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EDITORIAL

As We See It

Much has been heard of late about taking or keeping foreign policy "out of politics." Of course, this is a line of talk more or less common at all times, but it has been heard especially often of late weeks as a result, doubtless, of the recent elections which left one party in the White House and another with majorities in both houses of Congress. Circumstances have, moreover, served to give Asia and its problems an unusually conspicuous place in considerations of this sort. For this fact, some prominent members of the GOP and the regime in Communist China must share a substantial part of the responsibility. All this gave Mr. Stevenson an excellent opportunity last week to come forward with such a plea in such a way and in such a context as to suggest superiority of his party in such matters as these.

It is never altogether easy to assign precise meanings to pleas about taking this or that matter "out of politics." If what the former candidate for the Presidency, and all the others for that matter, mean to say is that both parties and all the members thereof should refrain from pursuing any course merely for political advantage they hope to obtain; that they should not indulge in the old political trick of twisting truth to make a trap for fools in the hope of winning votes; that all concerned should approach the problems of foreign policy without a thought of partisan advantage; then, of course, no man could well object to the plea—whatever may be the outlook that such advice would be accepted.

What the thoughtful citizen would like to know, though—particularly at this moment about Asia and all the problems it presents—is what

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Some Important Factors Underpinning the Economy

By MELVIN H. BAKER*

Chairman of the Board, National Gypsum Company

Industrial executive sees in recent technology promise of a new industrial revolution, which, because of increasing productivity, will require a vast and growing consumer population. Holds this is forthcoming because of our rapidly growing population; the construction of new and better homes; the need for public works; and the construction of more and greater commercial buildings. Contends "end of the boom is not in sight."

I feel like a beginner when attempting to forecast the future for this group of eminent bankers. But I am confident about one very great interest we have in common—the building industry and the people who build houses and buy them and finance them with mortgages.

Melvin H. Baker

That housing industry today is pretty widely recognized as a keystone of the economy and a reliable barometer of the economic weather in this country. So I'll plead my 50 years' experience in this particular field as authority for my remarks.

Now about the future. I'm quite aware that everybody's greatest concern is about business over the next few years. It's illogical to expect that many of us can get much excited over a brave new world that might be shaping up for our great grandchildren.

But for the moment I'd like to bypass the economic signs immediately ahead and take a longer look at some of the milestones marking the way to a truly incredible period of prosperity. I am an optimist by nature. Nevertheless, I doubt that the most case-hardened skeptic could fail to be convinced by the

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*An address by Mr. Baker before the 8th Annual Midyear Meeting of the National Association of Mutual Savings Banks, New York City, Dec. 6, 1954.

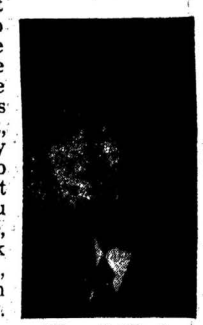
The Stock Market Now

By KENNETH WARD*

Partner, Hayden, Stone & Co., Members New York Stock Exchange

Market analyst cites following constructive market factors: continued easy money, new highs in construction, increased consumer income and savings, generally improving business, government spending on stock-piling, upturn in national production, highway programs, peace prospects and pension fund equity buying. As unfavorable "straws in the wind" he includes growing competition and rising expenses, including potential labor demands, possible postponement of important tax relief, and recent reduction of market's former undervaluation. Concludes bullish factors will prevail, and result in selectively rising market, despite imminent nervous tax selling. Lists selected stocks in various industries that appear headed upward.

I am going to try to present you with a picture of the stock market as I see it now, and I am going to divide this paper into three parts. However, let me say before starting that forecasting the market means forecasting a decision, and too many of us make speeches or write about what is ahead. Let me assure you that there is no sure key to the future, and although everyone is hunting for it, no one has found it, certainly not I, as is evidenced by many remarks made in my talk to you a year ago. It has been said that if you carefully listen to all that you hear and then do just the opposite, you will probably be right. I think I can safely say that over the years, little progress has been made in attaining accuracy in forecasting. Psychology is the missing link. Today, as opposed to a year ago, this psychology is bullish. Confidence has returned not only to business but to the security markets and in a big way.



Kenneth Ward

First, the fundamental picture as we know it and

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*A paper by Mr. Ward given before the Detroit Security Analysts' Society, Detroit Michigan, Dec. 1, 1954.

IBA CONVENTION ISSUE NEXT WEEK—The "Chronicle" of Dec. 16 will include full texts of speeches and Committee Reports made at the Annual Convention of the Investment Bankers Association of America, along with an elaborate pictorial coverage of this important yearly event.

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

RALPH DePASQUALE

General Investing Corp., New York City

Tranter Mfg., Inc.

There is an established trend of growth that applies to companies which can be divided into four periods: (1) The period of experimentation and foundation building; (2) The period of dynamic sales growth; (3) The period of steady growth; and (4) Mature growth. Needless to say, the right time to buy into a company is at the beginning of the second period. This brings me to the stock I Like Best—Tranter Manufacturing, Inc.'s capital stock, currently priced under $5.00 a share, which I am confident will double in value. The company has passed through its first growth phase and is now entering the second growth period.

Ralph DePasquale

Tranter during the first period of its growth, placed earnings into the building of modern and efficient manufacturing facilities. The productive facilities of the company have advanced from a comparatively small rented plant to a leased plant of 35,000 square feet and then to its own modern brick and steel plant of over 125,000 square feet, all on one floor. The plant is equipped with everything that a modern metal-working plant should have, including hydrogen brazing furnaces and super hydraulic presses.

Three major product lines have been rounded out and perfected. Each of these lines have dynamic sales potentialities. Satisfactory profit margins, together with the indicated accelerated sales climb should be reflected in rapidly mounting per share earnings on the comparatively small issue of 362,083 shares of $1.00 par capital stock outstanding.

Since 1949, total sales advanced 365% and accumulated earnings retained in the business have risen from $185,723 to $836,127 as of Sept. 30, 1954. Also, in this period, net working capital has been built up from $185,723 to $679,032.

These gains were attained without dilution of the common stock. Since the end of 1949, the number of common shares outstanding has increased by less than 47,000 shares. This increase is mostly accounted for by the payment of a 10% stock dividend last year.

Profits in the year which ended Sept. 30, 1954 on its own products were very satisfactory, but were erased by a loss sustained in the production of $4 million of bombs for the military. This loss was caused by a delay resulting from the failure of sub-contractors to produce essential components. However, the loss was partially nullified by recovery of $358,000 through an award by the Army Adjustment Board.

Of the adjustment awarded, $236,000 was credited to 1954 operations causing the company to show a small profit of $28,128 (eight cents a share) for the year. The balance of the award, $122,000, and a claim for $107,000 refund on income tax was carried forward as an earning credit for the company's current fiscal year which started Oct. 1, 1954.

With the defense contract headache eliminated in 1954, the company started its new year with nearly $2 million of profitable contracts on the books. Emphasis this year will be on its own product lines which carry a satisfactory profit margin. Expenses, which during 1954 rose to a high level because of the bomb contract, have been sharply reduced. Reduced expenses coupled with fair profit margins and rising sales lend reasonable assurance that Tranter for its current year will show earnings of around $1.25 a share. Should this be attained, it would confirm that Tranter has entered its second growth phase of dynamic sales advance.

Platecoil

"Platecoil," the company's most promising product, has barely scratched its potential market, comprising some 200,000 manufacturers who employ heating, cooling or drying as some part of their operations.

Tranter hit upon this new product in 1950. It is used as a replacement for pipecoil in general use a medium for the transfer of heat in industrial processes. "Platecoil" is up to 50% less expensive to install than serpentine pipecoil; it costs less to maintain; it is more efficient, and allows for larger productive capacity.

Last year the "Platecoil" division added 605 new firms to the 3,000 odd customers listed on the books, among whom are some of the most illustrious names of industry—General Motors; General Electric; Ford Motors; duPont; Bethlehem Steel; Swift; Monsanto Chemical, etc. Sales of Platecoil since its introduction in 1950 have increased over 400%. The addition of "distributors" in 17 industrial areas last year multiplies the 1955 sales effectiveness of this division.

The company pioneered refrigeration for delivery trucks and for years has maintained its leadership in this field. The company claims to have equipped more trucks with refrigeration than have all its competitors combined.

Renewed emphasis has been placed on the truck refrigeration division by the recent introduction of Kold-Trux Mobilmac units for big over-the-road trailers which opens a new and lucrative field to the company. Tranter, through its Kold-Hold division, offers six different methods of truck refrigeration. It is the only company offering truck operators a varied line of refrigeration systems to meet their particular requirements as to degree or type —automatic or mechanical.

Despite the fact that truck refrigeration equipment has been on the market for nearly a quarter of a century, this segment of the refrigeration industry is only midway in the second lap of its growth cycle — with the best growth years of the industry directly ahead.

Firms like Borden; Breyer Ice Cream; Good Humor; Armour; Horn & Hardart; Swift; Fruehauf Trailer, etc., buy refrigeration units for their delivery trucks from Tranter Manufacturing.

The milk industry alone could keep the Kold-Hold division busy for years. More than four-fifths of the retail delivery of milk today is being made in trucks using the old-fashioned icing method. The increasing pressure for legislation requiring milk companies to maintain minimum standard temperatures will eventually compel the conversion of these retail trucks to mechanical refrigeration, which would also afford a considerable operating savings over the present icing system.

Radiant Heating Baseboards represent modern heating for the home at its best. Even distribution, minimum difference of temperature between ceiling and floor. Easily installed by the "do-it-himself" home owner. The low cost plus its other advantages has placed radiant heat baseboards in high esteem by home builders and modernizers.

Tranter designs and manufactures "Radiant Heat Baseboards" which are sold through the sales organizations of other firms and carry the brand name of the selling firm. A new baseboard design for Sears, Roebuck & Company has recently gone into full scale production. This new outlet added to the contract with the U. S. Radiator Corporation has greatly increased the sales prospects of radiant heat baseboards in 1955.

The business was established in 1932 as the Kold-Hold Manufacturing Company by Ranson E. Olds, the founder of the Oldsmobile Company and Reo Motor Car Company. It was bought by James R. Tranter in 1937. The firm name was changed to Tranter Manufacturing, Inc. in 1953.

During World War II, Tranter Manufacturing earned four Army-Navy E's. It served the defense of our nation in many ways—the most interesting being the design and building of hundreds of "Altitude Chambers" for testing equipment used by the Air Force. These "chambers" simulated all atmospheric conditions met at various altitudes from ground zero to 25 miles above sea level, with temperatures ranging from 150 degrees below zero to 180 degrees above, and a humidity range up to 95%. The company also made special cabinets to deep freeze steel and other metals at temperatures that ranged down to minus 150 degrees.

The only government work that the company now has is several relatively small defense contracts covering items mostly in the development stages. These include Warheads for Sparrow Guided Missiles. Warheads for Terror Guided Missiles and a research and development contract for four sizes of low drag bombs.

The plant is located on a paved street with direct track connections to the main lines of the Grand Trunk and New York Central Railroads. It is modern, completely fireproofed and well equipped. The replacement cost, I guess, would be about $2½ million—about $20 a square foot. The plant is carried on the books at $837,542—only $6.40 a square foot. The book valuation is very conservative.

The company's long term debt amounts to only $371,847 followed

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Changing Forces in Our Economy

By PAUL M. MAZUR*
Partner, Lehman Brothers
Members, New York Stock Exchange

Expressing the conviction that "the second Industrial Revolution in production is under way," prominent New York investment banker stresses need for intensive salesmanship to absorb increased industrial output. Says industry not only must know how to design and produce, but also to know how those who make up our markets react to goods offered, and thus to stimulate the demand for these goods. Points out depressions have been due largely to excessive inventories, and the rate of consumption controls the health and continuity of employment, production and profits.

Oft times it occurs to me that the pseudo-science or art of economics is all things to all men. And the possibility of integrating opposing or differing opinions seems practically non-existent. Those who believe in the supremacy of production remain in their citadel unmoved long after its walls have crumbled under the force of facts. Those who are addicted to faith in the power of monetary influences hold steadfast to their convictions even though their practices spin from the North to the South Pole with dizzy speed. Only we, who hold the conviction that consumption, not production, qualitative, not quantitative economics represent the controlling forces of our economy, are sound in our reasoning and reasonable in our conclusions.

Paul Mazur

Of course, I belong to this last named group.

Perhaps all of us can agree that the forces of man's development are changing with ever-increasing speed. An inventory of man's accomplishments in an ever-shortening period of time outweighs his entire cumulative contribution from the dawn of the earliest day of his history.

But like the growth of the adolescent boy and girl, economic progress is often uneven—and a lack of balance usually results.

Our economy presently gives evidence of such a lack of balance.

It is not easy to hold up a mirror to American business so that it may see and recognize its own image. Too often, the reflection is not altogether flattering and it is only human to find faults with the glass itself. Then, too, the frame of personal reference within which the mirror surface hangs may vary so greatly as to give a false angle to the reflection and a fundamentally different view of the image. For the viewer to accept and understand even imagery, it is essential that viewer and image exit in a world of the same dimension. If what we see reflected is outside our field of interest, experience, and vision—its dimensions (even its substance itself) are likely to be lost in a field of no understanding or misunderstanding.

Therefore, because it is so unlikely that the mirror can be held up for true reflection, let us walk through the looking glass itself and explore briefly some of what might or might not exist in the economic wonderland that lies beyond.

Together we shall visit a corporation, a progressive company making a complicated product for the mass market, paying high wage rates to its workers, and selling its production at relatively low prices in highly competitive markets.

In short, the company we have chosen to visit has all the magic and values of a well-operated mass production unit.

As we are taken by one of its Vice-Presidents upon a guided tour, we visit and marvel at the laboratory where so much is spent somewhat upon fundamental and mostly upon applied research in the fields of products, materials, and methods. We are impressed by the rows of drafting boards where engineers conceive new designs not yet born as products, but which will soon make obsolete an important percentage of what the company is presently manufacturing. These designs promise to do better what the present products promise to do; and to do many things that today's products cannot do. The glimpse of tomorrow's products is almost breathtaking and we are indeed and validly impressed.

From the engineering design room, we visit the quarters of production engineering. Although the whole act of American mass production is less than 50 years of age, this particular segment of production engineering is even younger. Here the most complex products are disassembled like cells or atoms or nucleii into a group of simple elements. Each element requires skills that can be taught to the average man or woman in a short period of time; and later all of these elements will be assembled as a combination into a complex whole. To create each separate unit, one machine can and probably will be designed to produce continuously. And upon an assembly line, the many ingredients can and will become parts of the whole recipe—well made, economically made, and productively made for consumer and producer alike.

Not only is simplification of complex production sought

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*An address by Mr. Mazur before the Sales Executive Club of New York, New York City, Dec. 7, 1954.

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The Greeks Had a Word For It—Lithium

By IRA U. COBLEIGH

Enterprise Economist

A fresh look at this fashionably fissionable mineral, which has enjoyed a rapid expansion in production; and inspired exciting market action in the shares of certain producers.

A few years ago lithium was just another word—a Greek word meaning stone. The name was first applied to the hard, center structure of petalite ore, first discovered near Stockholm, Sweden, in 1817, by one Johan August Arfwedson. You don't hear much about Johan these days, but you hear a whale of a lot about lithium, and rightly so, as it is one of the major collateral minerals of the atomic age. And it can be adapted with great efficiency to either atom bombs (where the elements keep splitting) or to hydrogen bombs (where the fabulous force is generated by fusing elements at super sizzling temperatures).

Ira U. Cobleigh

In the 127 years lithium has been known, it has picked up quite a few uses. It was first used in certain medicines, and around the turn of the century, lithium waters were offered as a panacea (and a dubious one) for a batch of diseases. A more practical use, however, was Edison's application of lithium hydroxide to the electrolyte in heavy duty electric battery cells. Lithium continues to be used in this field in electric trucks, and mine railway engines. Then lithium was used in bearings with a lead base during the 1920s. All these uses seem minor now, and they did nothing to set in motion any fantastic expansion in production such as we note today. It took more vital and large scale demands to do that. So let's see, in addition to fission and fusion, what's the big push behind lithium right now.

The biggest use is in greases—greases which ignore, and are unaffected by water and extremes of heat and cold. There are at least 30 North American oil companies turning out lithium based greases. Many of these can perform, without disfunction, 50 degrees below zero, or at 300 degrees above. They lubricate cars, trucks, farm tractors, tanks and airplanes. They're big and getting bigger, these lithium base greases. They account for above 18% of all protroleum grease now manufactured; and that percentage should at least double in the next two years.

Other lithium uses which may or may not have come to your attention would include porcelain, where lithium carbonate reduces time and temperature in ovens. Lithium, in bromide and chloride form, are important in air conditioning; and lithium has found its way into pharmaceutical laboratories in turning out certain antihistamines, and Vitamin "A." In metallurgy, copper, aluminum and magnesium alloys are improved by the use of lithium metal as a purifying element.

The foregoing was not injected to bore you with a lot of dull detail, but to paint the background of demand for this forward looking mineral. Growth here is usually calculated in pounds of the basic commercial product — lithium carbonate (worth $1.50 a pound). It should total somewhere around 6,000,000 pounds for 1954 or up over 800% since 1947. That gives you an idea of velocity in this industry.

Well, how do you get at this lithium carbonate? You certainly don't get it right out of the earth, ready to use. You have to start with the raw ore; and there are four principal kinds if you don't mind a midget-sized excursion into geology. They are spodumene, lepidolite, amblygonite and petalite. (There's another lesser one, also, with a cute name — zinnwaldite—but why bring that up?) The main one, however, is spodumene, which is found in the U. S. in North Carolina, North Dakota, and sections of the Southwest; and in three areas of Canada, Val d'Or in Northwest Quebec, the Cat Lake region in Manitoba, and the Yellowknife section of the Northwest Territories. The U. S. and Africa are the biggest actual lithium producers right now, with Canada coming into production next year.

Lithium Corp. of America

There are two American companies devoting their main activities to lithium which we'd like to talk about today. Both have been cutting quite a figure for shareholders in the capital gains department, in the last seven years. The first we'll notate is Lithium Corporation of America, Inc.

This outfit has been busily building up net sales from a meager $257,000 for 1946 to above $3½ million this year. Up to now it hasn't turned in anything very startling in the way of net earnings (only 28 cents a share for 1953) but that historic fact should not cause you to take a dim view of this situation. For better days are ahead—just ahead in fact. Earnings for the last six months of this year should well exceed the net for the full year 1953. Another thing, the company has gotten quite a break in the matter of depreciation. Because lithium was labeled a few months ago as a critical strategic material by Uncle Sam, Lithium Corp. can now depreciate 23% per annum instead of 15%, as last year.

The first consideration in any mineral extraction enterprise is the ore supply. Lithium Corp. is well fixed in that regard, with large reserves of spodumene on its own properties at Kings Mountain, North Carolina, in Black Hills, South Dakota, and its 36 claim holdings (a claim in Canada is about 50 acres) at Cat Lake, Manitoba, believed to encompass something over 10 million tons.

For processing, there's an existing plant at St. Louis Park (Minnesota), a big new plant at Bessemer, N. C. to enter operation in 1955, and a concentrating plant being built by Quebec Lithium Corp. (and financed by them) to process 1,000 tons of ore per day. This plant is expected to be in service by June of next year.

From the above you can see that Lithium Corp. is rounding out—getting in a position where enlarged production and sales, plus the benefits of operation of most modern and efficient plants, can begin to "rev up" net earnings. Company might do as well as $4 a share in 1956 on the 677,300 presently outstanding common shares (sole capitalization). These shares, tagged as a "growth" item by most analysts, have lived up to their billing in the market, rising from 6 last December to 33½ today. Lithium Corp. should by no means be overlooked by fission fanciers, and the mineral minded.

Foote Mineral Company

Another company dedicated importantly to lithium, but spilling over into other interesting mineral elements such as zirconium, strontium and tungsten, is Foote Mineral Company. The common stock here has been expanded by a 100% stock dividend in 1949, 300% in 1951, and a 3 for 1 split in 1954. After adjustment for all this financial fission, it is possible to calculate that the common has advanced from a low of 3 in 1950 to around 50 today. That's at least par for the course! Since last December alone, the stock has risen 200%.

Earnings of Foote Mineral have not, up to now, been spectacular, inhibited mainly by development expenses, interest charges, and heavy depreciation debits. But, as we noted in Lithium Corp., the stage is now being set for more substantial transmission of net to stockholders.

About capitalization, there is long-term debt of $1,750,000, 1,396 shares of $100 par $5 preferred, and 963,321 common shares. In addition to stock dividends, noted above, some cash dividend has been paid since 1939 in each year except 1946 and 1953.

Foote Mineral has an abundant ore supply from its land mineral rights at Kings Mountain, N. C. (around 410 acres) and leases on 471 additional lithium-prone acres nearby. There's a main plant at Exton, Pa., and a newer one, opened in 1953, at Sunbright, Va. Current optimism for Foote Mineral shares might well stem from the fact that in the first nine months of this year sales rose 66% over the same period last year, and per share net hot-rodded from a mousy 22 cents to 94 cents in the corresponding time interval.

Other companies with important lithium leanings would include **Dyno Mines** (in Canada), **American Potash and Chemical Co.**, and **American Metal Co., Ltd.**

Any way you look at it, lithium is an increasingly important mineral in our current technology. Perhaps its thermo-nuclear applications have been a bit over romanticized, since military use will, next year, probably account for no more han 15% of total output—but that segment influences powerfully the wallop of our national defensive, or retaliative, might. The current popularity of magic minerals like uranium, titanium, thorium, cobalt, etc., surely spreads over to lithium; and would-be shareholders, with long-term vision, may find the random notes about this modern metal, given here, propelling them into a more exhaustive study of promising lithium equities.

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 in the period ended on Wednesday of last week made some gains as was true of the previous week, but output held at approximately the same level as in the corresponding period of 1953.

With respect to employment, the United States Department of Labor reported that employment is expected to rise within the next few weeks, as indicated by hiring plans of business firms in the nation's major labor centers, but this increase will probably stop in January. Both continued and initial claims for unemployment insurance benefits gain, however, in recent weeks. The former rose 7% in the week ended Nov. 13—and the latter, 17% in the week ended Nov. 20. Layoffs in lumbering and construction contributed significantly to the rise.

Production time lost in strikes during 1954 will probably be at a postwar low, according to the Bureau of Labor Statistics. During the first 10 months of this year the total man-days lost in labor stoppages came to 19,800,000, far below both the number lost last year and the 1947-49 average of 35,800,000.

A current report from Labor Secretary Mitchell revealed that 1,300,000 idle workers exhausted their unemployment compensation rights in the first nine months of 1954 without finding jobs. This was more than double the 573,000 exhaustions in the like 1953 period. Mr. Mitchell's disclosure came in an appeal to state legislatures to raise jobless pay benefits and extend their duration.

Steel production is expected to reach another new high for the year this week. Operations are scheduled at 81.5% of rated capacity, up about one point from last week. The steel ingot production index, according to "The Iron Age," is estimated at 122 (1947-49=100.)

The way business is coming in production may go still higher before it eases slightly for the holidays. Mills are anxious to turn out as much tonnage as possible without operating on fitful schedules which are costly.

The trend is still toward more new orders, bigger backlogs, and extended delivery schedules. This means that new business is still coming in faster than the finished steel is being produced and shipped. So the outlook, at least through the first quarter of next year, is very bright, declares this trade authority.

The strongest influx of new orders, it states, is on cold-rolled sheets, galvanized sheets (especially from continuous galvanizing lines), wire used in upholstery and silicon sheets used in electric motors. But mills are even more pleased by recent strong gains in demand for hot-rolled and cold-finished carbon bars, hot-rolled sheets and stainless and alloy products.

Warehouse business has been improving steadily, if not as spectacularly as mill business. Actually the upturn in steel was noted first by warehouses early last summer. Galvanized sheets and cold-rolled sheets are in strongest demand at distributor level, "The Iron Age" reports.

Steel salesmen close to the Detroit market report the auto industry is gearing even higher production schedules. The industry is encouraged by enthusiastic response of the public to its new models, and producers are pulling out all production stops to help them reach the customer first, it concludes.

In the automotive industry, "Ward's Automotive Reports" counted last week's United States car output at a 72-week high of 140,627 units that saw Chrysler Corp. reach its promised 20% of weekly industry output for the first time.

The Corporation's production the past week nudged its entire 1953 high of 30,254 cars, giving it 20.9% of United States volume following only 11.3% in January-October and found it scheduling 22.5% of industry output in January-March of 1955. Its entire 1953 share was 20.3%.

Meantime, despite model changeover the Independent car makers held to 4.2% of passenger car output the past week, paralleling the first 10 months' cut of 4.4% of the automobile market, and have laid down a target of 6% for January-March, 1955, "Ward's" added.

Combined United States car and truck production last week reached a 70-week peak of 162,783 units against the Thanksgiving Day-curtailed yield of 130,396 last week. A year ago, 116,867 vehicles left the assembly line.

The statistical agency said that the latest week's peak found each of the Big Three plus Studebaker among the Independents in virtual capacity operations and noted that Independent output for the 1955 first quarter is being programmed 64% over October-December.

Saturday final assemblies, it also noted, continue to be scheduled by the car makers at all possible points, particularly within Chrysler Corp.

Thus, barring setbacks, the immediate December and first-quarter goals by Chrysler Corp. and the Independents promise a return of industry production nearer to the entire 1953 pattern.

In that year, Chrysler Corp. took 20.3%, Ford 25.2%, GM 45.7% and the Independents 8.8% of industry passenger car production.

"Ward's" totaled November output in domestic plants to 508,714 cars and 90,400 trucks compared with 236,627 and 64,131 in October, with December programs to end the year with approximately 5,500,000 car and 1,018,000 truck completions. Car output was the highest for any November in history.

Manufacturers added to their inventories in October for the first time in nearly a year. At the month-end, their stocks were valued at $43,300,000,000 — up $100,000,000 from the September level. The total, however, was still $3,200,000,000 under the year-

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Henry G. Riter, 3rd, Elected Head of NAM

President of Thomas A. Edison, Inc., and prominent investment banker, is chosen President of National Association of Manufacturers by its Board of Directors.

The Board of Directors of the National Association of Manufacturers, at the close of the Association's annual convention in New York City on Dec. 2, elected Henry G. Riter, 3rd, as the President of the organization for the ensuing year. Mr. Riter, who has been prominently identified with industry and investment banking for many years, is President of Thomas A. Edison, Incorporated, West Orange, N. J.


Henry G. Riter, 3rd

After becoming President of the Edison company in 1950, Mr. Riter was elected to the NAM board of directors in 1951 and served on the association's finance and industrial problems committees, in 1953 and 1954.

Mr. Riter began his business career in 1908 at the age of 16. His first job after graduating from Germantown Academy was with the Philadelphia brokerage house of Chandler Brothers and Company. He was employed by local investment firms in his native Philadelphia until 1919, when he joined the Philadelphia staff of Dillon, Read & Co. He rose rapidly with that concern, becoming a member of the firm in 1927. Later that year, at the urgent request of the late James Forrestal, then an officer of Dillon, Read & Co., Mr. Riter transferred his activities to the New York office. He remained with that firm until 1933, when he organized Riter & Company.

During his many years as an investment banker, Mr. Riter participated, as underwriter, in the financing of numerous corporations and it was in this capacity that he initially became interested in Thomas A. Edison, Incorporated, which had been organized years before to produce the inventions of the famed "wizard." Charles Edison, son of the inventor and a former Governor of New Jersey, believed that his family-owned company needed rejuvenation and in 1946 Mr. Riter convinced Mr. Edison that a public offering of the company's stock should form one phase of the rejuvenation program. After this financing was successfully carried out by Riter & Company, Mr. Riter was invited to become a member of the board of directors and later served as chairman of the executive committee. Soon he found himself devoting more and more time to the company until, in 1950, he became its active head. Since then annual sales of the company rose to an all-time high of $41½ million.

Forms Empire Secs. Corp.

SALT LAKE CITY, Utah—Empire Securities Corporation has been formed with offices in the Felt Building to engage in a securities business. Officers are Louis M. Haynie, President; Mas Yano, Vice-President and Una Hirst, Secretary and Treasurer.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Vincent Constantino has been added to the staff of Reynolds & Co., 425 Montgomery Street.

Sewell Avery and Montgomery Ward

By ROGER W. BABSON

Mr. Babson discusses Montgomery Ward & Company, and also speaks regarding preparing for a stock market crash. Advises readers keep a good nest-egg of cash just in case the unexpected happens. Holds mail orders will continue to increase due to the "cussed" inconvenience to shoppers of finding a parking space.

Without doubt Mr. S. L. Avery is cranky at times, as is every reader of this column when reaching 80 years of age. He, however, is doing a wonderful job with Montgomery Ward. I cannot imagine how any sensible stockholder can give his proxy to anyone else.


Roger W. Babson

The company has close to 600 stores and is one of the great merchandisers of America. In these days I prefer merchandise stocks to any others. They are not dependent—like a manufacturer—on only a few products or habits. They are fairly free from labor troubles and losses from changing styles. They also give investors an important diversification of locations with stores in every state. Furthermore—in case of World War III—Montgomery Ward offers protection against bombing.

In addition to this, the company is a bank crammed full of cash, bonds, and notes and accounts receivable of nearly half a billion dollars. In fact, I know of no company in the world like it. Under Avery's management it should be safer than any bank. All other "banks" report, as deposits, only the money belonging to others. These depositors could draw out their money and close the bank at any time. Their deposits really are debts which the bank owes! Not so with Montgomery Ward. As a stockholder in this company you are the depositor and own the cash.

Preparing for a Crash

Today the Dow-Jones Industrial Average is higher than at its peak in 1929. Yet, the dividends on these stocks—minus the Federal taxes which the average investor must pay—are less than in 1929. I'm not now forecasting any immediate crash; in fact, most of my friends here in New York are bullish—as they were in December, 1928! But I surely do advise readers of this column to keep a good nest-egg of cash just in case the unexpected should happen. Don't be like the Five Foolish Virgins of Bible days. See Matt. 25:1-13.

Readers, however, answer my warnings by saying: "But I need the income. My bank will pay me only from 1% to 3%—I need more than this to live on." Then what is my answer? "Buy Montgomery Ward. So long as S. L. Avery is in control you get a good dividend on your money and yet have it practically in cash, or inventory, or valuable land. Furthermore, if inflation comes and the value of the dollar declines, the value of the inventory and land should increase. So, whatever happens—boom, bust, or a continuance of present business—I believe Montgomery Ward is your best investment and protection."

Mail Order and Parking

In addition to the 580 or more stores and the cash to which I have above referred, Montgomery Ward has one of the two best cash mailorder businesses in the world, amounting to about $350,000,000 annually. When you see automobiles with stickers: "**No Parking—No Shopping,**" or "**Less Shopping—Less Local Jobs,**" it does not necessarily mean that the shoppers curtail their buying. In most cases they resort to mail orders again. Mail-order buying however, hurts your local merchants.

Mail orders will continue on the increase due to the cussed inconvenience to shoppers of finding a parking place and the brutal manner in which city authorities are treating shoppers who are dependent upon cars. It is reasonable to make "all-day" or "half-day" parkers go to a public garage or parking lot and pay a fee. But the present system of using parking meters is driving shoppers away or causing them to go home with fewer purchases. Any merchants whose Christmas business falls below last year's can blame it on their city government. Failure on the part of city authorities to provide sufficient free parking space is the chief cause of business failures today.

$100,000,000 Issue Of Connecticut Road Bonds Planned

Connecticut State Highway Commissioner G. Albert Hill announced Dec. 8 that the State of Connecticut will offer $100 million Expressway Revenue and Motor Fuel Tax Bonds on Tuesday, Jan. 18, 1955, to provide additional funds for continued construction of the Greenwich-Killingly Expressway. The bonds will mature serially from July 1, 1961, to July 1, 1994, and will be secured by toll revenues to be collected on the Expressway and by the State's Motor Fuel Tax, if needed. The Expressway is being built from the New York State line at Greenwich to the Rhode Island state line at Killingly and will be completed in 1957.

Commissioner Hill said that the progress of land acquisition and engineering design for the Expressway has proceeded considerably faster than the original schedule, so that the proceeds of the previous $100 million bonds sold by the State last May will be fully committed by the time of delivery of the new bonds. Lehman Brothers and The First Boston Corporation managed the investment banking group which purchased the $100 million bonds last May at an interest cost of 2.85% and Lehman Brothers are serving as financial advisor in connection with the new financing.

Delafield Firm to Admit

On Jan. 1 Delafield & Delafield, 14 Wall Street, New York City, members of the New York Stock Exchange, will admit Carroll Coleman, John M. Martin and W. Macy Chamberlin to partnership.

Cosgrove, Miller Admits

Cosgrove, Miller & Whitehead, 44 Wall Street, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Peter Darlington to partnership. Mr. Darlington was formerly with Reynolds & Co.

Observations . . .

By A. WILFRED MAY

Estate Management Midst the Bull Market

"I desperately need advice on the handling of a trust left in government bonds by my recently deceased husband. I realize full well that some common stocks should be included in every portfolio, but after the big rise I am scared to death to come in now. Particularly because of this money's sanctity as well as my dependence on it, shouldn't I wait for a more reasonable market level to add stocks?"


A. Wilfred May

By no means is this quandary confined to the category of the inexperienced widow who has put it to this columnist, but assuredly is a bull market question worrying all fiduciaries including the most knowledgeable and expert.

The higher the market—and the attending public interest—rises, the greater is the pressure on the trustee of other people's money to get in on the so-exhilaratingly upsurging stocks—at least the "good" stocks—before the institutions and pensions funds carry them all away; and inflation emasculates bond values.

In fact, aggravating the "prudent" fiduciary even more than other classes of investor and adviser is the fact that common stock interest gets started at a comparatively advanced state of a bull market. And the higher the market, the louder becomes the yelling for stocks from the legatee—present and future class.

As a result, currently, even as the board-room addict and his customers' broker, does the trust fund functionary find himself befuddled over whether stock purchases made at "these heights" will be supported by such outside factors as "inflation," and the government's "New Era" function as a permanent standby rescue squad; or on the other hand, put him "out on a limb" of an "old-fashioned" bear market decline to "normal" market levels.

He is bothered by the internal market question, whether the supply of stocks *scarcity* value—or, on the other hand, in a possible coming bear market will there be a scarcity of stock *buyers* (as there seemed to be before), because of such factors as confiscatory income taxation?

Can one have confidence in a market wherein issues first enjoy a trebling or quadrupling in price, and then have a further rise pyramided thereon merely over a stock split—rumored or actual—for the purpose of returning the price "down to size."

That Stock Split Merry-Go-Round

The fiduciary, particularly when surrounded by *Prudent Man* inhibitions, is especially prone to be inhibited from equities by such qualms. But he must realize that to pursue a policy at *any* time of undue abstention from this or any other basic type of security, implying an important forecast, actually is (as with Sewell Avery in Montgomery Ward) not at all conservative, but an act of extreme speculation. And it is a speculative attitude that, no matter how well meant, even the fiduciary has no right to pursue. This is true in investment just as it is in industry; namely, that as with Sewell Avery in Montgomery Ward long-term policy keyed to extreme bearishness is really the opposite of "conservative."

The only logical course for anyone, be he a fiduciary or individual speculative investor of his own money, to pursue at this or any other time, is to maintain a portfolio balanced between government bonds and tax exempts (depending on his particular tax bracket) on the one hand; and common stocks on the other—with the proportion of the latter geared to value appraisal of individual issues.

Investing Via the "Bite"

One way to mitigate the difficulties involved in the initial placement of trustee funds is to use the *bite* technique for handing down money. Such installment method of transferring capital before and after death to get the legatee's financial feet wet has important additional attractions. The installment bite, in whatever form, as the trial run while the parent is still living, offers the general twin advantages of minimizing psychological upset from sudden acquisition of unaccustomed wealth, and of experimenting in investing operations on a reduced scale. And the living trust besides furnishing know-how to the tyro, has certain favorable tax features.

If the parent is still living, the investing should be maintained merely under his guidance, but not control. The knowledgeable parent should maintain the status of mere availability for advice if and when it is requested.

Gift Technique

An additional advantage of the transfer of funds before death is furnished by the tax advantages surrounding gifts. This

Continued on page 16

A Future Without Fear For the Electric Industry

By W. V. O'BRIEN*
Vice-President, General Electric Company

Pointing out capital investments in industry this year will be second highest in history, General Electric executive sees business much improved in recent months. Predicts new electric appliances in next five years will require an additional 20 million kilowatts to operate them, and within a decade, about double today's consumption of electric power will be needed. Lists as essentials to obtain this consumption goal: (1) greater sales efforts; (2) greater integration and cooperation of segments of the electrical industry; (3) farsightedness; and (4) courage and faith in ourselves.

Before we take a look at the future, let me comment briefly on the current business situation. Business looks much better in the last 60 days than it did during the summer months. Consumers are still spending at near record rates. The improvement in new orders reflects requirements to meet consumption rather than a departure from cautious buying policies. With goods plentiful and deliveries prompt, businessmen are keeping commitments short.


W. V. O'Brien

There have been some worried souls who feel that the failure of business to snap back speedily to new record levels from the summer slow-up in orders implies a lack of vitality in our economy. However, this is offset by other people, including myself, who believe that our economy is shaking down, improving efficiency, making price and inventory adjustments and gathering strength for another rise.

Investment Programs Not Curtailed

There is increasing evidence that many businesses are taking the long view and not curtailing their investment programs at the first sign of a drop in sales. For example, capital goods spending has held up well in 1954. Businessmen report that they expect their investments in new plant and equipment to total $26.7 billions this year, about 6% less than in record breaking 1953, but more than in 1952 or any previous year. There has been an increase in long-term credit buying which establishes a base for 1955.

So, today my talk to you will reflect my confidence not only in the long-term outlook for this country, but my optimism about 1954 and 1955 as well. I am going to talk about a future without fear for all of us, a future that is based on the security of opportunity that is offered to us by the electrical way of doing things better.

The business statistics I will present are based on a 10 year forecast General Electric presented to a group of utility executives this summer. The three-day presentation we made to them has been packaged into a three-hour show that has been very enthusiastically received by utility audiences at Detroit and St. Louis, two of the first spots it has been presented.

You will have an opportunity to see it in the near future. I believe you will not only want to show it to your employees, but will want to use it with industry groups that you contact in order to create in them the same feeling of confidence that we in the electrical industry have in the future of this country of ours.

There are many businesses, including the electric utility business, that are not only concerned with the months or year ahead, but with the more distant future—say 10 years ahead. Many businessmen who have a high investment in facilities are interested in a return over a period of years averaged out, regardless of short-term cycles. So let's take a look at the next decade.

Prospective Increases in Electricity Use

First let's take energy sales forecasts for the year 1964. They are the best estimates of General Electric's marketing research studies. To establish our base, let us start with this year of 1954, when the total sales of electrical energy will amount to some four hundred and ten billion kilowatt hours. Now then, we believe that in the area of residential and rural sales alone, there will be an increase of some two hundred and six billion kilowatt hours by 1964. If we add the commercial and miscellaneous load of the next 10 years to this, we will account for an additional increment of some one hundred and twenty billion kilowatt hours.

And on top of this, it is estimated that by 1964, there will be an increase in industrial sales of one hundred and seventy-two billion kilowatt hours, for a total 1964 energy sales of nine hundred and eight billion kilowatt hours.

Expressed in terms of power production, this means a 1964 figure of one trillion and forty billion kilowatt hours.

This figure ties in pretty well with what you have been hearing from other electrical prophets. I was interested a couple of weeks ago at White Sulphur Springs at the Association of Edison Illuminating Companies meeting to hear Fischer Black, editor and publisher of "Electrical World," use figures showing electric power sales would double from 1950 to 1960 and double again by 1970 to arrive at a total of one trillion, two hundred and thirteen billion killowatt hours. This is six years beyond my 10 year forecast.

It is important to note that these forecasts are the result of the most objective research and anaylsis we know how to make. They are not easily evolved, nor do they reflect the whims of headline hunters. In fact, to many of us in the sales function of the industry, they repesent too conservative an outlook.

Now let us look further at the load prospects that lead us to a total of 908 billion kliowatt hours for the year 1964.

To begin with the area of residential growth, instead of today's 42½ million customers, the year 1964 will see a total of 54 million residential customers, with more than double the present average annual usage.

Where they will use this power is of obvious interest to all of us—and the answer lies in the magic of fabulous new appliances, like this combined water heater and water conditioner, of weather-conditioned homes, of new advances in television, and in remarkable progress in home lighting.

The Growth of the Appliance Field

In the appliance field, we will witness the widespread use of wall-mounted refrigerators, bringing about an entirely new concept of convenience, and using thin-wall vacuum insulation, 10 times more efficient than other types in use. Similar existing advances in food freezers, washers, dryers, and electric water heaters will, long before 1964, emphasize the need for eliminating the word "saturation" from the appliance field.

New electronic ovens using high-frequency induction heating will cook frozen meats in a matter of minutes, while cooking utensils with built-in heating elements will be automatically and thermostatically controlled, and plugged in anywhere, since special insulation will prevent burning the work surface of adjoining components. The total result of improved refrigeration and cooking service, dishwashing, water heating, laundry, and other appliances will mean a 10 year gain of 103 billion kilowatt-hours, and a 1964 electrical load of one hundred and sixty-seven billion, five hundred million kilowatt-hours in this area alone.

Before I leave this interesting field, I can't resist the temptation to give you some five year figures I plan to present to the National Electrical Manufacturers Association. Let me take just two items of particular interest to you in the appliance field, clothes dryers and ranges.

More than four million new dryers will be added to the existing load in the next five years. Line them up and they would reach from New Orleans to Minneapolis. Think of what that means in terms of load for you.

More than seven million new electric ranges will be added to the existing residential load during the next five years. That's enough to cook a string of rib roasts extending from here to Kansas City. These ranges will increase the residential load by five million kilowatts.

We've estimated that the new appliances of the next five years will require an additional 20 million kilowatts to operate them, but remember a significant fact. This is only the power needed to operate these units, and does not include the energy required to manufacture them. Take these two together and they represent a great load building opportunity for both the electrical manufacturer and the electric utility as well as other parts of the electrical industry.

But to get back to my ten-year forecast. In the weather conditioning field, the electrical industry of 1964 will witness continuing and rapid growth in resistance heating, room coolers, central air conditioners, and particularly by the heat pump. All of the items have obvious importance to you in the Southeast. Today, the total weather-conditioning load is about three billion kilowatt hours. Compare this with 1964 when resistance heating will be 9½ billion kilowatt-hours, room coolers 20 billion, central plants 20 billion, and six billion kilowatt-hours for the heat pump.

In this connection, I was very interested in Paul Brook's report to the recent Sales Executive's Conference at Point Clear, Ala. His survey showed member companies of that organization would have more than 16,000 heat pumps installed in their systems by 1960. However, he went on to say Philip Sporn, President of American Gas & Electric, had predicted there would be 200 000 installed by 1962. He pointed out that as more and more utilities get into heat pump promotions and as more and more specialists start spreading the story to customers, builders and architects, and as utility company employees install them in their homes, the future of the heat pump will be assured.

The total advances in weather conditioning will mean a 1964 energy usage of fifty-five billion kilowatt-hours, compared to three billion kilowatt-hours today.

Even television, not always recognized as a significant power-consuming device, will make its mark upon the total electrical growth of 1964. The use of color receivers, requiring some 400 watts compared to Monochrome's 250 watts, will help to account for the increase in TV kilowatt-hour consumption from eleven point nine billion kilowatt-hours in 1954 to twenty-nine point two kilowatt-hours in 1964, or 9% of the total residential and rural load. The remote controls of 1964 will enable us to push a button, and the picture, already focused in the master circuit, will appear on the large flat glass screen. And of course, this unit also contains the small monitor screen that allows you to look in on the children in the nursery.

In home lighting, the advances of the next ten years are no less dramatic. Flexible lighting for every room provided by luminous ceilings or luminous wall that can be varied in brightness and color to suit the seeing need or mood and switches that turn on the light automatically as you enter the room are only two that I have the time to mention.

I do not want to leave the residential area without taking brief but important notice of electric energy on the farm, a vital industry in the South, and the many automatic processes it is bringabout. Here, thanks to electric silo unloaders, barn cleaners, automatic feeders and a host of other equipment, we estimate that the total electrical load by 1964 will top sixty billion kilowatt-hours.

Electricity in the Commercial Field

In the commercial area many of our cities are now realizing the urgent need for an urban Renaissance—a revitalizing of city services lest decline or decay set in. Thus, the need for such facilities as sewage treatment plants, street and recreational lighting, modern rapid transit lines, and new water supplies, will see a new growth and modernization in the next ten years with real meaning to those of us in the electrical industry.

In highly congested downtown centers, we can expect to witness the installation of moving sidewalks to speed the flow of foot traffic, so that by 1964 nearly every city of 100,000 population will incorporate at least one installation as a vital part of the urban traffic system. Progress will be typified by the new office building of 1964. Almost without exception it will feature air-conditioning, high-voltage flourescent lighting, and modern high-speed elevators or escalators.

Suburban growth, to, will be reflected in such ways as the construction of huge shopping centers housing forty to sixty businesses, completely air-conditioned, with well-lighted parking facilities, and consuming some 15 million kilowatt-hours a year.

Some indication of the growth in another commercial area—that of our schools—is indicated by a recent report from the United States Commissioner of Education, Mr. Samuel Brownell, and I quote: "To accomodate the growing numbers of children, to erase the September 1954 shortage of 370,000 classrooms and to take care of continued obsolescence, 720,000 public elementary and secondary classrooms will be needed during the next five years. The rate of school construction will have to be nearly tripled if the country is to keep pace with its educational needs."

With the electrical content of schools and shopping centers, stores and street lighting, office centers and moving sidewalks, little wonder that we expect the electrical load of 1964 for commercial and city services to reach 217 billion kilowatt-hours, compared to the 99 billion kilowatt-hours of 1954.

The use of electric power by industry by 1964 indicates progress paralleling that in the residential and commercial areas just discussed.

Take the paper industry. The total output of paper by 1964 will double that of 1954, with a corresponding 100% increase in electrical energy used.

Or take rubber — where the increased use of heating extruders and ovens will help account for an estimated six billion kilowatt-hours in 1964.

Automation, or continuous automatic production by industry, will of course, play a vital part in the continuing electrification of industry, and the increasing amount of horsepower per worker, with well over 90% of that horsepower being electric by 1964.

The total industrial sales figure for 1964 is forecast at 360 billion kilowatt-hours, about double today's usage.

So much for the utilization equipment and its effect in building load. Now, let us look very briefly at our second general area which can determine the potential growth of the electrical industry, namely the ability of the manufacturer to supply the power equipment at the right time and in the right quantity to serve the customers.

In other words, can power of this magnitude anticipated be generated, transmitted, and distributed with today's technology? Specifically, can the loads of the future be served by the electric utilities?

Power Generation Equipment

First, let us look at power generation equipment. In the years ahead we see turbine generators in the area of 450,000 to 500,000 kilowatts or more in service with even larger units in the planning stage.

As far as transmitting higher blocks of power is concerned, systems engineering and equipment will also keep pace. Today, for example, a 330 kv transmission system has been installed which will carry one million kilowatts on a single tower line. We are confident that even higher circuit loadings are possible.

Systems equipment, such as power transformers and circuit breakers can be built to handle these higher loadings. In the area of power distribution, we know of no problems ahead we cannot handle.

All of this adds up to the fact that we electrical manufacturers are doing the basic research to provide even better equipment to allow you to sell power at even more economical rates to your residential, commercial and industrial customers.

Now, with the outlook that energy sales will more than double by 1964, and with the research and technological progress to serve these needs, what must we in the electrical industry do to attain these goals?

Essentials for Obtaining Goals

May I suggest four essentials? The first is for us to **strengthen our sales effort.**

Can we be content to wait for the public to demand a refrigerator or room cooler, without benefit of salesmanship? The question needs no answer.

Since 1900, we have watched the coming of age of radio, then the refrigerator, then television and the air conditioner. Let us face it—the growth of these appliances came easy. In each case,

*An address by Mr. O'Brien before the Southeastern Electric Exchange, New Orleans, Louisiana.

the public was provided with a completely new convenience, and public demand for these new servants was in part the natural reaction to a completely new service.

In the next 10 years, however, despite the remarkable advances that are indicated, we will be offering the public new uses for ideas that are already accepted, or refinements of appliances that are already with us. This will call for a different and more important selling job than we have yet experienced. Armed with significant modifications and improvements in the appliances of tomorrow, we are going to need the fresh application of truly creative selling.

One way to sell creatively is to communicate effectively. For example, take the subject of automation. In spite of the scores of articles and books written on the subject, it is widely misunderstood. Many think of it as a "pushbutton factory" and do not think it is practical except for the largest manufacturers.

All of us can clear away these misconceptions about automation and progressive mechanization by arming ourselves with facts and passing them on to our customers. For example, we can point out that no new inventions are necessary to make automation possible, but rather the combination of components that are already here.

Automation and progressive mechanization can bring down the unit cost of products, but it is up to us to tell that story to our customers.

One way we can do this job of explaining this subject and others of industrial electrification is to continue to make effective use of General Electric's "More Power to America" programs. Let me hasten to add that most of you have done a fine job in using these programs. Incidentally, the most recent release is a complete remake of one our most popular films, "Clean Waters", which deals with the subject of sewage treatment and stream pollution. Our consultant on this program is a man many of you know by reputation, Dr. Morris M. Cohn, former City Manager of Schenectady and now editor of "Wastes Engineering Magazine."

