1955—The Consumer
Is Back in the Driver’s Seat

By EVAN R. ALDERFER-
Industrial Economist

Federal Reserve Bank of Philadelphia

Dr. Alderfer, forecasting consumer spending and residen
tial construction will increase in 1955, estimates consumer spending will rise $2 billion, thus insuring a
continued demand for non-durable goods, as well as
greater spending applicable to durable items. Says con-
sumer spending may also be expected for services. Looks,however, for a declining trend in capital outlays, but
major decline in Federal expenditure will be more
than offset by increases in state and local govern-
ment outlays.

1955 will be several months old before the book-
keeper can give a final tally on 1954. But it isn’t
really necessary to wait until the final returns from all
economic predictors are in; we know about what the
record will show. It will show that 1954 was not the best of times, but
it was second best—and who made it so? The consumer. The steak-eating,
tax-paying, car-buying consumer. The man who works and votes and
walks the family dog. The man who rules in our democracy and is over-
ruled by no one but his wife.

Consumers spent more money in 1954 than ever before, and that’s
what made business no good as it was. Businessmen, who buy a lot of
things and services from each other, were just a little cautious last year.
They were very cost-conscious, held onto the reins Tighter, had to be
convinced before they spent any
money. They bought hand-to-mouth and sold off-the
shelf as much as they could.

Uncle Sam, always a big operator, is the biggest single
Continued on page 23

How the New Tax Law
Affects the Bond Buyer

By L. W. SEIDMAN
Certified Public Accountants, New York City

Mr. Seidman points out that under the new tax law it
is an advantage to buy taxable bonds at a discount
instead of par or at a premium, while there is an advan-
tage in buying tax-exempt bonds at par or at a
premium. Says there have been no material changes in the tax law
affecting tax-exempt bonds, but other classes of issues
are subject to new rules. Find the "loopholes" closed
for reducing taxes on bond interest income.

Along with every butcher, baker, and candlestick maker, the new tax law has its particular effect on the
investor and buyer. The old rules for obtaining a maximum
"after-tax" yield on bonds (see Commercial and Financial
Chronicle, Oct. 22, 1953) may have to be revised in light of the
provisions of the new law. The old rules may be summarized as follows:
All other things being equal, there is an advantage in buying taxable
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To use the minds of those who
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ready learned, let it first be said that there have been no material
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bond buyer can continue to follow
the oldmaxima,confident in the fact that he is achieving
the maximum "after-tax" yield.

With respect to taxable bonds, the new law makes changes which modify the previous rule of thumb for
all bonds, notes, and the like issued after Dec. 31, 1954.

As pointed out, it has been the rule that it is ad-
Vantageous to buy taxable bonds at a discount rather
Continued on page 22

State and Municipal
Bonds

THE CHASE
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COMMON

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New York 7, N. Y., Thursday, January 6, 1955
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Securities Now in Registration — Underwriters, dealers and investors in cor-
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and potential undertakings in our "Securities in Registration" Section, starting on page 41.

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New York City

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Evan R. Alderfer

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The Security I Like Best

A continuous form 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 form are not intended to be, nor are they intended to be, an offer to sell or a solicitation of an offer to buy a security.)

G. M. LOEB
Partner, E. F. Hutton & Co.,
New York City

City Investing

It is an unusual person who has only one security he likes best. Most of us have several, and too many favorites. I lean toward a minimum number and a few market leaders, but I should have written the New York Central as the stock I like best, and my over-riding choice for six months is the capital gain prospect of this company.

If New York Central is the market symbol about what a good appetizer or dessert is like, it does not affect many investors who favor less active special situations. An unimportant company in the City &功效达, traded on the New York Stock Exchange at $17 per share.

City Investing gives its shareholders a stake in real estate and in entertainment, both at a discount. Both with complete ownership-mangement. No individual stockholders have any controlling interest. City Investing owns as many shares as the 300,000 shares outstanding. Several directors are also substantial stockholders.

Real estate is generally one of the first investments of the average man with money to invest. He feels it is safe to buy something he can go on his way to work every morning and feel sure it is still there. However, actually, real estate is a very volatile and hazardous business. The results on real estate have been made by the big developers. In a day they are about and not tyros who make small gains, not real estate, but a living.

Buying City Investing, in a way, is like buying a good security. The average man can invest in the stock. The emphasis is on real and entertainment instead of common stocks and bonds.

The current value of City Investing's holdings is not published but can be estimated at possibly twice the current market price. The basic value, like the market value, is substantially understated at $15.

The policy of the management is directed primarily to a secure capital gain with net operating (relatively little incidental). Included in its portfolio on April 20, 1939, were more than $50 million of mortgages held as assets. These mortgages represent in the main, investment in the money mortgages acquired mostly through the sale of mortgages and notes owned by City Investing. With office buildings and commercial real estate in Manhattan at what seems excessive and booms in levels and apparently resembling the conditions of 1929, the mortgage business moves on the same basis in its profits from this type of business. The net operating profit of $8,000,000 million unrealized capital gain are represented in these mortgages since the property values increased and taken

Mr. G. M. Loeb is the author of "The Security I Like Best," a continuous form 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.

This Week's Forum Participants and Their Selections

City Investing Company—G. M. Loeb, Partner, E. F. Hutton & Co., New York City

Tel Autograph Corporation—LOEB, Security Analyst, New York City (Page 2)
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Published Twice Weekly

THE COMMERCIAL AND FINANCIAL CHRONICLE

E. S. PARKER COMPANY

President: William B. Dana

Managing Editor: Herbert D. Seibert

Assistant Editor: Edgar F. Seibert

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Additional Publications

Bank and Quartermaster Reports—Monthly

November 29, 1954

ROSES ARE RED
VIOLETS ARE BLUE
OBOSOLETTES YELLOW!
MONEY CAN DO ANYTHING

For America

Unemployment

Lazy Americans

Happy People

For FRASER

http://fraser.stlouisfed.org/
Canadian Uranium Prospects and Production for 1955

By IRA U. COBLEIGH
Enterprise Economist

A survey of certain companies North of the Border, that are moving out of the promotion or exploration stage, and gaining corporate status and investment prestige.

Over half of all the stock issues underwritten in the United States in 1954 were uranium shares; and the percentage is sure to increase, with no doubt, even more in Canada. This is a bit startling, particularly since so many of the individual offerings were penny promotions; sturdily eschewed, or viewed with alarm, by, in most cases, a larger and better class of writing houses and Exchange members.

Our theme today, however, is neither to condemn nor praise this spate of new and highly speculative short term financing following, in many instances at a breath-taking pace, the optimistic clacking of geiger counters or scintillometers on some mysterious A frame or meese or moose pasture. No, today we propose a salute to the enterprises that have made it; companies whose ore bodies have now been so well demonstrated whose production potential is now sufficiently proved and who, in the senior financing stage, have managed to sell some of their shares, with hope. It has not been but only possible to highly successful. As we see it, 1955 will be the year to separate the sheep from the goats in the uranium field. Many of the bright promises of a certificate form, where the corporate equity represented little more than a few claims on presumably radioactive acreage plus a wheelbarrow or two of ore samples, have been capitalized and under-managed, I say, many of them bite the dust this year, or emerge for survival. Others, however, blessed by good technical talent, good financial backing, and really large scale spread of proven ore bodies, will move on from fine prospects to production, profits, and prestige. Among such enterprises today are Gunnar and Prototo. We talk about them for a moment.

Gunnar Mines Ltd.

Gunnar started its corporate life way back on Oct. 7, 1933 as Gunnar Gold Mining Ltd., but on March 10, 1954, the name was shortened to Gunnar Mines Ltd. This property, under the aegis of Mr. Gilbert Laibine has progressed from being just another gold mine, to one of the leading uranium producers in Canada and it has a contract with Edorado Mining and Refining, Ltd., for delivery of $76,900,000 worth of uranium concentrates between Oct. 1, 1955 and Oct. 1, 1960 (Eorado is owned by the Canadian Government and is the official uranium ore agency for Canada).

Obviously Gunnar has now moved far away from the prospector stage; in fact it has attained such stature that on July 10, 1954 it floated through a distinguished syndicate of Canadian investment banks totaling $58,580,000 of 5% debentures due 1960, with a 1000 shares purchase warrant attached pertaining to 789,000 common shares, which may be subscribed to under the terms and conditions set forth in prospectus (to which you are referred for complete details).

What well about this debenture? First the big one of a stick- ury uranium property? It has, as basic security, ore reserves in the Beaverlodge area (Northwest corner of Saskatchewan) now esti-

Clopark, Drake & Co.

Established 1845
61 WALL STREET, NEW YORK

We take pleasure in announcing that CARNOT W. EVANS HENRY T. MORTIMER have this day become members of our firm.

Drake, Cord & Co.

January 1, 1955

[Continued]

WE ANNOUNCE WITH PLEASURE THE ASSOCIATION WITH US OF

MR. LEON B. DWORKMAN WHO WILL TRADE PREFERRED STOCKS AND

MR. JAMES A. TRAVIS WHO WILL TRADE CANADIAN SECURITIES

GOLDMAN, SACHS & CO.

30 PINE STREET, NEW YORK, N. Y.

ALBANY CHICAGO PHILADELPHIA ST. LOUIS

January 3, 1955

We are pleased to announce that LELIE B. SWAN STEPHEN G. MCKEON JOHN M. FLANAGAN GORDON E. JOHNSON have this day been admitted to general partnership in our firm.

WILBUR G. HOYE retired as a General Partner and became a Limited Partner.

CHAS. W. SCRANTON & CO.

Established 1851

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WATERBURY NEW LONDON MANSFIELD BRIDGEPORT

On January 1, 1955
Observations...

By A. WILFRED MAY

"THE RECORD BULL MARKET—A QUIZZICAL LOOK"

Volume 181 Number 3532 . The Commercial and Financial Chronicle

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Advance Above

Volume 181 Number 3532 . The Commercial and Financial Chronicle


Some courses will be conducted by Melvin O. Obert, The New York Stock Exchange, and Irwin A. Brodsky, J. W. Seligman & Co.


Brush, Slocumb Co.

Appointments

SAN FRANCISCO, Calif.

Gerald Brush has been elected to the board of directors of Brush, Slocumb & Co., Incorporated, of Roughery Street, members of the San Francisco Stock Exchange. Edwin Callan has been promoted to sales manager. Both have been with the firm for the past 10 years.

Harriman Consultant

For J. R. Williston

John W. Harriman, Professor of Finance at New York University's Graduate School of Commerce and Administration, has become associated with J. R. Williston & Co., 115 Broadway, New York City, members of the New York Stock Exchange, as consultant in the firm's research department.

L. F. Howard V.P.

Of Gen. Am. Investors

Leonard F. Howard has been elected a Vice-President of General American Investors Company, 44 Wall Street, New York City.

Mr. Howard, who retains the position of Secretary, has been with the Company, seven years, and was formerly Financial News Editor of "Journal of Commerce."

The State of Trade and Industry

There was a slight decrease in total industrial production for the country as a whole in the period ended on Wednesday of last week. Compared with the corresponding week in 1953 it was higher by slightly more than 3%.

Reports on claims for unemployment insurance benefits were encouraging. Continued claims in the week ended Dec. 11 were unchanged from the previous week, although 11% above a year ago. This yearly increase was much less than during most of 1954. Some states reported a rise in unemployment due to curtailment of outdoor work, but other areas reported less unemployment, as a result of a recall of workers and extra hiring for retail trade. Initial claims in the five weeks ended Dec. 18 were 3% lower than in the preceding week and 10% below the comparable period of last year. Fewer layoffs in food processing and the manufacture of textiles and apparel accounted for the decline.

Consumers increased their installment purchasing by $62,000,000 during November, according to the Federal Reserve Board. It noted, however, that the increase was far less than the $141,000,000 rise recorded in November, 1953, and the $350,000,000 boom in the similar period of 1951.

Reserve Board officials labeled the comparatively small rise in November "somewhat surprising" in view of the reported healthy sales of new automobiles. They conceded November might have been too early to register the impact of increased car buying, and predicted a "substantial" boom in installment credit figures for December. The board's report noted automobile installment paper outstanding actually decreased by $4,000,000 during the month.

Robust health of the steel market is apparent this week from a check of producing mills by "The Iron Age," national metal-working weekly. The industry is starting the new year with a bang and it seems likely that 1955 production will rise to about 100 million tons of ingots, compared with 88.3 million tons produced in 1954, a year which most people considered pretty good.

Steelmaking operations this week are scheduled at about 81.0% of rated capacity, a gain of 3.5 points from last week. A sharp rise in production after the holidays had been anticipated. Production is expected to rise still higher during the first quarter. Within the next few weeks the ingot rate may exceed 200,000 a week. Continued on page 40

We are pleased to announce that

JONAS C. ANDERSEN

will be admitted as a General Partner of our firm on January 1, 1955

Kuhn, Loeb & Co.

WE ARE PLEASED TO ANNOUNCE THAT

MR. JOHN W. HARRIMAN

HAS BECOME ASSOCIATED WITH US AS

CONSULTANT IN OUR RESEARCH DEPARTMENT

R. W. HILLSTON & CO.

E. S. T. A. B. L. I. S. T. E. D. 1898

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AND OTHER STOCK AND COMMODITY EXCHANGES

115 BROADWAY

NEW YORK CITY

BARCLAY 7-7500

January 1, 1955

We are pleased to announce that

Mr. F. Donald Arrowsmith

is now associated with our firm

and will be admitted to

General Partnership

effective February 1, 1955

We are also pleased to announce that

Mr. Raymond R. Wilson

is now associated with us

as Manager of our

Municipal Bond Department

Van Alstyne, Noel & Co.

Members

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American Stock Exchange

52 WALL STREET, NEW YORK 5

Philadelphia Office

Room 831, Western Savings Fund Building, Broad & Chestnut Sts.

We are pleased to announce that
Progress and Prospect in Tax Policy

By J. CAMERON THOMSON

President, Northwest Business Corporation, Minneapolis, Minn.; Chairman, Fiscal, Monetary, and Debt Committee, C. E. D.

In explaining the meaning of the slogan, "Taxes are too high," Mr. Thomson points out the detrimental effects of taxes on economic growth.

"As farsighted an Economic Committee plan as we have had for nearly a decade has been making on this subject--the CED's Fiscal Policy"--as the 60 million individual taxpayers. We've had to go back and point out what it is that keeps us paying less in taxes than we should. It is true that the tax burden--as our income levels get larger--is a competitive factor in public policy alongside hundreds of other important policy considerations. Therefore, we have to be very explicit about what we mean by "taxes" and what we mean by "tax policy.

What Do We Mean When We Say: "Taxes Are Too High?"

When we say "Taxes are too high," we mean that the government is imposing too much tax revenue for the past, the present, and the future. This means that the government should not be in a position to make a very persuasive plea for more revenue in our tax system.

The rate of growth in the economy is greatly affected by the way in which the taxes are distributed. Because taxes are, as we have mentioned, a significant part of the tax burden, the ability to purchase more savings means that taxes on the very poor should be minimized. Only the most reckless of people are dogmatic when comparing taxes. We believe that it is our duty to stimulate economic growth with tax reforms to relieve the burden on the lower and middle income groups. This wish is all or nothing choice. We want some of both. The location is one of emphasis.

The Commercial and Financial Chronicle... Thursday, January 6, 1955

We take pleasure in announcing that Mr. KENNETH S. GILLESPIE has been admitted to general partnership in our firm

Carl M. Loeb, Rhoades & Co.

January 1, 1955

20 Rare Street
New York

We take pleasure in announcing that Mr. Henry H. L. Hommeder was associated with us for many years as manager of our Municipal Bond Department this has been admitted as a general partner in our firm.

Wm. J. Mericka & Co., Inc.

111 Union Commerce Building, Cleveland 14, Ohio

Reed, Isbell & Co.
$60,000,000
State of California

5%, 2% and 1/4%
Veterans' Bonds, Act of 1954, Series F

Dated February 1, 1955

Due February 1, 1957-76, incl.

In the opinion of counsel, interest payable by the State upon its bonds is exempt from all present Federal and State of California personal income taxes under existing statutes, regulations and court decisions.

We believe these bonds will meet the requirements as legal investments for stocks, bonds and trust funds in New York, California and certain other States and for savings banks in Massachusetts and Connecticut and will be eligible as security for deposits of public moneys in California.

These bonds, to be issued for Vets...purposes, in the opinion of counsel will be general obligations of the State of California payable in accordance with the Veterans' Bond Act of 1954 out of the General Fund of the State. The full faith and credit of the State of California are pledged for the full payment of both principal and interest. The bonds are authorized for the purpose of assisting California war veterans to acquire farms and homes, the cost of which must be repaid to the State on an amortized basis.

These bonds are offered when, as and if issued and received by and subject to the approval of legality by the Honorable Edmund G. Brown, Attorney General of the State of California, and by Messrs. Ochse, Dalgado, Harrington & Slocum, Attorneys, San Francisco, California.

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 Walter Stikes & Company

Fred D. Blake & Co.

Stens, Frank, Meyer & Fox

Austen, L. Wright & Co., Inc.

Magnus & Company

Walter, Woody & Holmgren

C. N. White & Co.

Chamber of Commerce — Memorandum — Chemical Instrument & Chemical Company — Report — Lowen & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is a report on the Oilgear Company.

Pulco Development Inc. — Memorandum — Hudson & Co., 10 Broadway, New York 6, N. Y.

