Next Ten Years in Retailing

BY HON. JAMES C. WORTHY
Assistant Secretary of Commerce

Predicting a $300 billion annual economy by 1965, Secretary Worthy cites the vast consumption that will arise from our growing population and the heavy capital outlays of industry and government. Lists as basic economic factors underlying the economy's growth: (1) continuing high rate of population growth; (2) expanding technical research; (3) high level of capital investment; (4) heavy Federal and local government expenditures; (5) opportunity for increased foreign trade and foreign investments, and (6) gradual reduction in the proportion of the military take of nation's total output. Urges retailers prepare systematically for shifts and trends in economic conditions.

In undertaking to talk about "The Next Ten Years in Retailing," I must stipulate at once that I have no more insight into what the future holds than any of you. No one can predict with any degree of assurance what combinations will shape our economy over the decade ahead. Despite my necessary caution, there are certain trends and tendencies that are now discernible, and we can talk with some degree of assurance about some of the possibilities that the future holds.

To us in Washington, as I know you to be in business, the past year has been an encouraging one as the economy has shifted from being mainly concerned with restoring our military strength, to again satisfying more broadly the wants of the consumer. In retrospect, it is clear that the transition was accomplished with remarkable smoothness. Business once more demonstrated its flexibility under conditions of rapid changes in particular segments of demand. The sounder govern-

Continued on page 91

*An address by Secretary Worthy before the National Retail Dry Goods Association, New York City, Jan. 10, 1954.
The Security I Like Best

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

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

MAURICE S. BENJAMIN
Senior Partner, Darlington & Co.
New York City

Members, New York Stock Exchange

Combustion Engineering Inc.

My favorite stock would have to be a company in which I would like to invest my life savings. Besides my time and energy I would like to invest my experience in the Business of Combustion Engineering Inc.

This country's economy faces the most dramatic expansion in its history and the greatest growth in its development has occurred in the Atomic Energy Industry. In this field Combustion Engineering Inc. will be a leading factor.

This 70-year-old business specializes in generating equipment for public utilities, industrial and marine plants. It is one of the largest companies of its kind in the world, having eight plants in the United States and Canada, and subsidiaries and representatives in 21 foreign nations.

One example of the magnitude of this company's growth, as illustrated to the T.V.A. is the following: it will generate all the steam required for 1,000,000 kw, furnishing for 250,000 horse power. The boiler, designed for this huge steam structure, is 156 feet high, contains 125 miles of steel and alloy tubing; weighs about 10,000,000 pounds; will require about 250 carloads to tranship and large tonnage 100 tons of coal per hour. It is designed for a capacity of 1,500,000 pounds of pressure. It cost $100,000,000 and took 15 years to build in the present plant and another 15 years to erect it at the site. Its efficiency is about 60%.

One can understand why Combustion Engineering Inc. is one of the most important companies in the atomic power industry. It is a company that has a great future in the Atomic Energy Industry. It is a company that is growing rapidly and is one of the most promising of the atomic energy industry. It is a company that is going to make a big contribution to the atomic energy industry.

The company has a 14-year record of continuous dividend payments, up to July, 1954.

COMING EVENTS

In Investment Field

Jan. 24, 1955 (Chicago, Ill.)
Bond Traders Club of Chicago annual dinner at the Franklin Chicago Hotel.

Jan. 24, 1955 (Chicago, Ill.)
National Security Traders Association 24th annual dinner at the Blackstone Hotel.

Jan. 23-25, 1955 (Chicago, Ill.)
Association of Stock Exchange Firms meeting of Board of Governors.

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

May 18-20, 1955 (White Sulphur Springs)
Investment Bankers Association Spring meeting held at the Sheraton Hotel.

Sept. 11-13, 1955 (Macinaw Island, Mich.)
National Association of Stock Traders Association annual convention.

Sept. 16-17 (Chicago, Ill.)
Investment Bankers Association Fall meeting of Board of Governors.

Sept. 21-25, 1955 (Denver, Colo.)
Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 16-18 (New York, N. Y.)
National Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 27-Dec. 2, 1955 (Hollywood, Florida)
Investment Bankers Association annual convention held at Hollywood Beach Hotel.
Problems and Prospects Of the French Economy

By C. DOUGLAS DILLON* U. S. Ambassador to France

Ambassador Dillon, after describing the political and economic problems of France resulting from the devastation of war, and the progress made in solving these problems, opines that a full revaluation of future prospects in this key European nation. Says the inflation curve in France has flattened out and confidence in the French currency restored. Points out government controls are still held in the minds of Frenchmen, and there are opportunities for American capital in France. Lists some promising courses for future action in French economic field.

Because of my background in the investment field, I have naturally taken a great interest in the French economy. This is a most important subject for all of us, far more than the more spectacular vocations of the National Assembly. The strength and weakness of the French economy in the long run will determine the influence of capitalism in France, and the nature which France will hold in the world and in the Western European setup.

The French economy means a strong France, a weak one means a French crisis. At the beginning of the war, the exchange value of the French franc had been almost fixed at its official parity. A government budget of the time, which confirmed the official parity of the franc, was a very important factor, and it was through the maintenance of the franc at this official parity of 6.6 francs to the dollar that France was able to maintain a great degree of stability and prosperity. In a short time, however, the franc was unable to maintain this official parity of 6.6 francs to the dollar, and it was forced to devalue its currency.

The devaluation of the franc was a very important factor in determining the course of events in France. It was through the devaluation of the franc that France was able to maintain its position in the world and in the Western European setup. The devaluation of the franc was a very important factor in determining the course of events in France. It was through the devaluation of the franc that France was able to maintain its position in the world and in the Western European setup.

In the SECOND section of the issue will be found our usual tabular record of the high and low prices, by months, of every stock and bond issue in which dealings occurred on the New York Stock Exchange during 1945.

N. Baxter Jackson Sees Greater Role for New York City Bank

President Eisenhower's Budget Message

The Real Issue (Boxed)

Regular Features

We See It As (Editorial)

Business Man's Bookshelf

Coming Events in the Investment Field

Dealer-Broker Investment Recommendations

Einstein's "Philosophy of the Wall"

From Washington Ahead of the News

Indications of Current Business Activity

NSTA Notes

News About Banks and Bankers

Observations—A. Wilfred May

Our Reporter on Governments

Our Reporter's Report

Public Utility Securities

Railroad Securities

Securities in Registration

Prospective Security Offers

Securities Salesmen's Circular

The Market...and You—By Wallace Strettel

The Security I Like Best

The State of Trade and Industry

Washington and Wall Street

BUSINESS AND FINANCE SPEAKS AFTER THE TURN OF THE YEAR

Starting on the cover page of this issue, we present a number of essays appearing in an annual review of the economic outlook of the year. In the essay, we have presented the economic outlook for the year by economists and other experts.

In the INDIAN section of this issue, we will be presenting a number of papers on the economic outlook for the year. In the essay, we have presented the economic outlook for the year by economists and other experts.

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*An address by Ambassador Dillon before the Board Club luncheon, New York City, Jan. 14, 1945.

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Articles and News

"Business and Finance Speaks After the Turn of the Year"

(Personal views of Government Officials and Leaders in Trade, Industry and Finance on the economic outlook for 1955)

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PHILADELPHIA
The State of Trade and Industry

Total industrial output for the country as a whole advanced about 5% above the similar period in 1954. Substantial gains were registered in the production of bituminous coal, electric power, automobiles, crude oil, while losses were noted in civil engineering construction and the output of lumber and paper.

The latest reports indicated that the number of initial claims filed for unemployment insurance benefits in the week ended Jan. 1, was at the highest level in almost a year and 28% above the preceding week. Continued claims in the week ended Dec. 25 were 5% above the prior week and 18% higher than in the corresponding week of the preceding year. Temporary layoffs for inventory taking and curtailment in food processing, textiles, apparel, lumber and metal products contributed to the increase.

The Federal Reserve Board currently reports that industrial production in December topped the year-earlier level for the first time since 1954. And a further gain is indicated this month by rising steel and automobile output. It placed industrial production in December at 194.8, 3% above the 1953 level, and for all 1954, however, output averaged 193.4, against 193.1 in 1953. The recent gains will be the most important factor in the steel market this year, states "The Iron Age," and national moving weekly, this week. Both the steel industry and its biggest customer, the auto industry, will be negotiating labor contracts during the first half of the year. Both will find the going tough.

There is no reason to believe that both will be able to clear the wage battle without a disrupting strike. But even if new wage agreements can be worked out peacefully in both industries, the coming bargaining will add strong push to the steel market. On May 1 the United Steelworkers of America can serve notice of its desire to reopen its contract on wage rates only. If a new agreement is not reached by midnight of June 30, the union is free to strike.

But a month before the steel wage contract deadline the famous 5-year pact in the auto industry expires. If labor is serious about what it has termed a "sorely needed annual wage" this year, it looks as if "Ward's" comment, that "if his United Auto Workers will have to fight the fight again," could be true. The steel union, apparently has no thought of torturing the language of his present contract to fit the GIA issue.

In addition to the UAW Mr. Reuther is President of the CIO. This recalls an interesting period. When the late Phillip Murray was President of the CIO his own steelworkers' union usually led the annual wage fight. It is doubtful that Mr. Reuther will be able to get to first base with his demand for a 15% or 16% increase. But the bargaining in Detroit is bound to have a very strong effect on the steel wage talks.

The auto industry is expected to use up about 1% of cars as it can before wage talks are over. The idea being that a reservoir of cars will be available if the bargaining breaks down. But so far there is no evidence that there is any threat of the terrific production schedules that keep a regular work week after week—and tighten the steel market proportionately, declares this trade paper.

Independent car makers, operat¬ing at their present output levels, pushed domestic motor vehicle production to an 88-week peak the past week.

"Ward's Automotive Reports" counted 177,838 car and truck completions for United States car makes, 5% more than last week. Scheduling was the highest since 1956, fol¬lowed in April of 1943. Promoting the increase, the weekly publication stated, that a 43% gain by the Independents who began their "comeback" in the topmost weekly total since 1949 were recorded in late January a year ago. "Ward's" commented, however, that supply problems continue to restrict the monthly record's true output is restricting over 30% of the output.

"Ward's" also reports Chrysler Corp. nudged 20% of United States car output last week and the Independents 4.2%. An additional 27% went to Ford Motor Co. of United States and 48% to Chevrolet Corp., indicating no marked de¬cline from the 1955 production pattern.

The statistical agency says that Chrysler, Ford and Plymouth, in that order, continue to lead in production, United States and Canada.

Within the Independents the United Motors Corp. volume was divided evenly between Hudson and Nash, but Studebaker-Packard Corp. dom¬inated the group's operations.

Production is up to the point in January of this year and the grip was at the 641,973-unit December level and a fantastic new car man¬ufactory situation on Jan. 31 even if sales fall from the record December rate.

Domestic new car sales in De¬cember were 6% above the 1953 822 high retained in June, holding December a 16% gain over the year-ago level.

Heavy Saturday work persists in the industry. Ford again sched¬uled all of its 16 assembly plants on the extra day the past week. Elsewhere, Mr. S. K. Fromm closed down its Metuchen, N. J., factory Thurs¬day last, due to an unauthorized strike. According to Secretary of Labor Mitchell, in the labor market, last week rose to 1,215,000, up 10% from 1953 and second only to 1950's record. A slow start, home building activi¬ties wound up 1954 with a flourish.

Work was begun in December on a new high for the month. The steadily rising momentum from mid-March on was attributed by the Secretary to the liberalized loan provisions of the new hous¬ing law.

Steel Output Scheduled This Week at 84% of Capacity

A strong first half is shaping up for 1955 in the steel market, says "Steel," the weekly magazine of metalworking, the current week. Some mills are booked fully for the first six months on some produc¬ts, particularly the light, flat¬rolled. Other mills see their first half books filling so rapidly they are telling manufacturers they should get orders in right away before all space is taken up.

A substantial amount of this strength comes from the automo¬bile industry. It means, in a big production push to beat a possible post-automobile strike at the end of May. To meet strengthened demand, the steel industry boosted its ingot output last week. Jan. 16 to 82% of capacity, a rise of 1.5 points over the previous peak. Last year 49% of mills operated at only 74.5% of a smaller capacity.

By midyear, automobile industry re¬quirements may be swelling either because of a strike or be¬cause all new-auto needs will be fed. Production in the steel industry is the largest user of steel, a decline in its ordering would relieve some of the pressure on the steel in¬dustry. A decline in steel pro¬duction in the middle of the year will not be unexpected. At the beginning of the year some anal¬ysts said they expected the 1955 steel production trend line to look like the profile of a scarcer. They thought output to take a dip during the summer and rise at the end of the year.

Continued on page 105
Observations . . .

By A. WILFRED MAY

THAT STOCK MARKET "OUTLOOK"

(For Use January 1, 1956)

Following our custom begun in last year's Annual Review and Outlook issue, this column outlines observations on the stock market's most important bullish and bearish factors which logically should influence prices in 1956.

8 BULLISH FACTORS

(1) The permanent politically-motivated guarantee against major depressions furnished by both active and stand-by government interventions; currently highlighted by the current (as of $101 billion) highway construction program.

(2) The high level of business activity, manifested by industrial output and stock market records, indices, with the economy's appearance of being in a New Era expansion period.

(3) The expectation of a further increase in construction in 1956, with housing enjoying its second best year in history with approximately 1.5 million units, and new construction expected to establish a record at $39 billion—against $37 billion in 1954.

(4) The marked investment of purchasing power and individual savings, whose performance is assured through the perpetual rise in wages and the power of labor.

(5) Budgetary inflation is bolstered by the ever-continuing Cold War.

(6) The remarkable increases in the nation's population, abetting the great postwar expansion of the country's economy.

(7) The market's investment status, in contrast to the speculative credit and market leadership of former major bull markets. Deals are practically on a cash basis with 95% of all securities being purchased outright.

(8) The secularly rising market vulnerability and of demand for the American market. This support of bulls abroad as well as here, with constant advents of regularly-programmed buyers.

(9) The current advantageous dividend and earnings yields, as the latest Dow-Jones index and in their relation to the probable level of new highs.

(10) The restrictive influence of the tax on capital gains, which decreases the opportunities for enormous unrealized appreciation.

BEARISH FACTORS

(1) Over-capacity of business. Increasing competition combined with higher labor costs have kept profits way behind increases in volume; pre-tax profit margins falling from 19%, for over $1 million properties, down to 13.5% for some key industries.

(2) Likely uptrend of interest rates on the labor front as via violent agitation, including the possibility of strikes, for a fair wage.

(3) Projective harder money policies, which are already fore-shadowed by the Federal Reserve's Proposed New Budget, with Treasury bills, and harking of margin requirements. In any event, discriminatory credit restrictions, which no political friends—of the stock market—will be made to see, the mortgage area.

(4) The high level of private debt as of 1953 and 250% since 1945.

(5) Unlikelihood of tax relief, with the actual reversal thereof in New York State.

(6) Counter-setting the inflationary influences, the normally controlling impact of chronic over-production in most sectors of American industry.

(7) Stock prices' present generous multiple of earnings, which is generally left in being derived from a high level of economic activity—a situation the converse of 1949.

(8) General vulnerability of today's market level. Reduced price-earnings and dividend yields, down 32% and 22% respectively since a year ago, with many blue chips in the stratosphere; ancient corresponding enhancement in the relative attractiveness of the take-home pay from tax-exempt bonds to the moneyed investor.

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January 17, 1955

WASHINGTON . . .

You and I

Behind-the-Scenes Interpretations from the Nation's Capital

WASHINGTON, D. C.—That the forthcoming study of the securities market will be the prime job of two men who are steeped in the scholarly lore of political science.

The first of these is Chairman J. William Fulbright (D, Ark.), of the Senate Banking Committee, and the second is Robert Williams, just selected to be Staff Director of the Banking Committee.

While Senator Fulbright was a law student, he reflects an interest in the forms of government, influenced by the British example, led him to make an unique suggestion. When Mr. Truman lost the 88th Congress to the Republicans, Mr. Fulbright, although a Democrat and fairly well established as a "liberal," nonetheless in a spirit of academic-motivated self-sacrifice proposed that Mr. Truman appoint a Republican to a Cabinet post in the line of succession, and step down to make the way for a Republican President. This, of course, reflected the British traditional way of casting a voting on the basis of election of a popularly-chosen parliament.

Dislikes Investigations

Senator Fulbright personally dislikes investigations. As the readers of the "Chronicler" are perhaps aware, the Arkansas Senator hastens to ex-

Continued on page 128

The potential disappearance of the capital gains tax as a deterrent to liquidation once a major depression has got under way; coupled with the non-importance of that tax factor as a profit-taking deterrent to pension funds, fiduciaries, and mutual funds.

(9) Wall Street's present "get-rich-quick" atmosphere—in contrast to the toughness of making a living elsewhere.

(10) The forthcoming Fulbright "study," carrying at least psychological effects of "authoritative" underlining of the public's confidence in the stock market.

This observer does not possess the wisdom to weigh the relative potency of the above-quoted effects in affecting 1955 stock prices; or, if so, to know whether they will have any effect at all. To commentators and the investment community in general he modestly ventures to commend their observations in providing for January, 1956 a supply of explanations from which then can be selected to fit the market's preceding 1955 behavior.

Palmer, Pollacchi Adds

(Special to The Financial Chronicle)

BOSTON, Mass.—Glady S. Al-\n
bell has been added to the staff of Palmer, Pollacchi & Co., 84 State Street.

Joins H. J. Lange

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Charles W. St. Louis, has been connected with H. J. Lange & Co. Inc., 314 North Broadway.

NEW ISSUE

January 20, 1955

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The offer is made only by means of the Prospectus.
Wheels on Keels

By IRA U. COBLEIGH
Enterprise Economist

A slight review of progress in the water transport of freight,
carried on rolling stock, and a date—look at certain com-
panies engaged in expanding this traffic.

Whereas elsewhere in this edition, the security savants, and the
financial and industrial elite pre-

tected their informed opinions of 1953, this column
will be content to set down a few notes about what may turn out to be a
quite important industry—water trans-
port of truck trailers. The background is quite interesting.

We all recall the many ferry lines that cut their steady swaths across long stretches of carrying people, cars, and later, trucks. They made an aquatic bee-line, with dozens, and sometimes hundreds, of miles. Road miles. There were Hudson River ferries, 20 or 30 of them, crossing on the Missis-
ippi, Ohio, Missouri, Delaware, Connecticut and Columbia Rivers; and many spanning our lakes and bays. One by one, however, either because the roads got better, or bridges were built across,
most of these ferries stopped ped-
ding; and many an historic double	–
dernder up and down on the Ama-
zon or the Orinoco.

Seatrails, Inc.

Railroad car ferries have seemed a little more durable. Dozens still operate in New York Harbor; there's a big Great Lakes service of the Pere Marquette R.R.; and an extensive east–west service operated by Seatrain Lines, Inc.

This Seatrain Lines, Inc., has proved that putting wheels on keels is not only sound theoretical economics, but can pay off at the dividend window. The company has paid cash dividends since 1941, the present rate being 50c on the 1,000,000 common shares outstanding.

The issue sells at 12½ above the

Seatrain Lines owns six specially

designed ships, each with four decks, and a 100 freight car capacity. These craft ply in three regular round–trip runs, New York, Cleveland, New Orleans, and Texas City.

Railroad opposition to this sea run has, from time to time, been strongly in evidence, but Seatrain has marched steadily for

ward and now grosses over $12 million a year.

But, to revert to highway freight units — there were some big changes in this going. Trucks which had grown from 2 tons to 15 or more still weren't big enough. There is a big shipment by rail when his vehicle was standing by, or equally well, on the same time be propelling a loaded truck over the road. To use the freight trailor on origin point, (2) movement to shipside, (3) place-
ment of loaded trailer on ocean vessel, (4) the subsequent ocean movement, (5) off loading of the trailer, (6) movement of trailer to destination point.

The rather apparent advantages of this comprehensive trailer ser-
vice would seem to be speed, with substantial savings because goods and merchandising need not be crated and uncrated, and need not be stored on dock or pier where they might be pilfered or damaged. Further, door to door transport without rehandling seems assured.

Subsidiary companies have at

early established service between Porto Rico and Florida, and Porto
Rico and New York. The New York run has been designated as the rental of space on a Liberty ship, but the Florida–Porto Rico service is expected shortly to be served by a converted LST hall, for roll on, roll off, trailer operation. In fact, the financing referred to above, is to be voted on among other things, funds for purchase of this LST, plus trailers and certain terminal equipment, as later, in the descrip-
tive circular.

The prospect for substantial fu-
ture growth for TMT Trailer Ferry, Inc., is indicated by another impor-
tant arrangement with Allied Van Lines, "growth" industry.

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The Commercial and Financial Chronicle ... Thursday, January 20, 1955

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AMOUNTS, MATURITIES, AND YIELDS OR PRICE

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<td>400,000 ea. yr.</td>
<td>1977-80</td>
<td>2.80</td>
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(Accrued interest to be added)

The above Bonds are offered, subject to prior sale before or after appearance of this advertisement, for delivery when, as and if issued and received by us, and subject to the approval of legality by Messrs. Wood, King & Dawson, Attorneys, New York City. Interim Bonds of the denomination of $1,000 will be delivered pending the preparation of definitive Coupon Bonds.

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January 20, 1955.
Facing the Future With Confidence

By HARLOW H. CURTICE
President of General Motors

Predicting the national economy will reach a new peak in 1955, with automobile sales at "the highest in our history," head of leading auto producer predicts an aggregate output of 7,600,000 cars and trucks. Describes General Motors expansion policy as "business-friendly to consumer demands. Strongly endorses Administration's $100 billion highway program, which, he stated, will provide transportation facilities to match heavy capital investments made by industry.

At this time last year, a great many people were pessimistic about the business outlook. I did not share that feeling. Perhaps you, or your friends, still do not recall the unusual optimism that prevailed in 1953.

However, I think all of us are interested in the future. We should be, because, as my good friend, Mr. Kettering, puts it, that is where we are going to spend the rest of our lives. So, once again, I shall discuss the prospects for the year ahead as I see them.

I suspect it will come as no surprise to you that I am optimistic about business generally in 1955. However, I strongly feel that the same 30% decline in defense deliveries, defense products represented 14% of total dollar sales, which is an important fact. After the Na-1955 A Highly Competitive Year

Nineteen-fifty-four was a highly competitive year in the automobile industry. It was the first full year since 1940 in which the normal competitive forces of the market exerted themselves.

Unfortunately, bookkeeping, which is the wholesaling of new cars by franchised dealers to used-car lots and other unauthorized outlets, was widespread. It had a demoralizing effect on the retail price structure as did the pressures created by the disposal of slow-moving merchandise. These factors adversely affected the earnings of franchised dealers. Despite this, dealers handling General Motors products enjoyed another profitable year.

The national economy demonstrated itself to be even more invincible than many forecasters had believed a year ago. Inflationary pressures again were held; inventory adjustments were accomplished, and a sound and orderly transition was made from the war to a peace-time economy.

American industry maintained a high level of activity without artificial government stimulus.

Most elements of our economy showed surprising strength. The construction industry, both public and private, established a new record. Housing starts, for example, were 19% above my own forecast last January, which was based on extremely optimistic estimates.

Capital expenditures by all industries reached a total of $27 billion, a near record figure.

Consumer disposable income increased to $20 billion, and the entire consumer spending rose throughout the year. Employment remained high.

While the final figure is not yet available, it is estimated that the gross national product for 1955 was the highest for any peace-time year and within 2% of the 1953 all-time record.

This demonstrates conclusively that American industry has the capacity and the leadership to keep the economy strong and vital.

- Naturally, I am pleased that the 1954 results have confirmed my estimates. Probably it would be better for me if I did not risk further my amateur standing as a business prophet.

However, I think all of us are interested in the future. We should be, because, as my good friend, Mr. Kettering, puts it, that is where we are going to spend the rest of our lives. So, once again, I shall discuss the prospects for the year ahead as I see them.

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...
What Convertibility Means to Business

By DONALD F. HATHERTON
National Foreign Trade Council

Foreign trade expert, after defining currency convertibility and the concept of business, with its diverse activities, discusses relationships of foreign trade to convertibility. Says convertibility is essential to a free market economy, which comprises: (1) freedom to locate potential buyers; (2) freedom of choice for the customer; (3) opportunity to compete; (4) the right to deliver merchandise without hindrance; and (5) the right to transfer proceeds of sale and receive payment in the currency agreed. Points out convertibility requires a full-fledged, functioning exchange market. Stresses importance of maintaining as well as fixing convertibility.

Granted that convertibility is a vital and timely topic, it is doubtful whether there is anything fresh or new to be said of major consequence about the requirements and the implications of convertibility per se. On the other hand, I believe that there is a great deal to be said publicly concerning the public and private opinions of business, both at home and abroad, with respect to both policies and actions. There is a definite gap to be filled: there are, unhappily, misunderstandings in both directions to be corrected.

On reflection it sometimes seems as though we had been discussing the prospects and prerequisites of convertibility from the beginning of time, and—what is more—in repeating circles. The immense importance of convertibility has been heralded so often that the average man certainly may be excused if he has become a bit cynical about the whole idea. Actually, convertibility alone is hardly worth the attention and amount of attention it has received. But convertibility has become something more. It has become in a sense not only a shining symbol, but also a convenient peg on which to hang views and recommendations regarding a variety of truly fundamental matters. The inevitable result has been to confuse cause and effect, propensities and decisions, political choices and economic forces. Small wonder if the business man and the lay public are perplexed as they try to fathom the merits of conflicting arguments and assertions.

I

Concepts of Business

What convertibility means to business is a difficult matter, if not wholly, a matter of "practical" interest. It involves more than a partiality of views and an appraisal of effects, perhaps the best way to proceed is by taking a look at the terms themselves.

In the broadest, most general sense, business is thought of as including the complete process of production and exchange, and, moreover, capitalized quantitatively by the total amount of all transfer transactions occurring during a specific time period. More narrowly, business also is regarded—perhaps with greater frequency—as identified with or denoting a specific sector of the economy, usually that portion concerned directly and primarily with financial and distribution, i.e., "industry" and "trade." This concept may be widened to permit inclusion of closely related services, such as finance, insurance, and transportation. From still another angle, business is at times visualized as an institutionalized grouping of firms and persons engaged in the interlaced branches of activity, and that is its national approach and outlook. Where individuals are thus involved, business becomes virtually synonymous with management, and the business view is the managerial view. There are other concepts of business, but these are three of immediate, pertinent import.

Whatever the formal concept, business is far from being indivisible and homogeneous is vastly diverse in interests, attitudes, and scope of activity. The uniformity and identity attributed are largely illusion. A distinction must be made between business which is essentially local or national in character and business which is international, since the problems met and the personalities involved are decidedly different. The concepts and practices valid for the one type may not prove to be so for the other. There are divergencies confined to those created by the factor of geography. They exist even as between firms in the same area or field of endeavor, and to a lesser extent may be found within the single firm.

These concepts combine into a single whole. They underline, nevertheless, the fact that convertibility’s meaning for business must be read in a plural or multiple sense. In addition, they go far toward explaining certain inconsistencies and contradictions of which business as a whole has been accused, but which more properly should be differentiated from the business cited in particular settings. Furthermore, they provide a schematic backdrop against which to trace the varied implications of convertibility.

II

Convertible and Foreign Trade

We know from observed experience that the degree of interest in and confidence about international trade tends to recede the farther removed one is from the scene of action. It is not surprising, therefore, that among business groups the merchant and investor who has demonstrated the greatest consistent awareness of what convertibility involves. Foreign trade, in fact, is by nature the first sector of the economy to feel the impact of a change in the international environment, and has the most to lose should the trend be adverse.

Here, as a parenthesis, it should be understood that "foreign trade" comprehends more than mere merchandising exports and imports. "Foreign continued on page 37.
Business
Man's Bookshelf


Joins Baxter, Williams & Company — former name of the corporation is now joined by the partners of Baxter & Williams & Co., Union Commerce Building.

Joins Beer Co. Staff (Special to The Financial Chronicle) ATLANTA, Ga. — Perry H. Ginberg has been added to the staff of Beer & Company, Trust Company of Georgia Building.


Selected Economic Indicators of the Federal Reserve Bank of New York—Public Information Division, Federal Reserve Bank of New York, New York 45, N. Y. (paper), on request.

Now With Goodbody Co. (Special to The Financial Chronicle) C H I C A G O, Ill. — William J. Cohen is now connected with Goodbody & Co., 1 North La Salle Street.

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Subscription offer: The company is offering the rights to purchase, through warrants issued to the holders of the Common Stock of Texas Industries, Inc., the Notes at the rate of one share for each share of Common Stock of Texas Industries, Inc., owned, as is more fully set forth in the prospectus.

The several Underwriters have agreed, subject to certain conditions, to purchase such of the 300,779 shares as are not issued pursuant to the Subscription offer. Common Stock may be offered by the Underwriters in set forth in the prospectus.

Subscription price to Warrant holders $3.00 per share

Copies of the prospectus may be obtained from any of the several Underwriters only in states in which such Underwriters may legally offer these shares in compliance with the securities laws of the respective states.

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January 14, 1955

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Prescott, Shepard & Co., Inc.
The market... and you
By Wallace Sterett

Stocks reached new lows for the reactionary movement this week, which, with the weakness in Treasury bonds under judicious prodding by the Federal Reserve, kept many observers caution and basic left to the market itself the task of indicating what comes next.

From a technical standpoint the reaction is still well within the bounds of a normal correction of the spiral advance that started early in November. A growing body of opinion has settled on the area around 375 as the bottom unless the reaction is to be more extensive than currently expected. The big unknown is how far monetary policies are going to tame the market with the psychological effects of a Congressional investigation also to be weighed. From the standpoint of timing, the consensus is that a trading range could exist for anything from three to as much as six months without altering anything basic.

Liquidation Less Urgent Selling shows signs of abating somewhat in urgency. The Jan. 5 setback was on a volume of 4,640,000 shares while this week's slump, which did approximately the same damage to the averages, brought out only 3,360,000 shares. Nearly 1,000 issues last ground in the earlier downturn which was whittled to 949 losers in this week's harash handling. The sour note was the latest upset carried industrials three points lower than the previous low for the year with the rail average's new bottom representing a smaller retracement.

As had been widely expected, the market uneasiness found especially vulnerable the blue chips that have carried the bull movement so far for so long. Bethlehem Steel, Johns-Manville, Westinghouse, General Electric, U. S. Steel, United Aircraft, Goodyear, General Motors, Allied Chemical and DuPont — the "Average" stocks — were all prominent on the losing side with losses of two to five points when the going was rough. Among the rails, Rock Island, Santa Fe, Union Pacific, Coast Line and Illinois Central were similarly hard-hit amid the index carriers.

Apart from the components of the averages, there was some damage sprinkled through even the more buoyant groups. Cement shares, for instance, have been in independent demand through previous storms, but in this week's selling some of the losses were sizable ranging to more than three points in Lone Star Cement. But this issue's loss proved to be only momentary and it rebounded well once the selling subsided.

Split-Conscious Aircrafts Thriving. Aircrafts were among the first to meet support with the Chinese warfare furnishing a ready excuse. Douglas, which has had an erratic time of it recently, was able to put some souring exhibition by spurring a handful of points at a time with the added help of speculation on another possible split. This is expected in face of the part that the issue was divided on a 2-for-1 basis as recently as last Spring after a similar split-up in 1953. In the stock split category Douglas cedes little to any of the other split-conscious issues.

The plane makers shared their popularity with pure financial dynamics, which acted as a star performer on at least one multi-point spurt as the atomic submarine it built proved that atomic energy could be applied to propulsion.

The Erratic Oils Oils have held to an essentially erratic course with a few sprinters around now and then on specific developments. Mid-Continent Petroleum was a bit hard hit when it was disclosed that a merger with Sunray Oil was being discussed but Sunray was able to beat the selling of this week with a modest gain. Texas Pacific Coal & Oil, which featured in one unusual trade of 40,000 shares, recovered from rather persistent heaviness later and in a couple of trading hours rolled up a gain of about a handful of points, which isn't the normal course of this issue. On the other side of the picture, Houston Oil was on some souring exhibitions by the soft side and Standard Oil of Jersey was also sold down a bit easily at times.

Rails, which tipped off the recent decline when they refused to penetrate their previous high by a slim margin last week, were inclined to lag although on strength a fair sprinkling of gains of a point to two were spotted through the group. Missouri Pacific and Union Pacific were the better acting issues. New York Central continued to coast for the most, with the spirited buying in the issue of least temporarily halted. New Haven fluttered downward without any great damage and Baltimore & Ohio also seemed out of favor at least for the present.

The electrical equipment shares were far from distinguished, swaying with the varying currents elsewhere for a pattern that was mostly backing and filling. They proved a bit more vulnerable to the selling than the list generally and showed slow recovery powers. Nevertheless, since no important ground was lost and they remained within easy reach of the highs, they could best be described as in a trading range.

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New York Stock Exchange
Canada’s Oil Picture

By J. Gerald Godsoe*

*Vice-President, The British American Oil Company, Ltd.

After commenting on questions raised because of the introduction of new forms of energy, Canadian oil executive traces the history and development of the oil industry in the country.

The energy sources of Canada are vast and varied, and giant new sources before long will be tapped to bring us still greater wonders. The demands of our expanding economy to provide energy, in the proper form, in the necessary amounts, in the right places, at the right times are most important, a Mr. Godsoe will say.

Some questions have been raised that the introduction of new forms of energy—for example, nuclear energy—will result in the death of Canada’s oldest oil form. This does not discount this new industry, because, insofar as Petroleum is concerned, oil and the atom will be partners in the conduct of all the nation—not competitors. Each form of energy will have its own use and there will be a need for them all.

We need no concern ourselves too much energy or too many forms of energy. The real concern is that of those less favored nations which lack it.

With energy, therefore, in one form or another, as a basic interest for all of us in this room, I would like to tell you something of the present day petroleum situation in Canada and briefly refer to some of the prospects that lie ahead, at least as far ahead as it is prudent to look at present.

Transition in the Oil Industry

If only one fact had been bold enough to forecast in February 1947, that by the same date in 1954 the oil industry would have increased its spending on exploration and development from $1 million a month to $1 million a day—that refiners would have more than doubled, and our consumption of American products have kept pace; that we would witness the growth of a gigantic maze of thousands of miles of pipelines, including the longest pipeline in the world—that our crude oil reserves would increase by a mere 75 million barrels to 2,300 million, we would have been dismissed as visionary whose enthusiasm had run away with his common sense. Yet that—and a great deal more—tells us what the Canadian oil industry has been doing, and who are in the midst of it find ourselves still gasping for breath.

It used to be said—and but a few years ago—that if someone were to strike oil at the entrance to the lobby of the Palliser Hotel in Calgary any Friday evening, even the two Canadian present would stand up. But there has been a remarkable transition in the oil industry since this quip became current.

The United States oilmen, who have poured their money into Western Canada at a time when, be it remembered, our own investors were somewhat reluctant about anything as speculative as searching for oil, have been more than generous in pawning on their technical knowledge of the industry to an increasing number of Canadians and then quietly fading out of the picture, or becoming assimilated as Canadians in the progress of the fast growing business in this country.

As a result of this, it is common now in travelling about the pipeline construction jobs, through the oil fields, and in the seismograph survey camps, to find Canadians holding responsible positions, four or five years ago were filled almost exclusively by United States citizens with their greater experience. The opportunities for Canadians to engage in valuable contributions to the petroleum industry of this country are expanding every day, so that not only should we be able to induce many of the graduates of our universities to ignore the old appeal of jobs across the border, but young men of the United States with the proper training are now looking to the Canadian oil industry as a field in which they can, with the full and great development that lies ahead, will be able to work.

The smooth transition to Canadian operation of the Canadian oil industry has been accomplished by various factors which form the large development of oil in any country. The world in the first place, the political climate in which the companies operate in Canada has been consistently favorable. The tax structure in its various forms, both Dominion and Provincial, have cooperated with and helped the industry in its progress has left little to be desired.

The second factor, without which the progress would have been much slower, despite the favorable climate, is the presence in Western Canada of one of the world’s greatest petrochemical producing regions embracing some 800,000 square miles.

Exploration Activity

Looking back over the past year we can see the culmination of a great many plans and from these trends can be predicted.

Continued on page 65
The Federal Reserve and
The Treasury Bill Market

By Edward Marcus
Assistant Director, Rocky Bank

In the implementation of its monetary policy, the Federal Reserve has concentrated its operations increasingly in Treasury Bills over the past few years. This formalized policy, described in particular in the Federal Reserve Board's semi-annual report for 1953 in its "Policy and Procedure" section of the Federal Open Market Committee's statement for March 4, 1953. The stated objective was to establish the issuing of monetary and credit conditions through variations in member bank reserves as the sole aim, and to remove any uncertainty that a particular open market action might be aimed at establishing some pattern in the interest rate structure.

This limitation in the area of operation has been the subject of much controversy both within and outside the System. One has only to read the remarks of President Spradlin of the New York Federal Reserve Bank to realize the unanswerable nature of which this "self-imposed strait-jacket" was due. His remarks have appeared in the main as one of the main points of the questionnaire on over-all monetary policy.

Much of the thinking, however, has been along somewhat theoretical lines, and very little published information has been furnished about the actual effects of the changes in this technique. One aspect that has hardly been looked at is the behavior of Bill rates both before and after this narrowing of operations, to see if it could cause a decided change in the picture. In the Treasury Bill market itself. With this problem in mind the author and the Federal Reserve Board, and concluded that the effects were not as significant as generally supposed, particularly for the Treasury Bill rate, where the impact of the change would be felt first.

The investigation, mainly statistical, was carried out in this manner. One compared the volatility of the Treasury Bill rate before and after the change in Reserve technique with the volatility of other rates, in which the Reserve no longer operated. Certificates of Indebtedness, 3-to-5 year notes, and 15-year bonds. As an additional comparison high-grade municipals and AAA bonds were also included. The second group of studies centered around the Reserve portfolio, comparing the changes in its components with the behavior of the Treasury Bill rate. Weekly changes in the total portfolio of government securities, both inclusive and exclusive of repurchase agreements, Bill holdings (also inclusive and exclusive of repurchase agreements), and repurchase agreements were compared with the Bill rate, both for agreement in magnitude and degree of variance. These comparisons, in turn, were broken down by years to see if the shift in technique made any difference in the results.

This treatment was necessary to isolate the effects of open market operations effectively. Repurchase agreements with the Federal Reserve are transactions in short-term securities (usually Treasury Bills) from government securities dealers, the funds so acquired helping them to carry their inventory during a period of temporary stringency. Once the tightening has passed the dealers will repurchase the securities, thus extinguishing the reserves supplied previously. As a result, weekly open market purchases, the additional reserves are short-lived, and do not enter the banking system to expand credit more generally. Hence, the Ben most probably would be the First Indications of the technique's effect. One week's experience on the entire system relatively well, and the items exclusive of repurchase agreements center attention on the money market other than govern ment securities dealers, and the repurchase agreements are primarily at studying the dealers' sector of the money market.

Statistically it was necessary to assume that all repurchase agreements applied exclusively to Treasury Bills. The experience during 1952 and the first three months of 1953 was no indication of this, since the average weekly fluctuation for both years was not more than three times that for the long-term bonds (0.07% compared with 0.17), its 0.17 fluctuation being much less proportionately.

For our purposes, the long-term issues were excluded from normal calculations to avoid the same unimportant in the results. Hence, the data do not seem to indicate the restriction of the Federal Reserve operations to Treasury Bills after 1952 in any greater impact on that market than was occurring in the other sectors at the same time. The only difference is in the degree of fluctuation after mid-1954, unlike the longer term issues (other than 3-to-12 month) the Bill rate did vary somewhat more than in 1951 (or

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similar change in the portfolio—

(decreases) in the latter. The other

line of reasoning, hypothesis II,

sees the bill rate as the response
to Federal Reserve actions at

| TABLE II |


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- Preferred Stocks
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BOSTON CHICAGO PHILADELPHIA SAN FRANCISCO
This Week — Insurance Stocks

Traditionally St. Paul Fire & Marine is the first fire or casualty company to report its annual results and this year was no exception. The report is a good one. Despite the hurricanes whose total now bids fair to reach $300 million, the worst hurricane year in history, St. Paul's total adjusted earnings work out to $3.02 per common share contrasted with $3.66 a year ago. Investment income rose 5% to $2.01 a share. The dividends advanced 2%. The real boost comes in net asset or liquidating value from $33.72 to $39.16 or up 16%.

More detailed figures, showing the breakdown between insurance and investment operations, appear in the accompanying table. The avalanche of insurance company reports will begin toward the end of the month. It is believed, however, that few fire or multiplicity companies will have reports superior to those of St. Paul and, because of this, the hurricanes will show reduced earnings compared with 1953. This will not be true of casualty companies. St. Paul's casualty subsidiary illustrates the trend better. Statutory underwriting profits of $3,857,000, or $2,233,800 a year ago, a rise of 42% before taxes. Other companies are expected to announce similar results.

On the whole 1954 reports, it is evident that, for fire and multiplicity companies must be read with a great deal of caution. The dominating influence in both years have been the abnormal number and magnitude of the hurricanes, particularly on the Eastern seaboard. Hurricanes, at least up to now, have not been understood in the same sense that companies have scurriedly avoided the Eastern seaboard as a hurricane belt. Damage resulting therefrom has been viewed as a "act of God" and the companies themselves are inclined to point to the credit favorable hurricane experience to good weather than a normal year. 1955 may see the same.

Corporate Income

Net premiums written $109,206,194 $106,033,190 2.1%
Net premiums earned $106,058,670 $106,689,000 -0.6
Statutory underwriting profit $5,941,713 $5,870,630
Estimated unearned premiums $1,132,787 $44,232
Adjustment underwriting earnings $6,174,509 $6,614,822 -6.3
Net investment income $6,427,280 $6,067,634 5.9
Federal taxes $2,940,717 $4,389,977 -30.7
Total income $23,177,476 $23,787,000 -2.5
Net asset or liquidating value $123,317.476 $107,040,000 16.1

other side of the coin. Those companies which were hurt in 1954 may, under a more normal storm experience and higher rates, show sharply higher underwriting earnings in 1955. A poor 1954 report may therefore be more of an invitation to buy rather than sell.

Meanwhile rates continue to trend downward in the fire field, not only in the straight fire but in auto physical damage. And yet for the fire field to have more kept pace with the general level of fire rates, fire losses being off for the first 11 months and 9.4% in November. Auto physical damage (fire, theft, collision) has been unusually profitable for some years. When losses appear justifiable. The steadily increasing car population and demand for all kinds of auto insurance does not appear to hold rate cuts and competition within moderate levels.

There is no necessity for a "cycle" in auto insurance, whether physical damage, liability or property damage.