Another way to strengthen your sales effort and communicate effectively is to continue working with General Electric in holding Productivity Forums. Many of you have taken advantage of our offer to be co-host with you in inviting in your industrial customer for a day's program of up-to-the-minute ideas on increasing productivity. These, however, are only the opening wedge and many more can be held.

Even another way to strengthen your sales effort is to take advantage of the services of the trained application engineers from the various electrical manufacturing companies. These men are completely familiar with the problems of industries and welcome the opportunity to work with you on further electrifying the plants of your customers.

Of course, these strengthened sales efforts will require more sales dollars, better sales techniques, better sales training, and better salesmen. The day is past when any of us in this great industry can afford to staff our sales force with less than the best, for we owe this much to ourselves and to our customers.

The second essential for attaining these goals of 1964 is **greater integration and co-operation of all segments of the electrical industry.** What better example could we find for this than in the problem of inadequate wiring. So vital is the need for adequate wiring, that we need to further intensify and integrate our efforts, so that every home owner can better enjoy the comforts of electrical living. We need further support from appliance dealers, and from home builders, and financing agencies, and architects. Just think — some 55,000 air conditioning units were returned last year because of inadequate wiring. The need is clear.

The importance of an integrated industry approach is brought out, too, by a problem at the opposite end of the line—in power generation. Here, electric utilities, through greater stabilization in the purchase of turbine-generators and other large equipment, can have a very real effect upon the total health of the electrical industry. Through stabilized purchasing policies, feast and famine manufacturing problems can be avoided, and costly overtime avoided, to the benefit of all concerned, including the supplier of raw materials for such large, long-production-cycle equipments.

Let's look now at the third essential for our future growth, which is farsightedness. Part of this story is the pure and the applied research that will be carried on by manufacturers, with the goal of improved electrical products. But this in itself is not enough. We need to have your ideas—your prodding—so that we are stimulated to meet your wants and those of your customers.

Don't sit back and think that the electrical manufacturers can do the job all by themselves. They can't. They need your ideas. There is an opportunity here for a lot more joint effort on the part of the manufacturers, the utilities and other parts of the electrical industry in promoting worthwhile, sales making ideas.

And then there is one final essential to our continued progress, which we might call courage, or faith in ourselves. This word courage, which has suffered both use and abuse, has particular significance to the electrical industry, and you and your forebearers have given real meaning to the word. Whether you represent utility, contractor, manufacturer, distributor, dealer, industry association, or some other component of the total electrical industry, you and I cannot help but feel some of the dynamics of electric power and its use.

In today's business world, you can see these reflections of courage and confidence in the tremendous expansion and modernization programs of the electric utilities, or in the 150 million dollars General Electric will spend this year as a part of a one billion, one hundred million dollar program of a somewhat similar nature.

And perhaps best of all, courage either quiets the prophets of economic gloom, or soon makes converts of them. Strengthened **sales efforts, better integration and co-operation of the entire electrical industry, farsightedness, and courage**—these are the four essentials in fulfilling the goals for tomorrow.

If we can perform these four essentials, then we can—as I said in the beginning of these remarks — face the future without fear. We can do this because we recognize that our great security in the future is in the opportunity that lies ahead.

But that opportunity, as great as it may be, is not enough. Let's you and I resolve, by mutual effort, to make that opportunity we see today the reality of the decade ahead.

Shields & Co. Opens San Francisco Branch

SAN FRANCISCO, Calif.— Shields & Company have opened a branch at 110 Sutter Street, under the management of Hazel J. Laughlin.

With Protected Investors

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.— W. E. Jackson Miles has become connected with Protected Investors of America, Russ Building.

Stone & Youngberg Add

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Oscar Swantner has become connected with Stone & Youngberg, Russ Building, members of the San Francisco Stock Exchange.

Donald MacFadden in Boy Scout Fund Drive

Donald MacFadden, partner of Eastman, Dillon & Company, New York, will serve as Chairman of the Municipal Bond Dealers Committee for the 1955 Finance Campaign of the Greater New York Councils, Boy Scouts of America.

D. S. MacFadden

The appointment was announced by William S. Renchard, Chairman of the Financial Division. It is one of the 15 Divisions of commerce and industry which comprise the Manhattan Businessmen's Committee.

Advance gifts solicitation has already begun under Mr. MacFadden's leadership. The general campaign will be launched Jan. 5, with the Dawn Patrol Breakfast at the Waldorf Astoria.

The 1955 Campaign goal is \$875,500 for operational costs and \$370,000 for camp rehabilitation and development.

Dealer-Broker Investment Recommendations & Literature

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

Aircraft Manufacturing Industry — Reprints of a study by Kuhn, Loeb & Co., available to members of the Investment Bankers Association at 50 cents per copy—Write to Robert Stevenson, IBA Secretary, 425 Thirteenth Street, N. W., Washington 4, D. C.

Atomic Map and Glossary—Literature—Atomic Development Securities Company, 1033 Thirtieth Street, N. W., Washington 7, D. C.

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

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

Dow Jones Industrial Average Stocks—Bulletin—Laidlaw & Co., 25 Broadway, New York 5, N. Y.

Earnings Performance & Dividend Payments of Major Japanese Companies—In current "Stock Bulletin"—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

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

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.

Public Utility Common Stocks—Bulletin—G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y. Also available is an analysis of **Suburban Propane Gas Corp.**

Railroad Shares—Analysis with particular reference to **Chicago, Rock Island & Pacific Railroad Co., Baltimore & Ohio Railroad Co.** and **Southern Railway Co.**—E. F. Hutton & Company, 61 Broadway, New York 6, N. Y.

Steel Industry—Analysis in current issue of "Market Pointers" Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are 20 Tax Pointers to save money, with switch suggestions, and a brief discussion of **Railroads.**

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

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Air Products—Bulletin—Walston & Co., 120 Broadway, New York 5, N. Y. Also available are memoranda on **Emhart Manufacturing Co. and Western Union Telegraph Co.**

Arkansas Louisiana Gas Co.—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Canso Oil Producers Ltd.—Bulletin—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

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

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

Chicago, Milwaukee, St. Paul & Pacific—Data—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. In the same bulletin are data on **Texas & Pacific** and **Chicago & Eastern Illinois.** Also available is a memorandum on **Safety Car Heating & Lighting Co.**

Commercial Solvents Corporation—Bulletin—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a report on **Marine Midland Corporation.**

General Time Inc. — Memorandum — Auchincloss, Parker & Redpath, 729 Fifteenth Street, Washington 5, D. C. Also available is a memorandum on **Robertshaw Fulton Controls Co.**

Hoffman Radio Corp.—Analysis—Hill Richards & Co., 621 S. Spring Street, Los Angeles 14, Calif.

Hudson & Manhattan Railroad Company—Analysis—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y.

International Nickel Co. of Canada Ltd.—Data—Oppenheimer, Vanden Broeck & Co., 40 Exchange Place, New York 5, N. Y. In the same bulletin are data on **Standard Oil Co. of New Jersey, Texas Gulf Sulphur Co., Louisville & Nashville Railroad Co., Foster Wheeler Corp.** and **Tri Continental Corp.**

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

Lone Star Brewing Co. — Memorandum — Muir Investment Corp., 101 North St. Mary's, San Antonio 5, Texas.

Maule Industries, Inc.—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a bulletin on **Hycon Manufacturing Company.**

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

New Britain Machine Co.—Memorandum—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also available is a review of the **Coal Carriers (Chesapeake & Ohio, Louisville & Nashville, Norfolk & Western Railway and Virginian Railway).**

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.

Sears, Roebuck & Co.—Memorandum—McDonnell & Co., 120 Broadway, New York 5, N. Y.

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

Spencer Chemical Company—Analysis—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

O. A. Sutton Corp.—Memorandum—Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y. Also available is a memorandum on **Warner & Swasey Co.**

NSTA Notes

SECURITY TRADERS ASSOCIATION OF NEW YORK, INC.

Alfred F. Tisch of Fitzgerald & Co., Inc. has been elected President for the 1955 term of the Security Traders Association of New York, Inc. Other officers elected were: Edward J. Kelly of Carl M. Loeb Rhoades & Co., First Vice-President; Nathan A. Krumholz of Siegel & Co., Second Vice-President; Henry Oetjen of McGinnis & Co., Secretary and Daniel G. Mullin of Tucker Anthony & Co., Treasurer.


Alfred F. Tisch


Edward J. Kelly


Nathan A. Krumholz


Henry Oetjen


Daniel G. Mullin

Elected as directors for a two-year term were:

Bernard J. Conlon of P. F. Fox & Co.
Daniel D. McCarthy of Union Securities Corporation
Henry A. Michels of Allen & Company
William F. Thompson of Greene & Company

Sidney Jacobs of Sidney Jacobs & Co. and Charles F. Preller were elected Trustees of the Gratuity Fund.

National Committeemen:

Samuel E. Magdid, 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 & Co.
John J. O'Kane, Jr., John J. O'Kane, Jr. & Co.
Theodore Plumridge, Eastern Securities, Inc.
Robert A. Torpie, J. C. Bradford & Co.

Election at Bankers Club, Friday, Dec. 3

$68,000,000 Okla. Turnpike Rev. Bds. Publicly Offered

Proceeds of issue to build 89-mile toll road

Financing by the Oklahoma Turnpike Authority to underwrite the construction of an 89-mile toll road extending from a point near Tulsa to the Oklahoma-Missouri state line near Joplin is being undertaken today (Dec. 9). The offering consists of $68,000,000 of Northeastern Turnpike revenue bonds bearing rates ranging from 3¼% to 3¾% and priced to yield from 3.10% for those due Dec. 1, 1962 to 3.75% for the Dec. 1, 1983 through 1993 maturities. The bonds are payable solely from, and are secured by, a pledge of the tolls and revenues from the Northeastern Turnpike.

The offering is being underwritten by a nation-wide group of 467 investment houses. The group is managed by 10 New York and eight Oklahoma investment houses headed up by The First Boston Corporation. The Authority awarded the issue to the group on its bid of a 3.81% net interest cost.

The houses managing the group are: The First Boston Corporation; Drexel & Co.; Glore, Forgan & Co.; Shields & Company; Allen & Company; Eastman, Dillon & Co.; Goldman, Sachs & Co.; Lehman Brothers; B. J. Van Ingen & Co., Inc.; White, Weld & Co.; Calvert & Canfield; Evan L. Davis; R. J. Edwards, Inc.; First Securities Company of Kansas, Inc.; Hannold & Co.; H. I. Josey & Company; Leo Oppenheim & Company; The Small-Milburn Company, Inc.

The Oklahoma Turnpike Authority was created by the State Legislature in 1947 to construct, maintain, repair and operate turnpike projects and highways. The Authority is also authorized to fix, revise, charge and collect tolls as well as to issue bonds to pay for construction of such toll roads. The Authority has previously financed and is now operating the Turner Turnpike extending from Oklahoma City to Tulsa. It is expected that the Northeastern Turnpike will be opened to traffic in 1957 with 1958 the first full year of operation. Estimated total revenues of the Northeastern Turnpike are expected to increase from $4.7 million in 1958 to $8.2 million in 1967.

First of Michigan Adds

(Special to The Financial Chronicle)

DETROIT, Mich. — Marshall Morley is now with First of Michigan Corporation, Buhl Building.

Joins Reserve Inv. Co.

(Special to The Financial Chronicle)

CINCINNATI, Ohio — William H. Brunton has become connected with The Reserve Investment Company, Dixie Terminal Building.

What's Ahead for Interest Rates and Bond Prices?

By JULES I. BOGEN*
Professor of Finance
Graduate School of Business Administration,
New York University

Asserting hardening of interest rates and a supply of new investments in excess of current demand are in prospect, Dr. Bogen cites as major causes of the firming of interest rates and the softening of bond prices: (1) record demand for mortgage money; (2) prospect of a moderate decline in volume of savings; (3) upturn in business activity, and (4) prospect of a mildly restrictive Federal Reserve credit policy.

A hardening of interest rates and a supply of new investments in excess of the current demand are in prospect for the next few months or longer. This change in the trend of interest rates and bond prices is the more dramatic because it is taking place after nearly eighteen months of rapidly falling rates of interest. The turn in the bond market is itself a striking testimonial to the success of the aggressive easy money policy that the Federal Reserve System launched in the late spring and summer of 1953 to check the business recession.

Dr. Jules I. Bogen

Four major forces are causing interest rates to firm and bond prices to soften. These are:

(1) A record demand for mortgage money to finance both new construction and transfers of realty ownership at high prices.

The supply of mortgages is becoming a veritable flood. In the first nine months of this year, mortgage debt increased at an annual rate of almost $12 billion. The largest increase reported previously in any one year was $10.1 billion when home building was stimulated to an extraordinary extent by the outbreak of the war in Korea.

The full impact of liberalization of Federal Housing Administration mortgage insurance has yet to be felt in the mortgage supply. The more liberal terms authorized in the Housing Act of 1954 became effective on Oct. 1.

Lending institutions that had been bidding up bond prices earlier this year because they feared a shortage of new investments are now finding that they can satisfy their requirements out of the ample supply of mortgage loans that is available.

(2) The prospect of a moderate decline in the volume of savings due to increased consumer expenditures.

Personal savings have been at a record peacetime level during the past two years. But the proportion of income saved, as estimated by the Department of Commerce, has registered a decline each quarter this year. It was 8.6% in the 1st quarter, 7.8% in the 2nd quarter and 7.3% in the 3rd quarter. Aggressive selling of goods and price reductions have stimulated purchases, while the upturn in business activity has strengthened public confidence in the economic outlook and so caused many people to spend more and save less than previously. Moreover, there are clear evidences that a growing number of people are readier to invest in stocks. Persistently rising stock prices and the greatly increased turnover indicate that a larger proportion of current savings is being invested in equities. While thrift institutions will doubtless continue to receive the bulk of current liquid savings, their proportion of the total tends to decline under existing conditions.

(3) The upturn in business activity since the summer months.

Business recovery, sparked by the building boom and the upturn in sales of automobiles and other durable goods, will lead to increased credit demands if it continues. The upturn in business will affect interest rates most, however, by its impact on the fourth factor affecting the bond market—Federal Reserve policy.

(4) Just as the easy money policy of the Federal Reserve System was the most powerful influence causing interest rates to decline since the summer of 1953, so the adoption of a mildly restrictive credit policy could be the decisive factor causing a hardening of interest rates in the months ahead.

Federal Reserve spokesmen have emphasized the fact that their policy now is one of flexibility, adjusting the level of bank reserves to changes in business and credit conditions as these occur.

The easy money policy has accomplished its objective in limiting the magnitude and duration of the business recession. The fourth quarter of 1954 is proving the most active of the year, and industrial production this month is running ahead of that of the same month in 1953.

Federal Reserve policy is bound to be influenced in some measure also by the rise in stock prices to new high record levels and by the unprecedentedly rapid growth of real estate mortgage debt. In both these sectors of the economy there are evidences of boom conditions that can be restrained to advantage, if we are to avoid a repetition of the boom and bust pattern of the past. In the case of the stock market, reliance may be placed chiefly on raising margin requirements, since this power is specially designed for the purpose. But as part of a broader program to keep the current recovery, which has been greatly aided by easy money, from developing into a broad and unstable boom, a tighter money policy could well follow. This would take the form of reductions in open market security holdings of the Federal Reserve banks that would cut down excess reserves of member banks and reduce pressure upon commercial banks to expand their loans and investments.

Clear evidence of a tightening of Federal Reserve credit policy would, of course, influence the investing policies of all financial institutions.

The extent and duration of a tightening of Federal Reserve credit policy would depend upon how far and how long the current business recovery will go, and upon the extent to which boom tendencies continue to develop in particular sectors of our economy.

*Summary of a talk by Dr. Bogen before the 8th Annual Mid-year Meeting of the National Association of Mutual Savings Banks, New York City, Dec. 6th, 1954.

Julius P. Hyman Opens

OWENSBORO, Ky.—Julius P. Hyman is engaging in a securities business from offices at 223½ St. Ann Street. He was formerly with Struthers & Dean.

Kasteler Brokerage Opens

SALT LAKE CITY, Utah — A. Kasteler is engaging in a securities business from offices in the Darling Building, under the firm name of Kasteler Brokerage Company.

John G. Butler to Be Partner in Prescott

CLEVELAND, Ohio — John G. Butler on Jan. 1 will become a partner in Prescott & Co., National City Bank Building, members of the New York and Midwest Stock Exchanges. Mr. Butler has been with the firm for some time.

Sutro & Co. Will Admit A. C. Hall to Firm

SAN FRANCISCO, Cal.—Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges, on Jan. 1 will admit A. C. Hall to partnership. Mr. Hall has been associated with the firm for some time.

J. E. Tanner Opens

EL DORADO, Kans. — J. Earl Tanner is engaging in a securities business from offices at 111½ South Main Street under the firm name of The J. Earl Tanner Agency.

C. W. Tschirn Opens

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La. — Chas. Wm. Tschirn has opened offices in the Delta Building to conduct a securities business.

The Economic Climate for Business and Agriculture

By EARL L. BUTZ*
Assistant Secretary of Agriculture

Stating that the current upturn in general business will not be a boom, Dr. Butz sees in it merely the continuation of a resumed upward trend. Says the national financial house has been put in order under a governmental philosophy dedicated to "returning America to the people." Holds American agriculture may look forward to economic stability and continued growth, and, because of stability of farm prices, the parity ratios already set up will not change much in the year ahead.

America has been enjoying a period of relative economic stability during the past year. The general level of prices has been remarkably stable during the past 12 months, varying within a range of less than 2%. That is virtually no change.

Earl L. Butz

Prices received by farmers for things they sell have likewise been fairly stable during the past year, fluctuating within a range of approximately 7%.

The widely advertised business readjustment of 1954 evidently reached its bottom about last July. The slow erosion of prices and business activity, which had been in progress since shortly after the Korean boom halted them, has turned up modestly. The upward course has been fairly steady, although not spectacular, for the past several months. Over two million more persons are gainfully employed now than last winter. Unemployment has been declining in recent months. It is down one million persons, or nearly one-third, from last spring. Personal income increasing modestly and is at about the same level as a year ago. More significantly, however, disposable income is running above a year ago. The same is true of personal expenditures, which are currently running at an all-time high rate.

Consumer spending on durable goods has declined modestly, while spending on services has increased; but the point is that consumers are continuing their spending at an accelerated rate from a year ago. The modest shift in spending from durable goods to services represents merely a changed spending pattern in a fairly prosperous population that has overcome critical phases of its postwar shortage of durable goods. Such a shift, in and of itself, is in nowise indicative of economic recession.

The inventory adjustment we experienced last summer and fall is apparently over. Total business inventories have dropped some 5% from their all-time high of a year ago, and manufacturing inventories have dropped about 7%. Business inventories are now in a fairly healthy ratio to sales. New manufacturing orders have been picking up in the last couple of months. It is possible that there may be some increase in business inventories in months ahead. This will be a business stimulating factor.

The index of industrial production has been climbing slowly in the last couple of months and is now at its highest level for 1954. It will probably continue to rise modestly into 1955.

Economic activity in the nation has been quite stable during 1954, at a level only slightly below the record year of 1953. The relative stability of the past year is reassuring. The decline in business activity from the peak levels of the Korean War period to last summer was one of the mildest on record.

The upturn in general business we are experiencing will not be another boom. It will be a period of business growth and development under fairly stable economic conditions. It marks the end of our transition from a war to a semi-peace economy. In the year ahead, there will be a generally healthy economic climate for business and agriculture.

The business pessimism which characterized some people six months ago has largely subsided. This will turn into a healthy business optimism among many people in 1955.

A Highly Prosperous "Depression"

When the final figures are in for 1954, the record will show it to be the second biggest year of economic activity in the history of America. In my book, the second biggest year for business in our history is a long, long way from the kind of depression some of our late prophets of gloom would have us believe we were experiencing. With 62.1 million Americans gainfully employed, with unemployment declining contraseasonally, and with our people spending money for goods and services at the unprecedented rate of $235 billion annually, the general economic health of America is excellent.

Entirely too many Americans (including some bankers) suffer under the economic illusion that it is abnormal, in fact disastrous, for the economic graph to dip modestly downward once in several years. Some of the modern-day alarmists would try to superimpose a new politically created artificial boom on top of a war-created artificial boom and push our economy from one unstable excess to another. We have no new evidence that man can circumvent the law of action and reaction, even in his economic behavior. Within that framework, however, the longtime growth curve of the economy is distinctly upward.

The high level of economic activity in 1954 is the more significant when you remember that nowhere in the world today is an American soldier risking his life in the messy business of inflation-breeding war. Moreover, governmental expenditures have been substantially reduced from the level of two years ago, and Federal taxes this year have been reduced some $7 billion from last year.

The national financial house has been "put in order," under a governmental philosophy dedicated to "returning America to the people." We must convince our people that they want "America returned to them." Otherwise, it will be difficult to keep government in its proper role of being a "Junior Partner."

Now that the economic transition of the past year is over, and our economic growth curve has resumed its upward trend, business activity is bound to reach levels higher than those which prevailed at the peak of 1953. This may occur as early as the last half of 1955.

This growth will come about as a result of our rapidly growing population, our rising levels of per capita production, and the inevitable increase in our standard of living. The rise will not be spectacular, but it will nonetheless be real. It will be based on sound business expansion and normal economic growth. It will therefore be more permanent than if built on the economic quicksands of war and inflation.

Economic Stability for Agriculture

In this overall environment of a stable to strong general economy, American agriculture may also look forward to economic stability and continued growth. Although farm income has declined slightly more in the last year than has that of the general economy, it is significant that its decline has been very markedly slowed from the rapid drop of a year and a half ago.

Farmers received approximately $24.2 billion from marketings for the first 10 months of 1954. This was about 4% less than they received in the corresponding period in 1953. Receipts from livestock and livestock products were nearly the same as a year earlier, but receipts from the sale of crops were down about 5%. The lower level of crop receipts resulted mainly from a smaller volume of crop marketings, although prices also averaged slightly lower than a year earlier. In the case of livestock, prices averaged slightly lower but were offset by increased volume of marketings.

The realized net income of U. S. farmers in 1954 will be about $12.5 billion. The U. S. farm income has about stopped its postwar decline. Net farm income in 1955 should approach that of 1954. Prices received by farmers may be expected to average close to the levels prevailing at the present time, and cost rates or prices paid by farmers probably will not change much in the year ahead. This means that the parity ratio likewise will not change much in the year ahead.

The price parity ratio has been remarkably stable during the past year. It stood last month at 87, only one point below the figure one year earlier. The figure last month was only seven points below the figure for 21 months earlier, January, 1953, when Ezra T. Benson become Secretary of Agriculture. In the seven months before January, 1953, the price parity ratio dropped 10 points. In the 23 months before January, 1953, the price parity ratio dropped 19 points. Prospects for the relationship between farm prices and farm costs in the months ahead are such that the price parity ratio will probably fluctuate around 85 to 90.

Farmers and farm leaders, both, have largely recovered from the frightened attitude many of them justly held a year and a half ago. The relative stability of the past year is reassuring, particularly after the rather abrupt two-year decline in farm prices which was evidently stopped about a year and a half ago. After we have a few more months of relative price stability, and succeed in bringing our production more nearly in line with consumption, with resultant strengthened prices and markets, general confidence in our farming community will be still further strengthened.

It is gratifying that in this setting for potential progress in agriculture, the 83rd Congress gave us last August a new farm bill that will point American agriculture toward better balance, greater freedom for individual farmers, and a more stable and prosperous economy. The new law establishes the sound economic principle of flexible price supports which will help gear our farm production to the needs for the nation and will, at the same time, minimize the need for such stringent controls over farm production and marketing as we have experienced recently.

What About Price Support Levels for 1955?

There has been a lot of loose talk in recent months about what was going to happen to farmers under the adjustable price support legislation which was passed by the 83rd Congress. Cries that it was going to "ruin the farmer" have been persistent and loud.

Ignoring the facts of the situation entirely, political prophets of doom have been predicting immediate disaster for agriculture. The charge has been made that price supports would "drop out from under" basic agricultural commodities promptly and drastically.

There is no basis of truth in these wild charges. There will be no heavy impact on the farm price structure. The necessary moderate adjustments will be made gradually, in line with the realities of the supply situation.

Here is the current outlook for price supports on 1955 production of the six basic commodities:

Cotton — Supports will remain at 90% of parity.

Tobacco—Supports will remain at 90% of parity.

Peanuts—Supports will be at or very close to 90%.

Corn — Supports are now expected to be around 88% of parity.

Rice—Supports are expected to be around 85%—or a little lower—and closer to 90% if controls are in effect.

Wheat — Supports will be at 82½% of parity, or a national average support of $2.06 per bushel.

The record clearly shows that basic crop price supports will be at strong levels in 1955. Any effort to tell farmers this is not so simply an effort to mislead.

The Long Time Outlook Is Good

The outlook for the American economy beyond 1955 is likewise good. There will inevitably be periods of modest adjustment, such as we experienced early in 1954; but we must be prepared to "ride them through" just as we did the recent adjustment. The decline in busines activity from the peak levels of the Korean War period to last summer turned out to be one the mildest on record. All the shouting about it was more political than economic. The shift from a war economy to a semipeace economy occurred with remarkably little disturbance—much less than we experienced in 1948-49 — and our politicians did not make nearly so much noise about 1949 as they did about 1954. But this was an election year!

The scientific and technological advances we will experience in the next decade will be unparalleled in the history of America. The greatest decade in our history lies immediately ahead. This is true for both agriculture and business.

The geographic frontier in America is gone. No longer can a young man "go West" and stake out his claim. But the scientific frontier in America is barely scratched, and the scientific frontier has no effective limit. It is limited only by the mind and the imagination of man. It follows logically, therefore, that if we can keep our economy free and preserve an environment in which individual producers and scientists are free to dream a little about new techniques and new ideas, and free to enjoy the fruits of their dreams, we shall experience phenomenal progress in the next generation.

We live in an era of the most rapid scientific and technological change of all time. American agriculture is now feeding our growing population through science and technology. We have increased our total agricultural output in the last four decades by 75%, on roughly the same acreage we had previously, and with 2½ million fewer farm workers. Even in the 15 years since the beginning of World War II, American farmers have increased total production by 47%, with no increase in acres, and with 1¾ million fewer workers on the farms. In the same interval, we have increased our steel production capacity some two-fifths and have doubled our electric power production capacity. The atomic age in which we live is less than a decade old. Surely a broad base is laid for asubstantial further rise in living standards for the average man and woman in America.

In this environment of national growth and expansion, American agriculture has a glorious future. American agriculture is still a good stable industry, and it always will be. Those who are actively engaged in it must never lose confidence in its future.

Farmers believe in the free enterprise system. They know it has produced in America the broadest opportunity for a free and prosperous citizenship that exists any place in the world.

The basic philosophy underlying the Agricultural Act of 1954 will encourage individual farmers who are efficient and ambitious to participate profitably in the thrilling opportunities immediately ahead of us in the growing science of agriculture.

Agriculture offers equally as good an opportunity over the next generation as any other comparable vocation for the young man or young woman who desires a satisfactory living standard, an opportunity to live and rear a family in a wholesome environment, and the ability to provide one's own security for his declining years.

The challenge of the next decade is unprecedented for men and women of vision and ambition. The challenge for country bankers is greater than ever before in our history. Theirs will be the opportunity, through financing the great technological revolution before us, to occupy a ringside seat at the greatest decade in the history of America.

*Summary of an address by Dr. Butz before the Third National Agricultural Credit Conference, American Bankers Association, Memphis, Tennesee, Dec. 1, 1954.

J. Wilmer Butler to Be Baker Watts Partner

BALTIMORE, Md.—On Jan. 1 J. Wilmer Butler will become a partner in Baker, Watts & Co., Calvert & Redwood Streets, members of the New York Stock Exchange. Mr. Butler is Manager of the firm's unlisted trading department.

J. Wilmer Butler

L. C. Berendsen Opens

BURLINGTON, Iowa — Lawrence C. Berendsen is conducting a securities business from offices at 1957 Bertsch Avenue.

With T. R. Peirsol

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—John A. Armstrong, Jr. has become associated with T. R. Peirsol & Co., 468 North Bedford Drive. He was previously with Francis I. du Pont & Co.

Wolman Hits Forced Union Membership

In an address at NAM convention he also attacks intrusion of government bureaus upon the rights and authority of management.

Dr. Leo Wolman, Columbia University Professor of Economics, in addressing the NAM's 59th Annual Congress of American Industry in New York City on Dec. 2, warned that the fundamental rights of the individual, the very keystone of our governmental system, are being steadily encroached upon and impaired by the concerted drive towards what he termed "compulsory membership" in labor organizations. Government agencies abet this drive, he said, without anyone protesting on behalf of the hapless individual.

Prof. Leo Wolman

Dr. Wolman contended that the drive towards "compulsory membership" is not required by labor organizations to improve their collective bargaining position but rather as an instrument by which union leadership could "discipline" the individual.

The impending merger of the AFL and CIO, he said, represents a "formal" rather than a "real" change since the two organizations already see "eye to eye" on important economic and political policies. He defined these policies as a mutual belief in the "progressive growth of government intervention in economic affairs." The national unions, he said, have developed two purposes; one of an economic nature and the second of political action. In both areas, he said, the AFL and CIO are "going after the same thing."

A further trend evident in labor-management relations, Dr. Wolman explained, is the "progressive inroads into the rights and authority of management." In this area, he said, government bureaus intrude upon the rights and authority of management. The bureaus, he said, are least qualified to participate in such matters.

While he once looked upon the Taft-Hartley Act as an improvement on the Wagner Act, he declared, he has since found that in actual practice, there has been little difference in the two sets of legislation.

John L. Arnold to Be Estabrook Partner

BOSTON, Mass.—John L. Arnold will become a partner in Estabrook & Co., 15 State Street, members of the New York and Boston Stock Exchanges, on Jan. 1. Mr. Arnold has been with the firm for many years.

Hill Richards Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Lynne J. Doolittle has been added to the staff of Hill Richards & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange.

Joins Marache Dofflemyre

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Throvold G. Thompson is now affiliated with Marache, Dofflemyre & Co., 634 South Spring Street.

In Memoriam

The "Chronicle" Pays Tribute to a Brilliant Southerner

The Honorable Berkeley Williams of Richmond, Virginia, a gentleman, by birth and instinct, of rare gracious Southern charm, passed on to his reward at his home, November 29, at the age of 77 after a heart attack. Mr. Williams was a member of a prominent Richmond family and was well known in Virginian social circles. He was a man of unusual refinement and education and had a wide acquaintance in business, financial and political circles in Washington and throughout the country.

Berkeley Williams

To Berkeley Williams, life was a beautiful adventure or game and he knew that it had to be lived or played with enthusiasm and zest to get the most out of living and experience.

A gentleman of democratic nature, with the capacity to make and keep friends, he maintained particular friendships with many less favored people in all walks of life whom he often befriended with an open hand.

Perhaps it is not remiss in speaking of Berkeley Williams' affinity for his fellow man to quote from George Elliott's book *Romola:* "We can only have the highest happiness, such as goes along with being a great man, by having wide thoughts and much feeling for the rest of the world as well as ourselves."

Mr. Williams was a man of diversified financial interests during his long and busy life. Among his connections he was an active partner in the former famous Southern investment banking firm of John L. Williams & Co., also President of the Derby Oil Co., Wichita, Kansas; President of the Williams Oil Co. and President of the Brown Oil Co.

The *Commercial and Financial Chronicle* was his "financial bible" during his business career as it had been to his male ancestry and he regarded the *Chronicle's* editorial policies and efforts for property rights, free enterprise, sound money, enlightened statesmanship in government and world affairs as the *Magna Carta of his life and our country's hope.* His praise and support of the *Chronicle's* principles was generous and heartening, when warranted, while his criticisms were always most kind, friendly and tempered with wit, humor and moderation.

Besides his many public and social activities, Mr. Williams was a versatile man of many minds and interests. His sympathies were cosmopolitan and deep, his cheerful temper always present in his commentaries. The erudite touch and judgment was apparent in all contemporary matters—political, financial and literary—the clarity of his reasoning always sure and sound.

Mr. Williams was an honored graduate of the University of Virginia which was also General George Marshall's alma mater.

In politics, Mr. Williams was a Republican and the organizer of the first Hoover Club in Virginia, whereupon President Herbert C. Hoover asked him to be Postmaster of his native city, which appointment he cheerfully accepted and served until President Franklin Delano Roosevelt replaced him in office with a Democrat. In 1949 Mr. Williams was the Republican candidate for Lieutenant Governor of Virginia.

Biographically, Mr. Williams was the son of John Langbourne and Maria Ward Skelton Williams and a descendant of Col. John Dandridge and Edmond Randolph, Attorney General of the United States in President George Washington's Cabinet.

His late brother, John Skelton Williams, was Comptroller of the Currency under President Woodrow Wilson.

Mr. Williams married Mrs. Kate Harris in 1937, who died in 1945, and is survived by his son and namesake, Berkeley Williams, Jr. of Richmond; a daughter, Mrs. Barron P. Lambert of Baltimore; a sister, Mrs. Lewis C. Williams, of Richmond; three grandchildren and a great grandson, whose birth occurred on the day that Mr. Williams died.

Mr. Williams was intellectually a man of many attainments, well informed regarding a wide range of subjects and so well read that he usually was several jumps ahead of the writer of this humble tribute.

His "bonhomie" will not soon be forgotten by the members of the *Chronicle's* editorial department who admired his facile pen and fluent power of expression. It was their conviction that Berkeley Williams could have ably assumed editorial direction of any one of New York's newspapers had he chosen that field of work.

The writer's editorial associates when asked for their personal estimate of Mr. Williams' character and his attainments were of one accord that "Berkeley Williams was a lover of the young in heart of all ages, a friend to man, a true Virginian, a 100% American, a Philosopher, a Humorist, an optimistic Optimist, and a Christian gentleman at all times and in all things."

—A. W., Dec. 8, 1954.

New Economic Horizons For the Atomic Age

By JOHN JAY HOPKINS*
Chairman and President
General Dynamics Corporation

Asserting the atomic revolution is already moulding the world, and American managers, manufacturers, and financiers should adjust themselves to the changing shape of economic things to come so that the United States can maintain its economic power, Mr. Hopkins holds the time has come when American industrialists must coalesce international policies and programs into international actions. Contends the American economy cannot be healthy and secure if the economic status of other nations is unhealthy and insecure. Proposes a 100-year program for financing, construction and implantation of atomic reactors, sponsored jointly by American private enterprise and the American Government, in cooperation with other friendly nations.

Electronic communications, supersonic flight, limitless atomic power and radiation are changing traditional political concepts, expanding the economies of nations, opening up vast new markets for astounding new products, and thus preparing the way for world-wide and revolutionary social, economic and political change. Viewing these coming changes and our consequent need to keep ourselves fluid and adaptable in order to master them, I am reminded constantly of the truth of Spengler's vivid phrase, "rigidity is death."

John Jay Hopkins

It is evident that the American industrial economy is the most powerful political factor in the world today. It is the source of our military strength, our high standard of living, our physical well-being. But with the advent of the atom, many of the basic processes which support and motivate our industrial mechanism are in imminent danger of obsolescence.

We are now dimly beginning to realize that under the impact of the atom the old mathematical standards, the laws of physics, which in earlier years we were taught to think immutable, the established concept of space, time and dimension, are folding, and faulting, and forming again. The atomic revolution is already moulding our world, and if we managers, manufacturers, and financiers are not fluid enough to pour ourselves into the changing shape of economic things to come we are—as a major economic power, as the world's industrial leader—through, done for, dead. And dead and done for industrially also means dead and done for militarily.

It is profoundly disquieting to read that our Soviet rival has already passed us in the industrial application of atomic energy. I hope that such reports are inaccurate, but it is increasingly evident that the Soviet Union intends to use the industrial atom as an instrument of foreign policy along with—and perhaps in preference to—the military atom.

Industrially the atom may very well become the great "equalizer" it has already become in a military sense. If we do not use industrial atomic energy to increase the living standards of underdeveloped and politically unstable nations, if we fail to recognize that by so doing we can create vast new world markets for our products, if we are slow to accept the economic, social and political changes the industrial atom is bringing about—we shall have doomed ourselves to an inferior competitive position, second to the Soviet Union.

Nations which are poor in natural resources, nations whose resources are poorly distributed with reference to their population centers, nations now emotionally and politically unstable, could become our industrial equals and unfriendly competitors through the use of atomic power reactors donated by Soviet Russia.

The time has come, it seems to me, when American industrialists must coalesce international policies and international programs into international actions.

The energy and ability which has built the American industrial civilization—the American standard of living—must now be turned to those "have-not" nations of today which want so desperately and deserve so thoroughly to become the "will get" nations of tomorrow.

Since the inception of the Industrial Revolution in Europe and North America and the consequent rise of living standards in the West, the peoples of the Asiatic, African, and South American continents have been exposed in varying degrees to the new society based upon machine technology. First, their countries were looked upon as sources of raw materials and markets for finished goods by the rapidly expanding and competitive nations of Western Europe and North America. In many instances they were the recipients of European or American capital which brought about partial industrial development, usually in the form of improved transportation, or in the extractive industries such as mining or the limited processing of raw materials. This imperialistic aspect of the 19th century history, closely linked as it was with world politics—and the specious doctrine of the white man's burden—succeeded among other achievements of dubious value in generating a profound repugnance and emotional animosity towards the West, which is our heritage today. Yet, for all the abuses of the imperialists, and there were many, they were not the prime movers, but only the expediters of the inevitable. Sooner or later, the agrarian cultures of the world would have begun to clamor for the higher living standards so attractively displayed in the show windows of the West. Had there been no imperial interlude, we would be surrounded still by hungry people anxious to emulate our ways, and frustrated perpetually by extreme pressures of their partially agrarian, partially industrial economies. To say the best of ourselves, it is probable that the cumulative effects of the brand of enlightened "imperialism" such as professed and practiced by us in the Philippines—and by the British in later years in India—accomplished a great deal of useful work in planting the seeds of a future industrial economy.

International Shortages

But apart from imperialism, certain socio-economic factors are responsible in large part for the desperate shortages of power, food, water, shelter, clothing which now characterize the agrarian nations. First, exposure to Western civilization taught the leading classes in these nations that the cheap power of the industrial city automatically raises living standards over agrarian levels. And over the years there has diffused to all classes the conviction that a Western type standard of living can be achieved by a Western type industrialization.

Second, the improved health standards of partial or incomplete industrialization have induced explosive increases in population with stagnant economies basically unaltered in cultural pattern, and without commensurate increases of food supplies. The result is that in typical underdeveloped countries there is never a sufficient capital or manpower surplus to achieve complete industrialization with its more static population and more dynamic nutritional curves. Not only do many underdeveloped nations lack any but the most primitive forms of mechanical power but—due to poor nutrition—they lack even effective muscle power in man and beast.

Third, many of the underdeveloped nations possess valuable mineral resources, which because of insufficient capital and untrained and inadequate labor remain idle while multitudes living above and around them are on the edge of starvation.

And, finally, World War II, which brought about a general weakening of the great colonial powers like Great Britain, France, Belgium and the Netherlands, permitted a galvanic upsurge of native idealism, nationalism and other powerful emotional currents. High-minded native leaders vied with the unscrupulous in seizing the opportunity to exploit the obvious restlessness of the native masses, and often in the well-worn fashion of totalitarian dictators blamed the failure of their promises on that now traditional villain—Western imperialism. This situation, surcharged with the heat of emotional nationalism, was well suited to the purposes and methods of the Soviet Union. We have only to consider recent and current events in China, Korea and Indo-China as ample evidence of their success. Yet in those "have-not" nations which are still independent of the Soviet yoke the same problems remain. Indeed, as each year goes by exterior and interior political and economic pressures are being intensified. I need not remind you that if these pressures are not in some way relieved, there will be explosions—or implosions—of disastrous violence.

It may be said that we have no need for Asia's underprivileged millions, that they are an economic liability which we can well do without. Nothing could be more fallacious or so fraught with danger to our security and our way of life. To ignore the needs of these people is inhuman, uneconomic and impolitic. We must not and indeed cannot abandon them to become instruments of Soviet Russia's aggressive military and economic policies.

The world's economic and political life—like its organic life, the life of the sea, the forest and the prairie—is fundamentally a symbiotic relationship—a mutual interdependence, a mutuality of benefits as well as responsibilities. The American economy cannot be healthy and secure if the Asiatic

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*An address by Mr. Hopkins at the National Association of Manufacturers 59th Annual Congress of American Industry, New York City, Dec. 1, 1954.

From Washington Ahead of the News

By CARLISLE BARGERON

Seldom a day passes that some pundit, somewhere, of the newspapers or the radio, doesn't lecture the conservative or often called reactionary Republicans, that they are fools, that they don't realize the country cares nothing for them, that they are tolerated only because of Eisenhower. They are continually being berated for not giving the President their blind allegiance, for not going along with his every word and wish. They have been told so often, in fact, that they are committing party suicide, that they are consigning the Republican party to oblivion, that I can report faithfully that many of them are groggy and becoming incensed.

Carlisle Bargeron

The question arises as to just what the pundit propagandists are trying to do. The answer is probably that most of them do not know. They seemingly have been caught up in a propaganda whirlwind from which they can't extricate themselves. Certainly there is litte truth, logic or political facts in their postulate.

The basic assumption of this propaganda is that a hard core of Republican Senators—you don't hear so much about the House—despise Eisenhower to such an extent that they are prepared to wreck him, seize control of the party and nominate another man in 1956. This is simply not true.

There are Republicans in the Senate who don't like Eisenhower, or rather, don't like his Administration. But there is not a single one who doesn't realize his renomination is inevitable and that without him the party wouldn't have a chance of victory in 1956. This is not necessarily because it is Eisenhower but because no party could expect to repudiate its President and win with a new man. The thought of these Republicans organizing a third party, particularly under McCarthy, is too ridiculous for words. There are several Republican Senators who consider McCarthy an asset to the party, but not one of the 22 who voted with him on the censure issue has ever considered him of the leadership stature they would follow. It should be borne in mind, in the first place, that every Senator, Republican or Democrat, considers himself a Presidential potential.

Now, admittedly there are a few, a very small few, in this hard core who have become so beaten by the propaganda against them and by their treatment at the hands of the President's entourage, that they are beginning to feel they don't care what happens to the party in 1956. Party defeat, loss of the Presidency, would hardly make their lives more intolerable.

In the first place, they are grown men, men of dignity and stature as distinguished from the "wild and woolly mob" of the House. They are not automatons subject to the crack of the leadership's whip as the rank and file members of the House must necessarily be. Having gone out of their way to an unusual degree to give the President such a support in his first two years as to enhance his capacity as a "leader," they ask themselves and each other just what more is expected of them to receive the White House recognition which is their due.

They see now the demand, coming from the same sources which keep up a steady attack on them, for the resignation of Senator Knowland as Republican leader of the Senate. What has been his offense? Why he suggested in a speech that the Administration's so-called 'co-existence" policy with the Reds might be looked upon by these Reds as appeasement.

It so happens that this writer thinks the Administration's patience in the present world tensions is one of the brightest stars in its firmament. But what disservice did Knowland render? I think he rendered the service of letting the Reds know there are forces in this country that might override the Administration's patience if they continue to act up.

Then there is the propaganda barrage against Vice-President Nixon that his "gutter type" of campaigning in the last elections has destroyed his usefulness, that no longer will he be Eisenhower's man on Capitol Hill.

It is not suggested that the President's entourage is inspiring either of the attacks upon Knowland or Nixon. But they are coming from the same group that has been propagandizing against the Republican conservatives and it is to this group the President seems always to harken.

There is the further instance of the McCarthy censure vote. Of the 22 Republicans who voted against censure, not more than 14 at the very most could be considered as anti-Eisenhower. The President had taken the attitude that the censure vote was purely a matter for the Senate. But after the vote he called Senator Watkins, who was Chairman of the committee that made the charges on which the Senate acted, to the White House, and congratulated him upon the "dignified" and able manner in which he had handled the matter. He directed that his commendation be made public. The only effect was to make at least eight Republican Senators who had certainly not been unfriendly to him, indignant, and to endorse the action of the entire Democratic party in the Senate in voting against McCarthy for purely political motives.

Mr. Eisenhower has seemed to reveal many times that he didn't think he had to depend entirely upon the Republicans for support, that he could count upon the Democrats. The indications are rapidly becoming clear that he is in for the greatest disillusion of his life. It may be that in the next few months he will find that cooperation by Senate Republicans is necessary and a two-way street. In that realization, it is my conviction, lies not only the possibility of Republican success in 1956 but the continued prestige of Mr. Eisenhower.

I believe the Senate Republicans, every one of them, want to do their part. But the President has got to do his. Perhaps he needs first to clean out his entourage. To delegate as much authority as he has to such men as he has, does little credit to his executive capacity.

Challenging Problems of The Oil Industry

By M. J. RATHBONE*
President, Standard Oil Company (New Jersey)

Executive of leading petroleum producer, in reviewing today's conditions in the oil industry, lists as principal problems: (1) oversupply; (2) imports of foreign oil; (3) highway safety; (4) Federal regulations, and (5) atomic energy. Says the refining capacity of 15% above demand is no cause for alarm, as national welfare requires excess refining capacity. Contends government regulation is a factor that may disrupt development in the natural gas supply, and questions of highway safety are limiting outlet for gasoline. Concerning atomic energy, he holds it will be complementary to petroleum, "should bring an expanding use of oil." Predicts bright future for the industry.

In considering my assignment it seemed to me at first that after 33 years of pretty active work in the oil business there wouldn't be much new or important to talk about. Just a little thought showed this to be far from true. First of all, it is plain that there are a number of challenging problems facing our industry today. They include new ones, and ones that have become greatly important in recent years.

M. J. Rathbone

Many of the papers at this meeting deal with them. Much has been said about all of them, by many able people of our industry. Most companies, including the one I work for, have expressed themselves in various ways on most of them. It seems to me some of these problems have a significance far beyond the strict boundaries of our own business. How they are dealt with is going to have a real effect upon the course of the business of every company we represent. I would like to talk briefly to you about a few of the principal ones—not, as the lawyers say, necessarily in order of importance.

Problem of "Over-Supply"

To begin with, there is our problem of "over-supply." This might be more aptly referred to as our ability today to supply considerably more than our customers want to buy. This is something new for many of the current generation of management. For 15 years, almost without interruption, the American oil industry has faced a steady and at times exceptional growth in the demand for its products. World War II was a supreme test. Since then, whenever a tapering-off in demand seemed at hand, something happened to expand, rather than contract our outlet. An unexpectedly large pent-up post-war civilian demand, and some cold winters, pushed us for supplies in 1947 and 1948. In 1950 the Korean War again pressed us to new levels of activity. The Iranian shutdown in 1951 posed new supply problems. As late as 1952 everyone was straining for new supplies and new capacity. At last, in 1954, we are ahead in both capacity and activity.

Now we seem slow to believe statistical facts. Production and refinery runs have been too high. Product stocks have risen. Product yields are out of balance. Markets in general are unsettled.

Can we look for a return soon to full capacity operation, and to a seller's market? I'm not so sure. Crude oil producibility in the U. S. during the course of the current year has been estimated as providing a spare of approximately 20%, although, as all of us know, a new study on this is under way right now, and may change this figure. Estimates of refining capacity indicate a spare of around 15%. Product demand this year will probably be only about 2% over 1953. While in 1955 demand is expected to increase about 5% over 1954, even without any further increases in producing or refining capacity, our industry will still apparently have a very substantial margin of spare capacity. But exploration and drilling activity are certainly not going to stop, and more refining equipment is already under construction. It seems obvious to me that our industry is going to have substantial spare capacity for some time to come.

Is that frightening? It shouldn't be. Any industry as vital as ours to the country's security and welfare has to have reasonable spare capacity. We must be prepared for unexpected demands and possible interruptions to normal supply, let alone the needed strategic reserve for possible military requirements.

Opinion will vary widely as to what is "reasonable spare capacity." Considering that the planning, design and construction of today's complex refineries take at least two to three years, today's refining spare capacity of around 15% does not seem unreasonable to me. Crude producing reserve capacity is more difficult to analyze, because finding and developing new crude oil supplies obviously has many uncertainties. Even after a big oil field is found it may take around five years to develop it properly—and good big oil fields are becoming harder to find. The decline in productivity of old fields goes on inexorably. It would seem to me, though, that —everything considered—a pretty good case could be made to support the opinion that a substantial reserve producing potential in the order of 20% is a desirable thing for our country and our industry to have. Exact figures will always be controversial, but I doubt that anyone will disagree that our industry needs reserve capacity.

Spare capacity costs money and creates problems. But an inadequate capacity, or the inability to provide adequate services and supplies, or a failure to meet a national emergency, could be much more costly and create even greater problems.

We may as well face it. We are going to have to live with substantial spare capacity. To me it is unthinkable that we would not carry the reserve needed for national security, or fail to maintain the flexibility required to meet unexpected developments in supply or demand. Excess capacity will always be an economic problem, but I refuse to believe that there is not enough ability, responsibility and plain business judgment in the management of this great industry to deal with it wisely.

Oil Imports

The next problem on my list is oil imports. This matter is certainly tied in closely with the question of over-supply. It is a fundamental question which is certainly not new, but which has sprung into real prominence in the last few years. It would be hard to overstate the importance to our industry and to our nation of how we deal with it.

L. G. Weeks, Jersey's chief geologist, has estimated that the oil prospecting basin area and the coresponding sedimentary volumes for the world are each approximately ten times the corresponding figure for the United States. We have about 25% of the presently proved oil reserves of the free world. Yet we consume almost two-thirds of the free world's oil production.

