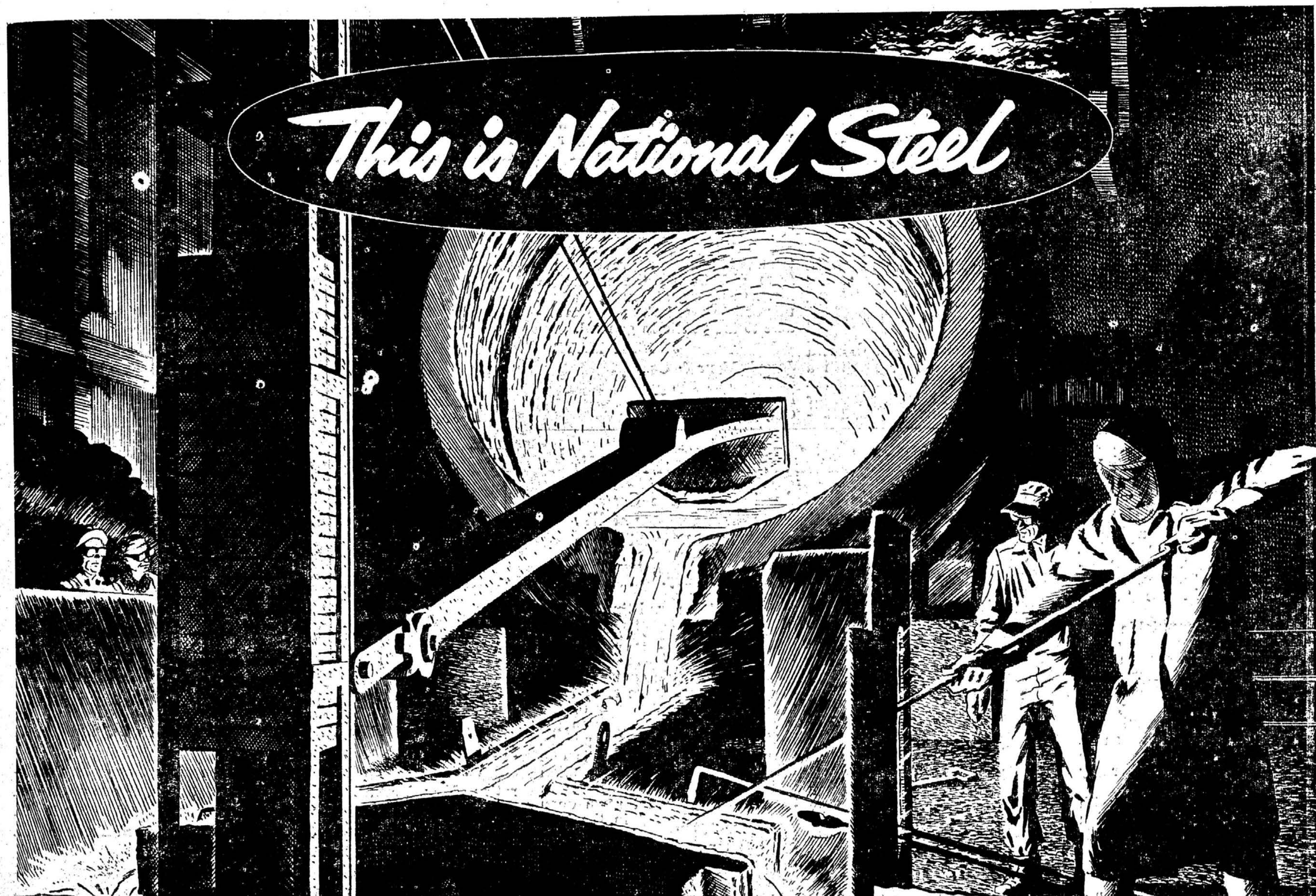


Where modern methods send quality "pigs" to market

The Hanna Furnace Corporation, a division of National Steel, is a leading supplier of merchant pig iron—the special types of iron that go to foundries to be cast into all kinds of useful products. Hanna—one of the oldest and best known companies in its field—employs mechanization to a high degree in the production of "better iron for better castings."

Here you see "automation" at Hanna's Buffalo plant, in the form of a highly automatic continuous casting machine. Molten iron from one of the plant's four furnaces flows from the ladle in the rear to form "pigs" in molds on the moving lines. As the lines travel out of the picture, pigs are quenched and ejected, and the empty molds return for refilling.

Hanna supplies its iron to foundries in five grades—basic, silvery, foundry, malleable and ferro-silicon—and in two weights. To give foundrymen closer control of charge and melt, and greater operating flexibility, Hanna developed the Hanna Ten, a 10-pound pig, as a companion to the 36-pound pig which has been standard for many years.

Hanna merchant pigs—from the best known name in iron—are but one of the many ways that National Steel serves industry . . . that help make National one of America's leading producers of iron and steel products.

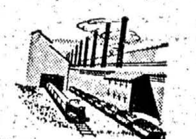
New Color Film Now Available

"Achievement in Steel" . . . a new 16-mm color film telling the dramatic story of steel is now available to organized groups. To obtain this film for your group, write to "Achievement," National Steel Corporation, Grant Building, Pittsburgh, Pennsylvania.

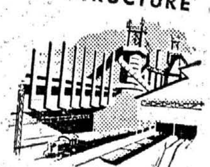
NATIONAL STEEL CORPORATION
GRANT BUILDING PITTSBURGH, PA.

SERVING AMERICA BY SERVING AMERICAN INDUSTRY

SEVEN GREAT DIVISIONS WELDED INTO ONE COMPLETE STEEL-MAKING STRUCTURE

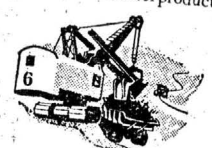


GREAT LAKES STEEL CORP.
Detroit, Mich. A major supplier of standard and special carbon steel products for a wide range of applications in industry.

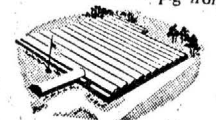


WEIRTON STEEL COMPANY
Weirton, W. Va. World's largest independent manufacturer of tin plate. Producer of many other important steel products.

THE HANNA FURNACE CORP.
Buffalo, New York. Blast furnace division for production of various types of pig iron.



HANNA IRON ORE COMPANY
Cleveland, Ohio. Producer of iron ore from extensive holdings in the Great Lakes area.



NATIONAL STEEL PRODUCTS CO.
Houston, Texas. Warehouse and distribution facilities for steel products in the Southwest.

NATIONAL MINES CORP.
Supplies high grade metallurgical coal for the tremendous needs of National Steel mills.

STRAN-STEEL DIVISION
Ecorse, Mich. and Terre Haute, Ind. Exclusive manufacturer of famous Quonset buildings and Stran-Steel nailable framing.

NATIONAL STEEL

Protests Discrimination Against Over-the-Counter Broker

Joseph Mayr, of Joseph Mayr & Co., New York City, writes Keith Funston, President of the New York Stock Exchange, taking exception to implication in an article in "The Exchange Magazine" that only by dealing with members of the Stock Exchange can the investor be protected against the risk of buying "phony stocks."

In a letter to Keith Funston, President of the New York Stock Exchange, Joseph Mayr, of Joseph Mayr & Co., securities dealers, New York City, protested a phrase in an article published in "The Exchange Magazine," a publication of the New York Stock Exchange, which appears to imply an undue discrimination against non-member or over-the-counter securities dealers.

The full text of Mr. Mayr's letter to Mr. Funston follows:

Dear Sir:

I have read with interest the article "How to Spot a Phony Stock Broker," written by Mr. John W. Rutenberg, in the "Exchange Magazine," as well as the excerpt thereof in the "World Telegram."

I am sure any reputable firm of the financial community will wholeheartedly agree with this article. However, it is regrettable that one paragraph in this article was phrased unfortunately, and due to that an undue discrimination is being implied between an "Exchange member" firm and an "over-the-counter" broker by stating:

". . . but when you deal with an Exchange member firm you can be sure that you have eliminated the risk. . . ."

A more proper and accurate description in this case would have been "The Easy Dollar Broker," a phrase which I believe was being used by the Securities and Exchange Commission.

At any rate, the way aforementioned article reads, it conveys the idea to the public that only a "Stock Exchange Member" is a reputable firm but no "over-the-counter" broker. This, of course, is incorrect and far from facts. You know there are a number of "over-the-counter" firms, and I include my own firm, who are at least in equally good standing as some of the "Exchange member" firms, and who make it a distinct point to conduct a highly ethical business. Furthermore, to make a discrimination between the reputable "over-the-counter" broker and a "member" house is inconsistent. Without elaborating the vital function of the "over-the-counter" dealer, you, too, know the "over-the-counter" dealer is, I would say, an even more important link to the financial community than the average commission-broker. At any rate, not the "Exchange member" but the "over-the-counter" dealer is instrumental in distribution of stocks and providing a basis for the respective company to have its stock listed on the "Big Board."

I, myself, have retailed such stocks as Stromberg-Carlson Co., Stauffer Chemical Corp., Rohr Aircraft Corp., Royal Dutch N. Y., just to mention a very few who lately were listed on the "Big Board."

Further, the "over-the-counter" market offers many good investment opportunities for the public as well as the "Big Board."

To quote "The Commercial and Financial Chronicle": *"Any investor who does not capitalize on the investment opportunities that abound on the over-the-counter market does himself an injustice of the first magnitude."*

I also dare to say that a number of reputable "over-the-counter" firms go out of their way to enlighten the public, and to warn the public, of the many phony stock offerings which are being made lately. I, myself, have warned for the last two years off and on in my market letters against buying that type of stock, and I also spent considerable money to publish a booklet: "What Do You Know . . . about The Stock Market and Your Investment Dealer," which, I believe, conveys to the layman more than anything else the meaning of stocks. I enclose a copy thereof.

I believe it would be in the interest of the entire financial community as such, as well as otherwise, that the Stock Exchange recognize the true function of the "over-the-counter" dealer, and that it refrain, by implication or otherwise, from questioning the honesty and integrity of the "over-the-counter" broker.

Unfortunately, the aforementioned implication prevents me from distributing the article of Mr. Rutenberg, although I admit this article should be made available to the public in general.

JOSEPH MAYR

Joseph Mayr & Co.,
50 Broad Street,
New York 4, N. Y.
Oct. 12, 1954.

Attacks Political Shibboleth of "Give-Away"

In editorial article, the November issue of "The Guaranty Survey," publication of the Guaranty Trust Company of New York, says opposition to removing "big government" as a competitor to its own citizens in fields of business has been spearheaded by the cry of "give away."

Opposition to removing "big government" from the anomalous role of competitor against its own citizens in several fields of business enterprise has been spearheaded by the cry of "give-away," *The Guaranty Survey,* monthly publication of the Guaranty Trust Company of New York, observed in its November issue. The political shibboleth of "give-away" is discussed in the leading editorial, titled "Give Away What?"

"This is a serious charge," editorialized the bank publication. "It amounts to an accusation that the government is taking what rightfully belongs to all the people and bestowing it upon a favored few. It is important that the people should understand what lies behind the accusation — what, if anything, has been 'given away,' by whom, and to whom.

"What was 'given away' when Congress passed and the President signed the bill recognizing the States' claims to submerged lands —the so-called tidelands—within their historic boundaries? For a century such lands had belonged to the States under a settled rule of law, supported by numerous court decisions. The question did not assume major importance, however, until the late 1930's, when rich oil resources were discovered off the coasts of a few states. The Federal Government promptly laid claim to these newly found riches, and the Supreme Court upheld the claim by a 4-to-3 vote, despite precedents to the contrary.

"Congress, however, was not satisfied with the validity of the government's claim to the submerged lands, and three times passed bills recognizing the States' ownership. The third was signed by President Eisenhower.

"Was this a 'give-away' or merely the cancellation of a 'take-away,' the reassertion of a time-honored right, the repudiation of an act of confiscation? Did the discovery of oil under the submerged lands give the Federal Government a title to the lands which it had not possessed before and which it probably would not have thought of claiming if the oil had not been found there? Oil is an important natural resource, but so is all productive land. Does it follow that the Federal Government should seize all the land? The socialist's answer might be 'yes,' but the traditional American answer is 'no.'

"The essence of the 'tidelands' controversy is States' rights versus Federal rights to leasing and royalty revenues. As far as the business community is concerned, it has been given nothing.

"What was 'given away' when Congress passed and the President signed the bill permitting the sale of the Government's synthetic rubber plants to private industry after April, 1955?

"It is reasonable enough to argue that the synthetic rubber industry rightfully belongs to the people. But what belongs to the people can be sold by the people. Ownership by the people is one thing, and governmental operation is another. The public lands in the West that were thrown open to private settlement in the 19th Century also belonged to the people, but who would argue today that the lands would have contributed more to the people's progress, prosperity and freedom if the government had refused to part with them?"

The Niagara power controversy and the "give-away" clamor over the atomic energy bill also were discussed by *The Guaranty Survey.* The new atomic-energy law, however complicated, is commonweal legislation and is not "give-away," in the view of the bank publication. It terminates the ironclad governmental monopoly and takes an initial step toward assimilating nuclear technology into the pattern of private enterprise.

What the shouters of "give-away" really dislike is the reassertion of the American tradition of private initiative and private enterprise, the bank concluded.

H. G. Huntzinger Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Homer G. Huntzinger is engaging in a securities business from offices at 2200 Poplar Street.

Allied Underwriters Branch

LAS VEGAS, Nev.—Allied Underwriters Company have opened a branch office at 126 B South Sixth Street, under the direction of T. R. Dickstader.

New Hale & Co. Branch

LAS VEGAS, Nev. — Hale and Company have opened a branch office at 1734 South Main Street under the management of Donald G. Hale.

Muir, Dumke Branch

LAS VEGAS ,Nev. — Muir, Dumke & Co., has opened a branch office at 2401-B South Fifth Street under the management of Edmund W. Dumke.

Barrett Herrick

Barrett Herrick, head of Barrett Herrick & Co., Inc., New York City, passed away suddenly Oct. 29.

Investment Bankers Association Receives Slate for Officers for 1955

The following slate has been presented for election at the Forty-third Annual Convention of the Investment Bankers Association of America at Hollywood, Fla., Nov. 28-Dec. 3, 1954:

Walter A. Schmidt

Robert H. Craft

Holden K. Farrar

John C. Hagan, Jr.

Ralph E. Phillips

Delmont K. Pfeffer

President: Walter A. Schmidt, Schmidt, Poole, Roberts & Parke, Philadelphia.

Vice-Presidents: Robert H. Craft, American Securities Corporation, New York; Holden K. Farrar, Smith, Barney & Co., Chicago; John C. Hagan, Jr., Mason-Hagan, Inc., Richmond; Ralph E. Phillips, Dean Witter & Co., Los Angeles, and Delmont K. Pfeffer, National City Bank of New York.

Mr. Schmidt has devoted his entire business career, almost 43 years, to the securities business. He entered the investment field at the age of 16 upon graduation from high school in Hinsdale, Ill., the town of his birth. The Chicago office of White, Weld & Co. employed him as messenger and he advanced rapidly through various departments—cashier, statistical, and trading—to become a member of the sales staff.

After 10 years with White, Weld & Co., Mr. Schmidt was, in 1922, made manager of the bond department, Standard Trust and Savings Bank, Chicago, and three years later became California representative of Halsey, Stuart & Co. Inc., with headquarters in San Francisco. He held various positions in the Halsey, Stuart & Co. organization: syndicate department, Chicago office, 1927-28; sales manager, Philadelphia office, 1929-32; sales manager, New York office, 1932-37.

He withdrew in 1937 to organize, in Philadelphia, his own firm, Schmidt, Poole & Co., predecessor to the company he heads today, Schmidt, Poole, Roberts & Parke, a member of the Philadelphia-Baltimore Stock Exchange.

Throughout the years Mr. Schmidt has worked energetically in the interest of the underwriting and securities business, has held various positions of leadership in trade groups, and is widely known throughout the financial community. He has served the Investment Bankers Association of America in numerous capacities: Vice-President, 1952-54; Governor, 1945-47; Chairman, Federal Legislation Committee, 1946-47; Chairman, Rights Committee, 1952; Special Convention Attendance Committee, 1953-54; and many others.

His interest in the investment banking business is also reflected in other positions of leadership he has filled: Chairman, Eastern Pennsylvania Group of the IBA, 1950, at which time he inaugurated the IBA Investment Forum in the East; District Committee, National Association of Securities Dealers, 1949-51; and President, Bond Club of Philadelphia, 1943. Business, social, and service affiliations include: Director, Pennsylvania Gas Management Company; Municipal Bond Club of Philadelphia; Financial Analysts of Philadelphia; Financial Advisory Committee, YWCA, Philadelphia; and Executive Committee, Golf Association of Philadelphia.

Mr. Schmidt has been prominently identified with the evolution of Invest-in-America Week and has played a vital role in establishing this project on a national basis. Currently, he is Chairman of the Executive Committee of the National Invest-in-America organization.

In the past few years, Mr. Schmidt has helped in planning the executive development program of the IBA, the Institute of Investment Banking, sponsored jointly with the Wharton School of Finance and Commerce, University of Pennsylvania. He has fre-

Continued on page 24

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

The National City Bank of New York announced on Oct. 28, the completion of the sale of 2,500,000 additional shares of its new stock which was offered to shareholders at $52.50 per share. Of the 2,500,000 shares, over 98% were subscribed for through the exercise of the rights issued to shareholders. The remaining shares, in accordance with the agreement with the underwriting group headed by the First Boston Corporation, were taken up by that group. The announcement made public by the bank adds that from the proceeds of the sale of the stock of $131,250,000, $50,000,000 was added to the capital of the bank, as of Oct. 28, and the remainder to surplus. The Board authorized the transfer to surplus from undivided profits and unallocated reserves of a sufficient further amount to increase the surplus to $300,000,000. With these changes the capital of the bank has been increased from $150,000,000 to $200,000,000 and the surplus from $200,000,000 to $300,000,000. It was added that on Oct. 31 total capital funds would be over $550,000,000. This total does not include either the capital funds of City Bank Farmers Trust Company, which exceed $32,000,000, or the unallocated reserves of the bank of slightly more than $50,000,000.

Previous references to the plans to increase the capital appeared in our issues of Sept. 2, page 882 and Sept. 23, page 1180.

* * *

Stockholders of **J. P. Morgan & Company Inc.** approved on Oct. 29 the proposed increase in the bank's capital stock from 250,000 shares of $100 par value each to 300,000 shares of the same par value. Following the action, taken at a special meeting of stockholders, the company's directors voted to distribute the additional 50,000 shares as a stock dividend on Nov. 8 to stockholders of record on Oct. 29. Distribution will be on the basis of one share for each five shares presently held. The announcement further says that Henry C. Alexander, President of the bank, told stockholders in the letter announcing the Oct. 29 meeting that the board of directors plans, at its next dividend meeting, to declare a quarterly dividend at the current rate of $2.50 per share on the increased number of shares. A previous stock dividend, at the rate of one share for each four held, was paid by the company in 1951, when its capital stock was increased from 200,000 to 250,000 shares. At that time the annual dividend rate of $10 per share in effect prior to the stock dividend was maintained on the increased number of shares. At the Oct. 29 meeting, stockholders also approved proposals to amend the banks' officers' additional compensation plan and employee pension plan. Reference to the proposed action slated for Oct. 29 appeared in our Oct. 7 issue, age 1392.

* * *

Guaranty Quarter Century Club, honorary organization of staff members of **Guaranty Trust Company of New York** who have served the bank for 25 years or more, held its annual reunion dinner on Nov. 1 at the Waldorf-Astoria, with 950 attending. The club's present roster includes 1,444 active and retired members of the staff in New York and abroad. Overseas chapters are maintained in London, Paris, and Brussels, where the bank has branch offices. Andrew F. Petersen presided at the dinner and was succeeded as President by John S. Schaffer. Edward C. Kastner, Jr., spoke for the 207 new members inducted during 1953. Senior officials of the bank who are members of the club include: J. Luther Cleveland, Chairman of the Board; William L. Kleitz, President; Thomas P. Jerman, Vice-President; and directors George G. Allen, W. Palen Conway, Charles P. Cooper, John W. Davis, Charles E. Dunlap, Cornelius F. Kelley, William C. Potter, George E. Roosevelt, and Eugene W. Stetson.

* * *

The new Stewart Avenue East Office of the **Long Island Trust Company of Garden City, N. Y.,** will open for business on Nov. 10, according to an announcement by Frederick Hainfeld, Jr., President. The new bank is located in the J. S. McHugh Building at 839 Stewart Avenue, Garden City, about one mile east of Clinton Avenue. This office on Stewart Avenue will be managed by Guy M. Royce, Assistant Secretary, assisted by Alfred Jaklitsch, and will offer the major services now available at the bank's main office. All operations of the mortgage department, including closing rooms, now located at 100 Seventh Street, Garden City, will be transferred to the new location.

* * *

A new branch has been approved for the **Fort Neck National Bank** by the Comptroller of the Currency to be located at Park Boulevard and Clark Street, **Massapequa Park, (Nassau County) N. Y.,** it was announced on Oct. 26. It will be the third branch to be opened by the Fort Neck National Bank within three years. The Directors have called a stockholders meeting to be held on Nov. 16, for the purpose of obtaining approval to an increase in capital to $975,000. The proposed new offering is to be underwritten by Blair & Co. Incorporated.

* * *

In a joint statement Edward W. Hickey, President of the **Tarrytown National Bank and Trust Company of Tarrytown, N. Y.,** and Ralph T. Tyner, Jr., President of **National Bank of Westchester,** announced that on Oct. 29, the Boards of Directors of both institutions acted favorably upon the consolidation of The Tarrytown National Bank and Trust Company and the National Bank of Westchester, White Plains, N. Y., under the charter of the latter institution. The Tarrytown National Bank & Trust Company is one of the oldest financial institutions in Westchester County, having received its charter in 1882, and has served its community without interruption for 72 years. This step follows the recent consolidated of **The First National Bank and Trust Company of Tuckahoe, N. Y.,** and the former **Westchester Bank and Trust Company,** which consolidation resulted in the **National Bank of Westchester.** The agreement of consolidation has been submitted to the Comptroller of Currency for his formal approval and will be submitted to the stockholders of both institutions for ratification. After the final approval of the supervisory authorities, it is hoped to have the consolidation effective by Dec. 31.

Upon completion of this step in the planned growth of the National Bank of Westchester, its operation will be county-wide in scope. The Tarrytown National & Trust Company has already filed application for another branch in Tarrytown, which application, if granted, becomes a part of the consolidated institution. The plan calls for the consolidated institution to operate five offices in the City of New Rochelle, two in the City of White Plains, two in Tarrytown, and offices in Tuckahoe, Eastchester, and Valhalla. The head office of the National Bank of Westchester will be located at 31 Mamaroneck Avenue, White Plains. Mr. Hickey and Mr. Tyner believe that the growth which is now taking place in Westchester County is merely the forerunner of a tremendous expansion for the County through the next decade, and a challenge to the businessmen and financial institutions of the County to keep pace with this growth.

* * *

Isaac Carpenter, Jr., Vice-President of **The County Trust Company in White Plains, N. Y.,** completed 35 years of service on Nov. 1. A graduate of Swarthmore College, Mr. Carpenter started as a bank messenger and has been an officer since 1923. He is currently in charge of **County Trust's Citizens Office in White Plains,** one of the bank's largest Westchester County offices.

* * *

A capital of $200,000 is reported as of Oct. 6 by the **Matteawan National Bank of Beacon, N. Y.** Enlarged from $100,000 the additional $100,000 was supplied by a stock dividend of $50,000 and the sale of $50,000 of new stock.

* * *

While reference was made in our issue of Oct. 28 (page 1717) of the death of Clarence G. Meeks, we are repeating the first paragraph of the item, inasmuch as a "slip-up" occurred therein; we give herewith the paragraph as it should have read:

The death of Clarence G. Meeks, President of the **Hudson Trust Company of Union City and Hoboken, N. J.,** 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 Co. since 1918. As indicated in our previous item Mr. Meeks was 73 years of age. The further portion of the item as given on page 1717 remains unchanged.

* * *

Stockholders of **The Pennsylvania Company for Banking and Trusts of Philadelphia** at a special meeting on Nov. 1 voted to increase the number of the bank's $10 par value shares of capital stock from 1,360,000 to 1,500,000 shares, authorized the establishment of a new branch office at 6150 Woodland Avenue (West Philadelphia), and approved a change in the annual meeting of stockholders from the third Monday in January to the second Monday in February each year to enable a change in the fiscal year to conform to the calendar year. As a result of the stockholders' approval of the stock increase, 40,000 of the new shares will be paid to stockholders this month as a special stock dividend in the ratio of one new share for each 34 shares owned. Stockholders will also be offered the right to subscribe to the other 100,000 shares on the basis of one new share for each 14 shares held.

William Fulton Kurtz, Chairman, and William L. Day, President, stated that the new financing will add upwards of $4,000,000 to the bank's capital funds and will be completed before the end of this year, bringing the total of the bank's capital funds, including reserves, to approximately $63,700,000. Record dates, price of the offering and definite terms governing the subscription for the 100,000 new shares will be determined later by the board.

The proposed new office in West Philadelphia will be the bank's 25th in the metropolitan area, and the opening is now scheduled to take place early next year.

* * *

Directors of the **Bryn Mawr Trust Company** and the **Bryn Mawr National Bank of Bryn Mawr, Pa.,** have reached an agreement on a proposal for merger of the two banks. The Bryn Mawr Trust Company will be the continuing institution. DeHaven Develin, President of the Bryn Mawr Trust Company, announced that under terms of the agreement the Bryn Mawr Trust Company will acquire all of the outstanding capital stock of the Bryn Mawr National through an exchange of 11 shares of Bryn Mawr Trust stock for each share of Bryn Mawr National.

* * *

The National Bank of Brookville, Pa., with a capital (common stock) of $100,000 was placed in voluntary liquidation on Oct. 9, following its absorbtion by the **Du Bois Deposit National Bank, of Du Bois, Pa.**

* * *

The Directors of **The Hackley Union National Bank of Muskegon, Mich.** announce, effective Nov. 1, the appointment of Edmund F. Norden as directing head of the bank's Audit and Audit Control Division. As head of the division he will carry the title of Comptroller. Mr. Norden has been in charge of the Audit and Audit Control activities of the bank for the past two years. With the broadening of the scope of the department the Board in recognition of the added responsibilities has named Mr. Norden Comptroller. He has been with the bank since 1927 and has been employed in every department of the bank. He attended the American Bankers Association Graduate School of Banking at Rutgers University in 1948 and 1950. He is active in the National Association of Bank Auditors and Comptrollers, the National Association of Cost Accountants, is a member of the Membership Committee of the Muskegon Chamber of Commerce and the Budget Committee of the Community Chest of Greater Muskegon and Muskegon County.

* * *

Through a stock dividend of $150,000 the **Liberty National Bank & Trust Company of Louisville, Ky.,** has enlarged its capital, as of Oct. 7, from $2,100,000 to $2,250,000.

* * *

A capital of $600,000, increased from $500,000 is reported by the **Merchants National Bank of Port Arthur, Texas,** effective Oct. 4, the addition to the capital having occurred through a $100,000 stock dividend.

* * *

At special meetings of the stockholders of the **Republic National Bank** and the **National City Bank of Dallas, Texas,** approval was given to plans to consolidate the institutions and to increase the capital structure of the Republic National to more than $68,000,000. To quote from a local paper of Oct. 26:

"Republic stockholders also approved a stock dividend to present Republic stockholders equivalent to approximately $9,000,000 at the present market value of the stock.

"The action was taken at special meetings of the stockholders of both institutions.

"Actual consolidation and its effective date is subject only to completion of the new Republic National Bank Bldg. and final approval of the Comptroller of the Currency.

"The announcement of the stockholders' action was made by Carl Hoblitzelle, Chairman of the Board, and Fred F. Florence, President of the Republic National Bank, and R. R. Gilbert, Chairman of the Board, and Dewitt T. Ray, President of the National City Bank.

"'The accomplishment of the authorized increases in our capital structure and transfers from undivided profits accounts to capital and surplus accounts will result in a capital of $27,000,000 and a surplus of $33,000,000,' Mr. Florence explained.

"'This capital and surplus totaling $60,000,000, with undivided profits in excess of $3,000,000, and reserves for contingencies in excess of $5,000,000, will make the total capital structure of Republic in excess of $68,000,000.

"'With this capital structure, our bank will rank as one of the largest and strongest financial institutions of the nation.'"

* * *

It was announced on Oct 20 that Robert H. Bolman has been elected Vice-President of **The Bank of California, N. A. of San Francisco.** Mr. Bolman, who prior to his appointment as Vice-President of The Bank of California, had served as Vice-President and Director of the **Oakland Bank of Commerce, Oakland, Calif.,** since 1948. Following his graduation from Stanford University with the Class of 1927, Mr. Bolman joined the **Bishop Trust Company, Ltd., of Honolulu** and served with the institution, as Assistant Secretary, until 1936 when he joined the **Union Bank & Trust Co., of Los Angeles** as Assistant Vice-President, a position he held until 1944. In 1945, he accepted the position of Executive Vice-President and Director of the **Pasadena-First National Bank** and during the same period served as President and Director of the **Bank of Beaumont.** Mr. Bolman is presently serving as a member of the Board of Directors of The Family Savings Bureau, Oakland and the Wholesale Creditors Association. At the present time also he is serving as President of the **Independent Bankers Association of Northern California,** he is past President of the **Independent Bankers Association of Southern California** and also past Chairman of the **Public Relations Committee of the California Bankers Association.**

* * *

The Anglo California National Bank of San Francisco, has purchased a site for a banking office in Arcata, Calif. and will erect a building as soon as practicable, according to an announcement by Paul E. Hoover, President. The new office will be Anglo's second in Humboldt County. The announcement follows the recent establishement of an Anglo office in Eureka on Oct. 1, through the merging of The Bank of Eureka in to Anglo Bank. Anglo Bank at present has 40 offices, that number having been reached with the opening on Oct. 18 of a fifth office in the Sacramento area. The Arcata office is one of four new additional offices recently announced on which construction is pending. The other three will be located in Palo Alto, Walnut Creek and Pittsburg.

The Anglo California National Bank of San Francisco held on Oct. 16 an open-house preview at its new Midtown Office at 21st and O Streets in Sacramento, it was announced by Paul E. Hoover, President. The open-house was held from 3:00 to 8:00 p.m. The new office, Anglo's fifth in the Sacramento area, opened for business on Oct. 18. R. C. Coppock, Jr. is Vice-President and Manager of the new office. He previously was Manager of Anglo's Palo Alto office. Assisting Mr. Coppock will be D. J. Callaghan and George Wynn, Assistant Vice-Presidents, and Frank W. Thommen, Assistant Manager. The new Midtown office is Anglo's 40 in northern and central California. Other Sacramento area offices are located at Seventh and J Streets,

Continued on page 24

Continued from page 23

News About Banks and Bankers

35th Street and Fourth Avenue, and 5693 Stockton Boulevard in Sacramento and at Jefferson Boulevard and Merkley Avenue in West Sacramento.

* * *

The First National Bank of San Jose, Calif., has increased its capital as of Oct. 12, from $1,250,000 to $1,500,000, the increase having been effected by the issuance of 2,500 shares of new stock offered to the existing stockholders at $100 per share on the basis of one new share for every five shares held. The increase, it is stated, will bring the number of shares outstanding to 15,000 and their value to $1,500,000, resulting in a doubling of the capital stock within the last five years. During the same period surplus also has been increased 100% from retained earnings. Resources it is also said now amount to over $60 million.