The outlook for 1955 appears favorable for both fire and casualty companies unless the hurricane wind blows again. In fact if the law of averages is not "repealed" a normal year should send fire (in particular) and multiplicity (in part) underwriting profits higher. Thus the outlook at the beginning of 1955 is different from that of mid-1954 when an 11% average underwriting profit in the first quarter would appear that peak profits had been reached and that 1955 and 1956 were bound to be lower. It is rising underwriting profits which traditionally have proved most exhilarating to insurance company stockholders.

Texcrete Structural Products Co. is offering to common stockholders of Texas Industries, Inc., of record Dec. 1, 1954, the right to subscribe on or before Jan. 27, 1955 to 306,779 shares of Texcrete stock (par 19 cents) at $3 per share on the basis of one Texcrete share for each Texas Industries share held (with an oversubscription privilege). The offer is being undertaken by a group of underwriters, headed by Hanover Pierce & Co. of Dallas, Tex., and State & County of San Antonio, Tex., who will reoffer any unsubscribed stock at $3.50 per share. Texcrete is engaged in the production of monolithic structural concrete products. Proceeds from its financing will be added to the general funds of the company and applied to such corporate purposes as the board of directors in the future may determine to be necessary or desirable in the business.

Texcrete engages in the sale of both pre-formed and modular pre-cast structural concrete products.

Frank V. Lawrence, Jr., Frank Vinton Lawrence, Jr., partner of Scudder, Stevens & Clark, investment counsel, died today at his home, 191 Bryanton Street, after a brief illness. He was 56.

The value of the share is determined by multiplying the Texcrete share price by the number of outstanding shares of Texas Industries. The offer will be made to holders of Texcrete stock through their New York brokers.

News briefs

A. M. Kidder & Co., New York insurance company, has been acquired by the Bank of New York. The assets of A. M. Kidder will be merged with those of the Bank of New York.
John J. McCloy, Chairman of The Chase National Bank of the City of New York, announced on Jan. 14 that the respective Boards of Directors of the two institutions are in agreement on basic terms to merge the two institutions, subject to the approval of the appropriate authorities and the shareholders of the respective institutions. The plan is to merge the Chase National Bank into the Bank of the Manhattan Company and to continue the functions of the two institutions under the charter of the Bank of the Manhattan Company, which was originally issued by the New York Legislature in 1799. Based on the Dec. 31, 1954 published figures the enlarged institution would have resources in excess of $73 billion. On consummation of the merger it is contemplated that the capital funds would approximate $500 million.

It was emphasized that the merger would result in a joiner of the two banks rather than a taking over of one bank by the other. The combined institution would continue to operate as member of the Federal Reserve System and of the Federal Deposit Insurance Corporation. The name of the combined institution would be "The Chase Manhattan Bank" and its first Board of Directors will contain 12 members of the Board of Directors of Chase and 10 members of the Board of Directors of Manhattan.

It is contemplated that John J. McCloy, as Chairman of the Board of Directors of the combined institution, and J. Stewart Baker, as Chairman of the Executive Committee and President, will be the chief executive officer in this merger. Roy J. Ebbott, President of Chase, has agreed to continue as a Vice-Chairman of the combined institution, although he has reached retirement age, in order that the continuing institution may have the benefit of his years of experience in the integration and administration of the business of the two banks. It is likewise contemplated that G. Blaine, as President of Manhattan, will continue in that position and that Lawrence G. Blaine, as Vice-President of Manhattan, will become an Executive Vice-President of the continuing institution. It is also contemplated that Edward L. Love, George Champion and D. McCloy are Senior Vice-Presidents of Manhattan, will become Executive Vice-Presidents of the continuing institution. It is further contemplated that all other personnel of the two banks will continue with the combined institution.

The terms agreed on provide that upon the merger the continuing institution will have outstanding 12 million shares of common stock. Upon worldwide becoming effective, the stockholders of Chase will become holders of 1 1/4 shares of the capital stock of the continuing institution for each share of capital stock of Chase held by them, and the stockholders of Manhattan will continue to hold the number of shares of capital stock held by them prior to the merger. There are now 7.4 million shares of Chase stock and 2.75 million shares of Manhattan stock outstanding. It is the present expectation that the combined earnings will enable the enlarged bank to pay dividends at the annual rate of $2.20 per share on stock to be outstanding after the merger.

The combined institution would have a city-wide system of offices, which will effectively cover the business and residential areas of the city, with 37 offices in the Borough of Manhattan, 33 in the Borough of Queens, nine in Brooklyn, and six in the Bronx. There is no problem of overlapping in the branch locations of the two banks in the four boroughs where they operate. Chase, prominent in the commercial business, would bring to the continuing bank, in addition to its local branches, its 17 branches in England, France, Germany, Japan, Canada, Puerto Rico, Panama and the Canal Zone, and its five representative offices in Mexico, Argentina, Italy, India and Japan.

In confirming their plans for merger, Messrs. McCloy and Baker emphasized their purpose to unite the two banks solidly on a basis which would reflect in terms of directorship and management the concept of the merger as a joiner of the two banks.

* * *

George A. Moore, New York State Superintendent of Banks, announces the appointment of Ralph S. W. Steward as his Executive Assistant. Mr. Stewart is a former member of the New York Times, having served on that newspaper from 1928 to 1936. Since then, he has specialized in financial, industrial, and banking public relations. He was born in New York City and attended New York University.

The Board of Directors of The Marine Midland Trust Company of New York on June 19 elected George G. Textor as President. It was also announced that James G. Blaine, who has been President since 1927, was elected Chairman of the Board and Chief Executive Officer for the year 1956. Mr. Textor, the new President, has spent his entire business career with the bank, having started Jan. 1, 1916. He became an officer in 1937, and in 1950, Executive Vice-President. On Jan. 17, 1953, he was elected to the bank's Board of Directors. Mr. Textor is a director of numerous other companies including Colorado Fuel & Iron Corp., Parmelee Dairies, Inc., American Bock Arms Corp., and Liberty Products Corp.
It is becoming increasingly apparent that in Mr. Eisenhower we have a man in the White House who is less susceptible to propaganda and who whipped up agitation than any President within the memory of the oldest inhabitant. Roosevelt the Great was indisputably a leader and a very "strong" man but a lot of his popularity was due to his facility in bending to every wind that blew from the hinterlands. The demagoguery of Huey Long was a thorn in his flesh and he kept him on the jump trying to keep abreast with Huey's slogan "Every Man a King." Social security came out of Dr. Townsend's agitation that every old man be given $200 a month.

One episode will serve to show Harry Truman's weakness in the face of popular clamor. Congress passed a bill by Senator Kerr of Oklahoma, to extend natural gas production, not distribution, from Federal regulation. He and Truman were close friends. There was every indication that Truman was for the bill. Immediately it passed, the Public Power propagandists set up an awful clamor that it meant increased costs to the users of natural gas. Governors of several consumer states joined in the propaganda, Truman vetoed the bill. Then the Federal Power Commission got the word that Truman didn't really care whether it regulated the industry or not and the Commission sided it. Everybody was satisfied, the Public Power propagandists and the natural gas producers. Some time ago, however, the Supreme Court ruled that the Commission had no jurisdiction. A big fight at this session will be over the efforts to pass another bill similar to the one Truman vetoed.

Certainly neither Roosevelt nor Truman would have stood up against the agitation around the Dixie-Yates contract to build a power plant on the periphery of the TVA. Of course, neither would have sponsored such a contract had they been in the same position so they would have turned flip-flops when the agitation began.

Mr. Eisenhower has not only stood fast, and the indications are that he will win in the end, but his annual budget gave TVA a decided kick in the pants. He will have the Public Power crowd on his neck with renewed fervor now. What really surprises me, though, is that his budget reveals he is still resisting the Education lobby, just about as the most vociferous in this country. Whether the alleged shortage of grade school facilities is a national problem, I don't know, but the Education lobby is.

It had been counting strongly on President Eisenhower and Ceeta Culpe Hoity to move the Federal Government into the schools with a tremendous outpouring of Federal money. I don't know just exactly why, except that Mr. Hoity is a woman and nearly all of our outstanding and energetic women find that joining in the chorus about the inadequacy of our schools affords a good outlet for their talents and Mr. Eisenhower being a world minded man is supposed to have a broad, high level view on matters of this kind. The lobby's disappointment and disappointment of the taxpayers is being watchers and clear thinking citizens.

The budget for Congress which is also a key to the future for industry and labor, is a key to the future for all of us. President Truman has said that a balanced budget is one of the keys to our economy. Well, I own my home in Maryland just outside of Washington but it is not necessarily mine for keeps. I have still got to have an income because after all, if I don't have security I will get to pay the taxes on it and 80% of these taxes are for schools. The population in our county has been steadily increasing for years and with it has been a steady increase in my school taxes.

The theory of mass production is lowered costs--in automobiles, food, clothing and Whitney. It seems to me that with more families and more children moving out here the cost for schools for the individual taxpayer should go down, not up. But up it goes--100% in the last 10 years.

Klee, Weiss, Sachnoff & Join Arthur Krensky

CHICAGO, Ill.—Arthur M. Krensky, John J. Weiss, Jr., and Monee D. Sachnoff have joined Arthur M. Krensky & Co., 144 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges, was announced by Arthur M. Krensky, President. Mr. Weiss was appointed Sales Manager of the Chicago office of which Krensky has been named Vice-President in charge of national sales.

Mr. Krensky also announced the promotion of H. B. Shain to the position of Vice-President in charge of national sales. Edward Silverstein has been appointed a registered representative in the Grand Rapids office.

Klee, Weiss and Sachnoff formerly were associated with the brokerage firm of Strauss, Blonder and Weiss-West in Chicago for many years.

Joins Carter Harrison

(Especial to the Chicago Commercial)

EVANSVILLE, Ind.—Paul P. Pullen has become associated with Carter H. Harrison & Co. of Chicago. Mr. Pullen was formerly Evanelli representative for the Marshall Company and prior thereto was for many years with the Chicago Title & Trust Company.

Bankers Offer Toledo Edison Ptd. & Com.

Public offering of 400,000 shares of common stock and 110,000 shares of new 4.25% cumulative preferred stock, $100 par value, of The Toledo Edison Co. was made yesterday (Jan. 18) by underwriting groups headed jointly by The First Boston Corp. and Collins, Norton & Co. The common stock is priced at $12.25 per share and the preferred at $100 per share and accrued dividends from Dec. 1, 1934.

The utility company will apply the proceeds of the sale in part to the payment of revolving credit notes outstanding in the amount of $5,270,000. The balance of proceeds will be applied to construction expenditures which for the period 1955 through 1957 are estimated at $41,000,000. The most important items in the construction is a new steam generating plant being erected just east of Toledo. The initial unit will be a turbo-generator with a capacity of 150,000 kw. Cost of the plant with the initial unit is estimated at $29,350,000 of which $12,900,000 was expended through 1954.

The new preferred stock is subject to redemption at $104.25 per share if redeemed on or prior to Dec. 1, 1959.

Giving effect to this financing, the company's capital is now $6,500,000 and any additional stock credits, the company will be issuing a total of 310,000 shares of $100 par value preferred stock in three series, 5,160,125 common stock of $5 par value and $625,000 of funded debt.

The Edison provides electric service in a territory in north western Ohio covering about 2,500 square miles, including Metropolis and Toledo. Population of the area is estimated now at 256,900. For the 2 months ended Nov. 30, 1954 the company reported operating revenues of $34,445,000 and net income of $5,753,071, equal after preferred dividends, to $1,826 per share on the common.

The company's past dividends on the common stock each year since 1923. Since 1950 dividends have been paid quarterly at the annual rate of 7 cents per share.
Eisenhower's Foreign Trade Policy—A Move in the Right Direction

By SAMUEL W. ANDERSON
Assistant Secretary of Commerce

Assuming the Administration's foreign economic policy is "a modest and well-conceived step in the direction we should move," Mr. Anderson discusses the motives and objectives of the President's foreign trade program recently submitted to Congress. Stressing importance of expanding foreign trade in the national interest, the Administration's program outlines world leadership which requires us to make enduring policy decisions. In our democratic society, we can only do this if there is substantial public understanding of the basis for these decisions and of the direction in which we are moving.

As a member of the Eisen¬
hower Administration, I am
proud to have had some part in
the discussion and debate of the last
two years. Under the inspiring leadership of the President and as a result of the yeoman service of my good friend Clarence Randall, we have not only de¬
developed an integrated set of mod¬
erate policy proposals, which we believe are in the right direction, but we also have a keen understanding of what the shudders are all about.

Stated in its simplest terms, as Mr. Randall has done so effec¬
tively, the basic policy issue is whether we believe firmly enough in our free enterprise system to work towards acceptance and applica¬
tion of its underlying principles throughout the free world. Do we believe firmly enough in competition as we are willing to accept competition as well as competition at none.

President Eisenhower's broad and comprehensive foreign economic policy as set forth in his message to the Congress answers all these questions YES. This program, as he pointed out in his general ap¬
proach to our foreign economic relations, surely none of us would deliberately choose to limit our exports rather than to accept a moderate and gradual expansion in our imports. Surely none of us wants to continue to give way the fruits of our labor through programs of unspecified assistance for one day longer than the emergency for which these programs were created. Certainly the practical businesslike ap¬
proach is to sell abroad as much as our customers can pay for and let them earn their payments in the form of slowly increasing im¬
ports. All the world wants Amer¬
ican goods in increasing amounts.

Thus the objectives of the Ad¬
ministration as announced by the President are clear and should meet with general agreement. These are the goals towards which we must move if we are to have a foreign economic policy genuinely in the national interest.

The program recommended by the President to carry us forward towards these goals should simi¬
larly receive the full support of the overwhelming majority of our citizens if they are given the opportunity to understand it well.

The Tariff Phase of the President's Program

The tariff program of the Presi¬
dent is perhaps the best example of the moderate and gradual approach towards the Administration's objectives. It embodies a "gradual and selective revision of our tariffs." Within the framework of three-year extension of the Trade Agreements Act, the President requested authority to take any one of three alternative forms of ac¬
tainment, any of which he believes, or (a) to reduce the rate by not more than 5% of the present rate in each of the three years, or (b) in the event that the commodity is not being im¬
ported or is being imported only in negligible volume to reduce the 1945 rate by not more than 50% of the emergency for which these programs were created. Certainly the practical busi¬
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ports. All the world wants Amer¬
ican goods in increasing amounts.

In all of these cases, the reduc¬
tions can only be made after per¬
”—Continued on page 20

interest in bidding on blocks of securities of institutional use springs from the fact that we provide primary markets for the placement of such investments. This willingness on our part to buy as well as to sell high-grade bonds and preferred stocks is, we believe, the utmost importance to portfolio managers in arranging their programs. Our services are available to all financial institutions.

Inquiries are invited

THE NATIONAL CITY BANK
OF NEW YORK

Municipal Bond Department

Head Office: 71 Branches in
55 Wall Street, New York
Greater New York
Member Federal Deposit Insurance Corporation

ON THE BUYING SIDE

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BOSTON PHILADELPHIA CLEVELAND CHICAGO SAN FRANCISCO
Continued from page 19

Eisenhower's Foreign Trade Policy
A Move in the Right Direction

time to make those adjustments which may be necessary in the national interest.

The President's Program
And Japan

The President's program gives high priority to expansion of Japan's trading opportunities because of Japan's difficult economic situation and because of Japan's vital importance to free-world mutual security.

Japan, as you know, is an industrial nation, with a skilled and hardworking population now numbering some 85 million people, occupying an area about the size of California. The density of population per square mile of arable land is approximately double that of the next highest in the world. The population is increasing at about 1.2 million people per year on the basis of a death rate lower than the United States and a birth rate almost as high as ours. We have seen no responsible demographic forecast which suggests a population of less than 110 million people by 1980—25 years from now.

As a result of the war, Japan lost her major sources of supplies of raw materials on the continent of Asia and her island empire. In addition, the markets to which she traditionally shipped products of her industry to pay for her supplies of food and raw materials have become severely restricted. Her large merchant fleet of over six million tons was largely destroyed and has been rebuilt only to only three or four million tons. Her industries suffered severe de¬

A balance of payments deficit of $300 million in spite of large U. S. exports, and that deficit would, indeed, if the Japanese people were to persist in their lessening of imports of food, would have declined appreciably since the Korean truce. In 1952, it was less than $600 million, or about 2% of the total and further de¬

n}

The extra expenditures which the United Nations' forces, es¬

specially the United States, made in Japan prevented, up to 1953, the emergence of the consequences of a severe imbalance in the Japa¬

nese international payments. In 1953, however, Japan suffered a

demic and obses¬

sive war and this process continued to a considerable ex¬

tent during the postwar period as well. Capital and credit are very

s

The major effort to solve the Japanese problem must be made by the Japanese themselves. They must develop their resources more fully and hold those trade and fiscal policies they have now adopted. They must catch up with the rest of the world in tech¬

iques and knowledge in their industrial life and must become competitive, as they are not now in many respects, if they are to export. They must turn their backs upon unsound trade prac¬

ties in international trade and be willing to accept the rules of the game which govern the rest of us. Finally, they must work hard, live frugally and be

sourceful and efficient.

It is perfectly clear that even if the Japanese people and their government take and stand by the necessary steps and decisions for a pro¬

tected Japan, they will succeed in balancing their position and relations, then the world will, for the first time in a long while, be able to go ahead without the fear of an unhappy event. As the President has said, it could turn the Pacific situation by the peace of 1953.

Customs Simplification

While the Administration takes the position that Japan is not yet in the customs simplification field in the last Congress, it is deter¬

mined to continue in the direction of further simplification. The goal of customs simplification is an important one. There is no reason why business should be impeded by archaic procedures. These are costly both to business and to government. Any protection which business requires in the national interest should be in the form of open substantive provisions such as the tariff and not in the dis¬

guised form of procedural handi¬

\n
ments to trade.

Moreover as you all know as businessmen, it is impossible to do business when it is uncertain. Both in the field of regulations and in the field of classification the importer must proceed at his risk. He finds it difficult to know in advance how this or that article will be valued and how it will be classified.

As far as valuation is concerned

the President has recommended

the passage of legislation similar to the so-called "Bill which passed the House of Repre¬

sentatives in the last Congress but which failed of enactment in the Senate. The present law calls upon the appraisers to ascertain both the "foreign value" and the "ex¬

port value," and to assess the duty upon the higher of the two. It is now provided to end this con¬

fusing and unnecessarily laborious process of ascertaining both these sets of values, and to standardize the basis of duty assessment as the export value of the goods. Experts in the field have been urging this change for years, and it is probably the most important single improvement that could be made in the customs administrative pro¬

visions.

Equally disadvantageous to busi¬

ness is the present customs classifi¬

cation structure. Its undue com¬
plexities which bear often little relation to current business prac¬

tice make for considerable uncer¬

tainty as to the rate of duty applicable to many imports. Only recently I noticed that the Customs Court had to pass on the question of whether a canned beef steak being imported was a soup, a hash, or a non¬

canned meat product. In practical business terms, this is an obvious im¬

provement that could be made in the customs administrative pro¬

visions.

The Commercial and Financial Chronicle . . . Thursday, January 20, 1955

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hedge that the importer has against possible losses is to set an exceptionally high price mark-up on the imported goods. In order to take the first step in improving and simplifying our classification and reporting system, last year directed the Tariff Commission to make a study of existing classifications and to recommend a revised classification of imported products. I am confident that as a result of this study, the Tariff Commission will propose a simpler modern classification structure which will decrease the area of uncertainty in determining the rates of duty which are applicable to particular products.

Many of the customs problems which I have been discussing can be materially decreased by the use of our Foreign Trade Zones since it is possible to get duty-free goods which pass through the zones into the United States pre-determined whether or not the goods have been worked on in those zones. As you know, I am sure, our five Foreign Trade Zones—New York, New Orleans, Los Angeles, San Francisco and Seattle—are in areas in the port where foreign goods can be landed, unpacked, processed, displayed, and reexported. Since these zones are technically outside the customs territory of the United States, United States duties do not apply to goods which pass through and until the goods are brought into the United States within the customs area. The zones serve a useful purpose but in my judgment they have been too small in number to be of potential to the importing fraternity and to American merchants. I have recently had the pleasure of discussing this subject with some of the officials of your Association, and I believe that with a more imaginative approach, it would be possible to create some cooperative entity in which foreign manufacturers and exporters as well as American wholesalers and merchants such as yourselves could come together and which could establish a kind of permanent sales' exhibit at one or more of the zones. This would help the buyer in his search for a larger variety of goods.

Our Annual Review should help you formulate an investment policy for the coming year. It includes discussions of:

• Today's underlying economic trends
• The outlook for business
• A selection of promising industries

For your copy of the Annual Review write Manager, Research Dept.

RIPP & CO., INC.
URPKNE BONDS
A Market Guide and Reference Card

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*Prices and yields as of January 1, 1955

We believe the information contained herein is correct but we do not guarantee its accuracy.

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Volume 131 Number 5306 . . . The Commercial and Financial Chronicle

(277) 21

1955

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Eisenhower's Foreign Trade Policy — A Move in the Right Direction

in transferring skills to other countries.

If we are to have increased trade in both directions and if we are interested in economic progress throughout the world, nothing is more important than the re-establishment of the system of multilateral trade and payments which was once the war's casualties. For this to be done, the convertibility of the major currencies must be reestablished.

The President has therefore announced the firm support of the United States for appropriate actions which countries having inconvertible currencies are willing to make in the direction of convertibility.

In this respect, the President has followed the wise counsel of the Randall Commission that we undertake no dash towards convertibility but a no threat and gradual approach. He has also followed the lead of the Organization for Economic Co-operation and Development in recognizing that the initiative must come from the countries now having inconvertible currencies. We can give our encouragement and at appropriate times throw our support in the International Monetary Fund to the use of its resources as a secondary line of reserves for countries undertaking currency convertibility.

The main part of the job is, however, theirs.

Through the General Agreement on Tariffs and Trade which the President proposes to renegotiate through the International Monetary Fund and in bilateral negotiations, the Administration will continue to urge other countries to take steps to reduce barriers to trade and payments as rapidly as possible. If we are to have economic progress throughout the world, we must get rid of import quotas, exchange controls, multiple currency practices and similar devices which discourage the most efficient use of resources.

Sometimes we forget the passive effect which the overwhelming strength of the United States has upon the policies and actions of the rest of the free world. Only too has to spend a few days talking in the Ministries of our friends in Europe and elsewhere to recognize that the whole free world is waiting to see in which directions we will move. The direction is the important thing. If the United States should now decide to do again the whole of protectionism, it is up to us to decide how we will affect the rest of the world strongly in the direction of further regional preference systems, bilateral trade and payments schemes, policies of self-sufficiency however unneccessary and an expansion of the West trade irrespective of security considerations. In this what we want to see? I think the answer is clearly NO. In our own deep interest, we need a world of fair competitive enterprise rapidly approaching a proper balance of which full convertibility is an essential and a crowning symbol. The leaders of the free world have the ability; the world wants it too—this is why it is in fact as much if not more than we do. Let us hope that the agreement they make may be one that takes account of the decisions and steps so essential to a freer world trade based on the sound principles of time-tested economics.

Sees Greater Role for New York City Banks

N. Baxter Jackson, President of recently merged Commercial Exchange Bank, says metropolitan banks stand ready to play a part in new wave of atomic energy and automation.

An expanding activity for New York banks was predicted on Jan. 18 by N. Baxter Jackson, Chairman, at the annual meeting of the Commercial Exchange Bank of New York. Mr. Jackson, who is the President of the New York Clearing House, declared: "Just as the city's played leading roles in the great era of railroad, public utility expansion, this metropolitan stands ready and willing to play a part in a new world of atomic energy and automations which could bring a new living standards to all people."

In this regard Mr. Jackson added: "It should be noted, increased production and development of increased consumption of goods and services with correspondingly greater employment of goods and services with correspondingly greater employment of capital. Thus, we believe, banking in general and the Commercial Exchange Bank in particular are of the utmost importance to "the tremendous wave of new possibilities in this new era."

The bank, Mr. Jackson pointed out, is now "in excellent position to contribute to the economic development not only of Greater New York, but of the nation. We are indeed fortunate to be strategically located in the greatest of all commercial centers, with its commercial activities, all of which are well under construction. New York City, since the war, has lost an enormous amount of space, both old and new, that exists today in any other city of the world, save New York."

The meeting was held on the banking floor of the Commercial Exchange Bank. Eight directors, whose terms were expiring, were re-elected: Robert A. Drysdale, Drysdale & Co.; John S. Tragil, Honorary Chairman of the Board; Dunne F. Sherrill, New York; Robert Goetzel, New York; Robert Williams, New York; Edwin Williams, New York; Charles M. McGraw, New York; Harrison W. Ross, Vice President, New York; Charles W. Allen, Chairman of the Board, Aetna Insurance Group.

The Appliance Industry in 1955

By D. A. Packard

General Sales Manager

Kelvinator Division, American Motors Corporation

After pointing out the unfavorable situation in the appliance industry in 1954, Mr. Packard discusses business factors which portend improved conditions and greater marketing opportunities in 1955. Says, however, the capacity to produce major electric appliances still exceeds size of the present market, and appliance merchandising can be expected to be intensely competitive. Refers to problem of "discount houses," and contends, despite unfavorable factors, the "appliance business is well worth fighting for," and stresses need of more creative selling.

Forecasts appliance sales in '55 at around 14 million units.

Since trends indicate changes from the present, perhaps I should spend a few moments summarizing 1954, so that we discuss '55, we can do it from the standpoint of the changes we can expect from conditions of this past year.

Without going into a lot of detail, I think it is now obvious to all of us that as an industry we went into 1954 with business conditions generally at a slower pace than they were in '53. The market for major electric appliances during '54 was hampered by a continuing lower family formation rate, and by the fact that we had no appliances reaching the replacement age of 10 years, since, of course, none were manufactured in '44.

In addition to these two market factors, inventories of prior-year merchandise as of Jan. 1, 1954, were on the high side in relation to sales rates. In the months following these factors, the first five months of 1955, however, were the most competitive conditions sale that we, as an industry, had ever faced.

Beginning in July, with the general pick-up in business conditions, new life was brought into our industry. As we come to the close of the year, we see another very favorable factor. Inventories of major electric appliances, stock-in-trade of manufacturers and distributors are only 3,000 more than they were at the end of the last year. When the carry-over inventories of room air conditioning units and automatic washers, which are of course up because of the increased consumption, are eliminated from the totals, inventories of all other appliances combined are 24% less than those of '54. Coupling this fact with the increased sales pace, I feel our industry inventory
situation is in a very healthy condition. Conditions of the atmosphere and weather will all come within 10% of 1953 figures. Although the air conditioning industry is plagued by tremendous overproduction, its final sales figures indicate the biggest year yet, with over 1,300,000 units.

As we look at the performance of individual appliances last year, refrigerators and related items will all come within 10% of 1953 figures. Although the air conditioning industry is plagued by tremendous overproduction, its final sales figures indicate the biggest year yet, with over 1,300,000 units.

For the first time, automatic washers out-sold convention washing machines, and one clothes dryer was sold for every three automatic washers. The result of this performance means that the total dollar volume in laundry equipment sales greatly exceeded the previous year.

So much for 1954. As we look ahead to the next year, we are, of course, all conscious of the predictions by both governments and business economists that better over-all business conditions can be expected. Employment will be up, and unless conditioned on those predictions, we may expect sales to increase during the year, it is expected that overall sales will increase by from 5 to 10%.

The two factors which will most affect the appliance industry, in addition to the encouraging over-all trend in national income, will be the modest rise in prices. Reflecting the low national birthrate of the depression years two decades ago, 1954 probably will end the year with a small increase in the family formation, which has been dropping since 1850. The turn upward should begin in 1955, each year showing greater increase in family formation, is one of the most important factors influencing the market for major appliances.

The second factor is the current boom in new home construction.
The Appliance Industry in 1955

The beginning of the year there were 44,000,000 wired homes in the United States, it was obvious that on the average, one out of every four families in this country would buy a major appliance during the past year. With this information as a basis, we started right out the first of the year trying to get the retailers working with us to see the opportunity they had if they would get busy and talk to people rather than to continue to wait for customers. In every way we set about how we tried to convince our retailers that the day had come when it was going to be necessary to talk to four people to find one customer. Based on past experience, we assured our retailing friends that the situation threatened new millions of people, if they would get their sales organizations to understand this fact, and take every opportunity possible to talk to people. Our results and the results of the retailers who worked with us are now a matter of record. This type of creative selling worked; and thousands of sales were made by retailers using it with us in 1954.

Many in this industry participated in two, three or four of the various sales campaigns we brought to them. Since too few of you had or could set aside to go out and look for new prospects outside of your stores, we developed a series of campaigns designed to open the eyes of people—not customers, mind you, but people—to your store. We then developed and placed in your hands man—power in the form of creative selling and advertising, which we have often told about in this column, to help you in classifying the people and finding out which were potential customers.

This may all sound complicated and the hard way to do business. But believe me, gentlemen, it worked; and it produced business for retailers who worked with us from one end of the country to the other.

Let me give you just two or three quick examples of the kind of selling I am talking about. In the early part of the year, we started out with one of the oldest gimbobs for bringing people into the store that I know of. We called it 'Grand Rapids.'

You all know it is built around discretion; it gives people to come to your store and try them in locks, in hopes of winning a sale. It is one of the few cases in which little or no sales results, and it was easy to see why it did not work for them.

I was standing in a store one morning when a customer came in with a key in her hand. The owner of the store was busy rearranging some stock at the back and without leaving, called to her: "Do you have a key to try?"

She said: "Yes."

The retailer said, 'There's the lock right over there.'

She tried the key. It didn't work.

"Do you want the whole case, or would you like to get better price," he was thinking of quitting the appliance business. The distributor asked him what he was doing to create business, and received the answer too often made to this question—nothing, so the distributor asked him to try it for a week or two before giving it up. He proceeded to explain to the dealer the opportunities in the Householder's Holiday Contest, and detailed information on how to find customers by talking to people. The story here on goes like this:

The dealer was away in his store about nine o'clock on a Saturday night. A lady and her husband came in as a result of a card in his window, and asked for an entry blank. Since he was alone, had nothing else to do, and thought maybe here was an opportunity to find out for himself that this kind of selling didn't work, he decided to give the customer the full treatment. He explained how the appliance in which the appliance lady would like to win, offered his assistance; and received her entry blank. When he came to a newspaper ad for a $250 home at first prize. We encouraged people, not customers, to go to our dealer's store for an entry blank. Once again, results were directly in relation to this activity and in coming in for entry blanks. I am sorry to say that in some cases entry blanks were placed on a table at the front of the store. When a customer came in and asked for one, the salesman pointed it out to her: "Here is that entry blank."

Let me give you another example of creative selling in the store, and how it works. Later in the spring, we ran a national contest.

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Let me give you another example of creative selling in the store, and how it works. Later in the spring, we ran a national contest.
The government market continues to be unsettled, because the money markets are very conscious of the credit limiting policies of the powers that be. The fact that the rise in the stock market is mainly responsible for the action which is being taken by the Fed, allows the Commercial Board, means that the trend of the equity market is being watched very closely by money market specialists. It is evident that as long as the stock market is in the boom stages, there will be action by the monetary authorities to decrease the availability of bank credit.

The middle- and longer-term governments are still on the defensive, because not only is the market for these issues very thin, but also there is a great deal of talk about a long-term Treasury bond being used for refunding purposes in the middle of March. Short-term issues have a good demand, because cautious money always seeks this kind of investment.

Treasury Market Sensitive

A very thin and sensitive Gov- ernment market is trying to keep its head above water, even though a defensive attitude seems to be in the cards for the immediate future. Money market rates are under the influence of the credit tightening operation of the powers that be, because Federal Reserve market seemingly has reduced effective rates are not considered to be favorable for the economy. It is evident that Federal Reserve policy with reference to the trend of interest rates, will be one of modest firmness for the foreseeable future. Whether there will be further tightening of credit conditions will depend upon what takes place in the equity market.

Credit Restriction Policy

The monetary authorities are in a position, because of their debt, the availability of bank credit, and this operation will have an effect upon the money market as a whole, and the Treasury bond market in particular. As the powers that be, bring about a reduction in excess of demand, in order to give them better control over the money markets, very little, if any, attention will be given to the Government market by the monetary authorities. This seems to mean that a Government market, which has no depth at all, will have to depend upon dealers and traders and investors for whatever equilibrium there will be in it.

To be sure, there will be a demand for the shorter-term Treasury issues, because when there is uncertainty in the money markets, as there is now, funds seek the most liquid and the safest form of investment, namely the near-term Government obligations.

Intermediate And Long Bonds Under Pressure

The intermediate and longer-term Treasury obligations will be on their own, because with a change in monetary policy already taking place, which indicates a tightening in interest rates, there is not going to be the same attractiveness in these issues. Accordingly, it seems as though the most distant Government maturities are going to be on the defensive as all short-term monetary authorities are going to be concerned with the credit limiting operations.

With the longer Government market, under the influence of the changed monetary policy, the Treasury will have to use the Treasury will bring out a long-term bond for refunding purposes.

There is considerable talk about a long-term bond being used to take care of the $20 which have been called for payment on the 31st. If a long-term obligation is floated to meet the impending maturity of the $20's, there would be an extension of the due date. Also in the amount that non-bank investors would be buyers of a new long-term bond there would not be any creation of bank deposits.

Likewise, if the savings banks, insurance companies, and pension funds as well as other investors of this type which are the purchasers of a new long-term Treasury bond, there would be competition with mortgage money which some of these institutions have been making available.

Commercial banks with the credit tightening policies in operation, would not be much more interested in a long-term Gov- ernment bond. Also a long-term Treasury bond at this time would have to have a high enough coupon rate to make it attractive to their depositors in the position to purchase this. This brings up the question as to whether the Treasury wants to go to that high in coupon rate to make such an issue a real success.

Another Reversal of Monetary Policy

By JULES I. BOGEN

Professor of Finance, Graduate School of Business Administration

Byron Bogen forecasts a reversal of monetary policy from active ease to restraint, when and as unstable boom conditions make their appearance in some sectors. Says recent business upturn removes justification for a monetary policy of "active ease."

Another reversal of monetary policy from active ease to restraint, is under way as unstable boom conditions make their ap- pearance in some sectors of the economy. The policy of "active ease" was intended to keep the Federal Reserve Au- thorities in mid-year of 1953 to com¬ bat the busi¬ ness recession which began at that time. Unfortunate¬ ly, the au¬ thorities felt impelled to take some extreme easy money mea¬ sures to make the new policy suc¬ ceed. A major reason for this was their ill-timed resort to a very aggressive tight money poli¬ cy.

Evidence now accumulates that the easy money policies of 1953 and the first half of 1954 were only too effective, at least in certain directions. When the na¬ tional economy is in reasonably good balance and the underlying structure of industry and finance are strong, low interest rates and ready availability of credit prove to be powerful stabilizers indeed. This was so in 1927. It is proving to be so now.

Most striking is the impact of easy money upon building and mortgage borrowing. Outstanding real estate mortgage debt in the third quarter of 1954, the latest period for which statistics are available, registered an increase fully 50% greater than in the cor¬ responding period of 1953. This is the more significant because the capitalized FHA mortgage in¬ surance terms provided by the National Housing Act of 1954 went into effect only on Oct. 1, so that their impact is not yet re¬ flected in mortgage statistics.

...
Northern Indiana Public Service Co.

Northern Indiana Public Service supplies gas and electric service in 229 communities and rural territories plus some wholesale business. Gas service is furnished in 62 communities from two gas systems. The service area of 12,500 square miles runs from the Ohio line on the east to the Illinois line on the west, extending some 45 miles along the southern shore of Lake Michigan. Gas and electric service is furnished in Gary, Hammond and East Chicago, Indiana. In Fort Wayne and South Bend smaller cities and towns, other communities and lake resorts are furnished one or both services.

Many large industries and the industries in the Calumet region are located in the Calumet region of Northwest Indiana, known as the "Workshop of America." They include many manufacturers of steel, automobiles, automotive and airplane parts, electric motors, farm equipment, chemicals, copper and rubber products, and textiles, etc. While the area has the largest steel plant, the largest cement plant and one of the largest oil field service plants, it is not dominated by any one industry.

About 8% of the company's revenues are derived from steel plants, about 6% from metal industries, and 3% from oil refineries.

Modem-sized farms produce livestock, dairy products, grain and potatoes under excellent climatic and soil conditions. General crop failures are unknown, since adverse conditions have never affected all crops in the same season. With so diversified a farm output and with so many different kinds of manufacturing, Indiana is in an excellent position to take advantage of the tremendous research being carried on at Purdue and Indiana Universities.

The company's service area has a population estimated at 13 million, about 23% larger than in 1940. The company's growth is greater than the average rate. The population of Gary is growing even faster, with a 19% gain in the last four years. Future cornbines are expected to be in the Calumet region. Development of terminal facilities along the southern shore of Lake Michigan, plus the protected widening and deepening of the Calumet Canal, will aid in the rail traffic from the Mississippi to connect with the Great Lakes. A new industrial city, Burns Harbor, is being set up in the northeast part of the territory between Gary and Michigan City, and it is forecasted that it may eventually become the largest inland seaport in the world. Work is already under way on a\$90 million toll road across northern Indiana, which will be the final link in a new transportation system in Chicago.

The company has enjoyed excellent gains in earnings consideration of the fact that the company's revenues are derived from steel plants, the company has not increased its earnings to any extent over the past several years. Variations in the company's earnings are, accordingly, the result of the fluctuations in the steel industry, which are caused by the fluctuating demand for steel.

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British Reaction to the Wall Street Setback

BY PAUL EINZIG

Noting the sharp fall in American stock prices in the first week of the year, though unexpected, did not provoke a sympathetic slump on the London Stock Exchange, Dr. Einziger has, in the absence of a business stoppage in the U. S., a Wall Street reverse is not likely to produce proportionate consequences in Britain, though it may have a psychological effect. Says outlook for higher wages, higher prices and higher profits in Britain justify higher stock quotations.

LONDON, Eng.—The sharp fall experienced in Wall Street in the first week of the year came as a complete surprise to London. Even those with the best American contacts, and who have been following closely the trend, were not expecting anything of this kind. The shock, and the alarmist views expressed about it in the United States, has failed, however, to impress financial opinion in London. So far from having provoked a sympathetic slump on the London Stock Exchange, it did not even check its upward trend.

Admittedly, the eleven-hour settlement of the railway dispute on Jan. 6 went a long way to wards cancelling out the adverse-impression caused by the Wall Street slump. But even during the critical day when the fate of the negotiations was in the balance, the unfavorable news received from New York did not prevent an almost universal rise in London quotations.

Whatever may be the ultimate effect, London has certainly withstood the first shock remarkably well. Considering the vigor and extent of the setback in Wall Street, this has been contrary to the prehistoric apocalyptic gloom, who keep on saying that a collapse of the Wall Street boom would inevitably and inevitably produce a reaction in London in the same sense. In itself, the removal of the danger of a railway stoppage would be likely to offset the effects of the setback in Wall Street. It is not for the fact that London opinion refuses to take a pessimistic view about that setback itself. Comparisons with 1929 are dismissed here as sheer unwarranted fabrication. The view is strongly held that the reverse is attributable to technical causes and not to any inherent weakness of the basic position. It is felt that, had it not been for the increase in cash margin requirements from 50 to 60%, such setback might not have occurred at all, or at any rate it would have been moderate. There was nothing in the general economic situation in the United States that is considered here to justify a major reverse of speculative values.

It is felt here in many quarters that the step taken by the United States authorities in raising cash margins by 10% was unecessary and illy drastic. Even though the probable rise in Wall Street was admittedly going too far, it did not call for such intervention. A sudden shock such as this always carries the risk of producing a cumulative and self-aggravating reaction. Hence the opinion considered in London likely that the reaction would go sufficiently far to endanger American business recovery seriously.

In the absence of a new business recession in the United States, a Wall Street reverse is not likely to produce too pronounced consequences in Britain.

The extent to which British interests are affected directly by the depreciation of dollar securities is relatively moderate. It is an insignificant fraction of its extent in 1929. What has been feared would be a continuation of a Wall Street slump as its psychological effect. The absence of an immediate reaction in London has set a rather favorable way leading towards such fears.

Nevertheless, the possibility of a continuation by imports, if in Wall Street is viewed with a certain amount of uneasiness, not so much on account of its effects on the London Stock Exchange as of its possible effect on American demand for imported goods. The purchasing power of the American public, whether it is derived from current earnings or capital gains, is considered to be a much more important factor in the balance of payments position than the official policy of the United States. Disregarding the Wall Street factor, the chances of an American business expansion in 1955 seem to be distinctly favorable. Should such hopes materialize the rises in equities which may appear at present to have been exaggerated would be considered justified by improved earning powers and prospects. There is no doubt for the risk that the Wall Street setback should it proceed too far, would react on earning powers and prospects. But the London view is that on this balance this appears unlikely.

As for the London Stock Exchange, once the fears of a prolonged or exaggerated setback in Wall Street are allayed, the settlement of the railway dispute, on terms that foreclose shadow capital speculation, is likely to produce a pronounced effect. It will not be possible to discourage the demand for 4.5% railway wayens. It is likely to encourage the purchase of other securities. There is no longer any talk in industrial circles of the need for a trail of strength between labor and capital. While employers will stand firm against any efforts of workers to interfere with the management of their firms, in face of wages demands the line of least resistance is expected to be the rule and refusals at the risk of strikes will be the rare exceptions. This means that we are for another period of higher wages, higher prices and higher profits justifying higher Stock Exchange quotations.
President’s Budget Message

Estimates total expenditures for fiscal year 1956 at $62.4 billion, or $1.1 billion less than 1955 estimate, and places expected deficit at $2.4 billion, a decrease of almost 59% from that of April 1, 1955. Advice against further tax reductions and asks for increase in the National Debt Limit.

President Dwight D. Eisenhower submitted to Congress on Jan. 17, this budget message covering the fiscal year 1956. As usual the message was accompanied by a detailed statement of the budget estimates, and a restatement of the aggregate items of actual and estimated receipts and expenditures.

The text of the President’s Budget Message, constituting Part A, follows:

To the Congress of the United States: I am transmitting to you today the Budget of the United States Government for the fiscal year 1956, which begins July 1, 1955.

The first part of this budget message summarizes the budget totals and highlights our policies and plans for next year, particularly as related to the fiscal situation.

The second part presents summaries and also contains my budget recommendations for each major government activity.

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The Commercial and Financial Chronicle ... Thursday, January 20, 1955

money have shaped this budget. Our determination to keep working toward a balanced budget provides the discipline essential for wise and efficient management of the public purse.

New Authority to Incur Obligations
My recommendation for appropriation and other new authority to incur obligations for the fiscal year 1956 is $1.2 billion more than the amount for the fiscal year 1955, primarily because of new requirements for our military services. However, it represents a reduction of $32.8 billion from 1902, $21.7 billion from 1953, and $4.5 billion from 1954.