The question raised is simple—whether and how, in the light of these facts, to use oil supplies from abroad when we have so much available at home right now. Yet involved in this question are the broadest kind of considerations—international relations, the free world struggle against the spread of communism, national defense, the principles of proration, the conservation and most efficient use of American domestic resources, even the basic principles of the free enterprise system. These factors are far too important to permit short term or expedient answers to the basic question.

Jersey Standard has already stated its position on this question many times. We think our actions have been consistent with this position. We believe that this country should import oil to supplement our domestic supply, which, while surely very large, is much less in proportion to our consumption than that of the rest of the world. We believe we should import oil to foster and expand international trade which is so vital to our country, and so important to our relationships with friendly foreign lands. We believe that the development of foreign oil supplies by American companies adds materially to our national security, and that reasonable imports are a part of that development.

We recognize fully that, particularly in periods of domestic oversupply, the question of imports is one of real concern to domestic producers, and we think this fact should be given most careful consideration by the importing companies. As in the case of our oversupply problem the situation calls for the exercise of the highest order of business judgment by all concerned.

We believe the oil industry itself can find its way through this difficult problem, always keeping clearly before it two cardinal principles—to maintain a vigorous and progressive domestic petroleum industry, and to meet the requirements of national security. Disagreements lie mainly in interpretation of the effect of specific actions on these principles, not in the principles themselves. We urge patience and restraint—there is need for plenty of both on all sides. This is an industry problem. Only within the industry can the needed flexibility, knowledge, judgment and ability be brought to bear on its proper solution. We do not believe in legislative distortion of economic law. Legislative restrictions and dictates are not the right way to solve this problem.

Highway Safety and Traffic

Next I may surprise you by listing, as a real problem for our industry, highway safety and traffic. These are major factors in our business outlook. They could exert a limiting effect upon the outlet for gasoline.

Today more than one out of every three people in the United States are licensed to drive motor vehicles. And every day 105 people are killed as a result of motor accidents. Five thousand are injured.

America is growing and decentralizing. At present 19% of the population lives in suburban areas as compared with 8% less than 50 years ago. And we are being urged to disperse even more, to lessen our vulnerability in the event of war. Trucking as a means of distribution grows remarkably. Our social and economic life becomes

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*An address by Mr. Rathbone at the 34th Annual Meeting of the American Petroleum Institute, Chicago, Illinois.

A Fence of Our Own to Mend

By BENJAMIN F. FAIRLESS*

Chairman of the Board
United States Steel Corporation

After commenting on the unfavorable conception of the businessman during the 1930's, Mr. Fairless stresses the value of public relations in restoring the respect for business enterprise and creating a better understanding of the responsibilities of business to the people. Points out there will be no individual freedom without economic freedom, and cites the restrictions on personal freedom imposed by the Labor Party in Britain. Holds, unlike a "little blue Socialist heaven," America's free competitive economy rewards every segment of society.

I'll begin, of course, with the story. It seems that the fence between Heaven and Hell blew down, one day, in a storm; and this led to considerable controversy in the Nether Regions. The devil's lawyers informed him that he was clearly liable for part of the cost of its reconstruction; but his P. R. staff pointed out that any concession on his part would be widely regarded as a sign of weakness, and might even be construed as a gesture of good will. This, they said, would seriously damage his reputation and standing in the community. So, after careful consideration, he sat down and wrote the following letter to the angels. It said:

Benjamin F. Fairless

"On advice of Public Relations counsel, I am pleased to inform you that the repairs are no responsibility of mine." To which the angels, in due course, replied: "Having no Public Relations counsel, we agree to mend the fence ourselves."

Now I pass that story along to you, not because of the regrettable doubts which it casts upon the ultimate disposition of the distinguished members of this Society; but rather because it emphasizes a painful fact about this age we live in: that not even an angel can expect to do business these days without an economist, a P. R. staff, and a seeing-eye dog to guide him!

It should also remind us, I think, that if we wish to stand on the side of the angels, we have a fence or two of our own to mend. And that, of course, is what I want to discuss with you today.

Those unhappy years that Ed Bowerfind recalled are still very fresh in my memory—years when the American businessman was generally regarded as just about the lowest form of our national life. So far as public opinion was concerned, he stood, perhaps, a cut or two above the banker and the utilities magnate; but several points below the unreconstructed Republicans of Maine and Vermont.

He was the victim of a philosophy which as accepted without protest in those days—the philosophy of "guilt by occupational association." Any fault on the part of one businessman became, almost automatically, the basis for a blanket indictment of all businessmen. A simple mistake in judgment was often magnified to the proportions of a major crime. It was widely assumed that anything which was good for business was naturally bad for the country. And it was generally agreed that private industry must be shackled with endless regulation and controls.

*An address by Mr. Fairless before the Seventh Annual Conference of the Public Relations Society of America, Inc., New York City, Dec. 1, 1954.

The Evil Days of Businessmen's Disrepute

Yes, those were evil days indeed; and they brought this nation closer to the brink of outright socialism than it has ever been before or since. The American people had been badly hurt in the depression. They were nursing painful economic wounds; and they insisted that someone be punished for their sufferings. So they seized upon business as their sacrificial goat.

And we businessmen were about as helpless, I'm afraid, as any burnt offering could be. We couldn't fight back — or even answer back — because we had no voice. Presumably we spoke the same language as everyone else in America; but no one seemed to understand it. Nor did we always understand, I think, the language of the people.

But one thing we did understand: that somehow we had to refute — in clear and convincing terms—every reckless charge that was made against us— that somewhere we must find a vioce which the American people could hear and comprehend.

Now this was not a task which could have been performed by press agents, publicity men, or propagandists. It required the services of men and women who possessed professional dignity, unimpeachable integrity and the highest sense of responsibility. And that, of course, is where you came in.

For some 20 years, now, you have been the Voice of American Business—a voice that today is respected and believed. You have given the people of this nation a new understanding of our problems, our policies and our legitimate needs. And in doing this, you have also given us, I think, a better understanding of the broadening scope of our responsibilities towards the people as a whole. In short, you have been our main line of communication with our fellow citizens; and as such, you have become a vital and indispensable part of modern business management.

So in accepting your very welcome invitation to meet and talk with you today, I have been motivated chiefly by a desire to extend to you my heartfelt congratulations on the important contribution you have made to the salvation of our American economic system. And if you will permit me to inject a personal note at this point, I should also like to offer a special word of tribute to Carlisle MacDonald who, for 18 years, has presided so capably over our own P. R. activities at U. S. Steel.

During that time, he has built up an organization which is not only a credit to our Company and to the industry—as has so generously been said here already—but which, I believe, has done equal credit to the highest ideals and traditions of the Public Relations profession. And while Mac, as you know, is a very shy and modest gentleman who will probably be deeply embarrassed by these well-merited words of appreciation, I wanted to speak them here, among his colleagues and his friends.

Now it would be difficult, I know, to appraise the value of Public Relations by any fixed standard of measurement; and it is probably impossible to do so in cold, hard terms of dollars and cents. But about six months ago, Claude Robinson came up with one of the most illuminating studies on this subject that I have seen so far.

His Public Opinion Index took a nationwide poll among the manual and white-collar workers of eight major industrial groups; and in it, these workers were asked how they rated the leaders of business and industry in comparison with union leaders and with government officials. The results were astonishing to me, and I'm sure they must have been at least mildly surprising even to you.

The survey showed that in many important respects, these industrial workers placed considerably more confidence in the leaders of business and industry than they did in the leaders of labor and government. They believed that management's leadership was more honest and more truthful—more intelligent, forward-looking, fair-minded, capable, hard-working, energetic, and trustworthy than was the leadership of government or labor unions. They also felt that business leaders were less arrogant, ruthless, cold-hearted, selfish, over-ambitious and power-hungry than union leaders are.

So we certainly have come a long way together since those dismal and depressing days of the 1930's; and I should be inclined to be mighty happy about the job you have done if I'd only stopped reading right there. Unfortunately, however, I didn't; and a couple of pages farther on in the report, I found something that seemed almost unbelievable to me.

When asked which group of leaders had done the most to protect freedom of the individual in this country, the overwhelming majority of these industrial workers gave the credit entirely to government officials. About one in five said that union leaders were the outstanding champions of individual liberty in America; and only one in 12 cast business leaders in that role.

And there is what I believe to be the biggest and most dangerous gap in our fences today. As far as mere credit is concerned, of course, we don't care who gets it—just so long as human freedom is preserved in this great land of ours; but how can freedom be defended successfully unless our people fully understand the nature and the source of the attack upon it? And clearly, these workers did not.

No Individual Liberty Without Economic Freedom

If they had been asked who had done the most to protect our system of free competitive enterprise, I have no doubt that they would have been almost unanimous in saying that business leaders were responsible for that; but obviously, they seem to think that economic freedom and individual liberty are two entirely different things—that it is possible to surrender one and still retain the other.

Now that, of course, is a disastrous and fatal delusion; and the fact that it still persists is not only a major threat to all of our Constitutional liberties, but it is also a shocking commentary, I think, upon the inadequacies of our entire public relations effort to date.

We know that the only alternative to private competition is government monopoly of enterprise. We know that when government monopolizes production, distribution and employment, it is no longer the servant of men—it is their master. And therefore we know that economic liberty and political liberty are inseparable parts of the same ball of wax—that we must keep them both, or we shall lose them both. But clearly there are millions of our fellow men who do not know and understand these vital, basic facts about their freedom.

Now why have we failed in this field, when we were so successful in all the others I have mentioned? Well, the answer, I suspect, is quite simple.

For more than 20 years, American business has been the central traget of a bitter socialist attack upon our free economy; and we have had to defend ourselves against that attack almost single-handed. We have told ourselves that we were also defending nobly the economic and political liberties of every man and woman in this nation—and this, indeed, was entirely true—but our fellow men just didn't see it that way.

To them it appeared that we were striving chiefly to save our own skins—that this was a private fight; and that they could afford to watch from the sidelines and wait for the best man to win.

Now I am perfectly sure that most of these people sincerely believe in our enterprise system and want to see it preserved. But they also harbor a deep suspicion that free enterprise is a device designed primarily for the benefit of business—that it is our own personal baby, and that we have a vastly greater stake in its survival than they do. So they shrug off these attacks with one cynical question: "What have I got to lose?"

And to this very date we have never answered that question to their satisfaction. Yet we have, at our fingertips, and answer so clear, so convincing, and so dramatic, that hardly anyone could fail to understand it. And I refer, of course, to the case history of Britain under the recent Socialist Government. It is the story of a people who — of all the nations across the seas — are most closely akin to us, because they speak our language and they cherish personal liberty quite as jealously as we do.

So while I have used this illustration before, it is so appropriate to this discussion and in these surroundings that I should like — in the few minutes that remain to me here today—to suggest that we ask ourselves frankly, which group in our economy—the owners, the employees or the customers of business—would suffer most if we were to adopt a kind of benevolent, socialist government like the one which held power in England for six years following the close of World War II? Let's look at the established facts:

The Labor Party in the British Government

Nine years ago the Labor Party and the labor unions took over the British Government, lock, stock and barrel. Then they set out to create, in England, the socialist Utopia that they had always pictured. First, they established a system of cradle-to-grave security which undoubtedly did benefit the most impoverished groups in their economy. After that, they nationalized virtually all of the biggest, most important industries in the land, and fashioned them into a giant monopoly under government ownership and operation.

Now how did the people of Britain fare in that Utopia? What actually did they lose? Well suppose we start with the owners whose businesses were taken from them.

These properties, of course, were not confiscated. The government bought the owners out, and in exchange for their stock—which paid dividends only when there were profits—it gave them government securities which paid interest, annually, whether there were any profits or not. So, since some of these businesses had been in the red for a long time—and since practically none of them ever made a profit after the government took them over — the former owners found themselves in the happy, and unusual, position of being subsidized, in effect, by a Labor Government at the taxpayers' expense. You might even call it a kind of "Guaranteed Annual Dividend."

When it came, however, to the small shopkeeper who was permitted to retain his own business, he did not fare nearly so well. He operated under a rigid system of rationing and price controls; and whenever the government found it politically expedient to do so, it could — without warning — cut the price of the goods which he had on his shelves. But it could not cut the price he had already paid for this merchandise; so he was left holding the bag. All he could do was to fire a couple of clerks, keep his customers waiting in line, and try to break even on the deal.

So far as the owners of business were concerned, therefore, the burdens of socialism fell most heavily upon the smaller, weaker enterprises that remained in private hands. But now let us count, if we can, the blessings which the British worker enjoyed under this Labor regime. His unions had achieved their highest ambition. They were their own bosses. They controlled the biggest, richest industries in the land; and they could whack up all the profits as they pleased.

But alas, there weren't any profits to whack up. And the union leaders were far from happy.

They wanted, presumably, to grant every wage demand of their membership; and as the owners and managers of their newly-acquired industrial monopoly, they could easily jack up their prices accordingly. But as government officials and statesmen they could hardly allow their country to plunge headlong into bankruptcy, as it threatened so often to do during the six years they held office.

To keep England solvent, they had to maintain British exports. To maintain exports, they had to keep their prices competitive with those of the most efficient producers of the other nations of the world. And to keep prices competitive, they had to hold production costs—and wages—down.

So in the end, they had no choice but to try to enforce what amounted to a wage freeze. Beyond that, they plastered every available signboard with slogans such as "Work or Want"—slogans urging British labor to work harder and produce more. Over here, our men would have called it the "speed-up."

What they called it over there was apparently unprintable. Unrest grew in the rank and file. Absenteeism began to cripple the production of coal. There were slowdowns on the railroads; and strikes on the docks, which endangered the national food supply. Something had to be done—and it was done.

To cope with the coal situatin, the Government froze miners in their jobs—completely destroying their freedom to work anywhere else. And in the dock strike, it took 15,000 drafted troops—many of whom came from union families—and sent them down to load and unload the ships until the strikers caved in. And so it was that labor's own leaders were cast in the role of strikebreakers!

But that was only one of the disillusionments that the British worker suffered under socialism; for he was also a taxpayer and a consumer—even as you and I.

As a taxpayer he learned to his sorrow the ruinous price of the all-out welfare state. He learned it because he paid it! His leaders, it is true, had soaked the rich while they lasted; but that wasn't long, and all that they got from the rich was only a drop in the bucket. Nor could they soak big business, of course, because they already owned it, and it paid no taxes at all. So there was no one left to soak but John Q. Worker himself.

In the lower brackets he paid a standard tax of 45 cents on the dollar; and the surtaxes went up from there. But that was only the beginning. On top of his income tax he paid a sales tax—incredible as that may seem in a labor leader's Utopia. Nor was it any little penny sales tax either. It ranged from 33% to 100% of the selling price of each article it covered.

But in a way, this really didn't matter so much, because there wasn't a great deal he could have bought with his money, even if he'd been allowed to keep it; for England, under socialism, was a barren land of shortages and a wilderness of controls.

Its finest products were largely reserved for export. An American tourist could buy them readily in the London stores; but the British worker couldn't buy them at all. He could only admire them in the shop windows where they were clearly marked: "For export only."

At the same time, the Government was forced to cut to the bone, the imports upon which the British worker has always depended for many of his basic necessities of life. So most of the things he needed were severely rationed; and many of the things he wanted were denied him completely, under export controls. Things like a new home or a car, or any of the household appliances that are so commonplace to workers over here, were hopelessly beyond his reach. And even if he had been able to buy an automobile, he would not have been permitted to drive it more than 90 miles per month!

So he had little incentive to work more, to produce more, or to earn more. The luxury of leisure was far more attractive than time-and-a-half for an extra day's work; and it was the only real luxury left to him; for under the welfare state, he had learned a significant lesson: that no matter how little he worked, he would always be able to exist; but no matter how hard he worked, he would never truly be able to live!

Now all of this, of course, played hob with the British economy. Consumers grumbled their endless, and futile, complaints on all sides. Production lagged badly in the Government's industries. Quality declined steadily; prices were hiked substantially in the domestic market; and still the mounting losses were charged up to the taxpayers. So the Government faced continued crisis. It was always behind the eight-ball.

And thus it was that the union leaders also learned a significant lesson of their own: that men will work only for one of two reasons. They will either do so voluntarily in pursuit of the carrot; or they must be driven under the compulsion of the stick. And since the Government had completely destroyed the carrot incentive, it had to resort to the threat of compulsion.

To this end, it armed itself with totalitarian powers which greatly curtailed the individual freedoms of the British people—freedoms that we have come to take for granted over here. It invoked labor controls which were far more drastic than any we have ever known—or even thought of—in the United States. It revived wartime powers which allowed it—among other things—to compel British workers to take whatever jobs it might assign to them. It even passed a law which said that British farmers could be dispossessed from their own land if they failed to manage it to the complete satisfaction of the Ministry of Agriculture.

Let it used to be said that an Englishman's home was his castle!

Now it is true, of course, that these sweeping powers were sparingly used, if at all; but their very existence was enough to serve as a constant threat. So the British worker found himself shut in behind the iron curtain of laws, controls, and regulations. He filled out endless forms—in duplicate; he queued up for his daily bread, with ration book in hand; and he bought whatever it was that the Government—in its wisdom—permitted him to have. But three great necessities of life which it never allowed him at all, were opportunity, incentive and hope!

And there is a brief, but factual case history of what happened in England when it surrendered its economic freedoms. Within the framework of their socialist philosophy, the leaders of the Labor Government tried loyally and sincerely, I believe, to solve the many critical problems which confronted them, and to create a better life for their fellow workers. The fault did not lie with their intentions. It lay with their philosophy. And after six years of austerity and crisis, they were voted out of power—not by the owners of business, but by the only groups in England which had the political strength to do it—by the selfsame people who had put them into office in the first place—by the workers, the consumers and the taxpayers. For these, you see, were also the people who had suffered the most—and lost the most—in their little blue socialist heaven.

Who Has Greatest Stake in American Enterprise?

So again we come back to the original question: Who does have the greatest stake in our American enterprise system? Is it the stockholder, with his dividend? Is it the worker who gets many, many times that sum, and enjoys the highest standard of living in the world? Or is it, perhaps, the consumer who reaps the blessings of competition and surrounds himself with every conceivable comfort and convenience of this modern age?

The answer, of course, is clear. Our free competitive economy is the only system in the world that richly rewards every segment of society; and that is because it is the only system on earth which truly belongs to all of the people. It is not the private possession of American business, nor of any other economic group — and it never can be. It is the property—and the responsibility—of every man and woman in this nation.

And if we can ever bring to our fellow men a true understanding of what this system means to them, to their children, and to unborn generations yet to come, then we may rest assured, I think, that American business will never again be called upon to "go it alone" in leading the fight against the forces of socialism in this country. Nor could the misguided advocates of government monopoly even muster a corporal's guard, I believe, in support of their thoroughly discredited cause.

Now how shall be perform this miracle? What symbols can we find? What media should we use? Well, frankly, I haven't the slightest idea. That, again, is where you come in. You are the qualified experts in that field. You are the greatest fence-menders in the world.

But if I had the right, today, to assign to you what I regard as the most important single task that you will ever undertake, it would simply be this: That you bring to each one of our workers, our customers, our neighbors, and our responsible representatives in government, a knowledge and a realization of his own enormous stake in our free competitive enterprise system; and that you somehow contrive to show him exactly what he's got to lose, if ever that system should fall.

For until that job has been thoroughly done, we can never be entirely sure that tomorrow's sun will shine, in America, upon a people who still walk—and work—in freedom.

Bank Reserves Too High!

By J. STEWART BAKER*

Chairman of the Board,
Bank of the Manhattan Company, New York

Prominent New York bank executive tells shareholders there is no just ground for the current reserve requirements for commercial banks. Says high reserves restrict banks' efforts to keep pace with the growing economy, and penalizes bank shareholders. Advocates a 10% cash reserve to deposits for New York City banks.

At the Annual Meeting year before last I called attention to the fact that banks in New York City and Chicago were discriminated against in the matter of the reserves they are required to carry in the Federal Reserve Banks against deposit liabilities. It is a pleasure to be able to report to you that since then two steps in the direction of reducing this discrimination have been taken by the Federal Reserve authorities. In July, 1953, and again in June and July, 1954, required reserves of New York City and Chicago banks were decreased by a larger percentage than were those of banks in other areas. Nevertheless, a considerable disparity still exists and the major banks in New York City and Chicago continue to operate at a serious competitive disadvantage, which it is hoped will be eliminated in the near future.

J. Stewart Baker

As the loss of earnings on a substantial part of the assets of a company is of the utmost importance to its stockholders, I would like again to refer to the laws and regulations which require your bank to carry a large percentage of its deposits idle in the Federal Reserve Bank of New York, where earnings on them accrue to the Federal Reserve Bank and not to this bank's stockholders. The sterilization of an unnecessarily large amount of the assets of banks has unjustly penalized their stockholders. Moreover, it has made it difficult for the banks to keep their capital funds in proper proportion to their growing deposits, through earnings retained after dividends or through the sale of stock at prices which are fair to stockholders. The public has an interest in this problem of bank capital for the maintenance of a strong commercial banking system to keep pace with the future economic development of our country is of primary importance.

Present required reserves of member banks are substantially above those which were required during the early years of the Federal Reserve System. Large banks in New York City from 1917 to 1936 were required to carry only 13% against their demand deposits and reserves of all member banks throughout the country averaged about 8% of total deposits. In contrast to this, the larger banks in New York City must carry today 20% of their demand deposits in reserve at the Federal Reserve Bank and the reserves and vault cash of all member banks average about 16% of their net demand and time deposits. The Federal Reserve does not need such high reserve requirements since its powers to alter the Federal Reserve rediscount rate and to buy and sell U. S. Government securities in the open market provide adequate means of influencing the expansion and contraction of bank credit. Credit control through the increasing or decreasing of reserve requirements is so blunt and harsh that the authorities have used it very infrequently and with the greatest reluctance. Therefore, it would seem that the system of flexible reserve requirements should be abandoned and that reserves should be fixed by law and not be subject to change by the Federal Reserve Board, even though within restricted limits.

I would point out that for a considerable period of years the banks in England and Canada, as well as in a number of other countries, have been operating as a matter of long established custom, with reserves against deposits of approximately 10%. The reserves required to be carried by all member banks in the United States should, in my opinion, be reduced so as to average approximately 10% of total deposits with, of course, appropriate differentials in the rates applicable to deposits of different types and with provision for vault cash to count as a part of required reserves. This would take the place of the present system of basing reserve requirements upon the geographical location of member banks, a principle which is so plainly outmoded that it is no longer equitable under existing circumstances.

Any such reduction as I am recommending in total required reserves obviously should be put into effect slowly and in such a way as to permit the Federal Reserve Banks to reduce their holdings of U. S. Government securities simultaneously so that the reduction in reserve requirements would not be inflationary and would not disturb the interest rate structure.

*A statement by Mr. Baker at the Stockholders' Meeting of the Bank of the Manhattan Company, New York City, Dec. 7, 1954.

Robt. Savage Joins Harris Trust & Savs.

CHICAGO, Ill. — Robert D. Savage has joined the staff of the investment department of the Harris Trust and Savings Bank in Chicago. Mr. Savage had been resident manager of Baxter-Williams & Co. in Detroit for the past two and a half years. Prior to that he was associated with Crouse and Company. He was President of the Bond Club of Detroit in 1953-54.

Robert D. Savage

Ladenburg Thalmann To Admit Otto Marx Jr.

On Jan. 1 Otto Marx, Jr., will become a partner in Ladenburg, Thalmann & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Mr. Marx is a partner in Marx & Co.

Joins Brown, Madeira

(Special to The Financial Chronicle)

CARMEL, Calif. — George W. Vaughn has become connected with Brown, Madeira & Co. of New York.

Two With Calif. Investors

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Albert L. McCormick and Marion L. Maroney are now affiliated with California Investors, 3924 Wilshire Boulevard.

Dedication Set for New Dam and Reservoir Of Puerto Rico Water Resources Authority

Photo by "El Mundo"

Formal dedication of the Antonio Luchetti Dam and Yauco Reservoir has been scheduled for Dec. 11, Carl A. Bock, Executive Director of the Puerto Rico Water Resources Authority announced. This is the second of five major dams being built in connection with the Southwestern Puerto Rico project. This project extends over an area of 250 square miles and encompasses the reclamation and utilization of 26,000 acres of land; development of 100 million kilowatt hours annually of hydro-electric energy; development of a potable water supply for communities in the Southwestern part of the Island and protection from floods in several river basins.

Part of the project involves diversion of water through the mountain divide of nearly eight miles of tunnels. Construction of two of the three remaining major dams is well under way and work on the foundations for the fifth dam has begun.

The source of water and power features will cost the Authority $25,200,000 and the irrigation feature financed by the Commonwealth of Puerto Rico will cost approximately $6,800,000.

THE MARKET . . . AND YOU

By WALLACE STREETE

Despite a considerable amount of profit-taking that halted the stock market advance momentarily, none of the selling was able to upset the market's basic equilibrium this week and industrials particularly kept pushing their all-time high reading toward the 400 mark with real and even somewhat amazing determination.

* * *

As has been happening somewhat regularly, the rails were ever ready to carry the ball when the industrials faltered, and even within the industrial group there were sufficient new favorites to take over the leadership when the Blue Chips hesitated or reacted moderately. For the rails their standing is the best in two dozen years with a good bit of ground to go before then can join the industrials in record-breaking high ground.

* * *

The utility picture was far milder since this particular average spent most of the week still struggling to exceed the August level for even a new 1954 high. But that figure was also the highest in 24 years although, as with the rails, the gap is so wide that no record levels are imminent for this index either.

* * *

Interest in Secondaries

A decided interest in some of the secondary issues kept the industrial average from sprinting quite as spiritedly as it has so far in the post-election runup and, for a change, it was some of the $20 issues that showed the multi-point daily gains instead of the three-figure issues at the high priced end of the list.

* * *

Reynolds Spring, for instance, which only struggled to the 20-line last week, added another 25% in value in a couple of sessions. Lowly Alleghany Corp., which outpaced all the rest in November by adding more than two-thirds to its value, continued to push ahead with spirit, and reached its best level since the more speculative days of 1946. It has doubled in value so far this year.

* * *

Standard Coil, which also is far from being in the blue chip class, also came to life and succeeded in finally eclipsing the 1953 high with only a bit farther to go for a record peak.

* * *

The deterioration in the quality of the leadership was particularly apparent in the most active issues with the top spots taken over by low-priced issues, notably some of the eastern railroads.

* * *

Western Union, at least for awhile, was one of the market pets of the week. It joined the sprinters with abandon and its gains of three to four points at a clip were about as excessive as any others around. All sorts of rumors helped carry it along and Tel-autograph, equally spirited on the advancing side and in reaching new highs, was linked with Western in all sorts of talk in the face of company denials.

* * *

Stately Issue Gets Going

Among the more stately issues in recent months has been American Telephone, whose 1,300,000 shareholders are more than double the number of holders in any other single issue. But the stock, after being long immune to the exuberation of the market generally, has forged out a string of new highs with a new determination. The issue was still in a yield bracket of 5% this week but was crowding the line. It reached its best price since the shade over 200 posted in 1946.

* * *

Motor shares had a rather desultory market experience as a majority attitude seemed to be to wait on concrete results from the car makers' big year-end push on their new models. Not even the sizable shorts in Chrysler seemed disturbed and while Chrysler was somewhat generally rated "behind-the-market" the stock had an uneventful market experience.

* * *

Electrical issues, likewise, were resting for the most although Westinghouse seemed to command a bit more popularity than some of the others in the group and was able to make the list of new highs while the others rested. McGraw Electric was inclined to ease quietly after its recent play.

* * *

There were indications that holders are sufficiently restless over the comparatively high levels of some prices so that once the rather liberal year-end dividends are assured selling crops up. This was the pattern in National Aviation which made a fat $5 year-end disbursement, as well as in the cash-and-stock payment of Cities Service where a subsequent split is planned.

Aircrafts subsided after somewhat spotty popularity generated by prospects of 1955 government allocations. Douglas, despite its runup this year, was able to step out occasionally and maintain a standing among the new highs.

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Among the rails, Louisville & Nashville was another favorite that had the added distinction of reaching an all-time high price, which isn't a description that fits most of the items in the carrier group.

* * *

Oils Ragged

Oils had a somewhat ragged appearance despite some new price increases that are certain to enhance profits. Standard Oil of New Jersey was favored enough to make a couple of appearances in the company of other new high prices. Honolulu Oil was one of the sprinters in this division and reached a historically high price. Northern Pacific, which derives a market impetus far more from the mineral potentialities of its land than its rail operations, was stalled, at least temporarily. This was after it had breached a resistance level that paved the way theoretically for some spirited action such as it went through in 1952 when it reached a level some 40% above its present standing.

* * *

Steels turned in one of the better shows of stability despite the general market action and were able to stand their ground even when widespread profit-taking was rampant. Continued improvement in the operations rate, plus above-average yields for the group generally, apparently left their holders little disturbed over the immediate future.

[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.]

Henry Holbrook With Lucas, Eisen Firm

KANSAS CITY, Mo.—Henry H. Holbrook has become associated with Lucas, Eisen & Waeckerle, Inc., 916 Walnut Street, and will represent the firm in the buying department. Mr. Holbrook was formerly with A. H. Bennett and Company.

Shearson Hammill Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—James B. D. Barrett and James E. Brum are now associated with Shearson, Hammill & Co., 520 South Grand Avenue.

With Hooker & Fay

(Special to The Financial Chronicle)

SALINAS, Calif. — J. Richard Hughes is now connected with Hooker & Fay, 420 South Main Street.

Railroad Securities

Gulf, Mobile & Ohio

Strength in railroad stocks has recently been spreading into the more speculative categories and on increased volume. Apparently there are many who feel that the anticipated higher level of business next year will, at least relatively, be of particular benefit to those roads with substantial leverage in both their capitalizations and operations. It is argued that those which suffered the largest percentage declines in net income during the past year of lower traffic should logically show the largest percentage increases in earnings next year. Another factor in the sustained rise in railroad securities is probably the hope in many quarters that the report of the President's Cabinet Committee on railroads may be released shortly and that it will contain recommendations for important constructive legislation.

One of the better grade lower priced stocks that has not participated to any great extent in the rail strength is Gulf, Mobile & Ohio common. At least in part this is probably due to some disappointment over the failure of the directors this year to duplicate the $0.50 a share extra dividend paid at the 1953 year-end. This marks it as one of the few railroads that will not make so large a distribution to stockholders in 1954 as it did in 1953. Nevertheless, it is pointed out by those who are constructively inclined toward this property that the regular dividend rate of $2.00 per annum affords a liberal yield of very close to 6%. Also, if business in general follows the anticipated pattern it is felt that more generous treatment might be looked for next year when cash needs for payment of serial equipment maturities will begin to taper off.

On the whole, a constructive attitude toward this property and its securities does appear to be justified on the basis of its past record and the long-term prospects for the territory in which it operates. The road, which was one of the first to reach complete dieselization, has attained a high degree of operating efficiency. It is one of that select group of railroads that in recent years has been reporting a transportation ratio consistently below 30%. Even in the current year the road has been doing well in this respect. While this important ratio for the ten months through October was 2.5 points above a year earlier it still came to only 31.0%. This is some seven points lower than indicated for the Class I carriers as a whole.

Another aspect of this picture is the better-than-average long-term traffic trend. To a large extent this is attributable to the growth characteristics of the southern part of the service area. Also, over a period the traffic status of the property has periodically been bolstered by acquisitions which finally resulted in the extension of lines all the way from the Gulf of Mexico, at Mobile and New Orleans, to Chicago. All indications are that the southern territory will continue to expand industrially and the company should in particular reap increasing benefits from the movement of import iron ore from Venezuela through Mobile. Thus, further increases in traffic are looked for.

Maintenance outlays have not been so strictly controlled this year as have transportation costs with the result that on a drop of $6.8 million in gross for the period through October net income was off $2,332,000, to $4,885,000. This drop in net was equivalent to $2.51 a share on the outstanding common. It is indicated that comparisons in the final two months of the year will be considerably better than in earlier months so that for the year as a whole earnings may top $5.00 a share compared with $7.07 a share realized in 1953 and average earnings over the last 10 years of $4.39 a share.

Joins Wm. C. Roney

(Special to The Financial Chronicle)

DETROIT, Mich. — John M. Hayward is now affiliated with Wm. C. Roney & Co., Buhl Building, members of the New York and Detroit Stock Exchanges.

With Haseltine, Gilbert

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Henry Olson has been added to the staff of Haseltine, Gilbert & Wilson, Inc., 108 South 9th Street.

Continued from page 5

Observations . . .

is evidenced in the following table comparing the larger tax on estates with that of gifts. These figures assume:—regarding inheritance, that the estate is of a married person with two children; and in the case of gift, its donation to two children with the wife joining in the gift.

Amount	Estate Tax (incl. Fed. & N. Y. State)	Gift Tax
$75,000	$1,000	$67.00
100,000	5,000	1,410.00
200,000	34,000	15,930.00
300,000	64,600	37,350.00
500,000	130,000	82,350.00
1,000,000	312,800	201,270.00

Husband and wife together may annually give tax-free to any number of individuals $6,000 each. It can be the husband's money with the wife merely giving her formal assent. Additionally, they may make a "once-and-for-all" gift that is, once in a lifetime, up to $60,000 tax-free. Individually, either spouse may give half of these amounts tax-free. On any gift from husband to wife, only one-half is subject to gift tax.

To the *recipient* of a gift, it is free from income tax. In calculating his capital gain or loss at the eventual time of sale by him, the donor's original buying price is used as the cost basis.

To further the advantage of the living trust, as described above, gifts may be made to it (the gift, of course, being deemed made to the beneficiary, and not to the trust).

Also relevant to gift policy, as well as investing decisions of aging testators, is the statute wiping out taxation on capital gains at death.

What's Ahead for Business in 1955?

By ARNO H. JOHNSON*
Vice-President and Director of Research, J. Walter Thompson Company, New York

Business analyst, asserting only a 1½% increase in consumer spending is needed to offset the drop in defense expenditure, foresees a possible 10% increase in sales of consumer goods in 1955. Bases this estimate on: (1) improvement in family incomes; (2) further increase in discretionary spending; and (3) a continuation of the rise in real purchasing power. Points out employment is at peak levels and consumer debt is low and is in strong hands.

The business outlook is good. We can make it even better if we recognize and take advantage of some of the internal growth pressures in our dynamic and expanding American economy. There is an immediate opportunity for substantial improvements in our living standards—improvements that can mean huge new markets and expanding needs for consumer and industrial goods and services as well as increased levels of personal savings.

Arno H. Johnson

Our productive ability and purchasing power offer an opportunity for as much as a 10% increase in sales in the next 1½ years and for a third higher standard of living by 1960 for the American population.

We do not need to have any sustained downswing in our economy just because defense needs are less or because inflation pressures have abated — these are favorable rather than unfavorable factors and can lead to new levels of prosperity. The attainment of these new levels of prosperity will depend largely on our recognition that expanding consumption through mass movements to better living standards is the key to keeping our production and employment high—and is the key also to a strong defense and a balanced budget.

This is a challenge to industry because the change from a production economy, heavily influenced by government, to a consumption economy of individual enterprise places the burden on selling, on finding needs and creating desires and on improving products or developing new products to meet these needs and potential desires. And this applies as much to industrial goods as to consumer goods. A consumption economy places emphasis on both increased efficiency in production facilities to keep consumer costs down and values high — plus a flexibility and modernization of equipment to facilitate changes and improvements in consumer goods.

We have experienced the miracle of production — now, through the magic of consumption, we have the opportunity to keep our economy dynamic and growing. The magic of consumption offers an opportunity for utilizing our increased productive ability in the positive form of a better standard of living.

Only a 1½% Increase in Consumer Buying in 1955 Is Needed to Offset Defense Cuts

Much of the present pessimism and hesitation in planning for 1955 is based on expected cutbacks in Federal cash expenditures for defense. It is not generally realized that it would take an increase of only 1½% in the consumer standard of living to offset this decline in 1955. Federal budget expenditures for the fiscal year 1953 were $74.3 billion and for the fiscal year 1954 were $67.6 billion— a drop of $6.7 billion. Consumer purchases in the same period jumped from $225.7 billion to $231.1 billion — an increase of $5.4 billion. In contrast with this growth in consumption there was a net drop of $9.2 billion in the rate of inventory formation — from adding at the rate of $5.4 billion in the second quarter of 1953 to cutting back at the rate of $3.8 billion in the second quarter of 1954. Business inventories are now back to the levels of 1951 but the level of consumer buying is $26 billion higher.

In the fiscal year ending June, 1955, revised Federal budget expenditures are scheduled to drop to $64.0 billion. This is a further drop of $3.6 billion—only half as large a drop as in 1954. Consumer purchases would need to increase only 1½% to more than offset this much of a drop. Just a 5% increase in living standards could offset more than a $10 billion cut in defense expenditures — a far deeper cut than is now contemplated.

In building, therefore, for continued and increasing prosperity in 1955 the task is that of selling a higher standard of living to our American population so that we can offset decreased government purchases with increased consumer purchases.

A 10% Increase Possible in 1955 And a Third Higher Standard of Living By 1960

Instead of the widely predicted depression my analysis of our present productive ability and consumer purchasing power points to just the opposite—to an immediate opportunity for a 10% increase in sales of consumer goods and services and thus in our standard of living within the next 1½ years. And this 10% increase by the end of 1955 in consumer demand for goods and services could have a truly magical effect on government finances and lowered tax rates; on our ability to provide a strong defense; and on industrial markets through stimulating needs for further improvement in productive facilities.

An increase, for example, of only 10% in total consumer purchases of goods and services from the peak level of $234 billion reached in the third quarter of 1954 would so broaden the various bases for taxes that we could balance the Federal budget and even provide a surplus at lower tax rates—and still have about $50 billion annually for a continued strong defense.

Beyond the immediate opportunity for a 10% increase in 1955, we have the broader real opportunity for a third higher standard of living by 1960.

In terms of constant 1953 dollars, our per capita productivity increased from $1,560 in 1940 to $2,380 in 1944 (Real Gross National Product divided by population). A similar per capita productivity for our 179 million population in 1960 could mean a Gross National Product of $425 billion by 1960 in terms of 1953 dollars, and could provide the purchasing power for a standard of living approximately **one-third higher** than the peak level of 1953.

The level of productivity necessary to provide for a continued strong defense and an increase of **one-third in the standard of living** by 1960 should be considered a minimum opportunity because it would require only reaching the production level actually reached per capita in 1944 when our tools of production were far less adequate. An increase of only 2% per year in production over the levels reached in 1953 will mean production of over $425 billion annually by 1960.

Can We Consume One-Third More By 1960?

Purchasing power is created by production. Our increased productivity already has made possible an advance of 62% since 1940 in our total real standard of living—even after adjustment for inflation, higher taxes, and heavy defense needs, and in spite of many crippling restrictions on production and incentive. Further utilization of our productive ability per capita can continue to add to our real purchasing power. If we utilize our productive ability only up to the point proved possible in 1944 we can have the purchasing power to give our people a standard of living one-third higher than at present by 1960, and still maintain a strong defense.

Factors Pointing to Increased Sales Opportunities in 1955

Here are some of the facts that point to increased sales opportunities:

(1) **Improvement in family incomes is not yet fully reflected in living standards.** The total number of U. S. families (consumer spending units) has increased 40% since 1941. Early in 1954 there were six times as many consumer spending units with incomes over $3,000 as there were in 1941. The 34.7 million with incomes over $3,000 represented 63% of the 55 million total whereas in 1941 the 5.7 million represented only 14½% of the 39.3 million total. The number of families with incomes over $5,000 has increased nearly 990% to 17,050,000 from 1,564,000 in 1941.

As these families move up from one income class to the next they could represent substantially increased markets for most items in the standard of living if they were to take on the habits and desires of the income group into which they move. This is true even though taxes and the cost of living have increased.

(2) **Discretionary spending power has increased fivefold.** Prewar our economy was typified by the $25 a week family—average weekly earnings for production workers in manufacturing in 1940 were $25.20. The "middle income" family, for example, fell in the $1,000 to $1,500 income group. Now the "middle income" family is in the $3,000 to $5,000 income group. Weekly earnings in manufacturing by January, 1954, had grown to $70.92 or nearly three times the 1940 level and in September, 1954, the average reached $71.86 per week. After taking into account both increased taxes and present costs of maintaining an equivalent 1940 standard of living in the necessities of food, clothing, and shelter, the middle income family now has discretionary spending power nearly 4½ times as great as the prewar middle income family.

Total discretionary spending power which reached a level of $139.7 billion by August, 1954, was over five times as great as the $26.9 billion in 1940. That is the surplus spending power over and above what would be required to supply a per capita standard of living for the basic necessities of food, clothing, and shelter equivalent to the 1940 actual standard of living after taking into account present prices. This could reach $160 billion in 1955 or six times the prewar level.

These factors indicate that a relatively small increase in consumer purchases would more than offset any threatened cut in government expenditures, and that the level of purchasing power is high enough to warrant more aggressive marketing. In particular, the higher proportion of income in the form of discretionary spending power offers any product or class of products the opportunity for a competitive advantage in aggressive promotion. People have the money now to select and choose between items beyond bare necessities.

Now discretionary spending power repersents over 55% of total disposable income after taxes whereas in 1940 it represented only one-third of the much smaller income.

In the exercise of this new discretion in choosing how to use this great new pool of income, available over and above what would be required for a 1950 basic living standard, consumers are putting aside for savings the same percentage of discretionary income as prewar. Savings in 1940 represented 15½% of discretionary spending power but only 4½% of disposable income after taxes. In 1954 savings still represent the same 15½% of the greatly expanded discretionary spending power and 8½% of disposable income—nearly twice the prewar ratio to disposable income. In other words, the ability to save has increased in line with the rapid increase in discretionary spending power and more rapidly than disposable income.

(3) **Real purchasing power is 74% over prewar.** Not only is discretionary spending power fivefold higher than prewar, but in addition the real purchasing power of the total income after taxes has increased by 74%. This is after taking into account both increased prices and increased Federal and local taxes.

This increased real purchasing power has been spread throughout the different income groups with the result that the middle and lower income groups have gained increased opportunity to improve their standard of living and improve their savings.

As compared with an average increase of 74% in real purchasing power, the top fifth increased 53%, the middle fifth increased 85%, and the lowest fifth 135%. Real purchasing power has continued to increase. In September, 1954, the index of wages and salaries was 3% above the same month of 1953 while consumer prices were lower than in September, 1953.

These figures on purchasing power do not tell the whole story of advances in security and standard of living opportunity since they do not include the many "fringe benefits" added since prewar.

(4) **Employment is near peak levels.** Total employment, in October, 1954, at 63,141,000 was at a level 99.8% of the all-time high for this season of the year and was nearly 300,000 higher than in October, 1952.

(5) **Consumer debt is low.** Total debt of consumers at about $102.4 billion, including home and farm mortgages as well as consumer credit, is low in relation to pres-

Continued on page 21

*From an address by Mr. Johnson before the Fall Conference of the Bank of Virginia, Richmond, Virginia, Dec. 2, 1954.

How Strong Is Our Economy?

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

Professor Dockson, after a brief discussion of "where we are," reviews the longer-term forces playing upon future conditions, and follows this by analyzing specific forces affecting the short-term outlook. Sets up "economic models" covering the next 16 years, and concludes the longer-run forces affecting production and employment are primarily bolstering in character. Estimates total spending by business in 1954 will increase by $2 to $3 billion, while government outlays will be slightly lower. Sees consumer spending on upgrade.

What I plan to say can be divided into three logical parts: first, a brief discussion of where we are; second, a review of the longer-term forces playing upon future conditions; and third, the forces affecting the short-term outlook.


Robert R. Dockson

It seems to me that before we can understand the forces that are working to either strengthen or weaken our economy we must take a little time to look at where we are. When the business historians write the story of 1954, I believe we will find their description couched in rather static terms. The volume of gross national output will be approximately $8 billion to $9 billion below the $365 billion total of 1953 while the index of industrial production will show a decline from the high level of 134 in 1953 to approximately 124 for the average of 1954. The monthly average of consumer prices for 1954 will be slightly above the 114.4 level of last year. Now that the election has passed, one might mention employment and unemployment without fear of recrimination from either party. When all the facts are accumulated, 1954 unemployment will average at least twice the level of last year's while the total number employed will average out just below the 1953 level. Last year American business spent approximately $39.5 billion on inventories, physical plant and equipment. This year a comparable figure will be in the neighborhood of $34 billion, a decline of nearly 14%. Corporate profits before taxes amounted to nearly $40 billion last year but they probably will be below $34 billion when the final figures are in for 1954. Even with the expiration of the excess profits tax, profits after taxes in 1954 will be about $2 billion below where they were last year.

By and large, we must write 1954 off as being a year in which the total economy has experienced a downward adjustment. All industries did not move in the same direction. One-half of the savings and loan association business, for example, the investment side, is related closely to the strongest force currently working in our economy. There is a very good chance that this year will see more homes constructed than were built in 1952. The impact of construction on the total picture can not be over-emphasized. If it had dropped off as much as many economists were predicting just one year ago, I am afraid our aggregate totals would be well below current levels.

Now there are those who will insist we should think of 1954 as a year of stability. They point out that the major declines occurred in the last six months of 1953 but ever since last January, the economy has been moving sidewise. The interpretation of these people is correct, and I think it is important that we realize we have not been sliding down hill all of this year. The recession has moved into a period of quiescence but, in retrospect, we will think of 1954 as being a year in which aggregate business activity was about 3% below that of 1953.

*An address by Professor Dockson before the 64th Annual Convention of the California Savings and Loan League, Los Angeles, Calif., Nov. 15, 1954.

The Longer-Run Forces

I believe this very brief description enables us to see just where we are today. Here in California we do not have sufficient indicators to measure aggregate business movements but the partial indicators available follow similar patterns to those measuring the activity of the nation as a whole. These point to a current year slightly below the high levels experienced in 1953. In my opinion, they will follow the trends taken in the total economy. If this is correct, we should all be anxious to try to find the answer to the question, "Where are we going?"

First, we might turn our attention to the basic forces that determine the secular trends in the economy — the longer-run forces that establish a framework around which the shorter-term fluctuations occur. It is the interaction of these forces that will push our economy out to heights beyond the imagination of most of us. The forces I believe we should mention are: (1) the trend of production; (2) the shifts in the disposition of our output; (3) the rising incomes of our great middle class; and (4) our growing population.

The historical expansion of production tells the story of our past achievements in terms of real goods. From 1929 through 1953, our output increased 107%. The rate of expansion has averaged an increase in excess of 3% each year. Now, there is no single factor that can take the credit for our increase in output. It is the result of the interactions of such factors as: a growing labor force, increased output per man-hour of input, an increase in the total amount of capital equipment, the employment of our labor force, better organization and management, advances in education, improvements in the health and training of our people, and the shifts of workers to the production of goods with a higher average value. All of these factors have played some role in the expansion of our production. From year to year, they vary in importance but each tends to improve, and this improvement serves as a bolstering force, pushing production to higher levels.

Economic Models Covering the Next 16 Years

In order to have some idea of our future capacity to produce, I developed a couple of economic models covering each of the next 16 years. The models were designed to take into account the inter-relationships of six broad economic variables; the population, the size of the labor force, employment, unemployment, productivity and the average work-week. It is impossible here to reveal in any great detail all of the steps that were necessary to arrive at reasonable conclusions. It will have to suffice to point out that the amount of unemployment became the controlling variable and determined the range within which my projected levels of aggregate production would occur. I attempted to take into account the trend found in each of the six economic factors and first estimated our position for 1970 and then undertook estimates for each of the intervening years.

Even though an attempt was made to employ conservatism throughout the analysis by allowing for considerable cyclical variation, the results of my study pointed to a long-range upward trend that should be encouraging to all of us. We have already mentioned that the total output of newly produced goods and services this year will approximate $355 billion, down 2 to 3% from the $365 billion of 1953. By 1960 the level of our business activity when measured in comparable statistics will range between $415 and $422 billion; by 1965, my crystal ball foretells a level between $480 and $500 billion, and by the end of 1970, only 16 years from now, we can anticipate a level of spending ranging from $595 billion to $629 billion. If we assume there will be no drastic change in defense spending during this period, the increase in output will mean a higher standard of living for our average citizen.

For you in the savings and investment business, this growth in production will mean tremendous opportunities to perform an important service to our economy and, at the same time, benefit your own businesses. The levels of production that have been suggested can only be obtained if total spending can be kept high. This can be done as long as we furnish the facilities to transfer funds from those who have a high propensity to save to those who are desirous to spend. The savings and loan associations furnish such facilities and if they, along with other institutions, perform their functions effectively, our aggregate markets will expand.

It is not enough for us to observe our tendency to increase production. The shifts in the disposition of our output has an important effect upon our living standards as well as a direct relationship to various types of businesses. Since 1929 there has been a tendency for consumers and businesses to receive a smaller proportion of total production. This long-run tendency is primarily the result of measures taken to either insure the security of the nation or to bolster the economy. Since we have committed ourselves to a policy of full employment there is a possibility that this trend will continue. If it does, it will necessitate a rising level of total production merely to maintain present levels of real income.

The shifts in the disposition of the fruits of our production also affect the distribution of our national income. For example, in 1929 all forms of government distributed about 8% of the total personal income while they distributed over 17% in 1953. Since income payments from government jobs do not vary as widely as incomes earned on the market place, the increasing importance of government has had a leveling effect upon income.

There are still other forces working in this same general direction and, on the whole, have resulted in a decreasing proportion of our total personal income going to people in the higher income brackets. Without arguing the merits or demerits of this redistribution, we must recognize it has been an important factor contributing to full employment. The share of total income going to the middle income groups has increased and this has, in turn, contributed to the mass markets for automobiles, refrigerators, stoves, freezers, homes and other durable and non-durable goods. Those who find themselves in this middle income group are prone to spend a larger share of their income than those in the higher income brackets. In economic terminology, they have a higher propensity to consume.