* * *

The Directors of **Union Bank & Trust Co. of Los Angeles, Calif.** at their meeting on Oct. 14 elected Rodgers L. Wyckoff, former Vice-President of the **Liberty National Bank & Trust Company, Louisville, Ky.**, as Vice-President and Loan Officer of Union Bank, according to Ben R. Meyer, Chairman of the Board and President of the Union Bank. Mr. Wyckoff, affiliated with the Liberty National Bank in Louisville since 1933 when he was named Credit Manager, was elected Assistant Vice-President of that organization in 1934 and Vice-President in 1943. Mr. Wyckoff started his banking career in 1927 with the **Chemical Bank & Trust Company, New York City**, and in 1929, representing that company, went to Louisville on a special assignment working with the **Louisville Title Company & Security Bank.**

During his affiliation with Liberty National Bank in Louisville, Mr. Wyckoff specialized in credit and commercial loans, also taking an active part in the bank's business development program, including trusts, consumer credit and mortgages. During January of 1954, Mr. Wyckoff served on the Regional Appraisal Committee (Chicago) on loans to be placed in the Bank Pool. He continued to serve as a member of the permanent Advisory Committee of the Reconstruction Finance Corporation pool loans in the Eighth Federal Reserve District. Mr. Wyckoff is a Past-President of the Louisville Chapter, American Institute of Banking; Past-Chairman of the Public Relations Committee of the Kentucky Bankers Association; a member and Past-National Director of Robert Morris Associates, as well as serving as Chairman of various committees within that organization; served as lecturer and instructor at the Kentucky School of Banking, University of Kentucky; director of Louisville Credit Men's Association; and an active member of various Louisville clubs and organizations.

* * *

Roy A. Britt, President of **Citizens National Trust & Savings Bank of Los Angeles, Calif.** has announced that Citizens National Bank will open a new branch office in the Sepulveda-National area. The new branch will officially open in November and will be in temporary quarters at 3016 South Sepulveda Boulevard, located in the center of an active business district. C. Merle Duckett, formerly Manager of Citizens' Broadway and 54th Street branch, will be Manager of the new office.

* * *

Promotion of James Reed as Assistant Cashier in **Bank of America's (Head Office, San Francisco) Bond Investment Department** has been announced by Frank F. Risso, Vice-President and personnel relations officer. Mr. Reed is in the underwriting section of the department's municipal bond division. He is a resident of San Anselmo, Marin County.

* * *

Robert S. Clarke and W. S. McClanahan were elected Trust Officers of **California Trust Company of Los Angeles** at a meeting of the Board Oct. 14, Frank H. Schmidt, President, announced. Both have been with the trust company since July 1. Mr. Clarke formerly Assistant Trust Officer of the **Grace National Bank, of New York**, entered the banking field in 1933 with the **First National Bank** in his home town, **Glens Falls, N. Y.** He was Assistant Trust Officer of the **First National Bank & Trust Company, Utica, N. Y.**, from 1946 to 1948. He spent three years in the Army during World War II and became associated with the Grace National Bank in 1949. Mr. McClanahan, a native of Illinois, went with the California Trust Company from the **Lake Shore National Bank, Chicago**, where he was Assistant Vice-President. He started in trust work in 1936 with the **Livestock National Bank, Chicago**, where he remained until 1943. Following two year's service in the Navy during World War II he joined the staff of the Lake Shore National Bank.

* * *

An announcement on Oct. 16 by the Board of Governors of the Federal Reserve System states that as of Oct. 1 the **Wells Fargo Bank & Union Trust Co. of San Francisco**, a State Bank member, absorbed the **Antioch Bank of Savings at Antioch, Calif.**, an insured non-member, of the **First National Bank of Antioch.** Both absorbed banks were located at 301 G Street, and a single branch has been established at that location.

* * *

The office of the Comptroller of the Currency announced on Oct. 14 that the **First National Bank of Renton, Washington**, with common capital stock of $100,000 was placed in voluntary liquidation Oct. 2, having been absorbed by the **Seattle-First National Bank of Seattle, Washington.**

* * *

The head office of **The Mitsui Bank Limited** at Tokyo, has made known that, in accordance with the arrangement recently concluded with the **Bank of Tokyo, Ltd.**, it planned to take over the business of their following branches, effective as from Aug. 1, 1954:

Shibuya Branch, No. 5, Jingudori 1-chome, Shibuya-ku, Tokyo; Ueno Branch, (Name will be changed to Ueno Hirokoji Branch, as from the above date), No. 1, Ueno Kitadaimoncho, Daito-ku, Tokyo; Yamashitacho Branch, No. 176, Yamashitacho, Naka-ku, Yokohama; Yokkaichi Branch, No. 1653, Oaza-hamada Azasuwa, Yokkaichi; Ebisubashi Branch, No. 47, Shinsaibashisuji 2-chome, Minami-ku, Osaka; Kokura Branch, No. 57-1, Osaka-machi, Kokura.

Report Industrial Pick-Up in October

Purchasing Agents Business Survey Committee finds production increased with stronger prices. Holds, however, there is nothing spectacular in present upward movement, which still has only the characteristics of a seasonal pick-up and reversal from a recessionary period.

A composite opinion of purchasing agents who comprise the Business Survey Committee of the National Association of Purchasing Agents, whose Chairman is Robert C. Swanton, Director of Purchases, Winchester Repeating Arms, New Haven, Conn., reports that the normal, seasonal, industrial pick-up reported by Purchasing Agents in September was not a flash in the pan. It is confirmed by the October reports. Order increases are recorded by 46% of the members reporting, and production up is reported by 41%. Both outbalance the reported declines for the month by better than 4-to-1, compared to the 3-to-1 ratio in the September survey. Prices are stronger and being well maintained. Sellers are pushing hard and, apparently, testing markets. Inventories are down again and leveling out, with satisfactory turnover rates being obtained. Employment is reported up by 30% of the Survey Committee members against 15% down. There is more full-time employment, but little overtime. Buying policy runs 90 days and under, with 30-to-60 days predominating. The statistics are optimistic particularly when compared with a year ago. However, there is nothing spectacular in the present movement. It still has all of the characteristics of a normal, seasonal pickup and a steady, gradual reversal from a recessionary period. Purchasing executives expect this trend to continue for the balance of the year.

Robert C. Swanton

Commodity Prices

Industrial commodity prices for purchased materials show just a little more strength this month. The over-all picture is one of stability. With the general improvement in business, it is quite apparent that producers of fabricated items are very actively testing the markets to find a buying level. Purchasing reception rooms are busy and repetitive calls are numerous. Most price advances have been small. Buyers, viewing the very limited price reductions that were made during the 1953-1954 industrial contraction, believe there is little room for recovery to be made in this highly competitive market.

Inventories

Inventories of industrial purchased material continue to drop, though the majority have reached their minimum safe operating level, with some reporting additions to stocks to cover increased production schedules. While the heavy liquidation of finished goods and reduction of in-process inventories have had the effect of partially freezing unworked materials, there has been enough production demand, coupled with stock reduction, materially to increase turnover rates, a condition much to be desired. Consensus of Purchasing Agents is that low inventories will be maintained for some time unless there is a sustained lengthening in procurement lead time.

Employment in industry is up in October. 30% report adding to pay rolls, compared to 15% recording declines. We have to go back to June, 1953, to find another 2-to-1 ratio. Some of both the ups and downs is attributed to seasonal changes. By and large, there is little overtime, but more full time. New car and appliance models account for much of the rehiring.

Continued from page 22

IBA Receives Slate for Officers for 1955

quently appeared on the Institute program, both as a lecturer and discussion leader.

During World War I, Mr. Schmidt was First Sergeant, Company F, First Gas Regiment, A. E. F., and saw action at St. Mihiel and Argonne.

Investment Bankers Association of America Forty-Third Annual Convention November 28-December 3

The 1954 Annual Convention of the Investment Bankers Association of America will be held at the Hollywood Beach Hotel, Hollywood, Fla., beginning on Sunday, Nov. 28, and ending on Friday, Dec. 3.

The details of the convention program have not yet been fully completed and cannot be announced at this time. It will, however, follow the pattern of recent years. The first business session will be an open meeting of the Municipal Securities Committee on Sunday afternoon. There will then be a convention session each morning from Monday through Thursday. Prominent speakers will address these sessions and it is hoped very much that all those present at the convention will make a special point of attending them. In addition, there will be meetings of the Board of Governors, and most of the national committees of the Association will hold meetings during the convention and will present their annual reports at that time.

An innovation this year will be the installation of new officers and governors at the Thursday morning session instead of on Friday as in the past. Friday morning will then be devoted to a meeting of the incoming Board of Governors and other organizational meetings of the incoming administration. For others it will be left open for recreation, as will the afternoons throughout the week, with the possible exception of certain committee meetings.

Hollywood is situated on the east coast of Florida, 17 miles north of Miami. It furnishes an unusually satisfactory site for an I.B.A. convention, and has long been one of the Association's most popular meeting places. Excellent facilities for golf, tennis, swimming, and fishing are available.

A registration fee will be charged for each delegate and alternate and his wife or other member of his family attending the convention. This fee will be $40 per person. Checks covering registration fees should be made payable to the Association and forwarded to the Washington office of the Association.

All reservations for hotel rooms for the convention must be made through the Washington office of the Association. Confirmation of reservations will be made as promptly as possible, but due to the time required for processing them, there may be some delay in this connection.

In addition to the Hollywood Beach Hotel, the Hollywood Beach Apartments, Seacrest Manor, the Surf Hotel, and the Town House will also be available for convention housing purposes.

Representatives of the Hollywood Beach Hotel will travel on the convention special trains and will furnish passengers with slips indicating their hotel room numbers. These slips will take the place of hotel registration. Slips for the Hollywood Beach Hotel should be presented to the floor clerk on the proper floor of that hotel. Slips for the Hollywood Beach Apartments should be presented at the front desk of the Hollywood Beach Hotel. Slips for Seacrest Manor, the Surf Hotel, and the Town House should be presented at the front desks of those hotels. Room keys will be turned over as slips are presented.

The hotel's representatives will also furnish passengers with baggage tags filled out with their names and hotel room numbers. One of these tags should be attached to each piece of hand baggage. Then, upon arrival in Hollywood all such baggage will be transported immediately from the station by truck and distributed promptly to the proper hotel rooms.

Convention Transportation

NEW YORK SPECIAL TRAIN

The route of the train in both directions will be Pennsylvania Railroad between New York and Washington, R. F. & P. RR. between Washington and Richmond, Atlantic Coast Line RR. between Richmond and Jacksonville, and Florida East Coast Ry. between Jacksonville and Hollywood. It is anticipated that there will be two sections on the going trip and one on the return, with schedules as follows:

Going

Lv. New York	*Saturday, Nov. 27*	11:05 a.m.	11:15 a.m.
Lv. Newark		11:20 a.m.	11:30 a.m.
Lv. North Phila.	" "	12:35 p.m.	12:50 p.m.
Lv. 30th St. Phila.	" "	12:44 p.m.	12:59 p.m.
Lv. Wilmington	" "		1:32 p.m.
Lv. Baltimore	" "	2:18 p.m.	2:34 p.m.
Lv. Washington	" "	3:20 p.m.	3:35 p.m.
Lv. Richmond	" "	5:50 p.m.	6:05 p.m.
Ar. Hollywood	*Sunday, Nov. 28*	11:10 a.m.	11:35 a.m.

Returning

Lv. Hollywood	*Friday, Dec. 3*	3:00 p.m.
Ar. Richmond	*Saturday, Dec. 4*	8:00 a.m.
Ar. Washington	" "	10:30 a.m.
Ar. Baltimore	" "	11:35 a.m.
Ar. Wilmington	" "	12:37 p.m.
Ar. 30th St. Phila.	" "	1:09 p.m.
Ar. North Phila.	" "	1:19 p.m.
Ar. Newark	" "	2:34 p.m.
Ar. New York	" "	2:49 p.m.

If there should be a second section on the return trip, its schedule will be one-half hour later than the first section throughout.

PULLMAN RESERVATIONS—Pullman reservations for the going trip should be made through the New York Transportation

Committee, of which Walter H. Weed, Jr., Union Securities Corporation, 65 Broadway, New York 6, N. Y., is chairman.

Drawing rooms, compartments, bedrooms, and roomettes will be available. Every effort will be made to assign the type of space requested, but when the supply of any given type has been exhausted, it will, of course, be necessary to assign another type instead. One-way Pullman fares (including federal tax) to Hollywood are as follows:

	Drawing Rm. 2 Persons	Compartment 2 Persons	Bedroom 1 Person	Roomette 1 Person
New York	$57.64	$42.74	$28.82	$21.23
Newark	57.64	42.74	28.82	21.23
Philadelphia	55.33	40.65	27.67	20.30
Wilmington	53.68	40.04	26.84	19.80
Baltimore	51.26	37.90	25.63	18.81
Washington	49.94	37.24	24.97	18.37
Richmond	44.55	32.95	22.28	16.39

Certificates covering Pullman space will be issued in lieu of regulation Pullman tickets. Certificates will be mailed if applications are received promptly. Otherwise they may be picked up at the office of Walter H. Weed, Jr., prior to 5:00 p.m. on Friday, Nov. 26. Refunds cannot be made on cancellations which are not made prior to date of departure.

Pullman reservations for the return trip should be made at Hollywood—at Transportation Headquarters on the lobby floor of the Hollywood Beach Hotel. Such reservations must be arranged as promptly as possible after arrival at Hollywood.

RAILROAD TICKETS—Railroad tickets should be purchased from local ticket agents. Those in charge of Pullman reservations will not be able to supply railroad tickets. Round-trip railroad fares (including federal tax) to Hollywood from points served by the special train are as follows:

New York	$108.96	Baltimore	$90.65
Newark	108.16	Washington	86.85
Philadelphia	100.07	Richmond	77.99
Wilmington	97.50		

PITTSBURGH SPECIAL CAR

This car will be operated via the Pennsylvania Railroad from Pittsburgh to Washington, where it will be attached to the New York special train. The schedule will be as follows:

Lv. Pittsburgh	Friday, Nov. 26	11:10 p.m.
Ar. Washington	Saturday, Nov. 27	7:55 a.m.
Lv. Washington	" "	3:35 p.m.
Ar. Hollywood	Sunday, Nov. 28	11:35 a.m.

Pullman reservations for the going trip should be made through A. Lowrie Applegate, Hulme, Applegate & Humphrey, Inc., 586 Union Trust Bldg., Pittsburgh 19, Pa. Duplex rooms and bedrooms will be available. One-way Pullman fares (including federal tax) from Pittsburgh to Hollywood will be as follows:

Duplex Room, $25.96 Bedroom (1 person), $30.86
Bedroom (2 persons), $35.75

If there is sufficient demand, a special car will also be operated for the return trip, via the New York special train to Washington, and thence via the Pennsylvania RR. to Pittsburgh, as follows:

Lv. Hollywood	Friday, Dec. 3	3:00 p.m.
Ar. Washington	Saturday, Dec. 4	10:30 a.m.
Lv. Washington	" "	12:20 p.m.
Ar. Pittsburgh	" "	8:23 p.m.

Return Pullman reservations should be made at Hollywood. Representatives of the railroads will be at the Hollywood Beach Hotel throughout the convention to handle such reservations. If a special car is not operated for the return trip, Pittsburgh passengers may travel on the New York special train to Washington and there transfer to regular trains for Pittsburgh.

Railroad tickets should be purchased from local ticket agents. The round-trip railroad fare (including federal tax) between Pittsburgh and Hollywood via Washington is $115.89. The one-way fare (including federal tax) is $52.90.

CHICAGO SPECIAL TRAIN
DETROIT-ST. LOUIS SPECIAL CARS

A special train from Chicago to Hollywood, with special cars from Detroit and St. Louis to be attached at Cincinnati, will be operated provided there are sufficient reservations. This train will consist of modern lightweight equipment throughout. Its route will be New York Central System from Chicago to Cincinnati, Southern Railway System from Cincinnati to Jacksonville, and Florida East Coast Ry. from Jacksonville to Hollywood. The route of the Detroit and St. Louis cars to Cincinnati will likewise be New York Central System. The schedule will be as follows:

Lv. Chicago*	Friday, Nov. 26	10:45 p.m.
Ar. Cincinnati	Saturday, Nov. 27	7:15 a.m.
Lv. St. Louis	Friday, Nov. 26	10:40 p.m.
Ar. Cincinnati	Saturday, Nov. 27	7:15 a.m.
Lv. Detroit	Friday, Nov. 26	11:30 p.m.
Ar. Cincinnati	Saturday, Nov. 27	6:45 a.m.
Lv. Cincinnati	Saturday, Nov. 27	8:00 a.m.
Lv. Chattanooga	" "	3:30 p.m.
Lv. Atlanta	" "	7:15 p.m.
Ar. Hollywood	Sunday, Nov. 28	10:00 a.m.

*Central Station (Michigan Ave. at 12th St.)

Pullman Reservations

Chicago Special Train—Reservations for the going trip (with the exception of the Detroit and St. Louis cars, for which see below) should be made through Richard B. Walbert, Blyth & Co., Inc., 135 S. La Salle St., Chicago 3, Ill.

Drawing rooms, compartments, and bedrooms will be available. Every effort will be made to assign the type of space requested, but when the supply of any given type has been exhausted, it will, of course, be necessary to assign another type instead.

One-way Pullman fares (including federal tax) to Hollywood are as follows:

	Drawing Rm. 2 Persons	Compartment 2 Persons	Bedroom 2 Persons	Bedroom 1 Person
Chicago	$60.61	$44.83	$35.04	$30.31
Cincinnati	51.26	37.90	29.65	25.63
Chattanooga	40.15	29.98	23.21	20.08
Atlanta	34.65	25.58	20.08	17.33

Pullman tickets will be mailed if applications are received promptly. Otherwise they may be picked up at the office of Richard B. Walbert prior to 5:00 p.m. on Friday, Nov. 26.

Detroit Special Car—Reservations for the going trip should be made through Ralph Fordon, Fordon, Aldinger & Co., Penobscot Bldg., Detroit 26, Mich. Drawing rooms, compartments, and bedrooms will be available. One-way Pullman fares (including federal tax) between Detroit and Hollywood are as follows:

Drawing Room (2 pers.)	$61.71	Bedroom (2 persons)	$35.75
Compartment (2 pers.)	45.54	Bedroom (1 person)	30.86

St. Louis Special Cars—Reservations for the going trip should be made through Harry Theis, Albert Theis & Sons, Inc., 314 N. Fourth St., St. Louis 2, Mo. Drawing rooms, compartments, and bedrooms will be available. One-way Pullman fares (including federal tax) between St. Louis and Hollywood are as follows:

Drawing Room (2 pers.)	$56.54	Bedroom (2 persons)	$32.73
Compartment (2 pers.)	42.13	Bedroom (1 person)	28.27

RETURN ARRANGEMENTS

Pullman reservations for the return trip should be made at Hollywood—at Transportation Headquarters on the lobby floor of the Hollywood Beach Hotel. Such reservations must be arranged as promptly as possible after arrival at Hollywood.

No special train has been scheduled for the return trip. This is due to the fact that there has not been sufficient demand in recent years to warrant the operation of such a train. Accordingly, arrangements have been made for space on the following regular trains:

THE CITY OF MIAMI

Lv. Hollywood	Friday, Dec. 3	6:06 p.m.
Ar. Birmingham	Saturday, Dec. 4	9:20 a.m.
Ar. St. Louis	" "	9:00 p.m.
Ar. Chicago	" "	10:55 p.m.

THE SEMINOLE

Lv. Hollywood	Friday, Dec. 3	10:28 p.m.
Ar. Birmingham	Saturday, Dec. 4	6:10 p.m.
Ar. St. Louis	Sunday, Dec. 5	7:38 a.m.
Ar. Chicago	" "	10:40 a.m.

The route of the above trains is Florida East Coast Ry. to Jacksonville, Atlantic Coast Line RR. to Albany, Central of Georgia Ry. to Birmingham, and Illinois Central RR. to Chicago and St. Louis. The St. Louis car on The City of Miami is a through car, but on The Seminole it will be necessary for St. Louis passengers to change cars en route and move into a St. Louis car which is not attached to the train until Jacksonville.

In addition, arrangements have been made for space on The Royal Palm, the schedule of which will be as follows:

Lv. Hollywood	Friday, Dec. 3	1:31 p.m.
Ar. Atlanta	Saturday, Dec. 4	7:40 a.m.
Ar. Chattanooga	" "	12:10 p.m.
Ar. Cincinnati	" "	8:45 p.m.
Ar. Detroit	Sunday, Dec. 5	7:00 a.m.

The route of the above train is Florida East Coast Ry. to Jacksonville, Southern Ry. to Cincinnati, and New York Central System to Detroit.

RAILROAD TICKETS

Railroad tickets should be purchased from local ticket agents. Those in charge of Pullman reservations will not be able to supply railroad tickets. Round-trip railroad fares (including federal tax) to Hollywood from points served by the special train and cars are as follows:

Atlanta	$53.41	Cincinnati	$90.04
Chattanooga	63.80	Detroit	115.12
Chicago	104.89	St. Louis	99.12

Air Transportation

Special section flights have been arranged between New York and Miami via Eastern Air Lines. The schedules will be as follows:

Going

Lv. New York*	Friday, Nov. 26	2:00 p.m.
Ar. Miami	" "	5:45 p.m.

(Eastern Air Lines, Special Section Flight 601)

Lv. New York*	Saturday, Nov. 27	11:00 a.m.
Ar. Miami	" "	2:45 p.m.

(Eastern Air Lines, Flight 603)

Returning

Lv. Miami	Sunday, Dec. 5	3:30 p.m.
Ar. New York*	" "	7:30 p.m.

(Eastern Air Lines, Special Section Flight 604)

*Idlewild Airport

Reservations for the special section flights should be made through Harold H. Sherburne, Bacon, Whipple & Co., 1 Wall St., New York 5, N. Y. The round-trip fare (including federal tax) between New York and Miami is $160.38. Special limousine service will be provided from the Miami Airport direct to the hotel at an additional cost of $2.00 per person. Provision can be made so that those desiring to return earlier or later than the flights scheduled above may go one way with the convention group and the other on a regular scheduled flight on either Eastern Air Lines or National Airlines.

Robert Cass Joins Fewel & Co. Staff

LOS ANGELES, Calif.—Robert G. Cass has become associated with Fewel & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange, in the trading department, where he will assist George H. Earnest, Manager. Mr. Cass was formerly with Dempsey-Tegeler & Co.

Robert T. Cass

At present Mr. Cass is on a business trip to New York City calling on the dealers and brokers to get acquainted.

Mitchum, Jones & Templeton New Name

SAN FRANCISCO, Calif.—Mitchum, Tully & Co., members of the Los Angeles Stock Exchange, announces the resignation of Jasper W. Tully, a change in the name of the firm to Mitchum, Jones & Templeton, and the admission to partnership of Meader Fletcher, Alexander C. McGilvray, George E. Jones, Jr., Edward J. Spillane and Ellsworth Tuplin.

A co-founder of the firm in 1920 with Colis Mitchum and George E. Jones, Mr. Tully for the past few years has been devoting the major portion of his time to Reserve Oil & Gas Co. He will continue as President of the latter company. N. Connor Templeton of Sacramento joined Mitchum, Tully & Co. in 1925.

Partners of Mitchum, Jones & Templeton are as follows: San Francisco, Colis Mitchum and Meader Fletcher; Los Angeles, George E. Jones, Roland Seidler, Andrew Dunlap, Gerald Secord, Paul J. Shropshire, Edward C. Sterling, Richard W. Jones, James D. Cockburn, George E. Jones, Jr., Alexander C. McGilvray, Edward Spillane and Ellsworth Tuplin; and Sacramento, N. Connor Templeton and Malcolm C. Tracy.

Witherspoon Branch Open

WHITTIER, Cal.—Witherspoon & Company, Inc., has opened a branch office at 109 South Washington Avenue under the management of William A. Lower.

Joins H. Carl Aiken

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Ben J. Lemon has been added to the staff of H. Carl Aiken, 1160 Sherman Street.

Allen Inv. Co. Adds

(Special to THE FINANCIAL CHRONICLE)

BOULDER, Colo.—Matthew M. Leahy has been added to the staff of Allen Investment Company, 1921 Fourteenth Street.

Four With F. I. F.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Jas. A. Caldwell, Ted G. McCorkhill, C. Andrew Sutherland, and John A. Tretheway have become affiliated with F. I. F. Management Corporation, 444 Sherman Street.

Joins Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edward I. Austin is now with Hooker & Fay, 340 Pine Street, members of the New York and San Francisco Stock Exchanges. Mr Austin was previously with Reynolds & Co.

Continued from first page

The Forward March Of the Gas Industry

from the local problems of other areas; why managements differ on the amount of emphasis which should be placed on the various parts of our programs. Obviously, I found impatience and strong differences of opinion. But to my great pleasure I found pride and accord in what we are trying to do, and everywhere from New England to Texas, to the Pacific Northwest I have felt a quickened pulse and an eagerness for aggressive new ideas.

This ground swell of enthusiasm and awakening is probably the most striking development of 1954. I have sensed it. I have seen it. The gas industry is on the march!

Last year in his Presidential address Frank Smith stated that during an interview with a "Time" reporter he found himself "pounding the table in emphasis of my assurance that the gas industry of our country never has received, nor wants, nor would willingly accept, any government subsidy or other interference except reasonable regulation." He went on to say "I am glad we are in that front line of defense—we belong there in the public interest." I agree wholeheartedly with Frank's statement.

A Common Goal

The turn of events has indicated more clearly than ever that every segment of our industry, from producer to final distributor, from manufacturer to appliance dealer needs to know more clearly the fundamental problems each is coping with and how necesary it is that all work toward a common goal—the advancement of the gas industry. Therein lies the success of each of us.

Last April, H. K. Griffin, then President of the Southern Gas Association, said in his Presidential address, "It is the basic concept of our association that everything it does must be of sufficient value to its membership to fully justify the time, effort and expense required. As long as that wise plan is adhered to, our association will satisfactorily fulfill its purpose and its obligation."

I assure you that is the principle your association strives to adhere to. Not content with its own analysis, A. G. A. has employed an outside agency to study and evaluate all of the A. G. A. activities from the viewpoint of their value in the eyes of the member companies. Thus the association is striving to carry out the primary purpose set forth in its constitution and by-laws: "To promote and develop the gas industry and to coordinate its activities to the end that it may serve to the fullest extent the best interests of the public."

Your desks and mine are flooded with reading material of all descriptions. However, do we or don't we take the time to keep really informed on the activities we support? The amount of material which has come over my desk as President of the American Gas Association during the past 12 months has given me an insight into A. G. A. activities which I never had before. I wish you could have the same experience. Complaints are made as to the volume of material sent out by headquarters. Others want to be kept even better informed. But the devil you do or the devil you don't!

The vehicles we are using to promote the sound development of the gas industry are our national and regional associations. We have no GE's or Westinghouses in the gas industry. We must develop our own industry-wide plans for promotion, advertising, public relations and research. It would be trite for me to ask you whether we do or we don't believe these associations are essential. Most member companies of our association are located a long way from our national association headquarters in New York City. Throughout the years of my association activities I have been deeply impressed by the willingness of the managements of those companies to have their personnel travel great distances and give unsparingly of their time to A. G. A. activities, and of the willingness of individuals to do this. My hat is off to these managements and to the individuals, many of whom I am privileged to count among my closest friends.

Over and over again this year I have pointed out that our associations are not entities by themselves. To be sure A. G. A., GAMA, INGAA and the larger regional associations have capable, efficient and alert staffs. But the fundamental work is done through committees or groups composed of individuals from your company and mine. The real life blood of our association is you and me. The accomplishments or failures are yours and mine. I doubt if regional or national programs can be found to satisfy completely every association member. The aim must be to come as close to it as possible.

Events of the recent past point more conclusively than ever to the need for close coordination of the activities of our national and regional associations.

Although most of you dwell and work far from New England, what takes place there can and probably will affect you sooner or later. I can cite a specific example (off record—cite housing project) which recently came to my attention. It clearly demonstrates that unless we in the gas industry in New England are on the ball, harm may be done to the industry in Texas or California or vice-versa.

Spurred by the Action Program for Gas Industry Development, many company executives are beginning to re-examine established policies and techniques. Their promotional, advertising and research sights are being raised. Advanced marketing techniques are coming into play in community after community. The public relations programs of the Independent Natural Gas Association, the Gas Appliance Manufacturers Association, and the activities of our own American Gas Association and the National Council for LP-Gas Promotion are providing a foundation for an industry-wide effort to enlist public understanding and support. The activities of our A. G. A. Laboratories have reached a new all-time peak. Our Accident Prevention Program has been revitalized and expanded and our public safety record has been substantially enhanced.

The Sixth Largest Industry

With total assets of over $13½ billion, the gas industry is the sixth largest industry in the nation. And plant investment is increasing at a rate of nearly a billion dollars a year. We have chalked up a string of impressive accomplishments. We are now serving a new high of more than 27 million utility gas customers. In addition there are approximately 7 million gas users off our mains. Sales of gas by utilities and pipelines have set a new peak and an additional rise of 31.5% over 1953 totals is expected by the end of 1957. Space heating sales have continued to soar despite all we have heard about the heat pump and atomic energy for commercial use. We are adding more than one million new house heating customers a year. By the end of 1954 more than 14 million American homes will be heated by gas—about one-half of all the residential gas customers in this country. At this rate, by the end of 1957 gas will be heating the huge total of nearly 17 million households. In the commercial field, gas appliances have racked up sales victories over competition. Gas is playing an increasingly important production role.

With such a record of growth, should we ever question the future of our industry? Will our Cinderella growth continue indefinitely or are we being lulled to sleep by our past progress?

The realization that we probably were being lulled to sleep resulted in the Gas Industry Development Program—a program of action devised to meet competitive inroads in our domestic market. Tomorrow you will receive a full report on this program from the Chairman of the A. G. A., Gas Industry Development Committee. I will not dwell on its details. I do want to point out, however, that market surveys made in demonstration cities and in other cities now participating in this Action Program show a general pattern as regards competitive inroads. While both electric and gas range sales have climbed in the past 15 years, the gain for electric ranges has been about 288% to current annual sales of about 1.3 million units. Against this, gas range sales in 15 years gained some 45% to total about 2.2 million units annually. More gas water heaters are being sold than electric, but the 15 year total gain for electric is 660% versus 326% for gas.

Do we view with alarm the fact that our electric competitor outsells us in many areas, especially in the higher priced units? Do we view with alarm the fact that the ratio of sales of gas ranges to electric ranges dropped as low as 1.2 to 1 at one point last year? Do we view with alarm the fact that in the new home market not only electric ranges but water heaters and clothes dryers fueled by electricity are making serious inroads?

We have come a long way in meeting this competitive threat to our markets but we still have a big job ahead. Our greatest job today—if I may assume the role of prophet for the gas industry—is to convince the housewife that gas and modern gas appliances can make her life easier. It is as simple as that.

Our customers do not buy our product because it appeals to any of the five human senses. They buy it for the service it renders to them and for their ownership pride in the modern gas appliances which they have in their homes.

Over the years the gas industry has developed a formidable set of tools to promote our business, protect our huge investment and benefit the public we serve. With those tools, let us "March Forward."

Within the A.G.A. framework are many practical tools, all designed to accomplish specific results and all tuned to your own local situations. Year in and year out the sections of our association, under the leadership of able chairmen, develop a wealth of worth-while programs and materials. Just this past year the first packaged Customer Relations Training Course has been made available for your use. Our new General Management Section has grown by leaps and bounds and is getting into full stride.