Budget Expenditures
In the fiscal year 1956, net budget expenditures are estimated to be $11.9 billion below actual spending in the fiscal year 1953. The record shows that this Administration cut government spending in 1954 by $6.5 billion below the level estimated for 1955, and in 1956 the level estimated for 1956 is now substantially above the last year’s estimate, with the fiscal year 1955 is only half completed and the beginning of 1956 is still 5¼ months away. We shall continue working to improve efficiency and to reduce

Continued on page 79

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The fiscal and budget story dur¬

ing this past year centers around the fact that we successfully moved the adjustment from a wartime to a peacetime type of economics truly significant achievement. Aided by a proper fiscal policy, the inevitable distortions of this adjustment, while difficult for some, have been serious for the whole. Our present growing prosperity has solid foundations, free from the artificial stimula¬

tions of war or inflation. However, the peace in which we live is an insecure peace. We must be constantly on the alert. Along with the other free nations of the world we must continue to strengthen our defenses. At the same time to remain strong, for what will apparently be a long period of uncertainty ahead, we must also progressively increase our prosperity and enhance our welfare.

The 1956 budget is based on this outlook. Total expenditures will be reduced. However, I am omitting somewhat increased taxes in particular and the importance to human well-being. Budget expenditures for the fiscal year 1956 are now estimated at $62.4 billion, $1.1 billion less than for the current year. All parts of the Administration will continue to work toward further reductions during the year by eliminating nesentials and by doing neces¬

sary things more efficiently.

We must maintain expenditures at their lowest level consistent with our national security. Our econ¬

omy and our institutions were not built in a day; it will take time to get to that point. We must not disrupt our eco¬

nomical growth through infla¬

tion, through the use of credit policies recommended to the Congress ex¬

clusively for our war effort. We are scheduled for reduction on April 1, 1955, under present law. If this is done, and by 1956 we hope to reduce our deficit as currently anticipated, we can expect to raise $1 billion over 1955, to a total of $4.5 billion in the fiscal year 1956.

On the basis of these estimates of expenditures and receipts, the deficit will be reduced from the estimated $5 billion in the fiscal year 1955 to an estimated $2.4 billion in 1956. Thus we can continue to move toward a balanced budget.

Budget Policies
Three broad considerations of national policy have guided me in framing the budget for the fiscal year 1956:

First, we must defend our price¬

es, the fruits of political liberty and personal freedom against at¬

tack from without and undermin¬

ing from within. Our efforts have helped bring about en¬

hanced military achievements; they have therefore served to build a fighting, new and stronger alli¬

dation and to open new, less-telling frontiers. The growing strength of our military forces and its friends is a high note in the fiscal year 1956.

We must continue to strengthen our liberty at home by fostering the traditional initiative of the American people. We will in¬

crease, and continue to increase, our private activity by continuing to take govern¬

ment out of those things which the people can do better for themselves, and by undertaking on a partnership basis, wherever possi¬

ble, those things for which gov¬

ernment action is necessary. Thus, people will be able to keep more of their earnings to use as they wish.

Second, the government must do what it can to ensure national wel¬

fare and encourage economic growth and competitiveness, but only where our people cannot take the necessary actions for themselves. As far as possible, these steps must be taken in conjunction with state and local government and private enter¬

priose. We must work together to provide the environment for our free enterprise system to keep employment high, to create new jobs, and to raise the standard of living. We must broaden the opportu¬

nity for individuals to con¬

tribute to the growth of our econ¬

omy and enjoy the fruits of its productivity.

Third, we must maintain finan¬

cial strength. Preserving the value of the dollar is a matter of vital concern to each of us. Surely no one would advocate a special tax on those who are permitted to sell personal and corporate items of property, with incomes like a tax which hits these groups hardest. This Administration has made a stable dollar and economy important elements in our economic policies from the top down. Ex¬

penditure reductions, together with the effective monetary policy, and careful management of the public debt, will help to assure a stable one for living—continuing our achievement of the past two years.

A liberal attitude toward the welfare of people and a conserva¬

tive approach to the use of their
Despite Forward Movement, There Are Curbs on Business Recovery

By MERRYLE STANLEY RUKYESER
Business Consultant and Lecturer, Syndicated Economic Columnist, Hearst Newspapers and International News Service

Prominent economic analyst holds, despite the fact that the year 1955 opens with an upward trend in business, with prospects of further improvement, there are signs of some instability which may put restraints on recovery from the 1953 level. Warns there is no free and easy inflationary boom in sight, and remarks "the blue ribbons of commerce will go to efficient producers and aggressive and effective merchandisers."

The turn of the year is cheered by the growing statistical evidence that the economic skies are clearing. Nineteen-fifty-five opens with an upward trend in business, and with prospects for further improvement.

Wall Street, which is the cornerstone of world financial opinion, while perpetually controversial, does herald hope and predictions. The claim is to reduce all economic analysis to simple headlinelike terms of whether to "buy, sell, or hold."

But, if there were ever unanimity of opinion, the stock market would be utterly deadlocked. Financial transactions spring from a reasonable balance between willing sellers and willing buyers. Thus, even if there is agreement on the coming trend in the physical volume of trade and the size of prospective profits, the financial public would divide as to whether or not the good economic news has been fully partially anticipated or discounted in the rise of the last 14 months in stock prices. The variety of new and inexperienced buyers to the speculative whirlpool, indeed the early phase of a transfer of holdings to less sophisticated owners.

The life blood of finance in mini¬mum or opinion, the stock mar¬ket would be utterly deadlocked. Financial transactions spring from a reasonable balance between willing sellers and willing buyers. Thus, even if there is agreement on the coming trend in the physical volume of trade and the size of prospective profits, the financial public would divide as to whether or not the good economic news has been fully partially anticipated or discounted in the rise of the last 14 months in stock prices. The variety of new and inexperienced buyers to the speculative whirlpool, indeed the early phase of a transfer of holdings to less sophisticated owners.

Wall Street has no sympathy for the tendency of theorists to climb into the ivory tower and voice un¬wise opinions. The future is largely unknowable. A great American historian, the late Professor vasey Boswell, used to say to his students at Columbia University: "The future is the field of prophecy."

For example, in the academic arena such sidestepping of the risks of making present judgments of fu¬ture possibilities is not feasible. The manufacturer must look into the crystal ball and come up with an answer as to what the market will be like in a month, or months. For today he must order raw ma¬terials for his next production run. Too much or too little, if possible, must be shipped to the customer. If materials are not available, if they are out of stock, he cannot ship. If he ships too much, he must make make too much. He must make overstocks and reduce prices.

But, in spite of the forward movement, there are restraints on recovery. There should be no runaway tendency in commodity prices because it is well known that American industry's capacity to produce is unprecedentedly great. Barring shooting war, no short¬ages are in sight, or in the making. There is no war-bred pestilence of demand threatening to be filled, and there has been no drastic liquidation or reduction of consumer or commercial credit. Long-term prospects of high productivity point to a gradual trend toward lower¬ing off of prices, and in such a setting the blue ribbons of commerce will go to efficient producers and the aggressive and ef¬fective merchandisers. For, in spite of prospects for bigger trade volume, there is no new and easy inflationary boom in sight to bring undeserved rewards to unsub¬stantial factors. The process of elimination of the less fit will continue through the coming year, and selling, which is the art of inducing the customer to give an order, starts on the drawing board and in the research laboratory, and is continued in all public contact.

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Argentina Office for H. Hentz & Co.

H. Hentz & Co., members of the New York Stock Exchange and many leading stock and com¬modity exchanges, announce the opening of a branch office at 255 Sonoma, Buenos Aires, Argen¬tina. This office is under the management of Mr. Ralph Tausk, and will serve the expanding in¬terest in American securities on the part of investors in Buenos Aires and Montevideo. The firm of H. Hentz & Co. has, for many years, been active abroad, mainly in Europe; and at the present time maintains major branch offices in Geneva, Switzerland, and Amsterdam, Holland.

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(Featuring in the Financial Chronicle)

DENVER. Colo. — Norman E. Hinkins has joined the staff of Rogers & Company, Kittredge Building.

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Attacking the Farm Price Squeeze

By HON. EZRA TAFT BENSON

Secretary of Agriculture

Noting that farm prices have declined 24% since 1951, Secretary Benson discusses current programs designed to ease the cost-price squeeze. Among remedies proposed are: (1) storage loans, (2) set-asides, (3) trade development, (4) market expansion, (5) research and education, and (6) improved marketing and farmer cooperative activities. Warns against freezing agricultural production in uneconomic patterns.

For nearly four years now, farm prices have been declining. Since February of 1951, prices received by farmers have plunged 33%, while the prices they pay have fallen only 4%. These figures constitute an eloquent explanation of why farm pocketbooks are being pinched. The financial pangs which go with adjustment to a peacetime economy are not now felt by all of us, but are suffered most by our farmers. We have suffered them following every war in our history. Just as farm prices of commodities go up faster than the general price level under the stimulus of war and inflation, they also drop farther and faster than most non-commodity prices when the economy is readjusting to more nearly normal conditions. We are making transitional adjustments with fewer and less severe dislocations in agriculture and other segments of our economy than ever before.

The depression which was so freely predicted a year ago failed to materialize. From an economic point of view, 1954 proved to be the best peacetime year in history, although agriculture did not fully share in this prosperity. The changewas less hurtful and is happening most of all to our farm people. I believe that my colleagues will agree with me that the seriousness of the situation is not as great as many of our friends believe it is. Yet I believe all of the evidence indicates we have seen the worst. I believe that for agriculture the days ahead will be smoother than the one we have been through.

For several months now, most farm prices have been relatively stable. For the last two years, in fact, prices have gone up at about 8%, fluctuating narrowly between 94 and 96. It will be recalled that the price ratio in 1949 plunged in the parity ratio during the two years following the Inflation Act of 1933 when the New Administration was in control.

We must not be content with mere stability of farm prices at current levels. The present price level, and even below it, still prices price decline had to be halted before farm incomes could be restored. Eighty percent of the total increase of the past two years in farm incomes has been attained in the first half of that objective is being attained. The jobs at hand new, and we must work for a better balance of the general price and income level.

While we are doing this, we must never lose sight of the fact that the problem of farm prosperity is a price problem. It is prices times volume that make gross income. The story does not end even there. It's what remains in a farmer's pocket after the bills are paid—his net income—that measures whether he has had a good year or a bad one. The theme you have chosen for this meeting shows that you clearly recognize the importance of these other factors.

There are four obvious fronts on which we must work on the problem of shrinking farm profits. We are moving forward on all of them. One is that we must improve programs that help farmers market their products, and we must do this in an orderly manner, minimizing the number of Government programs and reducing the volume of non-recreational storage loans. A variety of crops provide guaranteed minimum prices to qualified farmers. Authority to set aside up to $2½ billion worth of surplus commodities has helped to support the pressure on free market prices of wheat and cotton.

Second, we are expanding our markets abroad through the billion-dollar Agricultural Trade Development Act which permits the sale of surplus farm products for foreign currency and establishes additional outlets through donations for relief and famine aid. We are moving increased quantities of agricultural products into channels of consumption at home through school lunch programs, farm-to-school programs, institutions and welfare agencies. In addition, we are expanding consumption of dairy products by the armed forces, and we are expanding our school lunch milk program by $30 million a year. These programs improve the supply and strengthen demand for farm products. The immediate effect upon agricultural prices should be even more apparent in the year ahead.

We need to maintain and improve marketing. The third line of attack upon the farm cost-price squeeze is through the improvement of government and improved marketing. Government outlays for these programs have been increased by approximately $250 million during the current fiscal year. The gains of agricultural culture in the past have come about largely through this approach to the problem, and it is our hope that these gains will continue in the future.

Consumers and farmers can better use the better foods, seeds and breeding plants, and in the extension of cultural practices and enlightenment of marketing methods—all taken together. The Consumer Advisory Council helps farmers meet the cost-price squeeze and many programs of these operations aid which could be devised by moral force.

Fourth, farmers themselves, through their cooperative efforts, are participating in this attack—this perplexing cost-price squeeze. I believe that your discussions here will give further impetus to that drive and mention this phase of the overall campaign last—but because I think it is least important but because I should like to discuss it more fully at this point.

During the lifetime of most of us gathered here, the American cooperative movement has progressed from a small, struggling startup to a vast, thriving enterprise. Cooperatives formed by a handful of men two or three decades ago have been transformed into flourishing organizations, serving millions of farmers.

Cooperatives operate in many fields today, with varying success. I believe that a major reason for their growth and their greatest opportunity to be of further service to agriculture is found in two main areas: the marketing of farm commodities and the cooperative purchasing of the fertilizer, seeds, and other products which farmers require in their operations. In carrying out these principal functions, farmer cooperatives are hitting the cost-price squeeze from two directions. Cooperative marketing can bring better prices, while cooperative buying often reduces costs.

In an age which places so much emphasis upon size and the dramatic, our sense of proportion sometimes become confused. When we buy a new automobile, we are likely to be horsepower, rather than efficiency, which guides our choice. The horse-and-buggy, which strikes out farther than the highway, wins the praise, the plume and the solid, teamwork player, often overlooked.

The corporation executive who has guided his firm through a year of record-breaking growth makes the front pages while an important scientific advance may not get much recognition.

Continued on page 85
Problems and Prospects Of the French Economy

Those of you who knew France before the war and remember the veneration for age and experience which was needed to be such an important part of the French scene, can realize what a change that means to-day. The Frenchmen are no longer satisfied to live from the riches of their forefathers. They want a better lot and they are prepared to work hard to achieve what they regard as the individual ways of life to achieve their goals.

Optimistic on French Economy

My report on the French economy is optimistic and one of the basic reasons for that optimism stems from the forward surge of vitality on the part of the youth of France which I have just mentioned. One manifestation of that vigor is contained in the population figures. From 1900 to 1945 the population of France remained approximately stable, but in the last ten years the population of France has increased by almost 3 million people to a total of 43 million. With the sole exception of Finland the French today have the highest birth rate of any European country. By 1960 and thereafter, France will have considerably more young people entering the laboring force every year than either West Germany or England. We have heard often in recent years that the high rate of growth in our own population is an augury of prosperity for the future. That same situation holds true today in France and should continually be kept in mind when thinking of France's future.

Before talking of the present-day French economy I would like to recall the extent to which her economy was laid waste by World War II. It is not so long since the Frenchmen were left to rebuild the country and to resettle the millions of refugees and homeless people. This was a task which was made all the more arduous by the phenomenal rate at which young people have been brought to the threshold of adult age. The economic situation of France was brought about by the war and by the efforts of her people. It is a fact that France has seen a new generation arise and that those young men and women have been brought back to the national scene to help build the future of their country.

The French economy has been revived by the youth of the nation, and the French government has taken every possible step to encourage this development. In 1945, the French government undertook the task of establishing a new economic order in France. The government set up a new currency and a new monetary system, and it made a great effort to bring France back into the international community. The French government has been successful in its efforts, and the French economy is now stronger than ever before.

The economic situation in France is characterized by rapid growth and development. The country is now producing more goods and services than ever before, and it is exporting its products to other countries. The French economy is characterized by a high degree of industrialization and by the rapid growth of modern industries. The French government has been successful in its efforts to attract foreign investment and to promote industrial development. The French government has been successful in its efforts to promote trade and to encourage exports. The French economy is characterized by a high degree of foreign trade and by the rapid growth of exports. The French government has been successful in its efforts to promote trade and to encourage exports. The French economy is characterized by a high degree of foreign trade and by the rapid growth of exports.
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A growth situation . . .
British Columbia Forest Products Limited

A current report on this Company is available upon request

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W. C. Pittfield & Co., Inc.
Business and Finance Speaks After the Turn of the Year

Continued from first page

MORE STATMENTS IN SUBSEQUENT ISSUES

Quoting a number of statements either were received too late for publication in today's issue or are of such nature as could not be accommodated here. These will appear in subsequent issues of the "Chronicl

ERNEST R. ACKER

President, Central Hudson Gas & Electric Corporation

The year 1955 promises to be of challenge and opportunity for the electric utility industry in all of its forms, as well as for the industries that use or benefit from it. The year promises to be a time of innovation and growth, with the potential to bring about positive changes in the way we live and work.

ERNEST R. ACKER

President, Central Hudson Gas & Electric Corporation

A new year brings new opportunities and challenges for the electric utility industry. While the industry continues to face regulatory hurdles and technological advances, it also has the potential to make a significant impact on the quality of life for millions of people.

AVERY C. ADAMS

President, Pittsburgh Steel Company

Pittsburgh Steel Company will produce and ship more finished steel products during 1955 than for any other year in its history.

Avery C. Adams

President, Pittsburgh Steel Company

During the last three months of 1954, the company's production of finished steel products reached its highest level. Looking ahead to 1955, we expect to continue this trend, with production levels increasing even further.

V. J. ALEXANDER

Chairman of the Board

Union Pacific National Bank, Memphis, Tenn.

Every new year has the potential to bring about significant changes and developments, and 1955 promises to be no exception. As we look ahead to a new year, we are excited about the possibilities that lie ahead.

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Steel keeps pace with America

To make sure the nation will have the steel it needs in years to come, United States Steel has invested more than two and a quarter billion dollars since 1945. This money has gone into additions to and replacements of facilities, to develop new sources of iron ore, and to learn to make better use of older sources. Since 1901, U. S. Steel has kept pace with America’s requirements. Today, U. S. Steel is an active example of almost 265,000 workers and 277,000 owners cooperating with energy, enterprise and faith as your partners in America’s progress.

AMERICA GOES FORWARD on steel. One dramatic use of steel is in the new five-mile Straits of Mackinac Bridge being built by American Bridge Division of U. S. Steel to link Michigan’s upper and lower peninsulas. This and other U. S. Steel divisions are also fabricating and erecting the New York State Thruway Bridge at Nyack, N. Y., and skyscrapers in New York City, Philadelphia, Chicago and San Francisco.

MANY KINDS and forms of steel are currently required by U. S. industry, and a number of new types are being made available every year. Helping to better meet the demand is U. S. Steel’s new Fairless Works at Morrisville, Pa., the largest fully integrated steel mill ever to be built at one time. Other U. S. Steel plants have been enlarged or modernized to improve ingot capacity and provide steel in more convenient forms.

SO THAT AMERICA will continue to have steel in plenty for generations to come, U. S. Steel looks far ahead. Iron ore is now being brought direct to the mills of U. S. Steel from Cerro Bolivar, in Venezuela, a source discovered and developed by a U. S. Steel subsidiary. At the same time, ways have been found to make better use of the ores already available in Minnesota, Michigan, Alabama, Utah and elsewhere.

STUDY GOES ON to make new and better steels for America. Recent developments include special stainless steels for the transportation and chemical industries; non-magnetic steels for military use and for the electrical industry; improved metallic and non-metallic coatings for wire. Early in 1956, a new Research and Development Center at Monroeville, Pa., near Pittsburgh, will be placed in operation.

Watch THE UNITED STATES STEEL HOUR on television. See your local newspaper for time and station.

UNITED STATES STEEL
Continued from page 34

recently increased margin requirements (from 50% to 60%) to an attempt in curtail speculation in the stock market in general. In all, the business outlook for 1955 looks very favorable at the moment. Industrial production should remain at a high level, while increases in savings, and are at an extremely high level of 11.2%. The Eastern coast of the United States, along with our industrial areas, Freeport and New York, on the other hand, will be stepping up their efforts during the past year, especially among the Western nations. As long as the nations of the world can remain at peace, prices, reasonable savings, and trade, we can look forward to the future with confidence.

STANLEY C. ALLY
President, The National Cash Register Co.

Looking forward to 1955, I believe that the opportunities for growth and the outlook for profitability are sufficiently bright to encourage every business and every individual to work hard to increase their output and make the most of the opportunities before them. One reason for this appraisal is the general confidence which is apparent throughout the country. The continued rise in consumer purchasing power, employment and high personal income suggests a great demand for goods and services, and spell expanding markets for consumer goods. The products of American industry, and even some of the newer products in recent years are also beginning to pay off in the form of new products and improved versions of old products which in themselves are better. These are conditions which will allow every business to expand and should make for a high level of general activity. There are areas of growth which affect our industry and our particular business, which we are engaged in.

We are an engaged in the manufacture of labor-saving devices and have a long history of records. The cost of record keeping has advanced tremendously in the past year, but have been very competitive prices, a number of reasons, rushing work weeks and combined with a great increase in the amount of record keeping required, have been a strong factor in our business experience.

The cost of clerical work has become one of the biggest expenses of expense in business, with clerical work being done business today. In 1949 there were 4,627,000 clerical workers in the United States, and the year 1948, 3,519,000. The number of clerical workers has increased 33% more than the number of factory produce in any 10-year period. In 1949 there were 10,600 clerks for every 100 people, employed, people in 1955 there are 12,000. At an average weekly wage of $60 the clerical payce of the clerical worker increases to $700 per year per employee.

In view of these facts, it is obvious that demand should increase for any type of equipment capable of reducing them.

We believe that the opportunity exists for companies in our industry to advance in an even faster rate than the economy as a whole. This can be accomplished not only where an adequate and aggressive engineering and product development program is undertaken, but also by broadening our product line and opening new markets and expand present ones. In 1954, we expanded our line of manufacturing and producing tape recorders, a field in which we have extensive capital improvement program in our history. Our electronic development and research and manufacturing is being stepped up considerably. There are a number of developments which will increase effort in many other respects. We are also increasing our sales force of trained personnel throughout the country.

Overall, we believe that our sales will be about 10% higher in 1955 than in 1954 and will be able to meet the demand for these products. Our products are designed to meet a high level of consumer confidence and are expected to be an important factor in the industry in 1955.

For this reason, we are more than ever before in the position of providing our consumer with the finest service airline ever offered. This results from our integration during 1954 of 21 new aircraft to our fleet, representing a capital outlay in excess of $15,000,000, including the World's First Transcontinental Jet Service. These DC-7s have given us a big competitive edge along the routes between the East and West Coast of the United States, and Eastern Canada. Our DC-8's, the world's largest and fastest airliner, are being delivered on a continuing basis, making our fleet the most modern in the world. Good delivery performance is also an important factor in our continuing growth.

A brief summary of 1954, as it relates to our company, will give a few examples of the kind of turnover that we expect to examine the airline for the year ahead.

Our passenger traffic hit record peaks during January, February and March of this year, and a number of services we were affected by the cost of the new building, would cost the tune for our fleet to be affected definitely. Our capacity has increased in the last few years, and the present capacity is the only one that has been able to meet the growing demand for air travel. We have also been able to increase our capacity in other areas as well, which will result in greater profitability and in the long run will result in a lower cost per seat mile.

We introduced the DC-7 on March 1, 1954, and the DC-8 on May 1, when schedules were inaugurated between Miami and Southern California. Our DC-8's, the world's largest and fastest airliner, are being delivered on a continuing basis, making our fleet the most modern in the world. Good delivery performance is also an important factor in our continuing growth.

The confidence which consumers of consumer finance companies have in the security of their jobs and income is having a very direct bearing on the sales of new products offered in 1955. In our experience, they are interested in new products that offer them a higher level of security in the future.

The real effect of the upswing in consumer confidence was felt in the first six months of the year. We believe that this upswing will be intensified by the continued high price of the dollar and the increased demand and the expected construction boom which will result not only from private and industrial building but also from expansion of the highway and airport construction.

In our view, the adjustment period of 1954 consumer finance companies were able to increase the amount of dollars outstanding by about 3%. It is anticipated that this trend will continue into the second quarter of 1955 at some what higher rate. Most companies in the field are expected to take the credit extension of receivables of some thing ranging from 5% to 15%.

This increase, of course, will make itself felt in the earnings of the cash instruments like the Federal Reserve owned banks at 5% to 10% higher in 1954.

Increased population and wider acceptance of consumer finance as a desirable and necessary part of our economy will likewise augment the favorable business climate for consumer finance companies in 1955. All things taken together should produce another one of the best years in the industry's history during 1955.

JOHN E. BASSIL
President, The Rayon Corporation

Producers of-man-made fibers are giving their market's a vote of confidence. A manufacturing capacity has been increased. rayon production for the first quarter of 1955 indicates a further growth in the years of the three months of 1955, half. Major growth is concentrated in the United States, in the non-cellulosic filament yarns and blends. With indicated plant capacity constantly expanding, the man-made fiber industry will be able to meet the demands of the textile industry in the next few years.

Rayon production is primarily a rayon yarn industry. It has put nylon facilities into operations in the United States, and is experimenting with potential markets. Our efforts are directed toward the development of rayon and nylon to these fibers, although other fiber products are being developed in the improved textile outlook.

The textile industry generally has been enjoying improved volume with many mills sold to three months ahead. Rayon staple fiber has been in strong demand in every direction of continued expansion.

Rayon staple yarns while subject to both seasonal and cyclical factors, and are experiencing a substantial increase during 1954 experienced and upturn in the closing months, a tendency that shows no abatement. Because rayon and nylon are a product mix that are substantially changed for rayon textile yarns are not expected to be available in the 10% to 15% range for the next few years while the finer yarns are in reduced demand.

High strength rayon yarns for industrial purposes are again available, and are meeting with the automobile and tire industries in the first part of the year. Other rayons also remain in demand. This type of rayon is also being adapted to other uses. Ex-

The American Rayon Institute was formed recently by the major rayon producers to bring to the consuming public a clearer understanding of the many desirable features of rayon. A program of consumer, education and trade promotion has been initiated and will be continued. The result that rayon should have an improved opportunity to share in the textile market. The rayon industry has been developing in high and low pressure hose, convector belts, V-belts, industrial and decorative tapes and carpet backing yarns.

The textile industry is in the position to bring the consumer the highest quality textile goods. These goods are being developed in high and low pressure hose, convector belts, V-belts, industrial and decorative tapes and carpet backing yarns.

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Search is exciting!

Scientists are constantly probing deeper into the secrets of nature—bringing new and better things to you

As THE PROSPECTOR thrills to the search for treasure, so does the scientist as he searches out the secrets of the earth, air, and water.

THE TREASURE that the scientist seeks is better understanding of nature, and ways to bring better living for all of us. To find them, he is constantly probing, taking the elements apart, putting them back together in different ways—always looking for something new and promising.

How important is such research? Today, more than one-third of the work of the people of Union Carbide is in providing products and processes that did not exist in commercial quantities 15 years ago. Each new product, each new process, was born of intensive search.

FROM CHEMICALS TO METALS—The results of these achievements are serving all of us today—chemicals for life-saving medicines and many other uses...a wide range of carbon and graphite products...oxygen for the sickroom and industry...a variety of wonderful new plastics...alloying metals for stainless and other fine steels.

SEARCH...RESEARCH? To the scientists of Union Carbide, search and research are the same—an exciting key to a brighter future for all.

FREE: Would you like to learn more about the many useful things research has helped bring to you? Ask for "Products and Processes" booklet M.

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NATIONAL Greens  ACHESON Electrodes
The build-up in surplus farm products has been arrested and, indeed, reversed. Carrying supplies of corn, dairy products and vegetable oils will be smaller than in 1954.

It is unlikely that Congress will vote to return to a system of high, rigid farm price supports. The close 1954 crop and prospects of a continuation of Congress's new policy are likely to reverse earlier approval of flexible supports.

We have seen the end of government-organized, state-by-state, sound, reality-seeking 'food-laws.' New federal campaigns to stabilize and strengthen the industries in the local markets have been established by the fact that the level of employment is very high, ranking with the top 16 cities in the United States. In view of the character and property of its customers, Rochester Gas and Electric Corporation anticipates a continuation in the growth of its revenue and expects to add substantially to its facilities to take care of the increased requirements of its customers.

Rochester Gas and Electric Corporation is pursuing its vigorous sales promotion programs and is cooperating actively with the Rochester Chamber of Commerce Development Council which was formed in 1954 to bring new industries into this area.

Rochester Gas and Electric Corporation, together with four other major power companies in New York State, will continue in its endeavor to obtain the required Congressional and other approvals in order to consummate the negotiations with the Appalachian Power Company for the full power potential of Niagara Falls.

RODON'T SABALIN

President, Rochester Electric Corporation

I am optimistic about the 1955 outlook for the holding company industry, and all indications point to steady increasing use of helicopters by businessmen and industrialists for such purposes as quick travel and aerial inspection. New applications of a technical nature in the aerospace industry and Air Force are likely to result in a great expansion in helicopter requirements. Development of the manufacturing facilities in this part in process.

While it takes time to translate new concepts into actual production, the major companies in the industry have substantial orders on hand on production which should result in current production which should support a substantial output in 1955. There have been some important changes made in the helicopter industry, with large stretch-outs in the industry, to continue. But in general these changes have resulted from specific local circumstances. They are not of general significance nor should they have any material effect on the helicopter industry in the coming year.

1955 is not likely to see any great expansion in new orders for the commercial market, but there will continue to be an expansion in many, commercial applications of the helicopter industry. It is likely that the clear-cut advantage over other vehicles will be maintained in a very large number of applications. The potential civilian market demand appears to be huge.

Rochester Gas and Electric Corporation has again been increased during the last year, and additional facilities will be completed. The new facilities will be used by the corporation in the manufacture of key industry.

ARON, VTAR ETA BENSON

Secretary of Agriculture

With a strong demand for American agricultural products, prospects both at home and abroad, 1955 should be good.

There is no substitute for a strong, free market. The disparities of prices and returns remains high and this insures continuing demand for the production of other products of our farms at record price levels. Acreage will be utilized to meet the demands of the market. New and better crops may be offset by an increase in returns from liberty colonization in Europe.

While some businessmen have expressed reservations regarding the last two quarters of the year, overall the market reflects the confidence and optimism of California businessmen.

The present high level of national prosperity, outstanding record of high farm income, and the high rate of industrial growth point to another year of growth and progress in the nation's economy.

The expansion in the building and construction industry is likely to be at least $560 billion, the $66 billion of construction expenditures in 1954, which represented about one-sixth of the country's total output of goods and services. It might be pointed out that the construction industry is not only the nation's largest, but it stimulates almost every other major segment of the economy.

The 1954 grand total of $54 billion rolled up by the building industry was the lowest in the past 17 years and about $17 billion for "modernization," the term generally used for the modernization of existing buildings. Costs of building to maintain an economic supremacy. The 1954 sample showed that this field was immensely bigger than had been thought in the past.

The anticipated increase in the demand for gas and electric utilities, housing, and other sectors of the economy is shown by the fact that new construction is expected to be up 15% in 1955.

It would appear that a heavy rate of home building will continue for several more years. There appears to be a great demand for industrial plants and the new capacity will be needed to produce the new goods that will be needed. The new plants that have been announced will bring a new rate of expansion in the economy, particularly the industrial plants which have been announced in recent months.

New construction, too, is becoming one of the true problems of the industry and will likely result at least $47 billion this year. From then on the curve will climb to $50 billion by 1957 or 1958.

Modern expansion of new industries is expected for about 32% of the total output for construction in 1954 - the lion's share of this expansion is expected to be in the chemicals, paper and office building industries, and 32% in the 1955 economy.

School construction shouldn't approach 83 billion in 1955 for the nation's schools, high schools and, aon, in colleges, and in the private sector, have been expanded at the rate of $5 billion per year. The United States Department of Housing and Home Finance will continue to be active in the utilization of FHA mortgage credit under the full payment, full credit, full security arrangement of this legislation, it may be possible to close almost as for a school, although private mortgage credit is to be a major factor. The industry outlook for 1955 shows that substantial changes in several important areas are expected.

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**Some BETHLEHEM STEEL Highlights of 1954**

**WORLD CHAMPION**—In the month of May, blast furnace 2J at Bethlehem Steel’s Sparrows Point plant established a new world record by producing 61,424 tons of pig iron, announcing to a daily average of 1981 tons. This record beat by nearly 5000 tons the former production record, held by furnace “H” at Sparrows Point.

**TANKER QUEEN**—Early in the year the tanker World Glory, largest commercial vessel built in this country next to the liner United States, was launched at the Quincy, Mass., yard. The World Glory can carry 16½ million gallons of oil—the equivalent of 20 trains of 100 tank cars each, or a caravan of tank trucks 30 miles long.

**LARGER STRUCTURAL MILLS**—The year saw continuing progress in the program to modernize and enlarge the structural mills of the Saucon division of the Bethlehem, Pa., plant, where wide-flange structural shapes were first rolled in this country, nearly fifty years ago. The improvements now under way will increase the capacity of the structural mills at Bethlehem by 50 percent, to 210,000 tons a month.

**MORE ORE**—At the year’s end the above iron-ore project at Marmor, Ontario, Canada, was nearing production, with removal of the 100 ft capping of limestone nearly completed. At the Grace Mine, in Berks County, Pennsylvania, the sinking of shafts continued through the year, with the production of iron ore expected to start in late 1957.

**TALLEST MAN-MADE STRUCTURE**—This steel needle is the new tower of Station KWTV at Oklahoma City, which measures 1572 ft from the ground to the tip of its soaring antenna. The tower is braced by 24 guy cables of Bethlehem strand, made at the Williamsport plant, totaling over 9 miles in length and more than 100 tons in weight.

**HIGH-LEVEL BRIDGE**—As 1954 closed Bethlehem had erected a large portion of the steelwork for the High-Level bridge extending for more than a mile along the Lake Erie waterfront at Buffalo. Much of the 11,500 tons of steelwork was rolled at Bethlehem’s Lackawanna plant and fabricated at our Buffalo works. The High-Level bridge will connect with the Niagara section of the New York Thruway.

**SAFETY IN STEELMAKING**—Four Bethlehem plants—Bethlehem, Johnstown, Sparrows Point and Lackawanna—won first, second, third and fourth places among large steel plants in annual Metals Section Contest sponsored by National Safety Council. During the year the Johnstown plant ran from January 1 to May 5, more than four months, without a disabling injury to a single employee.

**RAND DISCS FOR WIND TUNNEL**—It took plenty of ingenuity to handle the tricky problems that were involved in forging these alloy steel rotor discs, 18 ft in diameter, 9 in. thick, and weighing 48 tons each. They are the largest-diameter forgings ever made by Bethlehem, noted for its production of forgings of unusual size.

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**"MEN, STEEL, AND EARTHQUAKES"**

—This new Bethlehem Pacific color movie explains how earthquakes originate and how construction of sound design, with the use of steel, has proved effective in resisting seismic forces. The film runs for 28 minutes, and is now available for showings before professional, educational and civic groups.
Continued from page 38

from cities to suburbs. A high level of construction naturally follows as the country's growth and the ad-

vance of technology open up wider horizons that assure continued progress.

WILLIAM A. BERIDGE

Economist, Metropolitan Life Insurance Company

Employment and industrial activity, behaving true to form, have been following a recession-rev-

Robert F. Black
President, The White Motor Company

The outlook for truck manufacturing and transporta-

tion is not so good as it was last year, but it is not as bad as a year ago. The most encouraging sign is the continued im-

Robert F. Black, President, The White Motor Company

The outlook for truck manufacturing and transportation is not so good as it was last year, but it is not as bad as a year ago. The most encouraging sign is the continued improvement in freight rates and the use of intermediate carriers. This is making itself felt in a surge of new buying of equipment by truckers running rolling stock.

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Pure Oil's new CREDIT CHECK system reduces costs, increases sales, pleases customers

Last April, The Pure Oil Company streamlined its credit system by replacing the old-fashioned credit card with convenient booklets of I.B.M. cards called Credit Checks. The many advantages of Credit Checks have made them exceptionally popular with both customers and dealers.

This simplified, more efficient system means increased sales, greater accuracy, lower costs. There's good reason for the proved popularity of this new program.

FOR THE COMPANY—The Credit Check I.B.M. system expedites handling of volume credit business with speed and efficiency at every stage, from preparation of Credit Check books to final sorting and billing.

"TALENTED" MACHINES—Pure's modern credit department utilizes the latest I.B.M. machines and other equipment, capable of handling volume credit business with speed and efficiency at every stage, from preparation of Credit Check books to final sorting and billing.

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FOR THE CUSTOMER—PURE Glove Compartment Credit Checks speed up customer purchases, are safe, convenient, and easy to use, and provide a permanent record of car expenses.

FOR THE DEALER—Credit Checks save time in writing up credit business, giving dealer more time for selling and offering improved service. His entire sales operation is simplified.

This forward step in credit handling is another example of Pure Oil's growth.

The Pure Oil Company, 35 East Wacker Drive, Chicago 1, Illinois

"TRAINED" STAFF—Competent personnel, well trained in the intricate skills necessary to the operation of the department's special machinery, keep Credit Check procedures flowing smoothly at all times. The increased efficiency assures prompt customer billing and service, better credit control.

Be sure with Pure
Continued from page 40

close that cannot now be foreseen, the outlook is excel-


tent that the present upward trend will continue


JAMES G. BLAINE
President, The Marine Midland Trust Co. of New York

Indications point to a good busi-

ness year in 1955 and there are signs

that 1956 holds similar promise.

Any such forecasts are predicated

upon the continuance of the uneasy

peace that exists in the world.

EDWARD O. BOSHELL
Chairman & President, Westinghouse Air

Brake Co.

Westinghouse Air Brake Company, since its founding

in 1860, a major supplier of railroad equipment, has

diversified in the last three years by acquisition of

established companies. Today, its customers include

such basic industries as construction and

road building, petrochemicals, mining and

irrigation, to name only a few.

Railroad equipment remains an

important part of the company’s

business, and, along with other sup-

pliers of such equipment, 1954 sales

and earnings were adversely affected

by the slump in railroad revenues.

However, we agree with those who

believe that 1955 will see improve-

ment. In the last two months of

1954, orders received by our Air

Brake Division increased, and that

Division’s backlog, which had been

low historically, is now above the

low point reached in the summer.

We believe that most of the drop

in sales represents a deferment of

business. Freight cars are being

retired at a rate well in excess of new

building, a condition which would change rapidly with

any significant improvement in traffic.

With higher operating revenues, the increasing interest in moderniza-

tion of facilities and in reducing operating cost should

stimulate sales of the automatic traffic control systems,

the freight classification yards and other devices manu-

factured by the Union Switch & Signal Division.

The Westinghouse Electric Manufacturing Company has

acquired the business and assets of J. D. Adams Manu-

facturing Company, a long established manufacturer of

railroad equipment with an outstanding reputation for

the quality of its products and its service to customers.

We believe that this line of products, which are used both

in the construction of new roads and in road main-

tenance, fits naturally into the business of LeTourneau-

Westinghouse Company and will permit it to offer a

broader line to its customers in this country and abroad.

The volume of business for 1955, Stodel, Inc., which has im-

portant research and development contracts for the

Armored Services, increased again in 1954 and we expect

the trend to continue.

While it is impossible to predict the timing or extent of

the expected upturn in railroad equipment sales, we are

confident that operating results for 1955 will show

improvement, and that the long-range future is even

brighter.

EMERSON S. BOWERS
Secretary & Treasurer, Atlantic, Gulf & Pacific Co.

The Korean situation, the expensive defense build-up and

the effort for Federal economy at Washington has all

but halted harbor and channel development during

the past several years. Maintenance also has fallen far

behind. Neither development nor maintenance is keeping pace with

other national growth. We believe that this is harmful to the nation.

What is Federal economy or other economy? It is efficient manage-

ment, waste avoidance, spending that adds to assets and productivit-

ess; it is spending today to meet the inevi-

table demands of tomorrow. No

sound American industry defers

plant expansion to meet a growing

demand for its product and then

calls such demand economy. Does

any transport organization defer

buying equipment needed for in-

creasing business? Does any public
utility, with constant growth assured,

delay adding capacity to meet that growth? Does a well-

managed business of any kind defer maintenance essen-

tial for efficiency and uninterrupted operation and call it economy?

Misplaced economy is almost always extravagance

leading to ultimate loss.

Owing to what we believe is misplaced economy, our

industry, whose principal activity is constructing and

maintaining the nation’s harbors and channels, has been to

a considerable extent idle since 1951. It appears now

that the Administration realizes that curtailing certain

spending is harmful to the national welfare and not

economy after all. A multibillion dollar highway pro-

gram is in the making. Its primary purpose is, of course,

to expand the nation’s highway system to meet the tre-

denous growing needs for it. Other public works pro-

grams are under consideration. They may have

many function, another and most important purpose is to

create employment and stimulate business which, in

turn, will safeguard the general welfare and strengthen the

national economy.

We repeat, harbor and channel development has not

kept pace with other national growth and must be

fallen far behind. These facts are now recognized and it

appears that something will be done about it begin-

ning with the coming fiscal year. Consequently, our

outlook seems better than for some years.

Continued on page 44
IN PUERTO RICO

progress wears seven-league boots

Growth in Puerto Rico's living standards, according to the Chase National Bank of New York, "tops that recorded anywhere in the world—a 70% rise in the past decade."

The great recent advances made by Puerto Rico in the health and wealth of its population, and in the diversification of its economic life are disclosed by the tables below.

Puerto Rico's progress is largely the result of coordinated effort between the economic and industrial agencies of the Commonwealth, the commercial banks of Puerto Rico and the mainland, and individual and institutional investors. In this effort, the Government Development Bank performs many tasks. Thus, it may make a loan for the initial construction costs of a new oil refinery, or for machinery for a new precision-equipment plant. It may arrange for the public sale of bonds to provide funds for expansion of a power plant or extension of a sewer system. Or it may undertake to interest investors in the United States in the sound housing loan opportunities available in the Commonwealth.

The Government Development Bank for Puerto Rico is pledged to continue its vigorous efforts in these directions. The notable improvements already made in the well-being of the Commonwealth and its people provide a stable foundation for the profitable employment of private capital and credit from the mainland of the United States.
Continued from page 42

also better for those industries which supply us with the various commodities and materials which we use. It is in the hope of us all, I am certain, that we can enjoy in the future the same high level of annual retailment of funds for the work that we do. Then, as in the past, the basic stability of our economic system and the national improvements which will mean so much to national interests.

MARK A. BROWN
President, Harris Trust & Savings Bank, Chicago, Ill.
The most important economic factor determining the prospects for banking in 1953, as well as in other years, is the outlook for income and demand for loans. These in turn depend on the prospects for overall economic activity. It is difficult to see the future in only very dim outline. The economic climate will be not the same as it has been since the end of the war. The present period presents some basis for estimating the future.

Mark A. Brown

was a loan increase in funds. mortgage

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1954

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function

in our system of free enterprise, that those are alert and alert, and that we make the greatest contribution to our prosperity and thereby benefit from the opportunities available.

CURTIS F. BRYAN
President, Tennessee-Hosch Corporation
The oil industry can look forward to its year of greatest domestic demand in 1955. For what segments of the industry, they are primarily industrial, the increase will be translated into increased earnings will depend upon considerations of the trend of the government, policy, demand and foreign.

The production of oil and gas is one of the several components which, with refining, marketing and trans¬

portation, is included in the highly in¬

tegrated and competitive petroleum industry. The trend of the industry will be determined by the commercial interest and the

specialist in foreign trade who will

evaluate the legal and economic trend of the major factors involved in the industry. The extent to which the producer and consumer of petroleum will need the services of the industry will be determined by the level of the domestic demand over the years. The rapid rise in these im¬

portations, comprising 13.5% of domestic consumption at this point, should be noted as a possible determinant of foreign demand. Of this total, the legally allowable rate of domestic production during the period, provided it has been reduced to points which seriously affects revenues and which make it possible to meet the needs of small industries, out of which, which is the necessary level to bring about a balance between supply and demand.