Even with this tendency on the part of individuals we, as a nation, are saving a larger share of our income than we did in 1929 because the aggregate number of savers is far more. In 1929, savings amounted to 4.5% of all incomes after taxes but this year, because we have so very many savers, they will amount to approximately 7½% of total disposable income. I believe it is probably this redistribution of income that has contributed more to the development of savings and loan associations than any other single factor. Instead of a few savers, we now have hundreds of thousands who need a facility for channeling their small savings into productive activities. This is the significant role that is being played by our savings institutions.

Basic Force of Our Growing Population

The fourth long-run basic force I would like for you to bear in mind as we attempt to estimate future business conditions is probably the most important of all—our growing population.

The story of population is interesting in any country but here in the United States it is doubly so because we know we are in for some startling changes. By 1975, it is estimated that our population will be in the neighborhood of 206 to 209 million. We can expect an increase of from 10 to 13 million every five years between now and that date. This compares with nine million during the decades of the 30's. The needs of these people will be great and even to maintain our present living standards we will have to increase our total production at phenomenal rates.

A growing population is a dynamic force and has varying effects upon a country's markets. As births increase, certain businesses prosper and expand their productive capacities. During the postwar years, companies that produced such items as diapers, baby bottles, cribs, maternity clothes, baby buggies and strollers have all done very well. Now, as family formations begin to drop as a result of the low birth rates of the 30's, these companies can expect a tightening market and other industries will benefit. The 37 million babies born since the end of World War II will serve as an expanding market to different industries as they move all through their life cycle. This can be illustrated by what is about to happen to those companies selling goods and services to youngsters in the 10 to 19 year age bracket. The number of children in this age bracket has just started to expand but this will increase at a very rapid rate over the next decade. These are the boys and girls who are the upper grade and high school students. The boys will be demanding such items as footballs, 24-inch bikes, boy scout equipment, hot-rods, athletic gear of all kinds, and lots of calories and more clothes. The girls of this age will be looking for attractive swimming suits, sweaters, saddle shoes, batons, charm bracelets, blue jeans, personal effects of different kinds, and all the wonderful gimmicks used by the American girl to make her the most beautiful in all the world.

When the youngsters born since the war start to come of marriageable age, we can then expect another baby boom just as fabulous as the one we have been through. Think of the impact of all this upon business. Should California share in this anticipated increase in population anything like it has during the postwar years, we will have from 19 to 21 million persons residing here by 1975. It takes but a slight amount of imagination to visualize what this will mean in the way of more homes and more savings accounts. Yes, you are in a business with an ascending growth curve.

Enough has been said about population to make us realize its dynamic character will influence various industries in different ways. It is not possible to explore all of these ways, but we do know the road ahead will lead to high levels of production if this growing population is to be given a standard of living as high or higher than the one enjoyed currently.

I have mentioned but four of the basic long-run forces that are working to bolster our economy and to insure a high level of employment during the years ahead. In addition, there are other forces, such as technological advances and international relations that can have a tremendous impact upon our society. The speed at which we develop atomic energy for private use and the amount of aid we give the rest of the world are but two examples of what is meant by these latter forces.

When talking about long-term forces, we cannot overlook the series of built-in stabilizers that help support our economic structure when a downturn is about to get underway. These stabilizers have been placed in our system since the last depression and they do help to maintain the flow of income during periods when it might seem that business conditions are about to collapse. Such things as farm price supports, minimum wages, unemployment compensation, social security, assistance to the needy, aged, blind, and dependent children, housing programs and public works all help to prevent a serious downturn when the depressing forces begin to take over.

Summary of the Longer-Term Outlook

Now, before speaking specifically about 1955, I would like to review what has been said. I have pointed out that in spite of the fact that activity is at a very high level compared to all years other than 1953, 1954 is a year in which the economy, as a whole, has experienced some important setbacks. Beginning about mid-1953, the short-run depressing forces outweighed the short-run bolstering forces, and since then we have moved sidewise and downward. The longer-run basic forces affecting production and employment are primarily bolstering in nature and are, thus, most encouraging when we think in terms of the next five, 10 or 15 years. Recognizing that the secular movement is upward, we can now turn our attention to the short-term outlook, the one of immediate concern to most businessmen.

The action taken by the Republican Administration to prevent 1954 from sliding into a serious depression should convince all of us that both parties are determined to employ government resources to live up to the spirit of the Employment Act of 1946. Our President has stated the "Government must use its full power to protect its citizens from depression, unemployment and economic distress." The vigor with which the Administration has tackled our economic problems by cutting taxes, easing credit, encouraging residential construction and subsidizing the farmer is concrete evidence that the President means what he says. The record shows that the Democrats quite frequently supported the Administration's economic programs and, therefore, it seems reasonable to assume that during 1955, even with the change in power that has occurred, we can count on a governmental policy that will be bolstering to business. What happens to the level of our total output of goods and services will depend upon the level of total expenditures and the key to this level will be found in one or some combination of the major areas of final expenditures. These are expenditures by businesses, consumers and governments.

The Spending of Business

The first area we might examine is spending by business. If we divide the businessman's expenditures into the sums spent for plant and equipment, residential construction, and inventories, we can gain an over-all view of his activities.

By the end of this year, business will have spent since the close of 1945 over $200 billion on new buildings and equipment. This expenditure has provided jobs for millions and generated purchasing power that has multiplied many times as it passes through our economic system.

Now, one of the most important questions we must attempt to answer is whether or not the heavy investment in plant and equipment that has occurred since the end of the war has resulted in an excess capacity of production facilities. On the basis of the 5% decline of this year, one might anticipate a still further decline in 1955. Do we have any way we might estimate the amount of the decline that could be expected during next year?

There are various ways of forecasting business expenditures for plants and equipment but one of the better techniques, developed in the post-war years by the Department of Commerce, Securities and Exchange Commission and the McGraw-Hill Publishing Co. is to take a survey of business to see what is planned for the period ahead. These surveys have had an amazingly accurate record and warrant due consideration when one is forecasting short-term business conditions.

The only survey of this nature I have seen for 1955 is the one released this past week by McGraw-Hill. Should this report be as accurate as those which have preceded it, we can expect that business will spend about 5% less for new plants and equipment in 1955 than in 1954. Such a decline is not great and, in the aggregate, would not amount to over $2 to $2.5 billion. If business spending for such purposes declines by only this amount, it will be primarily because of four significant factors. Businessmen have studied the long-term picture and like what they see. They are expanding now in order to meet future markets. Technology has developed new and more efficient techniques for the manufacturer; new products and new industries continue to emerge; and lastly, the businessman has confidence in his ability to expand his sales beyond his present productive capacity.

Thus far we are estimating a decline for 1955 in the expenditures by business for new plants and equipment. Now, let us see if this is likely to be offset by increases in business expenditures in one of the other areas?

Inventory Outlays

Expenditures on inventories is another area through which the businessman is able to influence total activity. During this past year inventories dropped nearly $4 billion, a decline even greater than that experienced in 1932. As of this moment, total stocks are still being depleted, but I believe this will cease shortly after the turn of the year. Durable goods have accounted for approximately two-thirds of the inventory decline, and it has been the automobile, machinery and primary metals industries responsible for most of this. With the new car models coming out, it seems reasonable to expect the inventory situation of this industry will be reversed during the coming year. Instead of a depletion of stocks, an accumulation is expected. A survey by "Fortune" magazine indicates there are other industries that still consider their stocks too high and, thus, they will continue to draw them down in the months ahead. After taking into account the inventory position of wholesalers and retailers as well as manufacturers, it is my guess that we will see a small inventory accumulation of around $1 to $2 billion during 1955.

Although residential construction is ultimately purchased by consumers, the dollars invested are considered, for accounting purposes, as part of business total expenditures. The boom in this field has been one of the main supports of business activity during all of the postwar years. From the beginning of 1946 through the end of this year, nearly nine million permanent dwelling units will have been added to this nation's housing inventory. The total number of households continues to increase, but the rate of increase has been declining since 1947. This is likely to continue, in spite of the tendency for older people to establish separate households until the late 50's or early 60's when the youngsters, born during the 40's, begin to reach marriageable age. During 1954, we will have a gain of something like 800,000 to 900,000 new families but we will have built over 1,100,000 new homes. It is obvious that this relationship could not continue if the number of newly formed families were the only factor determining the number of dwelling units constructed.

There are several other factors that influence the total amount of construction but none of these is any more important than the availability of funds. We have learned that construction can be turned on and off like a spigot by manipulating the size of the down and monthly payments. When these are lowered, large numbers of families enter the housing market; when they are raised, we limit the demand. The Eisenhower Administration has already announced it will do what it can to see that approximately 1,200,000 homes are built during 1955. Should this number be constructed, approximately $12 billion will be invested in home construction. When we add to this sum the amount of private funds that will flow into rehabilitation programs, there seems to be no reason to anticipate a decline in he amount invested in residential construction.

If we add up what has been said about the future outlook for business expenditures, we find that I expect total spending by business will exceed last year's by approximately $2 to $3 billion. It is this segment of total spending that has the greatest impact upon the F. R. B.'s index of industrial production and is the reason I anticipate an upturn in this indicator. What happens to the total level of business also depends upon what happens to spending by the various levels of government and consumers.

Total government expenditures during 1954 will be down approximately $6 billion from the high $85.2 billion of last year. All of this decline has occurred at the Federal level. National security expenditures have dropped nearly $7 billion and other Federal expenditures have declined approximately $1 billion. State and local government expenditures during 1954 will have increased by approximately $2 billion, bringing the total spending by this classification to $27 billion during this year.

What to Expect of Federal Expenditures

A review of the Federal budget throws some light on what might be expected in the way of Federal governmental expenditures during 1955. National security outlays have been reduced, and it is likely we will see a still further decline during this coming year. Costs are being cut through the reduction of personnel attached to the Department of Defense, through the working off of excessive inventories, and by improving upon the efficiency of the entire defense operation. It is my guess that National security spending will decline by about another $3.5 billion before it will level off. Programs that we can be relatively sure will cost more than in 1954 are those for housing and community development, agriculture, transportation and communications, and veterans. Some of these will have to receive the approval of the new Congress, but I think at least part of the Administration's recommendations will be adopted and the total spending for non-security purposes will show at least a $1.5 billion increase.

Expenditures by state and local governments have increased about $2 billion in each of the post-war years. In my way of thinking, there is no reason why we should expect a decrease in this type of spending for 1955.

A review of the anticipated outlays by all levels of government causes me to believe there will be a slight increase in such spending during 1955. The increase I am estimating is under $1 billion, but when this is added to the increase in spending expected by businesses, we find the short-term factors mentioned thus far of a bolstering nature.

Consumer Expenditures

The next area of expenditures we might examine is that of the consumer. Consumers' purchase by far the largest share of all the goods and services produced in our economy. Because their purchases come to about 62% of our total output, they largely determine the direction the economy takes.

During 1954, an interesting phenomenon has taken place. Even though gross national product has declined by as much as $8 to $9 billion, personal consumption expenditures have increased by around $4 billion. This increase in total consumer spending is almost entirely due to the increase in demand for services and nondurable goods. Aided by the cut in personal income taxes, total disposable income has increased slightly during 1954 in spite of the increase in unemployment. The net result of all of this is an increase in personal spending greater than the increase in disposable income.

Spending on services continues to rise due to the increase in outlays for housing, household operations, medical expenses, transportation and insurance. If the number of homes constructed in 1955 equals the estimated 1,200,000 and if the trend of expenditures for the other major types of services continues in an upward direction, it would seem that an estimated increase of $3 billion for services in 1955 is conservative.

Non-durable expenditures by consumers is the other major category of consumer spending that has increased in each of the last five years. Because I expect to see a major selling campaign launched by the automobile industry and other durables, I do not anticipate any significant increase in the expenditures for non-durables. Instead, I believe we will witness a rebound of the durable industries and will see purchases of such commodities as automobiles, television sets, refrigerators, etc. by consumers approaching the 1953 level. If this does occur, the average citizen will simply have less to spend for commodities falling under the non-durable classification.

Much more could and possibly should be said about incomes, savings, and expenditures of consumers, but time does not permit an analysis in any greater detail. I am assuming that the high propensity to save that has become the pattern since 1950 will be maintained during 1955. If the businessman is able to convince people they should part with a greater share of their income, spending by consumers will be even higher than I have estimated. My guess is that total consumer spending during 1955 will exceed the current year's average by about $2 billion.

Now, I would like to summarize what has been said regarding the short-term outlook for the nation's business. The salient points I have attempted to make concerning the American economy in 1955 are: First, business expenditures on plants and equipment are likely to be below the level of 1954, but this is apt to be offset by a slight increase of inventories and by the maintaining of a high level of residential construction; second, expenditures by all levels of government are apt to show a slight increase in 1955 due to the increase in expenditures by our state and local government; and, third, an increase in personal consumption expenditures might be anticipated because of the expected rise in total personal income due to a higher level of employment and an increase in business, professional and rental income. An increase in expenditures for durable goods and services is expected, while nondurables will do well if they fail to decline.

If the assumptions I have made concerning 1955 approximate the actual situation we find, then I think we can look forward to a gross national product in the neighborhood of $363 billion, nearly the same as the level reached in 1953. In other words, I believe 1955 will be another year in which we will achieve full employment. The rise in production may be a little slow in getting underway but the average for the year will be 2 to 3% above 1954.

We are now able to answer the question, "How strong is our economy?" Since the spring of 1953, we have been on the downward side of a short-term cycle, and now we are about to enter a period of short-term growth. Our economy is as strong and vigorous as it has ever been. The extent and duration of the business upturn will depend upon our ability to act wisely and courageously in guiding the economy in the direction of our long-term goals.

C. H. Buckius With Lehman Brothers

The investment banking firm of Lehman Brothers announced yesterday that C. H. Buckius has become associated with the firm as Highway Consultant.

C. H. Buckius

To accept his new position Mr. Buckius has retired as chief engineer of the Department of Highways of the Commonwealth of Pennsylvania. He joined the department in 1907 as a chainman on a surveying team and continued, with several brief interruptions, with the department until his retirement. He was appointed chief engineer in April, 1952. Mr. Buckius worked actively on engineering problems connected with construction of the Pennsylvania Turnpike, the first of the modern toll roads, and during the past four years on such highway projects as the Penn-Lincoln Parkway, Schuylkill Expressway, Harrisburg-York Expressway, the Route 22 Easton-Bethlehem-Allentown By-Pass and the Hummelstown By-Pass. During the four year period the department supervised the expenditure of approximately $540,000,000 for construction and improvement of the Commonwealth's highways.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Shareholders of **The National City Bank of New York** have been notified by Howard C. Sheperd, Chairman of the Board, that an increase in the number of Directors of the bank from 19 to 21 and the election of Charles G. Mortimer, President of General Foods Corporation and George A. Guerdan, Vice-President and Cashier of the bank, to fill the two new places on the Board, will be recommended at the Annual Meeting on Jan. 11.


Charles G. Mortimer

Mr. Mortimer has been President and chief executive officer of General Foods since April 7, 1954. For two years previously he had been Executive Vice-President. Associated with the company since 1928, Mr. Mortimer has been a Director since 1950. In 1938 he was named General Corporate Advertising Manager and in 1943, Vice-President of the corporation in charge of advertising. He is a former Chairman of the Board of the Association of National Advertisers and served for three years as Chairman of the Advertising Council in the period following World War II.

Mr. Guerdan, born and educated in New York City, started with National City following graduation from high school in 1916. He has had a diversified experience, concerned both with operating problems and the planning, staffing and opening of many of the bank's New York City branches. Mr. Guerdan was appointed an Assistant Cashier in 1928, Assistant Vice-President in 1931, Vice-President in 1946 and received the additional title of Cashier in August, 1954.

* * *

At a regular meeting of the Board of Directors of **City Bank Farmers Trust Company, New York**, Dec. 7, Fredrick M. Eaton and Hunt T. Dickinson were appointed Directors of the company.


Frederick M. Eaton Hunt T. Dickson

Mr. Eaton, a member of the law firm of Shearman & Sterling & Wright is also a Director of Monsanto Chemical Company, New York Life Insurance Company and Owens - Corning Fiberglas Corporation.

Mr. Dickinson is a Director of National Investors Corporation, Whitehall Fund, Inc., Broad Street Investing Corporation and Seatrain Lines, Inc.

The directors also announced on Nov. 8 the appointment of Clarence G. Noel as a Vice-President. Mr. Noel was formerly an Assistant Vice-President and is associated with the personal trust division.

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On Dec. 5, William H. Jaquith, Vice-President of **the Marine Midland Trust Company of New York**, celebrated his 50th Anniversary with the bank. He is the first person in the bank's history to pass the half century mark while still in active service. Mr. Jaquith joined the **Coal & Iron National Bank**, a predecessor bank of the present Marine Midland Trust Company of New York, as a receiving teller on Dec. 5, 1904. On Jan. 14, 1917, he was elected Assistant Cashier, and on Feb. 14, 1923, Vice-President and Cashier. When the Coal & Iron National Bank was merged with the **Fidelity International Trust Company** on Feb. 27, 1926 to form the **Fidelity Trust Company of New York**, Mr. Jaquith continued as a Vice-President of the merged institution. In June 1930, after the purchase of the Fidelity Trust Company by **Marine Midland Corporation** and the change of the name of the bank to The Marine Midland Trust Company of New York, he continued on as Vice-President. At present, he primarily concerns himself with the division covering the bank's business in the territory which includes New Jersey, Eastern Pennsylvania, Delaware, Washington, D. C., and the Southeastern States.


William H. Jaquith

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The recent offering of 50,000 additional shares of capital stock of the **Federation Bank and Trust Company of New York**, has been heavily oversubscribed, it has been announced Dec. 6 by Thomas J. Shanahan, President. Subscriptions received were approximately 142%, Mr. Shanahan said. The bank's main office is at 34th St. and 8th Ave. There are branches at 6 E. 45th St. and 41-84 Main St. in Flushing, Queens. An item bearing on the increased capital appeared in our issue of Nov. 11, page 1945.

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Directors of **Manufacturers Trust Company of New York**, on Dec. 6, declared a quarterly dividend of 80 cents a share, payable Jan. 15, 1955, to stockholders of record Dec. 20, 1954, thereby placing the stock on a $3.20 annual dividend basis, against $3 paid previously.

* * *

In its latest expansion move, the **Commercial State Bank and Trust Co. of New York**, opened a new office at 1400 Broadway, corner 38th Street, Manhattan, on Monday, Dec. 6, which date marked the institution's 30th anniversary, it was announced by Jacob Leichtman, President. The new office replaces the bank's former quarters at 225 West 34th Street and will be managed by R. Harold Bach, Executive Vice-President, who has been associated with apparel industry banking for 25 years. Situated in the heart of the city's garment area, the new air-conditioned quarters are approximately twice the size of the previous branch location and is staffed by 75 employees. Commercial State Bank & Trust Co., formerly the **Modern Industrial Bank**, operates seven branches in Manhattan, Brooklyn and the Bronx. Founded on Dec. 6, 1924, by Mr. Leichtman, the institution on Jan. 1, 1953 it is stated became the first industrial bank in New York State history to receive a commercial bank charter. D. Mallory Stephens is Chairman of the Board of Directors of Commercial State Bank which reported total resources of $73,558,038 and deposits of $65,946,731 as of June 30, 1954.

* * *

The First National Bank of Ardsley, N. Y. and the **Northern Westchester Bank of Katonah of N. Y.** plan to merge with **The County Trust Company of White Plains, N. Y.** shortly after the first of the year, according to a joint announcement made on November 29 by officials of the three institutions. If merger agreements, ratified by the directors of the banks on Nov. 26 receive the approval of State and Federal banking authorities they will be presented to stockholders of the banks involved for ratification at meetings to be held in January. Charles Stahl and Ferd T. Hopkins, Presidents of the Ardsley and Katonah banks, respectively, and Joseph E. Hughes, President of County Trust, said in the Nov. 29 announcement that the merger agreements were reached by keeping service to the public in mind. Under the terms of the agreements, stockholders of the Ardsley institution will receive six shares of County Trust stock for each share of their present stock. Stockholders of the Northern Westchester Bank of Katonah will receive 23 shares of County Trust stock for each of their present shares. The First National Bank of Ardsley was organized in 1926 and had capital funds of $206,924 and deposits of $2,739,708 on Nov. 22, 1954. The Northern Westchester Bank of Katonah was organized in 1918, and, on Nov. 22, 1954, had capital funds of $390,447 and deposits of $6,200,628. In July, 1953, the bank opened its branch in Yorktown Heights. Upon completion of the consolidation it is anticipated that The County Trust Company will have assets in excess of $296,000,000. Officials of The County Trust Company said that no changes in personnel at either the Ardsley or Katonah banks are contemplated under the merger.

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It was announced on Nov. 24, in the Yonkers, N. Y. "Statesman" that the changes in the capital approved by the stockholders of the **Central National Bank of Yonkers**, Oct. 26, were concluded on Nov. 23 when stockholders of record on Oct. 21 exercised the privilege to subscribe to new stock or transfer them to others, it was indicated by Gerald S. Couzens, President. From the "Statesman" we also quote:

"The 5% stock dividend recently reported by the bank resulted in some stockholders receiving full shares and fractional parts of shares.

"According to Mr. Couzens, the fractional parts not converted to whole shares totaled 48 shares which were sold at public auction by the bank's trust department. The shares were bid for in lots of five and brought an average price of $29.50 a share—equal to $147.50 a share on the old stock which recently was changed from $25 to $5 par value by issuance of five shares for one.

"Money received from the sale will be distributed pro-rata to the holders of the fractional parts on surrender of scrip certificates they hold."

References to the increase in the bank's capital appeared in our issue of Nov. 11, page 1945.

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A capital of $500,000 is reported by the **Waterbury National Bank of Waterbury, Conn.** as of Nov. 23, the amount having been increased from $400,000, according to advices of the Comptroller of the Currency, by a stock dividend of $100,000.

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The directors of **The First National Bank of Toms River, N. J.** have declared, with the tentative approval of the Comptroller of the Currency, a stock dividend of one share for each 27 shares held on its capital stock, increasing the total number of shares outstanding from 81,000 shares of $10.00 par value to 84,000 shares of $10 par value and subject to the approval of the shareholders at its annual meeting on Jan. 11, 1955. If approved by the shareholders, the dividend will be paid on Jan. 31, 1955. The par value of the 3,000 shares of stock to be paid as a stock dividend, $30,000 will be charged to undivided profits account and simultaneously there will be transferred from the undivided profits account to the surplus account $90,000 increasing the surplus account from $1,410,000 to $1,500,000. This will be the tenth consecutive year that the bank has declared an annual stock dividend.

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A group headed by Drexel & Co., Merrill Lynch, Pierce, Fenner & Beane and Smith, Barney & Co. will underwrite the new issue of 100,000 shares of $10 par capital stock of the **Pennsylvania Company for Banking and Trusts, of Philadelphia.** The underwriters have agreed to purchase any shares not subscribed for by the bank's stockholders at the subscription price of $42 per share and may offer the shares both during and after the subscription period. The bank is offering its stockholders the right to subscribe for the new shares at the rate of one new share for each 14 held of record Nov. 26. The subscription rights expire Dec. 23. Reference to the proposed issuance of the new stock appeared in these columns Aug. 26, page 789; Nov. 4 page 1847; Nov. 11, page 1945.

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Directors of **Provident Trust Company of Philadelphia** on Dec. 2 declared an extra dividend of $1.00 per share, payable Dec. 21, 1954, to stockholders of record Dec. 14, 1954. The regular rate was increased last January to $1.00 quarterly. The extra dividend declared Dec. 2 will therefore increase disbursements for 1954 to $5.00 per share, compared with $4.50 per share in 1953.

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The Second National Bank of Warren, Ohio, increased its capital effective Nov. 18, from $800,000 to $1,000,000 by a stock dividend of $200,000.

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The proposal to increase the capital of the **South Shore National Bank of Chicago, Ill.** from $300,000 to $750,000 by a stock dividend of $450,000 has been approved by the stockholders of the bank, and the enlarged capital became effective Nov. 26. An item regarding the proposed action of the stockholders on Nov. 22, appeared in our issue of Nov. 18, page 2048.

* * *

Mark A. Brown will retire as President of **Harris Trust and Savings Bank, Chicago** at the bank's annual meeting on Jan. 12. A strong advocate of a compulsory retirement plan, Mr. Brown has had a large part in setting up the Harris Trust retirement program, under which he now retires at the age of 65. In addition to a life pension, this program provides for distribution at retirement age of the accumulations in the bank's profit sharing funds. The bank also has a retirement policy for members of its board, under which Mr. Brown will be eligible to continue as a director for an additional year. In commenting on his approaching retirement, Mr. Brown said, "I am happy now to be able to enjoy the retirement plan which I have long championed. I have seen some of my fellow officers and directors retire before me, and others will follow in the years ahead. With this orderly retirement schedule in mind, provisions have been made for succession management in all divisions of the bank. I will turn over my office to the man elected to succeed me with confidence and look forward with great anticipation to my retirement years." A new President will be elected by the bank's board of directors at their meeting on Jan. 12. With his retirement, Mr. Brown will complete a 27-year banking career, which started when he joined Harris Trust in 1928 as a Vice-President. He was made a director of the bank in 1942, Executive Vice-President in 1946, and became President in 1950.

Before becoming a banker, Mr. Brown was a successful Indiana industrialist. His early business experience was gained in Kokomo, where he reorganized the J. M. Leach Manufacturing Company in 1917 and started the Kokomo Automotive Manufacturing Company in 1919. In 1922 he reorganized and financed the Shell American Petroleum Company, of which he is now Vice-President and Director, and also the Globe American Corporation of Kokomo, which he serves as Chairman. Other directorates held by Mr. Brown are in Bell & Howell Company; Chicago, Rock Island and Pacific RR. Co., etc. Also known as a leader and speaker in banking affairs, he is past President of the Association of Reserve City Bankers. He has also served as President of the Chicago Clearing House Association and on many Committees of the American Bankers Association, including the Executive Council and Administrative Committee. During World War II he served as a member of the Priorities Committee from 1942 to 1945, and was a member of the War Loan Committee from 1941 to 1944. In the first World War he served as an officer in the Field Artillery. Mr. Brown has also been a leader in Chicago affairs, his most recent service being as a member of the committee which proposed the $400 million Fort Dearborn civic center plan.

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As the result of a stock dividend of $200,000 the **Cosmopolitan National Bank of Chicago, Ill.** increased its capital as of Nov. 24 from $800,000 to $1,000,000.

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A stock dividend of $50,000 has enabled the **First National Bank of Mundelein, Ill.** to increase its capital stock as of Nov. 19 from $100,000 to $150,000.

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The Industrial National Bank-Detroit, of Detroit, Mich. has enlarged its capital to the extent of $250,000 by a stock dividend of that amount, the capital thereby being raised from $2,250,000 to $2,500,000, effective Nov. 17.

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With the addition to its capital of $1,000,000 the **Boatmens National Bank of St. Louis** now (Nov. 22) reports a capital of $6,000,000 instead of $5,000,000 previously. The enlarged capital resulted from a $500,000 stock dividend, and $500,000 additional was brought about by the sale of new stock.

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H. Austill Pharr, President of **The First National Bank of Mobile, Ala.** announced on Dec. 1 that the directors had approved a plan to issue a stock dividend of 10,000 new shares (which is 25% of the stock now outstanding, or one share for each four shares held) and to sell an additional 10,000 shares of new stock. Shares will have a par value of $25.00 and the plan will be presented for the approval of the stockholders at their annual meeting on Jan. 11. The Comptroller of Currency has tentatively approved the new shares, subject to the action of the stockholders. Mr. Pharr said if the plan is carried through, stockholders of record, Jan. 11, will be given rights to subscribe to one share of the new stock to be sold, for each four shares held by them. The offering price will be announced later. Mr. Pharr said it was the hope of the Board that the plan would create an additional supply of stock for the purpose of attracting new stockholders to the bank, as well as supplying the demand from present stockholders for additional shares. The present capitalization of the bank is $1,000,000, made up of 40,000 shares of $25.00 par stock and surplus of $3,500,000. If the above proposal is approved by the shareholders, and by the Comptroller of Currency, the bank's capital would be $1,500,000 and its surplus would be approximately $4,000,000. An announcement was made by the bank on Nov. 30, of a regular dividend of $1.00 a share and an extra dividend of $.50 a share to be paid Jan. 3, 1955 to stockholders of record, Dec. 27, 1954.

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The sale of $250,000 of new stock by the **First National Bank of Colorado Springs, Colo.** now gives the bank a capital of $1,250,000 instead of $1,000,000 heretofore, the enlarged capital having become effective Nov. 26..

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A $1,000,000 increase is reported in the capital of the **First Security Bank of Idaho, National Association, Boise, Idaho,** the amount of the capital as a result now standing at $4,500,000, as compared with $3,500,000 previously, the increase, effective Nov. 26, having come about by a stock dividend of $1,000,000.

* * *

Stockholders of the **First Western Bank and Trust Company of San Francisco** on Nov. 30 authorized the issuance of 900,000 additional shares in payment of a 100% stock dividend. Decision to pay the dividend was announced on Nov. 22 when the special meeting of shareholders was called for Nov 30. The dividend will increase the bank's capital to $22,500,000 which, with a transfer of undivided profits to surplus, will increase total capital and surplus to $45,000,000. According to T. P. Coats, Chairman of the Board of Directors, this is in excess of the combined capital and surplus of the old **San Francisco Bank,** the **Central Bank of Oakland.** and the 23 independent banks in California whose assets are now in process of being acquired by the First Western Bank. The 100% stock dividend was paid at the close of business Nov. 30 to stockholders of record at noon that day. Mr. Coats pointed out that the 900,000 shares to be issued by reason of the 100% stock dividend would not receive the 50 cents per share cash dividend recently declared payable to stockholders of record Nov. 29. Following payment of the 100% stock dividend, First Western Bank will have outstanding 1,800.000 shares of the par value of $12.50 each. A previous item regarding the Western Bank & Trust Co. appeared in our issue of Nov. 11, page 1961.

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Ground was recently broken for the new home of the Perris Office of **Citizens National Trust and Savings Bank of Riverside, Calif.,** it was announced by Elden Smith, President. The new one-story building will be contemporary ranch style, Smith stated. Triple the size of present quarters, it will contain 4,200 square feet, at a cost of approximately $90,000, including equipment and landscaping. Unique feature of the new bank home will be a barbecue and patio to the east of the building, completely enclosed by a typical southern California brick wall. Herman O. Ruhnau, well known Riverside architect, has designed the plans. Gilbert D. Lehmann, Assistant Cashier in charge of the bank's property development, will supervise construction.

The new premises will be ready for occupancy sometime next May, the bank President stated.

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James Muir, President of **The Royal Bank of Canada,** head office Montreal, announced this week that shareholders will be asked at the bank's annual meeting in January to approve an increase in the authorized capital of the bank to $100 million. If this change is approved by the shareholders, it will be the first time since 1930, it is said, that the authorized capital of the bank has been increased. In the meantime the total assets of the bank have more than tripled. The proposed increase will, therefore, bring about a more realistic relationship between authorized capital and the greatly enlarged scale of the bank's operations. It will also place the bank in a better position to meet possible future needs in an expanding economy.

* * *

Announcement was made on Dec. 6 of the election of three new directors for the Bank of Montreal; this, and the retirement of the bank's Chairman of the Board, were announced by Gordon R. Ball, President of the bank, following the 137th annual meeting of the institution. Arthur C. Jensen, who for the past two years has been General Manager of the bank, becomes a member and a Vice-President of the board. He will continue to serve as General Manager. Elected with him to the board were Thomas W. Eadie, President of the Bell Telephone Co. of Canada, and William A. Arbuckle, a director of numerous industrial and financial corporations, including Royal Trust Co., Asbestos Corporation and Yukon Consolidated Gold Corporation.

B. C. Gardner, who during the past 12 years has served successively as General Manager, Executive Vice-President, President and Board Chairman, is retiring, at his own request, after a notable banking career of more than half a century. He has occupied practically every banking post, from the lowest to the highest rank, serving in England, the United States and every region of Canada. Mr. Gardner, who is Chancellor of McGill University, will continue to serve as a member of the bank's board of directors, while his duties as Chairman of the Board will be assumed by Mr. Ball as President.

Schuster & Co. Offers Cavitron Securities

Schuster & Co., Inc., New York City, on Dec. 7 offered 10,000 shares of sinking fund preferred stock and 20,000 shares of common stock of Cavitron Corp., in units consisting of one share of preferred stock and two shares of common stock at $27 per unit.

Net proceeds from the financing will be used by the company to retire bank loans and for the purchase of machinery and equipment and for enlarged manufacturing facilities for dental equipment. The balance of the proceeds will be added to the company's working capital.

Personnel of Cavitron Corp., and its wholly owned subsidiaries have been engaged in the manufacture and development of ultrasonic cutting equipment for over 10 years, and since 1947 have specialized in the design of ultrasonic components in carrying out the Cavitron Process, which is a cutting process utilizing ultrasonic vibrations mechanically. Equipment manufactured by the company is employed in a wide variety of industries, ranging from the cutting of rondels for instrument bearings, the fabrication of complex dies, and the machining of transistor components, to dental preparations.

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What's Ahead for Business in 1955?

ent income and accumulated savings. It could expand by one-fifth before reaching the 1940 ratio to savings.

Further, the bulk of consumer debt which is in home mortgages is largely in a form of amortized mortgages where the principal is not likely to become a critical burden on the economy during any temporary period of recession.

(6) **Consumer debt is in strong hands.** A factor to consider in relation to total consumer debt as well as short-term consumer credit is the financial strength of those owing the debt.

Total consumer debt, including mortgages, is in strong hands. Early in 1953 those with incomes over $5,000 owed 57% of this debt but held also 56% of the liquid assets and represented 53% of current income. The middle income group of $2,000-$3,000 with 41% of current income owed 36% of consumer debt and held 31% of liquid assets. The low income group, under $2,000, owed only 7% of the consumer debt but had 13% of liquid assets.

The consumer credit part of total debt followed somewhat the same pattern. The Federal Reserve Board Survey of 1952 indicated that 56% of the short-term credit was owed by those with incomes over $4,000 representing 35% of the total spending units and 60% of total income. It is estimated that early in 1954 those with incomes over $4,000 represented 68% of total short-term credit and 47% of total spending units.

(7) **Consumer short-term credit is low.** Consumer credit—instalment sales, charge accounts, etc.—could expand by 55% without becoming overextended in relation to discretionary income. The present level of consumer credit at about $28 billion worries some—it is over three times the $8 billion level of 1940. But consumer discretionary spending power has increased more than fivefold. The ratio of consumer credit to discretionary income now is only 20% compared with 31% in 1940.

(8) **Liquid assets of consumers and of business are at an all-time high.** The liquid assets of consumers in 1954, at over $200 billion, totaled four times the 1940 level of about $49 billion. And this total had double the total real purchasing power after price correction.

The $152.1 billion increase in liquid assets of consumers from $49.4 billion in 1940 to $201.5 billion in 1954 is greater than the present total value of all shares listed on the New York Stock Exchange. This increase in consumer liquid assets reflects substantial improvement in the financial stability of the mass of our population.

Business has added $58.5 billion in liquid assets since 1940 to reach a total four times the 1940 level with double the real purchasing power. This indicates a continuing high level of industrial purchasing power and strength.

(9) **Low redemption of matured Savings Bonds indicates financial strength of consumers.** The high level of consumer purchasing power and consumer savings is further indicated by the continued low redemption of matured U. S. Savings Bonds. In the first seven months of 1954, $3,611,000,000 of "E" bonds matured. Only $930,000,000 or 26% were cashed in. The other 74% was reinvested by being allowed to continue. And, in the same seven months, sales of new "E" and "H" Savings Bonds were 13% above the same period of 1953.

(10) **Increase in number of families with over $4,000 has been especially rapid in last four years.** The rapidity of the change in income distribution of families is demonstrated by the comparative number of consumer spending units in each income group in 1954 and 1950. In four years, for example, the number in the $4,000 to $7,500 group has grown from 11,600,000 to 19,800,000 or by 71% and the number over $7,500 has grown from 2,700,000 to 6,100,000 or by 126%.

This sort of shift upward in the groups where the level of income affords a higher degree of flexibility in choice and a higher proportion of discretionary spending power means increased opportunity for influencing sales by advertising, selling, and proper use of credit. It can expand markets also in many areas that once were considered saturated.

The foregoing discussion of purchasing power in terms of income, accumulated current assets or current personal savings, and the relatively low private debt of both individuals and corporations should show the opportunities that exist for an expansion in our standard of living and in further expansion of productive facilities to meet a movement upward in living standards of millions of families. The fivefold increase in discretionary spending power of consumers is stressed as one of several hidden pressures for expansion in our economy.

Glassmeyer, Magowan Head Fund Drive

Edward Glassmeyer, Vice-President, Blyth & Co., Inc., has accepted the chairmanship of the Investment Banking Committee

E. Glassmeyer, Jr. Robert A. Magowan

and Robert A. Magowan, partner, Merrill Lynch, Pierce, Fenner & Beane, has accepted the chairmanship of the Stock Exchange Committee for the Beekman-Downtown Hospital 1955 Maintenance Fund, John L. Loeb, chairman of the Fund announced.

Mr. Loeb said, "The campaign will open in January with a goal of $400,000, the sum needed to cover the hospital's estimated operating deficit for 1955."

Mr. Glassmeyer is Governor of The Bond Club of New York; chairman of the Industrial Securities Committee, Investment Banking Association; trustee of Union Settlement and trustee of the Congregational Church of New Canaan.

Mr. Magowan is Governor, Association of Stock Exchange Firms and trustee of St. Andrew's Dune Church, Southampton.

Laird, Bissell to Admit Two Partners

On Jan. 1, Laird, Bissell & Meeds, 120 Broadway, New York City, members of the New York Stock Exchange, will admit Wolfram L. Ertinger and Middleton Rose to partnership. Mr. Ertinger is Manager of the firm's foreign department and Mr. Rose is Manager of the underwriting and bond departments.

Forms Inv. Management

BOSTON, Mass. — Investment Management, Inc. has been formed with offices at 294 Washington Street to engage in a securities business. Josiah H. Child Jr. is a principal.

British Views of American Stock Market Prospects

By PAUL EINZIG

Commenting on the interest of the British financial press in the current American stock market activity and the fear that the history of 1929 will be repeated, Dr. Einzig holds present situation differs greatly from that which led to the 1929 stock market crash. Says the return of the Dow-Jones index to its danger level of 1929 is more apparent than real.

LONDON, Eng.—The rise of the Dow Jones Index of Industrial Stocks to above the all-time peak of September, 1929, gave cause to a certain amount of speculation in the British financial press about Wall Street prospects. It was not unnatural that some people should feel somewhat uncomfortable, because equities in Wall Street now stand above the highest point from which they tumbled down during the worst economic crisis in modern history. Some thought is given in many quarters to the question whether history is not liable to repeat itself, and whether at its high level Wall Street has not become once more extremely vulnerable. Fears of this kind are not based on any rational arguments, merely on an almost superstitious belief in the possibility of history repeating itself. Nevertheless, it is perhaps not superfluous to take this feeling seriously, and to deal with it by drawing a comparison between the situation now and 35 years ago.


Dr. Paul Einzig

In 1929 both the technical situation in Wall Street and the basic economic situation in the United States and throughout the world was thoroughly unsound. An unprecedented amount of speculative position was built up and was financed to a very large degree with the aid of borrowed money. The moment the slump began it was bound to become cumulative and self-aggravating; each fresh fall resulted in forced liquidations of holdings, for fear that they would otherwise cease to be adequate as security for the loans they were securing. Today the extent to which Wall Street speculation is financed with the aid of borrowed money is quite negligible.

As far as Britain is concerned, exchange restrictions have prevented the development of any British speculative positions in Wall Street, and the same is the case with most other countries. It is true, some possessors of refugee money in New York may have taken a hand, but such domestic speculation as exists has not been exaggerated to any degree by foreign speculation.

Nor is the American banking situation vulnerable today. It is true, compared with the British system, the number of small banks in the United States still appears to be excessive. But the development of the system of deposit insurance in the United States has greatly reduced the cause for anxiety even if there should be a major slump. There is now no danger of a slump becoming greatly aggravated by widespread bank failures.

Above all, there is now no sign of that world-wide overproduction or underconsumption which characterized the economic situation in 1929. Even though the operation of the gold exchange standard during the '20's gave rise to a certain degree of international monetary expansion, on the whole the inadequacy of the world's monetary gold stock, and its inability to keep pace with the expansion of requirements, created a situation in which too many goods were chasing too little money. In the meantime monetary expansionism has come to be adopted in most countries. The world-wide shortage of money is a matter of the past. Indeed purchasing power all over the world has become overexpanded, and we have been experiencing an almost uninterrupted non-stop "creeping inflation." Deplorable as this may seem from the point of view of the internal stability of currencies, it certainly rules out fears of a crisis through underconsumption. Nobody thinks any longer in terms of "poverty amidst plenty," at any rate not in the advanced countries. Producers in general are reasonably assured of markets.

In any case, it may well be asked whether the meaning of the return of the Dow Jones Index to its danger level of 1929 is not more apparent than real. The same figure means today a totally different thing in terms of real values. In 1929 the then prevailing level of Wall Street prices was grossly exaggerated compared with the intrinsic value of the assets the equities represented. Yields were absurdly low, and most prices extrinsically discounted future increases of the value of the assets and of their earning capacity. Meanwhile, the commodity value of the dollar has declined well below its 1929 level. The nominal dollar value of the assets which are behind the equities is now much higher than it was 35 years ago, even if we disregard any genuine increases in the real value of those assets.

Admittedly, the above argument is a gross over-simplification of a very complicated situation. A number of factors, operating in both directions, are liable to vitiate comparison between 1929 and 1954. Even so, broadly speaking it is true that the same dollar prices of equities are today incomparably better justified by the real values of assets than they were in 1929. The fact that yields today are much higher than they were at the top of the boom in 1929 also speaks for itself.

Amidst the changed conditions the return to the peak index of 1929 has very little practical meaning. It is true, if a great many people think otherwise, further advances in Wall Street are liable to result in liquidations, for fear of a repetition of history. Such realizations may slow down the advance, or even check it altogether. If too many people should become hypnotized by the fear of a repetition of history there may even be a setback, bringing the index below the "danger" level. But it is impossible to conceive such psychological liquidations on a sufficiently large scale to provoke a really bad slump in Wall Street.

This at any rate is the sober opinion in London. Guarded optimism on this side of the Atlantic concerning Wall Street prospects has been reinforced lately by more optimistic advices received from the United States concerning business conditions. Fears of a severe American recession, which were very real in Britain a few months ago, have subsided almost completely. The view is taken now in most quarters that the mild recession of 1953-54 has now spent its force, and that the new year may even witness some degree of business revival. Should such hopes materialize the ghost of 1929 will cease to cause any worries, and a further rise in the Dow Jones Index well above its pre-slump peak will come to be regarded as something quite natural.

New York Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of Edward G. Platt to Joseph Buono will be considered by the Exchange on Dec. 9.

Transfer of the Exchange membership of Laurence B. Rossbach to Robert A. Nubel will be considered Dec. 16.

Laurence T. Criley retired from partnership in Bosworth, Sullivan & Co. Dec. 1.

Hazel Dunham Harris, limited partner in J. J. Harris & Co. will become a general partner effective Jan. 1.

Continued from first page

The Stock Market Now

read about it is roughly as follows. I have listed a few items which are generally pretty well-known, but should be constantly kept in mind:

(1) There is no present evidence that the recent change in the national-political administration foreshadows major changes in credit restrictions or the easy money policy. Perhaps there will be a moderate tightening of credit at times to keep things from getting out of hand, but no basic change.

(2) General construction will reach an all-time high in 1955 with margins of profit well maintained. This should augur well for the building stocks.

(3) Consumer income after taxes is larger than at any time in history with total savings at an all-time peak. Having more money available, consumers will spend it, and this should help many of the consumer goods industry stocks, especially the department store and retail trade issues.

(4) Railroad earnings are improving; steel production rate has increased close to 80% of capacity; automobile dealers, I'm told, are now doing much better and retailers are forecasting a new record volume of Christmas spending.

(5) Defense orders are still being placed at a rate above the first half of 1954. Spending by the government may be increased by several billion dollars because of continued stock-piling which means, of course, that the inflationary potentials of a managed money policy are still very much with us.

(6) After declining gradually for approximately nine months there has been a decided uptrend in overall production figures, which has resulted in a further depletion of inventories that have been down about $4 billion over the past year. Management has recognized this situation, and in all likelihood, a rise in inventories will be recorded before the end of the year.

(7) Lastly, but most important. Peace will be good for world trade and for our econmy.

In the first place, the economic climate is highly favorable to business, sales and earnings, since all the key economic indicators are moving upward. This is in direct contrast with a year ago when there was much oratory and talk about recession and the indicators were easing down. Many were somewhat fooled last year when the market went up contrary to all the rules of economics, but it should be remembered that the course of business and the trend of the market has borne little relationship over long periods of time. They tell me and I read, that business news will be very good the first two quarters of 1955 and that earnings and dividends will be correspondingly higher. This means a continuous flow of cash into pension funds and institutional channels which may be more than investment channels can absorb. If this is the case, it will result in a shrinking supply of top quality issues and, incidentally, this factor alone, this heavy institutional buying, has rendered obsolete many of the traditional tools for gauging market movements.

In addition to this, we know that in January or February the Eisenhower highway program will get underway with an indicated proposal to stimulate the building of new roads, at an estimated cost of at least $50 billion, perhaps much more, over the next 10 years. The St. Lawrence Seaway will do a great deal to stimulate business activity in the northeast section of the country, and there may be other programs of expansion contemplated.

If the payout of earnings as dividends should increase, as it should, and investors refrain from selling because of the powerful influence of capital gains tax, then all the above factors add up to a higher market in the next two months, at least. As against these favorable factors, we must weigh a few unfavorable straws in the wind, and let me just state right here that when everything is looking exceedingly bright and business is rolling along at such a fast clip, then it is at this point that I want to be on the lookout for signs of a major distribution of stocks and an important top. It hasn't been reached as yet.

Competition Versus Profits

Secondly, many firms are selling more goods today than ever before, but the growing competition is so severe that their profit margins have narrowed and some are calling it a "profitless prosperity." In other words, rising overhead may make it harder for the average corporation to show a gain in the next year's earnings. The CIO is continually talking of higher pay and guaranteed annual wages. Individuals also have a high breakeven point. Earnings comparison in the first and second quarters of 1955 in many companies may not be quite as good as in 1954 because you must remember we had the lapse of EPT last year. Besides, the 52% normal corporation tax may not be allowed to expire on April 1, in 1955. The Government needs those extra taxes.

This is no longer a market that is generally so clearly undervalued as it was last year, but a mature market in many issues. It is obviously not a market in which you can invest indiscriminately.

Technical Considerations

I will try to correlate some of the economic factors with the technical pattern. Therefore lastly, the following pertinent observations seem important to me before making a definite prediction.

I am not a Dow Theorist. If I had been I would have been talking bear market to you a year ago. Now today, with both averages confirming a major advance I would be talking about an all out bull market at this point, but I can't do that after this 130 point rise. Now I hear on all sides that the Dow averages are going to reach 425-475 — even 500 next year—but let me state quite frankly that I just don't know where they are going to sell. "Fortune" magazine pointed out recently that for the Dow-Jones industrials to be selling at the same ratios to dollar values as in 1929 that this particular average would have to be selling at 572. Perhaps these optimistic forecasters are entirely reasonable, because the averages sold at 19 times earnings in 1929 and were yielding only 3.47% on stocks and 5.43% on bonds, whereas they are now selling only about 13.9 times earnings and yielding 4.74% on stocks and only 2.88% on bonds.

Actually the changes in the economy are so very great that no fair comparison can be made. Earnings for the companies listed in the Dow averages have jumped 34% since 1929 and dividends have gone up 32%, not to mention the tremendous increase in book value. What has happened recently is that the stock market, for the first time in many years has been reappraised as an area of investment. Up to now, inflation has been applied to commodity prices, real estate and living costs. While the dollar has depreciated 50% in the last 10 or

15 years, security prices in general have not been inflated much, but they now seem to be getting their share.

If earnings today were evaluated even as high as they were in 1937 or 1946, we might have further good reason to believe that the averages would sell between 430 and 470 D.J., but it should be remembered that the Dow-Jones averages are composed of only 30 stocks. Some are selling pretty low, like American Tobacco, Chrysler and Woolworth, while others, such as steels and some of the rubber and chemical shares, have reached pretty high levels. It is interesting and enlightening to check back, in talking about 1929, to note that Bethlehem Steel, Standard Oil of New Jersey and General Motors are all selling over twice as high as their highs in 1929. I have really no technical measuring rod to estimate how high these averages will sell next year. They have already advanced about 53% since September 1953 and, as a guesstimate, if they advance another third as high this would carry them to about 420-430 D.J. At that point, or anywhere above the 400 level, I certainly would be on the lookout for some kind of a top, but today it is quite obvious that there is quite a discrepancy between the price and yields on the blue and the red chips in the market place.

Strange as it may seem, more than 50% of the stocks on the big board are still selling below their 1946 highs in which year the top for the Dow-Jones industrials was 212. The sophisticated buying by institutional investors, the pension funds and other large buyers has pushed a handful of quality stocks to pretty high levels, many selling at 20 times earnings, yielding less than 4%, and the prices of many of these stocks appear to have discounted a substantial business recovery, and perhaps too much. It has been estimated that this institutional buying accounts for over a third of the volume on the New York Stock Exchange, but this is a difficult statistic to check accurately. However, it is also a truism that not all stocks in the market make their highs at the same time and, in general, it takes a long time to form an overall top of importance, and also, the odd lot buying and selling figures do not show bullish evidence to a degree occurring at other market tops in the past. Therefore, I am forced to the conclusion that with the better business conditions previously mentioned, that a selectively rising stock market lies ahead, despite the prospect of some necessitous tax selling during the next two or three weeks.