Rockland Light & Power Co. — Analysis — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Saro Lowell Shops — Memorandum — May & Gannon, Inc., 161 Broadway, New York 6, N. Y.

United Biscuit Co. — Memorandum — Hertzfeld & Stern, 30 Broad Street, New York 4, N. Y.


COMING EVENTS

In Investment Field

Jan. 14, 1955 (Philadelphia, Pa.)
Federal Reserve Securities Association annual meeting and election of officers.

Jan. 14, 1955 (New York, N. Y.)
Bankers Club annual dinner at the Starlight Roof, Waldorf-Astoria.

Jan. 17, 1955 (Philadelphia, Pa.)
Investment Women's Club of Philadelphia 25th anniversary dinner at the Empire Room of the Barclay Hotel.

Jan. 24, 1955 (Chicago, Ill.)
Bond Traders Club dinner at the Chicago annual winter dinner at the Furlong Club.

Jan. 28, 1955 (Baltimore, Md.)
Baltimore Security Traders Association annual dinner at the Benjamin Franklin Hotel.

Mar. 11, 1955 (New York, N. Y.)
New York Security Dealers Association 26th Annual Dinner at the Waldorf-Astoria.

April 24-27, 1955 (Houston, Tex.)
Texas Group Investment Bankers Association annual meeting at the Shamrock Hotel.

May 8-10, 1955 (New York City)
National Bankers Association and First National Bankers Association Societies at the Hotel Commodore.

May 18-21, 1955 (White Sulphur Springs)
Investment Bankers Association Spring meeting of Board of Governors.

Sept. 15-17, 1955 (Mackinac Island, Mich.)
National Security Traders Association annual convention.

Sept. 27-29, 1955 (Chicago, Ill.)
Bankers Traders Club annual dinner at the Holiday Hotel.

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FIELD"
The Outlook in the Durable Goods Industry

By K. W. TIBBittS* Vice-President, National Credit Office, Inc.

Mr. Tibbits reviews the situation and trends in the various sectors of the durable goods industry. Among the fields covered are: (1) household appliances; (2) automobiles; (3) electronics, and (4) airplanes. Finds as trends in the durable goods industries: (1) automatic machinery; (2) plant dispersion, and (3) mergers. Holds small producers of durable goods are at a disadvantage, government efforts to aid them fell short of the mark.

A review of the durable goods industries leads to the strong conclusion that in 1955 there will be more new merchandise than ever before to tempt the consumer. His purchasing power remains high. It should be a fine year. The purpose of these remarks is to consider how the various segments of business are likely to respond.

A number of the mergers which have occurred in this industry have been prompted by the purpose of the manufacturer to place himself in a stronger competitive position. To attract the better distributors it is necessary for the manufacturer to be in a position to offer a complete line of appliances. Increased selling and advertising expenses cannot be supported by a line comprising only two or three items.

Because of the growing list of appliances, the distributor in turn is finding it necessary to have a larger investment in merchandise and in receivables. Normal borrowing facilities are insufficient to supplement the distributor’s own working capital. The variety of products has created a steadier volume of business throughout all of the year, making seasonal repayment of loans more difficult.

In recognition of this circumstance, a number of the larger manufacturers have developed programs intended to assist their distributors to overcome the problem of adequate financing. These plans fall into several patterns. One in essence consists of the manufacturer’s lending his credit standing to the distributor and retailer by entering into guaranteed repurchase agreements in order to establish a ready market for repossessed or excess inventory. In other instances, notes or trade allowances are taken in rediscoun.

In other instances, the manufacturer has established a subsidiary whose function is to make floor-plan loans to the distributor when the latter has utilized all other methods of borrowing available.

Finally, at least one manufacturer has formed a separate unit which will purchase preferred stock of the wholesaler, to be retired from future earnings. The availability of such financing will be of real value in attracting the distributor. Clearly, the larger manufacturers have reason to make offers.

Prices in the past year have declined. This is reason to believe in some cases that labor is aware an increase in productivity is essential if these factors are to regain profitable operations.

With more intense competition in sight, due to the resurgence of Chrysler, it is not improbable the dealer’s margin will fail to improve appreciably. With emphasis on costs, the manufacturers of automobile parts are also finding it essential to improve their production methods if dependable run-ups of parts at the right prices are not available, the automobile maker is prepared to consider the possibility of fabricating in its own plants the required components. This has been particularly evident in respect to small stamped parts.

To our Friend Dealers

A prosperous New Year during which we will continue to point out what, in our opinion, may be the most promising investment and growth equities.

d’AVIGOR COMPANY
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Whitfield 4-3431

The Electronic Industry

There are many segments in this tumultuous industry. This permits a review only of the more important divisions.

Television Receivers—The overall condition is not as rosy as that of a year ago. Inventories are normal. Most of the marginal manufacturers have discontinued business, reducing the possibility of further distress selling. Most important of all, prices have been reduced to a point that demand has been restimulated. The lower prices have brought monthly increases in payments to a level within reach of every one. Consequently, many of the older and smaller manufacturers are now being replaced.

The reduced prices in part reflect savings in production costs. Forward-tube sets are on the market, made possible by the development of new type tubes of the multipurpose variety. One does the work which heretofore required three or four separate tubes. Selenium rectifiers are replacing power transformers, representing a savings of $7 or $8 per unit. Sales for the past year will top 6 million units, and this should compare favorably.

For the manufacturer, the de-

Continued on page 26

FIFTY GROWTH STOCKS FOR THE 1950’s REVISED LIST

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have been admitted to partnership in our firm

STEIN ROE & FARNHAM
Investment Counsel
153 South La Salle Street
60 Broadway
Chicago New York
January 1, 1955

*An address by Mr. Tibbits before the St. Louis General Credit Convention sponsored by the American Bankers Association, Chicago, Ill., Dec. 16, 1954.
The committee also cautioned against cutting "more groups in one shot" and stated that benefits and contributions should reflect differences in personal earnings, that there should be clear rules of eligibility and that the program should be self-sustaining with no financial assistance in the form of GASH funds with the general funds of government. The report did recommend for "continuing and potentially revolutionary change for the better" for older members of the population, measures for dealing with age-independency may have "high obsolescence factor," the group said.

In its report the committee stressed the danger that an old age security program, involving many billions of dollars, could lead to inflation which would greatly reduce the value of benefit payments.

The group which made the study was headed by James H. Roling, President of the American Pulley Co., Philadelphia, as Chairman; with Dudley M. Mason, Personnel Research Director of the National Association of Manufacturers, New York; James H. Bunchman, Treasurer, Crane Co., Chicago; William G. Caples, Vice President, Inland Steel Co., Chicago; A. C. Conde, Executive Vice President of the National Association of Manufacturers, Indianapolis; Howard Hill, President, The Association of American Presidents and Secretary, Connecticut General Life Insurance Co., Hartford; and Howard J. M. Gardner, Vice President, Chase National Bank, New York; Arthur L. Greve, Vice President, Grede Foundries, Inc., Milwaukee; A. C. Harrington, Comptroller, Lone Star Cement Corp., New York; Charles A. Harrison, Vice-President, General Dynamics Corporation, New York; H. H. Howard, President, Securities Business Forms Institute, Greenport, N. Y.; and William B. Moore, Jr., President, Moore Dry Dock Co., New York.


The National Association of Manufacturers contends that if the nation's economy continues to expand most Americans may be unable to provide for themselves in their later years and that the need for government-provided social security may increase. The NAM said that high employment and earnings, improved working conditions and increased retirement, and more job openings for older workers should enable most Americans to be financially self-sufficient throughout their working lives and in retirement.

The forecast was in a report on continuing study of retirement security with special emphasis on the Federal social security program. A committee of the association's members study the NAM and reported it to specialists on related technical subjects.

Actually, there are indications that the reverse may be true, the committee reported. It cited recent findings that, although the life expectancy of Americans has increased, the employment of older workers has declined, President Truman is known as a moderate and moderate, and noted that older workers are paid a higher rate of pay in comparison plans, and increased savings in other forms have reduced the need for greater financial security to last a lifetime.

The fund for the economic expansion, the committee said, that "it would be a mistake to consider that one's financial security is in the pension fund rather than the life span of that one's children of family.

Archimedes, Wilson With Van Alsynie, Noel

Van Alsynie, Noel Co., 52 members New York Stock Exchange, announce that F. Donald Pulley, William Hartford, Chicago; William J. Mosher,孑 Vice President, and Edward J. Root, President, the Chicago Post & Welch Company, have been elected members New York Stock Exchange, announce that F. Donald Pulley, William Hartford, Chicago; William J. Mosher,孑 Vice President, and Edward J. Root, President, the Chicago Post & Welch Company, has been elected member New York Stock Exchange.

The following is a statement of the Committee of the National Association of Manufacturers:


National Securities Promotes P. C. Smith

The appointment of Philip C. Smith to the board of directors of the National Securities Corporation has been announced by John W. Kohl, Jr., President of the company. During his 13 years with the firm, Mr. Smith has been active in the financial services industry, focusing on corporate finance and investment banking.

$60,000,000 California Veterans' Bond Issue Placed on the Market

An underwriting group managed by Bank of America N.T. & S.A. was selected to manage the public offering of $60 million worth of California Veterans’ Bonds, Act of 1954, series F, maturing Feb. 1, 1976. The underwriting group, inclusive of a 100,000.0019. On refunding, the bonds were priced to yield 3.0% over the secondary market.

The bonds are authorized for the purpose of stabilizing surplus funds of the War Veterans to acquire farms and homes, and the proceeds of which may be repaid to the State on an annuity basis.


The First National Bank of Memphis; Gregory & Son-Incor- porated; Branch Banking & Trust Corporation.

Stock Market Forecast for 1955

By GEORGE C. ASTARITA

Ettichard and Company, Colorado Springs, Colorado, Members, New York Stock Exchange

Predicting 1955 will prove a better business year than 1954, Mr. Astarita holds securities markets, after some needed technical correction, will make modest new highs. Notes that there exist any number of imponderables which could upset the applieats. Say many "blue chips" appear to have dis- counted the future sometime in advance. For these reasons, a corrective reaction would seem prudent. The writer, there- fore, does not favor the purchase of leading equities for any further general market rise within a year. Rather, he is leaning toward the purchase of higher- grade defensive securities, to- gether with a sprinkling of special situations looking forth a large potential.

In conjunction with his annual forecast for 1954, the writer-recom- mended purchases of American Airlines, Carborundum, Pitreil, Montgomery Ward, U. S. Steel and Westinghouse Electric. Dur- ing the ensuing 12 months, these six stocks recorded an average maximum gain of 74%. This year he does not hope to equal that record, but recommends among the defensive type securities: American Telephone, Beech-Nut, Packard, Columbia Gas, Conoco, and R. J. Reynolds. Be- cause the sad circumstances which appeal to the writer for exceptional growth, include Chicago Mill and Lumber, General Bronze, and Snyker & Engineering. The list is not exhaustive, but rather indicates the type of investment approach recommended.

Dietz Heads Dept.

For W. G. Langley Co.

Kenneth F. Dietz has become manager of W. G. Langley Co., 115 Broadway, New York, City, members of the New York Stock Exchange, as manager of the firm's investment advisory department. Mr. Dietz was for- merly with F. P. Ristime & Co.

Wm. J. Merikka in New Location

CLEVELAND, Ohio — Wm. J. Merikka occupied his 25th anniversary and re- moved the rental of its offices to 1101 Union Commerce Build-
A Round-Up of Credit Conditions

BY EDWARD F. GEE*
President, Robert Morris Associates

*President, State-Planters Bank & Trust Co., Richmond, Va.

According to Mr. Gee, as year ends, the consensus is that the relative strength of the over-all credit market has improved compared with that of a year ago. Says most prevalent credit weakness today lies in the declining gross profit margins accompanying the fight to keep sales up. Finda loan collection experience has been satisfactory since 1954, and foresees no appreciable change in loan rates.

The year 1954 as a whole has been a satisfactory one for borrowing businesses. The first two quarters saw some weakness in the existing conditions—lending rates generally; in metal and metal products in the west; in canning and processed foods in the middle west; and in wholesale and retail trade, particularly in the west and south-west. Only in other agricultural areas, the drag of a three-year drought. In Central States, the coal industry, and Southwest, inventories and debts have shown signs of declining, with both better balance, and with liquidity improved generally, offset here again by a trend to slower receipts. Western States, as a whole, were definitely in the improved inventory situation and of the trend toward greater liquidity through lower tax debts and increased use of noncurrent sources of funds and financing.

Current operating statements—fiscal-year or interim, show, the country over, a remarkably uniform pattern. Variations exist only with respect to the ability of banks to hold or to recoup losses in their books; to maintain or increase sales volume. On the whole, the pattern is not one of reduced sales but of steadily declining gross profit margins as a result of increased competition; of the struggle, with varying degrees of success, to control heavy or increased expenses through improved systems and cost-saving devices; of smaller tax revenues, and of steady or improved final net earnings. To this must be added a tendency toward a greater proportion of the profits shown.

Most Prevalent Credit Weaknesses

The most prevalent credit weaknesses today, in the opinion of many retail officers, are not to be found in business receivables, but in cause of unwise credit extensions, inefficient collection procedures, or general conditions; not in business inventories, because of excesses, or undue concentration, or over-all, unusually low or excessive inventory, or wholesale, or topheavy debt; not in inadequate, or declining sales opportunities, or in inadequate, or unfavorable operating cost structures, and in the deep southeast. Only in the West, for example, are conditions slightly less optimistic in the agricultural field. The Middle States and other sections of the country, on the other hand, are in line with those businesses having slightly more optimistic conditions, with their result in more generally slower operating outlooks as they enter 1955, with that particular industry having to the east.

As a result, there are unit weaknesses and industry weaknesses against which, for the year, must now particularly remain alert. Small and marginal concerns, for example, are more and increasingly vulnerable under an unfavorable economy. The coal industry, hides and leather, areas of wholesale farm equipment, farming, poultry, livestock, some textiles, consumer goods, appliances and television, some drug stores, and chain stores, small and other small retailers, and the service industries that, loan men must now recognize with exceptional care in the market today.

What of loan volume, collection experiences, and rate trends in the year now ending? With loosening laws and discounts in these and previous years, in comparison with that of a year ago, has improved, and, or, at least, has reduced the need for comment of concern. Improved credit standards is estimated for finance companies generally, for utilities, for electronic, for paper and paper goods, and in the construction industry, for selective retailers, certain metal and metal products manufacturers in widely scattered areas, and for the coal mining and sugar industries of the deep southeast. Only mining in the East, textiles in the South, and certain metal products and other manufacturers in the Middle States are notable among banking lines which, it was felt, had failed to maintain their credit strength on a par with that of a year ago.

The statement current business balance sheets, fiscal-year or interim, show, what changes, trends, or

*An address by Mr. Gee at the Seventh National Credit Conference sponsored by the American Bankers Association, Chicago, Ill., Dec. 16, 1954.

The announcement article as a matter of record only. Private placement of these securities with institutional investors was negotiated by the underwriter.

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January 5, 1955

The Commercial and Financial Chronicle... Thursday, January 6, 1955
Social Welfare and the Trend Toward Governmental Paternalism

By Eugene M. Thore

General Counsel, Life Insurance Association of America

Mr. Thore discusses the various phases of social welfare legislation, which he describes as trends toward governmental paternalism to the detriment of private enterprise in the field of voluntary insurance. Says trend toward liberalization in the field of social security: "It is a case of making the switch when the light is on, not in time to avoid a collision, but in order to change the trend in another direction."

Social Security Legislation — 1934

This trend toward liberalism in the field of social benefits has actually been supported by the action of the last session of Congress. A review of the legislative program reveals that there was little opposition to most of the legislation that was enacted. It is not possible, however, to make a comprehensive record in detail here. However, a few comments on social security legislation may be useful to serve to illustrate that the trend toward governmental paternalism has been changed under the new Administration.

The following changes in the Social Security Act in 1934 were generally supported by our business:

1. The extension of coverage to families of disabled persons. With a compulsory basic 1.86 million persons were made eligible on an elective basis. At this time 9 out of 10 families qualify for this type of coverage. It has been shown that Social Security coverage should be universal. The changes this year represented a large step toward this universal coverage.


The new law provides that the lower earnings of children (not employed and not over 18 years) will be eliminated in computing benefits. While this will extend benefits to a period of unemployment and enable a greater number of families to secure a fair and equitable change in the benefit formula.

3. National Social Insurance in the retirement test. There were inequities in the Social Security Act which had been particularly in the case of wage earners. The new law permits both employers and self-employed persons to earn up to $1,000 a year before any reduction is made in their social security benefits. The change in this provision is unimportant as an instrument for complete elimination of the work clause. It represents an improvement in the bill which we supported in principle.

The following changes in the Social Security Act were in conflict with conclusions adopted by the Life Insurance companies association after a careful study and re-appraisal of the situation.

(a) The change in the tax and benefit provisions: the change from $4,200 to $4,200 was opposed for the following reasons:

1. The change in the Social Security provisions was adopted from the basic floor of protection principle the commission accepted from the inception of the Act. Under this principle, benefits under the act should not provide more than a floor of corporate sponsored security. Individuals are expected voluntarily increased benefits on the floor of social benefits.

(b) It discriminated against the average wage earner in favor of the above average wage earner.

(c) The change was unessential to the sound financing of the system.

(2) Increases in retirement and survivorship benefits were opposed. The level of benefits under existing laws is insufficient to a significant extent with the basic floor of protection principle. Additional benefits for no cost of living increase since the last adjustement in benefits in 1929.