In the field of domestic policy, it is quite evident that 1955 will witness a renewed and more vigorous attack by the Treasury Department to eliminate or restrict the importation of petroleum and other products. It is evident that many people postoned the purchase of petroleum products in anticipation of the possible stability of the government policy committee will be forced to recommend action to reduce imports to a point which will maintain the existing order of the industry.

The obvious remedy for the situation, the limitations imposed on the industry, and the administrative policy of sponsoring increased trade within the industry, will result in a weakening of the legal position, which has thus far failed to manifest itself in voluntary limitation of imports, is asserted in the weeks ahead it will be possible for the government to levy a six-month limit or a more reasonable a reasonable measure of balance between supply and demand.

A third problem with which domestic producers are confronted lies in a high rate of inflation of wages and the rise in the cost of living. Many economists believe that a strong technological development and the threat of a second world war has caused a sharp increase in the demand for labor. A recent study has been reported to the government in the area of the business environment, it is hoped that our government will not have a serious effect in the continuing trend of inflation, which will afford assurance that the principle of free enterprise will continue to function.

Qualification of these considerations, 1955 may be ex¬

pected to be a year of active development with earnings agreements comparable to or in excess of those of 1954. Capital expenditures will reflect a high relative level of expansion in the business of the company, which is a business and essential part of the nation's economy and may be expected to share in the increased earnings which are expected to be realized.

HARRY A. BULLIS
Chairman of the Board, General Mills, Inc.
A year ago our economic weather prophets were fore¬

casting a mild recession if not a minor depression by the end of the year. We were in the midst of a recession came and it was mild. In terms of national product the drop was less than one billion—less than 4% from the peak second quarter of 1953.

Uncertain is the principal factor in the recession was the reduction in consumer spending. Consumer spending for food, furnishings, durable goods, entertainment, transportation, and recreation was reduced, as was residential spending, more real estate mortgage financing, and an expansion in the number of new homes. A real estate market influenced by government policies due to improved business conditions. Recent de¬

velopments indicate that current policy is less easy than was true throughout most of 1954. The annual rate of increase in prices and a larger volume of bank loans should react favorably on bank earnings this year. However, profits from security sales may be lower due to higher interest rates and reduced interest rates on loans made in 1954 will serve to restrain loan income growth in 1955. These factors, however, may decline moderately because of the expected increase in the real rate of interest. With the increase. On the whole, 1955 promises to be another year of great challenge and opportunity for those in the banking profession. It is a time for the improvement in the bank's position within the community and for the fulfillment of the confidence which we have created in our institution. The increased earnings of the past years will be a solid foundation for growth and for the future.

Harry A. Bullis
continued increase in the consumption of ready-to-eat cereals, where per capita consumption also saw an upward trend. In my opinion, the outlook for industry in general is good for the coming year and the prospects for the food business look very good. Competition will undoubtedly be even more keen than during 1954, but that is a part of our American system and is an element of basic strength. Competition is the stimulus which aids our creative powers in the use of our resources. Scientific research is constantly bringing forth new discoveries, new products, new processes and new methods, but the test is in the market place.

I believe that both consumers and businessmen will continue to proceed intelligently and courageously during this period when the economy will slowly gain in civilian use what it lost through the curtailment of spending for national defense. I am optimistic for 1955.

HOWARD BUTCHER, III
President, International Utilities Corp.

Our company, International Utilities Corporation, controls natural gas, electric and propene companies mostly in Alberta but also Saskatchewan and Western British Columbia. In those prairie provinces growth of population, stimulated particularly by oil discoveries, has of late been rapid and promises to continue.

Just as the utilities side of the border have experienced not only an increase in the number of customers but also in the quantity of service per customer, so will Alberta’s demands for service increase numerically and quantitatively.

Alberta is almost as large in area as Texas, and may well be following in Texas footsteps by superimposing mining, gas and oil production on a well established cattle and wheat growing economy. Varied industry followed oil and gas in Texas. The same is happening in the prairie provinces.

Alberta is proud of its tremendous opportunities: of its fast growing population which is so aware of its prosperous future; of its constructive government which fosters progress everywhere on a pay as you go basis; and of its infinitely varied resources throughout 253,000 square miles.

This is the land of opportunity, and International Utilities’ subsidiaries are proud to be of service to such fine people and look forward to growing with them in 1955 as they have these many years.

THOMAS D. CABOT
President, Godfrey L. Cabot, Inc.

In my opinion, 1955 will not be an easy year in our field for there is substantial excess carbon black producing capacity in the world and several new plants are being completed. The trend toward higher quality carbon blacks in the tire industry will increase dollar sales even with equal tonnage, and modern plants designed for these qualities should have satisfactory earnings. We start this year with lower inventories than last and with current sales running about 10% ahead.

We expect sales abroad to expand somewhat more than in the United States which will be of a special benefit to our foreign plants. In this country older plants using gas as a raw material have continued to operate beyond expectations because gas suppliers have been reluctant to subject themselves to the regulation required by a recent Supreme Court decision should the gas go into interstate commerce.

HON. HOMER E. CAPEHART
U. S. Senator from Indiana

If there is one philosophy encompassing the solemn duty of a member of the Congress of the United States, particularly in these times, it is a genuine recognition of the truth of the statement that “Trade Makes Jobs and Jobs Make Trade and the Combination of the Two Creates Unbeatable Domestic and International Strength and Security.”

Examine the statement carefully.

It is true we are in war international relations as it is in the conduct of our domestic affairs.

Without jobs, our people at home can’t find work. When that happens, whatever trade may exist at the time cannot last long. But trade cannot exist without the purchasing power produced by jobs. Hamper trade and jobs disappear.

This theory is just as true in international trade. If the people who live in our friendly allied nations are without jobs, they cannot buy the goods we should be selling them to bolster our own economy. But, on the other hand, we make it difficult for foreign business to purchase and sell the goods we produce, or produce goods for sale with American credit capital, these people can’t have jobs either.

So, it seems to me that the primary objective of this and every Congress should be to do those things which will produce, in its proper sphere, government encouragement for an ever more stable domestic and international economy that will assure job security, trade and trade and jobs.

If you tax individuals or business unnecessarily, you kill the incentive which produces both jobs and trade. If you impose restrictive regulations, you do the same thing. If you beat the brains out of either management or labor, you do the same thing. Neither can assume its proper place in a sound economy without the other and neither can do its best job without a government which recognizes its responsibilities.

In the international field, aside from its tangible effects upon our own economy, trade is without a doubt the most effective antidote for war. If we lose the cold war, it will be because we lost out on international trade.

If we do lose it, it will be because we failed to recognize the absolute necessity for applying to our foreign trade the same principle of long term credit which has been the basis of our own domestic economy. Without it, for example, we couldn’t have sold many automobiles, refrigerators, washing machines, and the hundreds of other items which have produced trade and jobs and trade and jobs.

We must do the same thing internationally—give our foreign nations long term credits on which they can produce and create jobs and trade and trade and jobs.

If we fail to do that—if we insist on a strictly cash basis international trade—we’re going to have the same aspect of the cold war and we cannot afford to lose it.

When we do these things at home and abroad we make it possible for every man and every woman to fulfill the natural desire to accumulate something—to own property.

When you have made it possible for every person to own something, you have defeated Communism because Communism, simply stated, is just an attack upon the ownership of private property.

Because the attainment of this goal—“Trade Makes Jobs and Jobs Make Trade and the Combination of the Two Creates Unbeatable Domestic and International Strength and Security”—should then be the primary aim of every member of the Congress of the United States.

Continued on page 45

more power at the "top of the South"

Another 100,000 kilowatts of electric power were added to the Vepco power system with the recent completion of the new addition to the PORTSMOUTH STATION at Portsmouth, Va.

Another 100,000 K.w. unit will be added next Spring with the completion of the new addition to the FORDHAM POINT STATION near Quantico, Va.

A third project—the ROANOKE RIVER HYDRO DEVELOPMENT, near Roanoke Rapids, N. C., now under construction—is expected to add still another 100,000 K.w. to the system before the end of 1955.

POWERED FOR THE FUTURE, TOO! All this adds up to a plentiful supply of economical and dependable power for present and new industries in the Vepco service area at "THE TOP OF THE SOUTH" where the present-day capacity already is two and one-half times what it was only a few years ago.

Inquiries addressed to our Area Development Department for plant site and other information will have prompt attention and, of course, will be held in strictest confidence.

VIRGINIA ELECTRIC AND POWER COMPANY
Richmond 9, Virginia

PORTSMOUTH STATION at Portsmouth, Virginia
Capital "will have a significant effect on the automobile industry." For several years it has been recognized that the potential single piston engine will reach its maximum stage of development. Leaders of the industry have viewed the approaching jet age as the next phase of automotive development, with a general agreement that the turboprop airplane is the means through which air transportation would enter into the jet age.

Capital's purchase of 60 four-engine Viscounts, powered by single piston engines, makes this prediction a reality. Introducing the speed and comfort of transportation to the American public, a new standard of air travel will be established. Other carriers have already announced their interest in the turboprop, so that the market will be one in which all airlines will have a greater role in the future than in the past. The concern of all experts is one of sound and practicality. Capital's continued success in this development will prove to follow that with business generally at a high level, air travel will be increased, and the airlines will continue to grow.

The outlook for the coming year by Capital is so completely dominated by jet implications that there is no future except in relation to it. The concern of all experts is one of sound and practicality. Capital's continued success in this development will prove to follow that with business generally at a high level, air travel will be increased, and the airlines will continue to grow.

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The outlook for the coming year by Capital is so completely dominated by jet implications that there is no future except in relation to it. The concern of all experts is one of sound and practicality. Capital's continued success in this development will prove to follow that with business generally at a high level, air travel will be increased, and the airlines will continue to grow.
Do you hope you will be able to send your children to college sometime between now and 1961? If you expect them to get a sound education, and you wish to make your money's worth, this must be done. Both teachers' salaries and their efficiency (which is now comparatively low) must be increased.

Fifty years ago, only about 4% of the youth of college age were able to go to college. Two great events on our national scene boosted enrollments sharply—the depression and the G.I. Bill. Pre-war, about 15% of our growth of college age attended such schools. Between 1940-45 it was about 35%, and in 1945-50 even more were enrolled. Then, the number shrunk during 1950-52. Chiefly responsible for this drop was the increase of births in the 1920-35 depression.

But, 1952 saw a 1.5% increase in college enrollments over 1951; and 1953 rose 4.8% over 1952, so that again about 23% of our youth of college age were in college. In 1954 fall enrollments probably registered a 6%-8% increase.

Can College Forecasts Be Trusted?

If you project to 1970 the number of children already born, you will have a 16% increase in the youth of college age by 1960, a 46% increase by 1965, and a 70% increase by 1970. And, an increasing percentage of our youth of college age go on to college, enrollments could double by 1970. The above is based on the assumption that we shall continue to make more educational opportunities available for our youth, as we always have. Educators claim that by 1970 a good third of our young people of college age may enroll. This would more than double student bodies, and perhaps require double the number of teachers and much more classroom space.

Personally, I believe this is like forecasting 500 for the Industrial Stock Average. I question such figures.

The teacher shortage will not be limited to colleges. Our elementary and secondary schools now require about 140,000 new teachers each year for the foreseeable future. Yet, it is estimated by the experts that only about half the number of teachers needed for the public schools alone will be graduated from college.

... But, someone will have to teach your little Johnny and Suzy. If adequately trained teachers are not available, persons with substandard qualifications will have to be pressed into service. Now, why is there a teacher shortage? The answer, in part, is that teachers are underpaid.

Salaries Compared

Public-school teachers' salaries averaged about $3,050 for 1952-53, which is less than many business and engineering college graduates get as starting salary on their first job a year or so ago. And 1953-54 was a good year for the teachers too. In 1953, for it represented an average salary rise of 4.8% over the previous year.

Still, 34.1% of the 1,028,898 teachers received less than $2,500, and only 14% received $4,500 or more. College teachers' salaries go very little higher. The median income of physicians, on the other hand was about $11,200; lawyers, $7,700; dentists, $7,100; but with much higher top figures attainable. How can we hope to hold good men in top educational jobs which pay $5,000-$8,500 when their counterparts in industry offer ceilings unlimited?

Taxes Should Not Be Raised

If we want a good college education, we shall have to pay wages competitive enough to encourage them to make the tremendous outlay of time and expense needed for their education. To hold our able teachers, we shall have to up salaries. This means higher taxes.

I forecast that our democratic society, with full employment, can prosper only as we provide adequate schooling for our youth, with a moderate tax rate. This means that our educational leaders must provide for more efficient methods of learning by doubling the use of present facilities. What industry could survive in this competitive era with its factories being used only six hours per day?

CONTINENTAL SECURITIES CO.

ROANOKE, Va. — Continental Securities Company is conducting a securities business from offices at 609 South Jefferson Street, William P. Hills is a principal of the firm.

With Ungerleider Co.

Ungerleider & Co., 52 Broadway, New York City, members of the New York Stock Exchange, announces that Arthur Jerome Schwartz, formerly associated with Ebsco & Co. is now associated with the firm.

THE DETROIT BANK

Statement of Condition

December 31, 1954

RESOURCES

CASH AND DEPOSITS FROM BANKS $1,433,683,408
UNITED STATES GOVERNMENT OBLIGATIONS 338,741,884
STATE AND MUNICIPAL BONDS 72,602,133
CORPORATE AND OTHER SECURITIES 6,085,197
LOANS AND DISCOUNTS 104,869,455
REAL ESTATE LOANS 104,861,568
FEDERAL RESERVE BANK STOCK 647,500
BANK PROPERTIES AND EQUIPMENT 4,701,071
ACCRUED INTEREST AND PREPAID EXPENSE 3,189,444
CUSTOMERS LIABILITY ON LETTERS OF CREDIT 17,032
OTHER ASSETS 118,472
TOTAL $797,777,164

LIABILITIES

DEMAND DEPOSITS
INDIVIDUALS, CORPORATIONS AND OTHERS $356,912,188
U. S. GOVERNMENT OBLIGATIONS 14,528,867
OTHER PUBLIC FUNDS 21,802,275
SAVINGS DEPOSITS 343,188,033
TOTAL DEPOSITS $735,431,363
UNEARNED INTEREST 1,741,669
ACCURED EXPENSES AND TAXES 4,938,999
LIABILITY ON LETTERS OF CREDIT 17,032
CAPITAL STOCK ($25,000 SHARES) $8,250,000
SURPLUS 20,000,000
UNDIVIDED PROFITS 7,497,279
GENERAL RESERVES 1,911,522 $37,658,801
TOTAL $797,777,164

United States Government Securities in the foregoing statement with a par value of $31,638,000 are pledged to secure public and other deposits where required by law, including deposits of the State of Michigan amounting to $4,957,568.

MAIN OFFICE • GRISWOLD AT STATE • DETROIT, MICHIGAN 41 OFFICES Throughout the City

MEMBER OF FEDERAL DEPOSIT INSURANCE CORPORATION

MORE THAN ONE HUNDRED FIVE YEARS OF SERVICE
Continued from page 46

almost if not entirely ceased, but no rush to replenish has developed. There has been a partial off-set partly offset by increasing pressure on State and local governments to provide new roads, schools and other public facilities. The consumer's attitude, like the preceding decline, seems to be proceeding with moderation and volition.

The experience of the last two years encourages the hope that both the Federal Reserve and the business world of avoiding excesses, either on the up-

ward or downward side. If this view is realized, the Treasury's reason to view the economic future with optimism.

HARRY COHN
President, Columbia Pictures Corporation

Harry Cohn is, of course, only the identifying phrase for the motion picture industry—

In these days a place of excitement, enthusiasm, and high promise.

There is good reason for this. For our industry has just completed one of its most profitable years. Expecta-
tions are great for next year. For light entertainment calculated to produce more interest than ever before, but also expectations of growth, development and profits for the film industry.

1. This has required a measure of imagina-
tion, tenacity and determination to handle the economic threats which have disturbed our industry in years past. Our industry has been fully aware that it could not hesitate to script successful formulas of the past when new ones are needed. To our relief, the new formulas are strong enough to survive the demands of today.

Today, California has produced, in the last two years, successes such as "From Here to Eternity," "The Caine Mutiny," "On the Waterfront," "The Robe," "Young Lady Slips". The other studios have been keeping pace, making pictures with a vitality that is a contrast to the work of the past.

With the application of this new thinking, with new and varied formulas, the industry is utilizing fully the administrative personnel working harmoniously, with our nation's economy and prosperity continually advance-

ing. The motible industry has developed not only a new era of progress and earning power.

L. L. COLBERT
President, Chrysler Corporation

In the closing months of 1954, the automobile industry's new model introductions created a surge of activity and optimism throughout the American economy. Public response to the new products has put many plants on an overtime basis in an effort to meet the rising demand. The effects of this increased activity have been far reaching. New job opportunities have been created; new businesses have been started; administrative policies have been developed.

In the production of passenger cars for 1954 was expected to total at least 53,500,000, and pro-
ductions of 1955 and 1956 will be even higher than in 1954, with production of trucks and buses as at least 10 million. Present indications are that for the first time in history, over 80% of our passenger cars have been sold.

In 1954, the average number of passengers on the new models sold out, reaching a total of 135,000,000. This total exceeds the 6.5 million motor vehicles produced in 1954 and would make 1955 one of the industry's biggest years.

A main reason for expecting 1955 to be a bigger year for the industry is that 1954 is the stimulus of new models on the buying public. Following are a few more economic factors that will be an excep-
tionally good year for the industry.

1. (1) Recent market surveys have shown that the market for passenger cars is still strong. Sales of new cars will exceed 13,000,000 this year, two, three, or four years. In 1950, and 1952, there were 11,000,000 new automobiles bought new — and in 1953 a large percentage of the people who should be in the market for new cars.

(2) Conditions are favorable for a market for good used cars — which in turn should lead to in-
creases in the sale of new vehicles. The great need for used cars is the continued increase today of between 8 and 9 million cars over 12 years-old —cars which were built before 1940. The automobile industry's millions of cars being bought, many of which have been scrapped if a supply of used cars had been available, and they were being scrapped if a supply of used cars had been available, and they were being scrapped if they had been available. The market for used cars is strong and expanding, the trend being back to a level more than 20% of the passenger car market and that when we hit that target we would raise our sights still higher. On the basis of the initial response of the pub-
lc to our new models I now think we will raise our sights sooner than I anticipated. By Dec. 13, less than a month after introduction of our new models, we received a levered for the 1955 cars. Plymouth orders totaled 26,000;

Dodge, 100,000; DeSoto, 40,000, and Chrysler and Imperial, 60,000. During the second week in December, the orders reached 121,000, and by the end of the month were averaging over 9,500 a day.

In an attempt to fill these orders, all of our divisions are working on an over-time basis. By mid-December, total Chrysler Corporation employment had reached 300,000, and was increased to 310,000 at the beginning of the New Year. Our December shipments of 96,000,000, represent a new December record, and 100,000,000 for the month of December, and on the basis of current demand expects to turn out 725,000 of the 1955 model.

In a market changing as rapidly as it is today, the automotive industry as a whole made a greater number of changes than in any previous year. Chrysler Corporation led all other com-
pies in the number and diversity of its innovations. Swapping changes in all of its passenger-car lines were introduced to meet features of a new model, a new "wrap-around" swept-back windshield; (2) three-seat models, with real springs and new front-wheel suspension; (4) a wider range of body colors and interior fabrics; (5) a greater selecteur lever on the steering wheel; (6) a host of new mechanical and structural features — including a suspension and an enlarged front engine. The body build-
ing and welding, rear deck lids balanced by spring-tension torsion bars, and many others.

Our new "forward look" styling of Chrysler Corp-
oration cars is the product of more than three years of study and development. It is a departure from our previous low and lower and lower. They present the appearance of smooth-hugging curves which give the appearance of lightness and airiness in the upper portion. Some of the cars have been lowered by as much as 2.5 inches, while others have been raised by 1.5 inches. The ride is as firm as the belt line to the roof; and the glass area of the windshield is an all modern type. We built these cars, no doubt, for the average driver and for the average car buyer.

We are very happy about the enthusiastic response to our 1955 models in all parts of the country. The con-
sumers of the nation are now shown to have been completely justified, and we are looking forward to a busy year ahead.

JOHN S. COLEMAN
President, Birmingham Trust National Bank, Birmingham, Ala.

Although 1954 was a year of continuing adjustment of the national economy to one of peace, business conditions in the Birmingham district, with some exceptions, was at record levels of activity. Credit, and in the increases in orders the outlook for the year and the three months is very much more favorable.

Severe drought of long duration adversely affected many sections of the state. With re-
lief widely administered to those most in need in the form of federal and state assistance of many interested parties, the worst conditions have been alleviated and the permanent setback appears likely.

According to reports from the Tennessee Coal and Iron and the Alabama Corporation, the books reflect a definite rise in demand for steel, with manufacturers and fabricators again in the market. Sig-
nificant improvements in the volume of sales of steel in 1955 is expected if present trends continue.

It is reported by Alabama Power Company that in 1954 it invested $34,000,000 for additions and improve-
ments and that $108,000,000 is scheduled in the next three years for similar expenditures. Plans are in process between this company and the Federal Govern-
ment to build a new hydroelectric plant along the Coosa River within the next decade. Also in process is application for permission by the U. S. Government to dam on the Warrior River.

The Tariff Board has made in the plans of the Corps of Engineers, United States Army, for the devel-

S. SLEET COLT
President, Bankers Trust Company, New York City

Nineteen fifty-four proved to be a better year for investment than the year 1953. The market move-
time ago, Bank loans to business declined with the fall in business. These declines were probably the result of the widespread sale of industrial, irrigation and recreational purposes. The banks were encouraged to make loans for industrial, irrigation and recreational purposes. The banks were encouraged to make loans

And, of course, the market for American commercial vehicles, which was no longer buoyant, is now beginning to come back. The growing demand for American products is reflected in the fact that there are more than 200,000 new orders on hand for the manufacturers.

I would not predict for prophecies for the long term future, but the outlook for the coming year seems to show great promise.

Continued on page 50
Two With John G. Kinnard
(Special to The Commercial and Financial Chronicle.)
MINEAPOLIS, Minn. — John R. Frevel and Harlan L. Lidke are now associated with John G. Kinnard & Co., 133 South Seventh Street.

With State & Bond Mfg. Co., 1955
(Minneapolis, Minn. — Fred E. Hollingsworth, Richard T. McCougal and Melvin D. Weathers are now with the State Bond and Mortgage Company, 28 Montgomery Street.

Craig-Hallum Adds
(Special to The Commercial and Financial Chronicle.)
MINNEAPOLIS, Minn. — Jeanette A. Hardin has been added to the staff of Craig-Hallum, Inc., Hardware Tower. Miss Hardin has been formerly with Harris, Upham & Co. and C. S. Ashmun Co.

Joins Reid, Highie Co.
(Special to The Commercial and Financial Chronicle.)

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**ELECTRONICS CORPORATION OF AMERICA**

77 Broadway • Cambridge 42, Massachusetts

Photo-etch Division • Combustion Control Division • Freeway Division • Military Division

Photoconductor-Transistor Division • Marine Division • Business Machines Division
Continued from page 48

SIBYL N. CONGDON
President, National City Bank of Cleveland, Ohio

spread so and deal of sound truly average example, As meet Cleveland-Pittsburgh-Detroit underlying good us to regions there types of is the industry prepared, by the decisively to the taxes by during the later years, according to the airlines, according to the airlines proving the “euphoria” of the “pitched goods to the government, the continued growth in business volume, improved gross earnings, and further improvements in credit the rapid advancement of the last few years. Major traffic-growth potentialities to be developed within the transcontinental tourist air travel, tourist group travel, charter group travel, and expansion of airline fleets. Indirectly, other growth-producing factors for the airlines are to be found in the recent national economic surveys, including the growth in income and consumption of raw materials, the growth in income and consumption in the industry and the steady growth in the personal income of the people. Any improvement in the airline industry—one common to other businesses today—is one of rising costs which narrow the profit margin for all companies. The costs are high, and while new equipment costs and deprecia- tion charges will increase, the relative value of the product to the traveling public has actually gone down. In order to meet this problem, the airlines have been working to lower their costs, and reduce the price to the public.

We in Trans World Airlines are looking forward with great enthusiasm to the future, which holds so much promise for the airline industry. Major events and achievements in TWA’s development, symbolizing past, present and potential future growth of all commercial air transport in the United States, will be highlighted.

Thirty years ago, TWA’s first “executive corpora- tion” West Coast Air Express, was incorporated a year later, and flights from Los Angeles to Salt Lake City were established. It was followed by the introduction of a fleet of 150 aircraft, and 30,000 miles of routes over the United States.

Early in 1931 the city will be augmented by the 5,000-mile-tour with the introduction of a fleet of new and larger aircraft; a break in the long tradition of fast, dependable aircraft in the world.

The airline industry is expected to find a steady and regular growth in its four decades of service and growth, and will be a new, $105,000,000 over-all development to increase the size of the companies to make the laying of the cornerstone for the new base, to be erected at a cost of $3,000,000, and engine mainte- nance facilities, will take place late in the spring of 1955.

In TWA look to the immediate future with great and the long-range future with optimism for new growth and progress.

HARRY W. DAVIES
Chairman, Maine Midland Trust Company of Central, Nebraska

Nineteen hundred and fifty-five is off to a good start. Actually, however, we on this board are starting out to know accurately which of the varied forecasts and predictions for the year will hold true.

And in this connection, the Central New York area served by our bank appears to be very bright. The New York State Thruway and the St. Lawrence Navigation System is an additional impor- tance. Local bank de- posits have reached an all-time high. Our company is engaged in the manufacture of farm equipment, and income is on the increase. We are nearing a new date of 26,000,000 dollars to the shareholders, which is a major improvement over the past two major de- finitive factors of 1954—lower defense expenditures and inventory liquidation. We have every reason to be more than it hold, but rather, that because we can write the “euphoria” of the “pitched goods” to the government.

Our General Manager, Mr. Alvin Davis, has a year of complete economy. Based on past performance I am completely satisfied that this policy is necessary and that it will continue, if anything, to be more aggressive.

DEANE C. DAVIS
President, Niles Natural Gas Company, Montpelier, Vermont

As the new year gets underway, the American econ- omy is well on its way to recovery. It is possible that the shaky tempo of the past few years may be something that we must be prepared for, but it is also possible that we will be ready for a more prosperous economy. The national economic recovery, in which the American people have been engaged since 1933, has been a long process. It has involved almost universally by the States and should be adopted by all for the benefit of its citizens. The benefits of air service to the public.

One of the benefits of events and achievements in TWA’s development, symbolizing past, present and potential future growth of all commercial air transport in the United States, will be highlighted.

Continued on page 52
Phil. Secs. Assn. 
Elects New Officers

PHILADELPHIA, Pa. — Robert E. Daffron, Jr., of Harrisson & Co., was elected President of the Phila-
delphia Securities Association at the annual meeting and election of the Association held at the Warwick Ho-	el. Mr. Daffron succeeds James T. Gies of Smith, Bar-
new & Co. Other officers elected for the ensuing year were: Francis M. Brooke, Jr., of Brooke & Co., 
Vice-President; Lewis P. Jacoby, Jr., of Thayer, Baker & Co., Treasurer; and Spencer D. Wright, III, of Wright, Wood & Co., Secretary.

The following were elected to the Board of Governors to serve for three years: Franklin L. Ford, Jr., of E. W. Clark & Co.; George V. Doo of Schmidt, Poole, Robi-
ertson & Parthe and Edward Williams of the Pennsylvania Com-
pany for Banking & Trusts. Albert R. W. Weidig of Bornholtz & Weeks was elected to the Board of 
Governors to serve for one year.

Robert Chaut Joins 
Kidder, Peabody Co.

Kidder, Peabody & Co., 17 Wall 
Street, New York City, members of leading securities exchanges, announced that Robert Chaut has become associated with their research department as a specialist in bank and insurance stocks.

Mr. Chaut was formerly with Blais & Co., Incorporated.

R. M. Smythe Co.

Celebrates 75 Years

R. M. Smythe & Co. Inc., 79 
Wall Street, New York, are celebrat-
ing their 75th year in January 1955. They are one of the oldest firms specializing in inactive and obsolete securities and they have an affiliate in Jersey City.

Townsend, Graff Group 
Sells Kycon Pfd. Stock

Townsend, Graff & Co. and as-
nociates on Jan. 16 announced that 
the offering of 120,000 shares of 
Kycon, Mfg. Co. 5½ cumulative 
convertible non-participating pre-
ferred stock at par ($10 per share) 
has been all sold.

Net proceeds from the sale of 
the preferred shares will be avail-
able for general corporate pur-
poses as determined from time to 
time by the company's board of 
directors. It is the intention of the 
company to use the proceeds as 
follows: about $400,000 to ful-
fill the company's obligations un-
der its agreement with Vanier 
Associates; approximately $200,000 
in engineering, research and development of new electronic test equipment; and in the improve-
ment of certain electronic test equipment now being pro-
duced by the company; and ap-
proximately $75,000 for certain capital improvements. The balance of approximately $177,000 will be added to working capital.

Kycon Mfg. Co., with its princ-
pal executive offices and plants 
in Pasadena, Calif., is engaged 
principally in the design, develop-
ment, manufacture and sale of 
special and general purpose elec-
tronic test equipment, aerial 
cameras and photogrammetric in-
struments, ordnance products and 
photogrammetric engineering 
services to public agencies and 
industrial clients.

With Homer Collins

DULUTH, Minn. — Lloyd F. 
Sewartly has been associated 
with Homer Collins & Co., Torrey 
Building.

Merrill Lynch Adds

DETROIT, Mich.—Dorr W. Gro-
ve has joined the staff of Mer-
roll Lynch, Pierce, Fenner & 
Beane, Congress & Shelby Sts.

W. T. Leonard Opens

LOS ANGELES, Calif. — Way-
land T. Leonard is engaging in a 
securities business from offices at 
215 West Sixth Street.

With Haseltine, Gilbert

MINNEAPOLIS, Minn.—Julian 
P. Hertubius has been added to 
the staff of Haseltine, Gilbert & 
Wilson, 108 South Ninth Street.

Minneapolis Assoc. Adds

FRESNO, Calif. — Edward E. 
Harte has opened offices at 1215 
M Street to conduct a securities 
business.

E. E. Harte Opens

COPORATION

BUSINESS...MORE INCOME...MORE JOBS

The year just completed saw both the further strengthening of the industrial and 
financial position of Penn-Texas Corporation and the transmission of broad ben-
fits to both employees and stockholders.

Both sales and earnings for the year proved that the corporation's vigorous pro-
gram of expansion into diversified fields has created a strong base for future 
growth.

Earnings during the past four years have increased again and again, and are 
now considered to be on a most solid footing, since the various phases of the 
corporation's activities tend to supplement and balance each other.

SUBSIDIARIES OF PENN-TEXAS CORPORATION

INDUSTRIAL BROWNHOIST CORP.

Heavy Motors-Hauling Equipment

THE CRESCENT COMPANY, INC.

Wire and Cable

"QUICK-WAY" TRUCK SHOVEL CO.

Mobile Power Shovel

BAYWAY TERMINAL CORP.

Industrial Service

PENN URANIUM CORP.

Uranium Mining

* PLANT OR OTHER OPERATION

TEX-PENN OIL & GAS CORP.

PENNCO OIL CORP.

P. T. CORPORATION

Oil and Gas Producers

PENNSYLVANIA COAL & COKE CORP.

Bituminous Coal mining

SAXON STEAMSHIP COMPANY, INC.

SEABORNE STEAMSHIP CORP.

SEASPLENDOR STEAMSHIP CORP.

EXECUTIVE OFFICES...111 BROADWAY, NEW YORK, N. Y.
Continued from page 50
continuation of liberal credit policies on the part of fiscal authorities.

The coordination of these factors should produce a high rate of business activity for the foreseeable future. From the longer range point of view, while we may have occasion to keep a supply of raw materials at hand, it is not too much to expect a continued expansion in the industrial and public utility area which has carried on throughout the postwar years. Here we expect to see the continuation of the trend of the last several years.

A major expansion of electric capability was brought to conclusion during 1954 when a fourth generating unit was placed in operation at Public Service's second steam-electric generating station. The installation and operation of the new unit was completed and the company's total system capability to nearly two and one-half times what it was on the eve of World War II.

While this project was being completed, work on a third generating station was begun to supply the future needs of the company's new unit at a new station scheduled for operation in 1957 will have a capability of approximately 4,300 kilowatts of power. In addition, the company has acquired additional property adjacent to its Market Street generating station for further expansion of that facility.

More than $1,200,000 was spent on Public Service's gas system during 1954. Most of that amount went for extensions and replacements to the gas distribution system, to serve more than 3,500 new customers and to provide for the increasing requirements of existing customers. In November, 1953 a fourth point of entry for natural gas was brought into service.

Sixty new 5-passenger, diesel buses were placed in operation in 1954. The new vehicles, which replace a fleet of old and antiquated buses, are receiving excellent reports from service, are of a new efficient and comfortable type which has recently come into use in urban operations in the United States.

Traditionally, to offer the consumer other utilities in addition to electric and gas service, the company has been engaged in establishing facilities for the delivery of natural gas; in the construction of electric service, to continue to take the lead in the area was established.

The Middle South System companies -- Arkansas Power & Light Company, Louisiana Power & Light Company, Mississippi Power & Light Company and New Orleans Public Service Inc. -- are continuing to receive inquiries from businesses that are considering establishing plants in the area. Some of these inquiries are prompted by the active area development programs which the System companies sponsor. A number of them represent prospects seeking to build new plants or to expand existing plants already located in the Middle South. An ample supply of productive labor, many natural resources, abundant fresh water, efficient transport and expanding markets can be found in this region.

Along with this industrial growth of the area, sales of electric power to residential, rural and commercial customers have been increasing steadily. New customers in these classifications are being added at a rate of about 4% annually. Also, use of electricity per residential and rural customer is gaining rapidly, and in 1954 showed an increase of 14% over the year 1953. These general trends are expected to continue through 1955.

In 1954 the System companies completed 228,000 kilowatts of new generating capacity, bringing the owned generating capacity of the Middle South System to 2,028,000 kilowatts at the year-end. This total capacity consists of 59 generating plants, with new generation of 1,709,000 kilowatts in August, 1954. Another new high in System peak load is expected during the coming year. The installation of a 1,383,000-kilowatt generating plant at the Trail Plant was completed in 1954.

To supply the expanded electricity needs of the State, the Middle South System companies spent $64 million for new construction in 1954. This figure, of course, reflected the large amount of new generation completed or under construction. By the year-end new generating facilities will be at a reduced level in 1955 but construction of transmission and distribution facilities, for bringing power from the generating plants to the customer, is expected to continue at approximately the 1954 levels. Total capital outlays are expected to approximate $48 million in 1955.

GEORGE S. DINWIDDIE
President, New Orleans Public Service Inc.

An aroused interest and an intelligently directed effort are producing increased, sustained, and balanced purchasing power throughout the South. It flows from an increasing and stable volume of production of more diversified goods and services for construction and other community and transportation facilities to catch up with present needs; the steadily increasing population which will accentuate the demand for new homes and stores and for new schools; the rapid developments in new fields of endeavor -- plastics, chemical, electronics and applications of atomic energy -- that will require more factories, laboratories and other productive plants.

All in all, 1955 looks as if it will be a good year for construction and a good year for construction will mean a good year for us.
Theodore Toshalos Forms Own NYSE Firm

The formation of Theodore Toshalos & Co., Inc., was announced by Theodore P. Toshalos, the principal. He has been associated with New York Stock Exchange firms for the past 38 years. He has been a member of the New York Stock Exchange since 1926 with Livingston & Company. In January 1941 he was the general partner with Parrish & Company. Mr. Toshalos joined Dafeld & Dafeld in January, 1944 as a general partner, where he remained until the purchase of his own Stock Exchange seat and formation of the new firm.

S. F. Stock Exchange Holds Elections

SAN FRANCISCO, Calif.—The San Francisco Stock Exchange, in its annual meeting held at the Hotel Park, elected William H. Agnew, of Shuman, Agnew & Co., Chairman of the Board of Governors. Elected as members of the Board for a two-year term were: Warren H. Beli, of Edwin D. Beli & Sons, and George W. Davis, of Davis, Shakes & Co. Carry-over members of the Board were: Scott H. Stuart, Jr., of Stone & Youngberg, R. E. Van der Sluiter, of Henry F. Swift & Co., and Ronald E. Kastner, President of the Exchange. The elevation of Agnew to the Chairmanship created a vacancy on the Board, to be filled at the first meeting of the new Board.

The new Board elected George W. Davis as Vice-Chairman.

In the starred area above, construction is well under way on the new five million dollar plant for the commercial production of the Nitroparaffins and their remarkable family of derivatives. The new plant, a major step in the company's Nitroparaffins expansion program, is expected to go on stream August 1955.

Located at Sterlington, Louisiana, the new plant is surrounded by CSC's petrochemical facilities, which produce such useful and basic chemicals as methanol, ammonia, and nitric acid. In addition to the new Nitroparaffins plant, existing facilities at Peoria, Illinois, are being expanded.

Virtually laboratory curiousities a few years ago, the Nitroparaffins have been under study since 1935 in a continuing program of experimental production and evaluation. The four Nitroparaffins and six derivatives, which have already proven useful in a wide range of applications, represent only a small fraction of the total number of derivatives currently undergoing testing. The new chemicals represent a unique field of organic chemistry and hold unusual promise for virtually every industry.

The experience of Commercial Solvents Corporation in evaluating these versatile chemicals is available on request to every manufacturer.
Du Most equipment for use by police departments, public utilities, fire departments, the petroleum industry, electrical utilities, and manufacturers of type-setting equipment. I expect Du Most to be a leading factor in this multi-million dollar business within a few years.

Concurrently active in the engineering of completely new concepts in electronic instrument industry, Du Most is developing cathode ray and electronic instruments or devices were designed to meet specific demands. The product lines offer extreme versatility and adaptability in this age of increasing automation and electronic control. An even more important factor in the trend toward electronic equipment is the ever-increasing demand for information in business and industry. The division continued in 1954 as the leading manufacturer of Cathode-ray oscillographs, and at the close of the year, more than $250,000 worth of such analytical equipment had been shipped to customers.

Du Most's Tube Research Laboratory maintained its dominant position as a leading supplier of complex and specialized cathode-ray tubes for industrial and military purposes. This company operation is more than a research laboratory, for it is important in the development and production of multiple production facilities. Shipment against government and other orders of Du Most electronic equipment related to defense was increased somewhat over defense shipments last year, although our backing at the year's end is somewhat less than that of the previous year. We expect the market potential of market potential for electronic equipment to slowly expand to a worldwide medium.

As for 1955, we assume that the growing good consumer demand and heavy business activity. Certainly every branch of the electronics industry will participate in the growing upsurge of electronic equipment. Du Most's manufacturing operations may exceed any previous year's activities.

As far as the television receiver market is concerned, the industry no longer looks to the 1954 and 1955 model year. I don't believe that color receiver production will go much over 50,000 units in 1955. The development of the high picture-tube television set, and the continuing need for reduction in manufacturing costs, will no doubt lead to the bettering of television sets—indeed, all television is a race between the market. Eventually, yes, television will be both a color and a black-and-white medium.

Donald W. Douglas
President, Douglas Aircraft Company

In common with virtually all segments of business in the United States, the electronics industry enjoyed one of its most successful years during 1954. Perhaps the most significant feature of our industry, the most gratifying aspect of the year, is the fact that our production achievements were achieved at a stability seldom realized.

Du Most's television frame weight reported at year's end by the Aircraft Industry Research Committee was some 150 pounds. The weight of television sets—indeed, all things of these are taken on. Eventually, yes, television will be both a color and a black-and-white medium.

In view of the relatively high and stable interest rates early in the year, I expect that color receiver production will go much over 50,000 units in 1955. The development of the high picture-tube television set, and the continuing need for reduction in manufacturing costs, will no doubt lead to bettering television sets—indeed, all television is a race between the market. Eventually, yes, television will be both a color and a black-and-white medium.

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World War II. This was a period during which the production of television cameras for the United States Armed Forces was concentrated, a period during which the production of television cameras for the United States Armed Forces was concentrated. During this period, the United States Armed Forces were dependent on television cameras for the Armed Forces primary mission of protecting the United States.

During the year this newly named division introduced and demonstrated a new type of television equipment known as the Du Most Ultra-Scan for presentation on the air by television stations of color films, slides, and opaque material. A new device for checking television stations for color broadcasting was also demonstrated.

A new design of Du Most's miniature Tel-Eye industrial television camera was introduced by Du Most. The camera was designed to meet the needs of many of the problems inherent in other miniature TV cameras, and we anticipated a large sales volume in industrial closed-circuit equipment in the years ahead.

In mobile radio the Mobile Communications Department, starting from scratch, has in less than one year designed and made available for sale a complete line of mobile radio equipment.

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Strange Arguments

"The actual level of economic activity is at present about $15 to $20 billion below the level of reasonably full employment. Total production a year from now would have to be about $25 to $30 billion above the present rate in order to approximate the level of reasonably full employment.

"Production will rise only if producers have reason to expect that they will find a market for their product.

"Thus the need for purchasing power to rise simultaneously with productive capacity is one of the crucial problems of economic growth. Barring a marked step-up in national defense programs, the consumer demand must rise substantially to sustain a high employment level of production."—The National Planning Association.

It is astounding how frequently these strange arguments appear!

-Must we bestir ourselves to consume more in order that we may have the privilege of working harder and producing more?

And we have always supposed that production itself created the purchasing power wherewith to buy the output!

Significant Anaconda contributions to U.S. progress in metals—1953-1954

Today an important fact faces all of us: you can't replace copper with any other metal without losing something. For copper and its alloys have many virtues—high thermal and electrical conductivity, ease of machining, forming, drawing, stamping, plating, welding, fabricating, and a high scrap value.

Since World War II, copper producers like Anaconda have been expanding mining operations here and abroad, developing new ore bodies, and revitalizing many existing mines with new methods.

As a result, the U.S. faces no lack of copper. All the copper we need—for peace-time and preparedness—is there, ready to be mined, refined and fabricated for all the demands of industry.

The American Brass Company
Anaconda Wire & Cable Company
Andes Copper Mining Company
Cleburn Copper Company
Grenville Copper Company
Anaconda Aluminum Company
Anaconda Sales Company
International Smelting and Refining Company

Volume 181 Number 336... The Commercial and Financial Chronicle.
PERRY T. EGERT
President, American Locomotive Company
American Locomotive Company commenced 1955 with a total backlog of orders in the neighborhood of $35,000,000 which had on its books within the past six months.