During the past 58 years the market, in terms of the Dow industrial average, in the month of December has gone up 40 times and down 18 and in the last 20 years it has advanced 15 times against 5 declines. This is due obviously to the reinvestment demand of income derived from dividends and the lifting of pressure attending tax sales. It is usually a banner month for steels and automobiles and this year should be no exception. While allowances must be made during this month for periodic setbacks for these year-end tax sales adjustments, especially after this almost straight line advance, it would appear that any setback would be limited to 10 or 15 points, holding above the 365-370 D.J. level, which is a very strong support level on the industrials, and above 123-124 on the rails. I would say that the next upward phase would have more public participation in the medium and lower priced stocks. There have been many neglected groups such as textiles, drugs, metals (zinc and lead), soft drinks, liquors, meat packing and sugars to name a few.

Blue and Red Chips

In this connection, the disparity between the blue chip stocks and the previously less favorably situated stocks should tend to narrow as the market advances, and a policy of switching out of issues that appear over-priced in relation to the level and trend of earnings and dividends into many good quality secondary issues, paying a higher yield with more dynamic upside potential, should prove profitable and timely. In attempting to project this market into the first quarter of next year, I would look for year-end strength regardless of any temporary setback in the next week or 10 days. Then another temporary setback starting Dec. 28 when the first sales for profit in 1955 can be made. After this minor setback I would expect that the market would carry upward to another temporary top between the end of January and the middle of February. I do not believe that that will be the top for 1955, but that after a normal setback during the March tax period that another attempt at a new high will be made later in the year. It takes a long time to distribute a market as broad and active as this one.

At any rate, as we look forward to business conditions in 1955 it would appear that from all I can determine, read and study, that perhaps the second quarter of the year will represent the high point of this phase and that business will start to taper off toward the end of next year. It does not appear probable that another boom will be superimposed on the present, already stimulated economy, nor can I estimate another 100 points rise in the stock market, superimposed on this last 130 point advance. It would seem much more likely that the optimism engendered by the rise in business during the first half of the year will cause the market to reach a top sometime during that period in anticipation of a decline in business later on. This will be evidenced by signs of important distribution in the action of many stocks, but again not yet.

Analytical Tools

Before submitting forecasts on a number of individual stocks I would like to discuss one of the tools that I use in estimating price changes. A picture is worth 10,000 words, according to the old Chinese proverb—but when the "Life" editor asked the "Life" photographer, "got any good pictures today?", the "Life" photographer said, "sure, got any good words?" Pictures only tell half the story. Two people looking at a modern art picture will oftentimes have two different interpretations of what it is meant to portray. For all their power in telling a story quickly and graphically, pictures may only tell half of it—if wordless, they may create the wrong impression.

Charts

Charts—what are they? They are a graphic record of price changes and attending volume of buying and selling; they are the composition of continuous unfolding judgments making up the substance of daily activity on the exchanges. These judgments of the best investment thinking throughout the world are collected from the ticker, averaged and plotted, resulting in a chart. They do tell you a story about the future price trends of a stock, but the interpretation of these price trends and the reading of a chart are the most important factors in arriving at any conclusions. While charts have many shortcomings, it is important to know what the chart boys are saying and thinking. The buy and sell signals that are sometimes indicated so clearly are often well worth taking into account. I have listed four reasons why I think charts are valuable:

(1) Charts arouse the investor's suspicions that the most obvious interpretation of current events, both economic and business, may not be the correct one. This was the case last year.

(2) Charts enable the investor and trader to form at least a partial comprehension of the attitude of large investment interests toward the stock of a particular company.

(3) Charts show by the measurement of accumulation and distribution the possibilities of the advance or decline of a stock.

(4) Charts help the investor to crystalize and make more definite his judgment as to the best time to buy and sell. Perhaps more important than anything else, charts help to clarify the investor's mental attitude and free him from much of the confusion and uncertainty generated by an attempt to digest the continual flood of contradictory advice and rumors.

Many charts of various kinds are used in studying the buying and selling habits of investors who are "putting their money on the line" so to speak. Personally, I have studied over 40 different varieties of charts and have arrived at the conclusion that the point and figure method is the easiest, not only to prepare, but gives you an inside story of the best time to buy and sell stocks. Also, by the count method, which I will endeavor to show you and explain, they do give you an idea of the approximate rise or fall of a stock. Before I go into this brief explanation, I would like to say that over the past 25 years of working with charts, I can sense a growing regard for the well-qualified technical student. Today there is hardly an investment outfit in the country that does not consult a technician to confirm or deny the many basic statistical reports that are received daily, weekly and monthly.

Stock Selections

As I see and try to sum up the picture today, this is a most difficult point in the market for the investor to make new common stock commitments. We cannot see the bargains of a year ago in the top quality stocks. The market is full of sold-out bulls awaiting a deep reaction in which to reinstate their position and this group has increased in size during the past year. Today an even more careful selection is the keynote in making any new purchases. If business continues to be better in 1955 as indicated; if confidence remains high, and if the international situation does not explode in some new section of the world, then it seems pretty safe to predict that no bear market in stocks is imminent and all reactions will be limited.

Rather than mention groups of stocks I thought it might be more interesting as well as more difficult to submit a list of selected stocks in various industries that by the various measuring rods correlated and described above, appear interesting for purchases on any minor setback. This list is large because of the very broad nature of the market. You will note that most of these stocks are not top quality, but are submitted because they appear to indicate some of the best possibilities for price appreciation from present levels.

Lower Price Issues	Recent Price	Hold for Price of
Armour	11	18-20
Canada Dry	13	18-20
Budd	14	20-25
Oliver Corp.	14	18-20
Pepsi-Cola	15	22-25
Western Airlines	15	25
Burlington Mills	16	21-23
Internatl. Packers	16	28-30
J. I. Case	17	23-25
General Cable	17	25-28
Pan American	17	23-25
Raytheon	17	26-27
American Airlines	19	25
Erie	19	24-25
Gimbel	19	23-24
Commer. Solvents	20	25-28
Merck	20	28-30
Medium Priced Issues		
ABC Paramount	22	35-40
Colo. Fuel & Iron	22	30
Sunray Oil	22	28-30
Beaunit Mills	23	32-33
Rockwell Spring	23	28-30
Schenley	23	28-30
Celanese	24	29-30
Internatl. T. & T.	24	28-30
Burroughs	25	32-35
Certain-teed	25	33-35
N. Y. Central	25	30-32
Blaw-Knox	26	35-40
Pittston	27	35-37
J. P. Stevens	28	35
Canadian Pacific	30	35-38
Fruehauf Trailer	32	40-42
Sharon Steel	32	43-45
Atlantic Refining	34	45-47
Parke Davis	34	45-50
Distill. Seagrams	35	40-45
Underwood	35	40-45
Pfizer	36	43-44
Cluett Peabody	37	45
Grumman	37	45-50
Crane	38	48-50
St. Joseph Lead	39	55-57
Higher Priced Issues		
New Jersey Zinc	41	58-60
South P. Rico Sug.	41	45
Allegheny Ludlum	42	55-60
American Viscose	42	54-55
American Smelt.	43	48-50
Abbott Lab.	45	60-62
ACF Industries	45	60
Timken R. B.	46	55-60
Wheeling Steel	47	60
Kern County Land	48	58-60
Sinclair Oil	48	58-60
U. S. Smelting	50	68-70
Woolworth	50	58-60
Pillsbury Mills	51	65-70
Southern Pacific	51	58-60
Allied Stores	52	60
Food Machinery	52	58-60
United Fruit	54	63-65
Fed. Dept. Stores	55	65
Western Pacific	60	75-80
Richfield Oil	62	78-80
Boeing	63	75-80
Chrysler	63	80-85
Northern Pacific	66	90-92
Allied Chemical	95	105-110
Coca-Cola	110	140-150
Amer. Tel. & Tel.	175	190-200

Reinforced Plastics Securities Offered

John R. Boland & Co., Inc., New York City, is offering publicly $295,000 of 5½% convertible debentures due Oct. 1, 1960 and 29,500 shares of common stock (par one cent) of the Reinforced Plastics Corp. in full units of $1,000 of debentures and 100 shares of stock at $1,001 per unit. They are also offered in one-half units and one-tenth units.

The debentures may be redeemable at 100% and accrued interest, and each $1,000 principal amount may be converted into 400 shares of common stock.

The net proceeds from the sale of the securities are to be used to purchase equipment, retire $50,000 of 6% notes and used for working capital.

Reinforced Plastics Corp., organized in Delaware on Sept. 29, 1954, is in the business of manufacturing and developing plastic products reinforced with fiberglas.

The company maintains a 12,000 square foot manufacturing plant at Martha's Vineyard, Mass., which it leases from Duke's County.

Continued from first page

As We See It

is the sensible course, or what are the sensible courses, to follow — sensible, that is, without regard to political advantage. There have long been sharp intra-party as well as inter-party differences in this matter. Has either party, or for that matter the country, a clear, defensible notion as to precisely the policy we should adopt and follow in this area? There are ample reasons to doubt it. Certainly, there has been no dearth of self-appointed (we had almost said self-anointed) leaders who have been traveling over that part of the globe and returning to give their "impression" and to regale the people of the United States with a good many glittering generalities. But what, if anything, has been the practical result of all this?

Not a Simple Military Achievement

We have been told over and over again, and it is true, that the spread of communism in the Orient is not simply a military development. It is more a matter of political and social infiltration to be followed by active and aggressive use of fifth columns. The struggle in China and elsewhere has been depicted as a contest for men's minds and men's emotions, a kind of warfare which may or may not be halted or won by military successes, which obviously also is in accord with fact. The success of the Communists has been rightly attributed in large part to centuries of exploitation by foreigners and almost incredible economic destitution which has made the vast hordes in Asia rather easy prey for designing Communists who somehow are usually able to dissassociate themselves from the historic behavior of their countries.

Yet it is essential that we be realistic in our approach to the really quite difficult problems thus posed. We are much afraid that Senator Knowland and the others who seem somehow to have convinced themselves that the situation may be cured or at least moderated by a "tough policy" toward China and Russia have not given the matter the thought it deserves. So far, however, as may be discerned from the words of Mr. Stevenson and from somewhat vague but repeated reports from quarters close to the White House, the official line of conduct most likely to evolve during the next year or two is of a quite different pattern, and is one that the American people would do well to study with extraordinary care.

What we must do if we are to stem the spread of communism in Asia is, so the story runs, to assuage the hunger, to relieve the penury and the suffering, and lift some of the heavy burden of economic despair from the backs of the masses in Asia. We must show these almost countless millions of people that their lot can be improved more by turning to the West than to the East. When this has been done, and only when it has been accomplished, is the forward march of communism likely to be halted, so we are told. There is, of course, a very substantial stratum of truth in this sort of diagnosis and prescription. Oriental peoples do not usually show a great deal of interest in freedom and individual liberty as we know and cherish them. Arguments and preachments about these matters leave the Chinese and most of their neighbors quite uninterested.

How to Do It?

But — and here is the nub of the question — how is all this to be done? Can it be done at all in time to check the onrush of communism which has already gained such headway? These are really tough questions, but there is nothing to be gained by evading or ignoring them as all too many of the advocates of Point Four, and now Point Five, are so much inclined to do. The beginning of wisdom in this as in so many other matters is a thorough and realistic understanding of the problem in hand. First of all, let us realize that the successes of the Communists have not been the fruit of any careful decision on the part of the victimized as to where their best fortunes for the future lay. In point of fact, it appears clear that in most cases, no decisions of this sort or any sort seem to have been reached among the masses. Indifference, lack of spirit, a general feeling that all foreigners were probably tarred with the same stick, and a conclusion more felt than reasoned that it was not really worth while to do battle with either outside force against the other—these seem to be the basic elements in a situation which enabled small minorities within these lands to take over control.

From this fact, a good many seem to reason, we think falsely, that a feasible remedy lies in a huge "give-away" program designed, first of all to relieve suffering immediately and secondly to revive hope of better things to come Such a program would, of course, be supplemented by steps believed to assure better permanent economic conditions in the future. If all of this could be actually done and done quickly it might well be worth the staggering costs certain to be involved. We must, however, carefully weigh cost against likelihood of achieving the objectives agreed on. Apart from relatively minor grants which must be regarded as relief activities such as we have often engaged in, material and abiding improvement in the lot of these backward peoples must be of their own doing. This seems to us to be a self-evident truth too often overlooked. We can, perhaps, help these peoples to help themselves. Not only is this the most that we could be expected to do, it is the most that we can do. Even this is certain to prove a costly, difficult and tedious task.

We can only hope that these simple truths will be borne in mind at all times by those who seem to be interesting themselves now in further development of Point Four and in the creation of a Point Five program.

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Challenging Problems of The Oil Industry

more and more dependent on the use of the automobile.

Something has to be done about our traffic problems. We need more roads, better planned roads, and better traffic and parking provisions.

This great national need directly concerns the oil industry. Not only does it affect our business prospects, but taxes on gasoline, now averaging 26% of the retail price, will almost certainly bear part of the cost of new road construction.

The petroleum industry wants and actively supports sound highway expansion and improvement. I think it is fair to say we are in favor of all the roads that are realy needed, and as far as they can reasonably be financed. As an industry we should interest ourselves actively and positively in this problem. The wealth of talent and experience we have in this industry should be able to make a most important contribution, along sound lines, to the solution of our highway and traffic problems.

So far as the safety angle is concerned, President Eisenhower has proclaimed Dec. 15 as "Safe Driving Day," a project the oil industry should give the fullest support. The national safety record as of Sept. 30 shows 1,650 less traffic deaths this year than last, and a real push by all of us during December could save 2,500 lives in 1954. The life you save may be your own.

Government Regulation

Another major problem facing us is the intrusion of government price regulation into the production of natural gas. This, too, is not exactly new. The latest developments, through, are both new and disturbing. Regulation now imposed could sharply reduce the rate of natural gas development in our country. It could disrupt aid dislocate industrial development. It could freeze a basic distortion into our nation's energy supply picture. Yet such regulation has been advanced as in the interests of the consumer.

Here our industry faces the toughest kind of challenge—that of satisfying 22 million natural gas users of the truth that while in some cases some moderate increase in prices could come about through the working of normal economic forces in the unregulated production of natural gas, the free play of competition in this field is ultimately in the consumer's own best interest. For it will mean, over the long term, greater and more assured supplies of gas than would otherwise be available, and at prices which will be fully competitive with other forms of energy.

We should have confidence that the consumer, when he has the facts, is reasonable. We must believe he will appreciate that an assured supply of any commodity depends upon those who produce it receiving a fair price for it; that he will see the harm of forcing natural gas to sell in many consuming areas for much less than the cost of supplying heating oil or coal; that the almost certain eventual result of present regulation will be political control over the kinds and amounts of fuel he will be permitted to use. The customer must be helped to understand that he and the nation will best be served when gas is allowed to find its own level and its own markets in the competitive energy field.

Congressional legislation is now required to free the gas producing industry from present price control. This, I am sure, is in the long-range interest of all concerned—the producer, the transporter, and the consumer.

Atomic Energy

The last problem I want to mention—if, indeed, it is a problem—is the advent of new energy sources in competition with oil. Chief among these is atomic energy. Atomic power on a large scale is coming, and there are those who have wondered whether the atom signals an end of the growth phase of the oil industry. Recent speakers have ably shown how false that notion is. The world's ultimate need for energy is enormous, and there will be room for all efficient and economical sources.

As I see it, the important thing to consider in this connection is that atomic energy will be in many respects complementary to petroleum. New sources of low cost power in many regions of the earth will bring increased industrialization, mechanization and rising living standards. And this should bring an expanding use of oil.

What is really important is that we learn to understand and cooperate effectively with this great new development. On balance, I feel sure atomic energy will help the oil industry more than it will hurt it.

Oil Industry Approaching Its Greatest Era

So much for some of our problems. While we are conscious of them today, we can also see ahead, I believe, some of the most exciting opportunities we have ever known. Our industry is on the threshold of what might be its greatest era. Take volume, for instance. The Paley Commission Report estimates that by 1975 the U. S. will be consuming more than 13 million barrels of oil a day. If this estimate were borne out, it would mean that within 20 years we would have to supply nearly 6 million more barrels of oil every day than we do now. Such a prospect would, in effect, add to the present oil industry another brand new one—of the size we had at the end of World War II. It could mean investing over $2 billion every year for that whole period. It is a challenging outlook for us.

But it isn't just the prospective volume of our business that stimulates me—it is also the new methods and practices we will have to devise and put to work in the next few years. The rapid rate of change in the industry during the last few years makes this need very plain. We have seen LPG, jet fuels, diesel fuels and petrochemicals—hardly considered as volume products a few years ago—jump to an important position. Spectacular developments in product pipelines have been made. Important changes in the concept of bulk storage are occurring; product distribution costs have been sharply reduced through the steady increase in size of deliveries by trucks, barges and tankers. Since the first cat cracker went into operation only 15 years ago, catalytic refining processes have come to dominate the manufacturing field completely. In production we have jet bit drilling, portable rigs, overwater operations, aerial surveys and a host of other new and basically significant advances.

The intense pressure on selling today is affecting product quality in great degree. The results, whatever they are, will be revolutionary to us, and a tremendous boon to consumers. All our areas of activity, in fact, reveal amazing possibilities. It may not be too imaginative to say, for example, that the energy of atomic fission could bring completely new concepts of refining. Up to now we have used heat and pressure, with catalysts to help, in altering and refining crude petroleum. Is it fantastic to speculate that the furnace may some day no longer be the basic unit in a refinery?

In petrochemicals there seems no end to new uses to which petroleum is being put. Jersey affiliates, for example, now produce 35 different chemicals and chemical raw materials from oil. These are sold to customers in 23 major industries—producing such products as paint, synthetic fibers, synthetic rubber, plastics, detergents, solvents, insecticides, fungicides, fertilizers and many others. And this new outlet has really hit its stride only since World War II. And I have not even mentioned the possibility — indeed the real probability—that petroleum in the next decade will find entirely new uses, for things and purposes which today we do not even imagine.

In the producing field many radically new ideas are developing. Already, by improving secondary recovery methods, we are getting a brand new "crop" of oil from fields once thought near exhaustion. New ideas of oil reservoir energy and behavior and how to change them are coming along fast. We may never "mine" oil—although Jersey once bought a patent to do so!—but we will certainly bring up millions of barrels from deposits quite inaccessible today. Atomic radiation and electronics have already invaded the exporation field—and the potentialities are probably far beyond what we can visualize now.

I envy the young man starting out in our industry today. His life surely will be more productive and more dramatic even than the most exciting of any of us old hands.

If it seems to you at this point that I have a pair of rose-colored spectacles perched on my nose, let me say that I see a sobering qualification to our industry's progress. I refer to the tendency to look more and more toward government to help us through difficulties. This must seem very strange and be saddening to the pioneers in our industry. The oil industry, more perhaps than any other, has grown and prospered under conditions of freedom—to be inventive, ingenious, imaginative and individualistic. What would government regulation do to this?

A predecessor of mine in our company, a man whom I always held in highest respect—Mr. Ralph Gallagher—once said:

"Leadership will not be granted to those who are content simply to point out the difficulties and flaws in the proposals of others. If today's managers of private enterprise are to justify their positions, they must conceive their duties in broader terms . . . It is not enough merely to 'adapt ourselves' to changed conditions. We ourselves must held change conditions; we ourselves must find and show the way . . . unless we bear our share of the load, the initiative will pass to others by default . . . I (am not) suggesting that today's complex economic problems do not at times require the help of government in their solution. But I am warning that when management, or labor, or local government, or any other group turn to Federal aid to solve problems they ought to be capable of solving themselves, they should realize that they generally will have to give something in return. If one asks, for example, that the police powers of the state be used for his benefit, he does not get the advantages of that power for nothing. He has to pay, and often pay double. He may, in fact, be endangering the very freedom which is one of the basic aspirations of all our people."

I have found myself recalling these words recently, when aware of efforts of some to impose the hand of government upon us. Surely turning to government is not the way of progress. Surely within our ranks there exists the statemanship to find our own solutions to our problems.

Still another broad impression of mine—and the last I want to mention today—is that the U. S. oil business must face up to the fact that it is and will increasingly become part of an oil business worldwide in scope. In my view, the course is inevitable. America is no longer a nation by itself. Our country will have to live more and more as a member of a community of nations. And as the United States assumes its global role, all business will have to follow. This is especially true of the oil business, because of its very nature.

Our nation and our industry during the years ahead will contribute more to foreign lands and receive more from them. This is a development not to be feared and resisted, but one to be recognized and participated in. There is no other course consistent with the peace and good will that all of us want.

These, then, are some of the impressions I have of our industry today. I have no pat formulas to deal with them, nor can I tell any better than you what their outcome will be. But even if this brief discussion of them does no more than stimulate more thought about them, I think my time will have been well spent. We represent a great industry—an industry which in many ways personifies the vitality and effectiveness of the American system of enterprise. It's up to us to keep it that way.

El Paso Natural Gas Makes Two Offerings

El Paso Natural Gas Co. is now offering common stockholders rights to subscribe for 226,424 shares of $4.40 convertible second preferred stock, series of 1954, on the basis of one preferred share for each 21 common shares held on Dec. 2, 1954. Subscription price is $100 per share, and rights expire at 3:30 p.m. (EST) Dec. 17, 1954.

At the same time the company is offering to exchange one share of this new preferred issue plus a cash payment of $3.2322 per share for each share of $4.40 convertible second preferred stock, series of 1952. This offer also expires on Dec. 17.

A nationwide underwriting group headed by White, Weld & Co. will purchase any unsubscribed or unexchanged shares.

The new preferred stock is convertible into common stock prior to Dec. 31, 1964, at the conversion price of $41.25 per share on or before Dec. 31, 1959 and $43.25 per share thereafter and on or before Dec. 31, 1964. The issue is redeemable at $103 per share, and, for the sinking fund, at $100 per share, plus accrued dividends in each case.

Proceeds will be used to redeem outstanding 1952 series preferred stock not exchanged or converted, and to repay bank loans incurred in the company's gas exploration and development activities, including the acquisition of gas acreage and rights and the drilling of wells in the San Juan Basin.

El Paso Natural Gas owns and operates a pipe line system supplying customers in west Texas, southern and northwestern New Mexico and in Arizona, and delivering gas to the Arizona-California border to distribution companies in California and Nevada. The largest volume of the company's sales are made to Southern California Gas Co. and Southern Counties Gas Co. of California which distribute to Los Angeles and other southern California areas and to Pacific Gas and Electric Company which distributes to San Francisco and other areas in central and northern California.

Form Kamen, Pasternack

Kamen, Pasternack & Co., members of the New York Stock Exchange, will be formed as of Dec. 16. Partners will be Abraham Kamen and Morris Z. Pasternack, general partners, and Abraham J. Brenner, Morris Kreinen, Nathan A. Last, Max Welling and Louis Miller limited partners. Mr. Pasternack will hold the firm's exchange membership.

Form Faraday Securities

PLAINFIELD, N. J. — Herman Wechsler and David H. Rothberg have formed Faraday Securities Limited with offices at 205 East Front Street to conduct an investment business.

Continued from first page

Some Important Factors Underpinning the Economy

tangible evidence of the golden age shimmering just beyond this decade. For the fact is that this millenium is not just a bold vision for our great-grandchildren. It's something that most of us here in this room will inherit very soon.

Not long ago I read about some of the offerings in the new Sears, Roebuck Christmas catalogue. By mail order now you can get a pair of battery-heated socks for cold weather. You can buy a planetarium for your living room which projects 40 constellations and 300 stars on the ceiling. If you are a "do-it-yourself" addict, you can order a kit to build your own weather forecasting station.

I thought to myself when I read this — the Sears, Roebuck catalogue has come a long way since my boyhood. What were marvels of science then are things you can now assemble yourself from a kit. Yet the progress in technology over the past 50 years may almost seem like a slow walk in comparison with the pace we can expect in the next 10 years.

A New Industrial Revolution

What is behind this promise of a new industrial revolution? The answer, of course, is technology. Industry today has mobilized its research on a massive scale. It has been estimated that $4 billion a year is now being spent on research by industry, government and private sources. One recent survey of 15 leading companies showed that an average of 3.2 cents out of each sales dollar was spent on research in 1952. This same survey indicated that the net profit per share after taxes was 160% greater than the cost per share for research.

This is the kind of logic that persuades stockholders to subscribe to greater and greater outlays for research—even pure research in which we have lagged in the past and which may not produce a return for 20 years or more. Let me add that this research is certainly not conducted merely in the spirit of adventure. It is simply a thruway to higher profits and a convenient detour around competition by the discovery of new products. Yet, incidentally, it is also the road to new industries, new jobs, and an ever higher standard of living.

The pace of this research, as industry spends more and more on it, is just beginning to accelerate. Consider just one field — the chemical industry. At least 20% of its business in 1975 will consist of products not yet discovered or in production. The results of these investments are bewildering to contemplate: gas turbine automobiles — food preserved by atomic radiation — tires that are good for 100,000 miles—atomic and solar energy—mechanical memories—miraculous cures for present chronic diseases.

This matter of automation is particularly intriguing. The time seems to be not far off when man-made machines will be able to do everything except buy what they make.

There, of course, is the nub of the problem. The most intricate machines would soon grind to a stop and rust away without more people to consume their output. This dynamic economy we are talking about is predicated on a vast and growing consumer population.

The Growing Population

The vitality of our population is truly amazing. By this time tomorrow 11,000 bouncing new Americans will have been added to our population. A new baby is born every three seconds. Think of it—in a month we will have added the equivalent of the population of Syracuse. Our yearly increase is nearly 3 million—equivalent to a city the size of Los Angeles. We are now almost 165 million strong. Ten years from now the figure should reach 185 million, and by 1975 close to 210 million.

These are not mere statistics. These are people — people who will need food, clothing, houses, automobiles, television sets, and maybe even planetariums in their living rooms. The ultimate impact of this demand on our capacity for producing goods and services is incalculable.

I don't mean to imply that a rapidly growing population of itself is a good thing. All we need is the appalling examples of India, say, or China, which recently passed 600 million according to figures the Communist Government released. Population growth there merely spreads the poverty. With us it means more producers as well as consumers.

The big difference, of course, is the superb technology which we have just discussed. The happy combination — a vital population, our natural resources, and the skill to develop them—will certainly mean an unprecedented standard of living for all of us.

Around the end of the '50s, a bumper crop of wartime babies will be ready for harvesting as independent consumers. That is about the same time our huge postwar expenditures on research should begin to show spectacular results. I would say that the decade of the 1960s will be the beginning of our golden age—when these two tremendous forces are in conjunction.

It might be interesting to speculate for a moment on what these influences will mean for one particular industry—the housing industry, with which I happen to be most familiar. This is pretty basic, and I think should reflect the situation in other industries in one way or another.

New Homes Will Be Needed

These new families are going to need new homes. Since 1950 we have built well over 3 million homes, and more than 9 million since World War II. Sixty-seven percent of our homes today are now over 20 years old. 50% over 30 years old. Obviously there is a pressing need for replacement. Nevertheless, the replacement of housing today is going ahead at a rate only one-fifth of what it probably will be by 1975.

New methods of standardization, pre-assembly and pre-fabrication in housing should ultimately reduce substantially the cost of new construction. This lower cost should, in turn, bring more new housing within range of a larger and larger segment of the population—thus, more and more demand.

There is another significant trend which those of us with a stake in the housing industry cannot possibly ignore — the great migration to the suburbs. About 1,200,000 Americans each year are moving from our cities to the suburbs. These represent a goodly number of that one-fifth of our total population which moves to a new location annually. From 1940 to 1950, the population around our major cities increased 35% — as against 14% in the cities themselves. Suburbia now embraces more than 30 million Americans.

Well, what does this mean for us? These families moving to the suburbs need houses, usually new houses. The suburban family has a higher average income than the city family, so the houses are bigger as a rule. It means that more schools have to be built. Also new churches, shopping centers, supermarkets. I read recently that 5,000 new supermarkets alone will be needed in the United States within the next decade, and this seems like a conservative estimate.

The higher income of the suburban family also introduces the element of luxury buying. People sell perfectly good houses because they may have gone out of style —or because they are simply tired of the old one. Older people get tired of walking up and down stairs, so they move out of their two-story house and buy a ranch style home all on one floor. And, of course, this doesn't apply only to older people. People who may not be able to buy a new home are constantly remodeling the old one.

There isn't time to go into the effects of this suburban trend on other industries. But more cars, more gardening tools, more nursery products, and more recreational equipment, and more furnishings for the new houses — these are just a few of the more obvious by-products of this new way of life on the fringes of our cities. I'm very happy to say that the end is not in sight for the construction boom.

Before dropping this absorbing subject of our population growth, I should touch on one reason why the population is becoming a hungrier and more profitable market. The answer is not only in growth but in the remarkable redistribution of income which has taken place in the past 25 years. Proportionally, more Americans are sharing in the abundance.

Real income per person measured in dollars of constant purchasing power is almost 50% greater than it was in the late 1920s and has increased 12% since 1947. Today, 58% of family units in this country have incomes of $3,000 to $10,000, as compared with 29% 25 years ago. This has meant a tremendous growth of the middle-income market. High quality products—luxury products—today are within the reach of an increasingly larger proportion of our population. And the trend shows every indication of continuing. This, I think, is the real marvel of our economy and the tribute to the political climate in which it operates — where most everybody shares in the prosperity.

We are the most comfortably fixed nation in the world. In spite of inflation, Americans have over twice the spending power they had in 1940. Savings alone have increased from $68.5 billion to about $250 billion. And this is continuing to increase.

Some Factors Underpinning the Economy

Let's look at some of the other factors which will be underpinning our economy for many years. The matter of public works, for example. The American Automobile Association reported recently that two out of three of the nation's 3,300,000 miles of streets and highways are inadequate. At least 1,700,000 of these rough miles are actually unsafe for drivers. And what have we been doing about it? Practically nothing!

The physical volume of road building is very little higher than it was in the early 1930s. Yet, since then the total of miles traveled has increased more than 250%. The Bureau of Public Roads has estimated that the tidy sum of at least $100 billion will have to be spent over the next ten years for rehabilitation and new construction. Already the President has taken steps to implement this program. This, I think we are all painfully aware of, is something that can't be postponed. The traffic situation is desperate now, and we can look for a 50% increase by 1965. The road-building program alone will be filling a lot of lunch pails in the next ten years.

Other areas of public works have been equally neglected mainly as a result of World War II. The amount of hospital construction per person added to the population is 19% below the 1920-41 average. The public health service estimates that 880,000 new hospital beds will have to be added in the next ten years.

And of course the shortage in schools is deplorable. Here in America we have about 70% more children under five years of age than we had in 1940. School enrollments are up more than 20% since the war. The school authorities say that we are 345,000 classrooms short in public schools alone at the present time. We should be spending probably $40 billion right now for schools and hospitals.

This emergency cannot be ignored. These new generations are our greatest natural resource. The children of today are entitled to—and they must have—education at least equal to ours if they are to master the intricate technology which we will be thrusting upon them.

Construction for commercial buildings, office space, sewers and water projects for the new suburbs —all of these have fallen behind as the general economy has raced to new records. These essential services cannot be put off much longer without becoming a drag on our progress. We must remember that these public works are not simply "make work" programs. They are indispensable to our economic health. We can't move along indefinitely at full gallop while major sections of the economy are limping.

The Role of Government

Then, of course, there are always the strong reserves which the United States Government will be throwing into the action. I cannot honestly believe that as long as this cold war continues—and it looks like a long, cold one —the government can afford to spend much less than about $40 billion a year without imperiling our national defense. To do less would be to invite tragedy. A strong military establishment is really the only shield behind which this economy we are talking about can safely grow to its full maturity.

Yet the outlays for defense will represent only a small part of the government's role in the economy. For one reason or another, the government today is responsible for almost a quarter of our national product. Through increasing social services and through various other measures which we have come to accept as the prerogatives of government, we can expect it to exercise a continuing strong, stabilizing influence.

In this connection I must emphasize that the government is not alone in the human welfare services offered our people. For example, the Brookings Institution forecasts that by 1960 some 22 million workers will be covered by industrial pension plans. These plans will contribute about $6 billion to the annual flow of savings available for investments.

Where Do We Stand Now?

So much for the telescopic view of our future. It is, obviously, a rosy one, but not visionary. The evidence all around us is too strong to belie the fulfillment of this promise.

Now, where do we stand at this moment? We are closing out the second most prosperous year of our history. The reason why it is not the most prosperous year is because we are not fighting a war or supporting one. This to me is reason for a certain amount of jubilation. Yet, occasionally I detect in all this concern about recession, a slight nostalgia for the easy days which the Korean War created for us all. In my opinion, our economy — and indeed our civilization—have no future whatsoever if they come to depend on the artificial respiration which war provides. And I am confident that we have the vigor to reach our goals without the stimulus even of cold wars.

We have, happily, emerged from a war and we are feeling the pinch of reduced spending on defense. Business, too, has tightened up on its spending, economizing mainly in the area of inventory and new production equipment. It is too painfully evident in the dissipation of backed-up consumer and business demand, that we are adjusting ourselves to a peacetime economy. But it is peace, and that is something for which we are all grateful. And in the long run, all of us will benefit by the intense competition to follow.

Nevertheless, many of these downward trends should be reversed in the very near future. For one thing, our present program of military spending is not one geared to support a war even of the Korean variety. Cold wars have a habit of not staying at the same degree of temperature, and I think that the crises which are likely to occur periodically will step up the rate of defense spending. We will not squander our security.

I can foresee improvements in other areas. Thirty million increase in population since 1940 provides a powerful undergirding force for the construction industry. That's the principal reason why construction is running ahead of the nation's other industries.

Moreover, the end of this so-called boom is not in sight. Projects now being planned indicate that construction will continue as a buoyant part of the economy stimulating, in turn, household goods, appliances, utilities and the like. Expenditure for new building in 1955 is expected to slightly top that of 1954.

To sum up, I believe that business in general next year will be at least as good as it has been this year, and it may surprise us by being better. However, we should not expect any spectacular spurt for the next two or three years. But on the whole we can look forward to a relatively stable period until those great forces of population and research begin to be felt around 1958.

I have always enjoyed that wonderful remark attributed to Satchel Paige: "Never look back; something may be gaining on you!" With prospects so bright before us, we can afford not to look back at spectres in the past which may haunt us. For my part, I prefer to look forward to that radiant prediction of a $500 billion economy within the next ten years which the President made not long ago. We have all of the other elements — now we need only the confidence—to achieve that.

Irving J. Rice & Co. Adds Three To Staff

ST. PAUL, Minn.—Norman A. McClure, John D. O'Rourke, and Glen A. Peterson, Jr., have become associated with Irving J. Rice & Company, Incorporated, First National Bank Building, members of the Midwest Stock Exchange, as registered representatives. Mr. McClure was formerly with Wells-Dickey & Co. and Central Republic Company. Mr. O'Rourke was with Harris, Upham & Co.

R. G. Gresham Opens

SHERMAN OAKS, Calif.—Robert G. Gresham is conducting a securities business from offices at 13946 Morrison Street.

Edward C. Henshaw Is Opening Own Office

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edward C. Henshaw will engage in a securities business from offices

Edward C. Henshaw

at 801 Marina Boulevard. Mr. Henshaw was formerly a partner of William R. Staats & Co.

Morgan Stanley Group Offers Large Issue Of Australia Bonds

Morgan Stanley & Co. heads an underwriting group comprising 76 investment firms which offered for public sale on Dec. 8 a new issue of $25,000,000 Commonwealth of Australia 15 year 3¾% dollar bonds. The bonds, due Dec. 1, 1969 are priced at 99% and accrued interest to yield approximately 3.84% to maturity.

This marks the first public offering of securities by Australia in the United States market since 1947.

The Australian Commonwealth will apply the proceeds of the financing, with funds from its Treasury, to the redemption at the principal amount on or before Jan. 15, 1955 of $29,631,000 external loan of 1925 30-year 5% gold bonds due July 15, 1955. The Commonwealth will accept the 5% bonds to be redeemed in payment for the new issue.

As a sinking fund the Commonwealth will, beginning, on Dec. 1, 1956, and on each June 1 and Dec. 1 thereafter to and including June 1, 1969 make payments of $485,000. The new bonds, which are direct obligations of the Commonwealth, are redeemable at the option of the Commonwealth at 103% if redeemed on or prior to Dec. 1, 1958 and thereafter at prices decreasing to the principal amount. They are redeemable for the sinking fund on June 1, 1957 and on any interest payment date thereafter at 100%. Principal of and interest on the bonds will be free of all Commonwealth taxes.

Total direct indebtedness of the Commonwealth including debt of the six states consolidated under the Constitution, amounted to 3,776,781,000 Australian pounds as of June 30, 1954 with an annual interest liability of 115,0544,000 pounds which was equivalent to approximately 7.6% of the total revenues of the Commonwealth and state governments. Of this debt, 584,401,000 Australian pounds are repayable over-seas involving an annual interest liability of 20,130,000 pounds. Interest on foreign debt is a little over 2% of Australia's earnings from exports.

Wool production and agriculture are important factors in the Commonwealths economy. Since the end of World War II, Australia has been going through a period of expansion marked by increasing industrialization and a rapid population growth due to immigration. The one millionth immigrant since the war is expected to arrive in Australia next year. Foreign capital has played an important part in the development of manufacturing industries. Last year the Australia Government signed a tax convention with the United States for the elimination of double taxation between the two countries.

Kerngood Adds Goldstein

Kerngood & Co., 39 Broadway, New York City, members of the New York Stock Exchange, on Jan. 1 will admit Morris E. Goldstein, member of the Exchange, to partnership. Mr. Goldstein has been active as floor broker.

Westheimer Branch

ATHENS, Ohio—Westheimer & Company have opened a branch office in the Cline Building under the management of Darrell H. Sams.

Budget Deficit For Fiscal 1954 Placed At $3.117 Billion

The Treasury has released the final figures showing budget results for the fiscal year ended June 30, 1954. This final statement is in line with the improved reporting procedures adopted jointly by the Treasury Department, Bureau of the Budget, and the General Accounting Office, under the Budget and Accounting Procedures Act of 1950.

The statement is based on the final accounts for the fiscal year of collecting and disbursing officers of the Government, and is the final statement referred to in the announcement accompanying the preliminary figures released last July 22. Differences between today's statement and the preliminary figures are due to inclusion in the final accounts of certain receipts and expenditures, including overseas transactions, reports of which were not available when the preliminary statement was released, and certain reclassifications. Beginning with this statement, transactions of the Post Office Department will be reported on the same basis as other agencies of the Government. This change is made possible by newly installed improvements in ac- counting and reporting pro- dures.

The final statement show budget deficit for the fiscal y 1954 of $3.117 billion, whic $88 million higher than the p liminary figure released last Ju

Warner Director

Lerner Markets, Inc., subur Philadelphia food superma chain, announces that David W ner has been elected a vice-p dent and director. Mr. Warne associated with the Philadel office of Reynolds & Co., mem of the New York Stock Excha

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New Economic Horizons For the Atomic Age

or European or South American economy is unhealthy and insecure.

Further, the world is uneasily poised between an economically dominant industrial society and a numerically dominant agrarian economy which is striving to become industrialized. If industrial civilization survives the current threat of thermo-nuclear terracide, agrarian nations with low living standards must aspire to industrialism. Therefore, it becomes a question of whether these peoples and we ourselves in the long run will enjoy indsutrial, economic and political freedom or whether they and eventually we succumb to Soviet industrial, economic and political tyranny. Doubtless a conquering Soviet would not keep a billion people in abject poverty. Although world Communism is certainly not motivated by moral considerations it is shrewdly aware that, given cheap power, today's underdeveloped areas and hungry populations could prove to be tomorrow's richest economic and political assets. I present for your contemplation these words of Mahatma Gandhi:

"To the millions who have to go without two meals a day the only acceptable form in which God dare appear is food."

The brilliant American geochemist, Harrison Brown, has written recently, "It seems likely that, given concerted efforts of both the underdeveloped areas and the industrialized regions of the world, the standards of living of the underprivileged two-thirds of humanity could be raised significantly in about 50 years, and standards of living characteristic of the industrialized West of today might be attained in an additional 50 years without resorting to totalitarian methods."

A Hundred Year Program

Thus, I am led to make the following proposal for an "Atomic Marshall Plan":

I propose that there be initiated now a 100-year program for the financing, construction, and implantation of atomic reactors in the power-short, food-short, water-short, life-short areas of the world by American private enterprise and the American Government working together with friendly national governments and their own private enterprise groups.

I propose for initiation now the concept of what might be termed "seed" reactors implanted in underdeveloped nations from which ever-widening ripples of agricultural, industrial, physiological and sociological benefits will spread.

Such "seed" reactors implanted by American industry and the American Government, working together would encourage the development by these vastly populated nations of indigenous industrialization, resulting in the creation of a billion customer market with a deep hunger for an American type standard of living, and the gradually growing means to establish it.

This seeding of the "have-not" nations with suitable atomic reactor projects could be achieved by a well-designed program to divert a very substantial part of the present international economic aid from what has been a give-away plan to what would be a repayment plan. I believe that atomic reactors implanted in such areas would go to work at once to "grow" the real wealth out of which their costs could be paid back.

I do not represent to you that my associates and I have been able to much more than begin the study and analysis of basic data. Certain statistics, however, are thrown into significant relief when examined in the light of a humanitarian program of massive atomic creation in contrast to the threat of massive atomic destruction.

In the last six years, between 1948 and 1954, due to the exigencies of the world situation, the American people, through the Foreign Operations Administration alone, have sent abroad—in the form of manufactured products, food supplies and financial credits—the sum of $26,298,400,000.

Of this vast sum military assistance accounted for over $10 billion and industrial and financial rehabilitation accounted for over $15 billion. Europe received the lion's share of $22,214,400,000 with roughly the same ratios between military and economic aid. Latin America received $83,800,000 of which $38 million was for military assistance and nearly $45 million was for economic and financial aid.

I certainly would not quarrel with the policy that has dictated such emergency military expenditures. I cannot cavil at the Marshall Plan's dollar grants for economic aid which have been effective in Europe though only temporarily so and only partially effective in Asia. We were doing the best we knew how. But then we had only dollars. Now we have atoms. Yet it is significant that over the seven-year period between 1945 and 1952, including military aid, not quite $6 billion went to Africa, the Near East, Far East and Pacific Ocean areas, with Japan and China alone receiving well over half of the benefits. If we stop to consider that this covers the period of the Communist conquest of China and the Korean War, when we were exporting large quantities of military supplies to these areas, it can readily be seen that except for Japan we have not set up any program of economic aid which could stimulate the industrialization of Asiatic "have not" nations. And we have just recently heard Mr. Yoshida suggest in Washington an economic aid program of some $4 billion more to save Southeast Asia. Note that he was requesting aid for the preservation of the Japanese rice bowl on which the life of his country depends. Our foreign aid program has been a short range one, dictated by necessity. It has heavily favored Europe over Asia, Africa and South America, and a sizable percentage of total outlays have been for military supplies. The types of non-military assistance have varied but it is safe to generalize that most have aimed at propping the existing economy—that is to largely agrarian countries we sent agricultural machinery, seeds, fertilizers and the like; in industrial nations we have provided transportation and communications equipment, some heavy industrial components and other manufactured materials of a similar nature.

Most thinking Americans would agree that if the billions spent thus far have purchased even a temporary security for the free world, they were well worth the price. And in some nations, notably Great Britain, Italy, France and West Germany, assistance was a dire necessity. But the basic problem of worldwide instability between industrial and agrarian economies remains. Nor can it be solved by conventional "dollar-stuffing," "stop-gap" means which with the advent of atomic energy have lost much of any previous effectiveness.

The only way out of the world's political, social and economic dilemma is to provide the power for agrarian nations to begin to industrialize, and for partially industrialized nations to industrialize completely.

The Prime Material Power Is Atomic Power

I think we must now face up to the fact that in the atomic age dollars *per se* are no longer power. In the Atomic Revolution now sweeping away the world's conventional military, economic and political concepts the prime material power is the absolute power of atomic power.

With the atom, mankind has finally secured a key to power unlimited, and power is the prime mover of industrialization. The enormous energy value contained in minute quantities of fissionable materials means that at least one formerly very high cost item—a complex transportation network—is not a *sine qua non* to primary economic development. With helicopters, huge flying boats, and the portable atomic reactor we appear now to possess the means to reverse the historical process of ground transportation preceding power and communication. Eventually, of course, extensive ground transportation networks might very well be built, but these would be a gradual secondary development.

Radiating in concentric circles from atomic reactor nuclei, the rate of growth of a new industrial economy will be measured by the steady capital accretion which will result as the power plants process valuable raw materials—stimulate local skills—educate classes of technicians and engineers—irrigate arid but potentially fertile agricultural lands—and release valuable manpower from fruitless subsistence farming.

What are the immediate specific economic consequences of the international sharing of atomic reactors and reactor technology? Where would be the most feasible places to export atomic technology, fissionable materials and components? How—specifically—could it benefit American industry? These questions, though difficult, are possible of solution if we will equate calmly and in a positive fashion the factors of geography, economics and mutual security.

Categories of Atomic Reactors

Generally speaking, atomic reactors now being planned or built in the United States fall into four categories: the research reactor; the somewhat larger package reactor; the propulsion reactor for submarine or ship or aircraft, and the large stationary power reactor. The research reactor, as its name implies, is used primarly for experimental or educational purposes, though it does produce limited quantities of valuable radioisotope byproducts useful in industry, medicine and agriculture. Such a reactor is relatively inexpensive—ranging from several hundred thousand to $3 million or so depending upon design as well as the amount of laboratory and other facilities required—and can be produced in quantity. To those nations that possess modest technical capacities and an ultimate ambition for larger, more complex installation it would be invaluable as a training device, a source of radioisotopes and as the pioneer in paving the way for further nuclear power development.

Small power reactors which may cost from about $1 million to $3 million could be particularly useful in bringing power to inaccessible sites, where valuable minerals exist—but where cost of bringing in fuel for conventional power plants would be prohibitive—for setting up mountain top radio, TV, and radar warning networks—or for other military purposes. Small power reactors could also prove economically desirable in semi-industrialized nations which lack sufficient reserves of fossil fuels because they would provide a nucleous of power which would further develop industry, and also act as a developer of nuclear technology.

Large stationary reactor-power plants with a power potential in the vicinity of 100,000 to 600,000 or more kilowatts are still controversial in respect to design and economics. But it is safe to assume that these huge power plants will be of ultimate enormous value for all nations.

The chief obstacles now to exporting large atomic power plants are cost, feasible locations, and the number of highly skilled technicians and engineers required to make efficient use of them. A fourth problem to master is the satisfactory development of reactor breeding techniques which is an ultimate goal but not necessarily a vital one for foreign nations at the present time.

It is difficult to specify the exact cost of each reactor in the changing state of today's technology. A cost of roughly $250 per installed kw. of production capacity would seem to be a good achievable estimate of costs for a large power plant. Thus, a 100,000 kw. reactor would cost roughly $25 million. In addition, costs of like magnitude may be required for fuel reprocessing facilities. Such costs, however, could be substantially modified by a number of complex variables.

In respect to the Atomic Revolution, I am sure that we, in 1954, will not be guilty of the same faulty thinking which characterized British industry and the British Government when in 1789 they sought to keep the industrial revolution to themselves. As you may recall, it was a penal offense for persons who knew how to operate the spinning jenny or power loom to leave the country. Such restrictions did not, of course, stop the worldwide and rapid spread of industrial technology. Happily, the British changed their policy, and the intelligent use of British capital served to build our own industrial economy.

Of the principal "have-not" areas in the world to which nuclear power might bring a new industrial civilization, Asia has the largest population potential, is the most underdeveloped, has the most diversified problems and is the most explosively nationalistic. Asia is still the world's jewel but, as the poet John Masefield so prophetically pointed out many years ago, no longer for traditional reasons. The classical emerald-and-ruby wealth of the Arabian Nights—of ivory, apes and peacocks—are of little economic value now.

The real wealth of Asia is locked under deserts, in mountains—and mainly in the billion people who hunger for food, for equality, and for all that is implied in the term "American standard of living." One key factor that will unlock the treasures of this fabulous continent—for its people and for the world—is atomic energy. Energy that is relatively cheap, energy that is transportable, that is constant—atomic energy that will enable this area of the world to "leap-frog" the conventional fuel systems, the conventional communications systems, the conventional medical practices, the conventional agriculture of the 19th and early 20th centuries! Energy that will propel not only Asia, but Africa, free Europe and Latin America into the 21st century.

I believe that we Americans in our great tradition of free enterprise and democratic government, must grant to those free nations of the world who need it the boon of industrial atomic energy.

As I see it, there would be four basic steps to be taken in the process of implanting industrial atomic reactors in "have not" nations by the American Government and American private enterprise. They are:

(1) The Atomic Research Reactor. I label this the "pioneer" reactor because in a foreign environment it would begin the process of raising industrial technical levels to the point where in five or ten or fifteen years the economy of the country would support, or improved technology would make possible, the indigenous development of a large stationary power reactor. In the meantime, the research reactor—through its production of radioisotopes for medical and agricultural research, and for industrial measurement, radiation of plastics and other materials—would develop highly valuable industrial experience as a by-product.