(3) A new provision desired to increase the amount of insurance for disabled persons was opposed. Because we know that our benefits are not sufficient to care for the large numbers of workers who have been disabled for life and cannot provide freedom—it can and must be increased.

An compulsory welfare system must utilize the power to tax and to spend in order to provide these needed powers it necessarily limits freedom. Freedom has been defined as non-molestation among American citizens. Through compulsory government action we necessarily molest all who must submit to the compulsory plan. The individualist is willing to barter freedom in exchange for legislative promises of more security.
New and Challenging Transport Horizons in Canada

By W. A. MAJOR*  
President, Great Western Railway Company

Presenting as a threefold challenge to Canadian transportation: (1) revolutionary technological progress; (2) the opening up of northern areas; and (3) competition, leading Cana—
dan to re-examine the service that the dead hand of the past in the form of regulatory devices. Decrees some recent Canadian regulations and wage rate advances, and concludes the most promising horizon is growing competition among railroads, to serve two masters, i.e., regulation and competition.

Canada no longer has a transportation problem in the sense that such a phrase would have been understood by the pioneers who cleared the shores of the new land briefly upon each of these terms, nor yet in the sense envisioned by the Fathers of Confederation. Yet transport is vital to the Canadian economy.

One of the best tests of whether people can see, in the economic sense, the importance of any one of that internationally important "triumvirate," is whether or not they see the vital need for the Canadian economy to make the transition from the so-called "Great Western" to the "Great Canadian".

William A. Major

The present serious decline in rail revenues is the consequence of the following: (1) the depression and the trend towards a direct loss of freight and a long-range loss of passenger traffic; (2) the general trend towards a lower rate base and lower profit; and (3) the trend towards a lower rate of taxation of the companies, as well as to a reduction in the amount of capital that is available for investment in the railroad industry. The present serious decline in rail revenues is the consequence of these factors, and it is not likely to be reversed until there is a general improvement in the economic conditions of the country, together with a change in the attitude of the government with regard to the investment of funds in the railroad industry.

The Commercial and Financial Chronicle... Thursday, January 6, 1935

*An address by Mr. Major before the Canadian Railway Club, Montreal, Can—
d., January 2. 1935.
Stability Not Evident on Deficit Financing

January issue of "Monthly Bank Letter" of National City Bank of New York prints to "built-in stabilizers" which permits the economy to work out orderly readjustment without large scale deficit spending.

In a discussion of the current business situation, the January issue of the "Monthly Bank Letter" issued by the National City Bank of New York, points out that the avoidance of a depression in 1954, a depression that had been widely predicted, is an indication that adjustments in the economy can be worked out in an orderly manner without large scale deficit spending.

"The record of 1954," the "Bank Letter" states, "provides a demonstration to the ability of the economy to work out a readjustment in an orderly manner, without large scale deficit spending. It also supplies a better insight into three influences which helped avert depression this time and may do so again—the "built-in stabilizers" in the economy, the consumer and the confidence in the long-run trend.

Some of the stabilizers operate automatically, and do a useful service in the current situation. Others were created by government policy decisions or legislation. By helping to maintain income, the automatic stabilizers—such as unemployment compensation—cushion the initial effects of a downturn, although by themselves they cannot stop or reverse a decline. In the first 10 months of 1954, wages and salaries totaled about $3 billion less than in the corresponding months of 1953, but the rise in government payments for unemployment insurance, social security, and veterans' benefits offset nearly two-thirds of the drop. Agricultural price supports also helped sustain income, as a $4.3 billion increase in farm income before taxes in 1954 nearly cancelled the 1953 total. Personal tax liabilities dropped, in part because of the decline in pre-tax income and in part because of reduction in Federal tax rates. Income after taxes rose to new highs.

"Largely because of these influences, consumer spending power rose to a new record in 1954. Profits after taxes of large corporations remained close to 1953 levels despite a $1 billion increase in sales and pre-tax earnings. These factors, plus the large holdings of liquid assets by individuals and the financial strength and liquidity of business, contribute generally to the ability of consumers and business men to maintain and even increase their expenditures overall."
The Market... and You

By WAllace Streeter

The market today was a quiet narrow path, with the approach of a bull swing.

The optimistic element in the way the list regained its balance was the underly ing stability only slightly dented by excesses in a couple of areas.

Verily, whatever ultimobly prevails, the general list showed none of the marked fluctuations of the cautious and nervous in the routine issues was a bit on the nervous side. For small corporations having no railroad or land lines, but only the assurance of a special pull to rest and receive benefits, the impact of these shifts at the decline in the shipping business was much more apparent than in the middle of selling.

There has been a rather marked activity so far in the normally inactive and high-priced issues, with such indifference to the opening of Coal, New York & Harlem, Superior Oil—even the Cuban American Sugar preferred which hadn't traded all last year—already on the tape. Some of these, naturally, showed some erratic movements which is their wont. The more frequent appearances on the high-priced end, U. S. Steel and International Business Machines, provided little in the way of fall.

Allied Chemical continued to lag somewhat in the chemical group. The one-day's volume of 4 1/2 million shares was the highest since 1950. The total volume of 9 1/2 million shares was able to cut its all-time peak a rung higher. But the highest volume in history was posted when 1,279 issues appeared on the tape. Volume last year crossed the 100,000,000 mark twice; it equaled that performance in the first two days this year.

Aircrafts, which a year ago were generally regarded as at the end of the road, only to forge out among the best selling groups of the 1954 market, have yet to show any definite convictions. Douglas, probably because it had done well last year, was a particular target when selling was around and some of its major selling points were support by a large group of producers' equipment which wasn't able to offset the better performance around.

Oils also were somewhat devalued, although Standard Oil of Indiana was able to start some buying action for a small gain and hold it through subsequent selling elsewhere. Texas Gulf Producing and Houston Oil on occasion were on the other side of the fence with some multi-point declines before support began to build up.

Stores Act Better

Store stocks were better acting than in recent weeks, a fact that was still mild, but new popularity. Eastman Kodak was also in better-than-average form and was able to post a brand new 1955 high for itself. The long depressed textiles showed up in the strength side, including good strength in American Woolen and Coast Line, both of which were able to gain the same areas of support and the benefit of its best price in 12 months.

[The views expressed in this article are those of the writer and time coincides with those of the Chronicle. They are presented as those of the author only.]

Correction

The December statement of a financial study of the domestic airline industry as being available through its president and society, aviation consultants, 1333 G Street, Washington 7, D. C. It would appear from this statement that the trend had not been without cost, which is in error.

The survey is a comprehensive study of the entire industry and includes detailed financial studies of American Airlines and Capital Airlines. The cost of the survey is $2 per copy.

Continued from page 3

A Year-End Review and Forecast

The better-gaining issues of last year with a round three dozen point improvement.

Western Union, which also added around three dozen points last year, for almost a 10% rise, showed no particular reason to rest and it was able to keep up the steam and maintain a gain right in the middle of selling.

There was a ratio marked activity so far in the normally inactive and high-priced issues, with such indifference to the Opening of Coal, New York & Harlem, Superior Oil—even the Cuban American Sugar preferred which hadn't traded all last year—already on the tape. Some of these, naturally, showed some erratic movements which is their wont. The more frequent appearances on the high-priced end, U.S. Steel and International Business Machines, provided little in the way of fall.

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Economist Sees Stock Prices in Favorable Relationship to Earnings and Dividends

Harold E. Aul, Vice-President of Calvins Bullock, says despite the fact that stock prices will have a strong upward tendency in the near future, it will be a sound investment policy to look for shares of common stock which can be purchased at relatively low prices and which have a good likelihood of yielding a satisfactory return. He points out that many stocks that have been considered “good buys” for some time are now overpriced by any normal standards. He adds that if one is to purchase stocks, there must be some assurance that the money invested will be returned with interest. The following are some of the factors to consider:

1. The soundness of the company's management and the stability of the company's earnings.
2. The company's prospects for future growth.
3. The company's financial condition, including the level of its liabilities and the quality of its assets.
4. The company's dividend policy and the past record of dividends.
5. The company's earnings per share and the trend of earnings.
6. The company's earnings relative to the price of its stock.
7. The company's prospects for future earnings.
8. The company's prospects for future dividends.
10. The company's prospects for future stability.

The following are some of the factors to consider:

1. The company's prospects for future growth.
2. The company's prospects for future earnings.
3. The company's prospects for future dividends.
4. The company's prospects for future stability.
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7. The company's prospects for future dividends.
8. The company's prospects for future stability.
10. The company's prospects for future earnings.
## Republic of Chile

Notice to Holders of Dollar Bonds of the Following Loans:

<table>
<thead>
<tr>
<th>Republic of Chile Twenty-year 7% External Loan Sinking Fund Bonds, dated November 1, 1922</th>
</tr>
</thead>
<tbody>
<tr>
<td>Republic of Chile 6% External Sinking Fund Bonds, dated October 1, 1926</td>
</tr>
<tr>
<td>Republic of Chile 6% External Sinking Fund Bonds, dated January 1, 1928</td>
</tr>
<tr>
<td>Republic of Chile External Loan Sinking Fund Bonds, dated September 1, 1929</td>
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<tr>
<td>Republic of Chile External Loan Sinking Fund Bonds, dated March 1, 1930</td>
</tr>
<tr>
<td>Republic of Chile External Loan Sinking Fund Bonds, dated May 1, 1930</td>
</tr>
<tr>
<td>Water Company of Valparaiso 6% Bonds, Guaranteed Loan of 1915, dated December 8, 1915</td>
</tr>
<tr>
<td>Mortgage Bank of Chile Guaranteed Sinking Fund 5½% Bonds, dated March 1, 1929</td>
</tr>
<tr>
<td>Mortgage Bank of Chile Guaranteed Sinking Fund 5½% Bonds, dated June 30, 1926</td>
</tr>
<tr>
<td>Mortgage Bank of Chile Guaranteed Sinking Fund 5½% Bonds, dated April 30, 1928</td>
</tr>
<tr>
<td>Mortgage Bank of Chile Guaranteed Sinking Fund 5½% Bonds, dated May 1, 1919</td>
</tr>
<tr>
<td>Mortgage Bank of Chile Working Notes, dated December 31, 1926</td>
</tr>
</tbody>
</table>

**Elco German Stock Offered at $2 a Share**

S. D. Fuller & Co. and J. B. Boucher & Co. are offering public subscription of the Elco German Stock, a common stock (25 cents per share) at $2 per share.

For more details, please see the report on page 325.

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### Expanded Financing Activities Planned by Governments

**Stein Roe & Farnham**

Admit Ox, Sondheme

CHICAGO, III. — Sydney Stein, Jr., of the Chicago investment banking firm of Stein Roe & Farnham, 135 South La Salle Street, announced that two executives of the U.S. Steel Corporation, A. L. Odell and Joseph Sondheme, were made partners on Jan. 1, 1955.

Mr. Odell, who has been in the capacity of account executive as well as treasurer of The Stein Roe & Farnham Corporation, joined the firm in 1937. Prior to that he was associated with the First National Bank of Chicago.

Mr. Sondheme has been a representative of the Bank of America and has become associated with Stein Roe & Farnham.

... and regulation.

The purpose of the firm is to regulate the activities of the firm.

---

### Significant Facts on the Economy of the Commonwealth of Puerto Rico

<table>
<thead>
<tr>
<th>Year</th>
<th>Production of Goods and Services (Million Dollars)</th>
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</thead>
<tbody>
<tr>
<td>1930</td>
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<tr>
<td>1931</td>
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<tr>
<td>1932</td>
<td>96.0</td>
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<tr>
<td>1933</td>
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<tr>
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<td>1943</td>
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<tr>
<td>1944</td>
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<td>1945</td>
<td>35.0</td>
</tr>
<tr>
<td>1946</td>
<td>30.0</td>
</tr>
</tbody>
</table>

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### Expanded Financing Activities Planned by Governments

The Government Development Bank for Puerto Rico plans to pursue an aggressive loan policy this coming year in providing funds for the development and expansion of the island. For the fiscal year 1955-1956, the bank has set aside $100 million for loans.

During the fiscal year which ended June 30, 1954, 77 loans were approved for various projects, including the construction of new schools, hospitals, and roads.

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### Expanded Financing Activities Planned by Governments

The Commonwealth of Puerto Rico is planning to issue $20 million in bonds to finance a new harbor project.

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### Expanded Financing Activities Planned by Governments

The Commonwealth of Puerto Rico is planning to issue $20 million in bonds to finance a new harbor project.
The bulging fin that rides the back of the huge new Lockheed Super Constellation supplies an important missing dimension to U. S. Air Force airborne radar patrols—the ability to spot the altitude of enemy planes at a distance of hundreds of miles.

Developed by Philco scientists and electronics engineers in close teamwork with the Department of Defense, this "piggyback" radar pinpoints the position of the intruder and feeds its findings to the plane's control center.

There, on a radarscope developed by Philco, the Combat Information Control officer correlates the data with other radar reports and relays it to fighter planes to guide them directly to their target.

Night or day, rain or shine, winter or summer, the process is as swift and exact as pointing a finger.

The genius of this new Philco airborne radar lies in its combination of high power with a sharply defined image at the longest range of any radar of this type ever developed. And the solution of this problem for the Armed Forces is the latest milestone in Philco electronic developments for national defense.

It is also another striking example of the unique integration of Research with Application that gives Philco its dominant position in so many industries—Radio . . . Television . . . Refrigeration . . . Freezers . . . Air Conditioners . . . and Electric Ranges.

And the end is not in sight!
 Guaranty Trust Company of New York announces the appointment of Ralph E. Kimpel as a Vice-President, foreign department. In November of 1953 he was appointed a Vice-President and is now in charge of the Guaranty Trust Company's foreign activities.

Eтвержден Adler, Hans G. De Haas and Dimitry L. Volevich have been appointed Assistant Vice-Presidents of the Guaranty Trust Company of New York, November 30, 1955. The Company is the successor of the Guaranty Trust Company of New York. They are all members of the Guaranty Trust Company of New York's Department of Finance, and are responsible for the administration of the Company's foreign activities.

On September 30, 1955, the Board of Directors of the Guaranty Trust Company of New York, in its annual meeting, voted in favor of the nomination of R. J. Roper as Assistant Vice-President. The vote was unanimous. Prior to his appointment, Mr. Roper was associated with the Guaranty Trust Company of New York in various capacities, including Assistant Secretary, Assistant Treasurer, and Assistant General Counsel. His appointment as Assistant Vice-President is effective immediately.

The Chase National Bank of New York announced that Mr. Robert S. Lehovich, who has been a Mortgage Banker in the United States, has been appointed Assistant Vice-President of the Chase National Bank of New York, effective December 1, 1955. Mr. Lehovich was formerly Vice-President of the Chase National Bank of New York and will continue in that capacity. He is a native of New York City and has had extensive experience in the mortgage banking business.

The Chase National Bank of New York announced on January 1 the following appointments: Mr. J. R. Crockett, who has been Vice-President of the Chase National Bank of New York since 1940, was appointed Assistant Vice-President of the Chase National Bank of New York, effective January 1, 1955. Mr. Crockett has been with the Chase National Bank of New York for over 25 years and has held various positions in the bank. He is a native of New York City and a graduate of the University of New York.

The Chase National Bank of New York announced on January 1 the following appointments: Mr. H. D. Crockett, who has been Vice-President of the Chase National Bank of New York since 1940, was appointed Assistant Vice-President of the Chase National Bank of New York, effective January 1, 1955. Mr. Crockett has been with the Chase National Bank of New York for over 25 years and has held various positions in the bank. He is a native of New York City and a graduate of the University of New York.

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novations have been incorporated in the design. Foremost is the installation of an automatic safety door designed by Durland W. Bruscher, Vice-President of the Bank in collaboration with Durland W. Bruscher, Vice-President of the Bank in collaboration with Paul A. Kunzel, engineers of Marshall, Michigan.

THE NATIONAL BANK OF NEW YORK

| Total resources | $3,659,644,396 | $3,541,872,396 |
| Deposits | $2,509,160,500 | $2,481,872,396 |
| Cash and due from banks | $1,131,611,094 | $1,267,928,495 |
| Loans & discounts | $2,377,863,500 | $2,189,498,921 |
| Undisclosed | $40,142,477 | $30,142,477 |

Andrew Van Pelt and William C. MacMillen, Jr., have been elected directors of Colonial Trust Company of New York, Inc., according to an announcement made on Dec. 30 by that institution. Mr. MacMillen is President of Cheapside Industries, Inc. Van Pelt is a director of Allegheny Corporation.

At the annual meeting of Clinton Trust Company of New York on Jan. 19, stockholders will be asked to authorize an increase in the bank's capital stock from $110,000 shares of $10 par value to 120,000 shares. The bank's directors have declared a stock dividend of one share for each 11 shares held of record Jan. 7. Subject to favorable stockholder action and to the approval of the Superintendent of Banks, the stock dividend will be paid Feb. 10, 1955.

John W. Hooper, President of The Lincoln Savings Bank of Brooklyn, N. Y., has announced the following promotions: E. M. Murphy by Vice-President and Comptroller; August H. Wenzel by Vice-President; Preston B. O'Callivan, Stanley T. Jaboda and John F. Needham by Assistant Vice-Presidents; three additional administrative officers: John L. Corvain, Advertising Manager, James P. Murphy by Assistant Comptroller; and Peter M. Sweeney, Assistant Secretary; Edward J. Pulte by Deputy Auditor; Howard M. Hoesein and Henry P. Isaron to Assistant Comptrollers; Rudolph J. White to Assistant Treasurer; August W. Jungner to Assistant Cashier.