I can well imagine the differences of opinion which must have existed with respect to the establishment of our Testing Laboratories. Today we look on them with great pride. What a vital role they play in the public interest through their part in the development of appliance approval standards—ASA Standards—and the testing of gas appliances. They are blazing a cooperative path for utilities and manufacturers toward a common goal. Nearly 6,000 different models of gas appliances will be tested this year at our Cleveland and Los Angeles Laboratories to make certain that they meet the requirements that have become American Standards. Without these laboratories, the present level of gas appliance safety, durability and efficiency would be unlikely, if not impossible. Our appliance testing programs are proceeding at an all-time high level. These laboratories further serve us through research projects assigned to them under the PAR Plan and the Approval Requirements Program. Your Pacific Coast branch has doubled in size in the last few years. Floor space at Cleveland has more than tripled and during this convention we shall dedicate a new north wing to Raymond M. Conner, who so ably directed the laboratories for many years.

A National Advertising Compaign

Some of you may remember the inception of our national advertising compaign in 1935. This was the first coordinated nationwide promotional effort of the gas industry. Today, we have our Promotion, Advertising and Research (PAR) Program, which was first established in 1945. In its nine years of existence member companies have contributed approximately $15,600,000 in support of the plan. I shudder to think where our industry would be today without the PAR Plan. Recently the PAR annual report was published by Jim Oates and his fellow committeemen. I commend it to you. This Plan has been one of the outstanding A. G. A. activities. Its basic function has been to undertake for gas utilities and pipelines those promotional advertising and research activities that can be done only, or done best, at the national level. You should know that for the expenditure of $770,000 of PAR funds last year we encouraged manufacturers to spend $1,764,000 of their own advertising funds and obtained substantial magazine editorial support. No single gas utility or gas appliance manufacturer could begin to match the million dollar advertising and promotion campaigns of some of our competitors in the appliance field. I hastily add, however, that mere volume of national advertising should not be, and is not, our goal.

It is unfortunate but partly true that through complacency—or lethargy — or other reasons beyond our control, we have permitted our competition to capture the term "modern" for its very own. It has been used—and is still being used—to imply that our industry and our appliances are antiquated, outmoded, and obsolete. You and I know better. But that is not enough. Our customers and potential customers must know it.

Although a recent survey indicated that most of our local companies do not have organized programs for improving their public relations, it is encouraging that our national associations have taken hold of the problem and have set out to aid in its solution. Two joint Public Relations Conferences have already been held in New England and the Midwest under the sponsorship of national and regional associations. The very fact that these groups, each interested primarily in a different sector of the over-all picture, can combine forces to attack mutual problems, is extremely significant. It is another most encouraging indication of our forward march.

We are coordinating our efforts with those of GAMA, INGAA, and the National Council for LP-Gas Promotions. Although we have not developed a full-fledged public relations program of our own, we have made a step in that direction. The association has initiated this year an impressive number of public relations activities that can later be used as the foundation for an industry-wide public relations program. These new activities have three major objectives on the national and local levels, namely: (1) To build greater national and local understanding of the gas industry; (2) To identify gas industry policies and operations with the public interest; and (3) To establish wider recognition of the indispensable role of gas in home, business and industry. The association is trying to do this on the national level and to help you do it on the local level.

I am convinced, after reviewing both the GAMA and INGAA public relations programs, that much of what has been called promotion comes under the public relations classification. Moreover, many of A. G. A.'s home service, advertising and promotional activities directly or indirectly affect the industry's public relations. Here are a few examples that come to mind. Our Hollywood Bureau is dramatically presenting gas kitchens and gas appliances in glamourous settings to millions of people through films and TV shows. The Educational Service Bureau's school kit, "Natural Gas-Science Behind Your Burner," has been distributed to over 10,000 science teachers throughout the country to familiarize future homemakers with gas and modern gas appliances. The Mrs. America contest, co-sponsored by the American Gas Association for the first time this year, has produced a tremendous amount of excellent publicity for us.

The A. G. A. New Freedom Gas Kitchen Bureau has made several important contributions that are of special interest to your sales and builder contact staffs. This year, for the first time, the official kitchen and laundry film of the National Association of Home Builders will feature a New Freedom Gas Kitchen and Laundry. The film will be promoted on a national scale and offers many attractive tie-in possibilities for local utilities. The work of the Bureau in enlisting cooperation of national women's magazines, cabinet manufacturers and gas utilities to display New Freedom Gas Kitchens and Laundries at national exhibits and shows has been most productive.

Gains in Commercial Gas Fields

Hard-hitting national promotions in the commercial gas field produced impressive gains in 1953. Year-end statistics disclose that dollar sales of commercial gas appliances last year increased 24.8% over 1952, while dollar sales of commercial electric appliances rose only 12.7%.

I am particularly impressed by the association's new "year ahead" planning booklet on promotional and advertising campaigns for 1955—the most complete work of its kind that I have yet seen. This carefully prepared brochure gives local gas companies complete details on PAR national advertising and promotional campaigns well in advance of the actual campaign dates. Using this unified approach, we are achieving greater coordination of gas industry campaigns and greater customer impact at the local level where all sales are made. No one company could afford to undertake the many vitally needed projects that comprise our promotional program, but collectively A. G. A. is doing them for you at relatively small cost.

Your research program encompasses all phases of our industry's operations, from pipeline research to utilization research. The potential field is almost limitless. We, of necessity, must screen that field carefully in the selection of projects—our available funds give us no other choice.

Vast opportunities lie ahead of us. Since 1946 we have sold nearly 19 million ranges, more than 14 million automatic gas water heaters and millions of heating units. Our statisticians tell us that if consumer purchasing power in the United States holds at the present level, there is a potential market for 59 million more gas ranges, water heaters and heating units between now and 1958. We can achieve this huge goal by planning, by improving techniques and practices; and by hard work. These are the basic principles put forward in the Gas Industry Development Plan.

But our hope of forward progress lies not in selling alone. To sell efficiently we must have a vastly superior product. In the range field, the A. G. A. Cleveland Laboratories' demonstration of new research principles in January pointed the way to such a product. This demonstration was the first concrete example of a marriage between the Gas Industry Development Program and the PAR Plan to improve the competitive position of the gas industry. The display units provide for cool ranges for cooler kitchens; tiny 50 Btu pilots to eliminate hot spots; ignition arrangements to give instant ignition and re-ignition at all positions of the gas cock; unsurpassed heating speeds plus high efficiency; precision control to top burners plus very low turn-down heats; simple burners, easy to clean and capable of burning a wide range of gases; burners without air shutters which will remain in adjustment and all burn alike; a fast large-area golden glow broiler; units which are truly safe and truly fully automatic.

What I saw and heard in Cleveland gave me the greatest thrill I have had in a long time. I believe these developments give the gas industry the greatest opportunities it has had in years. I further fully believe that when appliances incorporating these developments get out into the field our savings in servicing costs will be greater than our entire contributions to the PAR Program.

Models of ranges incorporating some of these features have been approved already by the Laboratories and they should be available shortly, at least for field testing.

In addition you have heard and will hear more about the Radiamatic Range developed by our good friends Fred Hess of Selas Corporation and Stan Hobson of Roper Corporation. I understand that a representative group of manufacturers is developing this Radiamatic burner so that it can be utilized in their gas range models.

Other manufacturers have developed a "Pot Watcher," and "Oven Timer" and a "Top Burner Timer."

We are on the march.

Let me emphasize that our research efforts are not confined to appliance development. We are seeking, and finding, new methods of producing gas at lower costs. Looking into the far distant future, we are developing new processes for manufacturing substitute gases for natural gas. Some highly significant findings have come from research projects at the Institute of Gas Technology and the A. G. A. Laboratories. We certainly consider the Institute another of our modern tools.

I look forward to the day when full automatic ignition on all range burners will be a requirement. In some cases original price governs the purchase of appliances and rules out automatic ignition. I have urged the incorporation into building codes of the ASA code for house piping and appliance installation Z21.30. Safety considerations alone, it would seem, should make this code appealing to building authorities. Incorporation of this code into building codes would make mandatory the installation of only approved appliances. It would eliminate the possibility of unapproved, unsafe appliances being produced and sold and would permit the up-grading of all gas appliances.

You will recall bills filed in Congress to give the Federal Power Commission the jurisdiction and responsibility for public safety in the construction and operation of transmission lines. Because our industry really went to work on the problem Representative Heselton deferred action on his bill.

The Gas Pipeline Code

I can report that the final draft of the B-31 Gas Transmission and Distribution Pipeline Code was sent to member companies and that the timetable now calls for publishing and distributing the new code about Dec. 1. All of the members of A. G. A. and the gas industry as a whole give our association member Fred Hough, Chairman of Subcommittee 8, and its members a vote of thanks for the great amount of time and effort which they devoted to production of this new code. This was a stupendous task but the results will greatly enhance our position as a self-regulated industry.

On June 10, Carl T. Kallina, testifying on behalf of the Federal Power Commission at the Heselton Bill Congressional hearing, spoke up eloquently regarding the B-31 work. "Personally," he said, "I think that this (code) is one of the greatest achievements that has ever come out of the natural gas industry. If you will just review the list of (72) persons . . . you will appreciate the fact that no one agency—not even the government, I think—could have gotten together such high-priced talent to do such a job as they have done here. It has been tremendous, and it has been educational to all of us."

Let us take a look at employee safety where another hardworking A. G. A. committee is putting teeth into the association's Accident Prevention Program through a new course for supervisory personnel.

The gas industry has come a long way in employee safety since the '20's but, compared with other industries, we still have a long way to go. Last year the gas industry lost more than 300,000 man-days of work due to employee accidents. This loss is equivalent to shutting down the entire gas industry for almost two working days! In wages alone, we lost $3½ million—more than the gas utility industry contributes each year to all A. G. A. activities, including the PAR Program. What a tremendous boost would be given to our growth if we were to save even a fraction of this yearly accident cost and invest it in promotion, advertising and research! It can be done.

Quite recently at Hartford, Conn., more than 60 utility companies received awards from A. G. A. for having reduced their accident frequency more than 25% during the past year. At this Convention, 13 companies will be given special awards for having achieved the best records in their respective divisions of the industry. Do we or don't we take full advantage of the coordinated efforts and material available through the Accident Prevention Committee to reduce costly on-the-job accidents?

Your association's Washington office is acting as an information center and "listening post." It provides a liaison with the many government agencies and individuals and permits us to provide promptly requested data on our industry. The Federal legislative scene is an active one which requires close watching. This office is available to you at all times.

Communication within our industry — or any industry — is a great and vexatious problem. I know our members are not fully aware of all the activities carried on for their benefit. I know the difficulties executives have of keeping abreast of the many problems with which we are faced and are trying to do something about.

I have been deeply impressed during the past few years with the value of the A. G. A. Executive Conferences to the individual companies. Unfortunately however, geography and other factors have limited attendance at these top planning sessions to about 125 executives. My personal feeling is that it would be very beneficial to the industry to hold future executive conferences regionally in cooperation with our affiliated regional and state gas associations. If seven or eight of these meetings were held annually with round-table discussion of important subjects, we should see a stronger unity of purpose and greater effectiveness in the operations of our companies.

I realize that such a plan would require more time and effort on the part of A. G. A. officers and conference participants, but even that would be repaid many times by the greater action and industry progress it would produce.

More than $3½ billion representing 90% of the new construction expenditures by the gas utility and pipeline companies in the next four years will be devoted to expansion of the nation's natural gas systems. Natural gas will be brought into new territories, including the Pacific Northwest. Every section of our nation will then have a source of natural gas. The discovery of great new Canadian gas reserves and the expectation that these reserves will soon be piped to Canadian industrial centers and, it is hoped by many, to some of ours, paves the way for a spectacular development of the Canadian gas industry. Additional supplies will go to areas already receiving the more than 54 billion therms of natural gas being sold annually in the United States.

Supplies of natural gas continue to increase at a rate greater than the evergrowing production. At the beginning of 1954, the A. G. A. Committee on Natural Gas Reserves estimated proved recoverable reserves of natural gas totaled 211.7 trillion cubic feet. This was an increase of 11.7 trillion cubic feet over the previous year and the gain was made in the face of a record production of 9.2 trillion cubic feet in 1953.

Thus it would appear that there are ample supplies of natural gas for many years ahead, provided the climate for its production is such that it will be made available for ultimate consumption.

Where will these increasing quantities of natural gas be sold? The Bible says "we cannot live by bread alone," nor can we survive economically only through increased sales of gas for house heating. We must get out and sell the other six important domestic gas services.

One of the most fertile fields today is the gas air-conditioning field. Its importance to pipeline companies and distributing companies for the future and its possibilities are so great, I call it especially to your attention. Particularly do I believe we should step up our research on this and coordinate that work with the work of the manufacturers who have and are spending large sums of their own money on air conditioning by gas because they believe in it.

The PAR Committee has expressed a firm conviction that greater, rather than lesser, national promotion, advertising and research efforts are essential for the future growth of our industry. The PAR Budget Committee is striving to develop a PAR subscription basis for 1955 which will be more widely acceptable. The PAR activities are a continuing, sound business investment and as such deserve the support of our entire membership. I urge you to give them your individual and collective support.

Before closing, I would like to point out to this Convention that next year for the first time in history the American Gas Association will be the host for the International Gas Union. The Sixth Conference of this renowned organization will meet in New York, Sept. 27-30, 1955, to exchange ideas and technology of the gas industry in various countries. There will be general sessions and individual meetings devoted to production, transmission, distribution and utilization. Everyone in this audience is welcome to attend and I hope that you will help us to tell the full story of our industry to our friends from abroad.

Thomas Edison once defined the secret of success as "2% inspiration and 98% perspiration."

I hope that I have clearly indicated to you that we have the tools to work with; that we have passed the inspiration stage in our progress; that the "Forward March" has been sounded and finally that perspiration and hard work lie ahead.

"Take Public Into Your Confidence"

I urge you to press the attack ever harder in your own communities; to take the public into your confidence and explain your plans and problems; to have confidence in your services and products to the utmost.

We have accepted the challenge. Let us continue the "Forward March."

Railroad Securities

New York, Chicago & St. Louis

It is indicated that before too long New York, Chicago & St. Louis will join the ranks of those roads that are eliminating their preferred stocks. There were widespread press reports late last week to the effect that the road contemplates sale early next year, at competitive bidding, of about $36 million of Income Debentures. Proceeds from the sale of these new bonds would be used, along with some treasury cash, to call the outstanding preferred stock for redemption. This stock is outstanding in the amount of approximately 336,000 shares and is callable at 110 so that the operation will involve a total of close to $37 million.

Nickel Plate, and its common stock holders, stand to derive a dual benefit from any such program as has been discussed. For one thing, the company now pays dividends at the rate of 6% on its preferred stock. It should be able to do considerably better as to the interest rate on the bonds. Secondly, there should be a substantial tax saving as the interest will be deductible before Federal income taxes while preferred dividends are not. Until the actual interest rate is determined by competitive bidding early next year the exact extent of the saving can obviously not be computed. However, many rail analysts are of the opinion that the net saving may run to as much as $0.65 a share on the common. A substantial part of the saving might be applied to a sinking fund to retire the new Income Debentures, but that operation itself would tend to improve the investment stature of the common stock.

With a substantial interest in the transportation of bituminous coal and in the heavy industries generally, Nickel Plate has naturally been pretty hard hit by the business readjustment of the past 12 months or so. Gross revenues for the nine months through September were off almost $20 million, about 15.4%, from a year earlier. Dollar-wise, expenses were cut all along the line but the transportation ratio for the period rose 2½ points, to 36.8%, and the over all operating ratio of 71.2% compared with 67.4% reported during the first nine months of 1953. Federal income taxes were sharply lower than they had been a year ago but even at that net income declined $4,708,000, to $9,168,317. Share earnings on the common amounted to $3.72 down from $6.03 a year earlier.

While traffic is still running under a year ago, there have been definite signs of a turn for the better in the business picture in the service area, highlighted by the upturn in steel mill activity. If this trend continues, as appears likely, it now seems as if the company for the full year 1954 may report earnings of around $5.75 a share on the common. While this would mark a sizable decline from the $7.70 a share reported last year it would be a good showing by any normal standards. Also, particularly considering the company's conservative debt structure, it is felt that such earnings would afford more than adequate coverage of the $3.00 annual dividend rate. This, dividend, incidentally, affords a generous yield of close to 8% at recent market levels.

Analysts who have been bullish on Nickel Plate point only to its past record of high operating efficiency, favorable traffic position, and long record of high earning power but, also, to two plus factors for the future. For one thing, the road has been slow in dieselizing and as this program progresses there should be substantial economies. Secondly, the road is deriving very little in the way of tax benefits from accelerated amortization so it is not, as may roads are, borrowing substantial earnings from the future.

Joins Reynolds Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Cal.—Richard P. North has joined the staff of Reynolds & Co., 425 Montgomery Street.

With Schwabacher Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—George O. Clark, Jr. is now associated with Schwabacher & Co., 600 Market Street, members of the New York and San Francisco Stock Exchanges.

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Our Friend the Stockholder

to feel that the management of the company is of a high caliber and is reputable, not only so that they can rest easy that their money is in safe hands, but also so that they can feel proud of their company and its management and of its standing in the community — whether that community be some small city or the nation as a whole. It is the job of stockholder relations to interpret management to the stockholder group. I don't mean that we should pat ourselves on the back but we can so state our aims and objectives that the share owners will have in their minds a favorable picture of the management.

In this matter of interpreting management to the stockholders, I think it is important to personalize as much as possible the people who run the business so that stockholders will feel that they know them, that they like them, and that they are proud to be associated with them. To be friends the first step is to get acquainted. Not long ago we ran an advertisement and sent copies to stockholders showing pictures of our directors with a thumbnail sketch. There was also included what might be called a "creed"—their objectives in acting as directors. This met with a very favorable response. Also, we have run one headed "Up From the Ranks" showing pictures of the Presidents of the Bell System operating companies, telling how each started and progressed. I am sure that both of these made the stockholders feel closer and warmer toward the company and those who run it.

The stockholders are also interested in the product or service sold by their company. Public service companies have made it one of their basic aims to try to have their services as good as possible. I think that the public feels that we are working very hard toward this end. As our stockholders are also users of our service, this attitude on our part has, I believe, a real effect on our stockholder relations. Conversely, when our services are not good, it has an adverse effect.

On this point of products and services furnished, plant tours for stockholders, as well as customers, have been found to be most helpful. Stockholders not only like to see what their money has been used for, but everybody likes to see the wheels go around whether they own the wheels or not. Also, they like to bring the children along and the children like it too. They are the new crop of stockholders. One of these days they will be buying one share and starting up the ladder.

Stockholders also have a great variety of other interests as indicated by the questions they ask about the affairs and operations of the company. These questions are important to the stockholders who raise them, and they should be equally important to the company. Each of these must be answered promptly and fully.

All the surveys of what stockholders are thinking about and what they want show that the great majority of stockholders want to know more about the companies in which they have invested, their products, and what they are doing. We should furnish these facts to them at every opportunity.

Meeting Obligations to Stockholders

I would like to review the various means we have at hand in trying to meet our obligations and the stockholder's wish in this regard. Our first contact with a new stockholder is, of course, important. We in the Bell System, and most other companies, I believe, send a "welcome" letter to each one of these new stockholders. As you can appreciate, this is quite an undertaking for us as we have from 150,000 to 200,000 new accounts each year. These welcome letters are on engraved letterhead bearing the President's name. Each appears to be an individually typed letter, signed by the President, although the body of the letter is reproduced by the "letter press" method. The text has been carefully prepared so as to be friendly and cordial. The resulting letter is as near to being a personal and individual letter as is possible with such a large number. These letters are received with the greatest enthusiasm and a great many of the new share owners write letters of appreciation to our President. We often reply to these letters of appreciation and certainly do if they contain any other comments or questions. The welcome letter also states that we would be glad to have any suggestions the stockholder might have for improving our services or operations. Many take advantage of this and write us.

Another effective contact is, of course, the annual report. This is a subject in itself, which we all have studied from our own point of view, and I will not say much about it. There is no question but that annual reports are improving each year. We must not forget that the basic purpose of the annual report is to give information, and in doing so we should keep in mind that we are talking as one individual to another individual and that what we say should be in as simple and understandable language as possible, and in a friendly vein.

Each company has other printed material which fits its own situation. In our company we send a share owners' quarterly with each dividend. We try to find something of interest in the operations of the company to include with the financial reports for the quarter. These quarterly inserts serve to foster the feeling among the stockholders that they know what is going on and are part of the undertaking. From the large number of letters we receive from stockholders, it appears that they are happy to receive this material.

Not long ago we included in a share owners' quarterly a few definitions of financial terms — like debentures, bonds, stock, coupons, warrants, etc. — words we had used in connection with our various issues. This had nothing to do with our operations really, but it had a tremendous reception. The man who prepared the quarterly included the suggestion that if there were still other financial terms they didn't understand to write to me. The next day after the mailing, my desk was piled high with letters and the phone rang all day. This kept up for some time. Then two nationally-syndicated columnists took up the story and told their readers to write in for the quarterly and ask any questions they might have. This started the flood all over again. Professors asked for hundreds of copies for classroom use. This meant a lot of work, but it was all to the good. And it covered not only our Bell System stockholder family, but went well beyond.

At about the same time that our welcome letter goes out, a booklet, "A. T. & T. Your Business," and a copy of the latest annual report, together with the latest quarterly statement, are sent to the new stockholder. With the booklet is a list of several other pamphlets dealing with various phases of the operations of the company, and the stockholder is invited to check those that he would be interested in reading. We get a great many requests for these pamphlets and send them out promptly.

The whole objective of this part of the program is to make available to the stockholder—and particularly the new stockholder—as much information about the business as is reasonably possible and in a readable and interesting form. The purpose is to have the stockholder feel at once that he holds an important place in the company and that we want him to be informed about its operations and affairs.

Correspondence With Stockholders

So much for the printed or form material. The correspondence with stockholders, which goes on every day, constitutes a continuing vehicle for establishing and maintaining good relations. Usually the stockholder initiates the correspondence. He has something on his mind which he thinks is important enough to write the management about. Certainly he deserves an answer and I think it should be the best possible answer that can be made. Those of us who are charged with this day-to-day correspondence with share owners play a very vital part in the stockholder relations of our company. To the stockholders what we say is what the company thinks. Our interpretation of the company *is* the company to these people, if we are convincing.

Skipping for the moment the great mass of routine letters received about changes of address, dividend checks, lost certificates, bond conversions, etc., the stockholder correspondence tends to fall into two general classes. First, correspondence throughout the year generated by stories appearing in the financial columns or other parts of the press, comments about operations of the company or its subsidiaries, thanks for something nice one of our people has done, and a thousand and one other matters of current interest to individual stockholders.

The second class of correspondence arises from the comments at proxy time—either those written across the face of a proxy or letters sent with the proxy. These, of course, have to do largely with questions suggested by the contents of the proxy statement, such as stockholders' resolutions, financing proposals, and various facts set forth in the statement.

The first class of correspondence constitutes a steady stream of letters from stockholders throughout the year, and the second class becomes a flood during the proxy period. Our objective is to answer each of these letters and comments promptly, fully, and frankly—and with as much of a personal touch as is possible. Each one is individually answered and I am sure that the recipient has no feeling that he has been sent a form letter.

It has been surprising to me how many of these people reply to our letters and they nearly always are enthusiastic and friendly. If the stockholder's reply is merely a conclusion of our discussion we usually do not answer. On the other hand, if some point is left open or some other point is raised we always answer.

I think that before any of us starts to reply to a letter we should try to visualize the writer. Very often the letter gives rather clear indications of what he or she is like. I find that this makes it easier to write a really personalized reply. Another point which the surveys bring out, and which our experience confirms, is that a large majority of stockholders intend to hold their stock for the long pull. I think this should be an important part of our mental picture of the stockholder. By and large he is not the "in and out" type.

Many letters are complimentary to the management and on their face require no answer. However, I believe it is usually wise to answer these also, so that the writer will know that we appreciate his thoughtfulness in telling us of his confidence in the company and his satisfaction with the management.

The critical letters are, of course, most important. They should be answered promptly and special care should be given to be sure the reply is friendly. If a stockholder has a firm point of view on a subject, I doubt if we are often successful in changing his mind. However, our letter can still be productive by setting forth our point of view in such a way that the stockholder will see that we are broadminded, that we have substantial reasons for believing or acting as we do, and that we are frank and forthright in our discussion with him. We have had repeated instances where, although the stockholder stated that he or she had not changed his basic view, yet the whole tone of his letter was such that we knew we had made a friend by the exchange of correspondence.

We have found it advantageous to follow many of these critical letters with a personal visit or a telephone call. In fact, these personal contacts have been most productive.

I think most of us have not gone half far enough with these personal calls on stockholders. Nothing takes the place of a friendly face-to-face talk. There is no reason why such calls should be limited to cases where the stockholder is critical of something we have done. Every personal contact is all to the good—even when the stockholder is 100% friendly in the first place. Some companies go quite far in this direction—in fact, some of the companies represented here do—but most do not. Of course, the large size of stockholder families these days adds tremendously to the work involved in a program of this sort. But I think it would pay each of us to set up a systematic plan for calling on representative stockholders. And these calls should be made by substantial people in the organization. The effect of such a program would be cumulative as the years go by. We don't need to try to do it all at once.

I have the feeling that it is important that in so far as practicable stockholder correspondence, outside of routine matters handled by forms, should be written or at least signed by the same responsible officer of the company. This results in continuity of personality and a closer relationship. I might say that in our company the President reads every letter from stockholders, whether addressed to him or not, except those dealing with details of addresses, transfers, subscriptions, etc. He feels that this is well worth while.

Often the letters from stockholders contain suggestions for improvements in the operations of the company or complaints about something we are doing or the way we are doing it. Answering these letters is only meeting our obligation half way. We also should pass the suggestion or complaint on to the proper department of the company for study and for action where action is called for. The stockholder should be told that this is being done, and when the case is concluded he should be advised what ultimate disposition was made of the matter. The stockholder has taken the trouble to write because he is interested in the welfare of his company, and he is entitled to know that his thoughts have received careful consideration by the experts and that they have been acted upon if they have merit.

Another and far-reaching product of good and intelligent stockholder relations is the gradual development of a real public understanding of what the success of business really means to the people of this country. This goes to the very root of our American way of life, and as we talk with our stockholders about the aims and objectives of our companies—and their problems—we may well be playing an important role in furthering this cause. I do not mean that we should undertake campaigns among our stockholders in favor of or against various social or political ideas. Most companies receive suggestions that they do just that. I know that there is not entire agreement among corporations on this point, but it is my feeling that a corporation should not attempt to lead the thinking of its stockholders in these matters, unless there is a direct bearing on the business of the company or its welfare. The owners themselves hold personal views on these subjects which run the whole gamut of social and political belief. Although some few stockholders favor such action on our part, I am sure that by and large our stockholders do not expect us to undertake such activities or wish that we do so.

Previously I mentioned the innumerable routine contacts with stockholders during the year about changes of address, dividends, bond conversions, lost certificates, estates, stock transfers, and other similar matters. These contacts may be by letter, telephone, or personal call. Again it is important that we be prompt, understanding, and efficient in our handling of these matters, even though they are not as personal as the general correspondence. Each of these has its bearing on the quality of our stockholder relations, especially as they run into such large numbers. During a recent year some 285,000 such cases were handled by our company. Take one item alone—about 30,000 of our stockholders die each year—some 100 per working day. It is estimated that during that year, total contacts with security holders and others interested in the company's securities, by mail, telephone, and at the counter, including dividend checks, proxies, annual reports, prospectuses, warrants, and security issue subscription and rights transactions numbered about 10 million. I quote these figures only to indicate the possible cumulative effect of all of our contacts added together and the importance of choosing the best methods of handling each of them.

Even in these rather impersonal transactions the spirit of real friendship can be forged. We recently had an exchange of letters with a stockholder about the loss of three stock certificates which ended with this letter:

"Well, I just found the darn things, by accident. I was telling my neighbor, after the third cup of hot buttered rum, that there *was* an organized social life in the insect world. To refute his incoherently expressed doubts I strode with dignity to the crowded book case and picked out J. Henri Fabre's 'Life of the Fly' and there, next to the chapter on the Blue Bottles, were stock my three lost certificates. That's a good book! I commend it to you. . . . You may withdraw the 'stop transfer' notice and what not. All is normal again. I have the stock, my neighbor has more respect for bugs, and the rum is gone."

Everyone was happy. So many of these little incidents end in the same friendly spirit.

Conclusion

In conclusion let me bring together a few of these thoughts. Good stockholder relations must come from the very depths of us. We must believe in it wholeheartedly and must live it every day. Lip service with no sincerity behind it is worse than useless. Also there are no trick formulas — no short cuts. It is everybody's job all the time—during good times and bad.

We must never forget that we are trustees—custodians. Not just custodians of the money stockholders have put in our businesses, but—and possibly just as important— custodians of what these millions of stockholders think and feel in their hearts about business and businessmen. This is a heavy responsibility and one which is with us every minute of the day. The probability is that the typical stockholder is not an A. T. & T. owner, or gas company owner, or the owner of shares in any one company. More likely he or she owns a few shares of this, and a few shares of that, and perhaps a few more shares of something else. So he forms his judgments and opinions about large corporations and the wisdom of investing in them on the basis of his total experience with all of them. Hence, the better the job each of us does in our relations with stockholders the more we can contribute to building up the confidence and support of this important segment of the public.

Perhaps it can be said that there are special reasons why public service organizations owe it to themselves to develop and maintain the best possible relations with their stockholders. Not only is this consistent with a good public service job, but utilities, more than most other concerns, have to keep going to the public for new capital, and with earnings limited by regulation we need the utmost understanding of our problems and our efforts.

Our correspondence with stockholders is an important method of establishing a corporate personality. The stockholder who receives the kind of answer I have been referring to will build up in his mind a definite impression of the personality of the company and its management. And what is equally important, he will talk about it to his friends.

Stockholder relations is of the greatest importance to all of our companies, and the basic responsibility for it is ours. I believe that a company has character just like an individual and it is our duty to interpret the character of our company to its owners.

It is a challenging job—and I, for one, find it to be most interesting and a lot of fun.

Continued from page 5

The State of Trade and Industry

week to 84,055 units, a 41.7% gain over the prior week's 59,302-unit total.

"Ward's" estimated United States truck output in October at 63,500 units against 67,180 in September.

Steel Output Scheduled to Rise to 75.7% of Capacity

Steel ingot output is the highest since last January, says "Steel," the weekly magazine of metalworking. It's up to 75% of capacity, only six-tenths of a point below the year's high mark in the last week of January.

Optimism is in order, states "Steel," pointing out that steel inventory reduction is practically completed. The automobile industry, largest consumer of steel, is resuming output after model changeovers. Construction, second largest user of steel, shows every evidence of remaining at a high level. Non-farm housing starts are rising, in defiance of the season. New emphasis is being placed on selling, even to the extent a steel company is pushing its customers' products—appliances. The farm equipment industry is expected to see a business improvement.

Demonstrating confidence that the future will be good, Jones & Laughlin Steel Corp. will spend $50,000,000 in 1955 to improve and expand its plant and equipment in the Pittsburgh district. That sum is nearly double this year's $29,000,000 expenditure, it states.

Confirmation that reduction of steel inventories is about over is found in "Steel's" latest quarterly survey. Sixty-five percent of the respondents plan to hold inventories at present levels. This means they will have to buy at least for current consumption levels, which are pretty good. Three months ago, almost half the users said they planned further cutbacks, observes this trade paper.

Return of the automobile industry to the market-place for steel can be detected in the forms of steel that are in growing demand. Notable in this category is cold-rolled carbon sheets. Within a week, for instance, one mill extended delivery dates on this product three weeks. Now, it needs seven to eight weeks, instead of four to five, to make delivery.