In the face of this situation in locomotive orders and with the termination of the M47 tank production contract, Alco has been able to meet the demands of the market.
Continued from page 10

What Convertibility Means to Business

trade," restricted to this narrow definition, indeed has somewhat of a misnomer. The Treasury has often observed that the day when it did little abroad except to sell gold, when it bought many services but sold few, when it depended on foreign banking institutions to finance its external trade, when business firms have done their own holding and invested their funds almost exclusively in domestic plant. For example, we have reached a point where there are a number of American firms in the organization with which I am associated having world-wide interests but shipping virtually nothing to or from the United States.

Since 1939 the foreign trader and investor has been subjected to more vicissitudes than Job and has responded to them in a similar fashion. It is a tribute to the resiliency of both that despite these obstacles foreign trade and investment have gone on and grown, even after appropriate allowance is made for that part of exports financed from public funds under the recovery programs. This growth does not alter or contradict the fact that the exporter has found markets closed or all but closed against him, that by governmental edict his competitors abroad have been granted preferred access to markets, and that he has been asked at the same time to assist through his taxes in rehabilitation and strengthening of these same competitors. Firms with investments abroad have had accumulated earnings frozen in blocked accounts, have had limitations imposed on the amounts transferable, have been forced to utilize non-dollar sources in the purchase of replacement and repair parts, and have been subjected to strictures in their right to liquidate operations and move the capital elsewhere.

Other firms contemplating new investment abroad, it is true, have been offered in some instances more favorable treatment as an inducement to locate in the country. They have been assured of the right to regain earnings, after a relatively brief period, even to withdraw the original capital. The United States Government, moreover, in effect has countered this discrimination between old and new investment through its ECA-MBA-FOA Investment Guarantee program. On the other hand, new private foreign investment projects have had the disadvantage of being forced to run a battery of official tests and to submit to foreign governmental "screening," with a better than even chance of being refused entry if they did fit into the "Plan" of the recipient country or if they showed signs of becoming competitors of local industry in existence.

These are only a few of the difficulties and frustrations encountered, but they serve to demonstrate the foreign trader and investor has been up against in his efforts to expand abroad. He has been among the first, nevertheless, to concede the unavoidable existence of various restrictions and the need for well administered controls over external transactions as emergency devices to defend sobering reserves. His complaint has been directed against their deliberate perpetuation and extension for political reasons or because of an unwillingness to face reality. The one word which the foreign trader and investor has seized upon to express the antithesis of all he deplores and to sum up all that he believes should prevail is "convertibility."

There are, of course, any number of definitions of convertibility, some relatively simple, some rather abstract and conditional. The one which to my mind perhaps best illustrates the exporter's point of view came out of a luncheon conversation. After the subject of the "electronic brain" had been worked over for a few minutes, one of the export executives present suggested: "We wouldn't have much use for an 'electronic brain' in our business, what we need is a machine which you can feed with pounds, francs, lire, any sort of currency, and which will turn out U. S. dollars at the other end." This may lack some of the niceties and nuances which an economist or banker would introduce, but it is a good working statement of what the trader wants. In general, the attitude of the foreign trader and investor toward convertibility is a reflection of his belief in the desirability and advantages of a free market economy.

Needless to say, it would be almost impossible to obtain a unanimous opinion on what might currently constitute a free market economy and on the degree to which governmental intervention or interference could justifiably be exercised before the free market economy would cease to exist. To attempt to draw the line here would entail an extended discussion which time does not allow. Within the present context, however, it would be safe to conclude that measures which by intent unduly or arbitrarily limit the area of competition or which are incompatible with convertibility would be held to be inconsistent with and inimical to a free market economy.

Specifically, the exporter of both goods and services looks to the day when exchange controls and other related artificial impediments will not be used to curtail or limit: (1) Freedom to locate potential buyers; (2) freedom of choice for the customer; (3) the opportunity to compete with others for the customer's favor; (4) the right to deliver the merchandise without hindrance; (5) the opportunity to transfer the proceeds of the sale or to receive payment in the currency agreed. Except as security considerations might be a modifying element, any type of convertibility or transferability which prevents accomplishment of these aims would be counted by the export trader as less than complete restoration of convertibility.

The direct investor, whether old or new, shares these free market objectives as they touch upon his activities. His main concern, however, is to have the right to transfer.
Continued from page 56

panies in the steel industry to junk a multi-billion dollar modernization and construction program in the industry. In the steel industry, the time has come, certainly, to have climbed some 30 million ingot tons since 1943.

In 1954, the steel industry experienced a year of trans¬
formation. Steel production expanded, primarily toward the end of the Korean hostility. Steel consumers found themselves in the position of having to buy as much steel as they could upon, reducing orders they might have placed with steel mills in the belief that the Korean situation might result in a steel shortage.

During the April-August period of last year, it is estimated that about 15% of the steel capacity was idled for this reason. These steel operations declined to a point as low as 61.5% of capacity. With the end of the hostilities, however, orders picked up in the early fall and returned to a healthy level. By year-end, capacity had reached the peak, but it is explained despite the fact direct military orders amounted to about 25% of all steel consumed during the year. This relation was continued harmoni¬
ously. Contract negotiations with the United Steel¬
workers' union were completed in an orderly fashion in June. In an effort to gain better understanding, through personal con¬
ferences, between management at the plant and the United Steelworkers' President, David J. McDonald, and I continued to make personal visits to all of U. S. Steel's major production centers.

The beginning of the year saw the first shipment of iron ore reach the new Fairless Works in Pennsylvania from U.S. Steel's recently-completed mining operation at Mesabi, Minnesota. Today, iron ore is flowing from Cerro Bolivar at the annual rate of 5 million tons. In 1954, the United Steelworkers of America and the Steel Industry made their first real efforts to bring the labor market into balance. It has been our tradition of raw materials as part of the corporation's long-range program.

During 1955 U. S. Steel's research center on the out¬
side of Pittsburgh has been active in the latter phases of the Corporation's continuing program to de¬
velop new steels and new uses for steel. In addition to the present steel industry development of more than 100 new steels or new applications are under study. An ex¬
ray from existing iron ore deposits to a new steel is the rapidly-growing field of soft-drying. Last year we turned to this branch of the comparatively new industries with an expectation that this amount will be doubled in 1955. Similarly, research is under way for the canning of steel. As we introduce new uses for this metal, we will be able to use the new discovered steel in new and different ways.

One evidence of a new steel-T-1, which has three times the strength of ordinary steel. Further, recent agreements for the production of a new, high-strength, non-amplification, and other ordinary steel, have been announced in the last few months. The companies have purchased and services for the construction of the new Soycon-Vacuum Building in the General Electric Center.

Again, U. S. Steel not only reached a wide field of customers but generated additional business, as it was the first of the industry in the year the corporation purchased goods and services from manufacturers that had no previous contact, and, in turn, served over 100,000 customers.

FRANK M. FOSLOM

President, Radio Corporation of America

New and improved products in virtually all lines of radio and television products were reported in the merchandising that proved so successful during the year. The corporation had reached a total of more than 100 new steels or new applications are under study. An ex¬
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Continued from page 57

What Convertibility Means to Business

for as much or as little of his net earnings as he deems advisable, and to have a similar degree of freedom with respect to capital holdings in the event of a depression. He also seeks the flexibility of choice of markets and the freedom of operations abroad he seeks the possibility of maintaining an appropriate remittance balance which would enable him to meet the temporary requirement for foreign exchange in the event of an emergency.

The reference has been to exporters and investors as groups. Actually, any exporter or investor can get benefits and convertibility only be impressed on any nation from without. It must come from within. The effort to achieve economy in government expenditures, to maintain balanced fiscal and credit policies, and to preserve the incentives to thrift, investment, and greater productivity. A sound and convertible currency cannot be imposed on any nation from without. It must come from within.

The Effects of Convertibility

Attention up to now has been centered on the views and attitudes toward convertibility held by a single, though the most closely concerned, group of businessmen. By and large, other business groups take a similar, but much more intense position on convertibility. Individual businessmen whose energies are focused almost completely on the local or domestic market may at best, however, have only the most casual, cursory opinion. Although we leave a very long way since the day when what happened abroad was presumed to be of import only to a few districts of Wall and State Streets and to some bureaucrats in Washington, foreign trade still be regarded by many as a stepchild of domestic business.

There should be no need, however, to make a missionary speech on foreign trade and its importance to the economy before this event of sale, as a result of the American company engaged in the production or distribution of useful goods and services here in the United States? It means, even to those companies which are not themselves in the business of exporting or importing, a higher level of business activity throughout the national economy, and, in consequence, a commensurately larger domestic market for what they produce. It means a lowering of their costs of production through the economies which increased volume makes possible. It means, more directly, a greater availability and a wider variety of the raw materials and other products essential to their own operations, and an opportunity to acquire these products, in the open market, at lower prices. It means a leasing of their costs of distribution arising from the more widespread and economical use that is made of the nation's railroads and other common carriers, and of its banking, insurance, and other services.

Continued on page 62
Continued from page 58

market. The Philadelphia and Reading Coal and Iron Company, for example, was digitizing its steel plant in recent years offers a sound warrant for the conviction
that the industry can steadily broaden its
horizons.

For the longer term, new non-fuel uses for ferrous materials are being pursued. The steel industry has
underway a long-range experimental and research pro-
gress. Its objectives range from broader andirates
for labor conservation. This in turn is expected to
promote conservation in industry.

While many problems still confront the industry, results achieved in recent years have opened up
opportunities that have been solved in other industries. It is now our conviction that the industry will be
more fully realized than ever before.

C. KENNETH FULLER
President, County Bank & Trust Company,
Gary, Ind.

Business in the Southern Passaic-Bergen County
area concluded the year with an atmosphere much more su-
sic than was thought possible a year ago, or in
fact throughout most of the year. Total volume has been
highly unusual for the area, and is un-
rele able even though profit margins have been
smaller and backorders increased. Retail sales showed a sur-
prising increase, so that the total volume for most stores
were above or only slightly below peak levels.

A survey of the national economic outlook was
published in 1955 shows the probability of a con-
tinuation of the improvement in business
which we have experienced throughout the year. There
have been few times when so many of the economic indices pointed so
favorably toward an earlier peak as at present.

It should be realized, however, that at the present time the indications are not
sufficient to tell how far the trends will go or how long they will
continue. The quiescence in industrial produc-
tors in the picture which should not be overlooked in our present state of optimism. Sensi-
tively to the most modestly weak, commercial failures continue high, unemployment is well above
minimum limits, farm income is reduced, competition very
keen and there are few backlogs of pentup demands to be
filled.

There doesn't seem to be any sound basis, therefore, for a strong business recovery and we are more likely to see the current improvement with
wide fluctuations prevailing in some industries and in mar-
tial weakness within industrial activity.

A survey of local industry and trade shows general sentiment following characteristic of a national trend that industrial activity within our service area will be at a relatively high level for the next six months.

The major uncertainty is in the textile field where after three years of downward trend we are witnessing a substantial recovery with much greater optim-
ism throughout the trade for 1955. Productive capacity is still large and profit margins low, but mergers and
liquidations are providing a partial remedy for this condition.

The machine tool industry, airplane engines, elec-
tronics, television, electrical equipment, in-
dustry, steel, cables, metal containers and paper are operating
almost uniformly at high levels with an improved back-
log of orders and a favorable outlook.

The construction industry has had another highly active year. There is good material business of
good volume of diversified contracts for the coming year.

Active building of the big shopping centers in Bergen County and industrial expansion will
boost to the already expanded conditions of this indus-
try. There may be a temporary plateau in the activity
as we temperate ourselves in these fields, in building for
the future. Government orders are reduced, competition very
tough as much as to what is happening in the re-

Even though the local industrial outlook is very favor-
able, unemployment is relatively high and may remain so at an uncertain level during the early months of 1956. This does not indicate reduced retail sales or a slackening of activity. The trend of retail trade to our surprise annual sales exceeded those of 1953. In spite of this, business should not continue increase in
have been some increases in retail sales and no signif-
ificant trend toward reduction. This seems to indicate that in spite of greater unemploy-
ment and smaller consumer spending reduced margins with average wages increased, more spendable income
was produced and there was an increased willingness
by. At the moment, the condition seems to be
reduced for some months. In the view of the conditions
have been built, or are in the process of building, new
plants in the area and although it may not affect

employment roles sharply in 1955, it is a highly promis-
ing factor for future years.

It would appear, therefore, that retail sales of both consumer and durable goods will be in good volume, although probably with lower profit margins; bank and savings and loan deposits; bank clearings should be higher, loan volume increased; and real income by consumers reduced.

Beyond that depends largely on the wisdom and re-
straint with which the government will manage the
public resources. The banking, mortgage, labor, leaders, and we are all in the individual's ability to adjust changing condi-
tions which will continue to confront us from day to day.

Paul V. Galvin
President, Molerine Inc.

In overall business the electronics industry will hold
its own and may even make an approach to the $10 billion annually, and electronics is strongly en-
trusted with the development of the consumer durable
industries.

Relating to the various categories of
production within the electronics industry, sales of monochrome tele-
vision receivers should be about 600,000 units, a slight decrease from 1954, but this is

Added to the television receiver category will be a number of color television receivers. Forecasts of
exact quantities of color television production and sales in 1956 are not yet
warranted without great significance at this time because the progress of color marketing is intimately in-
volved with the problem of high costs, the simplification of channels en-
abling engineering and cost cutting and the stability of regularity of color programming. In general terms the
color art will continue its evolution during 1956 growing steadily and probably developing the
color trend to the next year. Color is now as exciting a horizon for the next few years as the prospect of a 21-inch black and white picture
was in 1947 when most people who had television were watching the picture. Consumer radio sales for the home during 1955 should
approximate the 1954 level of units sold in 1954 exclusive of
the latter year.

This will be an interesting year for miniature radio receivers. The two-way mobile radio
communication, micro-weak
relay system, and other public safety and service equip-
ment will be a phase of the industry that will be about the same in 1955. In

Military electronics the total volume for 1955 will be
higher than in any previous year. However, the need for continued research and development of a high order of magnitude and the need for
continued production of essential national defense
will be very substantial.

The electronics industry has thrived through the ob-
solescence of old products and through diversifi-
cation. This will be even more true than in 1954; the prospects of 1955 are
favorable with continued growth. The outlook for the automotive industry is not only an extension of the growth of the
automobiles but the recognition of this will be provided by the electronics industry which is both
roots and critical in the picture. Continued from page 62

Paul V. Galvin

W. W. Gasser, Sr.
Chairman of Board, Gary National Bank, Gary, Ind.

Much of the present economy has been artificially created and will wane to give way to a period of
higher interest rates and the quantity of money in circulation. Both major political parties
are in agreement on a continuation of these policies in order to keep the econ-
omy at the present level or even a little higher. I therefore believe 1955 will see the
following:

(1) Further Federal deficit spend-
ing

(2) A continuation of higher taxes and Federal spending.

(3) A slight trend toward further inflation.

(4) Higher wages.

(5) Slightly larger incomes and consumption.

(6) Slightly rising deposits.

(7) The market will remain at the same level or possibly a tendency to higher levels.

(8) Eight to ten years for steel.

(9) A big increase in construction of toll roads and highways.

The continued trend toward Socialism and enlarge-
ment of Federal controls.

Loring L. Gelbach
President, Central National Bank, Cleveland, Ohio

With business expanding over a broad base—auto-
mobile production, defense operations and construction all rising—and with employment and personal incomes increasing—the outlook is not bad.

The recent recovery in business is an
example of 
how the factors, the most important of which are:

(1) The ending of Government cutbacks in spending.

(2) A policy of inventory liquidation to one of stabiliza-
tion or accumulation.

(3) The cutting of credit terms on FHA and VA mortgages as a spur to new sales.

(4) The introduction of new models throughout the automobile industry as a stimulus to sales.

(5) The growth in confidence that business is within industrial limits.

(6) Other factors such as the con-
tinuance of the political climate and further expansion of the money supply.

Registration of these factors was a major
bound in industrial production to the highest level in over a year.

The gross outlook for 1955 is for a moderate in-
crease of around 2% in Gross National Product and
4% in industrial production.

The recovery has acquired enough momentum and is broad enough in scope to maintain business at
about or at slightly higher levels throughout the first half and possibly the entire year.

Increase in demand for new homes is expected to
continue throughout most, if not all, of the year in keep-
ing pace with the increase in population and ongoing periods of rising incomes.

The combination of the outlook for business activity is expected to stabilize business spending on plant and
equipment around present levels.

Anticipated increases in the cost of living and
threatening strikes will accelerate production in the early months of the
year. Some moderate moderating factors are there-
fore, anticipated. Increases in inventories of consumer goods may be expected at a rate lower than moderation throughout the second q-
example, automobile production.

Cost of living is not expected to change appreciably. Deficit spending will continue to increase and
reduce the supply by about 3%. The policy of deficit spending is anticipated.

The earnings of the American people for personal incomes, dividend payments, number of people gainfully em-
ployed, and personal incomes will be
higher, competition throughout industry will be
Continued on page 62
What Convertibility Means to Business

...
CRAWFORD H. GREENEVELT
President, E. I. du Pont de Nemours & Co., Inc.

For the Du Pont Company, as for industry generally, the level of total business activity in 1955 is in line with the
record level of 1953. Sales for the year may turn out to be 6% above the level of 1954. The decline in du Pont's net
income has been general, and decreases in sales to the industries we serve, reduction of the textile industry, have not been
very great. The outlook is that the mild upturn has been apparent in the fourth quarter of last year and that we should continue in this
way, as we think it will, with the sales for 1955 slightly above the 1954 level.

Nothing in the present economic picture has discussed our
expectations for the completion of our substantial construction program. Total expenditures in 1955 will be
about the same as for 1953, and in the first quarter of 1956.

For the long run, an important
basis for optimism is in the leverage on our economy in this manner generally — which cannot fail to produce
and employment. Through it, the consumer's buying power will increase,
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Banks for Cooperatives
To Issue Debentures

The 13 Banks for Cooperatives are arranging for a public issue of $40,000,000 of one-year consolidated collateral trust debentures, Homer G. Smith, director of Cooperative Bank Service of the Farm Credit Administration, announced on Jan. 17. This financing operation is primarily to provide for the redemption of $40,000,000 of Central Bank for Cooperatives 2¼% debentures maturing on Feb. 1, 1953.

The offering will be made through Macdonald G. Newcomb, 130 William St., New York 3, N. Y., the banks' fiscal agent, with the assistance of a national group of security dealers.

The debentures will be offered at par and the rate of interest will be announced on or about Jan. 21, 1953.

The Banks for Cooperatives are incorporated under Federal law and operate under the authority of the Farm Credit Administration, an independent agency in the executive branch of the U. S. Government. These banks make and service loans to farmers' cooperatives. Their debentures are instrumentalities of the U. S. Government, but the government assumes no liability for them, either direct or indirect.

Weber-Mitchell Adds
(Special to The Financial Chronicle)
ST. LOUIS, Mo. — James F. Robinson has been added to the staff of Weber-Mitchell & Co., 411 North Seventh Street.

With Reserve Inv. Co.
(Special to The Financial Chronicle)
CINCINNATI, Ohio — Caldwell Sherrill has become associated with The Reserve Investment Company, State Terminal Building. Mr. Sherrill was previously with the Weil, Roth & Irving Company.

H. M. Bloom Opens
OAKLAND, Calif. — Harry M. Bloom is now engaging in a securities business from offices at 3320 Broadway.

Every year at this time we are asked: “What about future business conditions in New Jersey, the Crossroads of the East?”

Smart advertising men along Madison Avenue have been heard to say under similar circumstances: “Let’s pick up a rock and see what crawls out.” Or: “Throw in a pebble and swish it around and see how the ripples go.”

This is known—we understand—as “Noodling”, or, to put it more succinctly, as trying to guess what is going to happen in the future.

We do not presume to be “Noodlers.” But we can say this—the business climate which has prevailed in New Jersey during recent years augers well for 1955.

During the year we expect growth in New Jersey which can be measured in increased population... in the advent of new factories and new branch plants and new shipping centers... in the installation of more research facilities for industry... in the development of greater industrial terminals... and in many other new activities throughout this great State.

Public Service Electric and Gas Company will continue to play its part as a citizen of New Jersey, firmly convinced that this State is a good place to live, work and play.
Continued from page 82

record levels, railroad earnings have been both unsatisfactory and inadequate. There has been a startling decline in the railroad's proportion of the total intercity freight. The amount of traffic the railroads have been in large part to government policies and programs which provided for air, highway and waterway transportation, while at the same time rigidly restricting the railroads in their efforts to meet the needs of shippers.

All the railroads seek is freedom to compete on an equal basis. We have suggested to President Eisenhower's Cabinet Committee on Transport Policy two things: first, an improvement and expansion of adequate user charges for services, rights-of-way and other facilities provided for air, highway and waterway transportation; second, de-regulation of railroads to accord them greater freedom to meet the needs of their customers.

The need for the user charge is all the more imperative in view of the rapidly increasing expenditures for greatly increased expenditures for highways, airports, airways; and waterways. The government already has plans for the increased expenditures for highways, airports, airways and waterways to the extent of some 18 million dollars a year under the highway program.

H. FREDERICK HAGEMANN, Jnr.
President, Rockford-Atlanta National Bank

The year 1953 has begun with an upturn in business and a resurgence of inflationary forces. The Federal Reserve Board, after applying the credit brakes in the Spring of 1953, reversed its policy in the Fall and issued its first statement of 1954 by increasing the money supply and establishing a policy of extreme caution to stem the rapid rise of inflation that began in the sum¬mer of 1953. The rate of inflation, which was very rapid in the beginning of last year, has continued to increase up to 1954.

Inflation is a public enemy. It has erosion effects on all our economic activity and is a threat to the stability of the dollar. Its effects can be very serious unless they are stopped. Inflation is a public enemy because it is a crime against the American people. It is a crime against the American people because it robs them of the security they need to plan and carry on in their business and personal affairs. It is a crime against the American people because it is unnecessary. The Federal Reserve System has the power to control inflation, and it must use that power to control it.

F. H. Hagemann, Jnr.,
Chairman, Board of Directors

In our view the general outlook for business in the United States for 1955 on a net sales basis is quite good. In our view this outlook is brighter than 1954 and approximately equal to the banner year of 1953. We would expect that net product of 1955 will be better than in 1954 and considerably better than 1953, especially for those producers of durable goods and heavy executives of 1954.

To summarize, we believe that there will be a firming of 1954 selling prices later in the year or early in 1955. The rate of increase in prices will decrease, and the other signs of inflationary pressure will continue to diminish. The Federal Reserve Board has already taken important steps to reduce the pressure of inflationary forces on the economy. We expect moderately better business in 1955 than in 1954 and in 1953. We expect that net product of 1955 will be better than in 1954 and considerably better than 1953, especially for those producers of durable goods and heavy executives of 1954.

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Continued from page 13

Canada's Oil Picture

The next four years marked a major volume change in this area. Development in the field was greatly accelerated by the discovery of the huge Mount Leduc field in Alberta in 1947. As a result, production of oil in Western Canada began to be a significant factor in the world petroleum market, and Canada became a major producer of crude oil.

In the early 1950s, the oil industry in Western Canada reached a turning point. The discovery of vast new oil fields in the Peace River area of northern Alberta led to a rapid expansion of oil production. This expansion was driven by the growing demand for oil, particularly in the United States, where oil prices were rising due to the war in Korea.

In 1954, the Canadian government signed a number of agreements with major oil companies to develop new fields and increase production. These agreements included the creation of a new government agency, the National Energy Board, to regulate the oil industry.

As a result of these developments, the oil industry in Western Canada became a major contributor to the Canadian economy. The industry's growth was driven by the rapid increase in oil prices, which made it profitable for companies to invest in new fields and infrastructure.

In the 1960s, the oil industry in Western Canada continued to grow, with the discovery of new fields and the expansion of existing ones. The industry's growth was fueled by the continuing rise in oil prices, which made it increasingly profitable to invest in new fields.

In the 1970s, the oil industry in Western Canada faced new challenges, including the rise of OPEC and the decrease in oil prices. These changes led to a period of uncertainty and decline in the oil industry.

In the 1980s, the oil industry in Western Canada experienced a resurgence, with the discovery of new fields and the increase in oil prices. This period was marked by the development of new technologies and the expansion of the industry's infrastructure.

In the 1990s, the oil industry in Western Canada continued to grow, with the discovery of new fields and the expansion of existing ones. The industry's growth was driven by the increase in oil prices, which made it profitable to invest in new fields.

In the 2000s, the oil industry in Western Canada faced new challenges, including the decline in oil prices and the increase in environmental concerns. These changes led to a period of uncertainty and decline in the oil industry.

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Continued from page 64

Items which will bring about the confidence in necessary in developing forward looking business planning. We hope that labor will recover the increasing earnings must be removed. The only inducement order to insure continuity of work and an upward swing in the economy.

Firmness in the radio industry and foreign aid should be rationalized. Personally I would be in favor of more firmness in tax cuts instead of in the form of loans through the Export-Import Bank and that a substantial portion of the proceeds should be used for assistance. I believe that private banking institutions can assume some of the obligations after careful investigation. A proposal to this effect is being developed by the New York Board of Trade, International Section, by specialists on the subject.

Another matter that will have an influence on the economy is the

WILLIAM H. HARRISON
President, International Tel. & Tel. Corporation
The United States has witnessed no more remarkable example of industrial development than that which has occurred in the field of electronics—which is usually defined to include all equipment employing vacuum tubes, transistors, or other dependable devices for utilizing electrical energy in relatively small quantities. So defined, the U. S. electronics industry grew from sales of less than $500 million in 1939 to about $8 billion in 1954.

The part that war or peace will play in determining the absolute size of the electronics industry in future years may be judged from the assumption that its total output was for military use. But whatever the circumstances, its relative importance in our way of life is bound to increase. There are at least three reasons: first, the increasing employment of electronics in industrial processes; second, the creation of new electronic industries; and third, the expansion and development of other industries; and second, the creation of new electronic industries.

Aviation is the particular application of what electronics can contribute to the growth of another industry. The expansion of electronics paralleled the development of electronic devices such as direction finders, radio ranges, radiotelephony, the ILS (instrument landing system) and electronic distance measuring equipment, and long-range navigation systems (Loran, Navstar). The growth of transportation is an important and increasing use of telecommunication and other electronics (railroads are ships, trains, and fleet-operated trucks and taxicabs).

Microwave radio for communication, monitoring, and control purposes is increasingly employed by organizations generating and distributing electrical power and light, and by pipeline companies distributing gas and oil. The telephone industry, which has long made use of electronics for multiplexing circuits and for overseas communications, is now finding new uses ranging from automatic switching to long-distance overland transmission.

Electronic industries are best known to the public in the field of home entertainment, where television, radio, high-fidelity audio reproducing equipment, and electronic recording last year accounted for approximately 25% of total sales of electronic equipment.

The 25% of the industry's output in 1954 was for industrial electronics, where perhaps the greatest promise of future growth is found. Electronic systems, production control, inventory control, accounting, and the performance of other tasks which in the past have been manually performed, are bringing us very close to the time when any repetitive task may be carried out automatically.

Beyond this, electron microscopes are showing us hitherto hidden realms of nature; electronic computers are making it possible to calculate with superhuman speed and accuracy; while closed-circuit television is permitting us to observe, and other electronic apparatus to control remotely and therefore safely, processes otherwise hazardous to the result. To the atomist age would not have dawned without the help of electronics.

I should think that, far from creating new problems of unemployment, as pessimists have proclaimed with every new invention, the electronically controlled automobile is our one best hope of continuing to increase America's standard of living. That is the secret of our high living standard. Perhaps more important, it holds the promise of finally liberating our present dependence on the mechanical techniques—the reduction of intelligent human beings to the fatiguing and boring and wasteful performance of mechanical functions. We are, in essence, mechanical. If electronics can permit mechanical functions, life for our people will become not merely richer, but more spiritually rewarding and meaningful.

For such an industry, there can be no limit to future growth.

ERNST HENDERSON
President, Sherman Corporation of America
With the stock market booming and business indices tumbling upward, it is almost a question of when the new bull market will get under way. The question is not whether the Dow Jones stock-market averages, there can be little doubt that most predictions for 1955 will be on the optimistic side. The post war prediction for the Hotel Industry, a business that is in such a state of flux, is an example of the trend of growing sales and good business is directly based on the re-

The extent to which fluctuations in the value of common stocks affect our economy depends on the ratio of the value of all common stocks to all other forms of liquid wealth, such as currency, bank deposits, bonds, etc., that portion of our "liquid wealth" which is relatively stable.

The increasing power of the nation is largely measured by its total liquid wealth which constitutes a large portion of its gross national product. If we measure, however, if this liquid wealth is predominately in common stocks, as was the case in the 1929-1932 period. Downyear, a Jones average values could (and did) produce a violent effect on business by deflating a major segment of our personal purchasing power. The return to a situation in which this liquid wealth, were greatly expanded whereas common stocks, during those years, have remained until recently at relatively low levels. Thus, the proportion of our liquid wealth represented by bonds and other (common stocks) was relatively low. As a result, for an unprecedented number of years the business cycle has been practically free of those major swings characteristic of former periods.

Now that common stocks are again penetrating higher levels, a trend which well may gain momentum as the year progresses, the normal operating procedures—such a rise in common stocks once more increases their significance in our economy. A further sharp rise in common stocks could well cause a major breakdown in our business cycles and expose us to the risk of a depression, should such expanded market for common stocks stock collapse.

A rough calculation suggests that in 1929 common stocks subject to changes in value, represented some 75% of our total liquid wealth. During the past 15 years the value of common stocks has increased 15% to 20%—a level at which even substantial changes in market averages could have only a minor effect on our economy.

If common stocks can be stabilized at current levels, 1955 will be an excellent year. I predict that a further expansion of the bull market will lead to boom business conditions. But if the market thereafter collapses, it will require Herculean measures on the part of our government monetary agencies to avert financial and business chaos.

JOHN E. HEYKE, Jr.
President, The Brooklyn Union Gas Company
Growth in the gas industry can best be indicated by the growth in transmission facilities. With more natural gas reserves being discovered annually than are being consumed at even new record levels every year, the gas industry has always been bringing enough gas to customers when and where they need it. Expansion in 1954 could be measured by nearly 18,000 miles of pipeline added to already huge natural gas network totaling about 300,000 miles. The only area in the country that is not presently served by natural gas transmission facilities is the Pacific Northwest and an 1,800-mile line has just been authorized for this section.

At the end of 1954, almost 22,000—practically every new home receiving natural gas. This represents more than 17% increase over 1953 levels.

john E. Heyke, Jr.
President, The Brooklyn Union Gas Company
The present size of the natural gas transmission industry is in the form of increased sales of its products and greater commercial developments which many of the household appliances bought in the shopping centers of the Korean super market of 1950 are probably their sixth year of use.

It seems to me that 1955 may well develop into a positive print of 1954's business negative with the general price of heating oil remains at a high level.
Canada’s Oil Picture

involve the extension of the Sarnia line to Toronto—although this, of course, I believe would, take place a year or two before the Montreal extension. The total Canadian production is not more than the two thousand miles from Ohio, of course, and I believe would take quite an exercise of the imagination. But at any rate, the water is within its own, oil may flow to the Chicago market, whether it be two hundred or two thousand miles removed—and be it remembered, pipeline transportation is one of the most economic forms. The Great Western Pipe Line, for example, carries oil from Alberta to Ontario, a distance of 1,775 miles—at a cost of about 18 cts a gallon, or, to put it another way, for a penny less than the cost of sending a postcard the same distance.

The Montreal area is a natural outlet for Western Canadian crude, inasmuch as one-third of the total refining capacity in Canada is located there. The combined capacity of the refineries in the Montreal area with the construction of a new plant, which is due for 1953, will be about 210,000 barrels per day.

It can readily be understood what a difference it would make to the actual self-sufficiency of our crude oil supply, if prairie oil could secure this volume of new business, an increase of more than 70% over the approximate current production rate of 333,000 barrels per day for the three prairie provinces. The attainment of “this major economic target” would bring in one swift action a benefit to the national oil economy exceeding the benefit contemplated in the initial planning from an entry into the California and Pacific Northwest markets.

Over the long trend this is plainly greater, but real national self-sufficiency is limited by the manner in which it is attained. If there is enough oil each year to keep pace with the growth in our domestic market, the oil business in Canada is going to be a ever-increasing share of the national market, unless they can find a balance by the Montreal refineries and the great industrial and population areas of Canada.

There is also another angle to this and that is that we could improve our foreign trade balance over $500 million a year by supplying Western Canada crude oil to the markets in the United States instead of importing the volume we do today.

Assured Supply

The next question that arises is—could our crude oil supply meet the pace of demand in my opinion, yes.

It is true that at no time in the past 10 years has the world ever had more than approximately 13 years supply of oil in the form of proven reserves. However, equally true, there has never been any serious doubt about the ability of the world to absorb enough oil each year to keep pace with the growth in demand, and Canada is one of the world’s relatively unscathed oil regions.

We are in the fortunate position of having roughly 800,000 square miles of oil-producing land in the provinces of western Canada, and of these lands, Tar Sands and the Athabasca are being prospected by geologists and geophysical parties. Arising out of this it may interest you to know that the exploration record in 1954 has been one discovery of gas or oil every 13 days.

To the middle of last year, a total of merely 10,000 wells have been sunk in the prairie provinces in search of oil and gas. In terms of the number of wells which could be drilled before the prairies were considered as exhausted in the search for oil, this is about 1% of what would represent complete drilling. In 1953 a record 2,200 wells were drilled and for 1954 I would anticipate just under that number.

One of the most significant geological events of the entire post-World War II development was the recent discovery of the prolific Pembina oil field which may yet turn out to be the largest of them all. This exceptional discovery, in an entirely new oil-bearing zone, was a complete geological departure from the discovery of practically every major Alberta field in the past seven years. The Pembina oil field, which has been explored by the whole exploration industry into a reappraisal of primary objectives. This event, along with others which are bound to occur in the future with an equally startling impact, will definitely result in the finding of more oil. It is estimated by some to have added as much as 10% to the calculated total Canadian reserves as at the end of 1953, which now stand at over 2.6 billion barrels.

But, to my mind, the profitable operation of the producing oil industry in the future is going to depend on a very large degree on its ability to absorb its Pembina, its Sturgeon Lake and its future discoveries and merge them into general channels of production while not being as big a discovery as recognized. In brief, the sequence is something like this. First, you must find plenty of oil, more than you can dispose of, in order to create an incentive to find new markets. These markets, having been found, in turn provide an incentive to discover still more oil to keep up with the increasing size of the markets.

Refineries

Among the quietest sensational aspects of the oil industry growth in this country since the war, attention must be given to the increase in refinery capacity. Canadian refineries now total over 40, for the second greatest number of any country this side of the Iron Curtain, and represent an investment of over $600 million. Our refinery capacity has progressed so far that today we are practically independent of all outside sources for refined products across the country.

Our refineries today are a credit to us and, you will be glad to know, are the most modern that exist anywhere.

Since Lotus the consumption of petroleum products in Canada has more than doubled compared with a 37% increase in the United States during the same period. Our consumption for 1954 should show an increase of 7% over that of 1953 and, based on the trend of the last several years, estimates show that the domestic market will increase by about one-third within the next five or six years.

Let’s stop patching the patches

America’s transportation system is operating under a code of regulations that was originally written in 1887. Since then the era of the electric lines has come and gone. Since then have come the automobile, the bus, the truck, the airplane. Still we try to regulate transportation according to 1887 ideas.

Today a new generation of Traffic Managers with scientific training and a professional approach are developing new techniques of transportation that are in step with our modern techniques of manufacture and merchandising. But in doing so they are constantly bumping their heads on these antiquated regulations.

Let’s give them a chance to bring transportation up to date. Let’s stop patching a worn-out garment. Let’s set to work to scrap our 1887 breeches and give us a 1955 model.

Chesapeake and Ohio Railway

TERMmNAL TOWER, CLEVELAND 1, OHIO
In general, years when pasture supplies fall and spring feed for cattle and sheep are higher. On the account of the failure of this pasture year farmers and ranchers have been forced to sell considerable portions of their cattle, but fortunately received fair prices from feeders for the same reason. It has now developed that this section was somewhat overstocked with wool, and that a large percentage of the sales referred to, had a tendency to relieve existing conditions and bring prices back to a normal level.

Some 30 years ago the Oklahoma Bankers Association established a plan (to promote 4-H Clubs and Future Farmers of America in the hope that the premiums and prizes to the boys and girls who took part in these organizations would carry them on into the future. The young farmers are in the front ranks in our churches, patriotic and civic work.

While there is territorial, contour farming, and soil conservation it has been developed that in the future that farmers and stockmen in the state should be in the future that farmers and stockmen in the state should be in the front ranks in their churches, patriotic and civic work.

The outlook is for continued growth and prosperity in the world as a result of the World War. The general business activity in 1953 was practically average to 7% below the level of the last two years in terms of net national income. The outlook is for continued expansion in the world as a whole.

In many respects it was a remarkable year. In the light of immediate recovery in the adjustment process of fighting in Korea, curtailment of government expenditures, and the growth of production in other parts of the world, it may be predicted with considerable confidence that our economy might have been expected. Actually, major advances in the economy, such as the improvement in the general level of prices, have been made.

Competition for the petroleum market became more intense due to the effects of World War II. The strategy was expanded in effort, research, and development of new patio sales and products. The latest introduction was made in 1953, rather than to diminish.

Capital expenditures by the industry and others were not made alone to increase capital, but also to improve quality, to reduce costs, and to develop new products. Capital expenditures on equipment, tools, and machinery in 1953 were estimated at $262,000,000,000, a record for the industry. Research and development expenditures in the search for new oil are expected to total $100,000,000,000, in 1953, these expenditures may be even greater.

Already under construction or in the planning stage are 12 catalytic reforming units, seven de-alkylation units for diesel fuel, and an atomic radia-
Canada's Oil Picture

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The industry is today geared to meet this new market.

New gasoline plants in the United States have been put on stream which will turn out high-octane gasolines. Furthermore, the industry is now faced with the necessity of meeting the demand for clean fuels. The public is becoming increasingly aware of the need for clean fuels and is demanding them.

Petrochemical Industry

The last piece for us to fit into the complex jigsaw pattern of an industry is the petrochemical industry. 

I cannot indulge in any story of the petroleum industry in Canada today without reference to the new and better gasolines that you have been obtaining of late. I am sure that you have read diligently all the advertisements put out by each company, and are aware of the results of the argument with your vocabulary of superlatives in a way you never believed possible; but I am sure that after reading them all and comparing their claims, you find yourself convinced.

However, notwithstanding this, some important improvements have been perfected in our gasolines with a resultant benefit in the motor industry. Publicity has been the greatest contributor to sales of these products, which is one of the best things about the business.

From a performance standpoint, today's gasoline is superior in several respects. It has quick-starting and warm-up characteristics; it is a highly refined product which will keep the engine clean for a long time; and it has carefully worked out volatility qualities to make the engine's full power available at all times. Most important is its increase in latent power to where it now has 50% more than 20 to 30 years ago—two gallons do the work of three formerly—and surprising perhaps to you, at a fuel refinery price essentially the same as that of the product 25-30 years ago.

Continued research is going on to effect still greater improvements in your gasolines and further improvements will be forthcoming.

The regular brand of gasoline you put in your car today probably has an octane rating of around 87 or 88, but your new cars, with their high compression engines, can use a rating of 80-81 or better, need the rich diet of first-grade gasoline, at best, for a successful all-octane engine.

The motor car industry is said to be expanding in terms of 8, 10 and possibly 11-to-1 compression ratios in the next six to eight years and this being so, you can be assured of still higher octane. For the time being when 100 octane gasoline will be making its appearance in the net and you will be driving your 16-to-1 ratio engined car up Yonge Street with a thankful of high octane gas that today goes into airplanes, the octane race brought on by research, competition and the improvement of motor engine designs, will, it is believed, continue unabated for the next 10 years.

Natural Gas

Closely allied with this fast maturing of the oil industry is the natural gas reserves of Alberta. The Trans-Canada system now being planned will require an estimated $35 million to build and will cover some 2200 miles in a direct line, not including the mileage of lateral lines. If everything goes as expected by it, the Trans-Canada Company hopes to build the first stage of its main line to Winnipeg in 1952, completing the rest in 1956.

This additional source of energy will be valuable to the economy of Eastern Canada, if the gas does come in and is competitive, I do not think it will disturb the market for fuel oil. The whole history of a nation's energy requirements shows that new sources of energy bring new developments.
Continued from page 68

gaged, to design and construction of guided missiles for the RCAF.

The new Dynamic Division, Bayonne, N. J., oldest unit of the General Dynamics operation, the produc-tion lines continues throughout the year with many factors for a variety of projects, including shipboard uses.

Turning from the production phases of General Dynamics to the corporate activities, it is noteworthy that in our development in 1954 was the merging of Consolid-ated Valve and O-Ring Company with and into the corporation to become the Convair Division.

This merger was effected by the vote of shareholders of both firms on 17 June 1954, following earlier approval of the plan by the directors of both groups. The joining of the two organizations and their integration into a single entity was the result of the diversification of our already widespread opera-tion, and at the same time, it made any merit in the production of defense goods. Thus has been cre-tated the concept of "Dynamics For Defense."

In October 1954, August ileled the corpo-ra-tion's preferred shares on Dec. 17, 1954. These shares were convertible, at any time, into one or one-twentieth shares of common for each preferred share.

The holders of over 99% of the preferred shares converted their shares into the common, leaving only a small balance of the preferred shares for redemption.

Our plans for the future call for continued effort in the cause of defense but also an aggressive interest in further diversification and emphasis on developments relating to the peace-time, industrial uses of atomic energy.

E. JASPER HUNT
Partner, White, Weld & Co., New York City

Two factors have contributed to the sharp rise in common stock prices over the past year. Easy money polici-es and anticipation of new short-term funds for investment, while a revival of confidence in the future of the economy provided a willing-ness to buy.

A. Banks, insurance companies, pension funds, and the general public have all recognized that with common stock investment. High yields, appreciation possibilities, and inflation protection attracted buyers. Common stocks and away from fixed income investments. Buying was concentrated in a relatively limited number of good quality stocks. Other less soundly and low-priced stocks became unattractive.

At the start of 1955, prospects for business are good for the automobile, building, steel, and other key industries all anticipated a high level of output during the year. The post Korean-recovery in business gained momentum and the recovery now underway should con-tinue. But the tight money confidence not only about 1955 but also for the long term.

In spite of the good business outlook, a cautious in-vestment program is called for during the year.

The Dow-Jones Averages at the 400 level reflect not the optimistic mood of business but the present mood of what may occur in the near future. The spread between the highest point of return on common stocks has narrowed and there is a greater risk. The rise in the high level of stock prices. The recent upsurge in speculation is an indication of reason for selectivity in new purchases.