(2) The Portable Atomic Power Reactor. The portable or package reactor might find its first use in locations where there is now insufficient technical skill or industrial development to support an indigenous atomic power program. The package reactor, through its mobility and freedom from fuel supply lines, could supply the initial seed of an industrial development in a "have not" nation with still undeveloped natural resources.

(3) The Large Stationary Power Reactor. The main objective of any reactor program, of course, would be the eventual development of the large stationary power reactor—perhaps similar to but much larger than the 60,000 KW pressurized water reactor being developed now by Westinghouse for the Duquesne Light Company. I say "perhaps" here since the Atomic Energy Commission, as you may know, has set forth on a very great and very important five-year plan for the development of a number of different reactor designs, many of which offer great promise.

(4) The Large Scale Breeder Reactor. The ultimate step—so far as we can see now—appears to be the large scale breeder reactor which produces power and radioisotopes and breeds its own replacement fuel as well as fuel for other reactors. The possibilities here are, obviously, infinite but are still so vast, so nebulous—at least to me—that I am not qualified to discuss them beyond this mention.

How could such a 100-year program be financed? So bold, and broad and unorthodox a program could not, of course—short of cartelization—be supported wholly by private capital.

It is not merely a matter of money. Atomic energy cannot be equated or compared with any other previous manifestation of the physical world. We could no more see atomic energy monopolistically controlled than we could believe in the propriety—to say nothing of the possibility—of a monopoly controlling the moon or staking a claim to the sun.

What we have here, now, at our hand is a power so vastly benevolent—or so blackly malevolent—that decisions as to its use are the decisions not of persons but of peoples—of nations.

"Operation Bootstrap"

The 100-year atomic reactor program by which the underdeveloped nations of the world would lift their own living standards—"Operation Bootstrap" if you will—broadly economic, broadly political and broadly humanitarian.

It is right, therefore, that such a program of sound economic investment should seek the participation of government funds—free of the unfortunate "give-away" label so repugnant to the giver and the receiver alike. The dividends, I believe, will more than repay the investment—dividends in security — dividends in improved standards of living for our neighbors — dividends in new markets—dividends in better and hence more productive human relations. We must doubly underscore the fact that our purpose is to help underpowered nations to help themselves; that we are dedicated to the fostering of that spirit of individual worth and integrity, of mutual forbearance and understanding, without which any international program, however well-intentioned, is bound to fail.

Let me point to some of the world markets available through the symbiotic—that is the mutually beneficial—"Atomic Marshall Plan" which I propose.

From July 1, 1951, to May 1, 1954, we sent to India and Pakistan a total of $78,828,000 in economic aid. Allocated and obligated but unspent funds total $91,188,000. I believe that these sums should have been allocated, should have been obligated and should have been spent.

I do not know what proportion of these funds should still be spent under the existing concept of economic aid. I do suggest that even in terms of American dollars and American construction costs and American wage and salary rates that today for India $170,000,000 would buy, say, between 75 and 80 portable atomic power reactors, or three large stationary atomic reactors complete with reprocessing plans producing 300,000 kilowatts of electric power and incalculable quantities of radioisotopes for industrial, agricultural, medical, and biological research. If, under the convention of counterpart funds, India and Pakistan should contribute equal amounts there might be built six large stationary atomic power plans of 600,000 k.w. capacity—or between 150 and 160 portable package atomic reactors.

The potentials for an already industrialized but power-short nation such as Japan are far more startling. Between 1945 and 1952 we gave Japan $2,276,000,000 in non-military economic aid and credits. If it had been possible to allocate an equivalent sum for the installation by American industry but at Japanese assembly and construction cost of industrial atomic reactors of the large stationary type it is within the area of probability that Japan might have now in the neighborhood of 100 large stationary atomic power plants with an installed kilowatt capacity of about 10 million. It is worth noting that Japan's total installed kilowatt capacity in 1952 was only 12,000 000 k.w. All this without consideration of thousands of milli-curies of radioisotopes for industrial, medical, biological, agricultural, chemical and metallurgical applications.

I can not now in these last few minutes delineate for you the revolutionary possibilities inherent in an "Atomic Marshall Plan" or "Operation Bootstrap" for the Philippines, Malaya, Indonesia, Indo-China, Thailand — or for the African continent, or for Italy, Spain, Portugal, France — or for Brazil, Peru, Chile, the Argentine. I leave the extrapolation to you.

These are just some of the more obvious areas which almost immediately could profit from atomic power and where financing the costs of reactors, technology and fissionable materials to the extent necessary is a justifiable risk. We must view such investments not only as sources of direct profit for American industry, but even more importantly we must consider atomic energy as the last opportunity we possess to create a stable world. We must stake our future on the hope that the atomic reactor will produce an economic chain reaction which, by establishing industry in underprivileged nations, will in turn give employment, permit the creation of surplus capital for reinvestment and eventually, raise living standards while decreasing by natural means population pressure.

Benefits of International Atomic Aid Program

Without considering the vast new industry which the manufacture of reactors and their power plant components would create in the United States, the technological and scientific and social benefits which would flow from an international atomic aid program of this magnitude would indeed be incalculable.

The President of the United States recently asserted the world moral leadership of the United States with his bold proposal to share our atomic technology and resources with other nations. The General Assembly of the United Nations is playing an important part in fostering the President's farseeing policy. But the Soviet veto power precludes the practical development and use of industrial atomic energy for underdeveloped nations by this organization. The practical development of international industrial atomic energy can only come through the participation of private enterprise.

There is now, therefore, it seems to me, an opportunity and an obligation for us to assert in a constructive, creative atomic power program the world industrial leadership of the United States. As recently as Sept. 28 of this year, Dr. Lawrence Hafstad, the Director, Division of Reactor Development, United States Atomic Energy Commission, stated before the Atomic Industrial Forum that "today, we should be building atomic power plants. We have passed the time when we can get along with paper studies and economic analyses," — and later in the same address, Dr. Hafstad declared: "In the international pool arrangement . . . we can expect the European nations to take an aggressive part. . . . So let us not have any illusions about sitting on a vast store of information and controlling a valve by which it flows to the rest of the world. If the undeveloped nations don't get help from this country, they will get it from Europe." And I might add, gentlemen, if they don't get in from Europe they will get it from the Soviet Union.

If we succeed in our 100-year international atomic power program, we will have helped to increase the standards of living, health and education of peoples abroad; we will have earned and made vital and lasting friendships; opportunities and outlets abroad for American enterprises and products will be created; we will have lifted a substantial burden from our Treasury; we will have a basis for ever-increasing economic activity; we will have proved and taught the soundness of the American free enterprise system; and we may have discovered the effective means of stopping the spread of Communism. In short, if we succeed, we can look forward to a long period of world peace.

For these objectives no risk is too great, no price is too big.

I suggest that the leaders of United States industry stimulate our government to the practical pursuit of the ideals and objectives set forth by President Eisenhower. In the international scene as in the domestic, the task cannot be performed by government alone—nor should we industrialists expect, or allow, the government to attempt alone to meet the challenge of the Atomic Age.

Thus far, in respect to the worldwide industrial atom the voice of American industry has been silenced!

I submit that such timidity is not an American characteristic.

Mexican Gulf Sulphur Common Stock Offered

Van Alstyne, Noel & Co. and associates on Dec. 7 offered 200,000 shares of Mexican Gulf Sulphur Co. common stock at $11.25 per share.

Net proceeds from the sale of the stock will be used by the company for the purchase and installation of additional equipment; completion of dock and related sulphur handling equipment; housing facilities; repayment of a temporary loan, and for additional working capital.

Mexican Gulf Sulphur Co., in conjunction with its wholly-owned subsidiary, Mexican Sulphur Co., S. A., is engaged in the business of exploring for, developing, producing and selling sulphur. The company has been in production since March, 1954 and has interests in various sulphur concessions located on the Isthmus of Tehuantepec in Mexico. It also owns a modern Frasch process sulphur production plant completed earlier this year. The company's total concessions cover 1,482 acres, and exploratory work conducted by the company has proved the existence of sulphur reserves in the approximate amount of 2,800,000 long tons on 125 acres of the company's concessions. To date, 61 wells have been drilled on the company's properties, 13 of which have been prepared for production.

Other members of the offering group include: O. H. Wibbing & Co.; Butcher & Sherrerd; Cohen, Simonson & Co.; Cohu & Co.; H. Hentz & Co.; Johnston, Lemon & Co.; Francis I. duPont & Co.; J. C. Bradford & Co.; Doolittle & Co.; Draper, Sears & Co.; Bioren & Co.; Boenning & Co.; Clayton Securities Corp.; Dreyfus & Co.; Ferris & Co.; Halle & Stieglitz; Reinholdt & Gardner.

Abbott, Proctor, Paine To Admit Partners

(Special to THE FINANCIAL CHRONICLE)

Abbott, Proctor & Paine, 14 Wall Street, New York City, members of the New York Stock Exchange on Jan. 1 will admit Thomas F. Mackessy, Edward A. Wickman, Chaffraix A. Lelon, Stanhope S. Goddard, Jr. and Byam K. Stevens, Jr. to partnership. Mr. Lelon will make his headquarters in the firm's Richmond office.

Continued from page 3

Changing Forces in Our Economy

...rough the disassembly of the ...ole into the many blocks out of ...ich the entirety is formed, but ...w procedures flow from the re...rch laboratories and find their ...y into the production method—...ether they be printed circuits ... electrical and electronic equip...nt or new methods of tighten... a nut or painting the finished ...duct. In a sense, in American ...ustry it is production engineer... which is the catalyst that ...ows the complex products of ...dern civilization to tumble like ... avalanche of simple standard...d parts from the cornucopia of ... genie of Mass Production.

From the corners of the world ...n draw their inspiration for ...w ideas, new concepts for the ...pidly advancing sciences of ma...ials and products and produc...n. Within our nation, $3½ bil...n are spent annually in the ...lds of research and practically ... of this is for research that can ... applied to the phase of the ...onomy concerned with the crea...n of products for war and ...ace.

Productivity on the Increase

As a result, each year our pro...ctivity moves forward and up...ard at a ruthlessly continuous ...te of nearly 3% increase. This ...sing productivity carries with it ...e secret of our ability to pay ...creasing wage rates and at the ...ame time maintain selling prices ...t a relatively stable level. This improving productivity also has within it the virus of unemployment unless offset by continuous growth of our economic activity sufficient to offset the reduced manhours of employment necessary for the production of a fixed amount of goods. For it should be obvious that if we uninterruptedly find ways of increasing the product of every manhour, we either need fewer manhours to produce a given amount of goods or, as an alternative, we must increase the amount of goods produced if we are to satisfy our needs for employment.

While we are still puzzling about the possibility that the sacred idol of mass production might have at least a clay toe—if not a whole clay foot—our vice-presidential guide leads us into a new section of the plant. Here, he tells us, there is operating the new methods of "automation." And so we glimpse the new development of the automatic factory.

Automation differs from mass production both in degree and kind. The difference in degree is inherent in the much more intensive use of mechanization that exists in automation. The difference in kind stems from the use of electronic control mechanisms which handle the product practically without human aid, moving it forward, performing the various steps in processing its developing, and protecting it against errors, and correcting the errors if they should occur.

The moving assembly belt that moved on, flanked by men and women, became almost symbolic of the mass production methods of a past generation that now seem heading for limbo. The new assembly lines move forward with no or few workers, and those are only involved in handling the controls.

We are looking at a development that is or may be as far-reaching as the industrial revolution itself or its begotten son, mass production.

We are allowed a glimpse at the computers which have been recently installed in the offices of the company and which promise to give upon a highly mechanized basis more information, better information, and more current information than is presently available. Statistics, cost accounts, and accounting generally is leaving the ledgers and the journals and disappearing into tubes and magnetic tapes.

Second Industrial Revolution Underway

As we look, we realize that the second Industrial Revolution is under way. We can visualize increased productivity, decreased costs, decreased manhours, and as consequences the alternatives of decreased employment or markedly increased growth of sales.

In the minds of some of us, as we progress upon our guided tour, there may be growing an increasing awareness that the power of our productive mechanism and of the productivity of our manhours are increasing on the one hand, and on the other, there is more need for growth and more growth of demand to absorb the results of our expanding productive mechanism.

We voice to our guide our enthusiasm for what we have seen and we mention hesitatingly the few doubts we dare to hold; and we ask if we might observe some of the selling aspects and selling devices of the business.

Politely he says, "Certainly," and guides us in a new direction.

On our way, we pass a small ivory tower just large enough to hold one or perhaps two men and two visitors. This, we are told, is where the economics are studied as guides for those in management who might be interested. Two of us climb the narrow staircase and, together with the man in charge, we study the charts with which the walls are covered and listen to their interpretation as presented by him who dwells among them.

From the charted facts, it appears reasonably clear, first, that we rolled into a recession, or business contraction, or down turn, starting in the Spring of 1953; second, that the chief elements contributing to the decline were the accumulation of excessive inventories resulting from too high schedules of production as related to consumption; third, that there was a coincident decrease in government expenditures while the economy was already in a deflationary phase. Our attention is directed to the fact that the volume of consumption has held extremely well, that prices since January, 1953 have been very stable, and that wage rates have continued to increase. We are told that about 50% of our recorded economic recessions come from inventory adjustments, and that production can exceed the consumption trends only at great risk to the economy and with the certainty that shortly production and employment will decline until the excessive inventories that accumulated have been absorbed. The truth of the conclusions seem almost axiomatic; and we are puzzled only that any observer, statesman, labor leader, or businessman should disagree.

It seems evident from the simple charts which record our economic history that the rate of consumption controls the health and continuity of employment, production, and profits. And we are reinforced in our growing conviction that if production is to increase, then steady employment, good wages, and fair profits will depend upon a rising standard of living for the people which will express itself in more consumption by them and higher and higher sales volume by industry and commerce.

Consumption Must Keep Up With Production

It becomes increasingly clear that with the past, present, and future miracles of production established as facts, there must be, of course, some reasonable parallel in that segment of the economy which is concerned with absorbing the product of industry. Otherwise, there will be inventory accumulations and consequent industrial paralysis or stable fixed levels of production and consequent increases in unemployment as the result of the twin fountainheads of increased productivity per manhour and increased procreation by man (and women, of course).

With a growing economic conviction that consumption controls, or at least must balance in its results the productivity of mass manufacturing, we follow our guide to visit the area and organization devoted to the distribution and sales aspects of the corporation.

Here we meet a different Vice-President who as guide takes over the burden.

We express interest in the form of organization and the standing of the segments and the whole of the selling organization, and the quality of its personnel and their financial reward.

We express an interest in sales engineering — drawing a parallel with the production engineering.

Together with our guide, we walk briskly through another mirror and we find ourselves in rooms quite different from anything we have ever seen. In fact, there is for us a sense of unreality. But that sense is dissipated as we listen and participate vicariously in the activities that are taking place.

We meet the head of this segment of the organization. He shows us the control charts. "You have already seen," he says, "controls for our production process. We must ,of course, control our volume of production in accordance with our actual and anticipated rate of sales. Otherwise, we clog our dealers' shelves, create dangerous inventories for ourselves, and reach the point where it becomes essential to decrease or stop our production with adverse consequences on employment, payrolls, costs, and profits."

"It is," he continues, "almost a religion with us to relate our production to the rate of the consumption of our goods. We can control definitely our production. We can only seek to control our sales. These depend not only upon how we design and manufacture our products and how we promote and sell our products, but even more importantly upon how those who make up our markets react to the goods we offer and the stimuli we use to sell them."

"It is clear, therefore," he goes on, "that we must know a great deal about the people whom we seek to serve. This we do by basic research in the characteristics of men and women, boys and girls. We must know the basic elemental motivations of people as human beings at fairly primitive levels. We have what I suppose you would call biological and anthropological studies. We use the colleges and universities freely for this type of information. We must know what are the basic urges of people—for we can contradict those urges only with the dangers of commercial catastrophe."

Our guide goes on: "These studies," he says, "include reaction to color and motion and sound, to hearing and sight, touch and smell. Obviously, the senses represent the means of communication which people must use. Ordinarily, sight and hearing are used. But the sense of smell is a more powerful factor in many stimuli than that derived from the other senses. And, of course, touch is enormously important, both positively and negatively, in textures and food and soaps and cosmetics."

Our guide points to long rows of shelves overflowing with books and papers, and says: "Our research and reference libraries here are filled with the most current information about the fundamental reactions of men and women, boys and girls. Our encyclopedias are not based upon questionnaires like those used in the Kinsey Reports, but rather upon psychological and physical observations, studies, experiments, and interpretations. Because our business is selling products to human beings, we believe it is essential to know as much as possible about those human beings whose reactions will determine our success or failure."

The Study of Human Motivations

"However," he continues, "the motivations of human beings are dependent upon factors that go far beyond this behavior as simple elemental animal units of varying sex and age. The influences of society modify the acts of people and create acts different than those dependent upon people purely as individuals. Society has manners and rules and patterns. Society decrees that there shall be family life, and the family creates homes and groups; and these in turn, create churches, schools, and theatres. From group manners come fashions, styles, and competition for better living. Families represent compromises in taste and desire and need. Objects bought for the family are likely to represent products which appeal in part to the man, in part to the woman, and in part to the children. It is esential to know what products are selected by individuals and which by the family.

"The pattern of living changes radically under the influence of varying conditions and forces. It is essential to be aware of these influences and to interpret them. Rising or falling income will have its effect. Changes in the distribution of wealth and income will leave their mark. Protracted periods of prosperity will have substantial consequences. Deep depressions will leave serious economic and social and political scars.

"Changing attitudes toward family formations will modify the number of children the average couple is likely to raise. And the baby crop of today will determine the wedding marches and housing needs 20 years later.

"Social equality will influence not only the standards of desire. But it will discourage the search of employment as domestics. And the lack of domestics will give the wife the duty of housekeeping and the appliance manufacturer a rich, fertile market for the sale of every useful labor-saving device his engineers can design. Food will be converted from bulk to package, and from a raw fresh state to frozen, partially prepared units, or cans that require hot water and an opener, or semi-prepared materials that become muffins and cakes with the addition of a single ingredient or only by the application of heat."

Effects of Changing Pattern of Living

"However, the changing pattern of living can have even more far-reaching results. Students of marketing talk about the changes resulting particularly from the development of Suburbia. But they often fail, in our opinion, to identify the genesis of this decentralization of living." This is still our guide speaking.

"In our judgment," said our unusual sales executive, "the cause of Suburbia and a whole revolution in living pattern is the five-day work week. This is the schedule that gives most American workers Friday evening to Monday morning as 'leisure' time in which to live and be busy and active with their families. The result is a desire to live away from the city and its traffic problems. Decentralized living has been the consequence. New areas, new sewer systems, new power lines, new schools, new shopping centers, are developing all over the country. More roads and new roads are needed; and as these are built, the radii of the living area from the center of town are increased. They are no longer measured in miles but in time to cover given distances. Ten minutes may be one-half mile in a crowded area, 10 miles on a modern turnpike. Living centers move out with the increased effectiveness of travel time. Then industry and commerce follow the creation of new housing as they can offer their workers greater ease and more leisure time by reducing the traffic problem and the time of travel to and from work.

"The changed pattern of living has affected the influence of the father on the family; and it has made him a cook and an artisan. 'Do-It-Yourself' is not only a phrase; it has become the description of a new series of products and industries. Outdoor cooking has made a chef of the family male; it has created a huge volume of barbecue equipment and a taste for smokey and sometimes somewhat burned food.

"In this branch of our company," said our guide, "we analyze all of the products that are inherent or likely to be developed out of the changing pattern of living. These, we believe, will have dynamic and growing markets.

"It must be clear, therefore, that our products are designed primarily from the point of view of what are the needs and desires of the people and the families which make up our markets. We are convinced by our experience that we can manufacture most of the products we select. We try to convince ourselves first that we can sell, and second, continue to sell sufficient quantities of the products which we finally elect to manufacture.

"Even the detailed features, and functioning, and style of our products are based upon our study of the desires and needs of those who make our markets.

"As a result, we are in a position to package effectively, to tag skillfully, and to advertise properly, and to display dramatically. By the time we produce our items, we know what are the buying motives of the purchaser, what are the features of the product which should satisfy those motives, the stimuli we should use, how we can best use these stimuli.

Improve the Quality of Advertising

"We can improve the quality of our advertising by its pre-evaluation. We can help the sales person at the point of sale to know the chief features of our products instead of giving him or her an impossible task of knowing sufficient about scores of items he is asked to sell. And we should aid in promoting self-selling by the customers themselves.

"We believe that there was a time when corporations paid either no or little attention to the basic elements of human motivation and the details of the product that appealed best to those motivations. In our library, we have on file minutes of ancient sales meetings during which 'by guess' and 'by gosh' seem to have been both the devices used for designing sales methods before the fact and also the criteria used for their measurement after the fact.

"Our present development has reached a stage in which we study the details of every medium of appeal. We think we know the effect of various leads in printed ads and the results of differing types of art and copy.

"We study the effect of color and curves in design. We know that the smallest change in either may represent the difference between a very successful and a mediocre sales experience of a product.

"Human beings react not only

o words but even to variations in he sounds of words. We know hat there are minute subleties hat can have momentous effects upon the acceptance of products by the public.

"We do our utmost to know as nuch possible about these details before the fact rather than to earn sadly only long after the act. For we never can forget that our ability to plan products accurately can measure the difference between high, continuous mployment, sales, and profits on he one hand, and on the other discontinuous production and low or no profits or even losses."

He paused; and then continued:

"We study not only the economics of prices but their psychology as well. We know that selling prices must be set at a evel that gives promise of exceeding costs. But we know also hat they **must** stimulate sales or here will result inadequate or no profits."

Our guide paused for breath and questions.

We raise a query about cost. "Does not this procedure cost a great deal of money?"

Our host answers quickly. "It does. Of course, the costs are not nearly as high as those involved in production and engineering. But all research is expensive. There are, however, things that are far more expensive: forced liquidation of inventories, idle plants, unemployment, lack of sales, and lack of profits. Obviously, unless we know the number of products we can sell, the kind of products we can sell, and the best way to sell them, we will not be able to support either fundamental or applied research, or wages for labor, or salaries for management, or dividends for investors. We think there is much to be said for our program both for us and our nation."

I did, too.

Suddenly, I realized that we did not know the name of the plant we were visiting. I turned from a study we were making of some exhibits to ask our host for that simple piece of information. "Where are we?" But he was no longer there—wherever it was we were. I thought, "He's probably left the room to answer the telephone or attend a meeting, or bring back a memento to celebrate this red letter day." Red letter day it was indeed. But, I realized, not only did I not know where I was, but even what day it was. So I approached a large calendar that hung in a frame from ceiling to floor. Strangely enough, the third digit of the year was blurred. Was it 1954 or 1984? Five and eight can be confusing. I looked more closely—and found myself looking into a mirror. The same mirror through which I had walked. So, of course, I walked back through it.

I am still unable to separate fact from fiction. Only men like you can help me to do so.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market, although backing and filling in the process of taking care of the refunding issues, especially the 2½s of 1963, is still under the influence of competition from non-Federal investments. The fine reception which was given to the year-end Treasury operation has not had too much influence upon the trend of the market, which seems to have a defensive attitude. It seems as though the belief that money market conditions might be hardened somewhat to offset developments in the equity market is not having a favorable effect upon demand and quotations of Government issues.

The large amount of the 2½s of 1963 which were taken in exchange for the December 15th maturities was considered to be a favorable factor by money market specialists. This issue gave the banks a good investment with not too long a maturity and a good coupon rate.

Refunding a Marked Success

The Treasury refunding was a great success, not only from the standpoint of the small amount of cash which was paid out by the Government to holders of the maturig obligations, but also because of the large amount of the December 15 maturities which were turned in for the 8-year 8-month 2½% bond. The longer maturity in the year-end operation was very much in demand, since it was reported that $6.7 billion of the 2½s due Aug. 15, 1963 were taken by owners of the maturing obligations.

To be sure, the total of the refunding was $17.3 billion, but the Federal Reserve Banks owned roughly $7.3 billion and these institutions were not expected to have an interest in the longest maturity which was offered in the refunding package.

New 2½s Favorably Received

Because there was approximately $10 billion of the December 15th maturities that were held outside of the Central Banking system, this seems to make much more impressive the large exchange which was made by holders of the maturing securities into the 8-year 8-month 2½% bond.

The fact that $6.7 billion of the 2½s due August 15, 1963 were taken by owners of the December 15th maturities, has certainly had a favorable effect among money market specialists, even though the market action of the refunding bond has not been as impressive as was expected in most quarters. It will most likely take a bit of time for the new 2½% bond to be digested, but since there appears to be nothing on the horizon in way of additional Government securities coming along, this should not be too much of a task.

The 1963 bond in the opinion of many money market specialists was a very attractive issue for holders of the December 15th maturities. It is a relatively short maturity having less than nine years to run. It is also a definite maturity obligation, which is usually better liked by investors than the callable obligations. The coupon rate of the 2½% bond is likewise considered to be favorable, because this rate compares very well with that of the other Treasury bonds which are marketable and outstanding in the hands of the public.

Heavy Interest by Commercial Banks

Not a few of the commercial banks, both the large and small ones, made the exchange from the December 15th maturities into the 2½s of August 15, 1963, due to the need for maintaining earning power. Even though the banks as a whole have had a good year from the standpoint of earnings, there is still room, according to reports, in portfolios for a relatively good coupon Government obligation with not too long a maturity. This seems to be made to order for the 2½s of August 15, 1953.

From one angle, however, there appears to be some competition for the new 2½% bonds. Tax free bonds, it is indicated, will give the 2½s of 1963 competition, since it is evident that the tax free yield of the new obligation is not as attractive as that which may be obtained in certain state and municipal obligations.

One of the ways in which the new 2½s are being put away in permanent homes is by the filling in of amounts, which quite a few commercial banks have been doing. Also, there are quite a few switches being made, with some of the longer 2½s being sold in order to make way for the refunding bond.

Alex. Brown to Admit Watts to Partnership

WASHINGTON, D. C.—Philip H. Watts on Jan. 1 will become a partner in Alex. Brown & Sons, members of the New York Stock Exchange, and will make his headquarters in the Washington office in the American Security Building.

Collin, Norton Co. to Admit Two Partners

TOLEDO, Ohio—Collin, Norton & Co., 506 Madison Avenue, members of the New York Stock Exchange, on Jan. 1 will admit John H. Vocke and Herbert E. Young to partnership. Mr. Young has been with the firm for some time; prior thereto he was a partner in Foster Bros., Young & Co.

Halsey, Stuart Group Offers Railroad Ctfs.

A group headed by Halsey, Stuart & Co. Inc., on Dec. 7 offered $7,200,000 of Chicago, Milwaukee, St. Paul & Pacific RR. series TT 2⅞% equipment trust certificates, maturing semi-annually May 1, 1955 to Nov. 1, 1969, inclusive. The certificates were offered at prices scaled to yield from 1.40% to 3%, according to maturity.

The issue is to be secured by the following new standard-gauge railroad equipment, to cost not less than $9,000,000: 74 switching locomotives. Issuance of the certificates is subject to the authorization of the Interstate Commerce Commission.

Other members of the offering group are: R. W. Pressprich & Co.; L. F. Rothschild & Co.; Baxter, Williams & Co.; Freeman & Co.; The Illinois Co.; Wm. E. Pollock & Co., Inc.; Gregory & Son, Inc.; Ira Haupt & Co.; Julien Collins & Co.; McMaster Hutchinson & Co.; Mullaney, Wells & Co.; and F. S. Yantis & Co.

M. H. Cornell Joins Hemphill, Noyes & Co.

WASHINGTON, D. C.—Hemphill, Noyes & Co., investment bankers and members of the New York Stock Exchange, have announced that Mark H. Cornell is now associated as registered representative in its Washington office, Shoreham Building.

A graduate of Harvard University in 1937, he was a staff reporter for the Boston "Herald Traveler" from 1937 through 1941. During World War II as a captain in the United States Air Force he served in the European Theatre's Air Transport Command and later became foreign service information officer in Sweden and Burma.

Mr. Cornell has previously been with Laidlaw & Co. and Grayson M. P. Murphy & Co., both New York Stock Exchange firms.

Rotan, Mosle Admits

HOUSTON, Texas—On Jan. 2, Edward Randall III will become a partner in Rotan, Mosle & Co., Bank of Commerce Building, members of the New York Stock Exchange.

McGovern To Address Municipal Bondwomen

J. Raymond McGovern, Comptroller of the State of New York, will be guest speaker for the next session of the current year's educational program of The Municipal Bondwomen's Club of New York at the Chemical Corn Exchange Bank, 30 Broad Street, New York City, Thursday, Dec. 9 at 5:30 p.m. Mr. McGovern will address the group on "The Virtues of School District Bonds and State Aid." Guests are invited.

J. G. Denmark Opens

STEUBENVILLE, Ohio—Joseph G. Denmark is conducting a securities business from offices in the Exchange Realty Building.

C. I. T. Financial Secondary Offering

A secondary offering of 10,000 shares of common stock (no par) of C. I. T. Financial Corporation was made on Dec. 6 by Hornblower & Weeks. The offering was completed, all of said shares having been sold.

Paul V. Miller Joins Arthur M. Krensky & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Paul V. Miller has become associated with Arthur M. Krensky & Co., Inc., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges.

Mutual Funds

By ROBERT R. RICH

Second Insurance Show-Down Avoided

A timely appeal by Edward "Ben" Burr, public information director of the National Association of Investment Companies, to the National Association of Insurance Commissioners has headed off, temporarily, another attempt by the National Association of Life Underwriters to make impossible the combined sales of mutual fund shares on a periodic plan basis and decreasing term insurance.

This attempt started at the Mid-Winter meeting of the National Association of Insurance Commissioners on Dec. 1, when Carlyle Dunaway, Counsel for the National Association of Life Underwriters, presented a proposed bill which would prohibit, within a state, an insurance company from directly or indirectly offering any kind of insurance as an inducement to, or in combination with, the purchase by the public of securities—including, of course, mutual fund shares.

Mr. Burr, in a letter to S. H. Goebel, the Kentucky State Superintendent of Insurance and Chairman of the Insurance Commissioners' subcommittee studying "Tie-in Sales of Insurance with Mutual Fund Shares," asked that there be no hasty action on the bill, which is similar in text to one submitted in 1954.

Mr. Burr asked that the Insurance Commissioners give leadership to a joint industry study of all aspects of combination plans, and suggested the formation of a committee to include men from the National Association of Insurance Commissioners and from the National Association of Securities Administrators. Mr. Burr, in addition, said he was certain that the National Association of Life Underwriters and the National Association of Investment Companies would offer their complete cooperation.

It is current information that the Insurance Commissioners' Life Committee voted in executive session on Dec. 1, to adopt the recommendations presented by Mr. Burr on behalf of the investment company industry.

The first attempt by life underwriters to wreck the current offering, by securities dealers, of mutual fund shares and term insurance, comprised a direct appeal to the insurance companies by life underwriting groups to stop offering this term insurance. This effort was later relegated to joint-committee study.

Text of suggested bill to prevent the tie-in sale of life insurance with securities, submitted by Mr. Carlyle Dunaway, Counsel for the National Association of Life Underwriters, to the National Association of Insurance Commissioners on Dec. 1, 1954. This is only a slight modification of the bill presented earlier in 1954.

Notwithstanding any other law of this state, no insurance company shall directly or indirectly offer or effect any kind or kinds of insurance under a group or blanket policy hereafter issued for delivery in this state as an inducement to, or in combination with, the purchase or other acquisition by the public of any participation shares of investment trusts or mutual funds, stocks, bonds, or other securities of any type, where a binding and irrevocable obligation to pay any unpaid balance due in connection with such purchase or other acquisition arises only upon or after the death of the insured person.

The following is text of a letter from the National Association of Investment Companies submitted to the National Association of Insurance Commissioners.

The Honorable S. H. Goebel, Superintendent of Insurance
State of Kentucky
c/o Commodore Hotel
New York, New York

Dear Commissioner Goebel:

From Mr. Sage C. Swanson I've learned of his telephone conversation with you earlier today concerning the interest of this Association in the work of your sub-committee of the National Association of Insurance Commissioners which is studying the question of "Tie-in Sales of Insurance with Mutual Fund Shares."

The National Association of Investment Companies is an organization representing 31 closed-end investment companies and 115 open-end or mutual fund companies. Two of our mutual fund members have instituted combination plans within the last year, plans with which I am sure you are thoroughly familiar. Among the rest of our companies there is no apparent unanimity of opinion with respect to combination plans. Their attitude can best be characterized perhaps as one of interest coupled with a desire to give thorough and careful study to all aspects of combination plans.

In view of the long-run importance of your sub-committee's deliberations, not only to the life insurance business and the investment company business, but more particularly to the insuring and shareholding public, it is our sincere hope that no decision with respect to the bill proposed by the National Association of Life Underwriters will be reached in haste. Rather, it is our hope that the National Association of Insurance Commissioners will give leadership to a joint industry study of all aspects of the combination plans. May we suggest that it would be appropriate to form a committee to include representation of the National Association of Insurance Commissioners and the National Association of Securities Administrators. We are certain that the National Association of Life Underwriters and the National Association of Investment Companies would be more than willing to cooperate in any way with such a committee.

May I assure you of our most genuine interest in the work of your committee and of our sincere desire to cooperate with your group in an effort to produce findings that will truly be in the best interests of the insuring and the investing public.

Respectfully yours,

EDWARD BURR

Robert Clark Made Chairman Of N. A. I. C.

Robert E. Clark has been elected Chairman of the Public Information Committee of the National Association of Investment Companies for 1955, according to an announcement by Dorsey Richardson, 1954 Chairman. Mr. Clark, Vice-President of Dividend Shares, Inc., and of Calvin Bullock, was named Chairman by the other six members of the Committee.

Elected by the Executive Committee of the Association to represent the issuer investment companies sponsoring the Public Information Program were Mr. Harold K. Bradford, President, Investors Mutual, Inc., for a one year term; Mr. Joseph E. Welch, Executive Vice-President, Wellington Fund, Inc., for a two year term; and Mr. Clark, for a three year term.

Three members of the seven man Public Information Committee are elected by underwriting firms participating in the Program. Elected by the eighty-five underwriter firms were Mr. Albert R. Hughes, Partner, Lord, Abbett & Co., for a one year term; Mr. Henry T. Vance, Partner, Vance, Sanders & Co., for a two year term; Mr. S. L. Sholley, President, Keystone Company, for a three year term.

The seventh member of the Committee is selected by the six elected members. Selected for 1955 is Mr. Dorsey Richardson, Vice-President of the Lehman Corporation and last year's Chairman.

MANHATTAN BOND Fund reports that share value increased to $8.12 on Oct. 31, 1954, the Fund's fiscal year-end, from $7.72 a year earlier. Allowing for capital gains distributed in 1954, share value increased by 6.3% during the period. Net assets totaled $25,209,933, compared with net assets of $25,599,464 on Oct. 31, 1953.

A security profits distribution of 8.3 cents a share and dividends totaling 36.5 cents a share were paid in the year, compared with 5.6 cents and 36.5 cents respectively in 1953.

Assets of the 17 year old mutual fund on Oct. 31, 1954, were invested in 49 bonds having an average cost of $830.29 per $1,000 of face value.

In their report to shareholders, William Gage Brady, Jr., Chairman of the Fund, and Hugh W. Long, President, noted that bonds of Northern Pacific Ry. Co., Sheraton Corp. of America and Tennessee Gas Transmission Co., were added to the Fund's holdings during the fiscal period.

Four bonds were eliminated, and four others were called for payment by the issuer. Those eliminated included Boston and Maine RR. Co., Buffalo, Rochester & Pittsburgh Ry. Co., General Acceptance Corp. and Peoria and Eastern Ry. Co.

In addition, certain other holdings were increased or decreased in line with the Fund's objective of obtaining regular income for shareholders without undue risk.

IN THE THREE months period ended Oct. 31, 1954 Canadian Fund, Inc. bought 4,900 shares of Abitibi Power & Light Company, a new addition to the fund's portfolio.

Other purchases included 1,000 shares of Moore Corporation, and 5,275 Trans Mountain Oil Pipe Line.

Sales included 3,225 of Aluminium Ltd., 3,000 Calvan Consolidated Oil & Gas, 5,300 Consolidated Mining & Smelting Company, and 11,400 Goodyear Tire & Rubber Company. Holdings of Canadian Celanese Ltd. were eliminated.

DELAWARE FUND'S gross sales in November were the largest for any month in its 17-year history, D. Moreau Barringer, Chairman of the Board, reported.

The record November sales of shares amounted to $1,171,428 and represent a 265% increase over the sales of $322,576 in the same month last year.

The Fund's redemptions in November were the lowest for any month in 1954 and amounted to less than 1% of assets and 21% of sales.

Mr. Barringer saw in the increased sales a measure of the wider spread of public interest in the stock market. "It is significant," he said, "that the average size of the individual purchases did not increase very much, so that the increased sales really represent a much larger number of new shareholders who have expressed a tangible interest in investing in the Fund."

Sales combined with market appreciation in the first 11 months boosted the Fund's net assets to an all-time high of $24,237,000 on Nov. 30 as compared with $15,948,000 on Jan. 1, 1954.

NET ASSETS of the companies constituting the group of Institutional Funds sponsored by Hare's Ltd. almost doubled during the fiscal year ended Nov. 30, 1954.

General Offering Of Income Fund Moved Up

The Parker Corporation announces that it will begin the continuous offering of shares of Incorporated Income Fund on Dec. 9, 1954, through investment dealers across the country.

Following a successful underwriting in October, the assets of the Fund are now approximately $10,000,000.

The Fund has the same management, officers and directors as Incorporated Investors, which has assets of about $186,000,000. Incorporated Investors emphasizes growth of capital while Incorporated Income Fund places the emphasis on current income.

The original date for continuous offering was Jan. 15, 1955.

At that date net assets of the group amounted to approximately $18,584,000 compared with $9,812,000 a year ago.

Growth in assets of the five funds is shown in the following table:

	Total Assets November 30 1954	1953
	(000's omitted)	
Institutional Growth Fund	$6,401	$2,216
Institutional Foundation Fd.	4,154	2,547
Institutional Income Fund	2,672	407
Institutional Insurance Fd.	3,625	3,155
Institutional Bank Fund	1,732	1,487
	$18,584	$9,812

THE FOUR mutual funds in the United Funds' group this year will distribute almost $10 million to shareholders, Cameron K. Reed, President, announced. Of that amount slightly more than $6 million will be paid or added to shareholders' accounts in December. The record distributions reflect the marked increase in earnings and asset values of the funds this year.

Net asset value of United Income fund rose to $108,570,271, up from $72,592,195 Dec. 3, 1953. United Accumulative fund's assets were $43,483,946, compared with $20,389,833 a year earlier.

Total net assets of the four funds, including United Science and United Continental, amounted to $185,265,031, a gain of $74,954,176 from last year.

GROUP SECURITIES registered substantial gains in both assets and sales during the fiscal year ended Nov. 30, 1954, according to Herbert R. Anderson, President.

Assets of the Fund rose to $74,547,502, an increase for the year of $20,159,756, or 37%. Sales for the year totaled $16,843,944, a gain of 98% over the preceding year.

In the fourth quarter, Mr. Anderson said, sales were at a higher rate than for the year as a whole. They totaled $5,781,018, an increase of 188.45% over the corresponding period in 1953.

Dealer Group to Make Study of Eastern Funds

To afford staff members of the firm an on-the-ground opportunity to study the managements of mutual funds represented in its activities, Jamieson and Company, state-wide investment house, with headquarters in San Francisco, is sending a party of 11 to New York and Boston for a week. The group will emplane from San Francisco on Dec. 10.

The travelers will comprise J. R. T. Montin, Walnut Creek; Bing Wong, Robert Horth, Robert Cornell, and Eugene Marty, Jr., all of San Francisco; Robert Parks, La Canada and Pasadena; Philip Sperry, Long Beach; Eldon Peterson, Turlock, and Jess T. Wolfe, Santa Rosa.

As cashier and office manager, Mrs. Lillian Horton will accompany the party, chiefly to visit eastern banks with which the firm does business.

A tour through the New York Stock Exchange is on the itinerary.

Securities Salesman's Corner

By JOHN DUTTON

Public Forums Sell Your Firm to the Public

In May of this year McCleary & Company, Inc., 556 Central Avenue, St. Petersburg, Fla., held a series of lectures in their offices on the subject "Florida's Economic Growth & Potentials." These talks were advertised in the local paper and were given wide publicity. Leading Florida industries sent their well qualified executives to the forums and the talks were made before capacity audiences on Tuesday evenings at 8 p.m.

As a follow up McCleary and Company are now running another series of talks on the subject "Your Future in America's Expanding Economy." Certainly this is a timely topic right now. The firm has arranged with six Mutual Funds to send qualified experts to discuss the various phases of this subject. Mr. Beardsley Ruml, Director of National Securities & Research Corp., was the first speaker. Francis S. Williams, Executive Vice-President of Chemical Fund; Thomas J. Herbert, Vice-President of Fundamental Investors Inc.; Newton I. Steers, Jr., President of Atomic Development Mutual Fund; Paul A. Just, Executive Vice-President of Television Shares Management Corp., and Harold E. Aul, Director of Research and Vice-President of Calvin Bullock, also are cooperating.

Meetings Held in Firm's Offices

These talks were announced in a special advertisement in the St. Petersburg papers. Each week thereafter the subject matter to be discussed in subsequent talks was advertised and the public was invited to attend. For example, the announcement of the talk by Mr. Williams of Chemical Fund, stated his position and the fact that the organization he represented were investment supervisors of $55,000,000. Mr. Williams, as one of the country's leading authorities in the Chemical field, was presented in a discussion of the chemical industry's revolutionary potentials. Other speakers covered the fields in which they were qualified.

Talks Were General

Although the speakers were from the Mutual Fund Industry, they emphasized specific industries rather than their particular funds and their talks were very broad and covered the larger aspects of America's dynamic growth potential. Seating capacity was limited to 300 and the fact that people were drawn to the firm's offices had both an advertising value, and also made it possible for new clients to become acquainted with the McCleary organization.

Local Publicity

The local press in St. Petersburg gave this series of talks considerable space and attention. Thus, indirectly McCleary and Company also received substantial good-will advertising in their community. I understand that other dealers have also tried this plan in different parts of the country and the idea is gaining considerable favor. Frankly, I believe that nothing could be more beneficial as a sales stimulant in general, if more firms throughout the nation would also put on talks of this character that would be informative and educational. The public is eager to know the facts about investment. The future beckons. Possibly McCleary & Company and some of the progressive leaders of our Mutual Fund Industry have found a new and better way to tell the story of the investment business, of American industry, and the investment opportunities which are offered to the people of this country.

Last May when we discussed the other series in this column, Mr. George McCleary was kind enough to answer quite a few inquiries about his successful "Forums," his advertising, etc. If you have any questions I'm sure he can give you the answers.

Bank and Insurance Stocks

By H. E. JOHNSON

This Week — Insurance Stocks

As the end of 1954 approaches it seems appropriate to review security holdings and tax positions. It is particularly desirable this year because of the major changes that were made in the Internal Revenue Code by the Congress. Also the sharp rise in the stock market over the past 12 months has created both opportunities and problems for many institutions and individuals.

Under present conditions there seems to be little likelihood that either personal or corporation taxes will be lower next year. Thus there seems to be no reason for postponing adjusting security holdings or tax problems until next year in anticipation of more favorable treatment. Therefore it would appear advisable to minimize tax liabilities to as great an extent as possible by offsetting security profits and losses.

In such a tax program, there is generally a problem of reinvestment. Under present conditions it is believed that fire and casualty stocks can meet the needs of many investors in such reinvestment programs.

In most instances the group of investors holding insurance stocks has sizable profits although in a few cases particular situations may show losses. To a greater extent than in possibly any other industry it is possible in insurance to switch from one security to another yet maintain the same general yield pattern and business characteristics. Frequently by careful selection it is even possible to improve your holding without sacrifice of quality or return. Thus where profits or losses are established in insurance holdings a reinstatement of the same or a similar position should be given careful consideration.

For investors that sell other types of securities, an investment of part or all of the funds in insurance shares is worthy of consideration.

In the first place many of the stocks are still selling below book values. Actually insurance stocks are one of the few groups where such is the case. Even the New York bank stocks for the first time in many years are approaching or exceeding book values.

Several of the leading insurance companies are selling higher than indicated worth but the rise in the value of equity holdings and the improvement in bond prices have added large values to portfolio holdings, so that many shares are still available at sizable discounts from book figures.

There is also the fact that insurance stocks as a group have not participated to any great extent in the recent rise in the equity market. Many of the fire company shares reached a peak in August and then sold lower. In spite of some recent recovery a number of the equities are still available at prices below the August peaks.

To some extent this undoubtedly reflects the impact of the three hurricanes experienced in August, September and October. As extended coverage is a part of the fire insurance lines, companies in this field are likely to show sizable losses in the last six months of the year. In several instances these losses will be larger than profits realized in the first half so that underwriting results for the year among the fire companies may not be too favorable. This prospect has tended to dampen enthusiasm for these stocks at a time when other equities have been rising sharply.

However, this could be considered an opportunity. It is believed that a repetition of the storms of this year is most unlikely. At the same time an immediate adjustment in rates on extended coverage is well within the realm of possibility. Thus it seems likely that underwriting will be restored to a more normal and profitable basis in the not too distant future. This of course would help the market for insurance shares.

In this connection it should also be mentioned that investment earnings this year will surely reach new records. Not only have returns on common stockholdings increased but the rate of return on bondholdings is also higher this year. These facts combined with a larger volume of invested funds, should produce an increase in investment earnings of around 7%-8%.

This is particularly encouraging to stockholders. Investment earnings in the past have been the main determinant of dividend payments rather than underwriting profits. With investment earnings gaining, we would expect a number of the companies to increase their payments to shareholders.

Because of the foregoing and the fact that many of the insurance companies shares are still available on a reasonable basis, we would recommend their consideration at this time.

Associates Investment Private Placement

Associates Investment Co., the country's third largest independent automobile installment sales finance company, has sold $25,000,000 of 3% senior term notes maturing Dec. 1, 1964.

Robert L. Oare, Board Chairman, said the issue was placed privately by Salomon Bros. & Hutzler with a group of institutional investors. The new money has been obtained in anticipation of an increase in the volume of finance business in 1955, and the immediate proceeds have been used to reduce short-term borrowings, he said.

Funded debt of the company now totals $178,505,000. At Sept. 30, total assets of the company and subsidiaries amounted to $980,000,000

Mid Texas Trust Secs.

DALLAS, Tex. — Mid Texas Trust & Insurance Securities Corporation has been formed with offices at 820 North Harwood to engage in a securities business. E. L. Markham, Jr., is a principal of the firm.

Pioneer American Inc.

SPOKANE, Wash. — Pioneer American Income Distributors, Incorporated is engaging in a securities business from offices in the Empire State Building. Jay A. Miller is a principal of the firm.

Continued from page 4

The State of Trade and Industry

earlier figure. New orders in October topped the like 1953 period for the second straight month. They amounted to $24,800,000,000—$1,500,000,000 above October, 1953, but $300,000,000 below September.

Steel Output Scheduled to Rise Above Level of Week Ago

Mounting steel demand has pushed ingot operations to the highest point since mid-December of last year, says "Steel," the weekly magazine of metalworking, the current week.

Last week the national operating rate hit 81.4% of capacity, up 1.5 points from the preceding week and indications are that still higher levels will be attained before year-end holiday curtailments check the uptrend. Particularly significant is the fact November was the first 8,000,000-ton production month in a year, and all the signs point to December output at not much, if any, under that figure.

Orders from the automakers may be expected to begin leveling out soon, following the buying splurge of recent weeks which resulted in boosting mill backlogs, notably in cold-finished sheets. Deliveries now extend well into first quarter, "Steel" notes. At the same time, construction steel procurement is slowing down seasonally. This is mirrored in slackening structual and reinforcing steel buying and the intensified sluggishness in plates. Construction requirements, nevertheless, still present imposing volume business, largely on public project account, such as bridges, roads and schools.

If and when buying of flat-rolled products slows down early next year, as anticipated, the railroads may be expected to fill the resulting gaps in demand on the mills, declares this trade weekly. The carriers, it is said, are likely to come into the market for substantial tonnages of rail, wheels, underframes, cars and other items requiring the heavy products. Ordinarily, the roads would be placing orders for 1955 at this season, but it looks as though such buying will not come out until January or February. To date, only seven carriers have bought against estimated 1955 requirements. Even conservative buying by the railroads will serve to bolster steel production noticeably since the carriers have not been contributing in any marked degree to current market demand, comments "Steel."

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 81.5% of capacity for the week beginning Dec. 5, 1954, equivalent to 1,941,000 tons of ingots and steel for castings as compared with 81.4% (revised) and 1,941,000 tons 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 78.6% and production 1,874,000 tons. A year ago the actual weekly production was placed at 1,955,000 tons or 86.7%. 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 117,547,473 tons as of Jan. 1, 1953.

Electric Output Advances to Reach a New All-Time High Record in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Dec. 4, 1954, was estimated at 9,612,000,000 kwh., a new all-time high record, according to the Edison Electric Institute.

This represented an increase of 525,000,000 kwh. above that of the previous week and an increase of 1,030,000,000 kwh., or 12.0% over the comparable 1953 week and 1,447,000,000 kwh. over the like week in 1952.

Car Loadings Decline Further In Thanksgiving Holiday Week

Loadings of revenue freight for the week ended Nov. 27, 1954, decreased 113,831 cars or 16.3% below the preceding week due to the Thanksgiving Day holiday, according to the Association of American Railroads.

Loadings totaled 583,515 cars, a decrease of 12,715 cars or 2.1% below the corresponding 1953 week, and a decrease of 86,856 cars or 13% below the corresponding week in 1952.