The reason the construction industry is being counted on for strong support, says "Steel," is that it is expected in 1955 to continue its $36,500,000,000 pace, which is setting a new record this year. One segment of construction—non-farm houses—saw 114,000 starts in September, contrary to usual seasonal trends. This number exceeded August starts by 3% and those of September, 1953, by 20%.

The American Iron and Steel Institute announced that the the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at an average of 75.7% of capacity for the week beginning Nov. 1, 1954, equivalent to 1,804,000 tons of ingots and steel for castings as compared with 74.5% or 1,776,000 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 71.0% and production 1,692,000 tons. A year ago the actual weekly production was placed at 2,096,000 tons or 93.0%. The operating rate is not comparable because capacity was lower than capacity in 1954 The percentage figures for last year are based on annual capacity of 117,547,470 tons as of Jan. 1, 1953.

Electric Output Declined Further the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Oct. 30, 1954, was estimated at 9,152,000,000 kwh., according to the Edison Electric Institute.

This represented an increase of 119,000,000 kwh. above that of the previous week and an increase of 790,000,000 kwh., or 9.4% over the comparable 1953 week and 1,399,000,000 kwh. over the like week in 1952.

Car Loadings Make Further Gains In the Latest Week

Loadings of revenue freight for the week ended Oct. 23, 1954, increased 24,605 cars or 3.4% above the preceding week, according to the Association of American Railroads.

Loadings totaled 746,007 cars, a decrease of 58,406 cars or 7.3% below the corresponding 1953 week, and a decrease of 14,766 cars or 1.9% below the corresponding week in 1952, which was affected by a strike in the coal industry.

U. S. Auto Output Advances 41.7% Above Previous Week

The automobile industry for the latest week, ended Oct. 29, 1954, according to "Ward's Automotive Reports," assembled an estimated 65,173 cars, compared with 45,649 (revised) in the previous week. The past week's production total of cars and trucks amounted to 84,055 units, an increase above the preceding week's output of 24,753 units or 41.7%, states "Ward's." In the like week of 1953 138,370 units were turned out.

Last week, the agency reported there were 18,882 trucks made in this country, as against 13,653 (revised) in the previous week and 14,594 in the like 1953 week.

"Ward's" estimated Canadian plants turned out 3,030 cars and 475 trucks last week, against 2,640 cars and 434 trucks in the preceding week and 5,999 cars and 942 trucks in the comparable 1953 week.

Business Failures Record Mild Declines In Past Week

Commercial and industrial failures dipped to 223 in the week ended Oct. 28 from 229 in the preceding week, Dun & Bradstreet, Inc., reports. However, casualties remained above the 218 occurring a year ago and were considerably heavier than in 1952 when 136 concerns failed. Continuing below the pre-war level, mortality was down 26% from the toll of 300 in the comparable week of 1939.

Failures involving liabilities of $5,000 or more increased slightly to 193 from 182 in the previous week and exceeded the 189 of this size recorded last year. All of the week's decline occurred among small casualties, those with liabilities under $5,000, which dipped to 30 from 47 a week ago and were about even with their toll of 29 in the similar week of 1953. Fifteen businesses succumbed with liabilities in excess of $100,000, as compared with 13 in the preceding week.

Wholesale Food Price Index Moved Sharply Higher the Past Week

The Dun & Bradstreet wholesale food price index turned sharply upward last week to regain most of the ground lost during the previous four weeks. The index went to $6.71 on Oct. 26, up 1.8% over last week's $6.59, and a rise of 3.4% above the comparable 1953 week at $6.49.

Contributing to this week's advance were higher wholesale costs for flour, wheat, oats, hams, lard, coffee, cottonseed oil, tea, cocoa, eggs, potatoes, rice, currants, steers, hogs and lambs. Lower in price were corn, rye, barley and butter.

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 Increased Mildly In the Latest Week

Following a sharp rise early in the week, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., turned downward to close at 277.49 on Oct. 26. This was up slightly from 276.08 a week earlier and compared with 271.73 on the comparable date a year ago.

Price improvements in the principal grains continued irregular with wheat and oats scoring sizable gains, while corn, rye and soybeans suffered fairly wide losses.

Wheat displayed independent strength, reflecting a lack of hedging pressure, a slight pick-up in flour buying and reports indicating a further reduction in the Canadian wheat harvest.

Oats were firmer largely in sympathy with wheat. Corn declined sharply under the influence of increasing country offerings of cash corn as the new crop movement gained momentum. Primary market receipts of corn last week totalled 5,000,000 bushels, against 3,900,000 the previous week, and 15,100,000 in the same week last year.

Weakness in soybeans was based on improved harvesting weather in Iowa and Minnesota.

Easiness in rye resulted from disappointment that nothing has developed on the long awaited export business with West Germany.

Flour prices developed a firmer trend last week. Buying of Spring wheat bakery flours was somewhat better and bookings of hard Winter wheat flours were more numerous. Demand was helped by some mill price concessions but commitments generally were small and mostly for immediate and nearby. Spot butter markets lacked support and prices weakened under a further accumulation in wholesale distribution channels. Egg prices were firmer with supplies light to moderate.

Spot cotton prices trended downward throughout the week with easiness attributed to persistent hedging pressure, coupled with liquidation and speculative selling. Reported sales of the staple in the 14 markets remained in good volume and totalled 450,400 bales for the week as compared with 440,000 bales in the previous week. Consumption of cotton during September, according to the Bureau of the Census, averaged 33,300 bales per day, as compared with 33,400 in August, and 36,100 bales in September 1953.

The use of cotton has been lagging behind year-ago levels for 14 consecutive months.

CCC loan entries of 1954-crop cotton reported in the week ended Oct. 15 totalled 57,300 bales, against 54,200 a week earlier.

The cocoa market was highly irregular. After touching new low levels early in the week, prices rose and fell to close with a slight net gain for the week.

Warehouse stocks of cocoa declined to 98,174 bags, from 104,857 a week ago, and compared with 89,574 a year ago. Coffee also closed moderately higher following irregular movements during the week. A firming influence was the prospect that the Rio conference of producing controls, which started on Monday, may develop some proposal to stabilize the market. Hogs rose after hitting new 1954 lows early in the week.

Trade Volume Spurred by Promotions and Seasonal Weather Lifited Sales In Latest Week

Aggressive promotions and cooler weather combined to boost retail trade in most parts of the nation in the period ended on Wednesday of last week. Unlike the buying pattern during most of this year, more money was spent at retail counters than in the similar week a year ago.

Heavily industrialized centers reported unfavorable retail trade while more diversified cities experienced steady gains. The completion of many harvests and the sale of crops helped to lift sales volume in the Midwest and Northwest.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 1% below to 3% above the level of a year ago. Regional estimates varied from the corresponding 1953 levels by the following percentages: New England and Midwest +2 to +6; East and Pacific Coast —2 to —6; South and Southwest +3 to +7, and the Northwest —3 to +1.

The demand for apparel expanded slightly last week and continued, as during the past few months, to top the sales figures of a year ago.

Among the most popular items were men's topcoats and haberdashery and women's sportswear. Moderately priced children's clothing was increasingly popular.

Retailers of household goods experienced slightly rising sales last week as they heavily promoted reduced-price merchandise. However, consumer spending for furniture and household goods remained short of the level of a year ago.

The gasoline price war continued to depress prices in Connecticut. Despite the introduction of new cars, 1954 models continued to be sold.

The recent healthy condition of wholesale markets was sustained the past week as transactions in apparel, textiles and food were greater than the prior week and close to year-ago levels. Prospects for continued improvement during the rest of the year are good.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Oct. 23, 1954, rose 9% above the like period last year. In the preceding week, Oct. 16, 1954, an increase of 1% was registered above that of the similar period in 1953 while for the four weeks ended Oct. 23, 1954, a gain of 2% was noted. For the period Jan. 1, to Oct. 23, 1954, a loss of 2% was registered from that of the 1953 period.

Retail trade volume in New York City last week advanced by about 4% above the similar week a year ago, trade observers estimated. An important factor in the rise was favorable fall shopping weather.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Oct. 23, 1954, registered an increase of 6% above the like period of last year. In the preceding week, Oct. 16, 1954, a decrease of 8% was reported from that of the similar week in 1953, while for the four weeks ended Oct. 23, 1954, a decline of 4% was reported. For the period Jan. 1 to Oct. 23, 1954, no change was registered from that of the 1953 period.

Mutual Funds

By ROBERT R. RICH

Canada Funds Complete Merger

Shareholders of Canada General Fund, Inc. voted to approve merger of the company into Canada General Fund (1954) Limited, it was announced today. As a result, the former fund will be dissolved and its $21,000,000 diversified portfolio of Canadian issues will be transferred to the newer fund, which will then have resources of approximately $51,000,000.

Upon completion of the merger, Canada General Fund (1954) Limited will be the largest company, owned by American shareholders, which invests primarily in Canadian securities.

Terms of the merger provide for an exchange of shares on the basis of relative net asset values per share at the close of business on Nov. 5.

Commenting on the merger, Henry T. Vance, President, observes:

"We continue to be most favorably impressed with the long-term investment opportunities in Canada. In many respects, the situation seems to us to correspond with that of the United States early in the period of its modern industrial expansion, 40 years or so ago. We believe that the ability of Canada General Fund (1954) Limited to retain and plow back earnings, with little or no tax dilution, makes it an ideal vehicle for participating in the future growth of that country's dynamic economy.

"Contrary to some published comments to the effect that excessive amounts of United States capital are being channeled into Canadian securities by American investment companies, we have found no problem in obtaining sound issues at reasonable price levels. In this connection, it should be kept in mind that the estimated over-all value of listed stocks on the Toronto and Montreal Stock Exchanges is about $35 billion, whereas the net United States purchases of Canadian stocks for the first seven months of this year were only one-tenth of 1% of that figure.

"It should also be remembered that in the expanding Canadian economy substantial new capital is needed, not only for new industries and natural resource exploitation but also as a result of the requirements of established companies for new facilities to keep pace with the growth of population and national income. As Mr. Rhys M. Sale, President of the Ford Motor Co. of Canada, recently commented:

"'While we are proud of our financial independence, we do not object to the influx of capital. On the contrary, we need it and we welcome it.'"

A final dividend, representing accumulated net investment income, will be paid Nov. 30 to shareholders of Canada General Fund, Inc. of record Nov. 5.

FOR THE QUARTER ended Sept. 30, 1954, Fidelity Fund, Inc., reports an increase of 62½% in net assets to a new high total of $133,752,411 from $82,303,165 as of Sept. 30, 1953.

Net asset value as of Sept. 30, 1954, was $22.22 per share, compared with $16.24 on Sept. 30, 1953.

The number of shares outstanding increased almost 19% to 6,018,120 from 5,066,393 a year ago.

The fund is owned by approximately 30,200 shareholders, an increase of about 20% over the Sept. 30, 1953, total of 25,100. Some 45% of the shares are held by women, 25% by men, and 20% in joint ownership. The balance of 10% is held by fiduciaries and institutions.

de VEGH Mutual Fund, Inc. reports that its net asset value per share increased from $44.50 on June 30, 1954, to $48.59 on Sept. 30, 1954, or 9.2%, while the rise in the Dow-Jones Industrial Average during the same period was 8.1%.

The report states that during the 12 months to Sept. 30, 1954, the net asset value per share increased from $34.65 to $48.59, or, adjusted for the reinvestment of long-term capital gains, from $40.78 to $60.96.

The report further states that the net assets of the fund, which has no sales load, increased from $1,924,614 to $4,663,233 during the 12 months to Sept. 30, 1954.

de VEGH Income Fund, Inc. reports that its net asset value per share increased from $11.67 on June 30, 1954 to $12.48 on Sept. 30, 1954. The report states that net assets increased from $476,641 to $605,392.

N. A. I. C. Reports on Plan Investing

Investors started 17,781 accumulation plans during the third quarter of 1954 for regular purchase of mutual fund shares, according to a report by the National Association of Investment Companies. Sixty-nine mutual fund members of the Association which have such plans were represented in this report.

A total of 192,000 such plans were in effect on Sept. 30, it was estimated, representing a total investment value of $298 million, or an average per account of $1,550. Over 45,000 new plans have been started in the first nine months of 1954, the Association points out, estimating that on Dec. 31, 1953, about 145,000 plans were in effect.

While larger investors are well represented, most accumulation plans have been undertaken by investors of modest means who add to their holdings out of current earnings with regular investments of $25, $50 or $100.

TOTAL NET assets of Investors Mutual, Inc., largest of three mutual funds sponsored and managed by Investors Diversified Services, Inc., rose from $472,360,654 to $662,055,980, an increase of $189,695,326 during the fiscal year ended Sept. 30, the Fund's shareholders were informed in the company's annual report.

This increase more than doubled the rise of the previous fiscal year (which amounted to $73,830,860) and marked the highest peak attained at the end of any fiscal year in the history of the Fund.

Net asset value of shares of Investors Mutual, Inc. climbed from $13.46 per share at Sept. 30, 1953 to $16.27 per share at Sept. 30, 1954, and the number of shareholders grew from 159,000 to 180,000, an increase of 21,000 during the year. About 65% of all dividends were being reinvested by shareholders in additional shares of the Fund, it was reported.

A review of investment management policies and progress in the Fund's annual report pointed out that due to substantial increases in the prices of equity securities, the "stable" section of the Fund's portfolio (consisting of securities considered relatively resistant to fluctuations in price) was reduced in proportion to the remainder of the security portfolio in the early part of the year.

"To retain balance in the portfolio, renewed emphasis was placed on the investment of new money in stable securities during the latter half of the fiscal year under review," the report stated.

"Increased purchases of carefully selected petroleum and natural gas securities were made," the report continues. "The choice of those industries was based on recognition of the essential position they occupy in the American economy."

The report noted that management is optimistic about the future of American industry. This view is predicated on several factors, among which is the accelerated population growth with concomitant demands for greatly increased expenditures and expanded production.

As the Fund's investment manager, Investors Diversified Services, Inc. plans to maintain and expand its continuous investigations, not only into general economic conditions, but also into specific business enterprises, the report indicated. For this purpose, IDS is enlarging its already sizeable staff of investment analysts, the Fund's shareholders were informed.

NATIONAL INVESTORS Corporation reports that the asset value of its shares increased 27% in the first nine months of this year to $14.96 on Sept. 30, 1954. The asset value at the start of the year was $11.76.

Primarily because of continued improvement in the market value of the corporation's investment holdings, Mr. Randolph announced, net assets increased to $40,925,000 on Sept. 30, 1954 from $31,789,000 at the beginning of the year and $28,707,000 12 months earlier.

Mr. Randolph said that in coming months, gradual improvement in business activity seems probable and that such a background typically has created an investment climate favorable to growth stocks such as those emphasized in National Investors' portfolio. For all practical purposes net assets have continued to be 100% invested in common stocks.

Lily-Tulip Cup was the only new name added to the portfolio during the quarter through the purchase of 4,100 shares, while holdings of American Cyanamid, Canada Dry Ginger Ale, and Socony-Vacuum Oil were eliminated.

Holdings were increased in Blockson Chemical by 8,000 shares, McGraw Electric by 3,000 shares and Shamrock Oil and Gas by 2,000 shares. The fund's holding of Emhart Manufacturing was reduced by 6,300 shares.

TOTAL NET assets of $146,786 on Aug. 1, 1949 has grown to $16,614,077 on Aug. 31, 1954 and are presently in excess of $18,000,000, Texas Fund reports. Net asset value per share was $6.06 as of Aug. 31, 1954, compared with $4.83 a year earlier.

During the past year the Fund has eliminated Frost National Bank of San Antonio, Mathieson Chemical Corporation, Potash Company of America, and Texas Eastern Transmission Corporation.

Principal increases in the portfolio have been in Central & South West Corporation, Community Public Service Company, Gulf States Utilities Company, Oklahoma Gas and Electric Company, Southwestern Public Service Company, Southwestern Life Insurance Company, Gulf Oil Corporation, Anderson, Clayton & Company, and Longhorn Portland Cement Company.

SHAREHOLDERS' TRUST of Boston reports new highs on Sept. 30 in total net assets, net asset value per share, shares outstanding and number of shareholders. Net assets of $12,056,956 represented an increase of $3,021,105 since the first of the year, and net asset value per share of $31.45 represented an increase of $5.94 or 23.3%. Annual rate of income on securities purchased during the quarter was 4.62% as compared with 3.75% on securities sold.

HUDSON FUND recorded a 20.8% increase in net assets in the first nine months of 1954. Total resources of the Fund were $5,387,151 on Sept. 30, last, compared with $4,458,407 at the start of the year.

NET ASSETS of Whitehall Fund increased to $5,408,000 on Sept. 30, 1954 from $4,893,000 at the start of the year. New securities added to the portfolio during the quarter were American Airlines preferred, American Cyanamid preferred, Continental Baking preferred, New York & Richmond Gas preferred, American Gas & Electric common and Union Pacific common. Securities eliminated were Canada Dry Ginger Ale preferred, Goodyear Tire & Rubber preferred, Northern States Power preferred, Chas. Pfizer preferred, Amerada Petroleum common and Coca Cola common.

TOTAL NET assets of Nation-Wide Securities Company, Inc. amounted to $22,055,715 on Sept. 30, 1954, a record high. This compares with $18,720,155 12 months earlier.

In line with the modified formula plan under which the fund operates, investments for income and appreciation were reduced moderately to 51.72%.

The sharp rise in common stock prices, the report states, in the face of a business recession, from which signs of recovery are still inconclusive, is to be attributed to the restoration of confidence of businessmen and investors in the economic outlook of the United States.

NET ASSETS of Broad Street Investing Corporation increased in the first nine months of this year to $54,637,000 on Sept. 30, 1954, according to Francis F. Randolph, Chairman of the Board and President.

Ponting out that the mutual fund's 25th year has been one of record progress, Mr. Randolph said that the market value of Broad Street Investing's holdings increased by $9,653,000 to bring the asset value of each share to another quarter end high of $26.93. This was 24% more than the $21.72 reported at the start of the year. He added that investors have put $8,802,000 of new capital into the corporation's shares during the nine months.

IN THE PAST 17 years, this country has not suffered a decline of business activity worthy of the term "depression," according to the October "Perspective," issued by the Investment Management Department of Calvin Bullock.

While voicing disbelief that the economic cycle has been conquered, the authors express the hope "that we have become economic adults and that the greater knowledge of the elements of the business cycle on the part of businessmen and government servants should enable them in the future to exercise the economic statesmanship necessary to keep the swings of the business cycle within manageable dimensions.

"Despite the glomy forecasts of

Continued on page 31

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Bank Stocks

With ten months of the current year completed and the dominant trends in the banking field clearly evident, it is now possible to formulate fairly definite ideas as to bank operating earnings for the current year. Security profits are another matter, depending entirely on the discretion of the various banks' policies. While they are sure to be larger, the amount of such profits could be altered by action in the remaining weeks.

In the first nine months of 1954 operating statements published by New York City banks reflected the effects of a downward trend in loan volume and a rise in holdings of investments, including U. S. Government securities. Thus interest received on loans was lower by 3.2% and income from securities was higher by 12.1%. This change combined with a gain in earnings from other sources raised gross operating income 2.6%.

This slight improvement in gross income was more than offset by increases in wage costs and other operating expenses which gained 7.9% for the nine months ended Sept. 30.

As a result income before taxes declined 3.3%. Lower tax accruals, however, enabled the 12 banks that report operating results in New York City to show earnings approximately the same as in the corresponding period of 1953. Actually, earnings were 0.8% higher.

These changes in operating earnings for the nine months together with similar comparisons on a percentage basis for the third quarter and the 12 months ended Sept. 30, 1954 are summarized in the following tabulation of results of the 12 New York City banks compiled by the First Boston Corporation:

	Operating Earnings		Comparative Percentage Changes*		
	9 Mos. End. Sept. 30		9 Mos. End. Sept. 30	Third Quarter	12 Mos. End. Sept. 30
	1954	1953	1954	1954	1954
Interest on loans	$258,914	$267,392	— 3.2%	— 9.0%	+ .2%
Int. & div. on sec.	120,567	107,521	+12.1	+ 4.5	+12.1
Other oper. inc.	97,079	89,535	+ 8.4	+ 6.7	+ 7.9
Gross oper. inc.	$476,560	$464,448	+ 2.6	— 2.8	+ 4.5
Sal. & Emp. bfts.	$150,297	$143,464	+ 4.8	+ 4.0	+ 2.2
Other oper. exp.	114,181	101,669	+12.3	+11.0	+18.8
Total oper. exp.	$264,478	$245,133	+ 7.9	+ 6.9	+ 8.6
Bal. bef. Inc. taxes	$212,082	$219,315	— 3.3	—13.0	— .3
Income taxes	101,325	109,462	— 7.4	—19.5	— 3.4
Net oper. earns.	$110,757	$109,853	+ .8	— 6.6	+ 2.7

*Represents changes from the similar period of previous year.

In the fourth and final quarter, much the same conditions are expected to prevail as have been evident in the earlier months. There is still hope that loans may show a good seasonal expansion. However, there has been little evidence of any material pickup in loan volume so far and even should it materialize at this late date, the impact upon earnings this year would not be too great.

Interest rates on loans have also eased from a year ago. The prime loaning rate is now 3% as against 3¼%. Other rates on lesser credits show a corresponding decline. Thus, interest on loans is likely to continue its downward trend.

Offsetting this will be a further gain in income from investments and the service divisions of the banks. A larger volume of earning assets as well as a lower loan volume has permitted a shift of funds into securities. The larger income from this source combined with increased earnings from trust and service departments reflecting the high level of economic and financial activity should continue.

The small gain expected in gross earnings will be offset by a further increase in wages, salaries and other operating expenses. Thus operating earnings before taxes is likely to show a larger decline than in the nine months ended Sept. 30.

As in the previous quarters, we would expect this decline to be offset entirely by lower income tax accruals, so that operating earnings for the full year 1954 should be almost the same as in 1953. These are the general trends and, of course, there will be a large amount of variation among the different banks depending upon their individual practices and problems.

In contrast to 1953, however, the New York banks are expected to report very large security profits. Last year after a long period of falling bond prices and rising interest rates, banks to take advantage of tax losses sold or traded a large amount of securities. This year, on the other hand, bond prices have been rising and in contrast to the losses of 1953, substantial profits are being realized. Thus for the full year 1954, total earnings and profits of the banks will be materially higher than a year ago.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market appears to have reached levels where investors are being attracted to the outstanding securities, irrespective of what may come along in the way of offerings in the December refunding. To be sure, the market is still pretty much on the professional side, but investors have been taking a greater interest in selected issues, with certain of the intermediates and longs being bought in substantial amounts from time to time.

It seems as though the feeling is growing that the December refunding will be tailored to meet the needs of those that create deposits, which are purchasing power. This is interpreted to mean that the commercial banks will be offered securities which will be attractive to these institutions, so that they will turn in the matured ones for the new ones. A "package deal" is looked for, with the shorts and longer maturities both made to order for the deposit banks.

Refunding Meetings Imminent

Conferences about how the huge December refunding should be taken care of will be in full swing soon, because the Treasury as usual is ready to listen to the ideas which the bankers and dealers have as to how it should be done. But, herein again, as it has been in the past, the Treasury with its own ideas well crystallized will do what it has decided upon ahead of time, irrespective of what is put forward by the groups that are called to Washington for these meetings.

There is no doubt but that the December operation is a very important factor in the Government market, and this applies to all phases of the market even though the intermediate and longer-term obligations have been under more pressure than the shorter-term maturities. To start with, there appears to be no question but that there will be short-term securities in the year-end refunding, with the opinions around now that the maturing certificates will be taken care of by new certificates. This would have appeal for those owners of the short-term securities that are maturing, and which must be replaced with similar obligations in order to maintain their liquidity. The commercial banks and the Federal Reserve Banks would most likely be very much interested in such a proposition as this.

"Bond for a Bond?"

On the other hand, there is the maturity of the 2% bonds, which have been short-term securities and have been held by many institutions for just such purposes. These owners will most likely be interested in getting near-term maturities for a large part if not the bulk of their holdings in the maturing 2% bonds. There will be others who will not want the short-term issues, which will be offered in the refunding, but will be interested in longer maturities with a higher rate of return. From this standpoint, there is quite likely to be a sizable amount of the maturing 2% bonds which will be interested in going into a maturity of either eight or ten years, which might be offered in exchange for the maturing bonds. In this way, there would be a bond offered in exchange for a bond, and the income would be higher than that which would be available in the short-term issues.

"Package" Offer Expected

While the talk going about is that certificates should be refunded with certificates and bonds with bonds, and there appears to be considerable logic in such an idea, it does not mean that the offering by the Treasury will be made in any such manner. The feeling is that there will be a "package" or "option" deal for the holders of the maturing securities, and they will make the choice as to the securities which are needed by them. It may, in the long run, work out in such a fashion that there will be pretty much of an exchange of bonds for bonds and certificates for certificates, even though the refunding operation will not be undertaken with any such specific requirement in the exchange offer. Also, some money market specialists are of the opinion that the bond which the Treasury might offer in the December refunding will have a specific maturity, with certain of the years in which there are very small amounts coming due being favored.

No New Money Issue for 1954

As to what will take place in the way of new money raising, this is still pretty much a matter of conjecture. However, there seems to be considerable of opinion that the Treasury will not be in the market for new money during the balance of 1954.

With Citizens Secs.

(Special to THE FINANCIAL CHRONICLE)

GREEN BAY, Wis. — Grant C. Peterson has joined the staff of Citizens Securities Company, 224 Cherry Street, members of the Midwest Stock Exchange.

With Loewi & Co.

(Special to THE FINANCIAL CHRONICLE)

GREEN BAY, Wis.—Joseph M. Ferris is now with Loewi & Co., 234 St. Francis Drive. He has recently been associated with the Milwaukee Company.

With Wilson, Johnson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Sam A. Eichenberger is now with Wilson, Johnson & Higgins, 300 Montgomery Street.

La Montagne-Sherwood Add R. E. Giorgi to Staff

(Special to THE FINANCIAL CHRONICLE)

PALO ALTO, Calif.—Raymond E. Giorgi is now with La Montagne-Sherwood & Co., 418 Waverley Street.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John Sbada is now affiliated with King Merritt & Co., Inc., U. S. National Bank Building.

Three With Smith, Ramsay

(Special to THE FINANCIAL CHRONICLE)

BRIDGEPORT, Conn.—Mildred E. Dimond, Helen C. Koger and Anna Hosko have joined the staff of Smith, Ramsay & Co., Inc., 207 State Street.

Continued from page 30

Mutual Funds

a 'mature' economy, which assailed us in the thirties, our rate of economic growth appears to be accelerating. The dynamism of the American economy rests in the increased rate of population growth accompanied by a steadily rising standard of living, deriving from the extraordinary technological progress of the past 15 years. Together these are producing currently a rate of economic growth equal to at least 4% per annum compounded."

The prospect of a continued high rate of economic expansion and the evidence of more effective control of cyclical variations are seen by the authors as factors of the utmost importance in the determination of investment policies. "They justify long range confidence in common stocks as the beneficiaries of this prospective controlled expansion."

In the year ahead, "Perspective" sees a prospect of some increase in consumer spending. "A high level of disposable income," it states, "and a huge bank of liquid savings, together with cheap and readily available credit, should activate the large backlog of demand for goods and services at the consumer level and result in a resumption of a rising trend of the standard of living, which has been static in the last several years.

"The rise in common stock prices of the past year can be regarded as belated recognition of, and confidence in, the enduring quality of the rate of corporate profits in the postwar period as the product of an expanding economy and a cheaper dollar.

"While common stock prices are historically at their highest level, it should be recognized that they rest upon a solid foundation of earnings, dividends and book values. Market values as a per cent of book value, taking the Dow-Jones industrial companies as a criterion, are still well below the relationship which prevailed at previous market peaks in 1929 and 1937. This is also true of prices in relation to earnings."

PERSONAL PROGRESS

FREDERICK F. STEVENSON has been appointed by the trustees as Assistant Treasurer of Massachusetts Investors Trust. Mr. Stevenson has been Assistant Secretary of the Trust since July, 1951, and has been with the Trust since 1946.

G. L. Peyton Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Gerald L. Payton is engaging in a securities business from offices at 12636 Ventura Boulevard.

Joins Protected Investors

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert C. Howard is now with Protected Investors of America, Russ Building.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MIAMI BEACH, Fla.—Bernard E. Schiffmann is now connected with Bache & Co., 1 Lincoln Road Building.

With First Florida

(Special to THE FINANCIAL CHRONICLE)

ORLANDO, Fla. — John B. O'Neil has been added to the staff of First Florida Investors Inc., 19 South Court Street.

Joins Louis McClure

(Special to THE FINANCIAL CHRONICLE)

TAMPA, Fla.—John R. Munz is with Louis C. McClure & Co., 617 Madison Street.

Continued from page 3

Prospective Changes In the Economic Trend

expenditures and business purchases of plant and equipment have been a number of expanding trends—expenditures on housing and commercial construction, outlays of consumers on services, outlays of consumers on non-durable goods, and the drop in the net foreign disinvestment of the United States. No one of these expanding trends has been particularly large, but together they produced a gain of $5.7 billion in the annual rate of expenditures for goods between the first quarter of 1954 and the third quarter.[1] This gain has been just enough to offset the deflationary influence of the drop of $5.7 billion in purchases of goods and services by the Federal government between the first and the third quarters of this year.

Three important neutral trends in the economy should be mentioned. One is the reduction in inventories which, as I have explained, must be counted as a neutral influence during the current period of stability because during that period the reduction of inventories has not reduced the demand for goods. A second is the purchase of goods and services by state and local governments. Although outlays of state and local governments have been growing rapidly in recent years, they have changed little during 1954, increasing only from an annual rate of $26.9 billion in the first quarter to $27.2 billion in the third. A third more or less neutral influence has been the purchase of durable consumer goods which increased from an annual rate of $28.0 billion in the first quarter to $28.5 billion in the third.[2]

III

Prospective Changes in Trends in the Economy

Important changes are ahead in trends within the economy and these changes will destroy the balance that has existed for 10 months and will produce expansion. In fact, some of these changes have already started. What are these changes?

To begin with, Federal fiscal policy, which has been a powerful influence for contraction, will become a mild influence for expansion. The reason will not be an increase in Federal spending because the government expects that its cash outlays during the present fiscal year will be about $3 billion less than in the previous year. Tax yields, however, are expected to drop more than expenditures, partly because of smaller corporate profits and partly because the full effect of recent tax cuts will be felt. In consequence, the deficit in the cash budget, which was about $500 million in the last fiscal year, will rise to about $2.1 billion in the present. About half of the drop in tax liability, according to recent estimates of the Bureau of the Budget, will be in the liability of corporations and about half in the liability of individuals.[3] Under present circumstances, the immediate stimulus from cuts in tax liability is likely to be far greater in the case of individuals than in the case of corporations. In the long run, of course, the effects of reductions in corporate tax liability are important.

A second significant change that may be expected in economic trends is in the purchases of goods and services by state and local governments. I have pointed out that these purchases have been rising fairly rapidly for a number of years, but that during the first three quarters of 1954 little increase occurred. I believe that the rise will soon be resumed because there is a large volume of public works which are in the planning stage and for which the need is urgent.