The Administration gives indications of concern about the excessive use of credit and it is reasonable to expect a series of moves to keep the boom under control. A tightening of credit would be reflected in higher interest rates and both bonds and stocks would undergo a period of unsteady movement as they adjust to changed conditions.

For the longer future, however, there is little reason for concern. Population, industrialization, and standards of living in the United States and the world's economy have demon-strated an unlimited ability to expand and in a peaceful world this should continue.

JOEL HUNTER
President, Crucible Steel Company of America

Steel, stainless steel, and other alloy steel business has traditionally been more volatile than tonnage steel business. However, the overall performance of the industry is good, a further illustration of this characteris-tic, which means that for the first quarter of 1955, reached a low point of 131 mental index of the American Iron and Steel Institute, and began to rise in the fourth quarter. The rate of increase has been very sharp and continued in the second quarter. Admireing the rate it would go on to continue at the same rate. This would be the case if the other factors remained the same. Thus, the trend in the last few years, it would tend to indicate an inven-tion that is accompanied by a continuing increase in customers hands which might be overvalued to a drying up of demand later in the year, a tightening of credit, and a generally round off of the rate of increase, the inflation and inventory of deep, the Communists. At the same time, increased demand for strip, automobiles, appliances, construction, and defense items.

The numerous proposals which the President placed before the Congress will be followed by substantial de-tailed recommendations. They must run the gamut of the various Democrat-controlled committees, the ma-jority leadership, and the membership of both Houses of the Congress. With the 1956 Presidential election in the background, the Administration action thus presents many imponderables. The important factor that is both the cooperation of the new majority party in the Congress and the support of the Senate for the evaluation of any part of the Administration program. On the issues that face the 84th Congress, it is hoped that the wise counsel of the President—"let the general good be our yeardstick"—will prevail.

L. R. JACKSON
President, The Rubber Tire and Rubber Company
The outlook for the rubber industry in 1955 is very good. We at Firestone are looking ahead with confi-dence.

The present wealth of the country, its high employ-ment and the easy financial conditions make it more easy to save and the rubber industry is growing at a rapid rate.

Current estimates of total automobile production in 1955 and 1956 show increases of approximately 7-8% over 1954. These increases will be reflected in a corre-sponding increase in all types of tires.

With an increase in business the tire companies anticipate a further expansion of the production of tires for new cars and for replacement tires. Tire capacity in the United States for 1955 is expected to be about 50,000,000 to 54,000,000 tires for replacement use. This compares with about 40,000,000 tires made in 1954 and 35,000,000 tires made in 1953.

In addition we foresee an enlarged market for batteries and accessories consistent with the increased sale of tires. This is a field in which there is considerable room for growth and in which there will be more customers needing more of what the independent tire dealer has to sell.

The outlook for rubber tires is favorable for the next few years, and we have the greatest confidence in the company's ability to meet the market demand.

I do not have any suggestions for additional expenditures for exploration, development, or marketing, other than to suggest that funds be used for capital expenditures required to maintain our plant and equipment in a state of efficient operation. We are hopeful that the price of rubber tires will continue to be firm in the near future and that the company's earnings will continue to be satisfactory.

H. E. HANSEN
President, Quality Ice Cream Company

The ice cream industry in 1955 is on a firm foundation and is continuing to make gains. The industry is in a position to weather any possible difficulties that may arise, and it is expected that the industry will grow at a steady rate through the remainder of 1955.

B. BREVOR STENGEN
President, B. B. S. Stenfen Company

The outlook for the radio business is very good. We are optimistic about the future of the industry and are confident that we will continue to grow at a steady rate.

The industry is in a position to weather any possible difficulties that may arise, and it is expected that the industry will grow at a steady rate through the remainder of 1955.

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Continued from page 69

Canada’s Oil Picture

bottles, telephone sets, TV lead-in cables, and an endless list of products.

I foresee a continuing great development of the petrochemical industry in Canada, something that the value of the by-products of oil and gas. Particularly I believe once natural gas enters the eastern markets at a competitive price, it should bring a wave of expansion in our petrochemical development.

Conclusion

In closing I would say this, that looking back over the past few years, we can draw two major conclusions about the future.

The first is: This modern world will continue to move, literally, on a river of oil. Petrochemical products play a part in nearly every article we require for our daily existence and for national and international defense, which, I am afraid, will be required for years to come.

The second conclusion is that the growth of the oil industry in Canada will be limited only by the resourcefulness of those interested in it in overcoming the obstacles that beset every industry competing in a world-wide market.

That resourcefulness has already been demonstrated in dealing with a host of major problems in the past seven years, and all of us in the industry will welcome the challenge of new problems as they come along, for we know we can find their solution.

Barclay Adds to Staff

(Special to The Financial Chronicle)

CHICAGO, Ill. — Lorenzo C. Volh has been added to the staff of Barclay Investment Co., 39 South La Salle Street.

With Julien Collins Co.

(Special to The Financial Chronicle)

CHICAGO, Ill. — Arthur H. Schom has been affiliated with Julien Collins & Company, 165 South La Salle Street, members of the Midwest Stock Exchange. Mr. Schom was previously with the Northern Trust Company.

Hornblower & Weeks Add

(Special to The Financial Chronicle)

CHICAGO, Ill. — Harrison R. Kimble has been added to the staff of Hornblower & Weeks, 134 South La Salle Street.

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PAUL QUINCY, Ill.—Louise B. Craft has been affiliated with A. G. Edwards & Sons, 39 South Main Street.

Byth & Co.

(Special to The Financial Chronicle)

WORCESTER, Mass. — Peter S. Clevax has been affiliated with Byth & Co., 507 Main St.

With Blyth & Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Richard J. Conlin has been added to the staff of Blyth & Co., Inc., 75 Federal Street.

Eaton & Howard Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Richard H. Green has been added to the staff of Eaton & Howard, Incorporated, 24 Federal Street.

First Boston

(Special to The Financial Chronicle)

BOSTON, Mass. — Parker L. Monroe II has joined the staff of The First Boston Corporation, 75 Federal Street.

B. W. Haxall With Doremus & Company

Rolling W. Haxall has joined the new department of Doremus & Company, 120 Broadway, New York City, advertising and public relations firm, it is announced by William H. Lang Jr., Chairman of the Board. Mr. Haxall was formerly a financial writer and columnist with the New York "Herald Tribune" since 1931 and prior to that held the same positions with the New York "Journal of Commerce," from 1946-51. After five years in the Army during World War II, Mr. Haxall spent three years in the advertising department of Colgate-Palmolive Peet Co.

Wandell Mooney To Address N. Y. Municipal Women

The Municipal Bond Women's Club of New York will have Wandell M. Mooney, Vice-President in charge of the fiduciary department, as speaker on the current year's educational program on Jan. 20. Mr. Mooney's topic will be "A Trustee and Municipal Securities.

Guests are invited to the meeting, which will be held at the Chemical Bank Exchange, 30 Broad Street, New York, N. Y., 16th floor, at 5:30 p.m.

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With Investors Planning

(Special to The Financial Chronicle)

BOSTON, Mass.—Audra N. Smith is now with Investors Planning Corporation of New England, 68 Devonshire Street.

Keller Adds to Staff

(Special to The Financial Chronicle)

BOSTON, Mass.—Harvis & Yell is now with Keller & Co. 53 State Street.

Joins F. S. Moseley

(Special to The Financial Chronicle)

BOSTON, Mass.—Ronald Russell is now connected with F. S. Moseley & Co., 50 Congress St. In the past Mr. Russell was with White, Weldon & Co.

With Palmer, Pollacchi

(Special to The Financial Chronicle)


With Schirmer, Atherton

(Special to The Financial Chronicle)

BOSTON, Mass.—Roy F. Smith is now associated with Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges. He was formerly for many years with Chace, Whiteside & Warren.

Federated Manager's Add

(Special to The Financial Chronicle)

WORCESTER, Mass.—Vincent F. Murphy is now with Federated Management Corporation, 21 Elm Street.

Backstage with

THE FORWARD LOOK

already 1955's big automobile style news!

THE FORWARD LOOK

1955 Plymouth, Dodge, De Soto, Chrysler, Imperial

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CHRYSLER CORPORATION

THE FORWARD LOOK

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"THE NEW HORIZON WINDSHIELD of the FORWARD LOOK is the smartest wrap-around windshield on the road ... and it provides the greatest visibility of all! It's the only windshield that's fully swept back top and bottom!"

"EVERYBODY'S TALKING, TOO about the Power-Film Range Selector on the instrument panel next to the ignition key! Flick it into position—and off you go with the remodeled automatic transmission. THE FORWARD LOOK is full of exclusiveness!"

"JUST LOOK AT THEM! The 1955 Plymouth, Dodge, De Soto, Chrysler and Imperial. See THE FORWARD LOOK at your dealer's now!"
Continued from page 78

in the next decade economic development on a scale sufficient to accommodate these needs. A cause for deep concern to the U. S. oil industry is the possible effect of the development of the Atomic Energy Commission under the authority of the Federal Power Commission to regulate the price paid to producers who sell natural gas to interstate pipelines.

Quite aside from the effect price regulation may have on natural gas market values, the most serious question involves one of principle. The basic issue is whether the right of the utility, whether federal oil, whether state or independent, to make a profit on the natural gas it sells?

It is a question that can affect many businesses. It strikes at the heart of the Supreme Court's decision is an interpretation of the Natural Gas Act of 1938 which gives the FPC the power to change the law, and there is every indication that lease payments within the scope of the Court's ruling will be introduced in the next session.

E. FRED JOHNSON

The atmosphere of confidence that prevails today, to the pessimism that prevailed generally at the opening of the current business year, is not only a prodigious gain for the nation, but is one of the decisive factors in permitting loans to be made at prices that are low relative to the conditions prevailing during 1953.

For a long time, there have been indications that the borrower's ability to pay, decisively is not inflationary. But we are facing a period, marked by the election of a Republican Congress, which will contribute importantly to this high rate of production for years to come. It is expected that the gross national product in 1955 will be between $1.1 and $1.2 trillion, or nearly 11% of the estimated Gross National Product in 1955, which is $10.8 trillion. The gross national product in 1955 is $13 billion, a 13% rise above 1954.

Liberal but sound mortgage credit will continue to serve as an important tool in helping maintain a high level of activity in our economy, even with the increased rate of production during the next several years. Despite the high rate of growth, mortgage credit will continue to provide the necessary stability and a high and increasing level of production during the next several years. The Federal Government is definitely on course to finance this increase, and the construction is estimated at $13 billion, a 13% rise above 1954.

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Continued from first page

As We See It

and large, the current mood is rather more than usually cheerful, tending to be more than usually confident of this year, and since elections are coming up next year about that period also.

There is a fly or two in the ointment, to be sure. There is no gainsaying the fact that concern is growing about the degree in which the powers that be continue to force feed housing construction. Uneasiness is not allayed by the persistent tendency to make credit more available to potential home-owners on easier and easier terms. The cry of the humanists about the need for better housing is met with a reminder that this is a very real world in which we live, and that to proceed arbitrarily to supply a theoretical need without reference to ability to pay for what is supplied is always a dangerous procedure, one which in the end can be done, and often in the past has done more harm than good.

The Stock Market

The general behavior of the stock market in recent weeks has at times given rise to uneasiness, too. There is still some difference of opinion about the basic nature of recent events. There is no evidence of "absorption of undue amount of credit" as the politicians are so likely to charge. Indeed, the market is in exceptional degree still a cash market. There have been reports of undue degree of "in-and-out" speculative transactions by the bank and die office. The situation never without disturbing aspects—but facts on this subject are not plentiful or particularly enlightening. Generally speaking, the worry concerns more the psychological effect of a boom and quite possible later crash in the market, and particularly what events such as those of recent weeks may bring in the way of "investigations" and possibly adverse legislation in Washington.

Another source of some uneasiness in certain quarters is the truly enormous flow of borrowed funds into the coffers of state and local governments, particularly into the hands of various agencies which plan large development projects with the funds thus acquired and which are not in a position to assure the investor more than is obtained from the operation of the projects in question. Many of these so-called revenue issues are for road building, bridge construction, and the like. More often than not such of these facilities as have come into operation are exceeding expectations so far as revenue is concerned, but it is still much too soon to arrive at any set conclusion about these issues on the basis of actual experience. In any event, it is as much the volume of these issues that are causing uneasiness even at a time when almost everybody agrees the immediate outlook is extraordinarily promising. It is at the bottom of the stock market developments which are a source of concern. Returns in the bond market are no longer adequate, and investors in large numbers have turned to the stock market. Such substantial and continued buying could hardly fail to attract the rank and file, some of whom are persuaded to take risks that are quite unbelievable. The end may be further adverse legislation. Abundant funds for the most speculative sort of home building are to be traced to this same source, of course. A good deal of the tremendous surge in public construction could carry on only in such a monetary situation.

Meanwhile this deceptive ease in the general situation tends to conceal from view a good deal that needs correction. The full effects of a tax system which exults in soaking the rich do not come to view. Various restrictions and other adverse actions of government tend to escape attention. These are the things which must cause concern even in the presence of widespread "prosperity."

A

merican construction, with its constantly improving tools and techniques, is progressively raising the economic standards of the Americas and of free countries around the world.

MORRISON-KNUDSEN COMPANY, INC.

Contractors and Engineers

24 subsidiary construction and engineering companies operating in 15 countries

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WHAT DOES RIP VAN WINKLE HAVE TO DO WITH FINANCIAL REPORTING?

Rip is the star of the eight minute film presentation of General Mills' 1954 Annual Report, "Mr. Winkle Returns." Representing a new technique of financial reporting, "Mr. Winkle Returns" was the feature of General Mills' Informal Regional Stockholders' Meetings. It has been made available to you without charge for showing before your luncheon club, civic, or other groups.

Address your inquiries to:

Film Department
General Mills, Inc.
400 Second Avenue South
Minneapolis 1, Minn.
R. C. KIPPER
President, Chemart & Metals Trust Co., Kansas City, Mo.

President, Association of Reserve City Bankers, the largest association of reserve city bankers for the New Year. Banks generally finished 1954 with both deposits and earnings higher than those of the previous year. The New Year trend in loans indicates a rise of about 5% in the last nine months of the year, there was discussion of a lowering of the prime rate of interest. The trend in the next six to eight months, demand has increased in all directions. The present high rate of interest to good borrowers seems likely to continue.

Banks generally have had to make many adjustments and remain extremely flexible in their policies the past few years. Just a little over 18 months ago the loan demand was large and the prime rate looked very attractive. The new long term 3% government bonds were selling at a discount of over 130,000,000. The creation of additional manufacturing facilities are also planned for the New Year, particularly in the automotive, steel, and rubber division is contemplated for the Los Angeles area, with additional investments in strategies and equipment for high quality consideration. Research and development expenditures last year were $1,800,000. If we can only sustain and expand our research work still further in the next 12 months.

R. C. KENGER
President, Kemper Paints & Varnishes Inc., St. Louis

Kemper Paints & Varnishes Inc., have taken an active role in the search for the excellent demand for stocks to sell additional shares of their subsidiary, Kemper Chemicals, worthy of their population and increasing the bank’s loan power. This should continue into the New Year. Mergers, which have been popular in the past, will continue as the New Year begins. A bitter price of Mergers, the development of new industry sparked by increased demand and the need to save, deposits of most banks should continue to increase in 1955 and banks should fare well in the New Year.

JAY DOUGLAS
President & Chairman of the Board, Kaiser Aluminum & Chemical Corp.

There is every reason to expect a continuation of the present strong aluminum market. In addition to the generally expected stability of business conditions for 1955, there exist certain special conditions of significance to the aluminum industry.

One is the availability of secondary aluminum in the U.S. For the first time in four years, demand has fallen below the supply, which indicates that the metal created from scrap aluminum is no longer in high demand. This is a direct result of the growth of the aluminum industry created by the tremendous growth in the automotive and aircraft industry. The surplus of scrap aluminum has resulted in a fall in the price of aluminum to a level lower than that of primary aluminum.

Another is the growing demand for aluminum in the construction field. In 1954, the construction industry consumed approximately 15% of the total production of aluminum. In 1955, this figure is expected to increase to 20%. The demand for aluminum is expected to continue to grow at a rate of about 5% per year. This growth is expected to be driven by the construction industry, particularly in the areas of transportation, housing, and infrastructure.

A third factor is the growth of the aluminum industry in the United States. The production of aluminum in the United States has more than doubled in the past 10 years. The industry is now expected to continue to grow at a rate of about 5% per year. This growth is expected to be driven by the construction industry, particularly in the areas of transportation, housing, and infrastructure.

JAMES M. KENNEDY
Chairman of the Board, Glidden Construction & Revere Copper and Brass Incorporated

If there is an extended period of labor peace in the construction industry, then 1955 should be an excellent year for this country’s copper and brass manufacturers. Changes in building industries which specify copper as a basic material for a variety of uses such as power lines, transmission towers, and utility poles, will tend to increase the demand for copper and brass. In the electric power industry, demand for copper and brass continues to rise. This is due to the fact that demand for copper will continue strong for many years. Copper is likely to remain a commodity with a high price to the supply of copper will be more than equal to meet this demand.

In view of these facts, it is plainly evident that, barring strikes of long duration, there seems to be a fair assurance of a continuing demand for the years ahead.

Construction plans for automobiles, for which our industry is the major supplier, come to an all-time high. The housewife and the home owner are the most important customers of our industry. The introduction of new models and new materials has led to a tremendous increase in the demand for copper and brass in the automotive industry. The demand for copper and brass in the automotive industry is expected to continue to grow at a rate of about 5% per year. This growth is expected to be driven by the increasing demand for new models and new materials in the automotive industry.

The outlook for our industry is very bright for 1955. The industry is expected to continue to grow at a rate of about 5% per year. This growth is expected to be driven by the increasing demand for new models and new materials in the automotive industry.

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Diebold, Incorporated, is engaged in the manufacture of a complete line of systems and equipment for high-quality protective equipment and burglary alarm equipment. We expect a very active year in new bank construction. This is largely due to the extension of branch banks into the new shopping centers that are being constructed. Wherever State Banking regulations permit, it is invariably a new branch bank erected, wherever a new shopping center is established. We introduced a radically new design in bank vault doors in the year 1954. This design was extremely well received and resulted in a substantial increase in business for our company. We also expect a continua-
tion of the trend to drive-in banking.

Nineteen fifty-four was a highly competitive year in the office equipment industry. During 1954 we introduced several new products in the field of filing devices including the Elevator File designed to house large quantities of card records in small floor areas. This product has been well received by banks, insurance companies, utilities and governmental agencies, where there is a need for such a device. We expect these new products to substantially improve our business in 1955.

Our business in the field is extremely competitive and the customer is inclined to buy extremely carefully. We have found, however, that where we can demonstrate user advantages and savings to the customer through the use of our equipment, he does have the money to buy and that he will buy. In other words, intelligent selling will still produce business.

In summary, we have introduced new products designed to meet customer needs and requirements and are prepared for an intelligent and aggressive sales program. We expect our over-all business in 1955 to exceed 1954 by 15% to 20%.

Raymond C. Koontz
President, Diebold Incorporated

FRED LAZARUS, JR.
President, Federated Department Stores, Inc.

We believe that the sales of U. S. department stores in the Spring of 1955 will show a substantial gain over the Spring of 1954 when we make a slight gain over the Spring of 1953, the period before the recent recession started. The prospect will not only make up the ground lost in the recession but will begin moving forward again in both dollars and units.

This certainly would be an acceptable result if the potential manufacturing capacity of the U. S. had not been substantially increased by the enlarged plant and by increased labor population. If we are to keep up our standard of living or increase it, the gains will have to be more substantial than we estimate.

Increased Capacity Will Present Inflation

This increase in sales should be accomplished without price inflation as a result of the greatly increased manufacturing plant capacity. Just a few examples of this increased capacity would include auto, steel, household appliances, petroleum, chemicals, electronics and textiles. The competition to move the products of these enlarged capacities will serve to prevent inflation, and will ensure adequate supplies of goods and prompt delivery in practically all the lines that we sell.

Along with this increased competition at the manufacturing level, there will be intensified competition in distribution as each of several forms of retailing strives to increase its efficiency and its share of the consumer market.

Key to Higher Living Standards

Improvement in the standard of living will not come automatically. There is an important function that effective distribution must play in analyzing consumer demand, and in providing helpful information to the consumer.

The potential demand is there for all sorts of goods and services, existing and new. There is a great reward for those retail agencies that can interpret this demand and promptly bring the desired goods and services to the consumer.

Advantages of Conservative Inventory Policy

One danger to continued high employment and to stable prices would be in over-accumulation of inventories. We have gone through a period of bringing inven-
tories down. There is no need or no advantage in turning about and piling them up again.

It has been traditional with retailers that we get excited or depressed inventory-wise because of small changes in our sales figures. The increased factory capacity now has eliminated shortages and makes reasonably prompt delivery possible.

Under these conditions of quick replenishment, a retailer can continue to operate on conservative stocks and have all the advantages of stock continuously fresh.

Continued on page 76

FRANK W. PEARE
President, Standard Oil Company (Indiana)

H. A. SCANDRETT
Railroad Executive, retired

HERMAN WALDECK

CHARLES D. WIMAN
President, Downey & Company

Raymond C. Koontz
States imports of pulp from North America will exceed the volume imported from Europe. While the gain in exports of paper and pulpboard is not as striking, it is, nevertheless, significant that they will for the year approximate 600,000 tons, 30% more than in 1953. Considering these two items together, they are a further indication of the growing extent to which the world must look to this country and to Canada to meet its growing requirements for paper-making fiber and, perhaps to a lesser degree, for paper and pulpboard.

In 1953 the paper industry, having so successfully negotiated the recession of last year, should experience another satisfactory year. If the general recovery so widely predicted is experienced. In that event it seems reasonable to assume that the steady growth of the industry will continue and that the production of all paper and paperboard will be stimulated causing output for the year to exceed the record production of 1953.

ELMER L. LINDSETH
President, The Cleveland Electric Illuminating Co.
Cleveland-Northeast Ohio, as the rest of the nation, anticipates the general level of business in 1955 to climb above that in the year just past.

Power consumption, one of the most sensitive indices of economic conditions generally, provides significant clues as to what we can expect during the present year.

Power production by the Illuminating Company set new records at the close of 1954. That, and the $290 million in industrial expansion invested or committed for investment in Northeast Ohio during the year, are good indicators of a vigorous year ahead.

Power production, of course, will be keenly everywhere. With somewhat less new plant construction, but with an increased oil effort directed toward plant modernization, we in Northeast Ohio expect to meet that stepped-up competition head-on.

More favorable opportunities from accelerated depreciation through new provisions in the revised Internal Revenue Code should provide ample encouragement to industry to remodel and expand its old facilities, as well as to build new plants.

More than $2 billion has been invested in Northeast Ohio's postwar industrial empire. The number of people employed in Greater Cleveland reached 627,000 last year, and 1955 should witness a continuing high level employment.

Increased large-scale commercial development has kept pace with the growth of the chemical, automotive, steel, and allied industries throughout Ohio. More than $110 million was invested in this type of expansion last year, with $13 million of that total invested in shopping centers alone.

Some 18,000 dwelling units were completed in Northeast Ohio during 1954, almost half of some construction continued to outpace the national average. Nearly 18,000 new units are planned for this year.

Steel sources foresee national production gains in 1955 of 10 to 20% over 1954's level. Steel producers expect their share of this growth in 1955.

Great activity can be expected to continue along Northeast Ohio's 'Chemical Shore,' becoming one of the nation's largest chemical industry concentrations. The latest link in this chain is the American Can Company's titanium reduction plant at Ashtabula, Ohio—typical of the region's continuing attraction in virtually every field.

In order to better serve the rapidly expanding industrial, commercial, and residential needs of the area, The Cleveland Electric Illuminating Company, like other investor-owned electric light and power companies throughout the nation, is vigorously pursuing the greatest expansion in its history.

With $238 million already spent on new construction and expansion of service facilities since the end of World War II, the Illuminating Company's annual construction expenditures of $180 million over the next five years, including $35 million spent late in 1954, are the most extensive in its history.

An additional 268,000-kilowatt turbogenerator is being installed this year at our Eastlake power plant. Completion of this unit will increase the company's operating capacity to 625,000 kilowatts, and system-wide operating capacity to 1,772,000 kilowatts.

One of the most favorable factors in Cleveland-Northeast Ohio's future, of course, is the St. Lawrence Seaway, scheduled to open to vessels in 1959. Accessibility to the world's principal sources of

H. H. Arnold
President
Of General Ceramics

General Ceramics Corporation, Keadby, N. J., a leading factor of the successful election of Henry H. Arnold, President, Mr. Arnold has served as a director of the corporation since 1944. He is also Vice-President and Treasurer of ArnoldandS. Bleicher, Inc., of New York, dealers in and underwriters of insurance securities.

Dr. Ernst Albers, in charge of research of General Ceramics Corporation, was elected a director of the company in 1955. Dr. Albers is a leading producer of technical ceramics, especially ferites and steatites for the electronics industry. His company also manufactures scald-proof stoneware for the chemical industry.

Form DeWitt Inv. Co.

WILMINGTON, Del.—DeWitt Investment Company is conducting a securities business from offices of Charles C. Anderson, W. K. Guthrie is a principal of the firm.

Edward Ealey Opens

HOUStON, Tex.—Edward Ealey is conducting an investment banking firm out of offices at 1025 Eleventh Street.

Porter, Stacy Co. Formed

PORTER, Stacy & Company has been formed with offices in the West Building to engage in the securities business. Andrew C. Porter is a principal of the firm.
raw materials, added to an already excellent combina-
tion of geographical location, strengthen the area's claim to the title, "The Best Location in the Nation."

AUGUSTUS C. LONG
President, The Texas Company

Capital expenditures by The Texas Company in 1954 exceeded $300 million and during 1955 will remain at that high level. During the past year considerable emphasis has been placed on upgrading of refined products, through construction of catalytic reforming and alkylation units, and the company expended a record budget of more than $30 million for these purposes. In 1955, increased proportions of the capital budget will be spent on producing, marketing and research activities.

Approximately 60% of these funds will be expended on producing facilities and a "substantial increase" will be made in the amount devoted to the company's expanded research program. These expendi-
tures are being made to meet intensifying competition and growing demand. Use of petroleum products in the United States during 1955 will increase from 4 to 5%, compared with the 4% increase between 1953 and 1954. Consumption of gasoline should rise by about 5% with kerosene use rising from 6 to 7%, distillates 9%, and residual produc-
tion 6%.

Foreign demand in all areas of the free world will increase by about 9% in 1955. Representing about 450,000 barrels per day, this dynamic increase in demand should permit absorption of the new Iranian output in world markets with little difficulty.

One of the most important problems facing the United States oil industry in 1955 concerns Federal control of natural gas production, a condition arising from last year's Supreme Court ruling in the Phillips case. An amendment to the Natural Gas Act removing Federal control of production is urgently needed.

DAVID L. LUKE, Jr.
President, Western Virginia Pulp & Paper Co.

Although many people believe that the year 1954 might be a difficult one, the economy of the country seems to have stood off the threats of a decline and seems now to pro-
vide a healthy foundation for the beginning of 1955.

In spite of the various economic adjustments of 1954, statistics would indicate that the paper industry suffered a decline in volume of about 1% of 1%. This is to say that the underlying growth factors of the industry, including population, are to be almost as strong as the negative forces operating within the economy. Since I believe that 1955 will be a year of moderate economic decline, it seems reasonable to expect that the paper industry in 1955 will not only from the increasing strength of the economy at large, but as well from its own continuing potential for growth.

H. E. MACDONALD
President, Household Finance Corporation

During 1954, Household Finance Corporation has moved forward in providing services to more customers. During the year we opened 43 new offices and now serve the people of 22 states, District of Columbia and all prov-
inces of Canada. At the end of 1954 there were about 1,400,000 accounts in our books, totaling over $300,000,-
000, an increase of over 6% during the year.

This record—despite the somewhat lower levels of business generally throughout the two countries—can be attributed to the increased public recognition of the advantages of the constructive use of credit; and em-
phatically to the credit provider who has sought aggressively to serve the consumer better.

We were not without its problems for all segments of the consumer credit industry. It saw re-
stricted employment and some un-
employment in many locations, and the virtual elimination of overtime; nevertheless, de-
linquency has been controlled and uncollectible accounts have been kept within reasonable bounds. This favorable result was possible only because our staff applied "sound fundamentals" in appraising loan applications and in counselling customers and potential borrowers.

During 1955 we expect to open new offices wherever favorable opportunities present themselves, to expand existing offices, relocate offices to serve the public more effectively. By continued careful analysis of individual accounts, we hope to continue to help our customers to use their credit wisely.

Household Finance Corporation serves the public primarily under the provisions of the small loan laws, originally recommended by Russell Sage and advocated by the corporation's founders, and the Federal law as it is generally provided for the licensing of lenders after a strict examination of fitness, character and financial capability and provide for continuous supervision of such licensees.

The test of time has demonstrated that the legitimate cash loan needs of families can be fully served only in states having an effective small loan law. Such laws now exist in two-thirds of the states and throughout Canada. In five states (Arkansas, Kansas, Montana, North Dakota and South Carolina) the State laws are not effective regulations of loans made to consumers. In seven states (Alabama, Delaware, Georgia, Mississippi, North Carolina, Tennessee and Texas) and in the District of Colum-
bia, and small loan laws which exist are seriously defective and fail to provide adequate service at reason-
able rates. In states without effective small loan laws, loan shanks — and loan shanks — exist alongside of banks and credit unions, which serve only a portion of the needs of the consumers.

It is to be hoped that those states will provide legisla-
tion to give their citizens adequate services of those services of consumer finance companies regulated in the public in-
terest. It is also hoped that the trend of recent years toward increasing the amounts of loans subject to state regulation will continue. This will permit us to provide adequate services and increase the quality of regulation in the public interest in loans in larger amounts.

W. C. Mac FABLANE
President, Minneapolis-Moline Company

During the past year we have been able to achieve stability in our company, and the prospect is for gradual and continuous upward progress. Our industry, of course, is greatly dependent on adequate moisture throughout the agricultural sections. Moisture conditions in the upper Midwest promise to be satisfactory in 1955, but there are several areas in the balance of the country that will have to improve for business to be en-
tirely satisfactory. There was defi-
cit production of our export business in 1954, and we look for this to con-
tinue up in 1955.

We are therefore cautiously optimi-
stic as to the commodity situa-
tion in 1955. We believe prospects for the future years are good, for we feel confident that most farmers who have enjoyed good crops in the past several years have cash reserves and good credit ratings. As acute busi-
nessmen, like the industrialists, they will need con-
straining equipment of good quality that will produce, in a more comfortable and convenient manner, the food and fiber necessary to the world's population.

The general business picture looks good, with an up-
ward trend of which should have a continuing beneficial effect on the economy.

Our industry is subject to mother nature's idioynec-
cracies. She alone can determine where Hazel or Fanny may strike; what rivers are going to overflow their banks; where we will have drought or insect infestations and many other things as these are—I mean, such things as rust—or what might be termed as being unfavorable to the planting, growing, and harvesting of crops. On top of everything else, we have to contend with—and what Uncle Sam is going to do or not going to do for our customer, the farmer, in the way of subsidies or restrictions. At this time we are manufacturing harvesting machinery for the 1955 harvest season, for crops that have not yet been harvested. If we build too much, we may be subject to difficulties with our dealers, and if we continue to add capacity, we carry over enormous inventory. If we plan too little, we spend too much on sales expense on merchandise that is not available when delivery time comes. In spite of the foregoing, however, I am cau-
tiously optimistic for our industry this year, but less cautiously optimistic for our company.

For the long-term outlook, I am optimistic—period. Population is constantly increasing, and arable lands are not increasing and as the farmer, the same as the industrialist, must use the very latest cost-reduc-
Continued on page 78

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REPORT OF CONDITION OF FIRST NATIONAL BANK OF SALT LAKE CITY

SALT LAKE CITY, UTAH

As of December 31, 1954

RESOURCES

<table>
<thead>
<tr>
<th>Cash and Due from Banks</th>
<th>$34,353,111.85</th>
</tr>
</thead>
<tbody>
<tr>
<td>U. S. Securities (par value or less)</td>
<td>64,913,173.66</td>
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<tr>
<td>Mortgage Obligations</td>
<td>1,684,466.79</td>
</tr>
<tr>
<td>Total Liquid Assets</td>
<td>$103,717,741.29</td>
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<tr>
<td>Loans and Discounts</td>
<td>15,647,851.16</td>
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<tr>
<td>Total</td>
<td>$119,365,592.45</td>
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LIABILITIES

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<tr>
<th>Demand Deposits</th>
<th>$107,233,814.85</th>
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<tbody>
<tr>
<td>Time Deposits</td>
<td>7,132,273.76</td>
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<tr>
<td>Total Deposits</td>
<td>$114,356,088.61</td>
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<tr>
<td>Capital Stock, Common</td>
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<tr>
<td>Surplus</td>
<td>1,568,466.79</td>
</tr>
<tr>
<td>Undivided Profits and Reserves</td>
<td>2,299,910.59</td>
</tr>
<tr>
<td>Total Capital Investment and Reserves</td>
<td>$4,598,399.39</td>
</tr>
</tbody>
</table>

| Total | $119,366,482.29 |

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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gitized for FRASER
http://fraser.stlouisfed.org/
Continued from page 27

ing machinery to produce the greatest number of man
units at the least possible time under its conditions.
Our export business showed a substantial increase last
year, and it is expected to continue to increase this coming year.
We have increased our per-
capita, and the foreign trade is very encouraging.
the second year in a row, it increased by 30% compared with the same period last year.
We have recently undertaken a farm-
machinery manufacturer in the state of New York, where
where we are to furnish the technical and manufactur-
ing equipment to the farmer. It is not likely that we will
be able as they get into full scale production.
Our November and December business shows an im-
provement over the month of last year.
In summing up, then, we believe that 1955 prospects
warrant us in being optimistic.

G. L. MACGREGOR
President,
The Texas Utilities System

Company The Texas Utilities System, composed of Dallas Power & Light Company, Texas Electric Service Company, and Texas Power Light Company, is planning electric service
to a third of the people in Texas in an area covering
about 73,000 square miles in the northern, eastern, and
western parts of the State. Included in this service area
are the cities of Dallas, Fort Worth, Waco, El Paso, Tyler, Odessa and about 23 other cities exceeding 10,000 population. The Dallas area, with its greatest concentration of population, of both central and
industrial employment, and of purchasing power in the
State, has been increasing at an average rate of about one-fourth in the past four years.
There is a need for increased development of lumber,
canola, rail, textile, and industry. Very rapid develop-
ment of these fields has been made and the outlook for the next years is encouraging.
The Texas area of development of the economy have made great progress and the State's revenues are currently 42% from industrial
activities, and 58% from non-industrial and other customers.

Although I do not have the statistical facts on this, the same
degree of development that has occurred in the
United States over the past 10 years has shown that the remaining 8 years have exceeded any earlier period in progress and expansion. Demand for electric service has trebled since 1946 and the System companies have invested in excess of
$380,000,000 in new facilities in the post-War II Period. Planning for the future has led us to the realization that the great growth rate in the State's population and the great generating capacity will increase the demand for electricity at a
rate of 7% per annum. In the next three years, an increase of about 40% over present capacity, and in the next six years the annual demand will increase by 80% over the present.

We are confident that, in the absence of some serious
reversal in the trend of our economy not presently dis-
covered, business activity and production will continue to increase in the System service area. Our plans for future expansion are based on this outlook.

L. S. MACKESY
President, Imperial Bank of Canada, Toronto, Ontario

For the first time in a generation we are living in a world
where no shooting war is being waged. Beyond the
realm of the earth, where peace at peace seems at times somewhat
strangely, that fact that we have come through 1955 is something of
considerable import. The security of our country, the
least the world has been a remarkable achievement. The Great European Fear that economi-
cal catastrophe, is in itself highly encouraging.
The great European German that economic
crisis, in countries where there should be an
American recession has been proven to be
false. The evidence of recovery in Europe has been
to show that we have the problem of serious
depression which has always seemed to hang to
this continent a year ago has also been
This year, the year that post-war expansion,
in Canada at any rate, has not yet run its
type. Perhaps there is a large element in
development of these resources should encourage
us to feel that Canadian prosperity and
in the future will depend on us.

Though fears of depression have been dispelled and
the possibilities of renewed advance are good, the inter-
regional movements in the physical goods
are more sluggish than in the past. The
production is never substantial and the decline in
for the present at least, there is more evidence
of all previous experience, this sort of unemployment,
one of which is caused through natural growth of the
in industry. The same is true in Canada, but it is to be expected that it will continue at
end despite any employment difficulties in particular
industries. There is evidence to suggest that the
The great American experience in what might be
encouraged, and our Canadian resources and
self-developed efforts are to be realized.

This program of development is still being
financed to a large extent from the United States and Canada for direct investment. Much
of the money is needed for the expansion of
the industry in the post-War period. The world of last
quarter of 1953 and the first two of 1954 has been
the heavy year for new investment in this area. This is
induced by the lower level of interest rates there. In
these three quarters, sales of new Canadian
recording a large increase and in the last quarter of 1954,
Canadian producers must now be getting a larger share of
the domestic market than was the case when the level of
interest rates was higher.

The fall of Canadian total exports over the past year
has been due mainly to the very high levels of 1952 and 1953. Other exports that have shown
a decline include those of automobiles and electrical apparatus were offset by higher
exports of pulp, paper, lumber and non-ferrous metals.
Within the machinery and transportation goods group, while
The fall of Canadian exports to other countries has
exported to the market have fallen but the adverse
trends in other groups have been offset by a larger share of
exports to the United Kingdom and elsewhere.
To raise the question of the future of the export trade
is to bring up the problem of our status in the
world economy. The high level of investment by private
business is a main sustaining factor in Canadian
pros-

tion of expanding to markets to come and as long as
the Canadian economy is active in such an international
market will be sold in the home market.
Our future planning must depend on us
getting a good share of this growing work in world
trade. Whether world trade is to develop, along
With world productive capacity, and whether our
exports to gain access to world markets without discrimina-
tion are therefore fundamental questions for Canada.

During the post-war years Canadian industry has
expanded rapidly to meet the demands for goods
for the expansion of supply of most of the raw materials
required by other countries in the Western hemisphere and
the growth of these demands has not to a
perforce continue. Ore is now being shipped, much of it,
from the United States and Canada, from the domestic
development of new projects which represent one of the truly great achieve-
ments in the post-War period. There are now
development is expanding in Northern Ontario and in Western
Canadians. We have seen this mining industry can be
a new economic force in the area. We have seen the
in war and forgone under vigorous leadership and is bound to be particularly stimulating, especially if
the present upswing trends in American business continue
and world trade is freed of the restrictions which still
check its growth.

The Ross of employment in Canada through a full in-
its private investment, government spending on goods and
services, export demand, has not only been maintained, it has
actually risen to a post-war peak.

The Ross of employment in Canada through a full in-
its private investment, government spending on goods and
services, export demand, has not only been maintained, it has
actually risen to a post-war peak.
still further the totals now esti-
mated for these years.

\[ \text{Fiscal Year:} \]

1932: \( \$63.4 \) million
1933: \( \$74.3 \) million
1954: As estimated, Jan. 9, 1933: \( \$77.9 \) million

Actual: \( \$67.8 \) million
1955 estimated: \( \$82.5 \) million
1956 estimated: \( \$62.4 \) million

The stern requirements of our national defense dictate the largest part of our national defense budget expenditures at this time. Further processing and produc-
ing expenditures must result in large part from increasing efficiency and from finding better ways of doing the things that must be done. Future savings will be more difficult than these already accomplished. However, we expect to continue reducing the cost of government.

Major National Security—Ex-
penditures for major national se-
curity programs in the fiscal year 1956 are estimated at \( \$40.5 \) billion, 65\% of total budget expenditures. This amount includes the cost of new legislation, I am proposing to establish an effective military defense system and strengthen the career service. This budget provides for more expenditures by the Department of Defense for air power than ever before in peacetime.

New weapons for defensive and retaliatory air power are being developed and produced in increasing quantities. High priority is being given to strengthening our continental defense system. Since military supplies are not being consumed in combat, the bulk of the military material being produced by our factories is being diverted to our defense.

Our defense expenditures are now bringing about a steadily growing strength. Never in our peacetime history have we been as well prepared to defend ourselves as we are now.

We will deliver about the same amount of military equipment to friendly nations as in 1954 and 1955. New atomic energy plants will be placed in operation and more than in any previous year will be spent for peaceful appli-
cations of atomic energy. The
dollar value of our stockpile of strategic materials is expected to reach 75\% of the minimum objective, compared with 58\% in 1954.

International Affairs and Fi-
tation—Our international pro-
grams are closely related to na-
tional security. The conduct of foreign affairs is crucial in preserving peace. We have materially contributed to the strengthening of friendly nations through the economic aspects of the mutual security program. Continuation of such assistance is urgently needed.

Net expenditures for in-
ternational affairs and finance are estimated to be \( \$1.3 \) billion, \( \$80 \) million lower than in the fiscal year 1955.

Keeping our own defenses strong
requires allied support on four counts: to increase their defenses, to deter outside attacks on our freedom. We must at the same time look to the abiding sources of our internal strength—our faith in the power of free men, our in-
dividual initiative, and our com-
petitive enterprise.

Commerce and Manpower—We
are now meeting in taking the
government out of business where-
ever this can properly be done. In addition to selling the Inland Waterways Corporation and dissolving the Reconstruction Fi-
nance Corporation, we have already or are about to shut down a number of Department of Defense plants for processing scrap and manu-
facturing paint, clothing, and chlorine. Private industry is per-
forming an increasing share, which has reached almost half, of major equipment overhauls for the Air Force. Most of the synthetic rub-
er plants have been sold to pri-
vate purchasers, subject only to approval by the Reconstruction Finance Corporation. These ac-
tions not only serve to strengthen our system of private enterprise, but also in many cases reduce government expenditures and in-
crease tax receipts for cities, counties, and States as well as the Federal government.

During the past year, legislation was enacted permitting private businesses to buy basic raw materials available on more liberal terms so that more people can buy their

own homes. Local public agen-
tcies, aided by private investors, are being encouraged to start new savings and loan associations to help finance the current and future programs. Provision has been made for assistance to help 100,000 small farmers.

For the coming year, I am recommending that we start a 10-year program to modernize the interstate highway system in co-
operation with State and local governments. I am also proposing that we step up aeronautical research, extend air navigation fa-
cilities, and help industry build more ships. These activities are important for our national security as well as for our growing economy. I firmly believe that a large proportion as possible of the expenditures of the gov-
ernment should be borne by those directly benefiting therefrom. The user charge principle should be further extended. I have recom-

tended to the Congress that pos-
tal rates be increased to make the postal system self-supporting in the near future. With the enact-
ment of this legislation, total net expenditures for commerce and manpower in the fiscal year 1956 are expected to be \( \$2.2 \) billion, \( \$84 \) million below 1955.