Charles D. Behrens, President of The Kings County Savings Bank of Brooklyn, N. Y., announced the retirement on Dec. 31 of Lewis Fuhr, Vice-President in charge of the Broadway Office and Alfred Paul Palmer, Secretary of the bank since August, 1939. Both will remain as members of the Board of Trustees. Mr. Fuhr started as office boy on April 1, 1901 and Mr. Palmer, who became a Trustee in 1933, joined the bank's staff in 1939.

Arthur T. Roth, President of the Franklin National Bank of Franklin Square, N. Y., announced on December 27 that the annual meeting of the shareholders of the bank will be held at its banking house, 313 Hempstead Turnpike, Franklin Square, Nassau County, N. Y. on Jan. 11. Only shareholders of record at the close of business on Dec. 28, 1954 will be entitled to notice of the meeting and to vote upon a program involving:

(a) A change in the par value per share and number of shares of the bank's outstanding common stock from $10 and 666,900 respectively to $5 and respectively, effective Jan. 11, 1955; (b) An increase of the common stock of the bank by the issuance of $61,500 stock dividend payable to shareholders of record on Jan. 11, 1955; (c) A further increase of the common stock of the bank to $7,393,000 by the sale of 123,300 additional shares, of the par value of $3 each. at a sale price of between $30 and $32 each, the definite sale price to be determined at the shareholders' meeting. The shareholders of record on Jan. 11, 1955 will be accorded rights to purchase those additional shares, at the price set, in proportion to their respective holdings of common stock of the bank on that date; (d) A further increase of the common stock of the bank to $7,462,000 by the issuance of $69,000 stock dividend. The shareholders, of record on April 11, 1955, will be entitled to share in such dividend in proportion to their respective holdings of common stock of the bank on that date.

The election of a board of directors for the ensuing year will also be voted upon at this meeting.

Some 2500 area residents visited the new Muhlan, Jr. office of Mellon National Bank and Trust Company of Pittsburgh, Pa., during an open house held Wednesday, December 13. The program, which officially opened the new Mellon Bank Office in Muhlan, was scheduled from 8:30 to 9:30 p.m., but ran beyond that as capacity crowds toured the new banking facilities. The office, located on the main street of Honested Park, a suburban residential area, opened for its first full day of business on Dec. 13.

Direct Distance Dialing is easy and fast. Just by dialing three more digits than a local call, many telephone users in certain towns can reach as many as 14 million telephones in 16 metropolitan areas from coast to coast.

Effective at the close of business December 31, the Fletcher Trust Company of Indianapolis, Indiana was consolidated with the American National Bank of Indianapolis under the latter national charter. The consolidated bank is named American Fletcher National Bank and Trust Company. Resources of American Fletcher National Bank and Trust Company are in excess of $300,000,000 and capital funds are more than $10,000,000. The lending limit of the consolidated bank is more than doubled. The main office of the consolidated bank will be the American National Bank Office in 43 North Pennsylvania Street, Indianapolis. The enlarged bank has 17 offices throughout Indianapolis.

Elnor W. Stout is Chairman of the Board.

He's Dialing a Distant City

DIRECT

One of the many signs of progress in the telephone business is the development of Direct Distance Dialing.

Distance dialing by operators has been increasing for some time. Last year, operators dialed more than 50% of all Long Distance calls straight through to the distant telephone.

Our objective is to make it possible for all telephone users to enjoy even faster out-of-town service by dialing their own Long Distance calls direct. This will not come all at once for it requires co-ordination all along the line, as well as new operating and accounting equipment.

While Direct Distance Dialing is in the planning stage for most places, it is now in practical operation in more than twenty towns in Massachusetts, Maryland, Virginia, District of Columbia, New Jersey, Pennsylvania, Ohio and Michigan.

Many telephone users in these places will now dial their own Long Distance calls direct to as many as 14 million other telephones in 16 metropolitan areas from coast to coast.

So we're on our way to another improvement in telephone service. As Direct Distance Dialing becomes available in more and more places, along with it will come even faster service and a greater ease of the telephone by more and more people.

BELL TELEPHONE SYSTEM

DIRECTIONS FOR THE COMMERCIAL AND FINANCIAL CHRONICLE (77) 2007

Volume 181 Number 5092...The Commercial and Financial Chronicle
Our Reporter on Governments

by JOHN T. CIFFENDALE, JR.

The Government market continues to back red fill within not too wide a range even though there is a modest countertrend effect in these price movements. The defensive attitude which is still prevalent in the middle and longer maturity limits of Treasury obligations is due mainly to the concern which the monetary authorities have expressed with respect to monetary policy and its effect on business. It was announced that "active ease" was being supplemented by "flexible ease." Above all, however, nothing tangible has happened as far as the new policy is concerned given the probability of how it will be carried out.

Despite the published change in monetary policy, it seems as though it will take some time before it will actually take place. It is becoming more evident that much more will have to be known about the future trend of economic conditions before there will be important changes in monetary policy. Time is very definitely a factor in this situation.

Government Market on Defensive

The monetary market is going new week with feeling of caution, because it is not possible to predict with any degree of certainty what the "flexible ease" policy of the monetary authorities is going to be like. This is a lack of certainty of the indicated new policy of the Federal Reserve Board which has operations in the Government market pretty much on the side lines. It is not too good for the money market to have a professional set-up as it has been, especially when it is due to some extent to an absence of evidence in government securities because of uncertainty over what might happen to the future trend of interest rates.

It is also due to the absence of evidence in the Treasury that there are no long-term changes in the Government market. The absence of changes in the government market is not going to make any really important commitments in these issues particularly in the intermediate and longer-term areas until something is known about the "flexible ease" policy of the monetary authorities.

Despite the announced change in monetary policy, there is nothing yet in the way of tangible evidence as to what, when, and how this will be accomplished. It is sure a defensive attitude has been created in the money market, but this is due to the announced change in the policy. A policy which has been used by the monetary authorities, but there is nothing new or changed in method of doing things.

The Big Question

The big question in the money market now is when will there be an announcement of a change? This appears to be a situation which is not going to be answered immediately and may never be answered, since the trend of economic conditions is going to determine whether or not there will be a change in monetary policy. Federal Reserve credit policy, which greatly influences the trend of interest rates, is not going to undergo important changes all at once. It is sudden in the opinion of certain money market speculators, because the future course of economic conditions will have to be known before there is likely to be any hardening of interest rates.

Even though the trend of business is expected to be good, and this would make a large demand for money, it is still not yet certain that interest rates will have to go up. The supply of goods is ample compared to the demand and is not expected to be a factor in the future trend of interest rates.

Business Barometer the Key

Accordingly, unless there is something in the business and economic picture that can indicate that there will be no change in monetary policy, even though the authorities have indicated that it should be expected. On the other hand, if industrial production and business activity continues to be in a very dangerous, then a material tightening of interest rates will most likely be forthcoming. The recent Treasury operation shows that the concern about the business situation is expected to be active, but that would not likely be put into operation by the monetary authorities.

Therefore, it seems as though there will be no change in monetary policy and the bond market will likely go up to the future known. This will take some time indeed, and in the way in which the economic pattern develops will determine whether monetary policy is changed or not.

Continued from first page

How The New Tax Law Affects the Bond Buyer

Mr. C. Richard Youngdahl

The New Tax Law in effect the 20th of March, 1955

We are pleased to announce that

Aubrey G. Lanston & Co.

Incorporated

Specialists in United States Government, Municipal & Corporate Securities

231 S. LaSalle Street

Chicago 4, Illinois

New York 5, N. Y.

Boston 9

State 2949

Hancock 6-6463

New York, January 5, 1955

Our Banker in St. Louis

Incorporated

Specialists in United States Government, Municipal & Corporate Securities

231 S. LaSalle Street

El Broad Street

45th Street

Chicago 4

New York 5

Boston 9

State 2949

Hancock 6-6463
Life Company Mga. Holdings at $26 Billion

Up $19 billion since close of World War II and now comprise 30.6% of all life insurance assets.

An estimated $23.75 billion is now on loan to property owners from U. S. life insurance companies, an increase of $2.4 billion over a year ago, the Institute of Life Insurance reports.

During 1954 the life companies of this country held new real estate mortgage financing in the amount of $3.1 billion. This amount was exceeded only once before, in the boom construction year of 1951, and then by less than 1%.

"The near-record total of new mortgage financing extended by the life insurance companies this past year came as a surprise, as most forecasts at the start of the year projected a decline in such financing," the Institute said.

"The new mortgage market is being assumed by the life companies in the year just closed was nearly $800 million more than in the previous year. This parallels the surging growth of housing starts last year, when the estimated 1,500,000 starts were the second largest in history."

Up $19 Billion Since War

The investment of life insurance dollars in real estate mortgages is today $19 billion more than was outstanding at the close of World War II. The housing represented by this financing has given new homes or newly purchased homes to millions of persons across the country.

An important shift in type of mortgage making up the portfolio additions developed during the past year, with conventional mortgages and Veterans Administration mortgages leading. At year-end, the conventional urban mortgages held by the life companies totaled $12.123 billion, up $3.1 billion or 11% from the year before.

VA mortgages, written under the GI Bill of Rights, totaled $4.45 billion, up $200 million or 24% in the year.

FHA mortgages acquired in 1954 were in smaller volume than the year before and holdings at the end of the year were $6.13 billion, up only 2% from 1953.

Farm mortgage holdings of the life companies topped $2 billion for the first time since 1930 and were 9% above the previous year.

Aggregate mortgage investments of the U. S. life insurance companies represented 30.6% of total assets at the end of 1954, compared with 23.7% the year before and 14.8% at the close of World War II, just before the boom in housing construction got under way.

---

Guaranty Trust Company of New York

MAIN OFFICE, 140 Broadway
FIFTH AVE OFFICE 15th Ave. at 44th St.
LONDON OFFICES 22 Le Bourget, F. C. A.
PARIS OFFICE 4 Place de la Concorde
BRUSSELS OFFICE 17 Avenue des Arts

J. LUTHER CLEVELAND Chairman of the Board
WILLIAM L. KLEITZ President
THOMAS P. HIRMAN Vice-President

DIRECTORS
GEORGE C. ADEN Chairman of the Board, First Power Company.
J. LUTHER CLEVELAND Chairman of the Board.
W. PALIN CONWAY
CHARLES P. COOPER President, The Prudential Hospital of the City of New York.
WINFRED M. CRANE, JR. Chairman, The Columbus Trust Company.
STUART M. CROOKER, Chairman, The Columbia Trust Company.
JOHN J. DIXON, President, The Leeward-Wilkie Coal Mining Company.
CHARLES J. DONLAP President, The National Life & Trust Company.
WALTER S. FRANKLIN, President, The Long Island Rail Road Company.
WILLIAM F. HANSON, President, The Board of Trade, Stotesbery & Kendall.
WILLIAM L. KLEITZ President.
WILLIAM S. MUNSON, President.
WILLIAM C. POTTER

CONTRACTED Statement of Condition, December 31, 1954

RESOURCES
Cash on hand, in Federal Reserve Bank, and Due from... $4,650,029.99
U. S. Government Obligations... 990,764,711.82
Leans and Bills Purchased... 1,369,320,780.12
Public Securities... 52,548,095.39
Stock of Federal Reserve Bank... 9,000,000.00
Other Securities and Obligations... 58,024,405.87
Credits Granted on Acceptances... 44,594,203.95
Accrued Interest and Accounts Receivable... 12,597,053.23
Real Estate Bonds and Mortgages... 178,120,831.42
Bank Premises... 8,164,636.56
Total Resources... 3,094,206,629.11

LIABILITIES
Capital (5,000,000 shares - $20 par) $100,000,000.00
Surplus Fund... 200,000,000.00
Undivided Profits... 100,598,028.39
Total Capital Funds... 400,598,028.39
Deposits... 200,000,000.00
Foreign Funds Borrowed... 2,600,445,255.94
Other Liabilities... 975,000.00
Less: Own Acceptances Held for Investment... 14,379,664.93
Total Liabilities... 47,407,754.86

Dividend Payable January 17, 1955:
Regular... 4,000,000.00
Extra... 2,500,000.00

Interest on Bonds with Foreign Branches... 2,505,880.09
Reserve for Expenses and Taxes... 26,784,672.16
Other Liabilities... 8,999,471.47
Total Liabilities... 53,094,206,629.11

Securities carried at $413,251,587.74 in the above statement are valued to qualify for fiduciary powers, to secure public moneys as required by law, and for other purposes.

Member Federal Deposit Insurance Corporation
Bank and Insurance Stocks

This Week—Insurance Stocks

Insurance stocks turned in an exceptionally favorable market performance during 1954. The trend of share prices was upward for almost the entire period. Casualty companies made particular gains, despite the adverse effect caused by the fire companies, in the fall hurricanes, share prices for this group ending December 31, 1954, at a new high level.

The main reason for the excellent showing of the casualty underwriters was the improvement experienced in the auto liability and property damage insurance lines. Also, with the sharp rise in the stock market in the fall, the rise in bond prices added substantial amounts to the equity or liquidating value of the insurance shares.

Of particular significance for the rise in insurance stock prices has been increases in cash distribution as well as the stock itself. An additional dividend paid by 50% of the companies (in addition to the regular quarterly cash distributions) has been a factor in the improvement of stocks. These actions have been inspired by gains in investment earnings and the rise in surplus of the various concerns. The larger volume of invested funds combined with an improved return on these funds has resulted in a further gain in stock prices. As this is the primary determinant of dividend policies, many companies have seen fit to increase their payment to stockholders. Frequently this has been accompanied by a capitalization of a portion of surplus through a stock dividend and maintaining the same ratio. As a standard of comparison there is the Dow-Jones Index.

In these instances or where such action is anticipated, the market action of the shares has been particularly favorable.

The tabulation below presents the bid prices for 25 of the leading casualty and property stock companies in 1953 and 1954. In addition, the point change and the price range for the year are shown. All figures have been adjusted for stock splits and stock dividends to provide a comparable basis.

<table>
<thead>
<tr>
<th>Company</th>
<th>1953</th>
<th>1954</th>
<th>Point Change</th>
<th>Price Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aetna</td>
<td>75</td>
<td>80</td>
<td>+5</td>
<td>71-3/4 to 80</td>
</tr>
<tr>
<td>Agricultural</td>
<td>34</td>
<td>37</td>
<td>+3</td>
<td>32-1/2 to 37</td>
</tr>
<tr>
<td>American Sugar</td>
<td>34</td>
<td>38</td>
<td>+4</td>
<td>32-1/8 to 38</td>
</tr>
<tr>
<td>American Surety</td>
<td>40</td>
<td>43</td>
<td>+3</td>
<td>39-1/2 to 43</td>
</tr>
<tr>
<td>Boston Insurance</td>
<td>40</td>
<td>43</td>
<td>+3</td>
<td>39-1/2 to 43</td>
</tr>
<tr>
<td>Continental</td>
<td>40</td>
<td>45</td>
<td>+5</td>
<td>43-1/2 to 45</td>
</tr>
<tr>
<td>Continental</td>
<td>40</td>
<td>45</td>
<td>+5</td>
<td>43-1/2 to 45</td>
</tr>
<tr>
<td>Employers Group</td>
<td>72</td>
<td>76</td>
<td>+4</td>
<td>73-1/4 to 76</td>
</tr>
<tr>
<td>Newberry's</td>
<td>40</td>
<td>45</td>
<td>+5</td>
<td>43-1/2 to 45</td>
</tr>
<tr>
<td>Glenn Falls</td>
<td>75</td>
<td>85</td>
<td>+10</td>
<td>82-1/8 to 85</td>
</tr>
<tr>
<td>General Accident</td>
<td>35</td>
<td>37</td>
<td>+2</td>
<td>36-3/4 to 37</td>
</tr>
<tr>
<td>Hanover Fire</td>
<td>45</td>
<td>48</td>
<td>+3</td>
<td>47-3/8 to 48</td>
</tr>
<tr>
<td>Hartford Fire</td>
<td>189</td>
<td>198</td>
<td>+9</td>
<td>194-3/8 to 198</td>
</tr>
<tr>
<td>Insco of North</td>
<td>107</td>
<td>105</td>
<td>-2</td>
<td>104-3/8 to 105</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>45</td>
<td>44</td>
<td>-1</td>
<td>44-1/4 to 45</td>
</tr>
<tr>
<td>Pacific Fire</td>
<td>120</td>
<td>118</td>
<td>-2</td>
<td>115-1/4 to 118</td>
</tr>
<tr>
<td>Phoenix Insurance</td>
<td>96</td>
<td>97</td>
<td>+1</td>
<td>95-3/4 to 97</td>
</tr>
<tr>
<td>St. Paul Fire &amp; Marine</td>
<td>51</td>
<td>56</td>
<td>+5</td>
<td>53-1/2 to 56</td>
</tr>
<tr>
<td>Security Insurance</td>
<td>44</td>
<td>55</td>
<td>+11</td>
<td>52-3/8 to 55</td>
</tr>
<tr>
<td>Springfield Fire &amp; Marine</td>
<td>53</td>
<td>58</td>
<td>+5</td>
<td>56-3/8 to 58</td>
</tr>
<tr>
<td>U. S. F. &amp; G.</td>
<td>37</td>
<td>37</td>
<td>0</td>
<td>36-3/4 to 37</td>
</tr>
<tr>
<td>United States</td>
<td>47</td>
<td>51</td>
<td>+4</td>
<td>50-1/8 to 51</td>
</tr>
<tr>
<td>Westchester Fire</td>
<td>30</td>
<td>35</td>
<td>+5</td>
<td>34 to 35</td>
</tr>
</tbody>
</table>

As can be seen in the above figures the gains made by some of the companies are quite spectacular. Continental Casualty, for example has made more than doubled in price during the past year, while adjustment is made for the stock split. U. S. Fidelity & Guaranty, a company with a gain of close to 50% as does Employers Group. A number of others show increases of between 30% and 40%. Small percentage gain is not uncommon.