A third important prospective change in economic trends is the end of inventory reduction. For over a year now the economy has been buying goods at the rate of $4 billion a year faster than it has been producing them. Inventories are now about 5% lower than at their peak in September, 1953. It is true that there has been on the whole no appreciable change in the ratio of inventories to sales—for all manufacturing and trade the ratio was 1.69 in September, 1953, and 1.66 in August, 1954—but inventories are considerably lower in relation to productive capacity than a year ago and even a mild increase in sales would create a low ratio of inventories to sales. Consequently, the cut in inventories has probably gone about as far as businessmen are prepared to carry it. Even a drop in the rate of inventory reduction would require a rise in output and would, therefore, be an expansive influence. If businessmen were to decide that the cutting of inventories has gone far enough, the output of the economy would rise by about $4 billion a year or more. I conclude that the inventory policies of business are not likely to remain a neutral influence for very much longer; they may soon be expected to become an influence for expansion.

What about the other trends in the economy? How many of the expanding influences will remain such, and what will happen to the remaining neutral and contracting influences? Two of the present influences for expansion, outlays for services and outlays for non-durable goods, will continue to be sources of expansion. Of course, these expenditures will grow provided personal incomes grow, but to assume that personal incomes will grow would be to assume an answer to our problem, namely whether the present stability will be followed by a rise in production or a fall. There is good reason, however, to believe that the proportion of personal incomes after taxes spent on services and non-durable goods will rise for at least a few months. It has been rising ever since the first of the year, and some of the influences that have limited the proportion of incomes spent on non-durables and services (such as the repayment of short-term debts) have been getting weaker. An increase in the proportion of incomes after taxes spent for non-durables and services would be an influence for expansion.

Expenditures on housing, one of the most important expanding trends within the economy, seem to be destined to go still higher (on a seasonally adjusted basis) at least for a few more months. The Housing Act of 1954, reducing the already small down payments on houses financed by government-insured mortgages, raising the maximum of government-insured mortgages and lengthening the pay-off period, seems to be boosting construction. New residential contract awards in September were 53% above September last year and new housing starts in October appear to be running above last year.

The current efforts to stimulate the housing industry seem to me to be overdone and to reflect the lack of foresight and the great political power of the many business and labor groups interested in the industry. The volume of residential building has been very high for a long time and I doubt whether a rate of building substantially above the recent rate could be maintained for long. It would be far better to let residential building level off at the seasonally adjusted rate of the early summer rather than push it still higher and perhaps incur a sharp drop in residential building sometime in 1955. The President has authority, within defined statutory limits, to fix the terms of FHA-insured loans (loan-value ratios and the duration of the loan), but the political obstacles to getting this authority exercised with proper flexibility are formidable.

Consumer expenditures on durable goods, which I have classified as a neutral influence because they have changed little since the first of the year, will probably grow slowly and thus will become a mild influence for expansion. These expenditures will be stimulated by the large volume of housing construction, by the growing vogue of air conditioning, and by the heroic efforts of the automobile companies to improve the sales appeal of their cars. A number of the recent trends in car design seem to me to be backward steps, but I am aware that I am one of a small minority and that my taste in cars is quite different from that of the great American public. Some day, I hope, the public will insist that the automobile makers strive hard for fuel economy and also for reduction of exhaust fumes. If that ever happens, the demand for new cars will take a big jump. In the meantime, the makers will probably be able to increase slowly the sales of their present poorly-designed cars.

I do not know what will happen to business expenditures on plant and equipment. In a short time the McGraw-Hill survey and the joint Department of Commerce and SEC survey will shed light on the spending plans of business for 1955, or at least the early parto f 1955. The present rate of outlay on plant and equipment (especially equipment) is quite high and the rate has been slowly falling for over a year. A small fall in the fourth quarter is indicated by the survey of the Department of Commerce and the SEC last August. The rate of purchase of plant and equipment will be kept high by the rapid rate of technological progress, by the growing keenness of competition, and by the spread in long-range planning by business concerns. Nevertheless, in the absence of special circumstances suggesting a halt to the slow decline of the last 15 months, it is reasonable to assume that the purchase of plant and equipment will continue slowly to drop.

What does this analysis add up to? All of the influences that have been making for expansion during the last 10 months will continue to make for expansion. The most powerful deflationary influence, Federal fiscal policy, will cease to be a deflationary influence and will become a modest influence for expansion. Business inventory policy, which has been a neutral influence for a year, will become a fairly strong influence for expansion. Two other neutral influences, state and local spending and spending on durable consumer goods, will become mild influences for expansion. One of the two principal influences making for contraction, namely business buying of plant and equipment, will probably continue to be and influence for contraction, at least during the first part of 1955. But a broad and soundly based recovery would eventually cause an upturn in outlays on plant and equipment.

The conclusion then is that the period of balance which has persisted for 10 months is about to come to an end and to be succeeded by a period of expansion. In fact, figures that will not be available for a month or two will probably show that the expansion has already started. The expansion will be broadly based, resting on a small increase in the Federal cash deficit, a small rise in state and local spending, an increase in spending on housing, and on all forms of consumption, and a termination of the efforts of business concerns to reduce inventories.

IV

The Probable Characteristics of the Recovery

An effort to describe the characteristics of the recovery is bound to be speculative and is quite likely to contain serious errors. Nevertheless, I think that such an effort is worth making because it compels one to face questions that one might not otherwise explore.

I have already said that the recovery will be broadly based. Furthermore, in asserting that expenditures on plant and equipment will slowly decline for some months to come, I have also asserted that the recovery will not be spearheaded by a rise in outlays on replacements or other outlays on fixed plant. In that respect the recovery will differ from some of the recoveries that have followed severe depressions during which maintenance and replacements were drastically cut and new investment almost ceased. But total business investment will rise moderately above present levels, because the end of disinvestment in inventories will raise business investment by $4 billion a year above what it would otherwise be. I now come to a third characteristic of the recovery—it will be sluggish and the volume of output will not grow rapidly.

I realize that that is a dangerous prediction to make. It has frequently happened that a reversal of inventory policy suddenly produces many shortages of goods and a vigorous scramble to build up inventories which producers, only a few months earlier, were earnestly attempting to reduce. Nevertheless, I believe that the recovery will be sluggish and unspectacular and I wish to explain briefly the reasons for this belief. One reason is that plant and equipment expenditures have been maintained at a high level during the recession so that there is no large backlog of deferred purchases to be made up. Another reason for expecting the rise in production to be quite moderate is the fact that the high rate of investment during the recession has increased the productive capacity of the country right through the recession more than usually happens during periods of business contraction. In manufacturing the rise in productive capacity during the last year has been estimated at 4%. In the steel industry, for example, ingot capacity, which was 117.5 million net tons a year as of Jan. 1, 1953, is estimated at 124.3 million net tons as Jan. 1, 1954. The growth in productive capacity during the recession is making the economy more competitive and will tend to prevent the development of shortages of goods and speculative buying of goods during revival.

The recovery of business will be kept mild by the fact that purchases of durable consumer goods have been high right through the recession so that people are well supplied with automobiles, radios, television sets, and refrigerators, and have no great shortages to make up. Finally, the recovery will be kept sluggish by the fact that the recession has seen no significant liquidation of the large volume of personal indebtedness. Mortgage indebtedness has continued to rise and with that rise has gone an increase in the annual interest payments and the repayments which have to be made. These are now about $15 billion a year. Short-term consumer indebtedness is as high as it was a year ago, and repayments are running at the rate of about $28 billion a year. With repayments so large (and also with consumers fairly well supplied with durable goods) it will not be easy to get a large reinforcement of recovery from a net expansion of consumer credit. In 1948, for example, the volume of consumer credit outstanding increased by $2.9 billion; in 1950, by $3.7 billion; in 1952, by $4.4 billion; in 1953, by $3.0 billion. The rise during the next year will probably be well below these amounts — probably not more than $2 billion.

V

Is the Recovery Likely to Be Interrupted at an Early Date?

The Committee on Economics of the Business Advisory Council has been quoted as forecasting that business in 1955 would be greater than in 1954 but less than in 1953. This is not to be interpreted as necessarily implying that the recovery will be halted in 1955. Nevertheless, some businessmen expect the economy to receive new tests in 1955, and accounts of the recent meetings of the Business Advisory Council include reports that some members believe that the government should be prepared to act promptly if the upturn lasts only a short time. Furthermore, the conclusion of the Committee on Economics that production even in 1955 will be below 1953 implies a dangerous and intolerable situation which must not be permitted to happen. After all, the year 1955 will be two years later than the year 1953. The country will have more than five million more people to be clothed and fed in 1955 than it had in 1953. It will have a labor force in 1955 about 1,200,000 larger than the labor force in 1953 and it will have more and better machines and plants than it had in 1953. For the country with greater needs than in 1953 and with greater capacity to satisfy those needs still to be producing less than in 1953 would be a disgraceful condition. It would rightly arouse a storm of criticism against both business and government, and it must not be permitted to happen. Let us first look briefly at the possibility that the recovery may be interrupted at an early date and then let us examine what can be done to assure that production in 1955 is higher than in 1953.

How and why might the recovery be interrupted at an early date? There seem to me to be two principal dangers. One is that business concerns might decide to make substantial cuts in their expenditures on plant and equipment. The other is that there might be a collapse of the present strong boom in construction, particularly residential building.

I do not believe that the expansion is likely to be interrupted by a sharp drop in the buying of plant and equipment, though a slow drop in these expenditures would be a drag on expansion. As long as business is good, however, the purchase of plant and equipment will be kept from dropping far below present levels by the fact that much present equipment is more or less obsolete and by the additional fact that rapid technological progress is

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[1] The gain was distributed as follows:

	Billion
Housing	$2.0
Services	1.4
Non-Durable Goods	1.7
Net Foreign Disinvestment	0.6

[2] It may be asked why I treat a drop of $600 million in foreign disinvestment as an inflationary influence and yet classify expenditures on consumer durables, which rose $500 million, as a more or less neutral influence. Of course, the rise in the buying of durables, insofar as it went, was an influence for expansion. The only reason for the difference in classification is that, in relation to the totals involved, the change in disinvestment was large and the change in the buying of consumer durables was small.

[3] The drop in the yield of the personal income tax is estimated at $1.9 billion a year and of the corporate income tax at $2.8 billion a year, but nearly all of the cuts of $900 million in excise taxes accrue to individuals.

making it worthwhile for producers to spend considerable amounts on new models and also new types of machines. If a substantial drop occurs in expenditures on plant and equipment, it will be as a result of a drop in business.

More serious is the danger that easy credit will cause the rate of housing construction to be pushed to levels where it cannot long remain and that a drop would be sufficient to interrupt a slowly moving recovery. For several months (with the exception of July) housing starts have been running only a little below or above the rate of 1,200,000 a year —the September rate was 1,232,000. There are solid reasons for a high demand for new houses, and consumer attitude surveys show considerable dissatisfaction with present housing conditions. Nevertheless, I do not believe that a rate of 1,200,000 houses a year is likely to be kept up for many months. A drop, following six or nine months of overbuilding, could interrupt recovery next year. Our aim should be to keep new housing starts steady somewhere between the rates of 1,000,000 and 1,100,000 a year, not to push housing starts up to 1,200,000 a year or beyond.

VI

What Can Be Done to Assure that Production in 1955 is Higher Than in 1953?

I have indicated that a recovery which does not push production in 1955 well above the levels of 1953 cannot be regarded as satisfactory. After all, the recession has been a mild one (spokesmen of the Administration have boasted of its mildness) and the drop from 1953 has been small. It ought to be possible, therefore, without great delay to get production above the rate of 1953. I grant that during part of 1953 (especially in the second quarter, when output was at the annual rate of $369 billion) the economy was probably operating in excess of the planned capacity of its plants and work force. There was considerable overtime, and unemployment was perhaps lower than can be expected in most booms. But technological progress and the increase in the labor force raise the productive capacity of the economy by about $13 billion each year. It we accept $360 billion a year as about the "normal" full capacity output for American industry at the peak of the 1953 boom, then the full capacity output of the economy a year from now would be about $386 billion in dollars of present purchasing power—$30 billion above the present rate of output. No such increase can probably be achieved in a single year, but a rise of considerably more than $13 billion ought to be possible. That would set a new high for production.

What can be done to assure that the recovery soon raises production above the levels of 1953? There are two general methods—one the method of government action and the other the method of private enterprise. I fear that the time is too short for the government to do much to stimulate the economy next year except by the device of additional tax cuts. I think that the government blundered badly in not making greater tax cuts last winter and spring when the economy needed more stimulus than the government gave it. It does not follow, however, that additional tax cuts should be made in 1955. After all, the early months of 1954 were a time of slow contraction and the next few months (until probably October) a period of no expansion. The tax cuts that would have been appropriate under those conditions would not necessarily be desirable in a period of recovery. It would be wise to defer the decision about additional tax cuts until the strength and duration of the present recovery become clear.

I do believe that the Federal Government should have a well-conceived and ambitious program to develop the country. America is growing rapidly, it has great undeveloped resources, and many of its public works have become obsolete. To supplement the much-belated development of the St. Lawrence Waterway, for example, there is needed a comprehensive plan for developing the Ohio River valley. The Ohio has been attracting a rapidly growing number of industries and seems destined to become an industrial region of great importance. Already the traffic on the river has become far too great for the present system of locks. The country is becoming aware that its system of roads is far from adequate for its more than 50 million cars and trucks (which will become 70 million before many years) and that the provision of much of the needed road system can be a self-liquidating investment. None of these desirable new outlays on public works can be made in time to help the recovery in 1955.

Since the time for tax cuts is temporarily past and since fresh Federal expenditures cannot be made soon enough, the responsibility for assuring that the recovery goes far enough to put the country's productive capacity adequately to work must fall in the main on private enterprise. Private enterprise has four principal methods of bringing about a rise in output: (1) an increase in investment; (2) a rise in the ratio of incomes spent for consumption; (3) a cut in prices as efficiency advances; and (4) a rise in wages as efficiency advances.

(1) A rise in investment is likely to give modest help in the early stages of the present recovery. For reasons that I have explained, investment in plant and equipment is likely to drop during the early stages of recovery. This drop may be offset by a small rise in investment in housing and commercial building. An end of the disinvestment in inventories which, as I have pointed out, has been running at the rate of $4 billion a year, will probably raise production by more than $4 billion a year because the adoption of the policy of holding inventories steady will represent in the main an expansion of business spending rather than a mere shift in spending. The expansion of business spending will be financed by a rise in bank credit or by drawing on idle deposits. The increase in business spending by business concerns will produce a rise in consumer spending because it will increase payrolls. The rise in consumer spending will increase business incomes and payrolls, and thus still another rise in consumer spending will occur. This process, in theory at least, could go on indefinitely, though each successive round of increases would be smaller than the last. The total rise in spending will depend upon many conditions, some of which are not well understood as yet by economists, and one can only guess the total amount. It would be conservative, I think, to put the total gain in the demand for goods resulting from the end of the reduction of inventories at about $6 billion a year after a period of 12 months. The increase might easily be larger.

(2) The rise in the ratio of consumption expenditures to incomes that has been going on slowly for nine months will, I think, continue for a few months more (perhaps six) before coming to a halt. The reason for this belief is that the rate of personal saving is still pretty high and, as consumers succeed in getting old debts paid off, they will be willing to incur new ones. A higher ratio of consumption spending to personal incomes would not reduce investment spending and thus would be a net increase in spending and, like any net increase in spending, would tend to generate additional spending at a diminishing rate. I make no pretense of knowing what the gain from this source might be but, in the course of a year, the growth of demand from a higher disposition to consume might be $2 billion or $3 billion a year.

(3) Price cuts in those industries where technological progress is most rapid will slightly raise the ability of the country to buy the output of industry. The fact that the capacity and the efficiency of industry have been growing during the last year when sales have been stationary is intensifying competition. Our price statistics are quite unsatisfactory and do not accurately record what is happening to prices, but the level of the price indexes has virtually not changed during the last year. Consequently, I fear that one cannot rely upon price cuts in the period of revival to make a large contribution to the increase in production and employment.

(4) This brings us to the matter of wage increases. Wage increases, when made under the right circumstances, represent an increase in spending or prevent a decrease in spending. When made under other circumstances, they simply transfer spending from employers to workers or even from workers to employers. The case for wage increases in a great many industries during the period of recovery is unusually strong. The increases should not be large but they should be widespread. During the last year a considerable proportion of union workers have been able to negotiate increases in spite of the general recession, but few non-union workers have obtained raises. In the meantime, the efficiency of industry has been going up but the general price level shows no drop. Another year must not be permitted to pass without wages rising to keep pace with gains in efficiency. The rise in wages should be related to the general rise in the efficiency of industry rather than to the change (up or down) in the efficiency of a particular industry and it should be less than the rise in output per manhour. Otherwise the entire gain in productivity would be appropriated by the workers. If output per manhour rises by about 2.5% a year, the annual increase in the average level of the price of labor should be about 2%. The 2% includes fringe benefits. Increases in wages made during the period of recovery and not exceeding the general gain in efficiency since last year would be in the main a net increase in spending and would generate more gains in spending. A rise of 2% would raise payrolls by about $4 billion a year and the total gain in spending at the end of a year might be $6 billion.

This brief and inadequate analysis of the capacity of private enterprise to do the job of providing the country with an adequate recovery indicates that a rise in spending of $14 billion to $15 billion a year might be reasonably expected in a year's time—$6 billion from the total effects of the change in inventory policy, $2 billion to $3 billion from the rise in proportion of personal incomes spent on consumption, and $6 billion from the total effect of modest but widespread wage increases. These expansive influences would raise the demand for goods to about $370 billion or $371 billion a year, slightly above the peak quarter of 1953. These expansive influences would be reinforced, as I have pointed out, by the prospective increase in expenditures by state and local governments and by the small increase in the cash deficit of the Federal Government. A rise in expenditures of $14 billion or $15 billion a year would be sufficient, I think, to halt the slow decrease in business expenditures on plant and equipment and to bring about an increase in these outlays. This increase would be an important reinforcement of the recovery.

VII

The Attitude of Business and Government Toward Recession and Expansion

Let me conclude my remarks with a few observations on the attitude of business and government during the last year on the problems of recession and economic expansion. In a country such as the United States in which the labor force is growing at the rate of about 600,000 a year and in which the rate of technological progress is rapid, any interruption in the growth of demand is serious because it leads quickly to substantial unemployment. And yet neither the Federal Government nor the business community has shown proper concern, in my judgment, over the recession of the last year.

The present Republican Administration came into power at a time when the government's finances were in bad shape. In spite of a high level of employment, the cash budget was in the red by $5 billion. It is true that prices had been remarkably stable or slowly declining for most of the last two years of the Truman Administration, but a substantial cash deficit at high employment was obviously a danger. On the whole, the economic policies of the Administration have been admirable — particularly the tax bill and the farm program. Unfortunately, the Administration became so pre-occupied with cutting the deficit that it was unable to acquire an adequate appreciation of the importance of combating the recession. With the deficit so large at the peak of the boom, perhaps it was inevitable that Federal fiscal policy should on balance aggravate rather than mitigate the recession, but it was neither necessary nor prudent to cut the deficit as rapidly as was done in a period of business contraction.

A large part of the business community (in fact, I fear most of the business community) has been extraordinarily complacent in the face of the recent recession. Instead of demanding that vigorous steps be taken to stimulate production and employment, businessmen have been inclined to defend the government for putting budget balancing so much ahead of stimulating economic expansion and have argued that the recession was not particularly serious after all because it has been no worse than the recession of 1949 and because output was running ahead of any year except 1953. Some businessmen (and editorial writers too) have gone so far as to say that recessions are a good thing because they get rid of inefficient producers and force all concerns to take stock and to get rid of waste. A few extremists have gone so far as to say that not much can be done about recessions anyway. The result of all this has been that the initiative in proposing policies for dealing with the recession has been surrendered pretty completely to the political critics of the Administration and to non-business groups in the community.

I believe that the political troubles which the Administration is experiencing will be a lesson to both political parties, so that never again will the party in office be so reluctant to fight recession with fiscal policy. But are businessmen aware of the danger to their prestige and public relations from their failure to demand stronger policies for fighting the recession? Are they content to let the ideas and the proposals come so largely from the non-business groups in the community? It is no defense of wrong policies or inadequate policies to say that the recession, after all, has been pretty mild. The country wishes constructive proposals, and, unless the businessmen have no desire to be policy makers, they must be willing to contribute their share of ideas.

At the moment the businessmen have a chance to play a constructive role that will make up for recent mistakes. Wise and responsible men high in the business world have warned us that even in 1955 production is in danger of falling short of 1953. If production falls short, employment will fall short by an even greater margin. Let the business world accept this challenge. Let it promptly demand that government and businessmen face frankly the possibility that production next year may fall short of 1953 and let it insist that every reasonable step be taken to raise output within another year to new levels. Steady expansion may or may not be an attainable ideal, but business leaders cannot afford to be anything but strong champions of the closest possible achievement of this ideal.

Continental Uranium Common Stock Offered

Van Alstyne, Noel & Co. is offering 500,000 shares of common stock of Continental Uranium Inc. at a price of $2.50 per share.

The proceeds of the offering will be used for the company's development and drilling program and for general corporate purposes, including the possible acquisition of other producing mines which may become available.

Continental Uranium, Inc. was organized on July 30, 1954 to acquire, explore and develop uranium properties, including producing mines. As of Aug. 31 the company had acquired properties aggregating approximately 11,700 acres. The greater part of the properties in which the company has interests is located in San Juan County, Utah. The company is now producing uranium ore from the Continental No. 1 Mine, located in Lisbon Valley, Utah, and from the Continental Rattlesnake Mine, located along the Lisbon Fault near La Sal, Utah.

Practically all of this property has been assembled since 1951 by a group headed by Gerald Gidwitz and Raymond G. Sullivan. Mr. Gidwitz is Chairman of the Board and principal stockholder of Helene Curtis Industries, of Chicago. Mr. Sullivan is Vice-President, a director and a principal stockholder of Minerals Engineering Co., Grand Junction, Colo. He has been engaged in mining engineering since 1933.

The company plans an extensive program to accelerate the mining operations at its present mines; to define the limits of its presently known ore bodies; and to explore the ore-bearing potentials of its other properties.

Two With Lester Ryons

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James B. Lester and Gale W. Roberts have joined the staff of Lester, Ryons & Co., 623 South Hope St., members of the New York and Los Angeles Stock Exchanges.

With Pacific Coast Secs.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Eugene P. Aureguy is now connected with Pacific Coast Securities Company of San Francisco.

Securities Salesman's Corner

By JOHN DUTTON

New Residents Can Be Good Prospects

Bill Knox of Wellington Fund passed this idea along to me and it seems to have considerable merit and should be worth a try-out, especially if you are living in a growing community where there are new residents coming to your city regularly. Bill said he got this from a dealer friend who had tried it out and it is a very productive plan for obtaining new prospects.

This dealer told him that one day a client walked into his office and said something like this. "When we moved to town we had a call from the milkman, in fact there were several of them at our door; the laundry and dry cleaning people came around and invited us to do business with them, and there was even a 'welcome wagon' lady who dropped in to visit with my wife. She left some cards that entitled us to a free gift if we came in to visit certain stores. But when I wanted to find a good bank with whom I could do business I had to go out and seek one for myself. It was the same story with my insurance needs, and as for brokers I've looked you up. No one in the investment business I guess knows I am in town."

This investment dealer eventually made contacts with several of the leading moving companies in his city that had offices in many other cities and who acted as agents for several moving companies in other communities that were handling business coming to his town. He obtained names of new residents that were moving into the better neighborhoods of his city. He also watched the newspapers and every time there was an announcement of the purchase of a new home in a good location, or if some new business position was filled by someone from another community, he sent letters to these people. The letter was short, it briefly offered the services of his firm and he made mention that he had lived in his city for many years and might be able to assist in other ways as well as in the capacity of investment broker.

The letters were followed by a telephone call. In every instance the introduction he had made in his letter and his invitation to offer his services were well received. Some people were not investment prospects but they were friendly. Others were prospects and came to his office, or met him by appointment at their homes.

The soundness of this idea is based upon several very practical considerations. It is much less difficult to do business with someone who is looking for your services and who is a stranger in a strange land so to speak, than it is to go out and convince one of your competitor's customers that they should do business with you. Any method you can use that will help you to locate people who might be interested in the purchase of securities, particularly new residents in your city, should work out well, but it must be based upon some such plan as the foregoing. There are certain sections of every community where people live who might be logical prospects for investments. Any city where there is an organization that makes a business of contacting new residents such as the "welcome wagon" idea, might also be in a position to supply you with names for a nominal fee. Your local chamber of commerce may also be able to suggest a source of names.

After the plan is started, it is simple in operation. Letters could even be typed in spare time by your office personnel and filled in later with names and addresses. Prospects can be qualified by telephone. Those who are worthwhile following can often be brought into your office for a first meeting. If followed consistently as part of your regular routine of prospecting it could be that this idea is worthwhile. I presume, however, that it should be continued for at least six months in order to give it a fair trial.

Continued from page 7

Federal Regulation Threat To Natural Gas Supply

them at the most efficient rate. Withdrawal of gas from the ground and preparing it for pipeline delivery involves a series of highly complicated steps. At any point in this chain the producer may face a conservation measure which tells him to do one thing and a Federal order which tells him to do the opposite. Just as one example, the state may tell him to reduce his production rate, while under Federal regulation he may be forced to maintain it.

For these reasons which force producers to shy clear of the interstate market, you distributors stand to lose much more than the producers. You face loss of the gas supply necessary to help keep you in business. Producers, on the other hand, can look to the presently large and expanding market outlets for natural gas within the states in which it is produced. These markets are outside the realm of Federal regulation.

New Major Gas Producing Plants

There is now in the process of building within these major gas producing states the greatest industrial empire ever seen in this country. The great variety of plants represented require almost unbelievable quantities of natural gas for heat, power, or as a raw material for petrochemicals. Phillips sells more gas to just one of these plants than is used by all the residential customers in almost any one of your larger cities. Those who fought for Federal regulation of producers helped lay the cornerstone of this vast manufacturing empire. This industrial giant is yet a baby, but to those who have not nursed it along and seen it grow, its magnitude and its future stature are beyond imagination.

These plants require huge investments running into the millions of dollars. To protect these investments vast underground gas reserves are acquired for future use and removed from any other market. A cement mill must have adequate rock quarries, or a saw mill adequate stands of timber. But the chemical plants that use gas require reserves sufficient not only for the life span of present facilities, but adequate also for future expansion. These industries are eager competitors for unsold underground gas reserves which otherwise might be permanently dedicated to supplying interstate pipelines.

This industrial development in the Southwest is costing citizens of other areas huge loss of industrial activity, despite crusading campaigns to attract new or hold present industries, such as the current campaign being waged by New Enland. It is entirely feasible to locate many of these plants at the end of interstate gas pipelines, but for one factor. That factor is the complete lack of assurance of a continuing gas supply.

You may ask why a producer should be concerned about Federal regulation, when he foresees huge, unregulated outlets for his gas within producing states. We sincerely believe it is inevitable that Federal regulation will be removed sooner or later as a result of the demands of consumers after they suffer its full consequences. Therefore it seems foolish to go through a period of chaos during which everybody loses—cutomers, industry, investors, labor, distributors, transporters and producers. Furthermore, we producers have a substantial investment in gas reserves, gas wells, gathering lines and treating plants which are now connected to interstate pipelines. It is only natural that we want to continue operating these properties free of governmental regulation.

President Truman Blocked Relief

What can you do about this threat to the continuation of your business? Will you sit idly by while Federal regulation sounds its death knell?

In 1950, Congress passed legislation which would have removed any doubt that production of gas by independent producers was exempt from Federal regulation, but the bill was vetoed by President Truman. The Congressional debate on that legislation and the accompanying political furore and public propaganda campaign furnishes a painful but pointed lesson for the task facing you today. At that time, a segment of the so-called "liberal" bureaucrats, politicians and radio and press commentators fanned the public into a frenzy with bland disregard of the facts. These advocates of Federal regulation claimed that the oil and gas interests were about to put over a fast one on natural gas consumers.

During this time, several of your companies were in the forefront opposing this legislation. You apparently overlooked the devastating result on your gas supplies and were blinded by your anxiety to remove the onus of higher consumer charges. Whatever the reason, the failure to tell your consumers the facts killed that opportunity to protect your future gas supply. They needed the facts to refute the false propaganda. Will you, by your silence or opposition again permit so few to mislead so many?

It is time you completely reverse your approach. Not only did you oppose or fail to support this legislation, you have arbitrarily opposed the transmission companies' payment of any increased prices to producers which were essential to protect your future gas supply. Spurred by your desire to avoid unfavorable publicity regarding your own rate increases, you have indirectly been fighting every producer who supplies you with your life blood. Is it not wiser for you to protect your future gas supplies by conducting an educational campaign to inform your consumers as to just what is involved in assuring their continuing natural gas supply? Give them the complete and correct story—immediately, forcefully and incessantly. Then they can intelligently protect their interests as the issue comes before Congress.

What facts do your customers need to know? They need to know, first, that the true effect of Federal regulation of producers will be to gradually close the valve on their natural gas supply line. When told the facts they will understand why Federal regulation will stifle production of natural gas. They will understand that natural gas exploration and production are absolutely dependent upon individual initiative and the competitive risking of huge investments; that this initiative and risk can be influenced and harnessed only by an incentive—the kind of incentive which is immediately destroyed by remote bureaucratic regulation.

Does your customer know that in the gas producing business, no one producer has a monopoly such as the distributor is granted in a city? On the contrary, there are thousands of producers each competing vigorously in leasing, drilling, producing and marketing activities. Does your customer know that the gas producer's prices are really determined by free competitive bargaining in the fullest sense between purchasers and sellers, the same as found within all other producing industries which have no sheltered market? Before an interstate pipeline project takes shape and is laid to receive gas from a particular underground reservoir, those proposing it are free to choose among several prospective gas fields and bargain with all or any part of the owners of gas in those fields. More often than not it is the producer who is under the greatest bargaining pressure.

Many of your customers are under the illusion that Federal regulation is essential to hold their gas costs down merely because it gives a third party authority to determine that rates are equitable. They do not know what really comprises their gas rates. I doubt that 5% of your household customers have any idea that the price the producer receives for his gas in the field is actually a very small part of their bills—on the average less than 10%. Your customer probably has no idea that even if a regulating agency cut the field price 20%, and all that cut were passed on to him, the average United States residential consumer would realize a saving of only about one dime a month. He has no idea that that small difference to him is a big item to the producer and probably would be the determining factor as to whether or not the producer would supply his market.

Inform the Consumers

The consumer needs to know that by far the larger portion of his gas bill is payment for the investment in the construction and for the maintenance and operation of federally regulated interstate pipelines and locally regulated city distribution systems. He needs to know the facts as to his own bill. For example, in Milwaukee the average residential user paid $1.21 per thousand cubic feet for gas which cost the distributor 31.8¢ and for which the pipeline paid the producer only 8.7¢. Your New York customer might be astonished to know that according to latest available figures only about 3% of his gas cost goes back to producers as payment for their costs and financial risks in supplying him gas.

These facts make clear that any appreciable reduction in the supply of gas you handle—sure to come under Federal regulation of producers—will raise the consumer's gas price far more than he could realize as savings from a drastic cut in the field price. His hope for any sizable reduction in his gas cost lies in having a greater supply moving through your distribution systems.

It is my guess that many of you have hesitated to tell your customers such facts, fearing their reactions to the knowledge that your charges make up most of their bill. This fear is groundless, for you have nothing to hide. Because your business is a public utility, your local or state regulatory agency protects your customers by limiting your rates according to your earnings. You have everything to gain by informing your customers of the facts; you stand to lose everything if they are not sufficiently informed to demand Congressional action which will remove this threat to their gas supply and their pocketbooks.