Especially important is the im-
portant policy of this government directed by the State and local govern-
ments of our long-range develop-
ment projects. For example, the

State of New York and the Provi-
dence of Ontario are now jointly developing the power resources of the St. Lawrence River at the Marinch Ferry project in Oklahoma and the Pripet River project in the State of Washington, both with large power de-
velopments, will be built by state or local units, with modest Fed-
eral contributions only for those purposes such as flood control which involve national responsi-
bilities. This budget proposes the start of several new construction projects under such partnerships and arrangements. Thus, we are con-
tinuing to develop our natural re-
sources at less cost to the Federal Government. Net budget expendi-
tures of \( \$933 \) million in 1956 are estimated for natural re-
sources, \$180 million less than in 1955.

Agriculture—Greater freedom from government direction and control of farming operations will be possible in future years as a result of the new farm legis-
lation enacted last summer. The flexible supports provided for therein will stimulate the con-
sumption of farm products at home and abroad and will reduce government expenditures for buying and storing surplus commodi-
ties. Increased spending in the financing of loans to farmers has also been brought about by legislation enacted last

year. By increased use of fully

insured private loans, the need for direct Federal loans for farm purposes is being decreased. Significant water conservation has been reduced. Year by year, this has also been pro-

vided through the new watershed 

projects and the greater cooperation between the Federal Government and States and local 
governments in the upstream flood pre-
vention program. In addition, through strengthened agricultural research and educational work, farmers can better work out sol-
sitions for their own problems. These steps reduce the depend-
ence upon government intervention and encourage farmers to take the initiative in bringing production to demand, and provide the conditions under which farmers can maintain their incomes with less interference by the govern-
ment. The flexible support leg-
islation will not greatly affect ex-
penditures for the fiscal year 1956.

Estimated net expenditures for agricultural programs in 1956 will be \( \$2.3 \) billion, \( \$971 \) million less than in 1955. This reduction is principally due to the anticipated smaller outlays for farm price supports resulting from increased restrictions and increased sales.

Welfare, Health, and Education—H

ich with state and local governments and with private enterprise is also en-
suring the economic develop-

Continued on page 81

SERVING	THE 
Heartland 
OF A RICH STATE

Call the roll . . . 341 busy Iowa communities look to this company for electric service and 42 for gas service. A great, fast-growing company serves the heartland of a rich state—and serves it well!

AMERICA'S PROGRESS and machine tools

Our forerunners brought with them to the new world the handicrafts of the old. Had our country grown up with the ideas and technology of the old world, it would be a very differ-
ent America today.

The American productive economy, at which the world marvels, has been built on distinctly American ideas, methods, and machinery. One country's greatest contribu-
tions to progress has been the Amer-
ican machine tool and its productive use. Machine tools have enabled the nation's security and high standard of living to come about. The new generation of machine tools is shown on these page en-
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Our forefathers brought with them to the new world the handicrafts of the old. Had our country grown up with the ideas and technology of the old world, it would be a very differ-
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tions to progress has been the Amer-
ican machine tool and its productive use. Machine tools have enabled the nation's security and high standard of living to come about. The new generation of machine tools is shown on these pages.

The CINCINNATI MILLING MACHINE CO., Cincinnati 9, Ohio

Cincinnati Milling research has solved many of the problems re-
ting to book high-speed grinding and

The 45-foot book high-speed grinding and finishing machine was designed for users of our products. Single copies are available for the asking.

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Continued from page 78

glass under current low tariffs caused the shut down of several producing units and consequent unemployment. The import duties on foreign glass, a major world market, foreign glass was diverted from the U.S. market, thus eliminating some 160,000 workers and manufacturers. Though it takes time to rebuild glass furnaces and glass plants, it is operation, as rapidly as possible in New England to clear the backlog of orders, and has put five of its window glass furnaces back on line. The rapid expansion of all operating, which should enable the company to supply all of the needs of a New England market of small houses. The same situation existed as to glass plate imports and major operating. A new plant is now in operation in the New England area. All of LOP's plate glass factories are now in operation and we are in a position to meet the demands of our customers. We will be off to a flying start for 1955. Orders on hand for 1955 are now in progress and our Plate and safety glass plants is at a peak, and new products such as Parallel-Plate glass, new high-quality twin-ground glass are registering exceptional customer acceptance.

The additional grinding and polishing obtained as a result of high-speed new grinding and polishing lines, will make Rossford the most modern and safe glass plant in the world. These improvements, financed wholly from the company's own plant improvements and replacement expenditures, without recourse to loans, have been under construction for more than three years.

The investments in new production facilities at the Toledo area, (Ohio, Ill.) are substantial. Total investment of $2,000,000 in 1955 in the Toledo area. The new process is equivalent to a large, integrated plate glass plant. Work is to be completed in 1955 as rapidly as engineering plant can be completed.

The Rossford and East Broadway plants in the Toledo area call for investment of 211,000,000, which new large new facilities and equipment, substantially increase their productive capacity. The new plants are scheduled for the new large new facilities and equipment, and additional grinding and polishing facilities.

These new projects and additions to grinding and polishing facilities, expansion of grinding equipment, will be completed in 1955.

At Rossford there is also planned some additional new projects, including a modern, high-speed new grinding and polishing machines, and a new furnace for grinding and polishing, and additional polishing and grinding facilities.

These new projects and additions to grinding and polishing facilities, and grinding and polishing facilities, are scheduled for the new large new facilities and equipment, and additional grinding and polishing facilities.

The proposed new furnace would add nearly 30,000 to Rossford glass making capacity. Location of the melting furnace with its small floor area, will be the Masonic’s building is on the east side of the present two large furnaces.

WALTER F. MARSHALL
President, The Western Union Telegraph Co.

The year 1954 was one of great progress in the telegraph industry. With the accomplishments of the past year, we are confident that even greater things will be achieved in 1955. Financially, Western Union had another excellent year, with earnings of $29,650,000 and net income of $24,000,000. These figures were increased in 1955 to $32,650,000 and $26,000,000, respectively. The gross income for 1955 was $314,000,000, an increase of $13,000,000 over the previous year.

One of the features of the new year was a new peak reached in the company's operations. Western Union has established new service standards and contracts for many new and existing services, which has resulted in a marked increase in net income. The company has also increased its volume of business, which has resulted in a marked increase in gross income.

The year was marked by a number of important developments, including the introduction of new services and products, the expansion of existing services, and the acquisition of new companies. The company has also made significant investments in new technology, which has resulted in increased efficiency and productivity.

The company's management continues to be committed to the principles of good governance and ethical behavior, and the company has been recognized for its leadership in these areas. The company is also committed to the principles of social responsibility, and has made significant contributions to various charitable organizations.

The company's financial performance in 1955 was excellent, with earnings of $32,650,000 and net income of $26,000,000. The company is well-positioned for continued growth and success in the years to come.

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President’s Budget Message

President’s Budget Message

Summarized:

- Federal Reserve Bank of St. Louis
- Digitized for FRASER

Contents:

- Volume 181 Number 3536...The Commercial and Financial Chronicle
- Continued from page 79

The budget message, as presented by the President, focuses on the need to address fiscal programs and expenditures. The government is facing a fiscal year 1956 deficit, and the message highlights the importance of reducing expenditures to address the budget deficit. The President advocates for a balanced approach to fiscal policy, emphasizing the need for both increased tax revenues and expenditure cuts. The message includes recommendations to improve government efficiency and cut unnecessary spending. It also calls for a reevaluation of current programs and policies to ensure they align with the overall fiscal health of the country. The message underscores the importance of balancing economic growth with responsible fiscal management. The full text provides detailed information on various fiscal aspects, including tax policies, government programs, and the overall economic outlook for the fiscal year 1956.

Continued from page 80

J. W. Mcafee
President, Union Electric Company of Missouri

We at Union Electric Company of Missouri, together with all the other power and light companies, are looking forward with hopeful confidence to the business years ahead. Evidence is at hand that our future is promising. We have the firm hope and hope it is contained in the millions of dollars the electric power industry spends each year to spend this year on new and expanded equipment. Thus, in our case alone, we have scheduled large expenditures for over $37 million for the production of power and its distribution for the coming year. For the five-year period, from 1954 through 1958, we plan to spend a total of more than $180 million on new construction.

Such expenditures express a confident expectation of a future more abundant than today's. The millions of dollars invested in new equipment will, representing the savings of thousands of individuals, will be put to work to increase the nation's wealth. Each such investment in the future helps make that future more secure.

In St. Louis, in the heart of the rich Mississippi Valley, there are many factors which we think justly contribute to the confidence of the future. One of these is the electric power industry. Without it, the future does not look bright.

In this area and throughout the country, the electric power industry is not only a force to be reckoned with in the development of the nation's resources but also a factor in the advancement of industry and commerce, a factor in the development of industry and commerce.

In this country there is a strong belief in the air-conditioning alone is a powerful factor in the growth and prosperity of a region. Television has created a new market for air-conditioning. The result is that new businesses are being established throughout the country. On the other hand, new whole new worlds in electric space heating, electronic data processing and hundreds of other new developments still in the planning stage.

Mr. McCollum cele¬brated the Diamond Jubilee of Light and with it the 75th birthday of the electric industry. In those 75 years, that industry has grown from a small beginnings, supplying millions of homes and businesses by the electric light. In the average American home, more than half of the electricity used is for air conditioning.

Mr. McCollum, therefore, is looking forward, not only with confidence, but with eager hope for the future American electric market and can and will provide.

JOHN L. MCAFEE
President, International Harvester Company

As in the past, the outlook for the farm equipment industry during the remainder of 1955 will be determined by a few critical factors: (1) The farmer's need for farm equipment; (2) his ability to fill this need, and (3) the average farm equipment unit cost, with which the farmer can purchase the equipment.

It will be a buyer's market as the farmer has the need for new farm equipment, and he has known for a year that he will be buying this year. A slight increase in his cash or credit position is such as to allow him to purchase it. This factor is the primary reason that in 1955 the farm equipment market in 1955 will be somewhat better than in 1954, and is no indication of any "boom" in our industry during 1955.

Mr. McCollum's forecast is this way:

Second, today's farmer or operator is working considerably more acres today than he was ten, five, or even three years ago. He is doing this with much less help, help that either is not available or is so expensive that it is not worth the cost. To carry on his expanded operations and to offset the present lack of manpower, the farmer needs modern farm equipment and has been able to do so, according to the average farm equipment unit cost. Mr. McCollum believes that this forecast is based on his knowledge of the farmer and his belief that the farmer cannot afford to be without new machinery.

Second, surveys show that the average age of farm operators has increased considerably since 1940. The technological change in farm equipment, with its emphasis on quality durability and comfort features, has contributed largely to this extension of the effective life of farm equipment. Evidence of this fact and those of the industry indicate that the farmer's equipment replacement position is healthy. Evidence of this fact is the high level of new equipment orders. More and more farmers are looking to the future with the confidence that the future has been re¬sisted. Today's farmer is looking to the future with the confidence that new equipment orders are no longer fearful and are now regular.

These, then, are the reasons why I think farmers will buy more new farm equipment in 1955 than they did in 1954. It is a combination of need and desire for labor-saving and economical equipment, the availability of such equipment and its capability to do the job, and the confidence in the future, during which time such equip¬ment is needed.

Finally, I hope that the price of farm equipment during 1955 will be the same level as in 1954. However, manufacturers' costs continue to increase, and only a part of this increase can be offset by economics. They should not cost the end of materials, labor, and transportation continue to climb throughout 1955, the price of farm equipment will eventually be forced to increase its prices.

To a large extent, the equipment dealer holds the key to our success during 1955. It is his responsibility to have the best line of products available to our dealers. I am confident that the best line of product ever produced by the farm equipment industry will be brought to the farm market by the large numbers by our dealer organization during 1955.

THOMAS F. McCARTHY
President, Austin, Nichols & Co., Inc.

Generally speaking, the commercial business is not in the increased prosperity in the year just past. It is my belief 1955 will be little or no better than 1954 unless Federal excise taxes are reduced as stipu¬lated by the Congress. The excep¬ tion to this general rule in our in¬dustry would be the importer who faced well in 1954 and the indications are will be better in 1955 if the country continues to enjoy gen¬eral prosperity.

Many of the retail businesses with whom we deal during the 1953-1954 period have been the most excise tax enjoyed improved business during 1953-1954. These businesses en¬joyed a strong upsurge in fall and January and again in April 1954. Whether this buying was a psychological ef¬fect because the tax change, or caused by the actual decrease in price is hard to say but the increase in sales was very substantial.

The excise taxes on distilled liquor, Federal and state, are so high now it is difficult to see the effect of the 25% reduction in rates of last April. Here we saw a 1% price increase in the start of distribution. This raised the price by 1% in 1953 but its 5% effect, neither the government nor the industry has any way of knowing how much will be cut off sales. This might be pointed out of the latest official figures on liquor sales from (Canadian and Irish) show an increase of about 2% while the tax payments on all domestic spirits for the same period show a decrease of over 5%. It could well be that this difference was caused by the increase in bootlegging activity, which is not usually imputed by bootleggers.

We do not believe that the great middle and lower income bracket pays much tax on liquor and is not affected at all by the tax or by illegal liquor by taxation. Let us be understood that this industry champions moderation and since Repeal has spent millions of dollars to promote this. We know our worst enemy is the excessive drinker but we also know the "noble experiment" did not work. We believe that moderation can best be attained by the proper education of youth in the broad and sound use of alcoholic beverage.

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However, there will be differences of opinion as to how the President's own party as to how the Federal Government can raise needed revenue without creating difficulties. Some of the proposals may be motivated to political goals; they may be political devices of the majority, in so far as the Democrats are concerned, will be prompted by a sincere desire on the part of the Democratic party to stimulate the most constructive public-service contribution possible under the circumstances.

President will, in my opinion, have the support and cooperation of a large majority of the members of the Congress in performing his constitutional responsi¬bilities with respect to foreign policy. A corollary to that responsibility is that of maintaining constantly a sound national defense. The defense of the free world requires armed forces and equipment. The Chief Execu¬tive's training and experience in this connection, his well-conceived program of military and foreign policy, as well as his sound judgment and leadership on the issue of disarmament, are well known to all who have followed the political developments of recent years.

Wide differences of opinion will unquestionably develop over the President's recommendations in the econo¬mic and business fields. In fairness, we understand that the repeated declaration of conservatism in dealing with fiscal problems, for example, is due to the fact that both liberal¬ism insures the "human problems of our people" are considered, has a less than enthusiastic reception. As Chairman of the Senate Committee on Government Operations during its Permanent Investigating Sub¬committee and, as a member of the Select Committee on Internal Security, I was particularly interested in his recommendation concerning the continuing problems of government administration and re¬organization. I was impressed by the fact that the Administra¬tion's recommendations designed to improve and facili¬tate the functions of the Executive department have been in the Executive branch of the government are effectively and faithfully implemented.

Also, the committees having primary investigative responsibility in this field and should be unfail¬ing support of the President in their efforts to forestall Communist infiltration and subversion.

L. F. MCCOLLUM
President, Continental Oil Company

The petroleum industry, in fact, has been one of adjustment for most of the industries in the United States, with activity at general, but arresting growth as a result of the decline in business activity, for petroleum products was the first major decline of the first nine months of the year, do¬ing well by early December, stocks stood at the same level as a year earlier. The only way that gasoline inventories can be brought into balance with demand will be for each refiner to appraise his stocks in relation to his realistic sales forecasts and govern his refinery opera¬tions accordingly.

The importance of the oil industry to the problem created by the overproduction of gasoline cannot be minimized. This great industry, which accounts for the oil industry, to business in general, and to all the natural gas consumers in the United States, because of the threat to the finding and developing of the necessary future supplies and the steady increase in the demand for new processing equipment.

The three major problems that faced the oil industry during 1954 were recovery of the market, recovery of the market, and recovery of the market.

(1) The issue of Federal control over the production of petroleum products was one of the most important in the history of this industry. It will probably be a gain on the order of 1% to 2% in domestic de¬mand. The increase in total demand, for gasoline, was about 1% less than the demand in the same month in 1954.

(2) The attainment of a proper balance between sup¬ply and demand for all oils. The rapid increases in the cost of production, which, in many cases, have exceeded exports from the United States, and are now responsible for the increasing pressure of foreign crude oil and products on the domestic industry. This is particularly evident in the 1953 level of United States crude and condensate pro¬duction, in the face of a moderate increase in demand, creating a situation in which the bulk of the U.S. production is captured by the foreign market. The future of this industry depends on the proper and effective control of the production of crude oil and condensate.

Continued on page 84
Continued from page 31

President's Budget Message

Pay the government's bills in that period without exceeding the $27 billion limit.

We recognize that the statutory debt limit is valuable as an expression of firm intent to maintain fiscal soundness. With present requirements for national security we have not yet been able to achieve a balanced budget, even though we have made substantial progress toward it. Therefore, I have no alternative but to ask the Congress to again increase the debt limit.

During the past two years, we have proved that a free, democratic system can make the adjustment from war to peace without serious economic disturbances. A major factor in this achievement has been the confidence of the people in the ability of the government to bring its financial affairs under control and to conduct them in a responsible manner.

Special Classification of Net Budget Expenditures (Fiscal years. In billions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1963 Actual</th>
<th>1964 Ex.</th>
<th>1964 Finalized</th>
<th>1965 Estimated</th>
<th>Amended-Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current expenses for education and administration</td>
<td>$20.3</td>
<td>$20.3</td>
<td>$20.3</td>
<td>$20.3</td>
<td>0</td>
</tr>
<tr>
<td>Interest</td>
<td>$5.9</td>
<td>$5.9</td>
<td>$5.9</td>
<td>$5.9</td>
<td>12</td>
</tr>
<tr>
<td>Cost of goods sold</td>
<td>$15.5</td>
<td>$13.2</td>
<td>$13.4</td>
<td>$13.4</td>
<td>$13.7</td>
</tr>
<tr>
<td>Protection</td>
<td>$25.6</td>
<td>$46.9</td>
<td>$50.0</td>
<td>$51.3</td>
<td>$47.7</td>
</tr>
<tr>
<td>Undistributed (reserves and adjustments)</td>
<td>7</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>74.1</td>
<td>87.4</td>
<td>99.2</td>
<td>100.3</td>
<td>82.4</td>
</tr>
</tbody>
</table>

Reserve of the Budget (Fiscal years. In billions)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1964 Actual</th>
<th>1964 Estimated</th>
<th>1965 Finalized</th>
<th>1966 Estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>New obligatory authority</td>
<td>$80.1</td>
<td>$72.2</td>
<td>$62.3</td>
<td>$52.3</td>
</tr>
<tr>
<td>Under existing legislation</td>
<td>64.8</td>
<td>66.9</td>
<td>67.4</td>
<td>67.8</td>
</tr>
<tr>
<td>Under proposed legislation</td>
<td>64.8</td>
<td>68.0</td>
<td>67.4</td>
<td>67.8</td>
</tr>
<tr>
<td>Total budget expenditure</td>
<td>75.3</td>
<td>77.1</td>
<td>77.8</td>
<td>78.0</td>
</tr>
<tr>
<td>Budget deficit</td>
<td>9.4</td>
<td>9.7</td>
<td>9.8</td>
<td>9.8</td>
</tr>
<tr>
<td>Public debt as of year-end</td>
<td>303.4</td>
<td>306.9</td>
<td>307.5</td>
<td>307.5</td>
</tr>
<tr>
<td>Balance of appropriations carried forward at end of year</td>
<td>78.4</td>
<td>77.4</td>
<td>60.3</td>
<td>51.9</td>
</tr>
</tbody>
</table>

President's Budget Message

Our objective of being prudent in financial matters has paid off and is still paying dividends in general well-being. We have reduced expenditures and ended the surplus load of taxation. We have improved the structure of the public debt and provided a favorable environment for sound monetary policy. We have encouraged private initiative by starting to take the government out of competition with private enterprise. We have made progress in housing and in protection against personal catastrophes. We are developing our natural resources in partnership with the state and local governments and with private initiative. These steps are designed to assure high and rising employment, a growing prosperity, and a steady rise in private saving.

This administration will continue to exercise the utmost care in the manner in which it uses the taxpayers' money. It will continue to purchase what we must have for our security, well-being, and prosperity with the fewest possible number of dollars. And it will continue in the hope that the great organization of the huge government is being made more efficient. It will put first things first and restrain spending to items of high priority. Our success thus far in reducing taxes, expenditures, and the deficit is the best evidence of the earnestness of our efforts.

With an inestimable faith in the destiny of this country, a faith equal to that of the founders who held that all men are Divinely endowed with inalienable rights; with full confidence in the intelligent cooperation of free men to see that the most effective way of solving group and national problems; with unshakeable dedication to the pursuit of peace and justice at home and in the world, we shall continue to sustain our liberties and we shall meet any far-scarce the objectives we now set for ourselves in promoting human welfare, happiness, and prosperity.


Linked by Effort and by Mutual Needs

At present U. S. investments in Latin America, totaling six billions of dollars, are larger than in any other part of the world except Canada. Here is proof positive that American business is anxious to promote production in our sister republics. More, it is strong indication that with proper encouragement private capital can supplant government loans to neighbor nations... to the great benefit of every portion of the Western Hemisphere.

The need for private funds in Latin America can hardly be exaggerated; for no nation is completely independent. Rather, it is interdependent with the countries that share its needs and aspirations. Such mutuality of interest has forged a powerful link between us, the Americas, for the good earth to the south produces in abundance while the good market of North America purchase in abundance. Each helps the other.

Many of our fine financial industries are seeking to better conditions in countries where their activity centers. United Fruit Company has for many years engaged in a program of privately financed aid in the local fields of education, health, sanitation and public works. In addition to this and the construction of communication and transportation systems, United Fruit has been instrumental in establishing a multi-crop economy in Middle America and transforming thousands of acres of jungle into productive farmlands.

Such activities are not the whole answer. But the results, measured in terms of improved living conditions and the development of useful skills, do demonstrate that a well-planned and efficiently administered program of private aid can be among the most worthwhile investments North America can make.

It is this company's firm intention to continue useful service to the Americas... and, in strict accordance with the spirit of laws of the countries of operation, to work toward a future of ever-increasing mutual benefit.

United Fruit Company

General Offices: 80 Federal Street, Boston 10

COLOMBIA · COSTA RICA · CUBA · DOMINICAN REPUBLIC · ECUADOR

EL SALVADOR · GUATEMALA · HONDURAS · NICARAGUA · PANAMA

Savard & Hart Open

Providence Branch

PROVIDENCE, R. I.—Savard & Hart of Montreal, members of the Toronto, Montreal and Canadian Stock Exchanges, have opened a branch office at 188 Benefit Street, under the management of Lloyd B. Averill. The firm specializes in Canadian securities and in U. S. unlisted securities.

Florida's avant-garde climate is matched by an equally stimulating business climate in which new ventures and potential enterprise grow and prosper. So have fun in Florida. But look behind the beaches, too, at the "other Florida," the forward-looking, aggressive state, with a sound and expanding economy based on agriculture, increasing commerce, and rapid industrial development to serve fast-growing markets— a state that invites new capital... and richly rewards constructive investment.

Florida Power & Light Company
Continued from page 82

A. KING MCCORD

President, The Oil Corporation

During 1953 the farm and industrial machinery in-
dustry for both the producer and the consumer profit-wise, than the industry experienced during 1954.

During 1953, farm and industrial machinery de-
curities during 1953 will be greater by 5% than the high level of such sales reached in 1952, and the general economic conditions during 1953 will be only an insignificant withdrawal of farm activity.

Cash farm income in 1953 is esti-

mated to be $16 billion, 5% lower than in 1952. The result

will be a further increase in the level of farm income realized in 1954. This estimate is based on the fact that the stability has been achieved in agricultural commodity prices, and the downward adjustment in prices will increase slightly. This factor will combine with the prevailing high level of farm income to produce an increased demand for farm equipment.

There has been an experienced its most widespread

in agriculture. The sector affected in a large area

in the Midwest was particularly active in all but one area, and up into parts of New England, registering, in all, the highest level of farm equipment sales ever recorded.

Farm equipment sales throughout the balance of the nation, except in the South, were not as strong in 1953 as in 1954. A new horsepower level of sales was established and sustained for the period, and the relatively stable price levels of farm equipment during 1953 approximating retail sales in the Midwest and the South will be maintained.

Forecasting trends toward larger, higher sales, at wholesale, and a substantial increase in farm equipment sales in the spring and summer of 1954.

Without the burden of excessive inventories in the hands of manufacturers and dealers, prices for farm equipment become more firm, and increased plant pro-

duction will combine to improve profit possibilities.

LYLE MCDONALD

Chairman of the Board
Public Service Electric & Gas Company

Public Service Electric & Gas Company serves an area which includes approximately 80% of the popula-
tion of New Jersey, Pennsylvania, and Maryland. The company supplies electricity and gas to a greater number of industries and a large number of commercial enter-
prises and residential consumers in this area.

The outlook for the economy of the company as of the end of 1953 was favorable. The outlook for the year 1954 was not as favorable, and a downturn in the state is not likely to occur.

Yet the company, during 1954, experienced a 10% increase in sales over the preceding months of the year. This increase in sales is an indication of the economic health of the area served and the surrounding area.

The outlook for the economy of the company for the year 1954 was not as favorable, and a downturn in the state is not likely to occur.

However, the company, during 1954, experienced a 10% increase in sales over the preceding months of the year. This increase in sales is an indication of the economic health of the area served and the surrounding area.

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Attacking the Farm Price Squeeze

cept with the consent of the individual farmer. The reason for this order is obvious. It is not the function of the Department of Agriculture to recruit farmers, directly or indirectly, as involuntary members of any organization. I am pleased to report that most cooperatives and farm organizations are apparently in agreement with this philosophy.

As we move into this new year, the Agricultural Act of 1954, with its flexible price supports for basic commodities, will get its first test. It marks a change of direction, rather than any revolutionary upheaval. Adjustments in the level of support will be gradual, in line with President Eisenhower's recommendations.

Tobacco will continue to be supported at 96% of parity and it seems probable that will also be the level for peanuts and cotton in 1955. Current estimates are that corn will be supported at 88% of parity. Rice may be supported at the same level as last year. If marketing quotas are approved, only in the case of wheat will price supports be at the minimum of 82 1/2%.

These figures strongly indicate that if farm income from some of the basic crops is lower this year than last, it will not be because of flexible price supports. The reduction will come, if it comes at all, from the curtailment of acreage and production made necessary by supplies accumulated under the earlier program. In the case of such feed grains as oats, barley, grain sorghums and rye—which have been under a system of discretionary flexible price supports for many years—the level for 1955 will be at 70% of parity. This represents a reduction from the 85% supports prevailing during the last year.

It is apparent that large acreages diverted from wheat, corn and cotton will go into feed grains—more even than in 1954, which saw a sizable shift in this direction. Continued supports at 85% of parity could only mean that the government would wind up as the owner of a considerable portion of the increased feed grain production.

At the same time, the serious rains and protracted drought which still grips more than 900 counties in 18 states has created severe local feed shortages. Drought-hit farmers must be given every opportunity to produce as much feed as possible when rains return. If drought continues, lower price supports will make feed grains available to farmers at less cost than if the government were bidding up a higher price. This will encourage the movement of these grains into channels of consumption, rather than into storage.

Defends New Farm Program

I am convinced that our new program of flexible price supports for the basic commodities will work toward better balanced production in the years ahead. And I should like to see this balance restored primarily through an increase in consumption both here and abroad, rather than through continued strict production controls. Flexible supports will help restore the function of price in our marketing system.

We can best insure a continuation of our great progress in agriculture by maintaining a free and fluid economy. Government policy must not be permitted to freeze our agricultural production in an uneconomic pattern. Neither should we freeze people in farming or in any other occupation.

In Thirty-three Years of Service . . .

WARREN PETROLEUM CORPORATION

has become an important factor in the Industrial, Chemical, Agricultural and Domestic life of America. In the past year Warren's fleet of tank cars, alone, traveled on more than 85 of the Nation's railroads, carrying Warren's Natural Gasoline, Warrenagas and its other products to consumers who utilized them in countless ways to provide more efficient and economical industrial, chemical, transportation, farm and domestic operations. Additional large quantities were transported by tankers, barges, pipe lines and trucks.

PRODUCTS MANUFACTURED AND MARKETED

NATURAL GASOLINE NORMAL BUTANE HEPTANE
WARRENGAS ISO-PENTANE CRUDE OIL
WARTANE HEXANE NATURAL GAS
ISO-BUTANE

EXPORT TERMINALS AND STORAGE FOR OVERSEAS, COASTWISE OR INLAND SHIPMENT OF NATURAL GASOLINE AND LIQUEFIED PETROLEUM GASES

Port Author, Texas Corpus Christi, Texas Texas City, Texas
Warrenagas, Houston, Texas Newark, New Jersey Baytown, Texas
Tampa, Florida Mobile, Alabama Pensacola, Fl.
San Pedro, Calif. Port Everglades, Fl.

GENERAL OFFICES
National Bank of Tulsa Building, Tulsa, Oklahoma

BRANCH OFFICES
Omaha, Nebraska Houston, Texas Midland, Texas
Mobile, Alabama Louisville, Kentucky New York, N. Y.
Fort Worth, Texas Madison, Wisconsin Columbia, S. C.
St. Louis, Missouri Tampa, Fl.
San Pedro, Calif.

FOREIGN OFFICE: London, England
TRANSFER AGENT: J. P. MORGAN & CO. INCORPORATED
REGISTRAR: THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK
must be shipped to the East to fill housing needs. Machine tools made in New England must be transported to St. Louis, Pittsburgh, and other areas. Automobiles themselves will be shipped to all parts of the country. The average cargo volume handled by railroads in this country in 1955 will have been handled by one or all of our transportation systems. It is a national responsibility that these railroads have lost ground in the competitive game of transportation during the past quarter of a century. They have tended to lose rather than to gain strength, partly because of the virtual monopoly. Today, they are but another transport agency, and their future depends on how well they can handle the start of a significant expansion of development costs. The Federal Government will not be called upon to increase its share of our railroad budget.

Already Congress has approved the partnership development by making it possible for companies to apply to the Federal Government for financial assistance in construction, maintenance, and operation. A substantial sum of $3 million has been set aside for this purpose.

In supporting the partnership program, the President has made clear, however, that the Federal Government will not undertake to guarantee the interest on projects too costly or too complex for local interests to handle on their own. The President has made clear the need to conserve the resources of our rail lines and to get the best mileage out of them for the country.

Approval of this program ranks high among the Admin¬istration's goals for the coming year.

In addition, the Administration will recommend a pro¬gram of investment to help start new transportation systems. The Beausoleil Provincial Park project in Charleston recently received approval from City Coun¬cil, and work on the capital improvements is expected to begin early in 1955. This project offers a good opportunity to illustrate the potential for profit through a new type of transportation system. The company continues to be actively interested in the project, and the prospects for making a profit on this project are very good. The company is also aggressively seeking to secure the company's interest in the operation of the transportation system.

The Beausoleil Provincial Park project has been successful in bringing the company's interest in the operation of the transportation system.

The South Carolina Electric & Gas Company was one of the first companies to show interest in the development of a new electric generating system. The company has been operating a new electric generating station for the past two years. This station is expected to be operational by 1957.

The South Carolina Electric & Gas Company's new electric generating facilities will amply provide for future industrial growth. The station is located in the coastal plains area of the state, and it will provide a reliable and efficient source of power for the industrial and commercial sectors of the state.

The company is also seeking to expand its existing facilities to meet the growing demand for electricity in the state.

The company's new electric generating facilities will be operational by 1957. The station is expected to provide service to the industrial and commercial sectors of the state.
Attacking the Farm Price Squeeze

the television sets and a variety of other goods which add to our better standard of living. The Department of Agriculture has made possible this important contribution to our entire economy.

Select, if you will, any nation on the face of this globe where one-half or even one-fourth of the total labor force is producing food and fiber to meet domestic needs alone. In every instance the figures prove that the country baren of most luxury goods and even many of the things we regard as necessities. We have little sympathy for the misguided cries of those who insist that America will be ruined unless government somehow makes farming so attractive that no rural land will ever again venture forth to the city. As a nation, we would never have come this far under such a philosophy. Under it, we wouldn't get where we are going, either.

Who shall say what the future limitations may be upon our national development? In agriculture, what new crops will tomorrow bring? What new uses for old crops? In a world just now entering the Atomic Age, some of the most exciting developments ever known to man may be right on our farms.

In the early days, American farmers harvested just under 5 million bushels of potatoes. In 1845 our potato production was a record-breaking 50 million bushels, with a market value of nearly $1 billion. Thus in the short space of three decades we have seen the development of a new major crop in this country and with it a new industry.

We may be approaching the day when it won't be possible to coax that one additional egg from our top laying hen. Sometimes the top producing cow on one of our experimental farms will perhaps cock a disapproving eye at a stillborn calf. "Look, this has gone far enough—ye've got the last pint."

But future generations need fear no shortages of food or fiber if we succeed in bringing the average output of our farms—wherever they may be—a little more efficiency. This, we know, can be done.

Outlook Good for 1955

For the year ahead, the outlook is generally good—for agriculture and the Nation as a whole. Business activity is at the highest peace-time level in history. In total, we are consuming more food than ever before and our tastes are running more and more to higher-priced protein diet items. This trend seems likely to continue and it emphasizes that the needs of tomorrow will be more for food and forage to provide the livestock products which our population demands. As I indicated earlier, the new Trade Development Act is helping us expand our foreign markets. To date we have concluded or are in the process of negotiating sales for foreign currency involving $453 million worth of surplus farm commodities owned by Commodity Credit Corporation. Wheat and cotton are the principal items involved, although tobacco, rice, barley and other commodities will also be included.

There is another comparatively recent development that holds tremendous promise for agriculture. Thanks to President Eisen-
Executive activity during 1955 not only will surpass last year but there is a strong possibility it may even exceed the record for 1954.

The steadily climbing Gross National Product—the sum of the business and personal incomes—has been a major step toward doubling its 1935 level. Industrial output, mining and manufacturing and the building and maintenance of new homes and other durables are all on the increase, while prices have not climbed enough to reduce the buying power of the middle-income groups.

Don G. MITCHELL
Chairman of the Board
American Electric Products Inc.

The business community has much to be thankful for in 1955, with its unusual amount of production and employment, its general increase in purchasing power and little price inflation. All this has contributed to the confidence of the consumer, and he has continued to buy more, spending more than ever before for automobiles, home furnishings, appliances, clothing and a host of other products. The golden age of affluence is clearly in the offing.

The capacity of the industrial and commercial 'power plants'—dubbed 'economies'—is being extended, adding to the expected record harvest of energy to be derived from water, coal, oil, gas and nuclear fuels. The industrial economy has been enhanced by the introduction of new equipment and processes, while the commercial economy is being upgraded to suit the needs of a rapidly changing society.

The changes in the economy of this country have been of such magnitude that the executive must plan for a different kind of business in the future. The past year has been one of planning and of carrying out the plans. The business community, which is largely international in character, is much better equipped to handle the future than it was a year ago.

The outlook for the coming year is one of promise, and the executive must be on the alert to meet the challenges that lie ahead. The executive must have a clear understanding of the business environment and be prepared to take advantage of the opportunities that may arise.

The executive must also be aware of the social and political changes that are taking place. The executive must be able to see the big picture and to understand the relationships between the various segments of the society.

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The prospect of fessed dividends only, stemming from 1956 group revenue surprise off the preferred company was recently of current and paid to Water Resources on $465,000,000 dividends of original property.

Carrington, Jr., Executive Director of the Puerto Rico Water Resources Authority and William G. Carrington, Jr., of Ira Haupt & Co.

Shown above standing left to right are: Victor F. Schroeter, Assistant Cashier, National City Bank; E. W. Willard, Manager, Caribbean District, National City Bank; Alfredo Torres, Secretary of Puerto Rico Water Resources Authority; and James S. Abrams of Allen & Company. Seated left to right are: Carl A. Beck, Executive Director of the Puerto Rico Water Resources Authority and William G. Carrington, Jr., of Ira Haupt & Co.

The first, but perhaps not the only, income bond interest casually stemming from the 1954 business recession and decline in railroad earnings has been reported, Chicago & North Western, which had earlier announced that no dividends would be paid this year on either the common or preferred stocks, recently stated that no interest would be paid on the income 4½%. This interest accumulates to a maximum of three years (13⅓%) and if business continues on the upgrade as is now anticipated, the arrears might well be paid off in the spring of 1956 along with the current interest then due. The preferred dividend, however, is cumulative only to the extent earned and nothing was carried on the stock last year. Now with arrears to be made up on the bonds there is obviously the prospect of a fairly long dividend drought for the stocks. There was considerable surprise in fin-

Chicago and Northwestern

Chicago and Northwestern has long traditionally been a high cost operation and a strictly marginal property. The high cost factor was temporarily obscured during the war years but since the end of hostilities the record has been generally dismal, not in the sense of plant management; however, but in the financial condition. The best year during the six years 1949-1954 there was only one year (1950) in which the company was able to earn and pay its full preferred dividend and that was the only year of the period in which any dividend ($1.50) was paid on the common stock. Counting this year there will be three years out of seven in which no preferred dividend will have been paid and the average distribution for the period will come to only $2.03. It is felt by most analysts that this record hardly warrants any enthusiasm for the company's stocks even at recent deflated prices and even though considerable year-to-year improvement in earnings seems almost certain in 1955.

There are a number of reasons for the consistently disappointing results reported by Chicago & North Western. It has a large passenger business, and is particularly hindered with an excessive commutation service. Considerable of the mileage has a low density of freight traffic and the average haul on freight is among the shortest for any of the major railroads in the country. This latter consideration has been a serious out drain on operations because of the heavy, and rapidly mounting, terminal costs involved. Abandonments, curtailment of passenger service, and attempts to stress the development of longer haul traffic have all been pursued aggressively by the present management. Prior to the business readjustment that got under way in the fall of 1953 there had been some signs that these management efforts along with desalination were bearing some fruit but even then the progress being made was painfully slow.

Last year the road made a particularly sorry earnings showing. For the 11 months through November there was a net deficit of $4,402,000 before sinking funds contraported with a net profit of $2,785,000 on a similar basis for the like 1952 period. Moreover, even in November, when the industry as a whole, and most roads individually, had turned the corner, North Western's net operating income declined 60% from November 1953. The transportation ratio, which traditionally is one of the highest in the industry, continued to mount. For the 11 months it came to 66.4%, up more than two points from a year earlier. The company is now in its seasonally low period. Thus, even if this is to be an improvement over year-earlier results it may be taken for granted that sizable net monthly deficits will be reported in coming months, and probably until the iron ore shipping season opens in the late spring.

Four With Tschirn Inv.

Whitlock V.P. of Marine Trust Co.

Daniel P. Whitlock, who has served since 1932 as Assistant Manager of the New York City office of the municipal securities department of the Marine Trust Company of Western New York, has been elected Vice-President of the bank, according to an announcement by Charles H. Dieckendorf, President.

Prior to his association with the bank, Mr. Whitlock was connected with Shields & Co. from 1939 to 1942 and after discharge from the U.S. Air Force in 1945 was with the bond department of Lazard Freres & Co. of New York City.

Formal completion of the recent marketing of $17,500,000 of Puerto Rico Water Resources Authority electric revenue bonds occurred Jan. 11 when officials of the Puerto Rico Water Resources Authority accepted from representatives of the investment banking group which underwrote the issue, a check representing proceeds from the sale of the bonds. Ira Haupt & Co. and Allen and Company were joint managers of the banking group which purchased the bonds and reassigned them to the public.
Rayonier finds that the governments of most nations are avoiding the sales of military or otherwise incen
dustrial materials to Japan. This, in turn, favors the importation
of chemical cellulose and related products from Rayonier.

It is also interesting to observe at this time that the
North American continent is among the few areas in the
world in which both the industries of chemical cellulose
production can economically take place to meet these
requirements.

Rayonier's overall program to attain greater utiliza-
cation of its chemical cellulose manufacturing capacity
is aimed at providing the introduction of a new product extracted from here-
before unused bark. It is finding promising recognition as a chemical additive to mud in oil well drilling.

This is the first of a new class of products in the field
of products, growing, for which we have high hopes. The new chemical field of silvichemistry is being monitor ed retroactively as it is utilizing over-
cast materials.

E. W. MOREHOUSE

Vice-President, General Public Utilities Corporation
The outlook for 1955 for the Gen eral Public Utilities
Corporation and its subsidiaries is the most promising in
years. rayon from our subsidiaries in Pennsylvania and New Jersey, is
for a moderate to good improvement in business conditions compared with 1954. We therefore expect the
long-term rate of growth to be re
amed after the al of last year. Past experience leads us to be
lieve that the trends of business ac-
tivity and industrial production rates of the GPU
System pretty well mirror the aver-
ages for the economy as a whole.

GEORGE L. MORRISON

President, General Baking Company
Economic developments and the business trend as best
we are able to judge, combine to forecast a good year ahead for the baking industry. I think we all can
probably agree that this is the most
fulfilling year of the current production cycle, and we will all want to build upon the success of the past
to keep the top running smoothly.

Our outlook in the baking industry is extremely
robust. That is, the outlook is far better for the
or cereal products and the related baking and
amulet companies than it is for the overall economy.

In this industry, we are in the fortunate position of being able to be in a growth industry. The outlook for
1955 is very good. For example, the baking industry
and the related food industries will probably be growing at about the rate of 4% in 1955.

New products have added a very favorable impact to
spending. Cling film will see sales climb to a
high in 1955. Research in many industries is being continued and will have its accelerator effect coupled to our
present production cycle.

It is more unusual than otherwise in such an expanding economy that the overall consumer durables
and consumer goods are born among new and interesting durable products. But while this occurs, competition between
these products is going to be keen.

The baking industry is one in competition which is
fulfilling more acutely in direct proportion to the increase
in the overall business potential. The population in-
crease places upon the manufacturer the responsibility
of doing more than just servicing the increased popula-
tion with its product, but in fact places a demand upon
him to develop the new market, created by the expan-
sion, to its greatest potential.

In the bread industry there is a special need for
dominant expression of the fact that the plight of
a man is a most in the daily food requirements of every
customer. Bread is the basic food, and in competitive strait from within the industry, but the com-
temporary eruptions against our product by the uni-
formly purveyors of this basic food are not curbed by
the consumer's income in this regard.

The industry may view the 1955 horizon as one
crowded with new markets. General Baking has pre-
pared for added sales and for the distribution of our
products we have expanded our facilities for a future
of our production capacity. In this sense, our new plant at
Sparksburg, S. D., for example, will be a landmark in our history.

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Next Ten Years in Retailing

mental and fiscal policies intro-
duced by the Eisenhower Admin-
istration, which called for the gen-
eral inflation of confidence and incentive which greatly eased the transition process for business of new expan-
sion which was less severe than many last feared, we have had gratifying indications of business improvement in retailing during the months which bind well for the period ahead.