Of course practical all are selling considerably above the price and dividends of the year 1953. The difference between the price and dividend is called the "Barron's" index of insurance stocks for example closed 1954 at 322,44, the high of the year. At the beginning of 1954, this index was around 198. This was a gain of around 65% in the index. In the Dow-Jones industrial average. At the end of 1954 this average was around 400 as against 280 at the beginning of the year or a gain of 43% in the index.

Of course the index obscures certain changes in stock prices and all stocks have not made so large a gain as might be indicated. Nevertheless, the point is made that insurance stocks have done very well over the past year.

Outlook for the Bond Market

In annual-year end bond survey, Halsey, Stuart & Co. Inc. predicts a continued high volume of tax-exempt state and municipal bond issues, along with a large volume of corporate

Greene & Company Marks 25th Year

Irving A. Greene, Senior Partner of Greene & Company, 37 Wall St., New York City, announces that this week marks the 25th year of the firm's professional existence. Greene & Company is a quarter century old, and marks this occasion with the establishment of their over-the-counter market in sponges and other securities in 1930.

"The firm also is well known in the insurance and reinsurance business, with offices in New York City and with an expanding clientele in all parts of the world. The firm has established itself as a major force in the field of insurance, and is recognized as one of the leading underwriters in the country.

"The firm has a long history of success in the field of insurance, and is recognized as one of the leading underwriters in the country. The company is well known for its ability to underwrite and market insurance policies in the United States and in other parts of the world.

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A British View of World Economy in 1955

By PAUL EINZIG

Dr. Einzig holds prospects for world economy in 1955 are distinctly brighter than a year ago, and the menace of an international depression is no longer prevalent. Whether the recovery in Depression-striken Germany and Japan—has passed its peak, and a further increase of productivity is likely to be the standard of living. This improvement will not be confined to the advanced countries. Whether the recovery in Communist-controlled countries will share in it depends on the willingness of domestic and foreign policy to conserve their economic policies on peaceful development instead of aiming at world domination through military strength.

The revival of a world economy is likely to be one of progress and prosperity. Rationing expenditure in the free countries—Germany and Japan—has passed its peak, and a further increase of productivity is likely to be the standard of living. This improvement will not be confined to the advanced countries. Whether the recovery in Communist-controlled countries will share in it depends on the willingness of domestic and foreign policy to conserve their economic policies on peaceful development instead of aiming at world domination through military strength.

Now Alden & Mahoney

MINDELA, N. Y. The firm of

name of Alden & Mahoney.

Merrill Lynch Adds

CHICAGO, Ill. — Morgan F. McDowell is now affiliated with Merrill Lynch, Pierce, Fenner & Beane, Board of Trade Building.

Mr. McDowell was previously with Thomas & McKinnon.

To Form Tsulokos Co.

As of Jan. 17, Theodore Tsulokos & Co., members of the New York Stock Exchange, will be formed with offices at 14 Wall Street, New York City. Partners will be Theodore B. Tsulokos who will acquire a membership in the exchange and Thomas J. Majorski, Mr. Tsulokos is a partner in Delafield & Delafield.

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Public Utility Securities

By OWEN ELY

Tucson Gas Electric Light & Power

Tucson Gas Electric Light & Power Company ranks number three in the list of most rapidly growing investor-owned electric utilities in the United States. Its revenues have increased 220% during the wartime period, according to Federal Power Commission data. (Number one is its neighbor, Arizona Power.) The city of Tucson, famous for its climate, has enjoyed a population gain of over 30% since 1950. Tucson G.E.L.P. serves the City of Tucson and adjacent areas, extending about five miles north from south to east. Its busines is served to a population of about 173,000 and gas to 147,000. The city of Tucson is an important industrial and health center and the University of Arizona is located there. The area is light in manufacturing, the principal activities being farming and commercial trade.

The company's revenues are about 65% electric and 35% natural gas. Electric revenues are about 38% residential, 24% from irrigation, 34% commercial, 17% industrial and 3% miscellaneous. Electric rates have been running slightly below basic, and as urbanization advances, usage is likely less than the U.S. figure possibly due to gas competition.

In this company, generated only a little over one-third of its power requirements, the balance being purchased from public agencies. However, a 20,000 kw. generating unit was added in 1953 and work was immediately started on a 40,000 kw. unit, which was expected to be placed in operation in 1954. Completion of these modern and efficient steam units should make the company less dependent on purchased hydro, which is affected by droughts.

The outlook appears favorable for continued growth. Fort Edward, power plant, located here, was opened January 1, 1954, as an important electric generating ground for the U.S. Army, which should add to future electric consumption. The company's 1953 report states that this "may be a tremendous stimulus toward making Tucson one of the major electric manufacturing centers in the country." Population in the City of Tucson gained substantially in 1953.

Growth in the company's revenues was particularly rapid last year, with a 20% increase in residential, 25% in commercial, and 22% in industrial business. Electric residential revenues gained 19% and industrial about 16%.

The capital structure at the end of 1954 included 47% preferred stock, and 40% common stock. The equipment ratio is thus above the U.S. average, and lever-age is provided for further debt financing, if necessary. Should the company decide to permit the equity radio to decline this would improve earnings leverage.

The key record as reflected in the common stock figures has been as follows:

It is interesting to note that dividends paid have increased steadily since 1947 and that the price trend has been consistently upward to recent years. The company's dividend payout remains conservative.

The stock is currently selling at approximately $14.50; the price earnings ratio of 14.2 is below the general average for all electric utility stocks.

Condensed Statement of Condition December 31, 1954

J. P. MORGAN & CO.
INCORPORATED
NEW YORK

The Outlook in the Durable Goods Industry
Looseness has resulted for loans to considerable wholesalers. The increase in working capital, and the fact that the increase has been largely realized. Thus the credit situation of wholesalers in the wholesale trade is such that the credit-worthy wholesalers have been able to increase employment by identifying themselves with organizations better able to command the needed financing.

But there have been too many acquisitions of another kind that must be deplored. This has reference to those situations in which businesses have been purchased and discontinued, for the purpose of paying liquidating dividends which exceed the market value of the capital stock. It is difficult to find any justification for such maneuvers.

Smaller Business—in several industries, as explained, the smaller units find themselves in a more disadvantageous position. Much is being done by organizations with in and without the government, to provide business aids and counsel. Some of them fall short of the mark. A way must be found to demonstrate more effectively how these aids can be used.

**DICK & MERLE-SMITH ACQUIRES DEPT.**

Dick & Merle-Smith, 48 Wall Street, New York City, members of the New York Stock Exchange, have announced that as of Jan. 1, 1955, they have acquired the securities custodian department of Roosevelt & Son. Roosevelt & Son will continue to maintain offices at 48 Wall Street, New York City. At the same time it was announced that Walter Nestel and Paul Arbon were admitted to Dick & Merle-Smith as general partners.

**IRVING TRUST COMPANY**

**NEW YORK**

**STATEMENT OF CONDITION, DECEMBER 31, 1954**

**ASSETS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Due from Banks</td>
<td>$3,739,217,397</td>
</tr>
<tr>
<td>U.S. Government Securities</td>
<td>$445,393,005</td>
</tr>
<tr>
<td>U.S. Government Insured</td>
<td></td>
</tr>
<tr>
<td>F.H.A. Mortgages</td>
<td>$22,142,509</td>
</tr>
<tr>
<td>Other Securities</td>
<td>$62,615,000</td>
</tr>
<tr>
<td>Stock in Federal Reserve Bank</td>
<td>$3,150,000</td>
</tr>
<tr>
<td>Loans</td>
<td>$620,265,230</td>
</tr>
<tr>
<td>First Mortgages on Real Estate</td>
<td>$1,971,333</td>
</tr>
<tr>
<td>Banking Houses</td>
<td>$17,284,192</td>
</tr>
<tr>
<td>Customers' Liability for Acceptances Outstanding</td>
<td>$23,638,670</td>
</tr>
<tr>
<td>Other Assets</td>
<td><strong>81,574,219,464</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Stock [5,000,000 shares; $100 par]</td>
<td>$50,000,000</td>
</tr>
<tr>
<td>Surplus</td>
<td>$55,000,000</td>
</tr>
<tr>
<td>Undivided Profits</td>
<td>$19,224,787</td>
</tr>
<tr>
<td>Total Capital Accounts</td>
<td>$124,224,787</td>
</tr>
<tr>
<td>Deposits</td>
<td>$1,067,781,695</td>
</tr>
<tr>
<td>Taxes and Other Expenses</td>
<td>$11,271,161</td>
</tr>
<tr>
<td>Dividend Payable January 3, 1955</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Acceptances Less Amount in Portfolio</td>
<td>$25,158,192</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>$4,768,791</td>
</tr>
<tr>
<td>United States Government Securities at amortized cost</td>
<td>$81,574,219,461</td>
</tr>
</tbody>
</table>

United States Government Securities are stated at amortized cost. Of these, $8,677,211,236 are pledged to secure deposits of public corporations and for other purposes required by law.
Railroad Railroads enjoyed a very happy year in 1954. Traffic throughout the year and for the first 12 months ran consistently below year-earlier levels and earnings naturally were off almost as consistently. A few roads were able to report increases in earnings for 1954 as compared with 1953 and many of the better operated and maintained earning lines were extremely well through right control of expenses. Huge sums in potential years on new equipment and on modernization of the railroad plant paid off handsomely for these roads. On the other hand, there were some railroads whose earnings were disappointing. Even in such instances, however, the stockholders generally fared well marketwise. For the most of the year the buying was concentrated largely on investment grade issues and special situations but late in the year there was a speculative tone developing, resulting in wide percentage gains for some of the lower grade stocks.

As measured by the Dow-Jones Averages the rails advanced 53% in 1954, from 9403 to 14308.2. As usual, individual performances varied widely. On the Dow road common and speculative pre-fractions, most of the action was in the New York Stock Exchange, the best percentage showing was made by Boston & Maine (B&M) at 159%, apparently largely not entirely based on aggressive buying for control purposes; and the poor showing by a number of Maine & Maine preferred stock which was up only 5%. Northwestern was weak with a decline of 10%. The performance with a gain of only 7% and even that modest advance was made possible only by a sharp jump during the closing days of the year. Of the common stocks that were down, there were 25 that outperformed the Dow-Jones Averages. There were 36 issues that scored gains less than 10% but during the year of which 22 were common stocks and 14 were preferreds.

At the top of the list, there were five stocks basically speculative in character that did unusually well falling into the "special situation" category. Aside from Boston & Maine common, the four stocks showing gains of better than 100% during 1954 were a small order of their formance, Chicago, Indianapolis & Louisville "B" stock, Missouri-Kansas-Texas common; Baltimore & Ohio common; and Missouri Pacific old preferred. Katy and Missouri Pacific were, of course, affected by reorganization hopes, while B. & O. was influenced by acceleration of the debt retirement program. The wide gain spread between "B" stock probably reflected to a considerable degree recurring returns of a possible merger.

There were six stocks with gains of between 90% and 100% last year. Half of this group was in the institutional caliber category—Dover & Rio Grande Western Southern Railway, and Kansas City Southern: the first two being up 88% and the last one named up 94%. In the speculative category, Bangor & Aroostook common, which pays no dividend, was up 80%; Maine Central, St. Paul & S. St. M. was up 97%; and Chi.-Nashville & St. Louis, which pays no dividend, was up 85%. There was only one stock in the 85-99% price appreciation range that was Atlantic Coast Line with a gain of 87%.

There were nine stocks that registered gains of less than 25% and all of them were stocks of a speculative or semi-speculative nature. The percentage showing among the common stocks was less than 8% for the year and was only up 12%. Other common in this category were St. Louis-San Francisco, up 21%, and Colorado & Southern, up 22%. Among common stocks that might be classified as suitable for institutional purposes, Reading, up 2% was a favorite, and the Pennsylvania, up 27%, and Norfolk & Western, up 28%, were also rather disappointing. All three are to a considerable extent dependent on the movement of coal.

Borsey, Payne Join Beache & Co. Dept.

Beache & Co., 36 Wall Street, New York City, announces the New York Stock Exchange and other leading stock and commodity dealers and is known to have contacts with financiers. It is as accurate as its sister, it is said, and in the New York City area in the investment counseling business, it is said, because it replaces the spoken with the written message. Unlike the telephone message, it is not vague and it fixes responsibility.

Tel-Autograph Corporation manufactures, installs, and maintains equipment which is leased, not sold. The company finds business forms where needed. A vigorous recent expansion will be made in introducing new models and new instruments. In the next few months a new instrument specially designed for office use will be introduced. A very promising line of research is in short wave telecommunication. Some day permit instantaneous long distance transmission of written communications.

Financial results are beginning to reflect the accelerating acceptance of Tel-Autograph. Gross revenues at the end of 1953 were up 50% from 1952, and the gross margin on sales that period advanced from 82 cents per share to $1.30. In the nine months ending December 31, 1954, Tel-Autograph's revenues were running 12% ahead of the record for 1953. Its net income was $1.50 against 90 cents. For all of 1954, earnings will approach $2.00. Prospects favor continuing sizable gains for 1955 and well beyond; in fact, gross sales next year should exceed $325 per share and net income for the first quarter may be as high as $1.25 cents quarterly may be increased in 1955. Tel-Autograph's long-term promise is enormous. Some day, the company believes, the whole of American factories and commercial enterprises may be coordinated by teleprinter communications systems. Some day, too, the company believes, the great potential will be a reality, and the instrument are probably will be in common use in offices. As an over-all instrument for reducing cost and increasing operating efficiency, the changing attitude on numeric teleprinter equipment deserves to be classified with the more glamorous and more widely appreciated computing machines and automatic production machinery.

At 32, its recent price on the New York Stock Exchange, Tel-Autograph is beginning to mirror the company's promise. The company, however, stock is not a stop in a day. It is currently 32% the patient investor, for steadily in the near future the year and extremely worthwhile long-term appreciation.

Securities Salesmen's Corner

By John Dutton

On Opening New Accounts

In those days it may seem a bit out of focus to bring up the subject of finding ways and means of increasing, maintaining, or increasing, in a first time in many years business is good in the investment field. Most investment men have more to do than time will permit, just servicing their established accounts. However, I believe that it is well worth our giving some thought on the part of investors, and the general public for that matter. In the past, bonds, presents an opportunity for the creation of accounts that has not existed for many years.

Regarding past efforts to encourage commercial use of money, we have believed that this might be a time to broaden your means from the aspects of the effect upon the economy. For example, one dollar and cents viewpoint it would not be profitable to spend too much time and effort on the small, uninitiated investor. This is certainly true as far as the matter of investment firms is concerned. My reasons for coming to this conclusion were:

Most small investors who have not been and are not now, and have had no funds in other forms of investment, are not capable of understanding the pros and cons of stock and bond investments.

This is not to say that understanding created a substantial barrier against taking advantage of available security situations. In order to cultivate a particular prejudice, educational effort is required.

The time and expense of a satisfactory educational campaign are constant as and linearly applied, it can not be underestimated. When someone submits an order it appears the entry is the unit of sale. Most new investors don't even know the product in the account. Furthermore, the investor often needs to develop this type of business which is more than he can afford to devote such manner of effort.

Reasons for a Changed Viewpoint

Although the foregoing conclusions may still be valid, I now believe that for the first time in many, many years, while to establish a department that would maintain a steady flow of funds, maintaining a profitable venture. The success for the past decade or two is due to the creation of an atmosphere of security and speculative tendencies can be held in check, we could be possibly developing the picture of a new and extremely worthwhile long-term investment.

The Timing is Right

We find people talking about the stock market; when they are telling their friends who have never invested in market assets about the larger dividend payments and capital gains they have achieved, then I believe we are talking about the situation where the type of advertising and sales campaigns designed to draw all types of investors into the market might well be worth the effort. The New York Stock Exchange, you ride along with it — and the coming of the season, the season that is the direction of those in the business of selling securities for the first time in years.

Next week this column will begin, we will find a series of columns that will contain suggestions for attracting possible business. We do not mean by this to go after new business, as well as continuing our efforts, and if you have questions, we hope you may be of some value to you.

Alm, Kane, Rogers Adds

(Continued from The Financial Consultant)

Dover, New Hampshire, November 12, 1953

The Commercial and Financial Chronicle Thursday, January 6, 1955

KINGDOMS TRUST COMPANY

Incorporated 1899

PULIT STREET AT CROCKET COURT SQUARE

In the Heart of Atlanta, Brooklyn

With E. I. Shelley Co.

(Continued from The Financial Consultant)

DENVER, Colo. — Le Roy D. Dolby has been added to the staff of E. I. Shelley Company, Ernest & Crammer Building.

The Security I Like Best

The Theorem of Financial Consultant, Thursday, January 6, 1955

28%.
As We See It

the basis of any study or appraisal of the past should be excluded at the outset. Although President Eisenhower has for the most part preferred to boast of "modernization," the middle of which has been as much or more of his programs, the fact remains that practically all of his positive measures run quite contrary to the lessons of experience and tradition. Inasmuch as, through the same, the New York Governor prefers to label "prevaling prejudices." Governor Dewey's record is certainly not free of the same.