The same principles apply to transmission companies whose operations are regulated by the Federal Power Commission. This regulation is a substitute for the competition that in the gas production business protects the customers against excessive charges.

A misguided opinion of only a small segment of the public caused the veto of legislation which would have prevented the chaos facing you today. Many government representatives, even though convinced that the industry is right, must be backed by an expressed public opinion before publicly taking a stand on such an issue. Otherwise, they fear to lay themselves open to the propagandist's false but damaging charges that they are tainted simply because they agree with industry's position.

There is another critical reason for fearing Federal regulation of gas production, which is this: If permitted to take root, it may well be the entering wedge to the extension of a socialistic type of regimentation to other competitive industries. Why, for example, not regulate the price of coal used in producing manufactured gas and in generating electricity? The coal producer on the average gets a higher percentage of the household electric bill than the gas producer gets of the average household gas bill. Of course, I am not advocating the extension of Federal regulation to coal or to any other commodity. On the contrary, I am only pointing out that if natural gas prices in the field are to be regulated as a utility, it is just as logical to advocate regulation of other risk-taking, producing industries such as mining, farming, lumbering and manufacturing. Certainly few of the advocates of Federal regulation of gas production would admit that this country is ready for a federally controlled economy. But we can be sure that there are those who would seize this straw as a springboard for attempts to impose their socialistic theories upon all industry.

History has recorded very clearly that when socialistic controls are applied to production of a natural resource, whether petroleum, coal, agriculture or any commodity, output suffers. The most pointed example I can think of is the deplorable condition in Russia where everything is completely state-controlled. There, gasoline costs the equivalent of a dollar a gallon and the few owners of automobiles get few gallons to burn. And look what happened to the output of coal and steel in Great Britain under nationalization of those two industries.

This is your fight. I sincerely hope you will fight vigorously to assure a future gas supply for your customers and the continued growth of your industry.

With Burns Bros. & Denton

C. Berkeley Cooke, Jr. is with Burns Bros. & Denton, Inc., 37 Wall Street, New York City. Mr. Cooke, who has been in the investment business for many years, has recently been with Dominion Securities Corporation and Thomson & McKinnon.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Nov. 7	§75.7	*74.5	71.0	93.0
Equivalent to—					
Steel ingots and castings (net tons)	Nov. 7	§1,804,000	*1,776,000	1,692,000	2,096,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Oct. 22	6,174,400	6,195,950	6,183,650	6,224,350
Crude runs to stills—daily average (bbls.)	Oct. 22	¶6,928,000	6,765,000	6,999,000	6,830,000
Gasoline output (bbls.)	Oct. 22	23,418,000	23,095,000	23,975,000	23,069,000
Kerosene output (bbls.)	Oct. 22	2,145,000	2,278,000	2,280,000	2,170,000
Distillate fuel oil output (bbls.)	Oct. 22	10,950,000	10,163,000	10,461,000	9,858,000
Residual fuel oil output (bbls.)	Oct. 22	7,420,000	7,531,000	7,469,000	8,163,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Oct. 22	149,834,000	150,676,000	151,145,000	140,540,000
Kerosene (bbls.) at	Oct. 22	38,874,000	38,796,000	38,212,000	36,914,000
Distillate fuel oil (bbls.) at	Oct. 22	135,437,000	133,253,000	125,571,000	132,565,000
Residual fuel oil (bbls.) at	Oct. 22	56,475,000	56,184,000	57,235,000	52,633,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Oct. 23	746,007	721,402	710,215	804,413
Revenue freight received from connections (no. of cars)	Oct. 23	623,410	596,381	602,418	665,039
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Oct. 28	$220,233,000	$323,236,000	$233,851,000	$358,366,000
Private construction	Oct. 28	113,112,000	175,680,000	110,581,000	262,008,000
Public construction	Oct. 28	107,121,000	147,556,000	123,270,000	96,358,000
State and municipal	Oct. 28	99,951,000	95,998,000	103,199,000	87,888,000
Federal	Oct. 28	7,170,000	51,558,000	20,071,000	8,470,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Oct. 23	8,830,000	*8,290,000	8,135,000	9,259,000
Pennsylvania anthracite (tons)	Oct. 23	507,000	561,000	623,000	703,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Oct. 23	123	119	118	113
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Oct. 30	9,152,000	9,033,000	9,158,000	8,362,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Oct. 28	223	229	192	218
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Oct. 26	4.798c	4.798c	4.801c	4.634c
Pig iron (per gross ton)	Oct. 26	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Oct. 26	$33.00	$33.00	$30.17	$34.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Oct. 27	29.700c	29.700c	29.700c	29.600c
Export refinery at	Oct. 27	33.125c	30.350c	30.500c	29.025c
Straits tin (New York) at	Oct. 27	92.375c	92.875c	93.500c	81.000c
Lead (New York) at	Oct. 27	15.000c	15.000c	14.750c	13.500c
Lead (St. Louis) at	Oct. 27	14.800c	14.800c	14.550c	13.300c
Zinc (East St. Louis) at	Oct. 27	11.500c	11.500c	11.500c	10.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Nov. 2	99.57	99.27	99.96	95.61
Average corporate	Nov. 2	110.70	110.88	110.52	106.04
Aaa	Nov. 2	115.43	115.63	115.43	111.07
Aa	Nov. 2	112.37	112.37	112.37	108.34
A	Nov. 2	110.52	110.70	110.52	105.86
Baa	Nov. 2	104.83	105.00	104.48	99.52
Railroad Group	Nov. 2	108.88	109.06	108.88	103.97
Public Utilities Group	Nov. 2	111.07	111.25	110.88	106.04
Industrials Group	Nov. 2	112.00	112.19	112.00	107.98
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Nov. 2	2.53	2.55	2.50	2.81
Average corporate	Nov. 2	3.13	3.12	3.14	3.39
Aaa	Nov. 2	2.88	2.87	2.88	3.11
Aa	Nov. 2	3.04	3.04	3.04	3.26
A	Nov. 2	3.14	3.13	3.14	3.40
Baa	Nov. 2	3.46	3.45	3.48	3.78
Railroad Group	Nov. 2	3.23	3.22	3.23	3.51
Public Utilities Group	Nov. 2	3.11	3.10	3.12	3.39
Industrials Group	Nov. 2	3.06	3.05	3.06	3.28
MOODY'S COMMODITY INDEX	Nov. 2	406.6	405.9	404.5	394.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Oct. 23	225,539	241,538	211,305	213,773
Production (tons)	Oct. 23	258,055	252,442	246,383	262,973
Percentage of activity	Oct. 23	93	93	92	97
Unfilled orders (tons) at end of period	Oct. 23	394,122	429,295	369,305	463,706
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Oct. 29	106.27	106.23	105.70	105.92
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)†—					
Number of shares	Oct. 16	964,681	1,112,144	900,018	564,675
Dollar value	Oct. 16	$46,244,406	$53,905,208	$44,330,803	$24,127,498
Odd-lot purchases by dealers (customers' sales)—					
Number of shares—Total sales	Oct. 16	923,778	1,077,482	969,947	521,120
Customers' short sales	Oct. 16	8,132	7,808	11,580	5,896
Customers' other sales	Oct. 16	915,646	1,069,674	958,367	515,224
Dollar value	Oct. 16	$41,816,541	$48,536,929	$43,710,337	$20,106,330
Round-lot sales by dealers—					
Number of shares—Total sales	Oct. 16	318,150	291,700	313,590	153,190
Short sales	Oct. 16	------	------	------	------
Other sales	Oct. 16	318,150	291,700	313,590	153,190
Round-lot purchases by dealers—					
Number of shares	Oct. 16	321,350	330,700	278,380	226,120
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Oct. 9	396,350	401,910	314,040	299,380
Other sales	Oct. 9	10,991,770	9,747,070	7,410,270	4,748,390
Total sales	Oct. 9	11,388,120	10,148,980	7,724,310	5,047,770
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Oct. 9	1,212,470	1,109,270	861,570	544,350
Short sales	Oct. 9	201,530	179,830	160,590	113,500
Other sales	Oct. 9	954,030	926,270	739,380	426,070
Total sales	Oct. 9	1,155,560	1,106,100	899,970	539,570
Other transactions initiated on the floor—					
Total purchases	Oct. 9	404,660	291,660	264,560	145,950
Short sales	Oct. 9	28,700	25,470	21,050	16,470
Other sales	Oct. 9	344,000	302,460	236,300	128,330
Total sales	Oct. 9	372,700	327,930	257,350	144,800
Other transactions initiated off the floor—					
Total purchases	Oct. 9	474,740	347,880	257,015	182,447
Short sales	Oct. 9	69,430	64,300	31,070	33,600
Other sales	Oct. 9	464,383	374,180	303,167	218,809
Total sales	Oct. 9	533,813	438,480	334,237	252,409
Total round-lot transactions for account of members—					
Total purchases	Oct. 9	2,091,870	1,748,810	1,383,145	872,747
Short sales	Oct. 9	299,660	269,600	212,710	163,570
Other sales	Oct. 9	1,762,413	1,602,910	1,278,847	773,209
Total sales	Oct. 9	2,062,073	1,872,510	1,491,557	936,779
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Oct. 26	109.6	109.4	109.7	110.0
Farm products	Oct. 26	92.6	91.4	92.7	94.3
Processed foods	Oct. 26	103.2	103.3	104.5	104.5
Meats	Oct. 26	84.9	85.0	86.5	87.0
All commodities other than farm and foods	Oct. 26	114.5	114.6	114.5	114.6

* Revised figure. ¶ Includes 625,000 barrels of foreign crude runs. § Based on new annual capacity of 124,330,410 tons as of Jan. 1, 1954, as against the Jan. 1, 1953 basis of 117,547,470 tons.
† Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
BANK DEBITS—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of September (in thousands)	$149,907,000	$151,525,000	$134,386,000
BUSINESS FAILURES—DUN & BRADSTREET, INC.—Month of September:			
Manufacturing number	153	187	145
Wholesale number	113	94	85
Retail number	406	451	336
Construction number	88	100	89
Commercial service number	59	80	31
Total number	819	912	686
Manufacturing liabilities	$11,262,000	$12,388,000	$13,676,000
Wholesale liabilities	5,366,000	4,202,000	4,614,000
Retail liabilities	11,879,000	11,225,000	9,790,000
Construction liabilities	5,584,000	2,386,000	4,451,000
Commercial service liabilities	2,290,000	2,381,000	1,286,000
Total liabilities	$36,381,000	$32,582,000	$33,817,000
BUSINESS INCORPORATION (NEW) IN THE UNITED STATES—DUN & BRADSTREET, INC.—Month of September	9,256	9,041	7,433
COTTON GINNING (DEPT. OF COMMERCE)—			
To Oct. 18 (running bales)	7,817,438	------	8,745,552
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on Oct. 2	22,720,000	22,714,000	22,944,000
Spinning spindles active on Oct. 2	19,276,000	19,306,000	20,039,000
Active spindle hours (000's omitted) October	10,455,000	8,583,000	9,044,000
Active spindle hours per spindle in place October	426.7	429.1	463.8
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of September:			
Gas water heater shipments (units)	205,500	213,800	175,300
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of September (1953-39 average=100)	101.5	102.7	117.1
LIFE INSURANCE—BENEFIT PAYMENTS TO POLICYHOLDERS—INSTITUTE OF LIFE INSURANCE—Month of August:			
Death beenfits	*$168,048,000	$158,681,000	$157,326,000
Matured endowments	39,247,000	40,535,000	35,611,000
Disability payments	8,648,000	9,041,000	7,982,000
Annuity payments	34,907,000	39,763,000	33,904,000
Surrender values	69,738,000	66,530,000	55,733,000
Policy dividends	60,271,000	72,241,000	54,829,000
Total	$380,859,000	$386,791,000	$345,385,000
MANUFACTURERS' INVENTORIES & SALES (DEPT. OF COMMERCE) NEW SERIES—Month of August (millions of dollars):			
Inventories—			
Durables	$24,228	*$24,383	$26,788
Non-durables	19,650	*19,811	20,100
Total	$43,878	*$44,194	$46,888
Sales	23,651	*24,055	25,067
MONEY IN CIRCULATION—TREASURY DEPT.—As of Sept. 30 (000's omitted)	$29,981,000	$29,929,000	$30,248,000
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of September:			
Total number of vehicles	369,942	521,450	574,631
Number of passengers cars	300,998	445,306	476,232
Number of motor trucks	68,618	75,835	98,051
Number of motor coaches	326	309	348
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of August (in billions):			
Total personal income	$285.4	*$285.7	$286.4
Wage and salary, receipts, total	195.5	195.7	200.6
Commodity producing industries	82.9	*83.4	89.2
Distributing industries	52.9	*53.1	52.4
Service industries	25.7	*25.4	25.2
Government	34.0	*33.8	33.8
Less employee contributions for social insurance	4.7	4.5	4.1
Other labor income	6.6	6.6	6.5
Proprietors and rental income	48.2	*47.9	46.6
Personal interest income and dividends	24.3	*24.2	23.2
Total transfer payments	15.5	15.8	13.6
Total non-agricultural income	270.1	*270.6	272.6
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-14 100—As of Aug. 15:			
Unadjusted—			
All farm products	25.1	2.47	2.55
Crops	2.50	2.48	2.32
Food grain	2.28	2.25	2.15
Feed grain and hay	2.07	2.02	2.05
Tobacco	4.30	4.46	4.30
Cotton	2.88	2.72	2.78
Fruit	2.35	2.28	1.85
Truck crops	2.23	2.43	2.07
Oil-bearing crops	2.94	2.86	2.63
Livestock and products	2.51	2.47	2.76
Meat animals	2.87	2.86	3.05
Dairy products	2.45	2.37	2.65
Poultry eggs	1.78	1.71	2.29
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S.—HOME LOAN BANK BOARD—Month of August (000's omitted):			
Savings and loan associations	$770,194	$733,724	$670,983
Insurance companies	165,804	155,437	122,483
Bank and trust companies	369,081	371,240	310,061
Mutual savings banks	138,229	141,487	110,709
Individuals	252,022	250,762	238,420
Miscellaneous lending institutions	391,058	374,295	256,736
Total	$2,086,388	$2,026,945	$1,709,392
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of July:			
Net railway operating income	$71,113,265	$79,680,336	$94,421,704
Other income	16,827,962	17,565,891	17,366,708
Total income	87,941,227	97,246,227	111,788,412
Miscellaneous deductions from income	3,350,927	3,411,270	3,145,710
Income available for fixed charges	84,590,300	93,834,957	108,642,702
Income after fixed charges	52,663,106	61,813,815	74,892,413
Other deductions	3,297,860	2,843,533	2,909,774
Net income	49,365,246	58,970,282	71,982,639
Depreciation (way & structure & equipment)	44,128,611	44,064,545	42,156,692
Federal income taxes	15,780,480	24,447,421	51,878,806
Dividend appropriations:			
On common stock	25,314,258	17,778,098	19,780,491
On preferred stock	2,008,695	1,425,190	4,474,575
Ratio of income to fixed charges	2.65	2.93	3.22

Continued from page 6

Don't Throttle the Private Works Program!

things like river and harbor improvements and the construction of new highways.

By stepping up work on such projects, the government would not only provide for the immediate employment of thousands of men, but would also make a vital contribution to our national growth and development. So it is highly desirable, surely, that this should be done—and as I understand it, this has been done by Congress during the past year.

But while this type of Public Works Program is of permanent benefit to the nation as a whole, let us admit frankly that it affords only a stopgap solution to the problem of unemployment; because seldom, indeed, does the average Public Works project provide continuing employment for anyone, after it has been completed. While it is in progress, it gives temporary jobs to those who are doing the work; but when it is finished, these men are right back where they started. They are unemployed; and if they cannot find a job in private enterprise, they must wait for another government program to get under way.

In the case of most Private Works projects, however, it is all very different. When new industrial facilities are built, they not only provide temporary work for the men who construct the plant and who produce the machines and materials that go into it, but they also open up permanent jobs to the men and women who will operate the enterprise thereafter.

For example, most of you know that U. S. Steel has recently completed its great new mill at Morrisville, Pa. At the peak of construction, some 9,000 men were engaged in building these facilities; but although their part of that job is now finished, this plant will continue—day in and day out —to give employment to about 6,000 people.

So there we have the first—and probably the most important—difference between these two kinds of projects. Public Works can—and should — provide temporary relief in times of stress; but only by enlarging the Private Works Program can we open up permanent jobs for our growing labor force. There just isn't any other answer to the problem.

Taxes As They Are Today

Now the second difference is largely economic; and it deals with taxes—if you will pardon the mention of that highly distasteful word in these otherwise happy surroundings. Maybe you heard the complaint which was voiced, not long ago, by a leading lady of the New York stage. She said that with taxes as they are today, a girl might as well marry for love!

Well that, perhaps, is something less than a national tragedy; but what worries me is the fact that with taxes as they may well be tomorrow, the poor girl is going to have to live on love as well. And Hazel assures me that it simply can't be done.

So I hope no one will accuse me of special pleading when I point out that Public Works must be paid for always out of taxes. These taxes fall as a heavy burden on all those who are employed; and furthermore they act as a powerful depressant upon the entire economy. Thus they tend to diminish the total number of permanent jobs and to delay the creation of new ones.

But with Private Works, it is just the opposite. They do not eat taxes; they pay them—thus lightening the burden on their fellow men. Moreover, these projects are financed, voluntarily, out of savings which might otherwise lie idle; and more than 75% of this new capital goes, directly and indirectly, to the payment of wages. So by enlarging this program, we stimulate the economy and hasten the opening of new job opportunities.

Now there are the simple facts of the case, and clearly there can be no doubt about the proper course of action. But right at this point, we come up against a third and final difference that cannot be overlooked. A Public Works Program can be started at the drop of an index. Congress and the President can turn it on, like a faucet, whenever the need arises. So it is the easy way out.

But the size of the Private Works Program depends upon the individual, day-to-day decisions made by millions of our citizens. It cannot be enlarged by government edict. All that Congress and the President can do is to protect and preserve, in every proper way, the precious spark of incentive which prompts Americans to want to save and invest in job-creating enterprises.

Yet whenever Congress tries—as it did this year—to encourage that type of investment, its actions are universally denounced by the very people who loudly insist that their hearts are bleeding for the unemployed. They demand jobs for all; but they oppose the only means by which this end can be permanently accomplished. Their solution of the problem would be to diminish existing incentives—not to enlarge them. And of course, it just doesn't make sense.

Did you ever stop to think what would happen if these misguided gentlemen actually had their way . . . if they succeeded in killing investment incentive and thus throttled the Private Works Program? Well, again, let's just look at the facts:

Capital Required to Create Jobs

It takes about $12,000 of capital, on the average, to create a job for one man; and last year, American industry poured about $28 billion into new plants and facilities. So, presumably, it maintained and provided employment for some 2⅓ million people who would otherwise be out of work. But let us suppose, purely for the sake of illustration, that private industry had NOT been able to obtain, from any source, the funds which it spent last year on these capital improvements. Suppose the government had had to provide all these jobs through a Public Works Program. Where would it get the $28 billions?

Now there is a widely-prevalent belief in the ranks of labor that this could be done very simply by merely soaking the rich some more; and certainly, that is the course which many of our most powerful political pressure groups would demand that Congress pursue. So I called upon the Tax Foundation in New York to make some calculations for me which were based on the latest official records of the Internal Revenue Bureau. And I asked them this question:

"If the Federal Government had to raise $28 billion in new revenues—and if this money were to be taken from the highest possible income brackets, without raising the rates on the lower-bracket taxpayers—who then would pay . . . and how much?"

Well, they have come up with an answer which may be as shocking to you as it was to me; because utterly incredible as it may seem, the truth of the matter is this: That if the Federal Government were to take from every taxpayer in this country, every penny of his taxable income above $2,000 a year, it still wouldn't get the $28 billion!

And let me make this perfectly clear, so there can be no misunderstanding about it: Each taxpayer — after claiming his usual exemptions and deductions — would still pay a 20% income tax on his first $2,000—just as he does now; and then he would pay 100% on everything over $2,000. That means that no man or woman in America would be permitted to keep more than $1,600 of taxable income a year. And the government would still be $3 billion short of raising the money it would need if it tried to take over the Private Works Program!

The Effect of "Soaking the Rich"

Now I do not know how the leaders of Organized Labor would feel about that; but I'm pretty sure our steelworkers wouldn't like it at all—and neither, I think, would the coal miners of West Virginia. Our standard of living in America would be reduced to the level of the Dark Ages. There would be little demand for new houses and new automobiles, or for millions of the refrigerators, washing machines, television sets, and other appliances which have become modern household necessities. Factory after factory would shut down, and we would have in this country the greatest depression and the greatest mass unemployment that any nation—probably, has ever known.

Let us talk no more, then, about "soaking the rich"; nor can we, I fear, find any other tax formula that would yield this huge sum of money successfully. We must recognize frankly that the government never gets money except from the people themselves; and even if Congress should alter this formula in order to lighten the burden in the brackets above $2,000, then it would have to increase correspondingly the burden on those in the brackets below $2,000. So let us agree quite honestly that the rich have already been soaked, and that there's no one left to soak except the so-called poor.

Inflation—A Despictable Tax

And this holds true, of course, even if we turn to inflation as a solution of the problem; for inflation, surely, is the most despictable tax of all. It falls with crushing effect on the weakest, most defenseless groups in our economy—upon the aged and the pensioners, and on the jobless workers who are now forced to spend whatever savings they once salted away in a bank, a government bond, an insurance policy, or in the old sugar bowl in the cupboard.

I shall not belabor the discussion of inflation now, but while we are on the subject, I should like merely to point out that the problem of full employment is by no means confined to the 2¾ million people who are out of work at this moment. Sometime in the next 20 years we must open up 22 million additional jobs to accommodate our growing labor force; and at present rates this will require a capital investment of substantially more than a quarter trillion dollars in new facilities. (Yes, I said trillnon—not billion.) And what that kind of inflation would mean to our economy, I leave it to you to imagine!

So there are the plain, unvarnished facts of the matter; and the time has clearly come, I think, when we ought to face up to them squarely. There is no use in talking deceptively about gifts to the rich," nor in speaking dishonestly of the "trickle-down theory." If we *really* believe in maximum employment—and if we truly desire to make jobs for those who are now out of work—then certainly there can be no honest doubt as to our proper course of action.

We must acknowledge frankly the need for enlarging our Private Works Program — for surely we learned in the thirties the utter futility of Public Works as a means of providing permanent employment.

Investment Incentive—Only Way to Provide Private Works

We must also acknowledge, I think, that the only known way to expand Private Works is to preserve investment incentive and to encourage the hope of profit.

And finally we must acknowledge, too, that this vital incentive has been substantially reduced in the past 20 years. Today the stockholder's share of the national income—the share which goes to him in the form of dividends—it much smaller than it ever was in any year of the 1930's. In fact it is less than half as large as it was in many of those depression years. Right now, moreover, the average percentage yield on industrial common stocks is lower than it has been at any time in the past seven years. And yet, as we sit in this room, the fact remains that these self-same stockholders, who pay for our Private Works Program, are the only group of people in this country whose income is subjected *twice* to Federal income taxes. Among all the economic groups in this country, they alone must suffer this unjust discrimination.

Now let's be honest about it. Is *that* the way to enlarge our Private Works Program? Is *that* the way to make jobs for the unemployed?

No, my friends, make no mistake about it. This is not—and never should be—a question of partisan, political debate. It is a simple, straight-forward problem in elementary economics. And it is also a clear-cut question of basic American philosophy.

You know, we talk a lot, nowadays, about the "greatest good for the greatest number," but if we stop to think about it, that really isn't what we mean at all. The "greatest number" has nothing whatever to do with it.

Should we ignore the hardships of the unemployed merely because their number is so small? Should we tolerate injustice to investors on the grounds that they are a minority group, too weak to defend themselves against discrimination? Do we really believe that the so-called "many" have some God-given right *to exploit "the few"*?

Or do we believe—as our forefathers did—that every living soul in this nation has the same rights as every other, and that the welfare of each is a matter of equal concern to us all?

Well, on that question, there can never be any division of thought among true Americans. What we honestly want, is the greatest good for the *entire* number—and for every man and woman in this land; and if, by some miracle, we can ever restore that homely philosophy to the public discussion of the grave national issues that confront us in these troubled times—then truly we shall, in my humble opinion, have performed with God's help, the greatest possible service to every man who *needs* a job, to every man who *has* a job, and to every man who will *seek* a job, through all the years to come!

Loewi Adds to Staff

(Special to The Financial Chronicle)

MILWAUKEE, Wis.—Roman G. Wild has become connected with Loewi & Co., 225 East Mason Street, members of the Midwest Stock Exchange.

Zotox Pharmacal Stock Offered

Frederic H. Hatch & Co., Inc. is offering 100,000 shares of Zotox Pharmacal Co., Inc. common stock at a price of $3 per share.

Net proceeds from the sale of the common stock will be used by the company for working capital. Management plans to use approximately $60,000 to expand the sales of "Zotox"; $70,000 to increase its sales of "Hydrotox"; $70,000 for the promotion of "Triocin"; and the remainder of $30,000 for additional working capital.

Zotox Pharmacal Co., Inc. is in the business of developing formulae for new drug and medicinal products; of owning trademarks and licenses with respect to their production and sale; and of supervising the production and distribution of such products. The company has successfully developed and marketed "Zotox," a poison ivy lotion; has recently completed the initial stages for the promotion of another product known as "Hydrotox," a remedy for the relief of athlete's foot, ringworm and other fungus infections; and also expects to market in November, 1954, a formula for the relief of acne, pimples and blackheads, to be known as "Triocin."

Gabriel Securities Offers Soil Builders Common Stock at $3

Gabriel Securities, 3420 Bergenline Avenue, Union, N. J., is offering publicly 100,000 shares of common stock (par 10 cents) of Soil Builders International Corp. at $3 per share.

Soil Builders International Corp. was incorporated in Delaware on April 8, 1954 for the purpose of engaging principally in the business of manufacturing and selling soil builders, conditioners and fertilizers.

The corporation is the manufacturer, under a secret process, of "Glorion," a plant food, fertilizer and soil builder with distributiion in ten States and Canada. The plant is located in Clarksville, Tenn.

On the company's property is approximately 500,000 tons of calcium which is a necessary component part of the product Glorion. This amount is sufficient for the manufacture of approximately 2,500,000 tons of Glorion.

Of net proceeds, $11,000 will be repaid to S. Spencer Grean, President, who has advanced that sum immediately prior to and after the incorporation of the company in order to expedite its operations prior to securing funds through this offering. Such advances were made in part payment for the purchase of the Tennessee plant, purchase of raw materials, and working capital. Approximately $70,000 will be used for the purchase of additional raw materials and to increase the capacity of the Tennessee plant from 40 tons to approximately 200 tons per day through the construction of additional storage capacity, purchase of new equipment, modern bagging units and incorporation of a liquid nitrogen plant. Approximately $65,000 will be expended for the piloting of a process to manufacture nitrophosphate products under the patents of the company. The balance of approximately $74,000 will be added to the general funds of the company for general company purposes.

Joins Bache Staff

(Special to The Financial Chronicle)

GREENSBORO, N. C. — James H. Webb has been added to the staff of Bache & Co., 108 West Market Street.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

★ ABS Trash Co., Washington, D. C.
Oct. 26 (letter of notification) 3,000,000 shares of 7% preferred series stock (par one cent). **Price**—10 cents per share. **Proceeds**—To redeem preferred stock, purchase of property, construction and equipment and working capital. **Office**—11 11th Street, S.W., Washington, D. C. **Underwriter**—None.

★ Air Express International Corp.
Oct. 28 (letter of notification) 70,000 shares of common stock to be issued upon exercise of warrants. **Price**—At par (50 cents per share). **Proceeds**—For general corporate purposes. **Office** — 90 Broad St., New York. **Underwriters**—Granbery, Marache & Co. and Bache & Co., both of New York; and Joseph Bruce of White Plains, N. Y.

Alabama Gas Corp., Birmingham, Ala.
Sept. 29 filed 84,119 shares of comon stock (par $2) being offered for subscription by common stockholders Oct. 19 at rate of one new share for each 10 shares held (with an oversubscription privilege); warrants to expire Nov. 10. **Price**—$22 per share. **Proceeds**—For construction program. **Underwriter**—Allen & Co., New York.

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 Bosch Arma Corp., Springfield, Mass.
Oct. 19 (letter of notification) 8,000 shares of common stock (par $2). **Price** — At market (estimated at $11.75 per share). **Proceeds**—To Allen & Co., New York, who is the selling stockholder. **Underwriter** — James Philips & Co., New York.

American Buyers Credit Co., Phoenix, Ariz.
Aug. 6 filed 5,000,000 shares of common stock to be issued to policyholders of American Buyers Insurance Co. and American Buyers Casualty Co., and employees. **Price**—To so-called "Expansion Policyholders" (various policyholders of both insurance companies), and employees, at par ($1 per share); and to all other policyholders in the insurance companies, $1.25 per share. **Proceeds**—To expand in the small loan field. **Underwriter**—None.

American Buyers Insurance Co., Phoenix, Ariz.
Aug. 18 (letter of notification) 2,500 shares of common stock, being offered to stockholders of record Aug. 16 on a pro rata basis; rights to expire on Nov. 12. **Price** — At par ($10 per share.) **Proceeds** — To acquire capital required by Arizona law for a stock benefit insurance company. **Office**—2001 East Roosevelt, Phoenix, Ariz. **Underwriter**—None.

American Independent Reinsurance Co.
Sept. 2 filed 900,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—To be invested in securities of other companies and for working capital. **Office**—Orlando, Fla. **Underwriter** — Goodbody & Co., St. Petersburg, Fla.

American Uranium, Inc., Moab, Utah
Aug. 18 (letter of notification) 3,320,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For exploration and development expenses. **Underwriter**—Ogden Uranium Brokerage Co., Ogden, Utah.

Ampal-American Israel Corp., New York
Sept. 17 filed $5,000,000 of 10-year 5% sinking fund debentures, series C, due 1964; $3,125,000 of 5-year discount debentures, series D; and $4,100,000 of 10-year discount debentures, series E. **Price**—Series C, at par; series D $2,507,659.53, to yield return equal to compound interest at rate of 4½% per annum, compounded; and series E $2,502,111.10, to yield 5%. **Proceeds**—For development and expansion of agricultural, industrial and commercial enterprises in Israel. **Underwriter**—None.

★ Andro Uranium Corp., Albuquerque,. N. Mex.
Oct. 25 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development expenses. **Office**—217 Third St., S. W., Albuquerque, N. M. **Underwriter**—None.

Arkansas Natural Resources Corp.
June 11 (letter of notification) 299,500 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to drilling for magnetic iron ore. **Office**—Rison, Ark. **Underwriter**—Eaton & Co., Inc., New York, N. Y.

★ Atlas Credit Corp., Philadelphia, Pa.
Nov. 1 (letter of notification) 74,800 shares of 20-cent cumulative convertible preferred stock (par $2.50) and 74,800 shares of common stock (par 10 cents) in units of one share of each class of stock. **Price**—$4 per unit. **Proceeds** — For further expansion. **Office** — 2411 No. Broad St., Philadelphia 32, Pa. **Underwriter**—George A. Searight, New York.

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 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. **Underwriter**—None.

★ Baldwin-Hill Co., Trenton, N. J.
Nov. 1 (letter of notification) 30,000 shares of common stock (par $1), of which 20,000 are for account of company and 10,000 for selling stockholders. **Price**—$6.50 per share. **Proceeds**—To retire $83,600 of 6% debentures; reimburse treasury for retirement of 145 shares of 6% preferred stock (par $100) and for general working capital. **Business**—Mineral wool products. **Underwriters**—Estabrook & Co., New York; and Dehaven & Townsend, Crouter & Bodine, Philadelphia, Pa.