U. S.. Auto Output Hits 70-Week High In Latest Period

The automobile industry for the latest week, ended Dec. 3, 1954, according to "Ward's Automotive Reports," assembled an estimated 140,627 cars, compared with 111,910 (revised) in the previous week. The past week's production total of cars and trucks amounted to 162,783 units, an increase above the preceding week's output of 32,387 units and represented a 70-week high point, states "Ward's." In the like week of 1953 130,396 units were turned out.

Last week, the agency reported there were 22,156 trucks made in this country, as against 18,486 (revised) in the previous week and 19,857 in the like 1953 week.

"Ward's" estimated Canadian plants turned out 4,050 cars and 660 trucks last week, against 3,803 cars and 659 trucks in the preceding week and 4,986 cars and 1,295 trucks in the comparable 1953 week.

Business Failures Ease Slightly

Commercial and industrial failures edged slightly lower to 221 in the week ended Dec. 2 from 226 in the preceding week, Dun & Bradstreet, Inc., reports. While casualties were up moderately from the toll of 202 a year ago and up sharply from the 120 in 1952, they remained 16% below the prewar level of 264 in the similar week of 1939.

Failures involving liabilities of $5,000 or more continued upward to 190 from 185 last week and 133 a year ago. A decline, on the other hand, occurred among small casualties, those with liabilities under $5,000, which fell to 31 from 41 and were less than one-half as numerous as in 1953 when 69 of this size were recorded. Liabilities in excess of $100,000 were incurred by 13 of the businesses failing during the week, as compared with 17 in the preceding week.

Wholesale Food Price Index Holds at Previous Week's Level

The general food price level remained steady the past week. The Dun & Bradstreet wholesale food price index for Nov. 30 held at the previous figure of $6.85. This represented a rise of 3.5% over the year-ago index of $6.62. The year's high was $7.46 on May 25, and the low point of $6.59 was touched on Oct. 19.

Commodities moving up in price last week included flour, wheat, corn, hams, bellies, butter, currants and prunes. Lower were rye, oats, barley, lard, sugar, coffee, cocoa, eggs and hogs.

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

Wholesale Commodity Price Index Registered a Mixed Trend In Latest Week

Movements in primary wholesale commodity markets were mixed during the past week. The Dun & Bradstreet daily wholesale commodity price index showed little change for the period, closing at 278.02 on Nov. 30. This compared with 277.77 a week previous and with 275.32 on the comparable date a year ago.

Grain markets continued to be irregular and were featured by a moderate upturn in corn values.

Strength in the yellow cereal largely reflected the sharp contraction of receipts in the cash market, indicating the near end of the usual big harvest movement, and a pick-up in export business, with Norway, Holland and Great Britain participating. Wheat was fairly steady after reaching new seasonal high ground in the previous week. Profit-taking and a lack of export and mill demand caused some easiness early in the period but the market developed a firmer tone on continued dry conditions over the southwestern Winter wheat belt. Firmness in oats reflected modest offerings and to some extent, the strength in corn. Trading in grain and soybean futures on the Chicago Board of Trade was less active. Daily average sales last week totaled 45,300,000 bushels, against 55,900,000 the previous week, and 62,600,000 a year ago.

Domestic buying of hard wheat bakery flours remained dull. The waiting attitude of most bakers and jobbers continued in evidence, aided by a gradual decline in Spring wheat flour prices.

Cocoa prices continued to decline, reflecting weakness in the London market, coupled with increased profit-taking which met with small dealer and manufacturer demand. Warehouse stocks of cocoa were reported at 87,437 bags, down slightly from 86,387 a week ago and comparing with 58,673 bags on the like date a year ago.

Raw sugar prices dipped slightly at the close and refined prices were mostly steady in fairly active trading.

Following the downward trend of recent weeks, cotton prices turned upward, aided by price-fixing for both domestic and foreign account, improved demand for many kinds of cotton goods and prospects for increased loan entries. Net loan entries in the week ended Nov. 19 totaled 198,400 bales, bringing the total for the season through that date to 991,100 bales. Export sales of cotton during the first two months of the current season, according to the Bureau of the Census, totaled 389,000 bales as compared with 393,000 bales in the same period last year. Cotton ginned prior to Nov. 14 this season was amounted to 11,257,000 bales, against 12,517,000 a year ago.

Trade Volume Substantially Above Previous Week and Higher Than Year Ago

Even though stores were closed on Thanksgiving, total retail trade in the period ended on Wednesday of last week was considerably larger than in the previous week and somewhat greater than in the same period last year.

Traditional Christmas promotions were featured in all sections of the country, and shoppers crowded into stores. Some clearance sales helped swell retail totals.

The dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be unchanged to 4% above the level of a year ago. Regional estimates varied from the corresponding 1953 levels by the following percentages: Northwest —2 to —6; Midwest 0 to —4; Pacific Coast —3 to +1; New England and East +1 to +5 and South and Southwest +2 to +6.

Continuing a recent trend, men's wear sold heavily last week with suits, overcoats, robes, neckwear and other furnishings popular. Women's and misses' outer apparel and accessories also sold well and there was a marked gain in the buying of children's clothes. Shoes have been in greater demand in the past month than earlier this Fall.

Gift purchases increased substantially the past week.

Although inventory liquidation appeared about over, short-range, cautious buying predominated during the week. The predominant procurement range continued at 30 to 60 days, and buying was at last week's level. However, wholesale orders were larger than current production in many lines.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Nov. 27, 1954 showed no change from the like period last year. In the preceding week, Nov. 20, 1954, an increase of 2% was registered above that of the similar period in 1953, while for the four weeks ended Nov. 27, 1954, a gain of 1% was noted. For the period Jan. 1 to Nov. 27, 1954, a loss of 2% was registered from that of the 1953 period.

Retail trade volume the past week was estimated by trade observers to be a few percentage points higher than the like week in 1953 after weighing the various factors that affect sales.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Nov. 27, 1954, registered an increase of 2% above the like period of last year. In the preceding week, Nov. 20, 1954, an increase of 5% was reported from that of the similar week in 1953, while for the four weeks ended Nov. 27, 1954, an increase of 3% was reported. For the period Jan. 1 to Nov. 27, 1954, the index advanced 1% from that of the 1953 period.

Bankers Offer Tenn. Gas Transmission Bds.

Representing one of the more important corporate offerings of the year and the largest issue of natural gas pipe line securities brought out so far for public distribution, $125,000,000 of Tennessee Gas Transmission Co. new first mortgage pipe line bonds $3\frac{1}{2}$% series due 1975 were offered yesterday (Dec. 8) by a nationwide underwriting group headed jointly by Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co. Inc. The group comprises 133 investment firms. The bonds were priced at 101.44% and accrued interest to yield 3.40% to maturity.

Proceeds will be applied to the redemption of the company's first mortgage pipe line bonds, $3\frac{7}{8}$% series due 1972, and the $4\frac{1}{8}$% series and 4% series due 1973, outstanding in the total amount of $92,600,000. An additional $21,000,000 of the proceeds will be used to pay the company's outstanding short-term notes originally issued to pay a part of its expansion program. Remainder of the proceeds will be added to the company's general funds.

A sinking fund for the new bonds, beginning Aug. 1, 1955, is calculated to retire more than 88% of the issue before maturity. Optional redemption prices start at 104.94% during the 12 months ending Jan. 31, 1956 and at decreasing premiums thereafter. Sinking fund redemption prices range from 101.44% to the principal amount.

The company's expansion program, authorized by the Federal Power Commission, is planned to increase daily system delivery capacity from 1,600,000 MCF to approximately 1,694,500 MCF. With completion of this program utilization of underground storage facilities will enable the company to increase peak day delivery capacity by an additional 200,000 MCF to approximately 1,894,500 MCF. Since organization of the company deliveries of natural gas increased from 201,546 MCF in 1945 to 1,360,122 MCF for the 12 months ended Sept. 30, 1954. During the same period operating revenues increased from $14,310,000 to $138,520,000 and net income from $3,965,000 to $19,756,000.

From the Rio Grande Valley of Texas the company's system extends across Texas, Louisiana, Arkansas, Mississippi and Tennessee to a point in eastern Kentucky where it divides, one branch extending into West Virginia and the other across Ohio, Pennsylvania, New York and Massachusetts and into portions of Connecticut, Rhode Island and New Hampshire.

Principal customers of the company are the companies comprising the Columbia Gas System, Inc., and Consolidated Natural Gas Co., Tennessee Gas Transmission purchases its natural gas requirements under gas purchase contracts from producers in 153 fields in Texas, 18 fields in Louisiana and one in Pennsylvania.

Two With Smith, La Hue

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—George R. Grieve and Willard T. Nelson have become connected with Smith, La Hue & Co., Pioneer Building.

F. A. Bartman Opens

BEVERLY HILLS, Calif.—Fred A. Bartman, Jr., is engaging in a securities business from offices at 205 South Beverly Drive. Mr. Bartman is a member of the New York Stock Exchange and an associate member of the American Stock Exchange.

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)	Dec. 12	§81.5	*81.4	78.6	86.7
Equivalent to—					
Steel ingots and castings (net tons)	Dec. 12	§1,944,000	*1,941,000	1,874,000	1,955,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Nov. 26	6,270,100	6,264,950	6,152,750	6,227,300
Crude runs to stills—daily average (bbls.)	Nov. 26	¶6,974,000	7,016,000	6,897,000	7,083,000
Gasoline output (bbls.)	Nov. 26	24,130,000	23,525,000	23,928,000	24,193,000
Kerosene output (bbls.)	Nov. 26	2,513,000	2,485,000	2,335,000	2,399,000
Distillate fuel oil output (bbls.)	Nov. 26	10,888,000	11,121,000	10,689,000	10,498,000
Residual fuel oil output (bbls.)	Nov. 26	7,661,000	8,027,000	7,305,000	8,171,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Nov. 26	149,191,000	147,224,000	149,789,000	147,684,000
Kerosene (bbls.) at	Nov. 26	36,244,000	36,155,000	38,228,000	35,285,000
Distillate fuel oil (bbls.) at	Nov. 26	134,916,000	135,353,000	137,055,000	132,902,000
Residual fuel oil (bbls.) at	Nov. 26	55,513,000	55,872,000	56,392,000	50,908,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Nov. 27	583,515	697,346	736,233	596,230
Revenue freight received from connections (no. of cars)	Nov. 27	583,048	611,782	627,680	593,776
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Dec. 2	$302,762,000	$254,172,000	$287,149,000	$294,411,000
Private construction	Dec. 2	196,088,000	164,510,000	165,775,000	176,848,000
Public construction	Dec. 2	106,674,000	89,662,000	121,374,000	117,563,000
State and municipal	Dec. 2	84,517,000	75,967,000	101,345,000	105,655,000
Federal	Dec. 2	22,157,000	13,695,000	20,029,000	11,908,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Nov. 27	7,350,000	*8,970,000	9,050,000	7,438,000
Pennsylvania anthracite (tons)	Nov. 27	500,000	625,000	473,000	490,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Nov. 27	133	134	117	133
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Dec. 4	‡9,612,000	9,087,000	9,357,000	8,582,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Dec. 2	221	226	204	202
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Nov. 30	4.797c	4.797c	4.798c	4.632c
Pig iron (per gross ton)	Nov. 30	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Nov. 30	$32.33	$32.83	$34.00	$33.83
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Dec. 1	29.700c	29.700c	29.700c	29.700c
Export refinery at	Dec. 1	30.175c	31.775c	30.150c	28.650c
Straits tin (New York) at	Dec. 1	90.250c	90.875c	92.250c	82.250c
Lead (New York) at	Dec. 1	15.000c	15.000c	15.000c	13.500c
Lead (St. Louis) at	Dec. 1	14.800c	14.800c	14.800c	13.300c
Zinc (East St. Louis) at	Dec. 1	11.500c	11.500c	11.500c	10.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Dec. 7	99.27	99.04	99.38	95.37
Average corporate	Dec. 7	110.70	110.70	110.70	106.04
Aaa	Dec. 7	115.24	115.24	115.24	110.52
Aa	Dec. 7	112.56	112.37	112.37	107.98
A	Dec. 7	110.70	110.70	110.70	105.86
Baa	Dec. 7	105.00	105.00	105.00	100.16
Railroad Group	Dec. 7	109.06	109.06	109.06	103.64
Public Utilities Group	Dec. 7	111.25	111.25	111.07	106.39
Industrials Group	Dec. 7	112.00	112.00	112.00	108.16
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Dec. 7	2.55	2.57	2.54	2.82
Average corporate	Dec. 7	3.13	3.13	3.13	3.39
Aaa	Dec. 7	2.89	2.89	2.89	3.14
Aa	Dec. 7	3.03	3.04	3.04	3.28
A	Dec. 7	3.13	3.13	3.13	3.40
Baa	Dec. 7	3.45	3.45	3.45	3.74
Railroad Group	Dec. 7	3.22	3.22	3.22	3.53
Public Utilities Group	Dec. 7	3.10	3.10	3.11	3.37
Industrials Group	Dec. 7	3.06	3.06	3.06	3.27
MOODY'S COMMODITY INDEX	Dec. 7	407.9	410.0	408.9	410.2
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Nov. 27	199,444	214,944	256,771	192,667
Production (tons)	Nov. 27	244,798	257,148	260,468	235,824
Percentage of activity	Nov. 27	88	94	96	86
Unfilled orders (tons) at end of period	Nov. 27	343,160	389,624	390,545	374,435
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Dec. 3	106.56	106.43	106.22	106.83
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	Nov. 20	1,370,675	1,287,125	970,777	656,509
Dollar value	Nov. 20	$65,204,683	$62,232,710	$49,877,550	$28,402,039
Odd-lot purchases by dealers (customers' sales)—					
Number of shares—Total sales	Nov. 20	1,536,591	1,412,954	953,010	658,403
Customers' short sales	Nov. 20	10,684	9,383	7,521	7,388
Customers' other sales	Nov. 20	1,525,907	1,403,571	945,489	651,015
Dollar value	Nov. 20	$59,204,683	$62,265,089	$42,929,083	$24,528,354
Round-lot sales by dealers—					
Number of shares—Total sales	Nov. 20	526,220	464,100	278,280	234,700
Short sales	Nov. 20	------	------	------	------
Other sales	Nov. 20	526,220	464,100	278,280	234,700
Round-lot purchases by dealers—					
Number of shares	Nov. 20	361,320	380,050	317,390	226,710
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	Nov. 13	749,060	540,980	395,310	249,620
Other sales	Nov. 13	15,992,880	10,399,490	10,626,860	5,874,440
Total sales	Nov. 13	16,741,940	10,940,470	11,022,170	6,124,060
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Nov. 13	1,892,160	1,384,260	1,190,650	550,940
Short sales	Nov. 13	438,110	300,030	199,470	123,930
Other sales	Nov. 13	1,490,980	1,122,600	983,940	450,660
Total sales	Nov. 13	1,929,090	1,422,630	1,183,410	574,590
Other transactions initiated on the floor—					
Total purchases	Nov. 13	585,120	307,630	338,620	163,410
Short sales	Nov. 13	37,500	31,800	29,700	11,000
Other sales	Nov. 13	492,310	274,960	362,880	117,840
Total sales	Nov. 13	529,810	306,760	392,580	128,840
Other transactions initiated off the floor—					
Total purchases	Nov. 13	680,649	405,385	439,610	272,065
Short sales	Nov. 13	98,170	62,710	73,600	20,300
Other sales	Nov. 13	578,581	401,018	511,812	191,970
Total sales	Nov. 13	676,751	463,728	585,412	212,270
Total round-lot transactions for account of members—					
Total purchases	Nov. 13	3,157,929	2,097,275	1,968,080	986,415
Short sales	Nov. 13	573,780	394,540	302,770	155,230
Other sales	Nov. 13	2,561,871	1,798,578	1,858,632	760,470
Total sales	Nov. 13	3,135,651	2,193,118	2,161,402	915,700
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Nov. 30	109.5	109.5	109.7	110.1
Farm products	Nov. 30	91.8	*91.9	93.4	95.0
Processed foods	Nov. 30	103.5	103.2	103.7	104.2
Meats	Nov. 30	85.0	84.1	85.5	86.9
All commodities other than farm and foods	Nov. 30	114.5	114.5	114.5	114.6

*Revised figure. ¶Includes 559,000 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. ‡All-time high record. †Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
COPPER INSTITUTE — For month of Oct.:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	78,383	*68,995	92,43[illegible]
Refined (tons of 2,000 pounds)	92,258	*87,874	126,13[illegible]
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	105,293	*89,198	110,51[illegible]
Refined copper stocks at end of period (tons of 2,000 pounds)	32,515	47,666	84,30[illegible]
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of October:			
Cotton Seed—			
Received at mills (tons)	1,503,092	*1,242,958	2,146,14[illegible]
Crushed (tons)	683,980	*532,260	1,860,39[illegible]
Stocks (tons) Oct. 31	1,959,057	*1,139,945	777,89[illegible]
Crude Oil—			
Stocks (pounds) Oct. 31	105,742,000	*70,954,000	134,001,00[illegible]
Produced (pounds)	219,744,000	*165,418,000	251,701,00[illegible]
Shipped (pounds)	170,682,000	115,956,000	192,514,00[illegible]
Refined Oil—			
Stocks (pounds) Oct. 31	817,314,000	825,377,000	966,498,00[illegible]
Produced (pounds)	161,362,000	108,518,000	179,751,00[illegible]
Consumption (pounds)	148,136,000	154,430,000	133,253,000
Cake and Meal—			
Stocks (tons) Oct. 31	243,422	*204,976	163,838
Produced (tons)	330,412	*260,531	371,321
Shipped (tons)	291,966	*246,833	320,170
Hulls—			
Stocks (tons) Oct. 31	86,157	*74,434	51,795
Produced (tons)	144,362	*112,587	166,229
Shipped (tons)	132,639	*119,170	161,596
Linters (running bales)—			
Stocks Oct. 31	199,049	*159,410	157,822
Produced	224,466	*176,604	246,647
Shipped	184,827	*148,725	186,833
Hull Fiber (1,000-lb. bales)—			
Stocks Oct. 31	1,262	758	1,220
Produced	2,531	2,332	2,322
Shipped	2,027	2,245	2,002
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks Oct. 31	4,881	*3,752	6,197
Produced	3,230	*2,277	3,831
Shipped	2,101	1,620	2,149
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of September (000's omitted)	35,148,736	35,044,712	32,735,022
Revenue from ultimate customers—month of September	$620,917,000	$616,706,000	$575,288,0[illegible]
Number of ultimate customers at Sept. 30	50,911,221	50,775,066	49,542,59[illegible]
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of October:			
Contracts closed (tonnage)—estimated	206,761	*206,606	190,65[illegible]
Shipments (tonnage)—estimated	254,507	*265,388	295,45[illegible]
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of October:			
Gas-fired furnace shipments (units)	77,300	75,200	58,[illegible]
Gas conversion burner shipments (units)	30,100	35,100	26,4[illegible]
Gas operated boiler shipments (units)	10,300	10,600	10,[illegible]
Domestic gas range shipments (units)	217,100	204,200	203,900
INTERSTATE COMMERCE COMMISSION—			
Index of Railway Employment at middle of October 1935-39 Average=100)	100.0	101.5	115.[illegible]
METAL PRICES (E. & M. J. QUOTATIONS)— Average for month of November:			
Copper (per pound)—			
Electrolytic domestic refinery	29.700c	29.700c	29.6[illegible]
Electrolytic export refinery	31.259c	31.529c	28.8[illegible]
Lead—			
Common, New York (per pound)	15.000c	14.965c	13.5[illegible]
Common, St. Louis (per pound)	14.800c	14.760c	13.3[illegible]
‡‡Prompt, London (per long ton)	£108.097	£108.690	£94.[illegible]
‡‡Three months, London (per long ton)	£103.972	£103.363	£90[illegible]
¶Antimony, New York Boxed	31.970c	31.970c	37.[illegible]
Antimony (per pound) bulk, Laredo	28.500c	28.500c	33.[illegible]
Antimony (per pound) Laredo	29.000c	29.000c	34.13[illegible]
Platinum, refined (per ounce)	$77.667	$79.800	$91.[illegible]
Zinc (per pound)—East St. Louis	11.500c	11.500c	10.0[illegible]
††Zinc, London, prompt (per long ton)	£81.219	£82.524	£7[illegible]
††Zinc, London, three months (per long ton)	£81.216	£82.321	£74 [illegible]3
†Cadmium, refined (per pound)	$1.70000	$1.70000	$2.0[illegible]
‡Cadmium (per pound)	$1.70000	$1.70000	$2.07[illegible]
§Cadmium (per pound)	$1.70000	$1.70000	$2.1[illegible]
Cobalt, 97%	$2.60000	$2.60000	$2.60[illegible]
Silver and Sterling Exchange—			
Silver, New York (per ounce)	85.250c	85.250c	85.2[illegible]
Silver, London (pence per ounce)	74.313	74.107	74.0[illegible]
Sterling Exchange (Check)	$2.79434	$2.79747	$2.8[illegible]
Tin, New York Straits	91.109c	93.055c	83.31[illegible]
§§New York, 99% min.	90.109c	92.055c	82.[illegible]
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$320.333	$325.000	$184[illegible]
Aluminum, 99% plus ingot (per pound	22.200c	22.200c	21.50[illegible]
Magnesium ingot (per pound)	27.000c	27.000c	27.000c
**Nickel	60.938c	60,000c	60.000c
Bismuth (per pound)	$2.25	$2.25	------
PORTLAND CEMENT (BUREAU OF MINES)— Month of September:			
Production (barrels)	25,549,000	25,681,000	23,795,000
Shipments from mills (barrels)	29,058,000	28,802,000	27,433,000
Stocks (at end of month—barrels)	10,890,000	14,329,000	12,859,000
Capacity used	106	103	102
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of September:			
Total operating revenues	$781,618,934	$804,767,423	$904,263,4[illegible]
Total operating expenses	607,387,793	623,326,478	673,209,[illegible]
Operating ratio	77.71	77.45	7[illegible]
Taxes	74,154,255	74,494,483	111,323,[illegible]
Net railway operating income before charges	84,204,309	84,072,973	99,941,7[illegible]
Net income after charges (estimated)	58,000,000	64,000,000	80,000,0[illegible]
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S.—HOME LOAN BANK BOARD—Month of Sept. (000's omitted):			
Savings and loan associations	$766,284	$770,194	$654,13[illegible]
Insurance companies	163,961	165,804	124,[illegible]
Bank and trust companies	383,209	369,081	314,8[illegible]3
Mutual savings banks	141,148	138,229	123,2[illegible]
Individuals	250,070	252,022	241,8[illegible]7
Miscellaneous lending institutions	417,216	391,058	269,7[illegible]3
Total	$2,121,888	$2,086,388	$1,728,593

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shares to plater. ¶Domestic, five tons or more but less than carload lot, boxed. §§Price for tin contained. **F.o.b. Port Colborne, U. S. duty included. ‡‡Average of daily mean of bid and ask quotation at morning session of London Metal Exchange. ††Delivered where freight from East St. Louis exceeds 0.5c. ¶¶Corrected figure.

The President to Business!

"As you who comprise the annual Congress of American Industry come together, I hope thought will be given to the representative character of your meeting. To our nation—indeed, to all the world — yours is a gathering which in major degree symbolizes the power and the vitality, the daring and enterprise, the executive and managerial skill which, combined with the industry and vigor of our laboring men and women, have brought greatness to our land.

Pres. Eisenhower

"With the utmost determination we must keep this system free both from destruction from abroad and from unnecessary government domination at home. Today our country is at peace. Yet our national output exceeds the war peak of 1944. In 10 years, if we act wisely, even this tremendous output will increase by nearly 50%.

"In this advance, so important to the people of all lands, each member of the Congress of American Industry has an important role. In these years to come, I am confident that your initiative and skill will continue to increase our prosperity and to build strength for our nation and the free world."—President Dwight D. Eisenhower to the NAM.

We are encouraged by messages such as this to hope that there is in Washington today a clearer understanding of what makes our economic system click than for a good while past.

Continued from page 2

The Security I Like Best

by a small common stock issue of 362,083 shares.

I have visited the Tranter Manufacturing Company at Lansing, Michigan, several times this year and came away each time with mounting enthusiasm on the company's potentialities for growth.

KILIAEN V. R. TOWNSEND

Security Analyst, Atlanta, Ga.

Long Island Trust Co.

The marked decentralization trend underway in both population and industry is making a group of small suburban banks one of the best and at the same time among the safest investments available today for substantial capital appreciation. Their superiority over the majority of industrial, railroad and utility stocks, most of which have already been thoroughly picked over, is even more pronounced when one considers the relatively small risk to capital invested in the stock of a well managed bank.

K. V. R. Townsend

The Long Island Trust Company appears to be an outstanding selection from among this generally favorable group since it is located in Nassau County, which is enjoying one of the most phenomenal growths of any suburban community in the country. This county is situated on Long Island and is an ideal commuting distance from New York City. The percentage increase in residents since 1940 is nearly six times that of the national country average. And since only 1950, Nassau County's population has increased 43%. Its uniqueness is best illustrated by the fact that a 15 to 20% population increase in a suburb during the last four years is considered far above average.

In general, most sound, well managed suburban banks seem assured of further growth. The rapid increase in suburban population is being accelerated by the overwhelming preference for suburban living as contrasted with city life. This decentralization, as well as the other fact working continuously in favor of most suburban banks, namely, the substantial general population increase taking place, are both expected to continue over the next several decades at an even faster rate.

The ideal investment medium, then, is a suburban bank which, in addition to enjoying all the advantages stemming from its geographical location, also meets the following requirements:

(1) Sound management. The importance of this is obvious, particularly since well-managed, more conservative banks have always demonstrated their ability to ride through even the most severe economic cycles.

(2) Earnings and deposits indicating a definite growth pattern. Low loan loss ratios and a well managed portfolio are other important factors evidencing sound management.

(3) Conservative, preferably understated book value. This is a figure which is subject to a certain amount of "padding" even in the case of banks in some instances.

(4) Little public following to date. As in the case of other stocks, some banks have already put considerable emphasis on public relations, and the resulting increased interest in their progress has in turn inflated the price of their stock to the point where future growth has been discounted to some extent.

(5) Location in a greater than average growth area as far as suburbs are concerned. This is perhaps the most important point in that it virtually assures continued growth and resulting capital appreciation, particularly if the bank qualifies on the other four points as well.

The Long Island Trust Company has the unique distinction of qualifying on all five points. Its qualifications as to requirements Nos. 2, 3 and 5 are a matter of record. Requirements No. 1 and 4 are naturally a matter of opinion, but an investigation as to the latter two points would confirm that the LITC has the reputation for sound management and that there has been relatively little public interest in its stock up to the present time.

The largest bank in Nassau County is the now well publicized Franklin National Bank which has enjoyed considerable following as a result of its aggressive expansion, several banking innovations and its tremendous increase in deposits, the latter resulting in large part from its absorption of other Nassau County Banks. Its stock, allowing for a number of stock dividends, has more than tripled in value the last five years. The Franklin now has eight branches and 626,500 shares outstanding.

The Long Island Trust Company, with a solid reputation for sound management and perhaps too conservative heretofore in some respects, has only recently initiated an expansion program so as to be able similarly to benefit from Nassau County's phenomenal population and industrial growth, which, incidentally, gives no indication of slackening in the foreseeable future.

Until last year the LITC was named the Garden City Bank and Trust Company, with its only office in Garden City, one of the larger cities in Nassau County. In 1953, it took over the Bank of Great Neck, giving it a branch in one of Nassau County's wealthiest shopping centers. On Nov. 10 the LITC opened a branch office in the rapidly growing industrial community where Roosevelt Field was formerly located. And it is reasonable to assume that there will be additional branches and absorptions in line with its recently adopted expansion policy. Inasmuch as there are only 100,000 shares outstanding, a substantial percentage of which is held by management, considerable price appreciation seems inevitable as this suburban bank develops an interest among investors looking for a sound bank in an outstanding suburban growth area with good management and an upward trend in earnings and dividends.

Though the writer does not mean to imply the LITC will necessarily sell in the immediate future at the same price as the Franklin, which is a much larger bank, it is quite apparent that the LITC, the third largest bank in Nassau County, is considerably underpriced when various important facts are compared:

	Franklin	LITC
Book Value	$27.80	$28.70
1953 Earnings	2.99	3.23
1953 Dividend	5% Stock	1.25
Current Market	82.00	37.00

Similarly, the Meadow Brook National Bank, the second largest bank in the county, with a book value of less than $25, a dividend rate of $1.50, and 1953 earnings of a little over $2, at $49, is selling at a price substantially higher than LITC.

LITC's deposits, incidentally, are up another 10% to $31 million in the first nine months of 1954, a period in which many banks have experienced a leveling off and even a decrease in some instances.

Another advantage enjoyed by LITC stockholders is the strict regulation to which New York banks are subject, together with the virtual impossibility of obtaining a charter for a new bank where there are existing banks serving or willing to serve a community not having adequate banking facilities. Moreover, New York City banks cannot acquire or establish branches in Nassau County. Legislation has been pending for some time which would give New York City banks the privilege of establishing or acquiring banks in counties adjacent to Greater New York, which would include Nassau County. There is a good chance that this legislation will be passed in the not too distant future. And it doesn't take much imagination to envisage the efforts a number of New York City banks, anxious to branch out into fabulous Nassau County, might make to acquire LITC with its solid reputation, its several advantageously located branches, and its comparatively small outstanding capital stock. And such mergers are customarily brought about only by a purchase offer considerably above the book value of the stock to be acquired.

In short, the Long Island Trust Company appears to be a "sleeper" in an extremely favorable position. With risk reduced to a relative minimum, there is an excellent possibility of substantial appreciation.

Republic Steel Secondary Completed

A group managed by Union Securities Corp.; Bear, Stearns & Co.; Lehman Brothers and Salomon Bros. & Hutzler on Dec. 6 made a secondary offering of 434,586 shares of Republic Steel Corp. common stock at $67.87½ per share.

The offering was substantially oversubscribed and the books closed by 4:15 p.m. on the same day.

Included in the offering group were Allen & Co.; A. C. Allyn & Co., Inc.; Goldman, Sachs & Co.; Ladenburg, Thalmann & Co.; Lazard Freres & Co.; Carl M. Loeb, Rhoades & Co.; and Wertheim & Co.

Joins Remmele-Johannes

(Special to THE FINANCIAL CHRONICLE)

GRANVILLE, Ohio—George E. Schaetzel is now with Remmele-Johannes & Co., 118 East Broadway.

Gifford L. Troyer

Gifford Le Roy Troyer, limited partner in Hooker & Fay, passed away on Nov. 27.

Public Utility Securities

By OWEN ELY

Portland General Electric Company

Portland General Electric Company, the largest electric utility operating solely in Oregon, serves 44 cities and towns in its 26 square-mile area, accounting for over half of the state's population. The company's business dates back to the earliest days of the electric light and power industry. An early predecessor began generating electricity at Willamette Falls on June 3, 1889 and this was the first instance of "long distance" transmission of electric energy anywhere in the United States.

The company supplies electricity in Portland in competition with Pacific Power & Light Company. PGE serves about 72% of the residential and 58% of the commercial power users in the city, and about 40% of all electric customers in the state.

PGE's business is relatively stable due to the substantial residential business. The revenue percentages for the company compared with the industry, were as follows in 1953:

	PORTLAND GENERAL ELECTRIC	ELECTRIC INDUSTRY
Residential and rural	55.2%	42.1%
Commercial and small industrial	29.9	25.7
Large industrial	11.4	27.7
Miscellaneous	3.5	4.5
	100.0%	100.0%

The Portland metropolitan district enjoyed a 41% gain in population during 1940-50, and a gain of 27% is projected for 1950-60. The importance of the city as a port and a distribution center for the huge "Inland Empire" of the Columbia River Basin should continue to increase. Because of its fine location for water transportation and its favorable position as to freight rates, Portland is the manufacturing and distributing center for most of Oregon and parts of Washington and Idaho. It is the terminus for four transcontinental railroads, six airlines, and barge, truck and bus companies serving a large portion of the Pacific Northwest. In the Portland area some 1,400 manufacturing plants have an annual production value estimated at over a half billion dollars. These include clothing manufacturers, food processors, furniture factories, plywood mills, foundries and steel mills, wood working plants, paper mills and chemical plants.

Portland is now enjoying a building boom with large expenditures planned for construction of a new hotel, two huge shopping centers, a big oil refinery and a warehouse center. Planned city improvements include bridges and docks, an exposition and recreation center, expressways and highways, etc.

PGE's service area includes the Lower Willamette Valley and a rural area extending north along the Columbia River. Mild climate, fertile soil and ample rainfall make this section one of the finest and best diversified farming areas in the country, and the farms are heavy users of electricity. The lumber industry has, of course, been the leading economic factor in the Pacific Northwest and Oregon's annual output is usually the largest for any state.

Portland GE obtains a substantial amount of its power from Bonneville and from electric utility companies affiliated in the Northwest Power Pool—last year the company generated only about one-fifth of its total energy sales, mostly from hydro. A small amount of expensive steam power was required costing over one cent per kwh. to produce, but in 1954 the water supply has been adequate. With very cheap hydro power, the company's residential customers now use about 6,600 kwh. per annum—a 9% increase in a year and 2¾ times the national average.

PGE was split 2-for-1 this year, following a dividend increase on the old stock. The stock is now quoted over-counter around 20½, and pays $1 to yield nearly 5%. Share earnings for 12 months ended Sept. 30 were $1.38, making the price-earnings ratio 14.9.

Some of the above information has been summarized from a recent 36-page brochure on the company prepared by Blyth & Company, 14 Wall Street, New York 5, N. Y.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Alaska Telephone Corp. (12/15)
Nov. 9 (letter of notification) $158,000 of 6% 10-year convertible debentures, series D, due Dec. 1, 1964. **Price**—At $70 per $100 debenture. **Proceeds**—For payment of indebtedness, conversion to dial system, increased facilities, and working capital. **Office**—Alaska Trade Bldg., Seattle 1, Wash. **Underwriter**—Tellier & Co., Jersey City, N. J.

★ **Alder Gold-Copper Co., Spokane, Wash.**
Nov. 29 (letter of notification) not to exceed $50,000 of 7% production notes. **Price**—At par. **Proceeds**—For mining costs. **Address**—Box 1140, Spokane, Wash. **Underwriter**—None.

Allied-Manchester Corp. (Mass.)
Nov. 17 (letter of notification) 2,999 shares of convertible class A common stock. **Price**—At par ($100 per share). **Proceeds**—For loans and working capital. **Underwriter**—Allied Research & Service Corp., 50 Congress St., Boston, Mass.

★ **Altamont Uranium & Mining, Inc.**
Nov. 29 (letter of notification) 750,000 shares of common stock (par five cents). **Price**—40 cents per share. **Proceeds**—For mining costs. **Office**—1320 Continental Bank Bldg., Salt Lake City, Utah. **Underwriter**—None.

Amalgamated Uranium Corp., Salt Lake City, Utah
Sept. 1 (letter of notification) 2,500,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—218 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—Ned J. Bowman Co., the same city.

American Discount Co. of Georgia (12/15)
Nov. 29 filed 15,000 shares of 5% cumulative preferred stock, series 1954. **Price**—At par ($50 per share). **Proceeds**—For working capital. **Office**—Charlotte, N. C. **Underwriters**—A. M. Law & Co., Spartanburg, S. C.; Johnson, Lane, Space & Co., Inc., Savannah, Ga.; and Interstate Securities Corp., Charlotte, N. C.

★ **American Heritage Insurance Co.**
Nov. 29 (letter of notification) 2,600 shares of common stock. **Price**—$150 per share. **Proceeds**—For organizational expenses and working capital. **Address** — c/o Lindhorst & Dreidame, Buckeye Bldg., 509 Race St., Cincinnati, Ohio. **Underwriter**—None.

American Steel & Pump Corp., N. Y.
Nov. 24 filed $3,000,000 of 4% income bonds, series A, due Dec. 1, 1994. **Price**—To be supplied by amendment. **Proceeds**—To pay $55,000 of 6% collateral income notes and $100,000 demand notes; to pay Federal income tax liabilities and for working capital, etc. **Underwriter**—A. W. Benkert & Co., Inc., New York.

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.

★ **Ampex Corp., Redwood City, Calif. (12/22)**
Dec. 2 filed $1,500,000 of convertible subordinated debentures due Nov. 1, 1969. **Price**—To be supplied by amendment. **Proceeds**—To redeem $635,000 of 10-year 6% debentures at par and to provide additional working capital. **Business**—Produces magnetic recording equipment. **Underwriters**—Blyth & Co., Inc. and Irving Lundborg & Co., both of San Francisco, Calif.

Anticline Uranium, Inc., San Francisco, Calif.
Oct. 28 (letter of notification) 2,970,000 shares of class A capital stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development expenses. **Office**—995 Market St., San Francisco, Calif. **Underwriter**—Coombs & Co., of Los Angeles, Inc., Los Angeles, Calif.

★ **Arctic Uranium Mines Ltd.**
Oct. 28 (Regulation "D") 1,500,000 shares of common stock (no par value). **Price**—20 cents per share. **Proceeds**—For general corporate purposes. **Office** — 411 Childs Bldg., Winnipeg, Manitoba, Canada. **Underwriter**—De Gaetano Securities Corp., New York.

Armour & Co., Chicago
Nov. 8 filed 500,000 shares of common stock (par $5) to be issued upon the exercise of warrants to be issued in connection with proposed plan to issue $120 principal amount of 5% cumulative income subordinated debentures due Nov. 1, 1984, and one common stock purchase warrant in exchange for each share of no par value $6 cumulative convertible preferred share outstanding with dividend arrearages of $18 per share. This will involve $60,000,000 of new debentures. Warrants would be exercisable at $12.50 per share during the first two years, $15 during the next three years, $17.50 during the following two years and $20 during the last three years. **Financial Advisor**—Wertheim & Co., 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.

Belgium (Kingdom of) (12/15)
Nov. 26 filed $30,000,000 of external loan bonds, consisting of $5,000,000 of three-year bonds, $5,000,000 of four-year bonds, $5,000,000 of five-year bonds and $15,000,000 of 10-year sinking fund bonds. **Prices**—To be supplied by amendment. **Proceeds**—To assist in financing cost of certain projects being undertaken by the Belgian Government. **Underwriters** — Morgan Stanley & Co. and Smith, Barney & Co., both of New York.

Bell Aircraft Corp. (12/15)
Nov. 24 filed 246,119 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To Equity Corp., the selling stockholder. **Underwriter**—Eastman, Dillon & Co., New York.

● **Bell & Gossett Co. (12/15)**
Nov. 23 filed 300,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To retire long-term indebtedness to insurance companies and for general corporate purposes. **Business**—Manufactures and sells vorious types of heat transfer equipment. **Underwriter**—Blair & Co. Incorporated, New York.

Big Bend Uranium Co., Salt Lake City, Utah
Aug. 6 (letter of notification) 7,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—510 Newhouse Building, Salt Lake City, Utah. **Underwriter** — Call-Smoot Co., Phillips Building, same city.

Big Indian Uranium Corp., Provo, Utah
July 15 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Address**—Box 77, Provo, Utah. **Underwriter**—Weber Investment Co., 242 N. University Ave., Provo, Utah.

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.

★ **Bittersweet Uranium, Inc., Bismarck, N. D.**
Dec. 1 (letter of notification) 5,000,000 shares of common stock. **Price**—One cent per share. **Proceeds**—For expenses incident to mining operations. **Office**—107 S. Fifth St., Bismarck, N. D.

★ **Blue Canyon Uranium, Inc.**
Nov. 29 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining activities. **Offices** — 1003 Continental Bank Bldg., Salt Lake City, Utah, and 618 Rood Ave., Grand Junction, Colo. **Underwriter** — James E. Reed Co., Reno, Nev.

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.

● **Blue Mountain Uranium Mines, Inc.**
Nov. 12 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For exploration and development expenses. **Office**—230 N. Third St., Grand Junction, Colo. **Underwriter**—Tellier & Co., Jersey City, N. J. **Offering**—Made today (Dec. 9).

● **Bowl-Mor Co., Inc., Everett, Mass. (1/10)**
Nov. 26 filed 200,000 shares of preferred stock (par $1) and 200,000 shares of common stock (par 10 cents) to be offered in units of one share of each class of stock. **Price**—$5.50 per unit. **Proceeds**—To carry machine leases and finance manufacturing operations. **Business**—Manufactures and distributes by lease and sale, a bowling-pin setting machine. **Underwriter**—Aetna Securities Corp., New York.

Continued on page 38

NEW ISSUE CALENDAR

December 9 (Thursday)
Eastern Utilities Associates ______ Bonds
(Bids 11 a.m. EST) $7,250,000
Missouri Pacific RR. ______ Equip. Trust Ctfs.
(Bids noon CST) $4,575,000

December 10 (Friday)
Texam Oil & Gas Co. ______ Common
(Allen & Co.) 700,000 shares
T. M. T. Trailer Ferry, Inc. ______ Debens. & Common
(John R. Boland & Co., Inc.) $297,950

December 13 (Monday)
Jarecki Corp. ______ Common
(Baker, Simonds & Co.) 180,000 shares

December 14 (Tuesday)
New England Tele. & Tele. Co. ______ Debentures
(Bids 11 a.m. EST) $30,000,000
New Orleans Public Service Inc. ______ Bonds
(Bids noon EST) $6,000,000
Oroco Oil & Gas Co. ______ Common
(Rauscher, Pierce & Co.) 520,000 shares
Puerto Rico Water Resources Authority ______ Bonds
(Bids 11 a.m. EST) $12,500,000
Virginia Telephone & Telegraph Co. ______ Common
(Scott, Horner & Mason, Inc.) $533,750

December 15 (Wednesday)
Alaska Telephone Corp. ______ Debentures
(Tellier & Co.) $158,000
American Discount Co. of Georgia ______ Preferred
(A. M. Law & Co.; Johnson, Lane, Space & Co.; and Interstate Securities Corp.) $750,000
Belgium (Kingdom of) ______ Bonds
(Morgan Stanley & Co.) $30,000,000
Bell Aircraft Corp. ______ Common
(Probably Eastman, Dillon & Co.) 246,119 shares
Bell & Gossett Co. ______ Common
(Blair & Co. Incorporated) 300,000 shares
Illinois Central RR. ______ Debentures
(Bids noon EST) $18,000,000
Loma Uranium Corp. ______ Common
(Peter Morgan & Co.) $1,250,000
Olsen (C. A.) Manufacturing Co. ______ Common
(Hornblower & Weeks) 225,000 shares
Servomechanisms, Inc. ______ Debentures
(Van Alstyne, Noel & Co.) $2,000,000
Stancan Uranium Corp. ______ Common
(Gearhart & Otis, Inc. and Crerie & Co.) $2,625,000

December 16 (Thursday)
New York, New Haven & Hartford RR. Equip. Trust Ctfs.
(Bids noon EST) $3,345,000

December 17 (Friday)
Edgemont Mining & Uranium Corp. ______ Common
(Capper & Co.) $750,000

December 20 (Monday)
Magna Oil Corp. ______ Common
(Bache & Co.) 240,000 shares

December 21 (Tuesday)
Illinois Central RR. ______ Equip. Trust Ctfs.
(Bids noon CST) $8,700,000

December 22 (Wednesday)
Ampex Corp. ______ Debentures
(Blyth & Co., Inc. and Irving Lundborg & Co.) $1,500,000

January 4 (Tuesday)
Union Trust Co. of Maryland ______ Common
(Alex. Brown & Sons) 100,000 shares

January 10 (Monday)
Bowl-Mor Co., Inc. ______ Preferred & Common
(Aetna Securities Corp.) $1,100,000

January 11 (Tuesday)
Commonwealth Edison Co. ______ Bonds
(Bids to be invited)
New York, Chicago & St. Louis RR. ______ Debentures
(Bids to be invited) $36,000,000
United Gas Corp. ______ Common
(Bids 11:30 a.m. EST) 170,000 shares

(January 12 (Wednesday)
Duke Power Co. ______ Common
(Offering to stockholders—no underwriting) 218,737 shares

January 14 (Friday)
Citizens National Trust & Savings Bank of Los Angeles ______ Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $6,600,000
Green Mountain Uranium Corp. ______ Common
(Tellier & Co.) $300,000

January 17 (Monday)
Imperial Minerals, Ltd. ______ Common
(Milton D. Blauner & Co., Inc.) $298,600

January 18 (Tuesday)
New England Power Co. ______ Bonds
(Bids to be invited) $25,000,000

February 15 (Tuesday)
Kansas City Power & Light Co. ______ Bonds
(Bids to be invited) $16,000,000

Continued from page 37

California Tuna Fleet, Inc., San Diego, Calif.
Sept. 29 filed $4,000,000 of 6% sinking fund debentures due 1966 and 160,000 shares of common stock (par five cents) to be offered in units of a $500 debenture and 20 shares of stock. **Price**—To be supplied by amendment. **Proceeds**—For purchase from National Marine Terminal, Inc. of its undivided interest in 17 tuna clippers, subject to certain liabilities; for construction of four tuna clippers; and the balance for working capital and general corporate purposes. **Underwriter** — Barrett Herrick & Co., Inc., New York.

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**—07 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.

★ **Chesapeake & Colorado Uranium Corp.**
Dec. 7 filed 750,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development program. **Office** — Washington, D. C. **Underwriter**—Peter Morgan & Co., New York. **Offering** —Expected some time in January.

● **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) being 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. The offer will expire on Dec. 24.

Circle Air Industries, Inc.
Nov. 29 (letter of notification) 299,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds** — For machinery and equipment and working capital. **Name Change**—Company was formerly known as Paley Manufacturing Corp. **Office**—244 Herkimer Street, Brooklyn, N. Y. **Underwriter**—Allen E. Beers Co., Philadelphia, Pa.

Colorado Mining Corp., Denver, Colo.
Aug. 23 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—At the market (estimated at $1 per share). **Proceeds**—To certain selling stockholders. **Underwriter**—L. D. Friedman & Co., Inc., New York.

★ **Colorado Plateau Uranium Co.**
Dec. 1 (letter of notification) 1,900,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds** —For mining activities. **Office** — 824 Equitable Bldg., Denver 2, Colo. **Underwriter**—John L. Donahue, 430 16th St., Denver, Colo.

Colorvision, Inc., Los Angeles, Calif.
Nov. 1 (letter of notification) 300,000 shares of common stock to be offered for subscription to present stockholders. **Price**—At par ($1 per share). **Proceeds**—For working capital, inventories, machinery and equipment, etc. **Office**—109 N. Larchmont Blvd., Los Angeles 4, Calif. **Underwriter**—None.

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.

★ **Consolidated Virginia Mining Co.**
Dec. 3 (letter of notification) $45,000 of production notes, together with 90,000 shares of capital stock to be issued as a bonus. **Proceeds**—For mining operations. **Address** —c/o Nevada Agency and Trust Co., 139 N. Virginia St., Reno, Nev. **Underwriter**—None.

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.

Consumers Cooperative Association, Kansas City, Mo.
Nov. 24 filed 80,000 shares of 5½% preferred stock, 20,000 shares of 4% second preferred stock and 40,000 shares of 2% third preferred stock (all three being "cumulative to the extent earned before patronage refunds"), together with $500,000 of subordinated certificates of indebtedness, 4½%—10 years, and $1,000,000 of subordinated certificates of indebtedness, 5½%—20 years. **Price** — For preferred — At par ($25 per share); and for certificates, at principal amount. **Proceeds**—To finance inventories and accounts receivable and to repay bank loans and certificates ahead of maturity. **Underwriter**—None.

★ **Crown Central Petroleum Corp., Baltimore, Md.**
Dec. 3 (letter of notification) an indeterminate number of shares of common stock (par $5) to be purchased in market (American Stock Exchange) pursuant to Employees Savings Plan. **Proceeds**—None. **Office**—American Bldg., Baltimore, Md. **Underwriter**—None.

Dallas Power & Light Co.
Nov. 17 (letter of notification) 567 shares of common stock (no par) to be offered for subscription by minority stockholders. **Price** — $140 per share. **Proceeds** — For construction program. **Office**—1506 Commerce Street, Dallas, Texas. **Underwriter**—None.

Dallas Uranium & Oil Corp.
Nov. 8 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents). **Proceeds**—For exploration and development expenses. **Office**—1028 National Bank Bldg., Denver, Colo. **Underwriter**—Brereton, Rice & Co., Inc., same city.

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.

Devil Canyon Uranium Corp., Moab, Utah
Nov. 8 (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**—21 Main St., Petersen Bldg., Maob, Utah. **Underwriter**—Melvin F. Schroeder, 501 Kittredge Bldg., Denver, Colo.

★ **Dixon-Powdermaker Furniture Co.**
Nov. 30 (letter of notification) 75,000 shares of common stock (par $1), of which 4,525 shares are for the account of the company and 70,475 shares for the account of selling stockholders. **Price**—$4 per share. **Proceeds** —To company, to be used for working capital. **Office** —2670 Rosselle St., Jacksonville, Fla. **Underwriters**—Varnedoe, Chisholm & Co., Savannah, Ga., and Pierce, Carrison, Wulbern, Inc., Jacksonville, Fla.

★ **Duke Power Co. (1/12/55)**
Dec. 3 filed 218,737 shares of common stock (no par), to be offered for subscription by common stockholders of record Jan. 12, 1955 on the basis of one new share for each 20 shares held (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—None.

★ **Duke Power Co.**
Dec. 3 filed $40,000,000 of first and refunding mortgage bonds due 1975. **Proceeds** — To redeem $35,000,000 of 3¾% bonds and for construction program. **Underwriter** —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Stone & Webster Securities Corp.; The First Boston Corp. **Bids**—Expected in January.