Impetus From Washington

Governor Harriman finds it desirable that "our economy and gold supply. Some of the existing nature are of the opinion that "most of the impetus must come from Washington." President Eisenhower agrees to come with him. The New York Governor may well presently draw the line of particulars with which the president will sharply disagree, but the fact remains that the present Administration in Washington has hardly endorsed the so-called full employment philosophy of the Truman regime.

To date there has been no grave threat to "full employment"—what that means—since President Eisenhower took office. There was a belief over the business outlook brought rather drastic action by the monetary authorities of the nation, and some other proposals put forward in part as anti-deflationary measures were not to the books merely by reason of unwillingness on the part of Congress to do the President's bidding. By and large steps taken at Washington and programs proposed by the Administration of the New Deal and the Fair Deal, but the difference has been one of degree rather than of principle, and the same is to be said of such pronouncements as have come from the White House during the past two years.

The truth of the matter is, of course, that the only notice taken in Washington of "prevaling prejudices" has been to accept and ignore them. To the New Dealer and the Fair Dealer, and to all those on the President's party, for that matter—"prevaling prejudices" may mean simply the lessons that have been learned through the centuries and embodied in American traditions, and the American way of looking at life, its problems and its opportunities. Actually, the "prevaling prejudices" of the day, at least in political circles, appear to be dislike and scorn of experience. And—with deep regret it be said—these "prevaling prejudices" appear to be quite safe from harm at the hands of politicians whether in Washington, Albany or virtually any of the other state capitals.

If these appear to be harsh and disheartening words, let the record be examined to determine whether they are warranted, or, indeed, if they can safely be left unsaid. The New Deal, for example, popularized if it did not introduce the notion that economic ills can be cured (or remedied) by tinkering with what is now popularly known as the "money supply." The root of the reason the early Roosevelt steps—measures which were certainly among the "boldest" and the most startling in their disregard for "prevaling prejudices"—were those which abolished the gold standard and virtually all the canons of sound management of the currency and related matters. What changes in these New Deal programs have the years wrought? What has the Eisenhower Administration done to change them? To ask the question is to answer it.

Securities Markets in Shakles

Another early New Deal action was to put the securities markets of the nation in shakles. Through the years these shakles have again and again and again been tightened. What is the situation today? Of course, it is precisely where it was when President Eisenhower took office. He may well have been unable to do anything very much about it even if he had been disposed to try. "Prevaling prejudices" on the part of both the politicians and of the public are not easily changed—like the political tendencies of the day are—and they usually have been throughout history—to cater to "prevaling prejudices" just as Governor Harriman is now getting ready to do, his smooth words to the contrary notwithstanding. The New Deal early went to work to "soak the rich." They are still being soaked. Some of the most extreme of the extreme provisions of the New Deal and the Fair Deal (which could be foisted upon the American people only by reason of war conditions) have been very moderately modified, but nothing more can be said. Now, these very extreme provisions are now responsible for conditions in the securities markets of this nation which have stimulated comparisons with the 1928 debacle which gave the NYSE a DEATH KnocK in life.

Where can a leader be found who is not a slave to "current prejudices"? He is not in plain sight at this moment, and the country needs him as it needs little else.

Harriman Ripple Co.

Dorfman & Travis

Appointed L. M. Kirk, Sales Manager—Mutual Funds. Mr. Kirk will have headquarters in the firm's Boston and New York offices.

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Socil Welfare and the Trend Toward Government Paternalism

action by pointing to average wage levels in certain basic industries as a mere illusion.

The insurance business did not, however, persuade Congress to keep the $5,600 wage base. The possibility of the financial change to $4,200 is seriously out of line with the economic bene-
victims without adequate and reliable

prices.

upward direction is inevitable, for the reasons given, it should not be considered too highly. The answer to this question is a definite departure from the basic idea of profit sharing. It appears, however, that Congress has strengthened the principle to its very limit.

In upgrading these developments, it is difficult to resist the conclusion that Social Security in its present form is not fully accepted.

It seems inescapable that a fundamental necessity of Social Security thinking is taking place.

This means that voluntary insurance as an integral part of our entire sys-
em has a greater re-

do not exist, is incompatible with the idea of individual free-

The Social Security system is not a substitute for private insurance.

It could happen. Political pres-
sure and the financial strain and failure of the public to un-
extend the latitude of necessary adjustments. The national system of private insurance could lead to a complete break down of the Social Security sys-

tem. Gradually a national pension system might emerge. But there is no reason to believe that the era of ingratiating intervention in the OASI field may be drawn to a close. More and more, the facts are indicating that the social security system is not a substitute for private insurance. This does not mean, however, that welfare will be the last word in social security adver-
sion. The trend is too strong to hope for the absence of these allusions to the Social Security system. Consequently, the Social Security system must be provided with a strong umbrella against the self-same winds of Inflation. The upward movement of OASI benefits may come to a halt, and the Social Security system may have to be re-examined. But this does not mean that the Social Security system need not also benefit from expansion. It is certain that the benefits of Social Security can be increased by giving to the Social Security system a larger and more direct role. The Social Security system is not a substitute for private insurance. This does not mean, however, that welfare will be the last word in Social Security adver-
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They express opposition to socialization in medicine and contend that legal schemes to establish national health insurance are not a solution to the problem. In this view, health insurance is a form of private enterprise and should be left to the market. The League of Health Insurance Reformers, which advocates similar views, presented a resolution to the Senate. It emphasized the need to consider the implications of such schemes and to protect the rights of individuals to choose their own health care providers. The League also supported the idea of a "national health insurance trust" to provide a framework for voluntary health insurance plans. It argued that such a trust could help ensure access to care and promote competition among insurers. The resolution was adopted by the Senate, and the League was recognized as a leading advocate for voluntary health insurance. The League's efforts were supported by a number of organizations and individuals who shared its concerns about the impact of government action on the health care system. These included the American Medical Association, the League of Women Voters, and a number of medical associations. The resolution was supported by many senators and was ultimately adopted by the Senate. However, it did not receive much attention in the House, and the League was unable to gain significant support for its proposals. Despite this setback, the League continued to work on issues related to health care reform, and its influence in the Senate helped to shape the national debate on this critical issue.
Social Welfare and the Trend Toward Government Paternalism

The Housing Act of 1934, as first conceived by Congress, contained provisions for a new Federal National Mortgage Association (FNMA) as well as new expanded FNMA for the purchase of existing mortgages on a common market facility for VA and FHA loans as well as for "special assistance" functions. As an alternative to this provision, the Office on Economic Policy proposed a voluntary program to ensure the general availability of mortgage credit in small communities, remote areas, and for minority groups. The proposal was well received both by Congress and by other lenders. As a result, it was enacted into law. The new FNMA was also authorized. However, to the extent that the voluntary program is successful, it will by that much reduce the activities of FNMA and reduce the need for further government action.

The program is not designed to increase the overall supply of mortgage credit, but is aimed at making the most effective use of available credit by assisting applicants in obtaining government-insured and guaranteed loans from private lending institutions. Several insurance companies have indicated their willingness to participate.

Military Survivor Benefits

Another heartening feature of the FNMA program is that it assists military personnel. Presently, dependent families of military personnel frequently do not have the income to live near a military installation and who are being discriminated against under the existing program. Voluntary Home Mortgage Credit Program

Another heartening acceptance of a free enterprise effort came in the form of the Voluntary Home Mortgage Credit Program. This project is designed to provide for the purchase of existing mortgages on a common market facility for VA and FHA loans as well as for "special assistance" functions. As an alternative to this provision, the Office on Economic Policy proposed a voluntary program to ensure the general availability of mortgage credit in small communities, remote areas, and for minority groups. The proposal was well received both by Congress and by other lenders. As a result, it was enacted into law. The new FNMA was also authorized. However, to the extent that the voluntary program is successful, it will by that much reduce the activities of FNMA and reduce the need for further government action.

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tax system than we have ever had to substantially reduce our dependence on this form of revenue. We may well be permitted some reduction this April, but that will largely depend on next year, like this year, it will prove whether any such effort will succeed in solving this problem, in favor of a lack of other tax problems where the effect of tax liberalization

Delegation Allowances

The greatest advantage in the liberalization of delegation policy lies in the winter's shortening budget and plant and equipment. We suggested a few years ago that a greater measure of freedom were more fixed in the setting of rates than the liberalization permitted, that they allowed to write-off such a value as much in a year that the last year of its service life. I am glad to say that all are those of the industry. This agreement avoids the allocation of gains or losses, and in appropriate settings permits of additivity.

We in CED were also glad that belated recognition has been given to the fact that double taxation on corporate dividends violates the principles of fairness. We would have preferred that the matter be handled in another way. We feel it would have been more equitable if corporation stockholders were permitted to write-off a portion of the corporation profits tax as a withholding levy on their dividend income. Furthermore, this adjustment of the actual tax further than far granted cannot be considered to be more than a gesture. But a tax system always is improved by recognizing sound principles; and, if conditions permit, we perhaps can regard this year's allocation as the first of several steps toward removing this unjustifiable tax levies.

Where Do We Go From Here?

Meant by our yardsticks, 1954 goes over the history of more significant economic growth. The objective of a recovery was recognized in so many revisions of the old law.

But our yardsticks tell us there is a long way to go yet before the demands of our system are reasonably reconciled with our continuing need for economic growth. With the exception of delegation allowances, hardly more than a starting point, the tax system has long been a brake on those facets of the tax system which are conducive to economic growth. The key point of rates and by the lack of progress during this year’s deliberations.

Can we look for more progress in the coming year? Can we perhaps, start to work on new trouble spots in the tax system? I wish we were sure enough of the future to answer questions with a sounding “yes”. So long as so much of the weight of the tax system is thrown against incentive and initiative, I shall be concerned and impatient.

But 1953 is bound to be different. Because the tax law of 1953 that made tax cuts possible this year won't be the same next year. Some may be for better, some things may happen to increase the attractiveness of the tax law in some quarters, too, winds may shift again a bit. It all depends on how two different questions are answered:

(1) What is our surplus and what are the total level of taxes?

(2) What is our surplus and what are the total level of taxes?

Budget Policy

The answer to the first question will come when the Administration makes clear the budget policy it intends to follow. We can agree that we want enough tax revenue to balance the budget. But, in any given year, such action is more difficult to implement than it appears. We have always been told each year under all sorts of economic conditions that some questions determines our budget policy, as in the past, or in any other way, what will it be in the light of the actual level of taxes.

I am not going to try to guess what budget policy President Eisenhower and Secretary Hum-}

eralization of delegation policy.

We will lose, I figure, some $50 million in revenue in 1956 from two tax developments. The new, liberalized delegation allowances under this year's tax law, however, will remove this for good from the budget, so the stimulation of the government as much as $1.4 million in revenue this year. At the same time, the Mills Plan for increasing corporate taxes payments will not affect the government as much as $1.4 million in revenue this year. However, I think both these measures will help restrain the development of the corporate income tax in any selected racial taxes to go through. I must emphasize, how-}

ever, that these may not be the only in which Congress and the Administration will want to increase this amount of relief on the end, they find they are likely to afford it.天空 is, the changes have indicated that the Administration will oppose making any changes next year. It may turn out that this is the necessary course to take. However, we do not have enough

x enough information yet to rule out any tax reduction if we base our fiscal policy on balancing the budget at high employment. We won’t know enough until we know what the Administration expenditure plans are and have given them some study.

Revenue Studies

Whatever the ultimate decisions affecting the total tax level, there is always a chance to shift tax burdens within the present revenue code. A clue to possible shifts in fiscal 1956 can be found in the by-problems the Treasury and others in government are currently studying. There are six major tax studies now going on at treasury now. They are:

(1) How should capital gains be tax?

(2) Should consolidated returns be taxed?
In the Long Run

While the prospect for taxes in fiscal 1955 is not without its encouraging aspects, it isn't the bullish kind of prospect you and I would like to see. I can predict with regret that we will still be worrying about these effects of the tax burden on economic growth next year, year after, and for many years ahead.

Over the long run, I am convinced that the most significant source of tax relief will come from a better control of government expenditures. The art of budgeting $70 billion odd in government expenditures is not, as is so often thought, a relatively new or unfamiliar problem to us. It is, however, a problem which we must confront and which we must face at every opportunity — and the opportunity's always in the years ahead. I am convinced that much more attention has been devoted to finding loopholes in the tax law than to finding loopholes in the budget. We have a better chance of success in both.

It is, however, necessary to point out that the savings in the long run are only small. It would be advisable to try to sounder judgments about how much government spending is essential and about what services government should perform.

This art of budgeting Federal expenditures involves exploring each and every service of government and deciding whether any such services are worth the cost. It involves continually checking the effects of total government spending on the economic system. These explorations are very much like the explorations that the individual citizen, including our elected representatives, would pursue relentlessly.

Those who would explore the wisdom of government expenditures will find the Federal budget department a rich field of investigation. It is the one place where most of the government's expenditures are set down on paper; where their benefits or their costs can be measured in light of their costs. How this department could be of great public importance in teaching us how to make decisions in government is obvious. As I said before, this art of Federal budgeting is crucial, there are many unexplored avenues for improvement.

It is because of the newness of this art that I, for one, look forward to the more progress in policy in the long run. I believe that deciding the quality of expenditure decisions is bound to lead to thinking about this business of Federal budgeting more efficiently — more methodically. I think we have come to the point where perhaps the individual citizen will think of the public interest in the control of government expenditures in the same way that he thinks of the public interest in the control of national income. As I said before, this art of Federal budgeting is crucial, there are many unexplored avenues for improvement.

In general, therefore, I believe we must be able to make Federal budgeting decisions which will make low taxes possible.

Pros and Potential In Tax Policy

...
1955—The Consumer Is Back in the Driver’s Seat

customer that business has. He, of course, wants to pay his bills for national defense, and on that he really clamped down, and it is not to be supposed that the consumer will do much business in the same way as he did a year ago. The reason is not a lack of money, but a lack of desire, and that is a different thing.

The Federal Reserve in many minds is, what about 1955? We have consulted many businessmen, bankers, farmers, manufacturers and merchants—and the prevalent opinion is that business will be better than 1954. If so, where will the business come from? The businessmen themselves are still treading cautiously and so it seems.

The business is to rise above current levels it must come from somewhere. Spending by state and local government and more spending by consumers. Most of the "more" is up to the consumer.

Where Will We Go and How Will We Get There?
The casual reader, wandering through the worthwhile but somewhat over-simplified e's, is likely to get up and down dizzy. Perhaps this can be avoided by realizing that the sketch is merely an attempt to take care of the major things that have happened. Explosions of expenditure, remember that in the money economy, nothing exists that has not first been produced for sale. Therefore total production equals total real spending. If it is easier to analyze the situation in terms of expenditure, it is the basis of the method that keeps business expanding.

How much business activity de
clined since the peak of last year is indicated by the difference in the height of the bars. Spending the productive man—or the consumer—whether you want to call it—or declined from a seasonally adjusted annual rate of $376 billion to $355 billion. This is a mere 4% recession in consumer buying in the 1929-1933 period. The production blocks show changes in rates of spending by major groups of goods and services. Wage rates are high, profits good, and the rise in living standards is an encouraging sign. The National Defense, Federal Government, etc., all of these factors account for the decline.

At the Department of Commerce, where the data are still on the rise, and the population clock ticks off a birth every eight months, toil cut death every six months, the arrival of an every 24 hours, and the departure of one individual every 12 seconds. So by December 1955 there will be 2,250,000 more people, the equivalent of another Philadelphia rdn five Wednesdays on the Delaware.

The basic force that keeps business expanding is consumer spending.

Consumer Spending

The obvious fact that consumer spending is the lion's share of the spending. At present it is 66% of the total. In terms of war, as in 1944, it goes as low as if it were to be excited by any gain of peace as we knew it, the consumer would be the greatest spending over between 65 and 70%

Since no one knows how the consumer will feel, we can do is to look at his recent behavior. The available evidence of what it is to the consumer's spending habits. Currently, the consumer dollar is not sufficient to meet the needs for nondurables, 55% for services, and 4% for durable goods.

Fortunately for business, the biggest category is nondurables, which consists of food, clothing, smoke, gas for the family car, medicine from the drug store, and

The 12-cent item for durable goods looks like a sure winner. It is good only as a filler to make the total come out to a hundred. But it is the feeding on $20 worth of cake. It is the motor car with $200 horsepower; the TV with a 24-inch screen; the self-winding thermostat, water-cooled refrigerator. This is the area where consumers are least pre
disposed to contract to spend more. Actually, it is the real price of work and lay off some factory workers.

Changes in total spending for durable goods are reflected man
erly by fluctuations in purchases of new automobiles. Domestic reg

where business is up to the consumer.

The outlook for sales of automobiles and major household ap
ilines is better than it was a year ago or even a half year ago, according to the latest report from the Survey Research Center at the University of Michigan. About Continued on page 37.
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14 Wall Street

New York, N. Y.

The Commercial and Financial Chronicle . . . Thursday, January 6, 1935

Fidelity Fund, whose assets at the beginning of 1954 were $91,723,843 at the close of the fund's fiscal year ended Nov. 30, an increase of $7,631,253 for the year.