• Barium Steel Corp., New York (11/5)
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 mill being constructed; and for general corporate purposes. **Underwriter**—Lee Higginson Corp., New York.

Beckman Instruments, Inc
Oct. 18 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment (to be related to market price at time of offering). **Proceeds**—To retire $1,000,000 of short term unsecured notes and for expansion and working capital. **Underwriter** — Lehman Brothers, New York. **Offering**—Expected today (Nov. 4).

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.

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 Hills Power & Light Co. (11/23)
Nov. 3 filed 39,900 shares of cumulative preferred stock (par $25—convertible through Nov. 30, 1964). **Price**—To be supplied by amendment. **Proceeds**—To redeem 5.40% preferred stock, repay bank loans and for new construction. **Underwriter**—Dillon, Read & Co. Inc., New York.

★ Blue Jay Uranium Corp., Elko, Nev.
Oct. 15 (letter of notification) 1,000,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For exploration and development costs. **Office**—402 Henderson Bank Bldg., Elko, Nev. **Underwriter**—Security Uranium Service, Inc., Moab and Provo, Utah.

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 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 1⅓ shares of common stock for each Pacific Mills share. The offer is to expire on Nov. 5, 1954, unless extended. Burlington Mills presently own 503,245 shares, or 52.4% of the outstanding Pacific Mills stock. **Underwriter**—None.

• Cahokia Downs, Inc., East St. Louis, Ill.
Aug. 30 filed 140,000 shares of common stock (par $1) being 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,

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NEW ISSUE CALENDAR

November 4 (Thursday)
Hawaii (Territory of) ---------- Bonds
(Bids 10 a.m. EST) $6,500,000

November 5 (Friday)
Barium Steel Corp. ---------- Common
(Offering to stockholders—underwritten by Lee Higginson Corp.) 599,215 shares
Colorado Oil & Gas Corp. ---------- Preferred
(Exchange offer to Derby Oil Co. common stockholders—underwritten by Union Securities Corp.) $12,195,500

November 8 (Monday)
Holiday Plastics, Inc. ---------- Common
(S. D. Fuller & Co.) $298,000
National Fuel Gas Co. ---------- Common
(Offering to stockholders—no underwriting) 381,018 shares
Shenandoah Gas Co. ---------- Debentures & Common
(Scott, Horner & Mason, Inc.) $1,311,000
Tarbell Mines, Ltd. ---------- Common
(H. J. Cooney & Co.) $299,880
Yard-Man, Inc. ---------- Common
(Watling, Lerchen & Co.) $1,121,680

November 9 (Tuesday)
Cott Beverage Corp. ---------- Common
(Ira Haupt & Co.) 200,000 shares
Missouri Insurance Co. ---------- Common
(R. S. Dickson & Co. and A. G. Edwards & Sons) 202,320 shares
Panellit, Inc. ---------- Common
(Bear, Stearns & Co. and Lehman Brothers) 105,000 shares
Penn Fruit Co. ---------- Preferred and Common
(Hemphill, Noyes & Co.) 100,000 shares of each
Sierra Pacific Power Co. ---------- Bonds
(Bids 11 a.m. EST) $4,000,000
Union Tank Car Co. ---------- Common
(The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane) 380,000 shares

November 12 (Friday)
Glamur Products, Inc. ---------- Common
(Graham, Ross & Co., Inc.) $300,000

November 15 (Monday)
Mexican Gulf Sulphur Co. ---------- Common
(Van Alstyne, Noel & Co.) 200,000 shares
Old Hickory Copper Co. ---------- Common
(General Investing Corp.) $300,000
Warren (J. C.) Corp. ---------- Common
(General Investing Corp.) $300,000

November 16 (Tuesday)
Pacific Telephone & Telegraph Co. ---------- Debentures
(Bids 11:30 a.m. EST) $50,000,000
Producing Properties, Inc. ---------- Debs., Pfd. & Common
(Hemphill, Noyes & Co., Shields & Co. and Rauscher, Pierce & Co.) $10,000,000

November 17 (Wednesday)
Aztec Oil & Gas Co. ---------- Common
(Offering to stockholders—no underwriting)
Campbell Soup Co. ---------- Common
(The First Boston Corp.) 1,300,000 shares

November 18 (Thursday)
Compo Shoe Machinery Corp. ---------- Preferred
(Loewi & Co.) $773,225
Hackensack Water Co. ---------- Common
(Offering to common stockholders—underwritten by The First Boston Corp. and White & Co.) 48,047 shares
Tung-Sol Electric, Inc. ---------- Preferred
(Harriman Ripley & Co. Inc.) $5,000,000

November 23 (Tuesday)
Black Hills Power & Light Co. ---------- Preferred
(Dillon, Read & Co. Inc.) $997,500
Consolidated Freightways, Inc. ---------- Common
(Blyth & Co., Inc.) 100,000 shares
Virginia Electric & Power Co. ---------- Common
(Bids to be invited) 600,000 shares

November 30 (Tuesday)
Interstate Power Co. ---------- Preferred
(Bids to be invited) $10,000,000
Public Service Co. of New Hampshire ---------- Bonds
(Bids to be invited) $12,000,000

December 1 (Wednesday)
Laclede Gas Co. ---------- Bonds
(Bids to be invited) $15,000,000

December 14 (Tuesday)
New England Tele. & Tele. Co. ---------- Debentures
(Bids to be invited) $30,000,000
New Orleans Public Service Inc. ---------- Bonds
(Bids to be invited) $6,000,000

December 15 (Wednesday)
Illinois Central RR. ---------- Debentures
(Bids to be invited) $18,000,000

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Inc. of its undivided interest in 17 tuna clippers, subject to certain liabilities; for construction of four tuna clippers; and the balance for working capital and general corporate purposes. **Underwriter** — Barrett Herrick & Co., Inc., New York.

● Campbell Soup Co. (11/17)
Oct. 27 filed 1,300,000 shares of capital stock (par $1.80), 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.

★ Campbell Soup Co.
Oct. 28 filed an aggregate of 150,000 shares of capital stock (par $1.80) for which options may be granted under the Stock Option Plan to regular full time salaried employees of the company and its subsidiaries.

Canadian Delhi Petroleum Ltd., Calgary, Can.
Oct. 5 filed 268,686 shares of capital stock (par 10 cents-Canadian) 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.

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.

★ Carnotite Development Corp.
Oct. 26 (letter of notification) 16,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For exploration and development expenses. **Office**—317 Main St., Grand Junction, Colo. **Underwriter**—Western Securities Corp., Salt Lake City, Utah.

Carolina Resources Corp.
Aug. 19 (letter of notification) 299,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To acquire claims and mining equipment, erect and equip processing plant, and for working capital. **Office**—Nantahala Bldg., Franklin, N. C. **Underwriter** — Allen E. Beers Co., Western Savings Fund Bldg., Phila. 7, Pa.

★ Cascade Natural Gas Corp., Seattle, Wash.
Oct. 27 (letter of notification) 23,625 shares of common stock (par $1) to be offered for subscription by stockholders on a 1-for-10 basis. **Price** — $6 per share. **Proceeds**—To repay bank loans and promissory notes. **Office**—Securities Bldg., Seattle, Wash. **Underwriters**—Blanchett, Hinton & Jones, Seattle, Wash., and First California Co., Los Angeles, Calif.

Central Uranium & Milling Corp., Denver, Colo.
Sept. 27 (letter of notification) 600,000 shares of common stock (par one cent). **Price** — 50 cents per share. **Proceeds** — For exploration and development expenses. **Office** — Empire Bldg., Denver, Colo. **Underwriters**—Gearhart & Otis, Inc., and Jay W. Kaufmann & Co., both of New York.

● Certain-teed Products Corp., Ardmore, Pa.
Sept. 28 filed 412,950 shares of common stock (par $1) being 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. The offer expires on Nov. 25.

★ Chemecon Corp., Coopersburg, Pa.
Nov. 1 (letter of notification) 40,000 shares of capital stock (no par). **Price**—$6.25 per share. **Proceeds**—To build plant at Houston, Texas, and for working capital. **Business**—To extract fluorine contained in waste gases. **Office**—129 So. State St., Dover, Del. **Underwriter**—Stein Bros. & Boyce, Baltimore, Md.

Chesapeake Industries, Inc.
Oct. 15 filed 996,304 shares of common stock (par $1) and 33,818 shares of $4 cumulative preferred stock (par $10) to be offered in exchange for preferred and common shares of Home & Foreign Securities Corp. and Oils & Industries, Inc., common shares of common stock of Intercontinental Holdings, Ltd. and Intercoast Petroleum Corp. and capital stock of Colonial Trust Co. The offer is subject to deposit of not less than 90% of the stock of Colonial and not less than 80% of the stock of the first three companies mentioned above.

★ Chinchilla Corp. of America, Linthicum, Md.
Oct. 21 (letter of notification) 1,200,000 shares of common stock (par three cents). **Price**—25 cents per share. **Proceeds**—For working capital, etc. **Office**—Hammonds Ferry Road, Linthicum, Md. **Underwriter**—Kelleher & Co., Washington, D. C.

★ Chinchilla Fur Farms, Inc., Golden, Colo.
Oct. 27 (letter of notification) 7,200 shares of class A stock (par $10) and 15,000 shares of class B stock (the latter to be issued in exchange for chinchilla breeking stock. **Price**—For class A, $10 per share. **Proceeds**—For equipment, buildings, pens, operating capital, etc. **Address**—Route 3, Box 645, Golden, Colo. **Underwriter**—None.

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 Oil & Gas Corp., Denver, Colo. (11/5)
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.

★ Col-U-Mex Uranium Corp., Albuquerque, N. Mex.
Oct. 25 (letter of notification) 2,900,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development expenses. **Office**—320 Korber Bldg., Albuquerque, N. Mex. **Underwriter**—Whitney & Co., same city.

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.

★ Compo Shoe Machinery Corp., Boston, Mass. (11/18)
Oct. 29 filed 30,929 shares of 5% cumulative convertible preferred stock (par $25) to be offered first for subscription by common stockholders at the rate of one preferred share for each 10 common shares held. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriter**—Loewi & Co., Milwaukee, Wis.

★ Consolidated Credit Corp., Charlotte, N. C.
Oct. 25 (letter of notification) $100,000 of 20-year 6% subordinate sinking fund notes and 100 ten-year warrants to purchase 20 shares of common stock to be sold in units of a $1,000 note and one warrant. **Price**—$1,000 per unit (each warrant is exercisable at $10 per share.) **Proceeds**—To repay bank loan. **Office** — 221½ West Trade St., Charlotte, N. C. **Underwriter**—J. C. Wheat & Co., Richmond, Va.

Consol. Edison Co. of New York, Inc.
April 7 filed $50,000,000 of first and refunding mortgage bonds, series K, due May 1, 1984. **Proceeds**—To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Offering**—Originally set for May 11, but has been postponed because of market conditions. No new date set.

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.

● Cornbelt Insurance Co., Freeport, Ill.
Oct. 20 filed (amendment) 122,301 shares of common stock (par $1), representing the unsold balance of 300,000 shares originally registered with the SEC. **Price** — $3 per share. **Proceeds** — For working capital and general corporate purposes. **Underwriters**—Cruttenden & Co. and Arthur M. Krensky & Co., Inc., both of Chicago, Ill.

● Cott Beverage Co. (11/9)
Aug. 27 filed 200,000 shares of common stock (par $1.50), of which 120,000 shares are for the account of the company and 80,000 shares for certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office**—New Haven, Conn. **Underwriter**—Ira Haupt & Co., New York.

★ Delta Theta Phi, Washington Convention, Inc.
Oct. 18 (letter of notification) 200 shares of common stock (no par). **Price**—$25 per share. **Proceeds**—To underwrite convention. **Office**—600 Munsey Bldg., Washington, D. C. **Underwriter**—None.

★ Deluxe Check Printers, Inc.
Oct. 18 (letter of notification) 3,600 shares of common stock (par $10) to be offered for subscription by male employees pursuant to employees' stock purchase plan. **Price**—$80 per share. **Proceeds**—For new facilities and equipment and working capital. **Office** — 530 North Wheeler St., St. Paul, Minn. **Underwriter**—None.

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.

★ Dole (James) Engineering Co.
Oct. 15 (letter of notification) 135,365 rights to subscribe to convertible 5% income notes (each five rights entitle holder to purchase $1 face amount of notes). **Price**—At market (estimated at 18 cents per right). **Proceeds**—To selling stockholders. **Underwriters**—Broy & Co. and J. Barth & Co., both of San Franciso, Calif.

★ Edgemont Mining & Uranium Corp.
Oct. 28 filed 3,000,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For equipment, exploration on purchases of additional claims or leases. **Office** — Edgemont, S. Dak. **Underwriter** — Capper & Co., New York.

★ Educational Accessories Corp., Reno, Nev.
Oct. 19 (letter of notification) 80,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To develop and construct a model "Picture Magnia" educational device; the balance to be used for the manufacture of said device. **Office**—139 N. Virginia Street, Reno, Nev. **Underwriter**—None, offering to be made through Walter Keilwagen, President.

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.

Fallon 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.
Oct. 11 (letter of notification) 2,000 shares of 6% cumulative convertible preferred stock to be offered for subscription by common stockholders of record Oct. 4 on the basis of one share of preferred stock for each 8.2 shares of common stock held; rights to expire on Nov. 17. Unsubscribed shares to be offered to employees. **Price**—At par ($50 per share). **Proceeds**—For working capital. **Office**—752 N. Highland Avenue, Los Angeles, Calif. **Underwriter**—None.

Fidelity Acceptance Corp., Minneapolis, Minn.
Aug. 30 filed 6,000 shares of 7% cumulative preferred stock (par $25), to be offered to employees; $900,000 of 5¾% capital debentures and 24,000 shares of 6% cumulative class E preferred stock (par $25). **Price**—At par. **Proceeds**—To reduce outstanding bank loans. **Underwriters**—M. H. Bishop & Co., Minneapolis, Minn., and B. I. Barnes, Boulder, Colo. Statement effective Oct. 26.

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.

★ Financial Industrial Fund, Inc., Denver, Colo.
Oct. 29 filed 600,000 shares of capital stock and 20,000 Systematic (Periodic Payment) Investment Plans ($24,000,000) and 4,000 cumulative (full-paid) investment certificates ($4,000,000). **Price**—For shares at market. **Proceeds**—For investment.

★ Foster Publications, Inc. (N. Y.)
Oct. 29 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and general corporate purposes. **Business**—Publishes "Guide for Sport Fisherman." **Office**—165 Broadway, New York. **Underwriter**—None.

Gatineau Uranium Mines Ltd. (Canada)
Aug. 10 (Regulation "D") 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and development costs. **Office** — 100 Adelaide St. West, Toronto, Canada. **Underwriter**—McCoy & Willard, Boston, Mass.

General Gas Corp.
Sept. 22 filed 143,500 shares of common stock (par $5) being offered in exchange for common stock of Consolidated Gas Co. of Atlanta, Ga., on the basis of 63/100ths of a share of General Gas for each Consolidated share. The offer is subject to deposit of at least 175,000 shares of Consolidated stock out of 210,000 shares outstanding. **Underwriter**—None.

★ General Uranium Corp., Salt Lake City, Utah
Oct. 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For development and exploration expenses. **Office**—404 Boston Building, Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

★ Gilbert (William L.) Clock Corp.
Oct. 20 (letter of notification) 150,000 shares of common stock (par $1). **Price** — $2 per share. **Proceeds** — For working and new equipment, and probably to reduce bank loans. **Office**—276 North Main Street, Winsted, Conn. **Underwriter**—Singer, Bean & Mackie, Inc., New York. **Offering**—Expected today (Nov. 4).

★ Glamur Products, Inc. (11/12)
Oct. 27 (letter of notification) 600,000 shares of common stock (par two cents). **Price**—50 cents per share. **Proceeds**—To repay $10,000 loan and for working capital and advertising expenses. **Office**—119 S. McBride St., Syracuse, N. Y. **Underwriter**—Graham Ross & Co., Inc., New York.

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.

★ Great Southwest Land & Cattle Co., Phoenix, Ariz.
Oct. 28 filed 1,250,000 shares of class A common stock to be offered to present and future holders of special participating life insurance contracts issued by Great Southwest Life Insurance Co., and to the public generally. **Price**—At par ($1 per share). **Proceeds**—To lease land for operation of cattle business. **Underwriter** — None.

Gulf States Utilities Co.
May 14 filed 160,000 shares of preferred stock (par $100). Proceeds — To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Gulf States Utilities Co.
May 14 filed $24,000,000 of first mortgage bonds due June 1, 1984. **Proceeds**—To redeem $10,000,000 of 3⅝% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983, and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Gulf Sulphur Corp., North Kansas City, Mo.
Sept. 15 filed 92,310 shares of 60-cent cumulative convertible preferred and participating stock (par 10 cents), of which 57,310 shares are to be offered publicly at $10 per share and 35,000 shares to be sold to V. V. Jacomini, a partner of Tehuantepec Co., on an investment basis, at $8.50 per share. **Proceeds** — For operating expenses and exploration development. **Underwriters** — For the 57,310 shares, Fridley & Hess and Crockett & Co., both of Houston, Tex.

★ **Gunsite Butte Uranium Corp.**
Oct. 25 (letter of notification) 25,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For exploration and development expenses. **Office**—36 West Broadway, Salt Lake City, Utah. **Underwirter**—Melvin G. Glegal & Co., same address.

★ **Hackensack Water Co. (11/18)**
Oct. 28 filed 48,047 shares of common stock (par $25) to be offered for subscription by common stockholders at the rate of one new share for each eight shares held as of Nov. 17; rights to expire on Dec. 16. **Price**—To be supplied by amendment. **Proceeds** — For capital additions and to purchase securities of Spring Valley Water Works & Supply Co. **Underwriters**—The First Boston Corp. and White, Weld & Co., both of New York.

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.

★ **Holiday Plastics, Inc., Kansas City, Mo. (11/8-9)**
Oct. 29 (letter of notification) 149,500 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For working capital, etc. **Underwriter**—S. D. Fuller & Co., New York.

★ **Home Telephone & Telegraph Co. of Virginia**
Oct. 18 (letter of notification) 40,320 shares of capital stock to be offered to stockholders of record Nov. 18, 1954 on the basis of one new share for each seven shares held. **Price**—At par ($5 per share). **Proceeds**—To reduce bank notes. **Office**—107 Valley Street, Emporia, Va. **Underwriter**—None.

Husky Oil Co., Cody, Wyo.
Sept. 29 filed 14,899 shares of 6% cumulative first preferred stock (par $100). **Price** — To be supplied by amendment. **Proceeds**—To purchase outstanding shares of prior preferred stock of Gate City Steel Works, Inc. of Omaha, and for drilling expenses, etc. **Underwriter**—First Trust Co. of Lincoln, Neb.

★ **Interstate Power Co., Dubuque, Iowa (11/30)**
Oct. 29 filed 200,000 shares of preferred stock (par $50). **Proceeds**—To redeem 100,000 shares of 4.70% preferred stock at $52.50 per share (plus accrued dividends) and to repay $2,000,000 of promissory notes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Smith, Barney & Co.; Blyth & Co., Inc. and Lehman Brothers (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received on or about Nov. 30.

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.

★ **Keystone Custodian Funds, Inc.**
Oct. 28 filed 150,000 shares of seris B-3; 1,250,000 shares of series B-4; and 150,000 shares of series K-1. **Price**—At market. **Proceeds**—For investment.

★ **Kuhlman Electric Co., Bay City, Mich.**
Oct. 18 (letter of notification) 30,000 shares of 5½% preferred stock, series A. **Price**—At par ($10 per share). **Proceeds**—To redeem 6% cumulative preferred stock, and for caiptal expenditures. **Office**—1000 26th Street, Bay City, Mich. **Underwriter** — Hudson White & Co., Grand Rapids and Detroit, Mich.

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 Title Insurance Co., Los Angeles, Calif.**
Oct. 21 (letter of notification) 30,161 shares of capital stock (par $2.50). **Price**—$7.50 per share. **Proceeds**—To 22 selling stockholders. **Office**—3444 Wilshire Blvd., Los Angeles, Calif. **Underwriter**—Lester, Ryons & Co., same city.

Liberty Uranium Corp., Salt Lake City, Utah
July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining operations. **Office**—402 Darling Bldg., Salt Lake City, Utah. **Underwriter** — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

Loma Uranium Corp., Denver, Colo.
June 18 filed 1,000,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For exploration and development costs, purchase of equipment, and reserve for acquisition of additional properties. **Underwriter**—Peter Morgan & Co., New York.

★ **Loring Pharmacal Co., Inc.**
Oct. 25 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For inventory and selling and advertising expenses. **Office**—220 Fifth Ave., New York 1, N. Y. **Underwriter**—None.

Lunn Laminates, Inc.
Oct. 15 (letter of notification) 8,000 shares of common stock (par 25 cents). **Price**—At market (about $5.75 per share). **Proceeds**—To selling stockholder. **Office**—Oakwood Road and West 11th Street, Huntington Station, Huntington, N. Y. **Underwriter** — Fahnestock & Co., New York.

Mac Fos Uranium, Inc., Salt Lake City, Utah
Sept. 16 (letter of notification) 4,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For exploration and development costs. **Office**—239 Ness Bldg., Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same city.

Magic Metals Uranium Corp.
Sept. 14 (letter of notification) 2,995,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Mid-Coninent Securities, Inc., the same city.

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.

Mercast Corp., N. Y.
Sept. 30 (letter of notification) 5,000 shares of common stock (par 10 cents). **Price**—$4.75 net to sellers. **Proceeds**—To Atlas Corp. **Office**—295 Madison Ave., New York 17, N. Y. **Underwriter**—Franklin, Mayer & Barnett, New York City.

Merritt-Chapman & Scott Corp.
Sept. 7 filed 448,868 shares of common stock (par $12.50) being offered in exchange for stock of the Marion Power Shovel Co. and Osgood Co. on the basis of three shares for each two Marion Power common shares, and two shares for each three shares of Osgood Co.'s class A and class B stock not held by Marion Power Shovel Co. The offer will expire on 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.

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. (11/9)**
Oct. 21 filed 202,320 shares of capital stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To certain selling stockholders. **Underwriters**—R. S. Dickson & Co., Charlotte, N. C., A. G. Edwards & Sons, St. Louis, Mo.

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.

★ **Mutual Service Cooperative, St. Paul, Minn.**
Oct. 18 (letter of notification) 500 shares of common stock. **Price** — $10 per share. **Proceeds** — For working capital. **Office**—1923 University Avenue, St. Paul, Minn. **Underwriter**—None.

National Fuel Gas Co. (11/8)
Sept. 29 filed 381,018 shares of common stock (no par) to be offered for subscription by common stockholders of record 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.

★ **National Metallizing Corp., Washington, D. C.**
Oct. 14 (letter of notification) $250,000 of 6% five-year debentures; 25,000 shares of class A common stock (par $1) and 50,000 shares of class B common stock (par $1) to be offered in units of $500 of debentures, 50 shares of class A common and 100 shares of class B common stock. **Price**—$500 per unit. **Proceeds**—For equipment and working capital. **Office**—930 Washington Building, Washington, D. C. **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.

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.

★ **Omar, Inc., Omaha, Neb.**
Oct. 26 (letter of notification) 10,000 shares of common stock (par $1) to be offered for subscription by employees under an employee proprietary stock option plan (3,317 shares within the 12-month period commencing Nov. 9, 1954, and the remainder in subsequent years). **Price**—At the then current market price. **Proceeds**—For general corporate purposes. **Office**—1919 Haney St., Omaha, Neb. **Underwriter**—None.

● **Oregon Washington Telephone Co.**
Oct. 7 (letter of notification) 1,000 shares of 5% cumulative preferred stock being offered for subscription by present preferred stockholders on an allotment basis; rights to expire on Nov. 19. **Price**—At par ($100 per share). **Proceeds**—To retire bank loan. **Office**—Hood River, Ore. **Underwriter**—Zilka, Smither & Co., Inc., Portland, Ore.

Pacific 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.

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.**
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. **Offering**—Expected any day.

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● Panellit, Inc., Skokie, Ill. (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.
Oct. 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.

● Penn Fruit Co., Inc. (11/9)
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. (11/9)
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.

Petersburg & Hopewell Gas Co.
Oct. 15 (letter of notification) 13,750 shares of common stock (par $10) to be offered for subscription by stockholders; 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**—Scott, Horner & Mason, Inc., Lynchburg, La.

★ Producing Properties, Inc., Houston, Texas (11/16)
Oct. 26 filed $7,500,000 of 5% debentures due 1969; 100,000 shares of 6% preferred stock (par $25) and 1,000,000 shares of common stock (par 10 cents) to be offered in units of $75 principal amount of debentures, one share of preferred stock and 10 shares of common stock. **Price**—$106 per unit. **Proceeds**—For acquisition of properties. **Business**—To purchase interests in producing oil and gas properties, and related activities. **Underwriters**—Hemphill, Noyes & Co. and Shields & Co., both of New York, and Rauscher, Pierce & Co., of Dallas, Tex.

★ Provident Security Life Insurance Co.
Oct. 18 (letter of notification) 150,000 shares of common stock (par $1) to be offered to holders of life insurance policies issued by company. **Price**—$2 per share. **Proceeds** — For capital and surplus. **Office** — 107 Mayer-Heard Bldg., Phoenix, Ariz. **Underwriter** — None, but James C. Gregory, President, will handle sales.

Quaker Warehouse Co., Inc., Philadelphia, Pa.
Sept. 10 filed $900,000 of 10-year 6% debentures due Sept. 1, 1964, to be offered to stockholder members of Quaker City Wholesale Grocery Co., a 100% cooperative retail grocer owned organization. **Price**—At par. **Proceeds**—To purchase building, and for modernization and improvements. **Underwriter**—None.

★ Resort Airlines, Inc., Miami, Fla.
Oct. 21 (letter of notification) 1,190,000 shares of common stock (par 10 cents) to be made to stockholders on a pro rata basis. Resort Airlines, Inc. (Del.), parent, has the right to purchase up to 84% of the offer. **Price**—20 cents per share. **Proceeds**—To reduce accounts payable and for working capital. **Address**—Box 242, International Airport, Miami, Fla. **Underwriter**—None.

★ Rolon Tire Chain Corp., Denver, Colo.
Oct. 27 (letter of notification) 60,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For increased inventory, working capital, sales and production expenses, etc. **Office**—150 Tejon St., Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., same city.

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.

★ Sears, Roebuck & Co., Chicago, Ill.
Nov. 2 filed 25,000 memberships in Savings and Profit Sharing Pension Fund, together with 700,000 shares of capital stock which may be purchased by the Fund.

Shenandoah 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)
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**—To be received up to 11 a.m. (EST) on Nov. 9 at 49 Federal Street, Boston, Mass.

Slick Rock Uranium Development Corp.
Oct. 8 (letter of notification) 2,900,000 shares of common stock (par five cents), including shares for option to underwriter and prior property owner to be amended. **Price**—10 cents per share. **Proceeds**—For development and exploration expenses. **Office**—Newhouse Hotel, Salt Lake City, Utah. **Underwriter** — Van Blerkom & Co., same city.

Solomon Uranium & Oil Corp., Inc.
Oct. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Offices** — 506 Beason Bldg., Salt Lake City, Utah, and 1016 Baltimore Bldg., Kansas City, Mo. **Underwriter**—E. R. Bell & Co., Kansas City, Mo.

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.

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) being 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. The offer expires on Nov. 30, 1954. **Underwriter**—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.

★ Stouffer Corp., Cleveland, Ohio
Oct. 19 (letter of notification) 1,500 shares of common stock (par $2.50). **Price**—Not to exceed $22.50 per share. **Proceeds**—To Gordon Stouffer, Chairman of the Board. **Underwriter**—Ross, Borton & Simon, Inc., Cleveland, O.

Stylon Corp., Milford, Mass.
Sept. 27 filed 650,000 shares of common stock (par $1) to be offered to the holders of the $1,300,000 City of Florence, Ala., 5% first mortgage industrial development revenue bonds on the basis of 500 shares of stock for each $1,000 bond up to and including Aug. 31, 1958; 333 shares per $1,000 bond thereafter and up to and including Aug. 31, 1963; 250 shares thereafter and up to and including Aug. 31, 1968; and 200 shares thereafter to Oct. 15, 1977. It is the present intention of the management of the company to hold any bonds so tendered for the purposes of receiving tax-free income thereon. **Underwriter**—None.

Superior Uranium Co., Las Vegas, Nev.
Sept. 1 (letter of notification) 29,910,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For development and exploration costs. **Office**—Medical Arts Bldg., Las Vegas, Nev. **Underwriter**—Uranium Brokers, Inc., the same city.

Sytro Uranium Mining Co., Inc., Dallas, Texas
Sept. 9 (letter of notification) 2,975,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development of properties. **Office** — 1406 Life of America Building, Dallas, Texas. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

Tacony Uranium Corp., Denver, Colo.
Aug. 17 (letter of notification) 1,700,000 shares of common stock. **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Office** — 317 Railway Exchange Building, Denver, Colo. **Underwriter**—E. I. Shelley Co., Denver, Colo.

Tampa Marine Co., Tampa, Fla.
Sept. 28 filed 300,000 shares of class A stock (par $1), of which Gulf-Atlantic, Inc., Tampa, Fla., has agreed to purchase for distribution not less than 165,000 shares and to use its best efforts to sell the balance. **Price**—$3 per share. **Proceeds** — For construction of stevedoring facilities, purchase of additional barges and working capital. **Underwriter**—Gulf Atlantic, Inc., Tampa, Fla.

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.

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.

★ Trade Winds Co., Thunderbolt, Ga.
Nov. 1 filed 112,500 shares of common stock (par $1), of which the company proposes to sell 37,500 shares and selling stockholders 75,000 shares. **Price**—$4.50 per share. **Proceeds** — For working capital. **Underwriters** — Courts & Co., Atlanta, Ga., and Varnedoe, Chisholm & Co., Inc., Savannah, Ga.

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., Cheyenne, Wyo.

★ Tung-Sol Electric, Inc. (11/18)
Nov. 1 filed 100,000 shares of convertible preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—For expansion and general corporate purposes. **Underwriter**—Harriman Ripley & Co. Inc., New York.

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.

Union Tank Car Co. (11/9)
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.

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 program. **Underwriters** — Kidder, Peabody & Co. and Paine, Webber, Jackson & Curtis, both of New York.

Urainbow, Inc., Salt Lake City, Utah
Aug. 31 (letter of notification) 2,000,000 shares of common stock (par two cents). **Price**—15 cents per share. **Proceeds** — For exploration and development expenses. **Office**—908 Kearns Bldg., Salt Lake City, Utah. **Underwriter**—Austin B. Smith Brokerage Co., the same city.

Uranium 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 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.

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.

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. Of-

fice—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 Continental 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.

★ **Valley Telecasting Co., Mesa, Ariz.**
Oct. 22 (letter of notification) 1,500,000 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For working capital and to repay indebtedness. **Office** — 28 South Macdonald St., Mesa, Ariz. **Underwriter** — None.

★ **Vanadium Uranium Corp., Seattle, Wash.**
Oct. 21 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development costs. **Office** — 531 Malden, Seattle, Wash. **Underwriter** — Virgil D. Nordstrom, same address.

★ **Vestales Uranium & Thorium Corp.**
Oct. 19 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** — For exploration and development costs. **Office**—Geneva Finance Bldg., American Fork, Utah. **Underwriter**—Doxey Investment Co., Salt Lake City, Utah.