Eastern Utilities Associates (12/9)
Nov. 10 filed $7,250,000 collateral trust bonds due Dec. 1, 1979. **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. (jointly); Lehman Brothers. **Bids**—Expected to be received up to 11 a.m. (EST) on Dec. 9 at 49 Federal St., Boston, Mass.

● **Edgemont Mining & Uranium Corp. (12/17)**
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.

● **El Paso Natural Gas Co.**
Nov. 5 filed 300,000 shares of $4.40 convertible second preferred stock, series of 1954 (no par) of which 226,424 shares are being offered for subscription by common stockholders of record Dec. 2 on the basis of one preferred share for each 21 common shares held. Of the remaining 73,576 shares (64,383 shares) are being offered in exchange for outstanding $4.40 convertible preferred stock, series of 1952, on a share-for-share basis with a cash adjustment. Both offers expire on Dec. 17. **Price**—$100 per share. **Proceeds**—To redeem 1952 series preferred stock and to reduce bank loans. **Underwriter** —White, Weld & Co., New York.

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.

Farm & Home & Discount Co., Phoenix, Ariz.
Nov. 29 filed 320,000 shares of class A common stock (par 25 cents), 214,285 shares of class B common stock (par 35 cents) and 300,000 shares of class C common stock (par 50 cents). **Price** — At par. **Proceeds** — For working capital. **Underwriter**—None.

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.

★ **Fischer & Porter Co.**
Nov. 30 (letter of notification) an aggregate of approximately 10,600 participating preference shares (par $1) to be offered to Profit Sharing Fund and to employees. **Price**—At an aggregate price equal to the book value of such shares at the end of the last month preceding the subscription. **Proceeds** — For working capital. **Underwriter**—None.

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.

Four States Uranium Corp., Grand Junction, Colo.
Aug. 16 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploratory and development expenses. **Office** — 618 Rood Avenue, Grand Junction, Colo. **Underwriter** — Joe Rosenthal, 1669 Broadway, Denver, Colo.

Funeral Directors Manufacturing & Supply Co.
Nov. 5 filed 199,907 shares of common stock to be sold to customers. **Price**—At par ($100 per share). **Proceeds** —For capital expenditures and working capital and other general corporate purposes. **Office** — Louisville, Ky. **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 Services Life Insurance Co.
Sept. 14 filed 50,000 shares of class A common stock (par $1). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—Washington, D. C. **Underwriter**—None.

General Tire & Rubber Co.
Nov. 18 filed 95,000 shares of 5½% cumulative preference stock (par $100) to be offered in exchange for common stock of Motor Products Corp., the rate of exchange to be filed by amendment. Offer will be subject to acceptance thereof by holders of not less than 315,000 shares of Motor Products common stock.

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.

Glasscock (C. G.)-Tidelands Oil Co.
Nov. 12 filed 215,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans, to purchase outstanding stock of C. G. working capital. **Office**—Corpus Christi, Tex. **Underwriters**—First California Co., San Francisco, Calif.; and William R. Staats & Co., Los Angeles, Calif.

Globe Hill Mining Co., Colorado Springs, Colo.
Nov. 18 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—1¾ cents per share. **Proceeds**—For mining purposes. **Office**—336 Independence Bldg., Colorado Springs, Colo. **Underwriter**—Al. J. Johnson, same city.

Graham Bell Ltd., Streetsville, Ont., Canada
Nov. 16 (Regulation "D") 120,000 shares of common stock (par 20 cents). **Price**—$2.50 per share. **Proceeds** —For general corporate purposes. **Underwriter**—Aetna Securities Corp., New York. **Offering**—Expected today (Dec. 9).

Great Southwest Land & Cattle Co.
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. **Office**—Phoenix, Ariz. **Underwriter**—None.

★ **Green Mountain Uranium Corp. (1/14)**
Nov. 30 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining activities. **Office**—618 Rood Ave., Grand Junction, Colo. **Underwriter**—Tellier & Co., Jersey City, N. J.

Gulf States Utilities Co.
May 14 filed 160,000 shares of preferred stock (par $100). **Proceeds** — To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred

stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Gulf States Utilities Co.
May 14 filed $24,000,000 of first mortgage bonds due June 1, 1984. **Proceeds**—To redeem $10,000,000 of 3⅜% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983, and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

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. **Underwriter**—Melvin G. Flegal & Co., same address.

★ **Hart & Cooley Mfg. Co., Highland, Mich.**
Nov. 30 (letter of notification) 1,233 shares of common stock (no par) to be offered to certain employees who are also stockholders. **Price**—$65 per share. **Proceeds**—For working capital. **Underwriter**—None.

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., 70 Wall St., New York, N. Y.

Home Telephone & Telegraph Co. of Virginia
Oct. 18 (letter of notification) 40,320 shares of capital stock being offered to stockholders of record Nov. 18, 1954, on the basis of one new share for each seven shares held; rights to expire Dec. 15. **Price** — At par ($5 per share). **Proceeds**—To reduce bank notes. **Office**—107 Valley Street, Emporia, Va. **Underwriter**—None.

★ **Imperial Minerals, Ltd. (Canada) (1/17)**
Nov. 23 (Regulation "D") 830,000 shares of common stock (par $1). **Price**—36 cents per share. **Proceeds**—For mining activities. **Underwriter**—Milton D. Blauner & Co., Inc., New York.

★ **Income Fund of Boston, Inc.**
Dec. 2 filed 800,000 shares of common stock (par $1). **Price**—To be supplied by amendment (expected at $10 per share). **Proceeds**—For investment. **Underwriter**—Hayden, Stone & Co., New York. **Offering**—Expected in January.

International Bankers Life Insurance Co.
Sept. 29 (letter of notification) 12,500 shares of common stock to be offered for subscription by stockholders of record Sept. 20, 1954 at rate of one new share for each share held. **Price**—At par ($10 per share). **Proceeds**—For addition to capital and to be invested in appropriate securities. **Office**—Continental Life Building, Fort Worth, Texas. **Underwriter**—None.

International Spa, Inc., Reno, Nev.
Nov. 23 filed 12,000 shares of common stock (no par). **Price**—$500 per share. **Proceeds**—For land, construction, working capital, etc. **Underwriter**—None.

Investment Corp. of America
Aug. 30 (letter of notification) 3,799 shares of cumulative preferred stock (no par) and 3,799 shares of common stock (no par). **Price**—For preferred, $20 per share, and for common, $2 per share. **Proceeds**—For working capital. **Office**—3603 Broadway, San Antonio, Tex. **Underwriter**—Interior Securities, Inc., San Antonio, Tex.

Jarecki Corp., Grand Rapids, Mich. (12/13-17)
Nov. 19 filed 180,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To F. J. Jarecki (Chairman), C. F. Jarecki (President and General Manager) and Leora J. Walgren, each selling 60,000 shares. **Underwriter**—Baker, Simonds & Co., Detroit, Mich.

Kemper Thomas Co., Cincinnati, Ohio
Nov. 5 (letter of notification) 10,000 shares of common stock (par $10) to be offered for subscription by stockholders first, then to public. **Price**—$16.50 per share. **Proceeds**—For working capital. **Office**—Norwood Park, Cincinnati, O. **Underwriter**—None.

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 & General Finance Corp.**
Dec. 2 (letter of notification) 30,000 shares of class B non-voting common stock. **Price** — At par ($10 per share). **Proceeds**—To purchase and develop land and for contingencies. **Office**—716 North Federal Highway, Fort Lauderdale, Fla. **Underwriter**—None.

Lee Finance Co., Minneapolis, Minn.
Nov. 3 (letter of notification) 13,000 shares of preferred stock (par $10) and $170,000 of 8% subordinate notes due five years from date of issue. **Price**—At par. **Proceeds**—To reduce bank loans and for working capital. **Office**—305 Northwestern Federal Bldg., Minneapolis, Minn. **Underwriter**—Daniels & Smith.

Liberty Oil & Uranium Co., Denver, Colo.
Nov. 19 (letter of notification) 2,900,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For oil and mining activities. **Office** — 250 Equitable Bldg., Denver, Colo. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., 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.

Lincoln Uranium Corp., Reno, Nev.
Nov. 5 (letter of notification) 5,500,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development expenses. **Office**—206 N. Virginia St., Reno, Nev. **Underwriter**—McCoy & Willard, Boston, Mass.

Loma Uranium Corp., Denver, Colo. (12/15)
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.

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.

★ **Mackey Airlines, Inc., Fort Lauderdale, Fla.**
Nov. 26 (letter of notification) 3,000 shares of capital stock. **Price**—At market (approximately $1.75 bid and $2.00 asked). **Proceeds**—To Atwill & Co. and Emerson Cook Co. **Underwriter**—None.

Magic Metals Uranium Corp.
Sept. 14 (letter of notification) 2,995,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Mid-Coninent Securities, Inc., the same city.

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.

● **Magna Oil Corp., Dallas, Texas (12/20)**
Nov. 29 filed 240,000 shares of common stock (par 50 cents). **Price**—$5 per share. **Proceeds**—For further investments, working capital and other corporate purposes. **Underwriter**—Bache & Co., New York.

Marine Midland Corp., Buffalo, N. Y.
Nov. 18 filed 426,000 shares of common stock (par $5) to be offered in exchange for outstanding stock of Genesee Valley Trust Co., at rate of 4¼ shares of common stock for each Genesee shares held of record on Dec. 8. Offer is subject to acceptance thereof by holders of not less than 80% (80,000 shares) of Genesee stock.

Mayday Uranium Co., Salt Lake City, Utah
Oct. 29 (letter of notification) 17,000,000 shares of common stock (par one-half cent). **Price**—One cent per share. **Proceeds** — For exploration and development costs. **Office**—Harver Bldg., Salt Lake City, Utah. **Underwriter** — Utah Uranium Brokers, 2680 South 20th East, Salt Lake City, Utah.

★ **MechaniParkDevelopment Co. (N. J.)**
Nov. 26 (letter of notification) limited partnership interests in an aggregate amount of $300,000. **Proceeds**—To develop, promote, sell and generally deal in mechanical parking devices. **Address**—c/o Bernard Asheim, 916 S. W. King Ave., and Jay E. Jordan, 725 Yeon Bldg., Portland, Ore., who are named general partners.

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.

Mi-Ame Canned Beverages Co., Hialeah, Fla.
Oct. 28 (letter of notification) 200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase raw materials and new machinery, and for working capital. **Underwriter** — Frank D. Newman & Co., Miami, Fla.

Mid-Continent Uranium Corp., Denver, Colo.
Nov. 26 filed 1,562,500 shares of common stock (par one cent). **Price**—40 cents per share. **Proceeds**—For exploratory operations, machinery and equipment, and for working capital and unforeseen contingencies. **Underwriter**—General Investing Corp., New York.

★ **Military Investors Financial Corp.**
Dec. 1 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—2310 Main St., Houston, Texas. **Underwriter**—Cobb & Co., Inc., same city.

★ **Minnesota Valley Natural Gas Co.**
Dec. 1 (letter of notification) 19,671 shares of common stock (par $10), of which 17,760 shares are to be publicly offered and 1,911 shares to be offered to employees. **Price**—To public, $15.25 per share; to employees, $14.25. **Proceeds**—To retire short term notes and for working capital. **Office**—1750 Hennepin Ave., Minneapolis, Minn. **Underwriters** — Woodard-Elwood & Co., Minneapolis, Minn., and Harold E. Wood & Co., St. Paul, Minn.

● **Mississippi Power & Light Co.**
Sept. 3 filed 44,476 shares of 4.56% cumulative preferred stock (par $100) being 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). Offer will expire Dec. 20. **Price**—$105 per share and accrued dividends. **Underwriters** — White, Weld & Co. and Kidder, Peabody & Co.

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 Oil Co.
Nov. 17 filed a maximum of 300,000 shares of common stock (par $1). **Price**—To be supplied by amendment (initial offering price to be related to the then current price on the New York Stock Exchange. **Proceeds**—To reduce indebtedness incurred in purchase of assets of Fullerton Oil & Gas Corp. and for general corporate purposes. **Underwriter**—Lehman Brothers, New York. **Offering**—Expected today (Dec. 9).

★ **Motor-Hotel Insurance Agency, Tucson, Ariz.**
Nov. 29 (letter of notification) 200,000 shares of preferred stock, 20,000 shares of common stock and 200,000 trust fund certificates. **Price**—Of shares, at par (10 cents each); and of certificates, $1.37½ each. **Proceeds**—To open branch offices. **Office** — 2041 North Campbell, Tucson, Ariz. **Underwriter** — None, but sales will be made through Coy Simeon Lance, 1525 West Glenrose, Phoenix, Ariz.

★ **Nagler Helicopter Co., Inc.**
Nov. 30 (letter of notification) 99,667 shares of common stock (par one cent). **Price**—$1.25 per share. **Proceeds**—For working capital and to purchase machinery and equipment. **Office**—Westchester County Airport, White Plains, N. Y. **Underwriter**—John R. Boland, New York.

New England Tel. & Tel. Co. (12/14)
Nov. 23 filed $30,000,000 of 34-year debentures due Dec. 15, 1988. **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent. **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**—To be received up to 11 a.m. (EST) on Dec. 14 at Room 2315, 195 Broadway, New York, N. Y.

New Orleans Public Service Inc. (12/14)
Nov. 5 filed $6,000,000 first mortgage bonds due 1984. **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. **Bids**—To be received up to noon (EST) on Dec. 14 at Two Rector St., New York 6, N. Y.

New Silver Belle Mining Co., Inc., Almira, Wash.
Sept. 8 (letter of notification) 500,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Underwriters**—Percy Dale Lanphere and R. E. Nelson & Co., both of Spokane, Wash.

★ **New York Shipbuilding Corp.**
Dec. 6 filed 74,925 shares of common stock (par $1) to be offered in exchange for 374,624 shares of common stock (par five cents) of Highway Trailer Co. at rate of one share of Shipbuilding stock for each five shares of common stock of the Trailer company.

Norfolk & Carolina Telephone & Telegraph Co.
Nov. 10 (letter of notification) 2,000 shares of common stock (par $100) to be offered for subscription by stockholders. **Proceeds**—To repay loan. **Office**—Elizabeth City, N. C. **Underwriter**—None.

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.

Ol Jato Uranium Co., Salt Lake City, Utah
Aug. 5 (letter of notification) 1,750,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining operations. **Office**—114 Atlas Bldg., Salt Lake City, Utah. **Underwriter** — Rocky Mountain Securities, the same city.

Old Hickory Copper Co., Phoenix, Ariz.
Oct. 7 (letter of notification) 750,000 shares of common stock (par 10 cents). **Price**—40 cents per share. **Proceeds** — For mining expenses. **Offices** — Mayer-Heard Bldg., Phoenix, Ariz., and 2 Broadway, New York, N. Y. **Underwriter**—General Investing Corp., New York. **Offering**—Not expected until early in 1955.

● **Olsen (C. A.) Manufacturing Co. (12/15-16)**
Nov. 24 filed 225,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Business** — Produces warm air furnaces for residential use. **Office**—Elyria, Ohio. **Underwriter**—Hornblower & Weeks, New York.

One-Hour Valet, Inc., Miami, Fla.
Nov. 18 (letter of notification) 30,000 shares of common stock (par $1), of which 9,450 shares are to be offered by the company and 20,550 shares for the account of selling stockholders. **Price**—$5 per share. **Proceeds**—For investment in new subsidiaries. **Office** — Chamber

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of Commerce Bldg., Miami, Fla. **Underwriters** — R. S. Dickson & Co., Charlotte, N. C.; Courts & Co., Atlanta, Ga.; Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.; and Willis, Kenny & Ayers, Inc., Richmond, Va.

★ Onego Corp., Uniontown, Pa.
Dec. 8 filed 150,000 shares of capital stock (par $1). **Price**—$3.50 per share. **Proceeds**—To repay bank loans and indebtedness to company officials; to pay balance of purchase price of New Mexico property; to purchase equipment and wells; and for working capital. **Underwriter** — Langley-Howard, Inc., Pittsburgh, Pa., on a "best-efforts" basis.

● Oroco Oil & Gas Co. (12/14)
Nov. 18 filed 520,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To pay outstanding debts and for drilling operations and other general corporate purposes. **Office**—Albuquerque, N. M. **Underwriter**—Rauscher, Pierce & Co., Dallas, Texas.

Paraderm Laboratories, Inc.
Nov. 12 (letter of notification) 250,000 shares of common stock (par 30 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—415 Congress St., Portland, Me. **Underwriter** — Sheehan & Co., Boston, Mass.

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.

★ Pennsylvania Power & Light Co.
Dec. 2 filed 65,455 shares of common stock (no par); 853 shares of 4.40% cumulative preferred stock (par $100); 5,378 shares of 3.35% cumulative preferred stock (par $100); and 4,032 shares of 4½% cumulative preferred stock (par $100) to be offered in exchange for securities of The Scranton Electric Co. on the following basis: (a) one share of Pennsylvania common stock for each two shares of Scranton common stock; (b) one share of Pennsylvania 4.40% series preferred stock for each share of Scranton 4.40% cumulative preferred stock; and (c) one share of Pennsylvania 3.35% series preferred stock for each share of Scranton 3.35% cumulative preferred stock, or, at the election of the Scranton shareowners, for each share of Scranton's 3.35% cumulative preferred stock, two shares of Pennsylvania's common stock, or for each lot of four shares of Scranton 3.35% cumulative preferred stock, three shares of Pennsylvania's 4½% preferred stock. Pennsylvania owns approximately 91% of the preferred stock and 91% of the common stock of Scranton.

● Pioneer Uranium Corp., Moab, Utah
Oct. 8 (letter of notification) 75,000 shares of capital stock (par 15 cents). **Price**—At market (approximately 33 cents per share). **Proceeds** — For working capital. **Underwriter** — Harrison S. Brothers & So., Salt Lake City, Utah. **Correction**—This is a correction of item appearing under this heading in our Dec. 2 and Nov. 25 issues.

● Pioneer Finance Co., Detroit, Mich.
Nov. 8 filed 50,000 shares of 6% cumulative preferred stock (par $10). **Price** — At par. **Proceeds** — To redeem outstanding debentures and for working capital. **Underwriters**—Watling, Lerchen & Co., Detroit, Mich., and Mullaney, Wells & Co., Chicago, Ill. **Offering**—Was made publicly on Nov. 30.

★ Primadonna Hotel, Inc., Reno, Nev.
Dec. 8 filed 2,330 shares of class A common stock and 9,260 shares of class B common stock to be offered in units of one class A and four class B shares only to persons approved by the Nevada State Tax Commission. **Price** — $500 per unit. **Proceeds** — To construct eight-story hotel at 237-241 No. Virginia St., Reno, Nevada. **Underwriter**—None.

★ Professional Securities Corp., Kansas City, Mo.
Nov. 26 (letter of notification) 1,000 shares of class A common stock (par $100) and 2,000 shares of class B common stock (par $100). **Proceeds**—For working capital. **Office**—1350 Woodswether Road, Kansas City, Mo. **Underwriter**—None.

Rapid Film Technique, Inc., N. Y. City
July 30 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—21 West 46th Street, New York 36, N. Y. **Underwriter**—Jerome Rosenberg, Future Estate Planning, 630 McLean Ave., Yonkers, N. Y.

Rhodesia Selection Trust, Ltd. (No. Rhodesia)
Nov. 12 (letter of notification) 59,151 ordinary shares, par 5s. to be offered to stockholders of record Nov. 22, 1954 in the ratio of three new shares for each 44 shares held. Rights to expire on Dec. 22, 1954. Shares not taken down will not be reoffered in the United States. **Price**—$17s. 6d. ($2.38) per share. **Proceeds**—To purchase additional shares in copper producer (Mufulira), which in turn will use the proceeds for capital expenditures. **Underwriter**—Selection Trust Ltd., Selection Trust Bldg., Mason's Ave. and Coleman St., London, England.

★ Rico Argentine Mining Co.
Dec. 2 (letter of notification) 75,000 shares of common stock (par 50 cents) to be offered for subscription by stockholders of record Dec. 31, 1954, on the basis of one new share for each 11.7326 shares held. **Price**—$4 per share. **Proceeds**—To help pay for sulphuric acid plant. **Office**—132 South Main St., Salt Lake City, Utah. **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 Uranium Exploration, Inc.
Nov. 2 (letter of notification) 2,840,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—718 Kittredge Bldg., Denver, Colo. **Underwriter**—Rogers & Co., same address.

● Servomechanisms, Inc. (12/15-20)
Dec. 1 filed $2,000,000 5% convertible debentures due Dec. 1, 1966. **Price**—100% and accrued interest. **Proceeds**—For repayment of bank loans and other general corporate purposes. **Underwriter**—Van Alstyne, Noel & Co., New York.

Sheba Uranium Mining & Exploration, Inc.
Nov. 23 (letter of notification) 3,250,000 shares of common stock (par one cent). **Price**—1½ cents per share. **Proceeds**—For exploration and development costs. **Office**—513 Kiesel Building, Ogden, Utah. **Underwriter**—Weber Investment Co., of Ogden and Provo, Utah.

Silver Pick Uranium, Inc., Reno, Nev.
Nov. 22 (letter of notification) 2,994,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—211-206 N. Virginia Street, Reno, Nev. **Underwriter**—Western Securities Corp., Las Vegas, Nev.

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.

● Stancan Uranium Corp., Toronto, Canada (12/15)
Nov. 4 filed 1,750,000 shares of common stock (par 1¢). **Price**—$1.50 per share. **Proceeds**—To acquire uranium claims and for exploration and development work. **Underwriters** — Gearhart & Otis, Inc., New York, and Crerie & Co., Houston, Texas.

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.

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.

Statler Hotels Delaware Corp.
Nov. 4 filed 1,004,509 shares of common stock (par $1) being offered for subscription by common stockholders of Hilton Hotels Corp. (except members of its executive group) on the basis of one Statler share for each Hilton share held on Nov. 24 (with an oversubscription privilege); rights to expire Dec. 10. The members of the executive group have purchased and paid for an aggregate of 650,000 additional shares of Statler stock. **Price**—$6.42 per share. **Proceeds**—To finance, in part, purchase of Hotels Statler Co., Inc., properties. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

Stinnes (Hugo) Corp., New York
Nov. 22 filed $6,000,000 of notes and an unspecified number of shares of common stock (par $5) to be offered in units of $1,000 of notes and an unspecified number of common shares. **Price**—To be supplied by amendment. **Proceeds**—For retirement of 7% debentures of Hugo Stinnes Industries, Inc., due 1946. **Underwriters**—Halsey, Stuart & Co. Inc. and A. G. Becker & Co. Inc., Chicago and New York.

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.

Tarbell Mines, Ltd. (Canada)
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.

● Texam Oil & Gas Co., Houston, Texas (12/10)
Nov. 17 filed 700,000 shares of capital stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To repay bank loans and for drilling development and exploratory costs. **Underwriter**—Allen & Co., New York.

Texas International Sulphur Co.
June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For exploration and drilling, and payment of bank loans and advances. **Underwriter**—Vickers Brothers, New York, on a "best efforts" basis.

Thunderbird Uranium Co., Reno, Nev.
Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). **Price** — 15 cents per share. **Proceeds**—For mining activities. **Office**—206 N. Virginia St., Reno, Neb. **Underwriter**—Stock, Inc., Salt Lake City.

★ Titan Uranium Corp., Albuquerque, N. M.
Dec. 2 (letter of notification) 585,150 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development expenses. **Office**—217 Sixth St., S. W., Albuquerque, N. M. **Underwriter**—None.

● T. M. T. Trailer Ferry, Inc. (12/10)
Nov. 23 (letter of notification) $295,000 of 5½% convertible debentures due Dec. 1, 1960 and 29,500 shares of common stock (par 10 cents) to be offered in units of $100 of debentures and 10 shares of stock. **Price**—$101 per unit. **Proceeds**—To purchase equipment to retire $50,000 of notes and for working capital. **Underwriter** — John R. Boland & Co., Inc., New York.

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.

Transport Indemnity Co., Los Angeles, Calif.
Nov. 9 (letter of notification) 14,230 shares of capital stock (par $10) to be offered for subscription by stockholders of record Nov. 20, 1954, on the basis of one new share for each five shares held; rights to expire on Dec. 20, 1954. **Price**—$20 per share to stockholders; remaining shares, if any, may be sold to affiliate at $23.50, but aggregate amount will not exceed $300,000. **Proceeds**—for capital and surplus. **Office**—3670 Wilshire Blvd., Los Angeles 5, Calif. **Underwriter**—None.

Turf Paradise, Inc., Phoenix, Ariz.
Nov. 12 filed 83,334 shares of common stock (par $10) and 83,334 shares of preferred stock (par $20) to be offered in units of one share of each class of stock. **Price**—$30 per unit. **Proceeds**—To construct racing plant and to repay obligations. **Underwriter**—Selected Securities, Inc., Phoenix, Ariz.

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.

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.

★ Universal Uranium & Milling Corp.
Dec. 1 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining operations. **Offices**—206 North Virginia St., Reno, Nev., and 401 Newhouse Bldg., Salt Lake City, Utah. **Underwriter** — None. Sales will be made through Elerm Aagaard, Vice-President and Carl E. Fischer, Treasurer.

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 Discovery & Development Co., Wallace, Idaho
Nov. 16 (letter of notification) 1,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For core drilling program upon two groups of claims. **Address**—Box 709, Wallace, Idaho. **Underwriter**—Wallace Brokerage Co., some city.

Uranium of Utah, Inc., Provo, Utah
Sept. 14 (letter of notification) 3,000,000 shares of common stock (par 1 cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development costs. **Office** 227 N. University Ave., Provo, Utah. **Underwriter**—Bay Securities Corp., New York.

Utaco Uranium, Inc., Salt Lake City, Utah
Oct. 7 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development costs. **Office**—420 Felt Building, Salt Lake City, Utah. **Underwriter**—Western Securities Corp., Las Vegas, Nev.

Utah Apex Uranium Co.
Oct. 18 (letter of notification) 3,000,000 shares of capital stock (par three cents). **Price**—Six cents per share. **Proceeds**—For exploration and development expenses. **Office**—430 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Mid-Continent Securities, Inc., same city.

Utah 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.

● **Van Horn Butane Service, Fresno, Calif.**
Nov. 17 (letter of notification) 24,998 shares of common stock (par $2.50) to be offered for subscription by stockholders on the basis of one new share for each 10 shares held; unsubscribed shares to be offered to employees. **Price**—$6 per share; unsubscribed, to public at $6.60 per share. **Proceeds**—For working capital. **Address**—Box 547, Fresno, Calif. **Underwriters**—J. Barth & Co. and Schwabacher & Co., both of San Francisco, Calif.

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.

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.

★ **Wenga Copper Mines, Inc., N. Y.**
Nov. 18 (Regulation "D") 900,000 shares of common stock (par five cents). **Price**—30 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Willis E. Burnside & Co., New York.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. Price—To be supplied by amendment. Proceeds—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. Underwriters — White, Weld & Co. and Union Securities Corp., both of New York. Offering—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering—Postponed indefinitely.**

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 Empire Uranium Co.
Nov. 16 (letter of notification) 2,750,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—Silver State Bldg., Denver, Colo. **Underwriter**—L. A. Huey Co., same city.

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.

● **Whitaker Metals Corp., North Kansas City, Mo.**
Nov. 29 filed 50,000 shares of common stock (par $1) to be offered for subscription by common stockholders of record Nov. 29 at the rate of one new share for each four shares held; rights to expire on Dec. 30. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriter**—Barret, Fitch, North & Co., Kansas City, Mo.

Wilco Oil & Minerals Corp.
Nov. 2 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to oil activities. **Office** — 728 Columbus St., Rapid City, S. D. **Underwriter**—Fenner-Streitman & Co., New York.

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.

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

★ **Air-Way Electric Appliance Corp.**
Dec. 6 directors approved proposals to increase the authorized common stock (par $3) from 400,000 shares to 1,200,000 shares, and to authorize $5,000,000 of preferred stock to carry a dividend rate of not exceeding 5%, with either a $50 or a $100 par value. Both stock issues are subject to approval of the stockholders. Underwriters—Wm. C. Roney & Co., Detroit, Mich., has handled numerous secondary offerings in the past.

Aluminium, Ltd.
Nov. 23 stockholders approved a proposal to increase the authorized capital stock from 10,000,000 shares (9,029,193 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, with directors to meet Dec. 7.

Amalgamated Bank of New York
Nov. 22, Jacob S. Potofsky, President and Chairman, stated that the bank is offering to its stockholders 40,000 additional shares of capital stock (par $10) on a pro rata basis. **Price**—$12.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

Bank of Asheville, N. C.
Nov. 15 stockholders of record Nov. 13 were offered the right to subscribe on or before Dec. 15 for 2,500 additional shares of capital stock (par $10) on the basis of one new share for each eight shares held. **Price**—$25 per share. **Proceeds**—For capital and surplus. **Underwriters**—McCarley & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, both of Asheville, N. C.

Big Dollar Food Stores, Inc.
Nov. 17 it was reported company plans to issue and sell 100,000 shares of common stock. **Price**—$3 per share. **Business**—Operates five stores in Westchester County, N. Y. **Underwriter**—Baruch Brothers & Co., Inc., 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 & 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.

★ **Citizens National Trust & Savings Bank of Los Angeles (1/14)**
Dec. 6 it was announced bank plans to issue to stockholders of record Jan. 11 the right to subscribe for 200,000 additional shares of new common stock (par $10) on the basis of two new shares for each five shares held (after proposed stock split to be voted on Jan. 11.) **Price**—$33 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., Los Angeles, Calif.

Commonwealth Edison Co. (1/11)
Nov. 5, William Gale, Chairman, disclosd that this company plans to file a registration statement with the SEC in December covering a proposed issue of long-term, sinking fund debentures (the exact amount of which has not yet been determined). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co.; The First Boston Corp. **Bids**—Expected to be received on Jan. 11.

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.

★ **Consumers Power Co.**
Dec. 6 company filed with Michigan P. S. Commission an application for authority to issue and sell $30,000,000 of first mortgage bonds to mature not earlier than Jan. 1, 1990. **Price**—Expected to be not less favorable to the company than a 3¼% basis. **Proceeds**—For expansion and improvement program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Union Securities Corp. and A. C. Allyn & Co. Inc. (jointly); White, Weld & Co. and Shields & Co. (jointly); Morgan Stanley & Co.; Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly).

Evans Products Co., Plymouth, Mich.
Nov. 6 it was announced stockholders will vote Dec. 21 on approving an authorized issue of 100,000 shares of preferred stock (par $50) and on increasing the authorized common stock (par $5) from 300,000 shares to 1,000,000 shares. **Business**—Company manufactures freight car loading equipment. **Financing**—Not imminent.

First National Bank of Colorado Springs
Nov. 3 stockholders were given the right to subscribe for 12,500 additional shares of capital stock on a 1-for-4 basis. **Price**—$38.50 per share. **Underwriters**—Newman & Co., Colorado Springs, Colo.; and Bosworth, Sullivan & Co. and Boettcher & Co., both of Denver, Colo.

General Homes, Inc., Huntington Station, N. Y.
Nov. 17 it was announced company plans to issue and sell 300,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For working capital. **Business**—Prefabricated houses. **Underwriter**—S. D. Fuller & Co., New York. **Offering**—Expected in December.

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)
Dec. 1 it was announced company plans to issue and sell $18,000,000 of sinking fund debentures due 1980. **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**—To be received up to noon (EST) on Dec. 15 at office of Davis, Polk, Wardwell, Sunderland & Kleindl, 15 Broad Street, New York 5, N. Y.

★ **Illinois Central RR. (12/21)**
Bids are expected to be received by the company up to noon (CST) on Dec. 21 for the purchase from it of $8,700,000 equipment trust certificates due semi-annually, July 1, 1955 to Jan. 1, 1970, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated.

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Kansas City Power & Light Co. (2/15)
Sept. 15 it was announced that company plans to sell $16,000,000 first mortgage bonds due 1985. **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. **Bids**—Expected to be received on Feb. 15, 1955.

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.

Marine Midland Corp., Buffalo, N. Y.
Nov. 17 it was announced company plans to offer to its common stockholders the right to subscribe for approximately 400,000 shares of commulative convertible preferred stock (par $50). **Proceeds**—For investment in additional capital stock of subsidiary banks and for other corporate purposes. **Underwriters**—Union Securities Corp.; The First Boston Corp.; Schoellkopf, Hutton & Pomeroy; Granbery, Marache & Co. **Meeting**—Stockholders to vote on financing Dec. 29.

Missouri Natural Gas Co.
Nov. 8 it was reported early registration of about 110,000 shares of common stock is expected. **Price**—May be around $8 per share. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Missouri Pacific RR. (12/9)
Bids will be received by this company up to noon (CST) on Dec. 9 for the purchase from it of $4,575,000 equipment trust certificates dated Jan. 1, 1955 and to mature annually Jan. 1, 1956-1970, inclusive (part of a new authorized issue of $8,555,000). Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated.

National Starch Products, Inc.
Sept. 28 stockholders approved an authorized issue of 40,000 shares of new prefererd stock (par $100), a part of which may be issued privately to finance a new midwestern plant to produce vinyl resins. **Underwriter**—F. Eberstadt & Co., Inc., New York, handled previous financing.

New England Power Co. (1/18)
Nov. 15 it was announced company plans to issue and sell $25,000,000 of first mortgage bonds, series F, due 1985. **Proceeds**—To purchase properties from Connecticut River Power Co. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Kuhn, Loeb & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co. and White Weld & Co. (jointly). **Bids**—Expected to be received on Jan. 18, 1955.

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 York, Chicago & St. Louis RR. (1/11)
Nov. 16 it was announced company plans to issue and sell $36,000,000 of income debentures due 1990. **Proceeds**—To redeem outstanding 334,166 shares of 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. **Bids**—Tentatively expected on Jan. 11.

New York, New Haven & Hartford RR. (12/16)
Bids are expected to be received by the company up to noon (EST) on Dec. 16 for the purchase from it of $3,345,000 equipment trust certificates due semi-annually July 1, 1955 to Jan. 1, 1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated.

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.

Pennsylvania Co. for Banking and Trusts, Phila.
Dec. 6 stockholders were offered the right to subscribe to 100,000 shares of common stock (par $10) on the basis of one new share for each 14 shares held as of Nov. 26, 1954; rights to expire on Dec. 23. **Price**—$42 per share. **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.

Penn-Texas Corp.
Oct. 18 authorized capital stock (par $10) was increased by 1,000,000 shares, of which about 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. **Offering**—No definite decision yet made.

Public Service Co. of Oklahoma
Sept. 2 it was reported company may sell between $20,000,000 and $25,000,000 of first mortgage bonds in January. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Salomon Bros. & Hutzler; The First Boston Corp.; Blyth & Co., Inc., Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); White, Weld & Co.; Shields & Co.

Public Service Co. of Oklahoma
Nov. 11 it was reported that company plans to issue and sell 100,000 shares of new preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. Inc. and Central Republic Co. Inc. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co.; Glore, Forgan & Co. **Offering**—Expected in first half of 1955.

Public Service Electric & Gas Co.
Nov. 17 it was announced company plans to issue and sell 250,000 shares of cumulative preferred stock (par $100). **Proceeds**—To reduce bank loans and for construction program. **Underwriters**—Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co. **Offering**—Expected in January, 1955.

Puerto Rico Water Resources Authority (12/14)
Nov. 23 it was announced an issue of $12,500,000 of electric revenue bonds due serially from Jan. 1, 1957 to July 1, 1990 will be issued. **Proceeds**—To extend facilities. **Underwriter**—To be determined by competitive bidding. Probable bidders may include: The First Boston Corp. **Bids**—To be received at the Government Development Bank for Puerto Rico, 37 Wall Street, New York, N. Y., up to 11 a.m. (EST) on Dec. 14.

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.

Southern Nevada Power Co.
Nov. 12 it was announced company plans to issue additional common stock early next year. **Underwriters**—Hornblower & Weeks, William R. Staats & Co. and First California Co.

Transcontinental Gas Line Corp.
Nov. 24, Tom P. Walker, President, announced that next year's construction program and replacement of bank borrowings made this year will require financing during 1955 of about $85,000,000. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

Union Trust Co. of Maryand (1/4)
Nov. 11 it was announced bank plans to offer its stockholders 100,000 additional shares of capital stock (par $10) on a 1-for-3 basis. **Underwriter**—Alex. Brown & Sons, Baltimore, Md. **Meeting**—Stockholders will vote on financing on Jan. 4.

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.

United Gas Corp. (1/11)
Nov. 22 Electric Bond & Share Co. filed with the SEC an application to sell 170,000 shares of common stock of United Gas Corp. in order to reduce its holdings to less than 10% of United Gas stock outstanding. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Goldman, Sachs & Co.; The First Boston Corp.; Lehman Brothers. **Bids**—Tentatively expected to be received up to 11:30 a.m. (EST) on or about Jan. 11.

● **U. S. National Bank of Portland (Ore.)**
Dec. 2 stockholders of record Dec. 2 were given the right to subscribe on or before Dec. 22 for 48,000 shares of capital stock (par $20) on the basis of one new share for each 17¾ shares held. **Price**—$50 per share. **Underwriter**—Blyth & Co., Inc., New York, and Portland, Ore.

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.

Virginia Telephone & Telegraph Co. (12/14-15)
Nov. 22 it was reported company plans to offer to residents of Virginia 35,000 additional shares of common stock. **Price**—About $15.25 per share. **Proceeds**—For additions and improvements. **Underwriter**—Scott, Horner & Mason, Inc., Lynchburg, Va.

Western Light & Telephone Co., Inc.
Nov. 24 it was announced company plans to issue and sell $3,000,000 first mortgage bonds due 1985 and about 40,000 additional shares of common stock (the latter to stockholders on a 1-for-10 basis). **Proceeds**—For construction program. **Underwriters**—May be Dean Witter & Co. and The First Trust Co. of Lincoln, Neb. **Offering**—Expected in January. Bonds may be sold publicly or privately, depending on market conditions.

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

Notwithstanding the recurrent predictions of some hardening in interest rates in the months ahead, investors appeared to be in a more cheerful mood this week so far as new issues were concerned.

Even though the time is close at hand when the larger institutions will be "shutting up" shop for the balance of the year, it was interesting to note that at least one of the so-called "Big Five" insurance companies was a buyer of Long Island Lighting Co.'s new 3¼% bonds, offered on a 3.10% yield basis.

As a matter of fact, it was the first time in quite a while that this particular institution has shown any real interest in a new emission, according to market observers.

Meantime indications were that the huge Tennessee Gas Transmission Co. offering of $125,000,000 of new 3½% pipe line mortgage bonds, priced at 101.44 for a yield of 3.40% brought out yesterday, was meeting with favorable inquiry.

Generally speaking, dealers' shelves are rather on the lean side at the moment, with only the remnants of a few recent offerings remaining to be disposed of.

The overall situation is pretty much made to order from the investment bankers' and dealers' viewpoints, since there is still a fair handful of offerings pending to be marketed in the next fortnight.

Rounding Out Good Year

Underwriting and dealer organizations already are looking back on the current year as most satisfactory from the standpoint of business handled and profits garnered.

The rank and file of firms, it appears have done remarkably well, so much so that there is a tendency to become lackadaisical as the end of the year rolls around.

But the fact remains that there is a fair amount of new business to be handled next week, with another foreign government issue, $30,000,000 of bonds of Kingdom of Belgium, slated for market next Wednesday.

Accordingly, the tendency to lay back in the traces comes a bit early. Even should institutional demand slough off as it usually does at this season, underwriters probably would not be averse to building a little inventory against the early part of next year.

Good Calendar Looms

The roster of prospective new issues for next week is relatively satisfactory although not by any means top-heavy. Tuesday will bring $30,000,000 of New England Telephone & Telegraph bonds up for competitive bidding.

On the same day bankers will compete for $6,000,000 bonds of New Orleans Public Service Inc., and investors will get a chance to pick up some part of 246,119 shares of Bell Aircraft common stock which is due out.

The following day, in addition to the Belgian offering, bankers will be bidding for $18,000,000 of bonds of Illinois Central Railroad.

Australian Bonds

This week's offering of Commonwealth of Australia 3¾% bonds met a ready reception in the market. Initially, it appeared that foreign buyers were providing the demand.

But domestic investors soon took over the play with the result that the bonds were reported to have moved out in satisfactory fashion.

Priced at 99, the yield of 3.83% evidently proved attractive to many of those who have been complaining of scant returns recently. But holders of the 5%s which are being redeemed probably did not feel quite the same about things.

Joins R. J. Steichen

MINNEAPOLIS, Minn.—Edw. Henry is now associated with R. J. Steichen & Co., Roanoke Building.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—While nobody can be sure about it, the chances are rather strongly against the Eisenhower Administration attempting to monkey around with the level of prices on the securities markets.

There are within the councils of the Administration some individuals whose sincerity about the economic stability of the nation is not altogether matched by a seasoned political sophistication. Some of these individuals are said to be seriously concerned with the tendency of the market to continually rise to ever new highs. Their fear is based on the natural assumption that what goes up must some day fall down, and perhaps the fall might have rather serious consequences for economic stability.

For such worrying individuals the first question is whether (and when) to "do something" about the ever-rising market. The next question is after having determined to "do something," to decide just what that "something" should be.

At present there is little in the arsenal of governmental powers which would make it possible for the Eisenhower Administration to top the level of securities prices. About all the government could do would be to raise the present 50% margin requirements to say, 60%, 65%, or 75%.

However, in spite of the fact that some $2.1 billion of money is carrying securities on organized exchanges, that amounts to only some 1½% of the value of all stocks listed on those exchanges.

Hence, there is little assurance that substantively a boost in margin requirements would do the trick of dampening down security prices. It is even conceivable to some officials that it might have the opposite effect, encouraging investors to buy more strongly.

On the other hand, the market might be in a mood to interpret such a rise in margin requirements as a signal that the government regarded the outlook as far from as inflationary as the market sees it.

Is FR Power

All the chatter about the possibility of raising margin requirements overlooks one simple fact, which is that it is not the White House but the Federal Reserve System which has the power to order higher margin requirements. In particular, it is the Federal Reserve Board which issues the orders on this subject.

Now the Federal Reserve Board is not under the command of the Whilte House, being an independent agency. Furthermore, the Board does not concern itself with price levels as such in setting margin requirements. Its interest lies primarily in the amount of credit which goes into the security markets.

If there were to be a sharp and rapid rise in the volume of stock market credit, then it would be possible to speculate about a boost in margin requirements. Until there is such a sharp credit expansion, the guessing would be that it would be pretty difficult to interest the Reserve Board in higher margins.

Of course the Federal Reserve COULD dampen down the stock market in short order, if (as is not the case) that were its objective. The Board could do this simply by tightening money so drastically as to break the present boom in business.

Labor Suggests Liberal Compensation Law

There is currently being drafted at the Labor Department a proposed "model" workmen's compensation statute. Each of the states has its own set of rules for paying workmen's compensation for injuries sustained on the job.

However, it is the tendency of nearly every state legislature every time it meets, to add just a little bit to the kinds of accidents and diseases which are eligible for workmen's compensation benefits. The proposed "model law" would greatly expand the potential benefits to workmen, offering many other choice objects for enactment by generous state legislatures. The "model law" also would at the same time thus add materially to the potential costs of employers.

None of the states, of course, is in any way obliged to copy the proposed "model" law. However, such sleek up-to-date designs are useful for state legislatures seeking new features to incorporate in the regular biennial expansion of workmen's compensation laws.

Would Cut Out Wage Act Exemptions

James P. Mitchell, the Secretary of Labor, intends to make a vigorous fight before the next Congress to eliminate all the exemptions he can from the minimum wage law, it is reported in labor circles.

The present minimum wage is 75 cents per hour. It is expected that, barring an argument over the scope of the Act, the minimum will be raised to around $1 per hour.

However, Mr. Mitchell is said to want to get rid of every exemption possible so that even agricultural workers and clerks in retail stores will be covered by the Act's provisions.

Was "Good Neighbor" Now "Good Partner"

Franklin D. Roosevelt developed the catch-phrase, the "good neighbor," to identify his policy toward Latin America.

President Eisenhower has substituted his own catchphrase, which is that the United States must be the "good partner" of Latin America.

To be a good partner, the United States must furnish capital and export credits to develop the industrial capacity of Latin America, it was indicated by the Secretary of the Treasury, George Humphrey, in his address to the Rio Economic Conference.

Secretary Humphrey implied that the Export-Import Bank will lend more aggressively in Latin America to finance production facilities. He also said it would finance more liberally credits for the shipment of production equipment to Latin America, on its own or in cooperation with such plans as the Chase National Bank announced.

Finally, as announced, the United States is backing the proposed "International Finance Corp.," or "junior world bank," as it is more popularly known.

Under the latter proposal the approach would be made to find capital to back promising businesses, capital which in nature would more nearly resemble equity capital than such loans as the World Bank now makes. Furthermore, the International Finance Corp. would not operate only under government guarantees, like the World Bank, in placing money abroad.

It is contemplated that the junior institution would put out loans which (a) would receive interest only if earned and (b) which after a given period could be converted into equities.

The theory of this is that after foreign businesses got established, the junior bank's loans could be sold to private sources of capital which could then convert them into true equities.

At the same time the temporary dodge of calling the financial aid to foreign businesses "loans" instead of equity investments would get around the Treasury objection longstanding against the proposed International Finance Corp. That objection was to a financial institution operating with government-supplied funds making direct and avowed equity investments in private enterprise.

Bowles Cites Reasoning

In an article in the current issue of the "Atlantic Monthly," Chester Bowles, one time Price Administrator, Ambssador to India, and Fair Dealer, outlined the objectives of the "good partner," perhaps more clearly than either the President or Mr. Humphrey.

Budget Shortfall

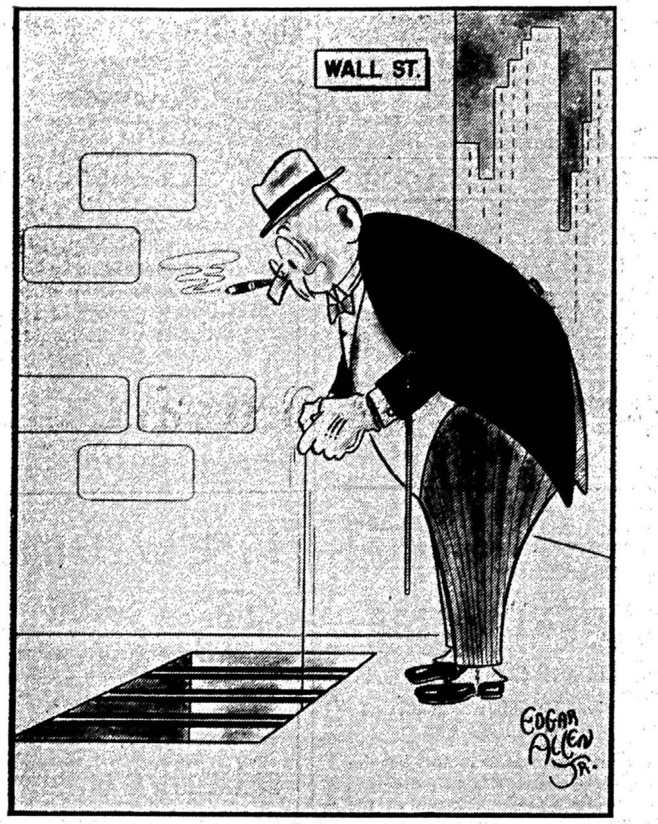
There will in all likelihood occur this fiscal year a "shortfall" in the neighborhood of $3 billion in the amount which the Federal Government will spend for "major national security" objectives. Of this, it is said that $2.5 billion will occur in Defense Department expenditures.

In other words, the current fiscal year will still see the effect of the impact of the heavy cut in new ordering of major items of military equipment. Such new orders in fiscal 1954 amounted to only $4.3 billion, compared with $18.7 billion in fiscal 1953 and $28.7 billion in 1952.

By the end of calendar 1955, the impact of contemplated heavier ordering by the Eisenhower Administration should begin to show up in actual expenditures, it was indicated.

(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



Business Man's Bookshelf

Credit Manual of Commercial Laws, 1955—National Association of Credit Men, 229 Fourth Avenue, New York 3, N. Y., (cloth), $10.00.

Government—An Ideal Concept—Leonard E. Read—Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y., (cloth).

How Do We Pay for Our Schools?—A Guide to Understanding School Finance—National Citizens Commission for the Public Schools, 2 West 45th Street, New York 36, N. Y., (paper).

Investment Trusts and Funds—Stanley D. Ryals and David F. Cox—Arco Publishing Company, Inc., 480 Lexington Avenue, New York 17, N. Y., (cloth), $2.00.

Financing Public Education in the Decade Ahead—National Citizens Commission for the Public Schools, 2 West 45th Street, New York 36, N. Y., (paper).

COMING EVENTS

In Investment Field

Dec. 15, 1954 (New York, N. Y.)
Association of Customers' Brokers annual Christmas Dinner and Quarterly Meeting at Whyte's Restaurant.

Dec. 17, 1954 (Los Angeles, Calif.)
Security-Traders Association of Los Angeles Christmas Party at Hotel Statler.

Dec. 22, 1954 (Denver, Colo.)
Bond Club of Denver-Rocky Mountain Group Investment Bankers Association Christmas Cocktail Party at the Denver Club.

Jan. 28, 1955 (Baltimore, Md.)
Baltimore Security Traders Association annual Mid-Winter Dinner at the Lord Baltimore Hotel.

Mar. 11, 1955 (New York, N. Y.)
New York Security Dealers Association 29th Annual Dinner at the Biltmore Hotel.

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