The CROSBY CORPORATION, owners of this prospectus, and the Fidelity and Patri¬

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CALVIN BULLOCK

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New York, N. Y.
Lord, Abbott & Co. Admits Six Partners

The annual report of American Home Stock Company, Inc. for its 22nd fiscal year ended Nov. 30, 1954 shows net assets of $32,251,000 equivalent to $44.49 per share compared with $33.97 on Nov. 30, 1953 an increase of 52 cents a share.

Investments in stocks and cash amounted for the year to $35,507,940 a year ago.

The George PUTNAM FUND of Boston

Amor. Business Shares Reports 13% Share Gain

Lord, Abbott & Co., 63 Wall Street, New York City, investment managers, announce that the following were admitted to general partnership in the firm on Jan. 1, 1955: Alvin H. Berndt, Gerald M. Goodman, and R. J. Johnstone.

THE COMMON STOCK FUND of Group Securities, Inc.

A PROSPECTUS ON REQUEST from your investment dealer

162 Wall Street, New York 5, N. Y.

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1955—The Consumer Is Back in the Driver's Seat

spinning frames become yawn; some are on the looming in process of becoming cloth; some are on the cutting tables of the needle traders, and some are in the show window as finished suits for the consumer to gaze upon and permit to buy. Minerals dug out of the earth, fruit and fiber, harvested on the farm, things hauled by the railroads and trucks are somebody's inventory and remain so in one form or another until the final customer says, "I'll take it." Then the goods cease to be business inventories and become consumer inventory, but there are no records of consumer inventory.

The money tied up in inventories is tremendous. Inventories are influenced by every purchase, by every sale, by every business decision. The business indicator labeled "inventory changes" is one of the twitchiest instruments on the business dashboard. Such changes are also the seasonal changes, the "prominent" seasons. Inventory liquidation naturally has a depressing effect on business and the process has been going on longer than more people expected it would. Since the process of liquidation slowed between the first and second quarters of 1954, it was inevitable that this end would be almost in sight. But surveys by the third-quarter inventory report showed an accelerated rate of inventory liquidation compared to expectations. Now what? Here again we must grope for answers.

In our September survey of capital formation in the Philadelphia metropolitan area this question: "Except for seasonal changes, do you plan to increase, maintain, or decrease inventories in the near future?" About 79% said they were planning to maintain inventories at the levels and only 21% said they were planning to decrease inventories three or so, it doesn't look any too good. Subsequently, however, there has been a noticeable change for the better in the business climate.

The Federal Reserve Board's Index of Industrial Production is picking up. Increased orders for major industries during October and November helped to confirm the opinion that inventory depletions is braving to a halt and that some producers are beginning to re-stock. Moreover, according to a recent survey of the National Association of Purchasing Agents, inventories of "purchased materials" have about reached bottom. Another favorable sign is the growing backlog of new orders in the steel industry, together with increased activity in steel production.

While there is no indication of a big rush from inventory depletions to accumulation, a mere slowdown or cessation of inventory liquidation would have a favorable effect on the economy. Cessation of inventory liquidation at the third quarter rate of about $8 billion would indeed have a salutary effect, and it is entirely in the realm of possibility before long.

Business Investment Spending

Capital outlays for plant expansion and modernization of equipment have been running at a rate of over $6 billion since the end of World War II. This rising trend was interrupted only twice—an abrupt stop in 1954 and last year—investment in plant and equipment hit a peak a slighted $28 billion in 1953, and for 1954 it will be approximately $26.5 billion. It is rather generally expected that such output will continue to diminish in 1955.

Our survey among manufacturers in the Philadelphia metropolitan area, reported in our November "Business Review," definitely shows a declining trend. Utilities and railroads in this area, however, plan to spend just about as much as they did during 1954. According to estimates of the Department of Commerce and the Securities and Exchange Commission, business expenditures on plant and equipment during the last quarter of 1954 were 9% below the year-ago level and about 3% below the estimated 1954 average. The McGraw-Hill survey conducted in October indicates that manufacturing concerns will reduce expenditures in 1955 by 7% below level of last year, and all industries are planning to reduce capital outlays 5% in 1955.

Pain in all the drooping forecasts of capital openness already tipped with suspicion as a slighted off the past quarter with a new round of inquiries, production, and sales. Seen with extra-long vision now they foreseem possible upturn of capital expenditures by 1956 and possibly as early as 1955. This opinion is supported by the editors of "Fate" in their report on prospective capital expenditures.

On current and appraised prospects, total spending by businessmen ought to give businesses a lift in 1955. Smaller outlays for plant and equipment are likely to be more than counterbalanced by greater outlays for inventories.

Government Expenditures

All government spending in the third quarter of 1954 amounted to the annual rate of $7 billion. As such, this represented a $2 billion drop, accounting for 21% of total government expenditures. It is apparent, therefore, that government purchases of goods and services were responsible for over one half of the slowdown in total expenditure. The second quarter of 1953 and the third quarter of 1954, forecasts of "pending orders" on the course of our chart. Expenditures of the Federal Government in 1953 and 1954, according to the Federal Government and other estimates, have slowed down about $1 billion but it is unlikely that the trend will continue at this rate. It is clear that the Federal Government is already slowing down in annual expenditures and that the trend is most likely to be further reduced (assuming no new changes) to the rate of $42 billion, which should be the rate for fiscal 1956.

State and local government expenditures in the third quarter of 1954 amounted to an annual rate of $4 billion, and $42 billion of that was for national security. Since the cessation of fighting in Korea, defense expenditures on national security have been on the decline. Federal defense outlays were cut back by $12 billion since the second quarter of 1953, but it is unlikely that further large reductions can be made. We are still spending $20 billion a year for defense and the maintenance and R & D, fringed defense costs, which are national security are enormous. What remains, therefore, is that the freeze is still on the declire, it is believed that they cannot drop below about 9% of gross national product. Secretary of Defense Wilson has revealed that the reduction in defense spending from current levels is planned for fiscal 1956.

State and local government expenditures were cut back to a rate of $28 billion a year in the third quarter of 1954, and the long-term trend is upward. A substantial part of state and local government outlays comes under the category of education and transportation, and little or no decrease in the rising trend of expenditures is in sight in either of these categories. Despite all the construction of school facilities in the past few years, there is still a long way to go. We now have a great number of children of school age between six and 17, and it is projected that they will be crowding into this age group because of the high post-war birth rate. Overcoming the roadblocks is always as bad as in the schools and kindergartens. The number of motor cars on the highways has increased from 29 million in 1946 to 48 million today. The number is expected to reach 60 million by 1960, and the problem will be admitted to be one of the thorniest we face.

Prospective government spending in 1955, therefore, looks like this: some decline in Federal outlays, some increase in state and local expenditure, with increases of the latter eroded by decreases of the former.

Courage With Caution

Analysis and examination of each of the major causes of spending leading to the conclusion that business expansion and moderate moderately beyond current levels. The $365 billion with a question mark is placed on the chart not for two reasons: the idea that spending will help, and for the reader the reason we mean by moderate spending will be the expectatation of increased consumer spending. A slighted after recent construction at present levels, more expansion in business spending, and a slighted over-all increase in government spending. An expansion of the third-quarter rate of spending to $365 billion would be a little short of 3%.
### Indications of Current Business Activity

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**BANKERS’ DOLLAR ACCEPTANCES OUTSTANDING AT FEDERAL RESERVE BANKS OF NEW YORK**

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**BUSINESS ENCOURAGEMENT (NEW IN THE CUSTOMS & EXCISE) & SHASTRAIN, INC.—Month of November**

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The State of Trade and Industry

78% of rated capacity and the average rate for the quarter is expected to be near that figure.

The market for flat-rolled products such as hot and cold-rolled sheets and galvanized sheets is already virtually sold out and a spurt in timely business is also expected. Note, however, that a lack of timely production schedules reflects high production schedules of auto producers. They are expected to continue through May when present wage contracts of General Motors and Ford expire. Therefore, the market outlook for all steel products, especially those requiring long order periods, will be uncertain in the near future for reasonably quick delivery, this trade authority asserts.

One of the most convincing signs of solid recovery in the steel market is the turnabout in hot-rolled carbon bars. The bar market was slower to improve than the flat-rolled market, but it is beginning to rally and is expected to be important because bars are used in a great many diversified manufactured articles and firm improvement in bars reflects a brighter outlook for manufacturing recovery.

Cold finished bars and alloy bars are also making a solid comeback. Steel companies have seasonally weaker and oil country goods is still undergoing a belated inventory correction. But these steel segments are expected to improve in the near future for constructive and oil industries are pointed toward new records.

The steel scrap market is stronger this week. "The Iron Age" steel scrap price index moved up 1.3 points in one week, to 61.7 points. Domestic passenger cars produced ended 1954 with assembly of their 5,500,000th unit of the year, according to "Ward's Automotive Reports." A year ago, 1,090,000 cars, an increase of 100,101 cars or 16.7% above the corresponding 1953 week, and an increase of 40,792 cars or 7.8% above the corresponding week in 1952.

U. S. Auto Output Registers Further Declines in December

The automotive industry for the latest week, ended Dec. 31, 1954, according to "Ward's Automotive Reports," assembled an estimated 1,099,000 units, or 12% above last year's 965,000. The final week's output registers 4,902, an increase of 9,412,000,000 used cars, and an increase of 2,772,000,000 used cars, or 100,000,000 used cars, in the week like 1953.

Car Holdings Decline 12.6% Below Preceding Week

Loadings of revenue freight for the week ended Dec. 25, 1954, was estimated at 9,412,000 tons, or 17.5% below the week ended Jan. 1, 1953.

The industry's input production rate for the weeks was based on annual capacity of 121,538,410 tons as of Jan. 1, 1951, and 96,100,000 tons as of Dec. 31, 1954, respectively. The rate was computed at 1,358,800 tons a year ago, a year ago the actual weekly production was placed at 1,358,800 tons.

The percentage figures for 1953 are based on annual capacity of 117,547,413 tons as of Dec. 31, 1951.

Electric Output Declines Further In Holiday Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Jan. 1, 1955, was estimated at 9,412,000,000 (preliminary figure), according to the Edison Electric Institute.

This week's output constituted a decrease of 60,000,000 kw., below the holiday week of the previous year, or 100,000,000 kw., or 15.0% below the corresponding week in 1953 and 1,712,000,000 kw., or 100,000,000 kw., in the week like 1953.

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The percentage figures for 1953 are based on annual capacity of 117,547,413 tons as of Dec. 31, 1951.
The page contains a table listing various securities and their related details. Here is the structured representation of the table:

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Type</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 6</td>
<td>Pennsylvania RR</td>
<td>Preferred</td>
<td>99 1/4 NY</td>
</tr>
<tr>
<td>January 7</td>
<td>Union Trust Co. of Maryland</td>
<td>Common</td>
<td>86 9/16</td>
</tr>
<tr>
<td>January 10</td>
<td>Aluminum Ltd.</td>
<td>Common</td>
<td>7 1/20</td>
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<tr>
<td></td>
<td>Consolidated Diesel Electric Corp.</td>
<td>Common</td>
<td>6 1/40</td>
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<tr>
<td></td>
<td>Duke Power Corp.</td>
<td>Common</td>
<td>6 1/40</td>
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<tr>
<td></td>
<td>Seven-Up Bottling Co. of Los Angeles</td>
<td>Common</td>
<td>5 1/25</td>
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<td></td>
<td>Stylon Corp.</td>
<td>Common</td>
<td>5 1/25</td>
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<tr>
<td>January 11</td>
<td>Commonwealth Edison Co.</td>
<td>Bonds</td>
<td>4 23/32</td>
</tr>
<tr>
<td></td>
<td>Imperial Minerals Ltd.</td>
<td>Common</td>
<td>3 3/4</td>
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<tr>
<td></td>
<td>Publix Service Corp.</td>
<td>Preferred</td>
<td>1 1/40</td>
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<tr>
<td></td>
<td>United Gas Corp.</td>
<td>Common</td>
<td>1 1/40</td>
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<tr>
<td>January 13</td>
<td>American Steel &amp; Pump Corp.</td>
<td>Bonds</td>
<td>1 1/40</td>
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<tr>
<td></td>
<td>Beacon Associates, Inc.</td>
<td>Debentures</td>
<td>1 1/40</td>
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<tr>
<td></td>
<td>Missouri Pacific RR</td>
<td>Common</td>
<td>1 1/40</td>
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<tr>
<td></td>
<td>Stafe Fire &amp; Casualty Corp.</td>
<td>Debentures</td>
<td>1 1/40</td>
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<td>January 14</td>
<td>Citizens National Trust &amp; Savings Bank of Los Angeles</td>
<td>Common</td>
<td>1 1/40</td>
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<tr>
<td></td>
<td>Green Mountain Uranium Corp.</td>
<td>Common</td>
<td>1 1/40</td>
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<tr>
<td>January 17</td>
<td>Arizona Golconda Metals, Inc.</td>
<td>Common</td>
<td>1 1/40</td>
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<td></td>
<td>Canada General Foods Common</td>
<td>Common</td>
<td>1 1/40</td>
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<tr>
<td></td>
<td>Colonial American Corporation</td>
<td>Debentures</td>
<td>1 1/40</td>
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<tr>
<td></td>
<td>Duquesne Light Co.</td>
<td>Common</td>
<td>1 1/40</td>
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<tr>
<td></td>
<td>Hydro Mfg. Co.</td>
<td>Preferred</td>
<td>1 1/40</td>
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<tr>
<td></td>
<td>Mid-Continental Corp.</td>
<td>Common</td>
<td>1 1/40</td>
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<tr>
<td>January 18</td>
<td>New England Power Co.</td>
<td>Bonds</td>
<td>1 1/40</td>
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<tr>
<td></td>
<td>Food Mart, Inc.</td>
<td>Common</td>
<td>1 1/40</td>
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<td>January 19</td>
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</tbody>
</table>

The table includes various companies and their securities, along with the type of security and the price. The prices are listed in NY or NY. The table is part of a larger financial document, which includes various other entries not shown here. The document appears to be a catalog or database of securities and their prices, likely used for financial transactions or investment purposes.
**Chesapeake & Colorado Uranium Corp.**


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**Continental Loan Co., Dallas, Tex.**


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**Demars Engineering & Manufacturing Corp.**

Dec. 2 filed $5,000,000 of 6% cumulative participating preferred stock (par $100 per share). Proceeds—To repay debt and for general corporate purposes. Offer—$100 per share. Underwriter—Blyth & Co., Inc., New York.

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**Duke Power Co.**

Dec. 1 filed 1,000,000 shares of common stock (par $1). Proceeds—For general corporate purposes. Offer—$1 per share. Underwriter—None. Proceeds—For general corporate purposes. Offer—$1 per share. Underwriter—None.

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**Duke Power Co.**

Dec. 2 filed 22,000,000 shares of common stock (par $1). Proceeds—For general corporate purposes. Offer—$1 per share. Underwriter—None. Proceeds—For general corporate purposes. Offer—$1 per share. Underwriter—None.

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**Duquesne Light Co.**


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**East Tennessee Water Corp.**

Dec. 30 filed 500,000 shares of preferred stock (par $100). Proceeds—For general corporate purposes. Offer—$100 per share. Underwriter—None. Proceeds—For general corporate purposes. Offer—$100 per share. Underwriter—None.
Great Western Uranium Co., Reno, Nev. Dec. 28 (letter of notification) $125,000 of 5½% five-year mortgage bonds of the company (par $100) to be offered in units of $1,000 note, due Nov. 1, 1984. Proceeds—for mining purposes. Office.—761 West St., San Francisco, Calif. Underwriter.—Goodwin, J. R., New York.  

Green Mountain Uranium Corp. (1/14) Nov. 3 (letter of notification) 150,000 shares of common stock (par $1).—Proceeds—For mining purposes. Office.—761 West St., San Francisco, Calif. Underwriter.—Goodwin, J. R., New York.  

Greensboro Utilities Co. May 14 filed 160,000 shares of preferred stock (par $100). Proceeds—For retirement of debt. Office.—1418 Record St., Sandusky, Ohio. Underwriter.—None.  

Haltom Electric, Inc., Salt Lake City, Utah Price.—5% stock dividend. Office.—108 South 2nd W., Salt Lake City, Utah. Underwriter.—Carter, S. W.  


Karns, Chi., Ill. A 1% stock dividend. Office.—4951 S. Western Ave., Chicago. Underwriter.—None.  


Mac Fos Uranium, Inc., Salt Lake City, Utah Sept. 18 (letter of notification) 4,000,000 shares of common stock (par $1). Proceeds—for development and expansion purposes. Office.—205 Ninth St., Salt Lake City, Utah. Underwriter—Salt Lake Securities Co., same city.  


Marion River Uranium Co. July 1, (letter of notification) 1,000,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—for development expenses. Underwriter.—Cerrie & Co., Hanover, N. H.  


President—Mr. W. E. Alldredge, Salt Lake City, Utah.  

Price.—At par ($1 per share). Proceeds—for oil and gas operations. Office.—Truckee Bldg., Carson City, Nev. Underwriter.—None.  


Price.—At par ($1 per share). Proceeds—for oil and gas operations. Office.—Truckee Bldg., Carson City, Nev. Underwriter.—None.
Commodity prices from page 43

**Meatloaf Fair Corp., Albany, N. Y.**

Dec. 27 (letter of notification) $3,600,000 of 6-year 6% debentures due Dec. 15, 1960 (with stock purchase rights); $1,200,000 of shares of preferred stock, one vote with each share, dated Dec. 15, 1960. The company will be required to issue such shares of preferred stock by Feb. 15, 1961, with consent of the New York Stock Exchange. Depository—New York Stock Exchange. Underwriters—Bear, Stearns & Co. and A. C. Allyn & Co., Inc., both of New York.