● **Victory Exploration & Mining Co.**
Oct. 15 (letter of notification) 250,000 shares of common stock (par one cent) and 250,000 shares of preferred 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)**
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; rights to subscribe Dec. 8. **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.

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.

● **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. Statement withdrawn.

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.

★ **Weco Products Co., Chicago, Ill.**
Oct. 29 filed 182,984 shares of common stock (par $1). **Price**—To be supplied by amendment (approximately $15 per share). **Proceeds**—To selling stockholders. **Underwriter**—Bacon, Whipple & Co., Chicago, Ill.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

Western Central Petroleums, Inc., N. Y.
Sept. 16 (letter of notification) 133,333 shares of common stock (par 10 cents). **Price**—At market (estimated at 36½ cents). **Proceeds**—To certain selling stockholders. **Office** — 32 Broadway, New York. **Underwriter** — S. B. Cantor Co., New York.

Western 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.

● **Woodbury (Conn.) Telephone Co.**
Sept. 10 (letter of notification) 2,650 shares of common stock being offered for subscription by stockholders of record Oct. 15, 1954 in the ratio of one new share for each three shares held; with rights to expire on Nov. 12. **Price**—At par ($25 per share). **Proceeds**—For construction program. **Underwriter**—None.

World Uranium Mining Corp.
July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—323 Newhouse bldg., Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Wyoming Uranium Corp., Salt Lake City, Utah
Aug. 23 (letter of notification) 9,166,667 shares of common stock (par 1 cent). **Price**—Three cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., Salt Lake City, Utah.

Wytex Oil Corp.
Sept. 17 (letter of notification) $290,000 of 10-year 5% sinking fund debentures (with warrants) being offered to class A and for class B stockholders of record Aug. 29 on the basis of $500 of debentures for each 50 shares of stock held; rights to expire on Nov. 30. **Price**—At par. **Proceeds**—To reduce bank loans and for development of company's wells in Weston County, Wyo. **Office** — 100 State St., Albany 7, N. Y. **Underwriter**—None.

Yard-Man, Inc., Jackson, Mich. (11/8-12)
Oct. 18 filed 160,240 shares of common stock (par $2). **Price**—$7 per share. **Proceeds**—To certain selling stockholders. **Business**—Manufactures hand and power lawn mowers, and related gardening equipment. **Underwriter**—Watling, Lerchen & Co., Detroit, Mich.

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.

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.

★ **Armour & Co.**
Oct. 7 it was announced company plans to offer new securities (including subordinated income debentures) in exchange for outstanding $6 cumulative convertible preferred stock (with dividend arrearages of $18 per share). Directors meet on Nov. 4. **Financial Advisor**—Wertheim & Co., New York.

★ **Australia (Commonwealth of)**
Nov. 1 it was reported sale of $25,000,000 of bonds to mature in 1969 is planned. **Proceeds** — To refund 5% bonds due in 1955. **Underwriter**—Morgan Stanley & Co., New York. **Offering**—Expected late in November.

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.

★ **Belgium (Kingdom of)**
Nov. 1 it was reported sale of $30,000,000 of new bonds is expected early in December. **Underwriter** — Morgan Stanley & Co., New York.

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.
Oct. 25 it was reported company plans to issue and sell 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 3⅞% bonds and $2,441,000 4% bonds. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & 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 $40).

★ **Chicago, Rock Island & Pacific RR.**
Oct. 28 it was reported that this company may possibly announce a refunding operation soon which will eliminate its preferred stock.

● **Consolidated Freightways, Inc. (11/23)**
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** — To 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 4⅜% bonds now outstanding. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; White, Weld & Co.; Stone & Webster Securities Corp. and Estabrook & Co. **Bids**—Expected to be received sometime in November.

★ **First National Bank of Cincinnati**
Oct. 18 the Bank offered to its stockholders of record Oct. 15 the right to subscribe on or before Nov. 19 for 195,750 additional shares of capital stock on a 3-for-10 basis. **Price**—$20 per share. **Underwriter**—None.

★ **Fort Neck National Bank, Seaford, N. Y.**
Oct. 26 it was announced stockholders will vote Nov. 16 on approving an offering of 26,000 additional shares of capital tock (par $12.50) to stockholders of record Nov. 16 on a 1-for-2 basis; rights to expire on Dec. 1. This would follow a 2-for-1 stock split. **Underwriter**—Blair & Co. Incorporated, New York.

★ **General American Investment Corp. (Texas)**
Oct. 18, Emmett J. Morrow, President, announced complany plans to issue and sell 25,000 shares of preferred stock (no par) and 25,000 shares of common stock (par one cent) following approval by the Texas Securities Commission. **Proceeds**—To finance business expansion.

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.

Georgia Gas Co.
Aug. 27 it was announced that this company, a subsidiary of United Cities Utilities Co., contemplates the issue and sale to residents of Georgia of $300,000 par value of preferred stock, subject to the approval of the Georgia P. S. Commission.

Gulf, Mobile & Ohio RR.
Aug. 23 it was reported company may consider the issuance of about $25,000,000 bonds later this year. **Proceeds**—To refund first refunding mortgage 4s and 3¾s

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due 1975 and 1969, respectively; collateral trust 3¾s due 1968; and New Orleans Great Northern 5s due 1983. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); The First Boston Corp.; Shields & Co.

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.

★ Hilton Hotels Corp.
Oct. 27, Conrad N. Hilton, President, announced that holders of stock of Hotels Statler Co., Inc., will be accorded rights to purchase Hilton securities. **Proceeds**—To pay in part for purchase of Hotels Statler Co., Inc. properties. [See also Statler Hotels Delaware Corp. below.] **Underwriter**—May be Carl M. Loeb, Rhoades & Co.

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.

Kansas City Power & Light Co.
Sept. 15 it was announced that company may sell in the latter part of 1954 or early in 1955 $16,000,000 first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co., (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Glore, Forgan & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Harriman Ripley & Co., Inc., Equitable Securities Corp.

Kansas City Southern Ry.
Sept. 20 it was reported company may issue and sell in November about $50,000,000 first mortgage bonds. **Proceeds**—To refund $38,345,000 of 4s due 1975 and $13,336,000 of 3⅝s due 1966. **Underwriter** — To be determined by Competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (with latter handling books); Kuhn, Loeb & Co., Ladenburg, Thalmann & Co. and Blyth & Co., Inc. (jointly).

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.
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 preferred stock (par $100), a part of which may be issued privately to finance a new midwestern plant to produce vinyl resins. **Underwriter**—F. Eberstadt & Co., Inc., New York, handled previous financing.

National State Bank of Newark (N. J.)
Oct 19 stockholders approved among other things, an offering to stockholders of 25,000 additional shares of capital stock (par $25) on the basis of one new share for each four shares held on Oct. 19; rights to expire Nov. 9. This follows a 4-for-1 stock split-up and receipt of 25% stock dividend. **Price**—$80 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Clark, Dodge & Co.; Union Securities Corp. and Adams & Hinckley.

New 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.

New Orleans Public Service Inc. (12/14)
Oct. 1 it was announced company plans to offer for sale $6,000,000 of first mortgage bonds due 1984 in December of this year. **Proceeds**—For construction program. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Equitable Securities Corp.; Union Securities Corp. and Harriman Ripley & Co. Inc. (jointly); Lehman Brothers; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; White, Weld & Co. **Registration**—About Nov. 5. **Bids**—Expected Dec. 14.

★ New York, Chicago & St. Louis RR.
Oct. 28 it was reported company may issue and sell in January, 1955, $36,000,000 of income debentures. **Proceeds**—To redeem outstanding $6 preferred stock. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Union Securities Corp. (jointly); Smith, Barney & Co.; White, Weld & Co.; Kuhn, Loeb & Co.

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.
Aug. 24 it was announced stockholders will be offered the right to subscribe to 100,000 shares of common stock (par $10) on the basis of new new share for each 10 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 on Nov. 1 approved new financing.

★ Public Service Co. of New Hampshire (11/30)
Oct. 28 it was announced that company plans to issue and sell $12,000,000 of first mortgage bonds. **Proceeds**—To redeem $2,968,000 of 3¾% series F bonds at $105.15 and $7,000,000 of 4% series G bonds at $103.75; and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; White, Weld & Co.; Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Salomon Bros. & Hutzler; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Equitable Securities Corp. **Bids**—Expected to be received on Nov. 30.

Savage Industries, Inc., Phoenix, Ariz.
Aug. 9 it was announced company plans later this year to issue and sell an additional block of 75-cent cumulative convertible preferred stock (par $1), expected to gross around $250,000. **Proceeds**—For expansion and acquisitions. **Underwriter**—Probably Pacific Coast Securities Co., San Francisco, Calif.

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.

★ Statler Hotels Delaware Corp.
Oct. 27 it was announced company will file a registration statement with the SEC to cover its shares to be offered to stockholders of Hilton Hotels Corp. on the basis of one share for each Hilton share held. **Price**—$6.42 per share. **Proceeds**—To finance, in part, purchase of Hotels Statler Co., Inc. properties. **Underwriter**—Carl M. Loeb, Rhoades & 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**—None.

Utah & Idaho Uranium, Inc., Kellogg, Ida.
Sept. 7 Lester S. Harrison, President, announced that the company contemplates obtaining funds to initiate its uranium mining operations in Utah by the sale to the public of its unissued treasury stock. This financing will follow completion of the company's current drilling program.

★ Virginia Electric & Power Co.
Nov. 1 it was reported company may issue and sell $20,000,000 to $25,000,000 of first mortgage bonds some time next Spring. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.; Salomon Bros. & Hutzler; White, Weld & Co.

Western Pacific RR. Co.
Sept. 8, it was announced that directors have approved the issue and sale about Jan. 1, 1955 of $7,000,000 of first mortgage bonds, series B. **Proceeds** — To reimburse company for capital expenditures already made and for future improvements. **Underwriters**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co. and Blyth & Co., Inc. (jointly); Lehman Brothers and Bear Stearns & Co. (jointly).

Our Reporter's Report

The new issue market has slowed down pretty much to a walk again but underwriters, fairly well supplied with inventories from recent offerings are not given to complaining.

The let-down is not limited to the corporate market, but appears to have gripped the municipal field as well. The rank and file of those who make a business of distributing new securities are inclined to look upon the present lull as something of a readjustment period.

From a rundown of the forward calendar it appears that the dullness is destined to continue for a spell, broken only occasionally by business now in prospect.

For the moment the investment banking world shows a disposition to await some light on the Treasury's intentions for mid-December financing. During the next few weeks if precedent prevails, the various investing groups, such as bankers, institutional investors and the like, will be called upon for their views.

Once again the Treasury is believed to be considering the advisability of a long-term bond issue but chances are that the behavior of the market will weigh heavily in its ultimate decision.

Meantime, those engaged in flotation of new debt securities will be keeping a close watch on the government market for any possible clue to what the Treasury people may have in mind.

Campbell Soup

Plans of the Ford Foundation for marketing of some of its holdings in Ford Motor Co., appear to have been definitely sidetracked for a spell.

But the decision of the Dorrance estate to offer part of its holdings of Campbell Soup stock to the public keeps the spotlight centered on the closed corporation phase of our economy.

Along about Nov. 17, a nationwide group will bring out 1,300,000 shares of the stock to give the public its first opportunity of participating in this well-known business.

The offering group has been weighted with distributing dealers since it is the desire of both the company and the bankers to obtain as wide a distribution of the issue as possible.

Big Rail Issue Looms

Another large-scale piece of railroad refinancing loomed this week as it developed that New York, Chicago & St. Louis Railroad (Nickel Plate) has indicated it plans to enter the market.

Reports have New York banking interests forming groups to bid for a probable $36,000,000 issue of new debentures by the carrier. Indications are that preliminary talks already have been taking place though no official announcement has yet been made.

When as and if the company decides to float the debentures the proceeds will be used to redeem the outstanding preferred stock.

Slow Week Ahead

The banking fraternity could draw little nourishment from next week's corporate calendar which, at this point, includes only one small issue for public offering.

Sierra Pacific Power Co.'s $4,000,000 of bonds will be up for bids on Tuesday. And that just about wraps it up so far as public offerings are concerned.

Underwriters, meantime, will fill in by processing several "standby" operations. These include u n s u b s c r i b e d common shares of Alabama Gas Co., and Upper Peninsular Power Co.

Mercury Stock Offered By Greenfield & Co.

Greenfield & Co., Inc., New York City, is offering publicly "as a speculation" an issue of 298,000 shares of common stock (par 1 cent) of U. S. Mercury Corp. at $1 per share.

The net proceeds are to be used to pay for exploratory work and diamond drilling and any remainder used for working capital and the possible acquisition of additional mercury claims and leases, proven or unproven.

U. S. Mercury Corp. was incorporated in Delaware on Sept. 14, 1954 and has acquired by assignment a lease covering four full and one partial unpatented mining claims in the McDermott Mining District, Humboldt County, Nev.

Daniel Reeves Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Harry M. Green is now connected with Daniel Reeves & Co., 393 South Beverly Drive, members of the New York and Los Angeles Stock Exchanges. He was previously with California Investors.

Joins Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Kenneth A. Rosenberg and Donald C. Sellar are with Investors Planning Corporation of New England Inc., 68 Devonshire Street.

DIVIDEND NOTICE

ARC

AIRCRAFT RADIO CORPORATION
Boonton
New Jersey

Dividend No. 87

On October 27, 1954, the Directors of Aircraft Radio Corporation declared on the common stock of the Company a dividend of twenty cents (20c) per share for the fourth quarter and a year end dividend of fifty-five cents (55c) per share, making a total of seventy-five cents (75c) per share, both payable on November 19, 1954 to stockholders of record at the close of business November 5, 1954.

Payment of this dividend on November 19 will make a total of $1.95 per share paid in 1954.

H. M. KINGSLAND, *Secretary*

Elliott Bradley Adds

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Ill. — Edward B. Riedle has been added to the staff of Ellicott Bradley & Co., 410 East Adams Street.

DIVIDEND NOTICES

AMERICAN & FOREIGN POWER COMPANY INC.
Two Rector Street, New York 6, N. Y.
COMMON STOCK DIVIDEND

The Board of Directors of the Company, at a meeting held October 29, 1954, declared a quarterly dividend of 15c per share and a year-end of dividend of 15c per share on the Common Stock for payment December 10, 1954, to the stockholders of record November 10, 1954.

H. W. BALGOOYEN,
Vice President and Secretary.

October 29, 1954.

CANCO AMERICAN CAN COMPANY

COMMON STOCK

On October 26, 1954 an extra dividend of fifteen cents per share was declared on the Common Stock of this Company, payable December 15, 1954, to Stockholders of record at the close of business November 19, 1954. Transfer books will remain open. Checks will be mailed.

EDMUND HOFFMAN, Secretary

Berkshire
FINE SPINNING ASSOCIATES INC.

The Board of Directors of the Berkshire Fine Spinning Associates, Inc. has declared a dividend of 25 cents per share on the Common Stock, payable December 1, 1954 to stockholders of record November 9, 1954.

MALCOLM G. CHACE, JR.
October 28, 1954. President

EATON MANUFACTURING COMPANY
CLEVELAND 10, OHIO
DIVIDEND No. 133

On October 22, 1954, the Board of Directors declared a dividend of fifty cents (50c) per share on the common shares of the Company, payable November 24, 1954, to shareholders of record at the close of business November 5, 1954.

H. C. STUESSY, *Secretary*
Manufacturing plants in Ohio (five), Michigan (five), Kenosha, Wis., Lackawanna, N. Y., and London, Ont.

EATON MANUFACTURING COMPANY
CLEVELAND 10, OHIO
EXTRA (DIVIDEND 134)

On October 22, 1954, the Board of Directors declared a dividend of fifty cents (50c) per share on the common shares of the Company, payable November 24, 1954, to shareholders of record at the close of business November 5, 1954.

H. C. STUESSY, *Secretary*
Manufacturing plants in Ohio (five), Michigan (five), Kenosha, Wis., Lackawanna, N. Y., and London, Ont.

THE FLINTKOTE COMPANY
30 ROCKEFELLER PLAZA NEW YORK 20, N. Y.
FLINTKOTE PROTECTION

A quarterly dividend of $1.00 per share has been declared on the **$4 Cumulative Preferred Stock** payable December 15, 1954 to stockholders of record at the close of business December 1, 1954.

A quarterly dividend of $.50 per share and a year-end dividend of $.50 per share have been declared on the **Common Stock** payable December 10, 1954, to stockholders of record at the close of business November 26, 1954.

CLIFTON W. GREGG,
Vice-President and Treasurer
November 3, 1954

DIVIDEND NOTICES

HARBISON-WALKER REFRACTORIES COMPANY
Pittsburgh Pennsylvania
October 28, 1954

Board of Directors has declared for quarter ending December 31, 1954 DIVIDEND of ONE and ONE-HALF (1½%) PER CENT or $1.50 per share on PREFERRED STOCK, payable January 20, 1955 to shareholders of record January 5, 1955.

Also declared a DIVIDEND of FIFTY CENTS per share on COMMON STOCK, payable December 1, 1954 to shareholders of record November 10, 1954.

G. F. CRONMILLER, JR.
Vice President and Secretary

IOWA SOUTHERN UTILITIES COMPANY
PUBLIC I.S.U.Co. SERVICE

DIVIDEND NOTICE

The Board of Directors has declared the following regular quarterly dividends:

35⅝ cents per share on its 4¾% Preferred Stock ($30 par)

44 cents per share on its $1.76 Conv. Preferred Stock ($30 par)

30 cents per share on its Common Stock ($15 par)

all dividends payable December 1, 1954, to stockholders of record November 15, 1954.

EDWARD L. SHUTTS,
October 29, 1954 President.

THE W. L. Maxson CORPORATION
460 West 34th St., N.Y. 1, N.Y.
MAXSON

Notice of QUARTERLY CASH DIVIDEND
15¢ a share

Payable December 1, 1954
Record date, November 19, 1954

October 28, 1954

NATIONAL DISTILLERS PRODUCTS CORPORATION
NATIONAL DISTILLERS

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 25¢ per share on the outstanding Common Stock, payable on December 1, 1954, to stockholders of record on November 12, 1954. The transfer books will not close.

THOS. A. CLARK
October 28, 1954 Treasurer

GOOD YEAR

DIVIDEND NOTICE

The Board of Directors today authorized splitting of the Common Stock on a two-for-one basis, subject to approval by stockholders at a Special Meeting called for December 20, 1954, and declared the following dividend:

$1.00 per share on the present Common Stock, payable December 10, 1954 to stockholders of record at the close of business November 15, 1954.

The Goodyear Tire & Rubber Co.
By Arden E. Firestone, Secretary
Akron, Ohio, November 1, 1954

THE GREATEST NAME IN RUBBER

DIVIDEND NOTICES

AMERICAN METER COMPANY
Incorporated
AMERICAN METER CO EST. 1836

1513 RACE STREET
Phila. 2, Pa., Oct. 28, 1954.

A quarterly dividend of Fifty Cents ($.50) per share has been declared on the Capital Stock of the Company, payable December 15, 1954 to stockholders of record at the close of business November 29, 1954.

W. B. ASHBY, *Secretary.*

TITLE GUARANTEE and Trust Company
T G T G

DIVIDEND NOTICE

Trustees of Title Guarantee and Trust Company have declared a dividend of 30 cents per share designated as the fourth regular quarter-annual dividend for 1954, payable November 27, 1954 to stockholders of record on November 13, 1954.

WILLIAM H. DEATLY • *President*

Esso

STANDARD OIL COMPANY
(INCORPORATED IN NEW JERSEY)

The Board of Directors has declared a

Cash Dividend on the capital stock of $1.25 per share on October 28, 1954. This dividend is payable on December 10, 1954, to stockholders of record at the close of business on November 15, 1954.

30 Rockefeller Plaza, New York 20, N.Y.

WOODALL INDUSTRIES INC.

A regular quarterly dividend of 31¼¢ per share on the 5% Convertible Preferred Stock has been declared payable December 1, 1954 to stockholders of record November 12, 1954.

A regular quarterly dividend of 30¢ per share on the Common Stock has been declared payable November 30, 1954 to stockholders of record November 12, 1954.

M. E. GRIFFIN,
Secretary-Treasurer

UGI The United Gas Improvement Company

DIVIDEND NOTICE

A quarterly dividend of 45c per share on the Common Stock, par value $13.50 per share, has been declared payable December 22, 1954 to stockholders of record December 3, 1954.

A quarterly dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable January 3, 1955 to stockholders of record November 30, 1954.

JOHNS HOPKINS, Treasurer
Philadelphia, October 26, 1954

UNION CARBIDE AND CARBON CORPORATION
UCC

NEW YORK, October 26, 1954—the Board of Directors of Union Carbide and Carbon Corporation has today declared a quarterly dividend of 50¢ per share and a SPECIAL DIVIDEND of 50¢ per share, total $1.00 per share, on the outstanding capital stock of the Corporation, payable December 1, 1954 to stockholders of record November 5, 1954. The last dividend was 50¢ per share paid September 1, 1954.

Payment of this dividend on December 1st will make a total of $2.50 per share paid in 1954, the same amount as was paid during 1950, 1951, 1952, and 1953.

KENNETH H. HANNAN
Vice-President and Secretary

REDEMPTION NOTICE

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NOTICE OF REDEMPTION

TUNG-SOL ELECTRIC INC.

95 EIGHTH AVENUE, NEWARK 4, N. J.

To the Holders of Cumulative Preferred Stock, 5% Series of 1952:

Notice is hereby given that TUNG-SOL ELECTRIC INC., a Delaware corporation, pursuant to resolutions of its Board of Directors adopted on November 1, 1954, and in accordance with the terms of its Certificate of Incorporation, as amended, will redeem at the office of United States Corporation Company, 160 Broadway, New York 38, N. Y., on December 2, 1954 all of the outstanding shares of its Cumulative Preferred Stock, 5% Series of 1952 (hereinafter called "1952 Preferred Stock") at the redemption price of $52.87½ per share (which price includes an amount equivalent to the quarterly dividend which would otherwise be payable on such date).

You are advised that 1952 Preferred shares may be converted into shares of Common Stock of Tung-Sol Electric Inc. at the rate of 2.8 shares of Common Stock for each share of 1952 Preferred Stock (except that scrip will be issued in lieu of fractional shares) at any time on or before December 2, 1954. The last sale price of the Common Stock on the New York Stock Exchange on October 29, 1954 was $27.375 per share.

A regular quarterly dividend of 25¢ per share and an extra dividend of 25¢ per share have been declared on the Common Stock payable to holders of record at the close of business on November 15, 1954 so that if you desire to convert your 1952 Preferred Stock and do so on or before November 15, 1954 you will be entitled to receive such dividends.

If, after taking into consideration the value of the Common Stock into which your 1952 Preferred Stock is convertible, you determine to convert such 1952 Preferred Stock, the certificates therefor, together with a letter of transmittal indicating your desire to convert, must be received by United States Corporation Company not later than December 2, 1954.

To the extent that shares of 1952 Preferred Stock are not converted into Common Stock, the redemption of the 1952 Preferred Stock will require the use of the Corporation's cash. In order to assure that a maximum number of shares of 1952 Preferred Stock will be converted, the Corporation has arranged for Harriman Ripley & Co., Incorporated to offer to purchase at any time before the close of business on December 2, 1954 all shares of 1952 Preferred Stock which are duly tendered for sale to it in the manner set forth in the accompanying letter of transmittal at a price of $53.50 per share, and to convert the stock so purchased into shares of Common Stock. This price, after deducting stock transfer taxes to be paid by the seller, is slightly more than the amount the holder would receive on the redemption of 1952 Preferred Stock. The Corporation is paying Harriman Ripley & Co., Incorporated a commission for its undertaking.

All certificates representing shares of 1952 Preferred Stock registered in your name should be forwarded to United States Corporation Company, 160 Broadway, New York 38, N. Y. A letter of transmittal for your use in forwarding your 1952 Preferred Stock certificates may be obtained from United States Corporation Company. It is important that you indicate on it whether you desire to convert your 1952 Preferred Stock, desire to sell it to Harriman Ripley & Co., Incorporated, or desire to receive the redemption price.

In the opinion of our counsel, no gain or loss will be realized for Federal income tax purposes on conversion of your 1952 Preferred Stock into Common Stock prior to December 2, 1954, but, if you do not elect to convert, any gain or loss which you may realize on sale or redemption will be taken into account for Federal income tax purposes.

No dividends will accrue on or after December 2, 1954 on the 1952 Preferred Stock, all of which has now been called for redemption. **Such shares cannot be converted into Common Stock after December 2, 1954.**

TUNG-SOL ELECTRIC INC.
By HARVEY W. HARPER,
November 1, 1954. Chairman of the Board.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—President Eisenhower, in the twilight of the late Congressional election campaign, left behind a document which is likely to have considerable significance during the coming several months.

This was the President's address to the National Security Industrial Association. This address, published in the "Chronicle" of Oct. 28, had all the markings of a carefully-thought out restatement of the Chief Executive's goals in government. In fact, it looked like a late October and up-to-date version of the Annual "State of the Union" message, stripped of some of the minute detail of the "best possible of all worlds" program offered in the message of last January.

Hence this document is likely to be referred to as a checkpoint to see how much, if any, the President's thinking and the President's specific goals may be influenced by the Tuesday election or changing economic events, or both.

Mr. Eisenhower emphasizes, of course, the broad benefits of individual initiative and individual effort to solve the problems of 163 million individual Americans. He referred to the reduction by $7.4 billions in the Federal tax burden and the curtailment in Federal spending as measures designed to free individual initiative.

On the other hand, the President referred to "certain functions" that government "must" perform in order to "keep our economy growing, stable, and strong."

"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," Mr. Eisenhower stated.

Government Must Protect People

President Eisenhower outlined three basic objectives for which the government "must intelligently and vigorously do its part." The three:

(1) Government, he said, must stabilize the purchasing power of the dollar.

(2) Government must "protect its citizens from depression, unemployment, and economic distress" and it must "help protect the individual against hardship and help free his mind from anxiety."

(3) Government must also "encourage, guide, back-stop, supplement—but never dominate or attempt to regiment our people."

With respect to preventing unemployment, the President went farther. To achieve this, he said, "the government must use its full powers," stating that this must be done not only for the benefit of the jobless but "for all of us."

Adopts Expanding Economy Goal

Mr. Eisenhower made it clear that the expanding economy is his goal.

"To foster this expanding economy must be our government's goal," he declared, adding that he could foresee "in less than a decade" a national production of $500 billions compared with $356 billions now. "Rather," he stated at a later point, "we must advance toward and beyond the goal I mentioned earlier — within ten years a national production of $500,000,000,000."

Means for Expansion

President Eisenhower subsequently explained the several kinds of means he proposed to use to achieve the goal of $500 billion of national production, and these as given by the President are summarized:

(1) First among these means the President placed a foreign economic policy which will expand trade, encourage investment, and help bring about currency convertibility so as to lessen foreign dependence upon the United States for aid.

(2) "We must continue to reduce the cost of government so we can have more tax cuts."

(3) "We must give America a modern highway system."

(4) "We must continue to improve our farm program."

(5) "We must speed the conversion of the atom to the peaceful use of mankind."

(6) "We must work for more and better schools and homes," better protection against unemployment, and improve the Social Security system.

(7) In partnership with states and local communities "we must develop the water, power and soil resources of our great river valleys."

Opposes War

Through Mr. Eisenhower's address, the President disclosed a considerable pre-occupation with the status of peace, with the fact that the United States is neither at war nor on the verge of war or the threat of war.

It is possible that this point of view takes on considerable significance in the light of State Secretary Dulles' "report to the Cabinet" on the TV and radio. Mr. Dulles indicated that with the various London agreements, the United States would some time be in a position with its treaty allies to "negotiate from a position of strength," with Russia.

Thus it may be that when and if these treaties are ratified, the way will be open to negotiate the partial termination of the cold war. The President's address to the National Security Industrial Association indicated far greater concern with the things that government can do to expand the economy and improve living conditions, than apprehension about the dangers of Russian expansion.

Thus it is reminiscent of the time before June, 1950, when former President Truman, with a military budget of $13 billion, was pre-occupied with his version of the welfare state.

Aid .0002%

In its first year of existence, the Small Business Administration has made not quite 900 loans to small business customers.

According to SBA's "apologetics," there are 4.2 million businesses in the United States. Of these, 95%, or 3,990,000 are small businesses, or potential customers of the SBA. Of these 3,990,000 customers, SBA by granting loans to 900, has thus aided .0002% of the small business population of the U. S.

If SBA is making few loans, however, it is functioning aggressively as a promoter of education. SBA has come up with the startling conclusion that "surveys made by both governmental and private groups show that inept or inexperienced management is responsible for more small business failures than any other single factor."

Accordingly, SBA already has enlisted the cooperation of 22 institutions of higher learning to educate small businessmen about what is a business and how does one conduct it.

Gravy Awaits Special Session

When the Senate meets Nov. 8 for the anti-climactic job of voting upon censuring Senator McCarthy of Wisconsin, the distinguished gentlemen will have a little gravy to salve their wounds.

This gravy takes the form of asking their approval of 29 "multiple-occupancy Federal buildings" and six new post offices. All the Senate Public Works Committee has to do is to vote "yea," and these 35 projects will become in short order the objects of Federal expenditure.

These are the first fruits of the so-called "lease-purchase" bill passed by the Congress earlier this year with the blessing of the President.

Under this act the Federal Government for the first time will be able to buy office buildings and post offices under the time payment plan. Congress appropriates a sum of money for annual instalment payments on contracts to buy buildings over a period of up to 25 years.

The procedure is that any proposed on-the-cuff buying of a building must be approved by both the Senate and House Public Works Committees and the Bureau of the Budget. Before the adjournment the House Committee affirmatively approved 29 "multiple-occupancy" (to house two or more Federal agencies) and since then they have all been approved by the Budget Bureau.

So the Senate Public Works Committee will have the pleasant job of voting their approvals.

Post Office Hangs Back

While Congress also permitted the Post Office to buy buildings under the same plan, the department is hanging back, and is refusing to treat this as manna from the borrowed money heaven. The Post Office Department has submitted only six new proposed post office buildings.

Before working up a time payment plan for buying new post offices, the department, under Postmaster General Arthur Summerfield is first surveying all of its needs for the next 20 years before coming up with a building program. It is proposing no new instalment buying of post offices except where it already owns the land, first.

Where it finds it has land it can't use, it is turning it over for surplus sales. The Post Office Department will concentrate on projects first only if it already owns land.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ

"It seems to me you people may be overdoing it a bit!"

COMING EVENTS

In Investment Field

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.

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

Dec. 17, 1954 (Los Angeles, Calif.)
Security-Traders Association of Los Angeles Christmas Party at Hotel Statler.

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

Sept. 13-16, 1955 (Mackinac Island, Mich.)
National Security Traders Association annual convention.

Business Man's Bookshelf

Hugh Roy Cullen: A Story of American Opportunity — Ed. Kilman and Theon Wright — Prentice-Hall, Inc., 70 Fifth Avenue, New York 11, N. Y. (cloth) $4.00.

Theory of Collective Bargaining, The — W. H. Hutt — The Free Press, Glencoe, Ill. (cloth) $3.00.

W. R. Wolf Ltd. Partner In Jos. Walker & Sons

Joseph Walker & Sons, 120 Broadway, New York City, members of the New York Stock Exchange, announce that Walter Reid Wolf has become a limited partner in the firm. Mr. Wolf was formerly Senior Vice-President and Director of City Bank Farmers Trust Company.

With Eastman, Dillon

L. Bennington Howell, Jr., has become associated with Eastman, Dillon & Co., 15 Broad Street, New York City, members of the New York Stock Exchange.