**New Brunswick Trust Co., New Brunswick, N. J.**


**New York Stock Corporation.**

Dec. 6 (letter of notification) $700,000 of common stock (par $5) to be offered in exchange for 374,034 shares of common stock (par five cents) of Highway Trailer Co., at rate of one share of Highway Trailer Co. stock for each five shares of common stock of the trailer company. 

**Nippon Steel Mines Co., Ltd., Toronto, Canada.**

Jan. 3 filed 1,200,000 shares of common stock (par $1); and common stock purchase warrants for 276,000 shares of additional common stock. These securities are to be offered in 92,000 units, each unit containing one share of common stock and a warrant to purchase three shares of common stock for $1 par value payable in cash on divestment or debentures at par. Proceeds—Expected to be a maximum of $10,000 per unit. Proceeds—To expand mill, to meet needs of continued growth. Underwriters—David Belding, Co., and for general corporate purposes. Offices—415 Congress St., Portland, Me.; and 300 Front St., Seattle, Wash.

**Northern California Plywood, Inc.**

Sept. 13 filed 790,000 shares of common stock (par $5); and 5,000 shares of 5% cumulative participating preferred stock (par $100). Proceeds—To purchase properties of Paragon Plywood Co., and purchase and raw materials. Office—Crescent City, Calif. Underwriter—None. Sales to be made through Raymond Benjamin Roberts.

**Queensboro Airlines Co., Inc., Uniontown, Pa.**

Dec. 8 filed 150,000 shares of common stock (par $1). Price—$3.50 per share. Proceeds—To repay bank loans and to reduce bank indebtedness and provide working capital and cash. Underwriters—Graham & Co., and 506 Beason St., Columbus, Ohio. Underwriter—Raymond Benjamin Roberts.

**Paramount Uranium Corp., Moab, Utah.**

Oct. 7 (letter of notification) 2,500,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—To further exploration and development of uranium and oil properties. Office—1816 8th St., Box 80, Rapid City, S. D. Underwriter—Philip Gordon Co., 10th St., Rapid City, S. D.

**Salt Lake Hardware Co., Salt Lake City, Utah.**

Oct. 7 (letter of notification) 2,994,000 shares of preferred and common stock (par $10), to be first offered to employees who have been employed by the company for a period of at least one year. The company requested that no subscription be received after Feb. 4, 1955. Proceeds—to increase working capital and provide funds for expansion. Office—400 S. 500 East, Salt Lake City, Utah. Underwriter—J. A. Dolge & Co., Inc., Salt Lake City.

**Saniculium Corp., Santa Fe, N. M.**

Sept. 14 filed 300,000 shares of common stock (par one cent). Proceeds—to increase working capital and provide funds for expansion and development expenses. Underwriters—I. Klein and Co., Inc., and McCracken Securities Corp., both of New York.

**Seven Up Bottling Co. of Los Angeles, Inc., California.**

Dec. 14 filed 19,767 shares of common stock (par no) to be sold for the purpose of obtaining funds to purchase and lease equipment and machinery. Proceeds—To increase working capital and provide funds for expansion. Office—120 N. Union St., Santa Ana, Calif. Underwriter—Quincy Gas Associates, Los Angeles, Calif.

**Slick Rock Uranium Development Corp.**

Oct. 8 (letter of notification) 2,300,000 shares of common stock (par $1) being offered for subscription by underwriter and prior property owner to be amended, for the purpose of providing working capital and for expansion and development expenses. Office—Newhouse Hotel, Salt Lake City, Utah. Underwriter—Van Blokhem & Co., same city.

**Solomon Uranium & Oil Corp.**

Nov. 7 filed 700,000 shares of common stock (par one cent). Price—$10 per share. Proceeds—for mining expenses. Office—506 Beason St., Columbus, Ohio.

Somerset Telephone Co., Norwich, Me.

Unifarm Corporation

Cashier.


Star Uranium Corp., Salt Lake City, Utah


United Artists Theatre Circuit, Inc. (1/24-28)

International Uranium Corp.

To be offered for subscription by holders of class A and B common stock at the rate of one new share for each two shares held. Price—To be announced. Proceeds—To be used to expand its business. Underwriter—A. M. Kidder & Co., New York, N. Y.

Stimnes (Huge) Corp., New York


Superior Uranium Co., Las Vegas, Nev.

United States Steel Corp., Chicago, Ill.


Tacony Uranium Corp., Denver, Colo.


Tarry Bell Mines, Ltd. (Canada)


Texas International Sulphur Co.

June 21 filed 4,555,000 shares of common stock (par $10). Price—$10 per share. Proceeds—For subscription by stockholders at the rate of one new share for each five shares held. Price—Estimated at $10 per share. Proceeds are for account of certain selling stockholders. Price to be determined by competitive bidding. Underwriter—Lehman Brothers, Inc., New York, N. Y. Underwriters—Leland C. Egbert & Co., New York, N. Y.

Textcrete Structural Product Co., Dallas, Texas


Utah Natural Gas Co., Bldg., Salt Lake City, Utah

Sept. 14 (letter of notification) 1,000,000 shares of common stock (par $10). Price—$10 per share. Proceeds—For acquisition of certain groups of claims. Address—Box 766, Salt Lake City, Utah. Underwriter—Wallace Brokerage Co., same city.

Utah Consolidation Mining Co., Provo, Utah


Utah Uranium, Inc., Salt Lake City, Utah


Utah Apex Uranium Co.


Utah Uranium Co., Salt Lake City, Utah


Utah Western Natural Gas Co., Clarksburg, Va.

Sept. 28 (letter of notification) 10,000,000 shares of common stock. Price—At the market (estimated at $1.37 per share). Proceeds—To Elizabeth D. Hardman, the selling stockholder. Underwriter—Barrett Herrick & Co., Baltimore, Md.

Weng Copper Mines, Inc., N. Y.

Nov. 18 (Regulation "D") 800,000 shares of common stock (par $10). Price—$25 per share. Proceeds—For general corporate purposes. Underwriter—C. E. Barnsdale & Co., New York, N. Y.

Wenco Exploration Co., Dallas, Texas

Nov. 20, 1932 filed $29,000,000 12-year 6% debentures. Proceeds—$100,000 and 380,000 shares of common stock (par $10) to be offered by sale on principal of outstanding debentures and for other corporate purposes. Underwriter—None.


Wisconsin Industries, Inc., Dallas, Texas

Undertaking.

Aug. 31 (letter of notification) 2,000,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For exploration and development expenses. Office—508 Kearns Bldg., Salt Lake City, Utah. Underwriter—Austin & B. Sherman Brokerage Co., the same city.

West Coast Pipe Line Co., Dallas, Tex.

Sept. 25 (letter of notification) 10,000,000 shares of common stock (par $10). Price—To be offered by amendments to registration statement. Proceeds—To be used to develop an additional 120,000,000 feet of pipeline and to buy a 1,000 mile crude oil pipeline. Underwriter—Lehman Brothers, Inc., New York, N. Y. Proceeds—To enable the issuance of $15,000,000 of first mortgage bonds of Wallace Co., Samuels Hotel, Wallace, Idaho. Underwriter—J. A. Sale, Idaho Falls, Idaho.


30. Sept. offered 1,000,000 shares of common stock. Price—at the market (estimated at $1.37 per share). Proceeds—To Elizabeth D. Hardman, the selling stockholder. Underwriter—Barrett Herrick & Co., Baltimore, Md.

Western Plains Oil & Gas Co.

Mar. 24 (letter of notification) 100,000 shares of common stock (par $1). Price—$47 3/4 per share. Proceeds—To be offered by amendments to registration statement. Proceeds—Proceeds—To be used to develop an additional 120,000,000 feet of pipeline and to buy a 1,000 mile crude oil pipeline. Underwriter—Lehman Brothers, Inc., New York, N. Y. Proceeds—To enable the issuance of $15,000,000 of first mortgage bonds of Wallace Co., Samuels Hotel, Wallace, Idaho. Underwriter—J. A. Sale, Idaho Falls, Idaho.

Wilco Oil & Minerals Corp.

Nov. 2 (letter of notification) 200,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For expenses incidental to oil activities. Office—715 Bond Building, Dallas, Texas. Underwriter—S. D. Underwriter—Fenner-Streitman & Co., New York, N. Y.


Dec. 9 (letter of notification) $150,000 5% registered debenture notes (subordinated) maturing 10 years from date of issuance. Price—At par. Proceeds—For working capital. Office—966 No. Second St., Philadelphia, Pa. Underwriter—None.

Winn & Lovett Grocery Co.

Dec. 23 (letter of notification) not to exceed $235,000 aggregate value of common stock (par $1) to be offered to employees. Proceeds—For general corporate purposes. Office—300 Edgewood Court Jacksonville, Fla. Underwriter—None.

Woodland Oil & Gas, Inc.


Wyoming Uranium Mining Co.


Utataco Mines, Inc., Salt Lake City, Utah

Prospective Offerings

Air-Way Electric Appliance Corp. Dec. 6 directors approved proposals to increase the authorized preferred stock by 500,000 shares of $10 par value, to authorize 1,000,000 shares, and to authorize $5,000,000 of preferred stock. Proceeds—To repay bank loans and for new construction. Underwriter—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lehman Brothers; Underwriter—Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Salomon Bros. & Huttenl and Union Securities Corp. (jointly); Lehman Brothers; Halsey, Stuart & Co.; and The First Boston Corp. (jointly).—To be offered by December 31, 1955.


Chicago & Eastern Illinois RR Dec. 6 announced its intention to offer $15,365,480 of 5% income debentures due Jan. 1, 1955, in exchange, par value, for all outstanding 5% dividend paying Series A stock (par $40). The offer will expire Jan. 21, 1955.


Procter & Gamble Co. (2/14) Nov. 16 announced plans to issue and sell $10,000,000 of 5% income debentures due Dec. 1, 1971, for construction program. Underwriter—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lehman Brothers; Kidder, Peabody & Co.; and The First Boston Corp. (jointly).—To be issued in January, 1956.


Majestic Auto Club, Inc. Nov. 23 announced plans to sell 500,000 shares (par five cents) to the general public for its motor club purposes. Underwriter—Straus, Blonder & McDowell, Chicago, Ill.

Missouri Pacific Ry. & Co. (1/13) Nov. 8 announced plans to sell 110,000 shares of common stock (par $1) for $15 per share. Proceeds—To be used for general corporate purposes. Underwriter—None.

New England Telephone & Telegraph Co. Oct. 19 announced plans to sell 800,000 shares (par $1) to the public for its telephone expansion program. Proceeds—To be used for general corporate purposes. Underwriter—None.

New York, Chicago & St. Louis RR (11/1) Nov. 6 announced plans to sell 360,000 shares (par $1) for $1000 per share. Proceeds—To be used for general corporate purposes. Underwriter—None.

North Penn Gas Co. Dec. 17 announced plans to issue 420,000 shares of common stock (par $1) at $25 per share. Proceeds—To be used for general corporate purposes. Underwriter—White, Weld & Co.; and Kuhn, Loeb & Co. (jointly).—To be received up to noon (EST) on Jan. 11 at 905 Terminal Tower, Cleveland, Ohio.

Penn-Texas Corp. Oct. 7 announced plans to sell 28,000 shares (par $1) at $25 per share. Proceeds—To be used for general corporate purposes. Underwriter—White, Weld & Co. (jointly).—To be received up to noon (EST) on Jan. 11 at 905 Terminal Tower, Cleveland, Ohio.

Pennsylvania RR (1/16) Nov. 1 announced plans to sell $6,810,000 equipment trust certificates, series C, due July 1, 1970, for $500,000 each. Proceeds—To be used to develop proven oil reserves, including an expanded drilling program. Offerings—No definite date.

Rockland-Atlantic National Bank, Boston (12/25) Dec. 23 announced plans to issue 100,000 additional shares of common stock (par $1) for $10 per share. Proceeds—To be used for general corporate purposes. Underwriter—First Boston Co., underwrite.

Sahunah Corp. of America (2/14-18) Dec. 13 announced plans to sell up to 200,000 shares of common stock (par $.01) for $5 per share. Proceeds—To be used for general corporate purposes. Underwriter—First Boston Co., underwrite.


Texas Electric Service Co. (2/23) Dec. 21 announced plans to issue and sell $7,000,000 6% income debentures due 1960. Proceeds—To refinance $7,000,000 3% debentures due 1955; for construction and general corporate purposes. Underwriter—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lehman Brothers; Underwriter—Kuhn, Loeb & Co.; and The First Boston Corp. (jointly).—To be sold in December, 1955.

United States Steel Corp. Dec. 18 announced plans to issue and sell $12,500,000 of additional common stock due 1955. Proceeds—To be used for general corporate purposes. Underwriter—Halsey, Stuart & Co. (jointly); Kuhn, Loeb & Co. (jointly); and White, Weld & Co. (jointly).—To be received by January 15, 1956.

Utah & Idaho Uranium, Inc. (7/16) Sept. 7 Lester S. Harrison, President, announced that his company will be constructing a uranium mining operation in Utah by the sale to the public of its uninsured treasury stock. This financing will enable the company to continue its current drilling program.

Virginia Electric & Power Co. Nov. 1 announced that company was reorganized under the laws of the Commonwealth of Virginia. The reorganization increased its capital stock from 50,000,000 shares to 90,000,000 shares. Underwriters—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Lehman Brothers; Kidder, Peabody & Co.; and Wells, Fargo & Co. (jointly); Kuhn, Loeb & Co.; and Salomon Bros. & Huttenl and Union Securities Corp.; and White, Weld & Co. (jointly).—To be offered by November 15, 1955.

Western Light & Telephone Co., Inc. Nov. 24 announced plans to issue a maximum of 3,000,000 shares of $5 par value common stock (the latter by the sale of 600,000 additional shares of common stock (the latter by the sale of 600,000 additional shares of common stock (the latter to the public of its uninsured treasury stock. This financing will enable the company to continue its current drilling program.

Historically, the Holly Corporation has been arranged to be followed by a public offering early in 1956 after which Holders of the Corporation have soldings of Holly Uranium Corp. stock to its stockholders.

Other $1,000,000 will be used to finance accounts receivable, inventory, and fixed assets. Funds remaining are to be used to develop proven oil reserves, including an expanded drilling program. Offerings—No definite date.
to serve notice that it is keeping a watchful eye on the situation.

Investment bankers, as men-

Our Report’s
WALL STREET ordinarily gives its January and February months
ings on stock markets are
keenly observing the situation.

States, is very much concerned in the

reporting period.

cation, on the other hand, con-

are doing a business much which moves out of the way

most of the attention today is being
tending to tip-upunderwriting capital.

At the moment things are all right in one sense, but a bit dis-

concerning in another. The big

market, and which comes

Several large pieces of equity

are being done this month and early next on a sub-

stantial scale. Although New

York Midland Corp., with its offering of $15,000,000 in Edin-

brooke convertible preferred stock, touched off the parade yesterday.

Common stockholders record at the close had the right to sub-

scribe for $15 worth of preferred stock for each 10 common

holdings. Rights expire here on Jan. 18.

But Aluminum Ltd., com-

comes right behind, with holders of rec-

ords record of Dec. 28, being entitled to subscribe, at 57 1/2 a

share, for one-for-one exchange of

stock on a one-for-one basis. In this case the "standby" for bank-

ers and brokers means that considerable capital could be

And in the offer is General

Molers projected offering for $15,000,000 of new capital via rights to common holders. The

record date has not yet been set, but offering is slated early next month at that Stock Exchange

firms especially may find them-

selves pulled in from time to time in the interval.

Big Equity Month

Although there is a goodwill equity month now we also have a security

scheduled, January looms as a

money month, being an un-

usual volume of corporate equity offerings.

These will be almost wholly in the utility field judging from a

calendar of offering which includes United Gas Co.'s 175,000 shares,

account of the Electric Bond & Share Co., and one-for-one exchange of

shares of Edison. In the nature of new

financing, but rather repre-

senting clear out of the latter

Farmers' holdings.

However, Public Service Elec-

tric & Gas Co. is slated to market 250,000 shares of $100 par pre-

ferred and Duquesne Light has 49,000 shares of 5%, plus

166,000 shares of preferred

scheduled. In addition, Duquesne Trans-

Co. will market 100,000 shares of preferred and 400,000 shares of

In Margin Rate

Underwriters were not overly concerned about the effortless stock

of the Reserve’s mark-up of margins re-

quired to be met at 10%-1/2%. They

accepted this action as continuing

compliance with the Federal Reserve’s direction that the Fed-

eral was a bit concerned by the

notion of a new regulation in the 1933-1934 tax

SITUATION WANTED

TRADER

Trading experience in all classes of stocks, stocks and shares of the

business. Box D10, Commer-

cial & Financial Chronicle, 35 Park Place, New York, N. Y.

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WASHINGTON, D.C.—Housing is the most obvious issue in an election year, and it is likely to be a key campaign theme in the upcoming midterm elections in 2022. The Federal Reserve Bank of St. Louis reports that the housing market is expected to remain strong, with new home sales and existing home sales both expected to increase. The report notes that the recent increase in mortgage rates has not yet had a significant impact on the housing market, but it is something to watch for in the future.

The report also highlights the challenges of the housing market, including affordability, supply constraints, and the impact of the COVID-19 pandemic on construction. The report concludes with a call for continued policy support to help maintain the momentum in the housing market.