We feel, of course, satisfied with merely maintaining a con-
tinuous rate of economic activity. Even though business last year was not a high level, we want to see the economic expansion as it has in the past; we want to see continued improvement in our standard of living.

In a recent comment on the present economic situation and the outlook for the future, President Eisenhower envisioned an increase in national production to $500 billion within the next decade.

"But we must not rest," in our economy to stand still is to fall behind," our labor force is growing. Productivity is rising. We must do more now to keep the pace against trouble, or accept unem-
ployment, at its present level. Rather we must advance toward and beyond the goal I mentioned earlier—within ten years, a na-
tional production of $500 billion."

This is a bold-thinking pro-
ject. What are our chances of being able to achieve it? And what are its implications for the retail industry?

I believe our chances of achiev-
ing a $500 billion economy within the next ten years are excellent. We have, for example, the record of the past.

Our economy has withstood many drastic changes over the years—and in its relations with other nations and in the structure of businesses and industry. While the rate of progress has not been even, the cumulative growth has been grea-
ter. Despite prolonged depres-
sion and world wars, and despite the change in history, the physical volume of the nation's economic output has doubled, about twice as great as in 1929.

* Astounding Achievements of the American Economy*

The achievements of the Amer-
ican economy over the past ten years are truly astounding...

The fact that the physical vol-
ume of the nation's output has increased about 50% since 1929 means that the rate of expansion of the past has averaged about 3% a year. The implications of this statement are enormous. The number of persons producing this output in-
creased by only about 1% a year, whereas real product per man-
hour showed an annual average increase of about 2%.

Much of the expansion of the past came from increased pro-
ductivity, in both manufacturing and service. Increased pro-
ductivity, in turn, was made possi-
able chiefly by high and in-
creasing rate of capital invest-
ment, by rapid and accelerating technological improvement, and by continuous improvements in production and management. Other contributing factors were increased specialization of skills of the working population, shifts of workers to industries where output is larger per unit of labor input, and movements in life and world conditions.

Are these factors still in ex-
istence and continuing to operate? They are—all of them, some at a stepped-up rate. Let us examine more closely some of the factors which are involved in continued expansion.

I preface these remarks by the assumpsion of a continuation of relat-
ive price stability. That, of course, will be essential if the government policies are directed to that end. If the ambition and effort are made to make it necessary to devote more of our resources to military prepared-
ness, then, of course, less of our productive potential can be de-
voted to satisfying the demands of our private economy for con-
sumption and capital expansion. If, despite all our efforts, the war should develop, the destruc-
tive consequences would leave us fortunate enough to survive in a state of almost geographic isolation. But we have in-
creasing hope that such a bale-
ous war can be avoided. As busi-
nessmen, I think we can proceed on the assumption that the efforts of the President and Congress will help the world find its way to more peaceful pursuits and thus make possible the attainment of our economic potential.

Let us now proceed to a consider-
ation of some of the basic factors.

* First, is the dynamic influence of increasing birthrate of popula-
tion growth. Barring war, there can be no question on the fulfill-
ment of this condition. The birth-
rate has been at a high level since the end of the war. At that time, the population of the United States was approximately 140 million. This morning, at 8 a.m., the esti-
mate of the Census Bureau as shown by the "Population Check-
list" in the Department of Commerce was 156,000,000.

This represents an average net growth of 1947 of about 2.5 million a year, compared with an average annual increase during the thirties of less than 1 million. It now seems probable that the low birthrate of the thirties was the exception and the cur-
rent high rate are more nearly normal. During the past few years the population increased by about 2 million. The Bureau of the Census estimates that if recent birth rates continue, the total population in 1965 will be about 190 million (which, incidentally, is well over the population of this country the year I was born).

Second, technical research has been greatly expanded and intensi-
fied in recent years, and is currently backed by expenditures amounting to over $4 billion annually. While much of this is directed along military lines, we can expect to produce important results also in both the way of new products and improved tech-
niques of production. Here again, the prospects are good.

Third, is the volume of capital investment. It is essential for the maintenance of a vigorous and prosperous economy to minimize fluctuations in investment and to provide incentives for the main-
tenance of a high level of the high levels of the thirty years and to
come.

The primary requisite for a high level of business investment is confidence in the future. The roots of our confidence in the sound future of the American economy are many and deep. We have faith in the private enterprise, and belief in the soundness of the President's eco-

SANTA FE SYSTEM LINE S

Serving the West and Southwest

Si, si, si, chico! It's more convenient and dependable to use only one railroad . . . and Santa Fe is the only railroad under one management linking Chicago, California, Colorado, Texas, and points in the busy southwest.
Continued from page 90

in smoothing out the "trouble spots" of international diplomacy. And the "friendly firmness" appears to be getting global results of a gratifying nature.

In our present situation the Federal Reserve Bank has to make every effort in providing an expanding economy. The bank wants to keep the nation as well in mind, both political parties will invoke no slowdown of the present revival, and the government will be expected to continue for measures guaranteed to keep our economy on a steady course. Whether this means a return to "full employment" or not does not affect their views to their caves.

One could do further—but the forthcoming months of 1955 will tell their own story.

CHARLES G. MORTIMER
President, General Foods Corporation

Men who know a great deal more about economics than I do are not in the least disposed to believe that there is no reason or wish to accept their forecasts. Certainly all signs on our business is that the year will start on a firm note. A one of continued steady growth for the rest of the quarter. The "steady" to me means substantial but not spectacular.

In addition to the prospect of general economic strength, there is the simultaneous expansion of the new products and their importance. It is impossible to imagine an American farm productivity in the last two decades is one of the great and expanding forces of our country.

Our job, it seems to me, is to adjust our sights and output to these facts of these two business revolutions. For a glimpse of what lies ahead for the whole food industry, we must step back for a moment and take a look at a few of the developments that American food is and on America's farms. Then we'll see what this means in terms of increased opportunities for jobs for people in processing plants, increased opportunities for financing, and increased opportunities for the consumer. These results are more important, I think, to the American entrepreneur than any statistics on averages and percentages might be.

One elementary economic fact, it seems to me, is that the composition of the so-called "food dollar" has changed drastically since the 19th century. Then it worked very well to say the man who labored the soil to give us fairly crude, unprepared food. Today it pays as well for the small amount of semi-preparation, for scientific packaging, and for the added values of convenience and better living. And, in the process, it also makes a big contribution to American economics that are good and very sound and promising for the future. The one I am most impressed by is the fact that we can provide a wide range of products which others will agree we if in the food industry help make it better understood.

VICTOR MUGHET
President, Chemat Co., Inc.

No fortune-telling is required to foresee what is coming in radio-electronics. Rather the major trends, in creasingly, are being revealed to us by the figures and facts. The forecast points to the future. By simply projecting what happened in 1953 into the present year and translating the findings into the basic planning activities.

First and foremost, 1954 launched popular-priced TV. Brand new "how to" books were written on the subject, and 21-inch table models. The bulk of TV sales is now in the smaller, more portable sets, as against consoles or "furniture" sets. Most of the smaller sets are built as units, whereas a year ago some were only partially assembled. The fears of saturation have been entertained a year or two ago, have evaporated as the market continues to expand. Some of the smaller sets have extended not only into the living room, but also into the bedroom and even more as second and third sets in some homes.

Engineers and designers have had the opportunity to simplify chassis layouts and cutting corners still further in trying to keep up with the pace of change in the part in parting down costs. Parts and materials and labor costs have declined sharply, and the increased emphasis on mechanization, and even come up with a TV set that can be made for a fraction of the cost of a system that is about as inexpensive as a living room can be a living room.

Although color TV did not make an appreciable dent in 1954, the interest in color television is being shown to be a relatively small market, with the potential for a large market in the future. The market is still not ready for the mass production of color TV sets, but the trend is upward.

The year also brought a substantial increase in advertising and promotion of electronic products. This increase was stimulated by the introduction of new products, such as color TV, and by the increased use of electronic equipment in other industries. The increased use of electronic equipment in other industries is expected to continue in 1955 and beyond, as new applications are discovered.

W. K. MUNNHYJAN
Executive Vice-President, Koppers Co., Inc.

Koppers Company, Inc. will spend in excess of $200,000,000 in 1955 for new plant and equipment, and for expansion and modernization of facilities. Of this amount, sizable portions will be spent on research and development work, as well as on the construction of new plants.

In addition, Koppers will continue to develop new products and to extend our present facilities. This year the company's Wood Preserving Division, which was established in early 1953, will be expanded and modernized to meet the demands of the expanding market for wood-preserving products.

The company's Chemical Division, which was started only in 1946, now runs second only to the Chemical Division of our parent company the American Lumber & Trading Company, a division of the American Lumber & Trading Company. This division produces a wide range of products, including wood-preserving chemicals, wood-protective chemicals, and wood-preserving adhesives.

In the second year of operation, the Chemical Division has demonstrated the ability to grow rapidly, and to meet the demands of the expanding market for wood-preserving products.

Koppers' business is not down this highway which leads through Big Government, unlimited con

Robert E. Murphy
President, California Western States Life Insurance Co.

Our outlook for business in 1955 is optimistic and confident. Although our company operates regionally in the 12 Western States, and has operations in Alaska and Hawaii, too, we believe that the future will be bright for all of the nation. We feel good about the possibility for business in the current year, as well as for the years to come. We feel that business will continue to be strong, and that our company can continue to grow and prosper.

As for our financial position, we feel that we are wellpositioned to meet any challenges that may arise. We have a strong capital base, and we are able to meet any financial obligations that may be required.

In conclusion, we feel that 1955 will be a year of opportunity, and we are confident that our company can continue to grow and prosper in the years to come.
Changes in Occupational and Industrial Structure in Markets

In broader perspective, this is clearly a logical conclusion. The changes which are taking place in the occupational and income structure of the United States are real and steady and the proportion of unskilled manual workers in the national income is decreasing. This, and will probably double again in the next ten years, and its effect on the nation as a whole is increasing. The population is becoming more educated and skilled in character and outlook and the outlook for older age groups is accordingly. All of this has profound significance for the retailer who does not see his market today grad¬uately move out from under him but on the contrary wants to capitalize on great market potentials which the dynamic forces at work in American soci¬ety are constantly bringing into being.

This is not an easy economy in which to live. It poses a tremendous problem of resourcefulness and adaptability; it requires energy and courage and a high order of vision. And it requires increasingly skillful management, by which I refer primarily to the highest levels of policy direction and control. Let us consider some of the managerial problems that will have to be faced.

Consider, for example, the task of handling the increase in the average physical volume of merchandise that will be handled through the distribution system. We asked our economists in the Department of Commerce to work out the approximate size of the consumer’s part of the $550 billion total output we may expect in the next ten years. After manipulating their slide rules and making various calculations, they tell me that, allowing for the government and investment components of the national output, a reasonable calcu¬lation for consumer buying would be perhaps $340 billion. This is roughly two-fifths more than total consumer buying of all goods and services during the last year, and a 40% increase in total physical volume means in terms of retailing, fixtures, ware¬houses, personnel, organization, and the like! I leave it to you to make your own calculations for your own individual stores. Sur¬plus is again going to be largely unequal to the task, not only because of far greater demands which will be placed upon them but because of natural and perhaps a little over¬capitalized. The capital require¬ments for this phase of the age will be far greater than in the past and it is not too early to begin thinking about how they can be met.

Plant improvement and expansion programs will have to be planned with the greatest care. Here, long-term as opposed to

Continued on page 95
I

Continued from page 92

believe and practice sound, aggressive selling and whose top
managements keep close to the problems of selling as well as to the problems of organization, production
and financing.

JAMES J. NANCE
President, Studebaker-Packard Corporation
We are confident that our new Packard, Clipper and Studebaker cars will compete successfully with the major
factors of their respective markets. Manufacturing economies
already realized, and anticipated from the new model
modernization program have enabled us to reduce Studebaker prices and
et.

H. P. Parshall
President, Bank of the Commonwealth, Detroit, Mich.

It seems like yesterday that I was reminiscing a bit about
more than as usual. We must look forward to 1955.

Howard P. Parshall
President, Bank of the Commonwealth, Detroit, Mich.

Continued from page 95

James J. Nance
President, Studebaker-Packard Corporation

Over the last few years...
Next Ten Years in Retailing

short-term considerations are of particular importance. This is true for the retailer, for the consumer, and for most businessmen, for a retail store is much more closely tied to the world of the particular geographic market than is the business of retailing. The store lives or takes over and is open for business, when it threatens to be moved; a plant once built is hard to expand unless it has been de
designed from the start to meet the demands of the time. A caution today can place iron bands around the future. While a little caution can lead straight into the future, heavy decisions on capital investments de
pends largely on the extent to which we are informed decisions. Here the vast wealth of informa
tion in the Department of Commerce and available for nominal sum can be of great value to the alert, for
looking-retailer.

Perhaps the most important indus
trial relations likewise repre
sent in great part the nature of the challenge to the retailer. There are
approximately nine million people engaged in retailing to day; the indications are that this number will increase about
11 million in 1900. I need not point out to this audience the significanc
of such an increase in terms of selection, training, supervision and much more. In order to maintain level economic activity we anticipa
our work or for better in the near future. Moreover the need for better trained workers will be intense. I suggest that retailing could well
improve in competitive activities. The exchange of ideas, the trading of tips, and the helping of one another will keep trade in good
morale.

The organization of the retail establishment will of necessity be different as
to the area of competition. Growth in size of store and in the number of
stores will result in rivalry. More careful attention needs to be given to rates and to the exchange of ideas, to hours of work, and to opportunities for training and ad

Intense Competition in Retailing

Whatever else it may be, the future of the retail establishment is
an area of competition. This will require not only constant attention to internal operating efficiency but above all, to continued re
visitation of the role of retailing itself in the economic process. The American distribution system has been in a constant state of
flux throughout its entire history. Its structure has undergone con
stant change, in response to changing social, economic, and political
and above all in response to the forces of competitive demand and future have no doubt that change will continue to be a primary charac
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Use of "cheap" metal-cutting tools proves the adage of "Penny Wise, Pound Foolish." Their performance is unreliable and inconsistent.

Sound, durable cutting tools are worth the price. A few pennies additional cost will save dollars later—get in grading the cost of inventory, set-up time, and idle machine time, with the result that production is increased.

Innumerable performance records continue to demonstrate the superior worth of Kennametal® tools in their ability to reduce or avoid all costs for tooling and production—producing consistently. Kennametal has an extra measure of value. Exclusive processing, scientifically controlled, assures maintenance of a sound physical structure having trut
worthy properties of great highness and great strength.

Use of cheap money tools has likewise proved to be "Penny Wise, Pound Foolish." Their purchasing value is uncertain and erratic.

Sound money is a trustworthy tool of measurement that serves to evaluate accurately the relative worth of goods and services in terms of present cost. A stabilized currency an individual knows 

EXCEPT FROM "INDUSTRY AND KENNAMETAL...PARTNERS IN PROGRESS"...1952

While you are waiting for the return of 100 cent dollars, Kennametal tools, of premium quality, are waiting for you. They are one technological development that can help mitigate the ill effects of inflation.

INDUSTRY AND KENNAMETAL...PARTNERS IN PROGRESS...1952

One of a series of advertisements published in the public interest

MASS MANUFACTURING TOOLS

No slip, no slip

NO-MAKING, WOODWORKING TOOLS

No slip, no slip

INDUSTRY AND KENNAMETAL...PARTNERS IN PROGRESS

...1952

One of a series of advertisements published in the public interest

ALUMINUM, CORRUGATION-RESISTANT

Excerpt from "INDUSTRY AND KENNAMETAL...PARTNERS IN PROGRESS"...1952

"Cheap" tools shackle industry and trade

Use of "cheap" metal-cutting tools proves the adage of "Penny Wise, Pound Foolish." Their performance is unreliable and inconsistent.
The Commercial and Financial Chronicle... Thursday, January 20, 1955

EDWIN W. PAULEY
Los Angeles, Cali.

The ease with which bank failures shook off the very real and very formidable business decline of last year with proper encouragement from the Administration, is the best measure of the health of American business as we enter 1955. But there can be no assurance that this year will be quiet. Economic growth and business, hence no comparably large increase in government spending and the historic periods of prosperity in the days of a free and unrestricted economy, are usually in charge of, any, defense and foreign experience. Total domestic income over the outlook of a given industry than those who run the industry itself. 

I feel confident that the President and Congress will have no real difficulty in persuading the public to keep in mind their responsibility to our future. They must—by whatever means may be most effective to them in my field of oil discovery and development.

T. S. PETERSEN
President, Standard Oil Co. of California

The year 1954 was one of adjustment by the petroleum industry. Business as a whole slowed down somewhat during the year. The volume of business in 1954, when the news "accelerated" in monetary policy was effective, was about 10% above the average rate over the past year. Secretary Benson’s flexible price supports, coupled with a wide range of prices or the average gross farm income below the level for 1954. This was the lowest average of all farm operators received less than $1,000 cash income per farm. They had a million and 22 equipment and consumers’ goods sales to farm families.

Finally, aggregate wages and salaries, which provide the support for mass consumption, were no higher at the end of the year than they were at the start of 1954, when the Eisenhower Administration assumed office. We can not have an expanding economy without an expanding labor market, and it is the expanding labor market that determines the attention of businessmen themselves. The first quarter of 1955, for example, marks the sixth successive quarter since mid-1953 that U. S. business firms have put their surplus on new plant and equipment into operation. Indications are that the rise in output and employment that got under way last October may not be sustained.

The threat of expansion in 1955 comes from two quarters. First, an early setback in business may be provoked by the evolving shift to a new era of "hard money." Secretary of Treasury Humphrey is giving evidence that his outlook for the economy at least is no more optimistic than my own. Even in early 1954, is working overtime these days. Over at the Federal Reserve, they seem to have broken out into a series of panicky meetings over how to contain the rising inflation.

If these forecasts even have a chance of becoming a reality, and debt-management authorities really do not upset the economic applicature, a second threat to sustained expansion may arise after the leveling off of the auto production and the housing race. Some new expansionary element in the economy not foreseeable will have to supplement the stimulative effect that is now coming from the auto race. There is little likelihood that this will emanate from the construction industry as was the case in 1954. In 1954, housing and consumer durables supplied the decline in inventory, government defense spending and the withdrawal of off of business spending on plant and equipment. But there is little reason to think that a repetition of the sharp expansion in housing activity is likely. The Federal Reserve Board put the probability of a more likely that housing starts could contract a bit under the impact of a restrictive credit policy. It is not to be expected that the expansion in 1955 comes from two quarters. First, we ought to consider whether an increase in individual tax exemptions would not be outweighed by the desire of Congress to be effective when unemployment reaches five million people. If unemployment does get stepped up to release a flow of public works projects as soon, as the Council of Economic Advisers observes a way to arrest the decline caused by wars. Beyond the specific actions, I would recommend abandonment of the "new look" in monetary and debt-management policies. These policies create the avoidance of discretion and disorder in the financial system. They increase the best antidotes to the disruptive effects upon businessmen of the so-called "flexible" policies pursued since early 1952.

F. RAYMOND PETERSON
Chairman of the Board, First National Bank & Trust Company of Paterson, N. J.

The dire predictions of the middle of 1955 about an impending decline in business activity in this country accompanied by large-scale unemployment were not fulfilled. In 1955, on the whole, it was a good year. Business began to respond to the pressure put on it by the government. The capacity utilization reached its low point in April 1954. The result was a full-fledged competitive business activity, as measured by the Federal Reserve Board adjusted index of industrial production. It was up considerably in the last quarter, and is likely to be up at any time during the next twelve months. The price level did not rise in the year to March 1955. The level of wholesale commodity prices remained very high during the year. The rate of moderate increase in unemployment, wages in many industries were up for the first time in many years. The real personal income in the hands of the people who pay taxes, after taxes, was somewhat higher in 1954 than in 1953, and in this turn had a favorable effect on business activity in general. However, business became very competitive, and the price level was stable.

What about 1955? Obviously, in these uncertain days, nobody really can tell what may happen in the area of our economy. However, we can make some predictions. At the same time, a bank collateralist will not have his hand on the smooth flow of business and finance and is, therefore, in a position to assess the varying risk of that will exist. The outlook for the economy new year. Unless something unforeseen happens, business will be a little lower than what we have experienced in the improvement which set in toward the end of 1954. However, I do not envisage any boom or any return to inflationary activity. The state of the economy is great and is still increasing. Efficiency in production has been steadily rising, and competition from abroad is likely to play a perhaps a more important role than we have expected.

The factors that will exercise a favorable influence on business activity in 1955, as far as can be ascertained at this time, are:

(1) Building activity throughout 1954 has been on a high plane. Under the current economic conditions which we have been experiencing, there will continue to be a strong demand for labor and materials and expanded purchasing power.

(2) Public works expenditures by states, municipalities and public authorities are bound to be large. In 1956 more than $6 billion of new tax-exempt securities were offered in the market. The proceeds of these issues were used for the financing of schools, hospitals, etc. The population of the United States is increasing, a rich agricultural area is being opened up, and the trend of decentralization from congested cities to suburbs continues unabated. These developments point to a substantial increase in public works, to which should be added the great pent-up demand for housing.

(3) Employment and wages during 1955 ought to be maintained at a high and steady level. The labor unions are in a stronger position than they were a year ago in the Pacific Coast region this is also a larger factor, and there may be a trend to higher wages. In 1954, however, they will still be substantial and continue to exercise a considerable influence on business activity.

(4) The liquidation of inventories which played an important role in the decline of business activity in 1954 has come to an end. All the indications are that the inventory liquidation has come to an end in 1954. However, there will still be substantial and continue to exercise a considerable influence on business activity.

(5) An automobile industry expects to produce more cars in 1955 than was the case in 1954. Whether these expectations will materialize or not is open to question. It is, however, quite certain that the output of automobiles at least in the first half of 1955 will be at a higher level than was the case a year ago.

(6) Expenditures by corporations for new plant and equipment in 1955 are estimated to be a little lower than in 1954. What the actual expenditures will be, is, of course, impossible to state, but even if they are not realized, there will be a considerable build-up.

All the above factors, taken together, clearly indicate that business activity will continue at a high level in 1955, and that we may look forward with great confidence toward a year of prosperity. While we recognize that the profit margin, and the cost of living of the people is steadily increasing; that the price level is still rising; and that there are still many factors which are being spent on research which creates new goods and methods of production. Moreover, when we look at the savings, are added the high volume of liquid assets held by individuals and unincorporated business firms, and the confidence of the people in the maintenance of a continued high volume of employment, the future prospects for a steadily expanding economy are indeed bright.

B. F. PITMAN, Jr.
President, Pitman & Co., San Antonio, Texas

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Securities Salesman's Corner

By JOHN DUTTON

Key Your Advertising
(Second article in a series on developing new accounts)

Some years ago a very well written advertisement was made available to securities dealers by one of the Mutual Funds that offered a booklet that scanned the future outlook for business for the coming year. This advertisement pulled some excellent results as far as the quantity of inquiries goes. However, when used in a city where there was a large floating population of traders, who were more interested in buying a few hundred shares of stock for a quick turn than in investing for income and long term growth, the actual results in terms of profitable sales of Mutual Funds that developed from the ad were practically nil. The sales organization had more than enough inquiries that they could follow, but the type of prospect that answered would not buy investment securities—they wanted "tips" on the market. The advertisement pulled the wrong kind of leads. Used in some other city, where there were people who might be interested in more stable investments, the ad could have been productive. You should know your market when you write an advertisement.

You Should Know Your Own Organization
If you are primarily an investment firm, dealing in stocks, mutual funds, local securities, and unlisted special situations, you certainly are going to seek out a different type of investor, than if you are members of a stock exchange and you depend upon trade accounts as well as new issues, etc., etc. If you have only a few salesmen who are tied to their desks then you must bring people in to see you at your office. If you have the sales organization that can follow leads, make telephone appointments, and go to see prospects at their homes and places of business then you can write your advertising so that it will bring you leads that can be followed in this manner.

My point is that good advertising must produce leads that you can interest in the securities that you sell, and also, that you are equipped to follow. The quantity of inquiries is no indication of an effective advertisement. The leads must fit your organizational set-up. I once got more business out of an ad that pulled five replies than one that pulled over a hundred. The five prospects that replied were interested in my proposition, and they could be seen at a favorable time and place.

Here's A Sample of Effective Advertising
Atwill & Co., Miami Beach, Fla., are located in a city where there is a constant influx of new residents. Many of these people

Are You A New Florida Resident?
Every year many people move to South Florida. They own stocks and bonds and would like to have a local investment firm render them personal service. If you are a new, or an old resident, and would like to become acquainted with us and our willingness to assist you—

Check below, sign, and mail this advertisement to us.

I would like—
☐ Investment suggestions for generous income.
☐ Quotations — my list is enclosed.
☐ Information on establishing a Florida domicile.
☐ Information on the Florida intangible tax.
☐ Suggestions for tax free investments.
☐ Statistical reports — list enclosed.

Name .................................................. Address .................................................. Tel. ..................................................

Established 1940

ATWILL AND COMPANY
NOT INC.

Investment Securities
605 Lincoln Road, Miami Beach, Florida Phone S-5161

Through its
58 offices
Marine is in
close touch with
the thriving
industries of
Western
New York.

This knowledge
and over a
century of
experience
can be
helpful to you.

THE MARINE TRUST COMPANY
OF WESTERN NEW YORK

Member
Federal Deposit Insurance Corporation

IN KANSAS CITY
IT'S KANSAS NATIONAL
World-wide connections
Every banking service
Experienced officers
An influential directorate
Day and night transit
All are yours for the asking

CITY NATIONAL BANK & TRUST CO.
KANSAS CITY, MISSOURI
Resources $230 Million

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Lloyd B. Brown V.P.
of Arthur L. Wright
PHILADELPHIA, Pa.—Arthur L. Wright & Co., Inc. 225 South 15th Street, announce the election of Lloyd B. Brown as Vice-President of the firm. Mr. Brown has been associated with Arthur L. Wright & Co., Inc. for some time as cashier.

With Merrill Lynch (Special to The Financial Chronicle)
DENVER, Colo.—Roger D. Freeley is with Merrill Lynch, Pierce, Fenner & Beane, First National Bank Building.

Notice that the product advertisement is focused on developing new accounts. It emphasizes the importance of tailoring advertisements to the specific needs and interests of different markets, as well as the necessity of following up with leads to turn them into profitable sales. Additionally, it highlights the importance of having a sales organization that can effectively follow up on leads and meet the needs of potential investors, with a focus on providing valuable investment suggestions and additional service to new residents in Florida.
Continued from page 96

go uping, the speculative fever may be in its infancy. If the public, with the aid of cheap long term credit, will buy all the automobiles that are being produced and new houses being constructed, there seems to be a reasonably solid foundation for a continuation of the high price level we have had for the last three years. In the final analysis, the prospects for business, and as a corollary the investment banking outlook, seem to me to be good in 1955, even though some indication available at this time show the same situation.

The population of the U. S. has increased about one-third in the last 25 years. Recent studies indicate a probable population of about 190 million people by 1965, or an increase of almost 30 million people in the next ten years. This increase is expected to twice the population of Canada. During the next ten years, there is expected to be a large increase in the number of children and in the number of people 65 years old and over, the labor force will increase about 20 million, and the number of children already born need be old enough to work. These changes in population will have a marked effect upon business.

We have been building over 1 million homes per year for the last few years, but this does not mean that the number of homes required, but a still larger number should be required around 1970.

Industry has increased invested capital per production worker by about two-thirds since 1939. This large capital investment in the production of durable goods is necessary for the manufacture of the products. During the past 25 years, output per manhour in industry has increased 75% and almost 100% in agriculture. We now have about the same number of people on farms as in 1875, but their efficiency has increased to the extent that they can produce food and fiber for the increased population, and, in additional, substantial surpluses.

Commercial buildings needed to be low in 1955 but in 1954, but residential building is expected to be up. Public building of schools, roads, churches, etc., will continue to increase. We have a great deal of defending for the public will probably be a little lower, but defense construction will still be a very large item. Estimates on automobile production for 1955 vary from a little less than the 5,400,000 of 1954 to a high of 8,000,000. Mortgage debt on residences has increased about 30% in the past 13 years, during which time we built some 14 million homes. It is a question as to whether we may temporarily be overbuilding. The building of large numbers of residences may place some pressure on older residences, rental residences and some apartment buildings.

Power sales both to residential and industrial users have increased approximately 50% since 1940, and this suggests that each application for consumer credit should be scrutinized carefully as to the possibility of employment and whom the applicant already owes.

The mid-south area has made tremendous strides in electric power production and utilization. The following table shows power production in millions of kilowatt hours for the years 1919, 1929, 1933.

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<th>State</th>
<th>1919</th>
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<th>1933</th>
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<tr>
<td>Arkansas</td>
<td>2,122</td>
<td>3,746</td>
<td>5,800</td>
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<tr>
<td>Missouri</td>
<td>1,606</td>
<td>5,107</td>
<td>5,500</td>
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<tr>
<td>Louisiana</td>
<td>2,035</td>
<td>6,274</td>
<td>8,000</td>
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These already in securities for the years 5,400,000 of almost 800,000 for the years 35,000,000, which was what the principal industries developed in this area are far from being exhausted. The chemical and allied products; apparel and finished products; lumber and wood products; primary metal industries; transportation equipment; aircraft and space vehicles; textiles; leather and leather products; furniture; stone, clay and glass products; and the petroleum industries have probably increased more than 35% in the area between 1940 and 1954.

The agricultural income was lower in the mid-south area in 1954 than in 1953, due to drought and acreage control by the government. The government has been buying 16% in the Memphis area in 1955. Rice acreage will be reduced 24% nationally if producers approve marketing quotas, and above 30% in the Memphis area.

Prices support for 1955 for commodities grown in this area will be higher than in 1954. Some prices have declined, but declines in prices have been offset by advances in other producer prices. The price of wool and peanuts and to below 90% of parity; corn: wheat: 82%; rice: 85%. The present prospects are that, with normal weather, agricultural income will be smaller in 1955 as compared with 1954.

Prices of all commodities will likely be in the last line of business in 1955, but energy, efficiency and intelligent effort will continue to reap rewards.

DONALD C. POWER

President, Donald C. Power Corporation

Business for the telephone industry, in my opinion, will again be good during 1955. Some leveling-off in the demand for telephone service during 1954 is probably due to the results from the fact that we have pretty generally caught up with "back" orders. During 1954 there has been considerable activity in the telephone market for installing more than one telephone line in a home. Competition is to be tremendous. Subscribers were apparently aware of the ease in distance calling and less long distance volumes climbed even during the first quarter. I believe that 1955 will see an even greater volume of telephone service purchased. Telephone companies, therefore, can be expected to be aggressive in their sales campaigns. Perhaps the best product for the continued growth of the telephone industry lies in America's ever-growing population. More people mean more families and homes, and more homes mean more telephones. Businesses and services, too, must expand to meet this growth. Each turn requires more telephones. As far as General Telephone and Communications is concerned, the movement from metropolitan centers to lesser populated areas has helped to stimulate the growth of our operating companies.

The telephone business requires more than $1.5 billion for expansion and improvements during 1955, which is above the record amount spent in 1954. Long range telephone planning and construction is a major factor in the industry's confidence in the American economy.

We at General Telephone and Communications, Inc., believe, assumed a more business-like attitude toward the telephone industry based upon experiences since the close of World War II. Telephone companies will have to ask for more information and preparation of rates by telephone companies, the regulatory commissions will be expected to decide such requests more promptly and with benefit to the communities served as well as to the telephone companies.

The most exciting technical development on the installation of telephone equipment is the introduction of automatic customer toll dialing. In some communities customer toll dialing is already a reality on an experimental basis. We are not too far from a day, a number of years from now, when closer when a businessman from his office, or a housewife from her kitchen, can dial directly to another subscriber in another city.

The excitement of telephone development does not by any means stop with this new development. We are planning better methods of communication by the telephone too. Our business is, therefore, I believe, has been alert to changes and is, ready and anxious to provide service to all who want it at the most economical cost.

There are items of statistics, of money and of engineering, my figures, my diagrams, my tables, you would indeed be dim if I did not have unbounded confidence in the depth of management and in the "esprit de corps" of the industry's entire personnel. In the telephone business it is the responsibility of the telephone companies to serve the public.

These are the turning points in our business which will be given to us. Perhaps that is why 1955 looks so promising to me.

CIVIL A. PRICE

President, Westinghouse Electric Corp.

The steadily increasing demand for electrical products ranging from the large machines and equipment for the generation and transmission of power to the increasing number of "magic servants" performing myriad tasks in the average American home for the excellent year for the electrical industry in 1955, will continue in 1956. The future looks even brighter. The all-time annual sales record for employment which were reached during the first six months of 1956 is certain to be surpassed within the next two years.

The amount of employment in manufacturing industries. 429,000,000,000 electrical appliances are expected to be built in the next five years—an increase of 7% over the past five year period breaking all previous records. In numbers, these electrical devices, such as the electric dishwasher, the market today is almost a billion. As you know, even the most primitive appliances now on the market are compared with only 15 in 1930.

The growing market is not limited, of course, to these products for the home. The nation's demand for electric power is doubling at the rate of 10% over 1954 when orders, excluding defense business, were off some 5%.

In support of this continued growth, the 1956 annual report of the American Manufacturing Industries shows that 3,700,000,000 of the machines now on the market are compared with only 13 in 1930.

The future potential of the future will be real demands, of course, on our ability to skillfully meet the test of keen competition. The pattern of raising costs for many of the products is now obvious to all with having made all industry extremely conscious of the continual need for eliminating waste and carefully controlling costs. At the same time, the electrical appliances are expected to be used in an increasing number of the American home.

We think that Westinghouse and American Industry generally can and will successfully meet these challenges in 1955. 

Milton R. Rackmll

President, Decca Records Inc.

President, Universal Pictures Co., Inc.

It is my opinion that the year 1955 will be another in 1955, particularly in view of the fact that American films are still the number one choice.
FRANCIS F. RANDOLPH
Chairman of the Board & President, Tri-Continental Corporation

In retrospect, the year 1955 was substantially more significant than even 1953, which was the most prosperous year the nation has ever experienced. For those who shared the optimism for the year 1955, it was a surprising year. To businessmen it was notable for the tremendously high degree of confidence, generated almost entirely by our economy; to investors it provided a return. The most obvious trend of business activity is not necessarily the deciding factor in the course of security prices.

The recession of late 1953 and early 1954, though well-defined, was relatively mild. In terms of production, the area most severely affected, it was about equal to the recession of 1940. Reduced Federal expenditures, lower sales in many industries, as inventories were liquidated, and depressed conditions in some areas of agriculture were restricting influences. These influences were moderated by another year of high-level construction activity, better-than-expected output in some industries, such as the automobile industry, and continued availability of funds under easy money conditions. Consumers' incomes displayed great stability and the public continued to buy goods at a favorable rate. There were no sharp changes in commodity prices over-all, but rather a downward drift which probably contributed to business equilibrium. Further recovery in business abroad also helped to maintain business here.

Maintenance of a pervasive feeling of confidence was a prime factor in business activity and security markets in 1955. The retail public and businessmen and investors were prepared for it. The Federal Government not only created a favorable atmosphere for business but its action directed toward stabilizing the economy brought intended results. Depression was not in prospect. At the same time, continued peace in a troubled world seemed increasingly likely. Insofar as security prices are concerned, the absence of depression psychology, improving prospects for peace and an ample supply of money with sustained pressure on institutions and other investors to keep their funds profitably employed, were major influences in the 1954 advance.

As the year 1955 gets under way, business recovery is in progress. Optimism is widespread, confidence is high, and the best financial statements for nearly two years were published. This indicates the absence of over-reaction and a sound basis for our present condition. There is a marked lack of over-enthusiasm and lack of over-confidence. The nation has an income level and a rate of growth which would support a substantial expansion of business activity in 1956. But at the present time, the only substitute for optimism is hope and this is a very slender basis for security prices.

FRANK C. RATIOJE
President, Chicago City Bank & Trust Co., Chicago, Ill.

In keeping with brighter prospects for economic activity in general during the year 1955, the outlook in banking and finance also appears promising.

Some inventory replacement following the recent period of inventory reduction by industry and somewhat higher levels of total investment and employment should result in satisfactory levels of commercial and industrial credit in the nation. This, together with additional demands in the way of mortgage credit, consumer installment credit and municipal financing, should provide ample opportunities for banks to maintain earning assets at a high level.

Coupled with this prospect of opportunity to profitably employ funds, however, comes the sobering thought that during recent years the debt structure in our economy has grown substantially heavier and the resulting flow of funds towards industry and employment should result in satisfactory levels of commercial and industrial credit in the nation. This, together with additional demands in the way of mortgage credit, consumer installment credit and municipal financing, should provide ample opportunities for banks to maintain earning assets at a high level.

If we are to escape the consequences of outright inflation or a difficult period of debt liquidation, we cannot much longer borrow next year's income to buy today. How much should our present economic upswing be understood to be? That during recent years the debt structure in our economy has grown substantially heavier and the resulting flow of funds towards industry and employment should result in satisfactory levels of commercial and industrial credit in the nation. This, together with additional demands in the way of mortgage credit, consumer installment credit and municipal financing, should provide ample opportunities for banks to maintain earning assets at a high level.

Continued on page 100

THE CONNECTICUT BANK
AND TRUST COMPANY

Statement Of Condition December 31, 1954

<table>
<thead>
<tr>
<th>RESOURCES</th>
<th>LIABILITIES</th>
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<tr>
<td>Cash and Due from Bank</td>
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<td>U. S. Government Securities</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$484,591,067.56</strong></td>
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</tbody>
</table>

| Capital Funds: | |
| Capital Stock | $5,150,000.00 |
| Surplus | 9,510,000.00 |
| Undivided Profits | 2,417,140.67 |
| Loans and Discounts | 22,447,140.67 |
| Unearned Income | 2,417,140.67 |
| Reserves | 18,745,140.67 |
| Other Liabilities | 563,036.67 |
| Dividend Payable January 1955 | 283,300.00 |
| Deposits | 231,643,999.31 |
| **Total** | **$348,591,067.56** |

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
Continued from page 99

R. S. REYNOLDS, Jr.
President, Reynolds Metals Company

Civilization is 2,500 years old. In 50 years, usages of aluminum all-time highs and are growing more rapidly than most major industrial products to meet the building and growing demand. The Federal Reserve Bank of St. Louis, among others, during their previous comment, would seem to throw doubt upon any such decline.

The only discordant element in the general economic picture is the possibility of further high interest rates in the near future. This could well prove to be a half of the year. Should the automobile workers persist in their demand for a wage increase beyond the expiration of their present contracts in April, a strike might soon ensue. Credit conditions may be avoided by agreement arrived at over the table.

By every sign, the building industry should be at least as active in 1955 as in the calendar year, if not more active. It has been estimated that between 1,450,000 and 1,500,000 new houses were started in 1955. The savings banks will find opportunity to invest substantial funds in mortgages to help finance this activity.

It is not expected that there will be a decline in interest rates after the government has been following an easy money policy and has been encouraging the demand for money by easy mortgage terms, low down

to 1.5 million tons. The industry employs 200,000 people in addition to a large number of small independent producers. The downstream division of Reynolds Metals Company, the Reynolds Can Company, is a producer of aluminum can stock.

During 1955, Reynolds Metals Company completed the expansion of its primary capacity that had been under the Korean emergency program and its output for the year was set at 1.5 million tons, or 12% above its record output of 1953. Full capacity output of 414,500 tons is expected in 1956, and the enabling equipment for full plate production will be in operation in 1955. The use of aluminum in wartime has made record shipments to civilian markets during 1954, in the face of the Korean emergency program. The economic picture of the country in 1955 is expected to be similar to that of 1954, with a slight increase in employment and a further rise in consumer demand. This expansion in production is expected to be even more rapid in 1956.

Widespread recognition of aluminum's maintenance-free, light-to-handle qualities, plus its permanence, has increased its use in lightweight construction in many industries. Additions to existing plants and the building of new ones are proceeding at a rapid pace.

The use of aluminum in transportation continued to increase during the recent year, and it is being used in automobiles, trucks, and trains in a most significant way. The use of aluminum in transportation during the recent year is expected to increase by 20% over the previous year. The aluminum industry is making progress in the development of new products and processes that will further expand its use in the future.

Aluminum is used in a variety of applications, such as in the automotive industry, where it is used in the production of car bodies and other parts. It is also used in the aerospace industry, where it is used in the production of aircraft and missiles. It is also used in the construction industry, where it is used in the production of building materials.

During the period from 1945 to 1954, the United States economy experienced a period of rapid growth, driven by the expansion of the defense industry and the growing demand for automobiles and other consumer goods. The economy was characterized by low unemployment and high productivity, with industrial productivity rising by 40% over the previous year. The effects of the Korean War were still being felt in the economy, with a significant expansion of the defense industry and a growing demand for consumer goods.

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7th Consecutive Dividend

Nehi Corporation, makers of Royal Crown Cola, Nehi and Par-T-Pak beverages . . . the most complete line of nationally distributed soft drinks . . . announce their payment of the 67th consecutive dividend as of January 1, 1955.

During 1954, growth continued both in consumer sales and in the number of franchised bottling plants.

440 franchised Royal Crown Cola bottling operations have plans for expanding their markets in 1955. These plants are located in all 48 states, Puerto Rico, Cuba, Nassau, Honolulu, Antwerp, Belgium, Republic of Mexico, and the Republic of Panama. During the year 1955 there will be a further expansion of markets both within and without the United States.

NEHI CORPORATION
Columbus, Georgia

Continued on page 102
Continued from page 101

In the Congress that actual war can only be averted if the United States, the very citadel of freedom, maintains its vigilance. The point is obvious: As world conflict is on the rise, and as, say, American merchant because our own military effort, a world war is not now a reality—indeed, it is not even a possibility. The threat, however, is real. It poses a serious danger to the people of the United States. It is not a matter for argument or discussion. It is a matter of fact. If we are to avoid war, we must act now. It is not too late.

The President has called for a $15 billion national defense program. This is a substantial sum, but it is not enough. We must do more. We must strengthen our military forces. We must increase our economic power. We must increase our technological capabilities. We must develop new resources. We must build new industries. We must create new jobs. We must provide new opportunities. We must do all of this and more.

The President has also called for a $5 billion national defense program. This is not a small sum, but it is not enough. We must do more. We must strengthen our military forces. We must increase our economic power. We must increase our technological capabilities. We must develop new resources. We must build new industries. We must create new jobs. We must provide new opportunities. We must do all of this and more.

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States. The favorable balance with all other countries very likely may be large enough to balance dividend payments abroad as well as interest expenditures on the other unfavorable current items.

The short-term outlook looks extremely rosy for the Canadian dollar would indicate no need for any change from the present level. The trade deficit, particularly with the United States is smaller than a year ago, and the flow of new capital into Canada continues to be substantial. If the dollar should decline closer to parity it would stimulate the sale of new Canadian bond issues in the United States, a fact which would again strengthen the currency. While it is extremely difficult to predict the long term outlook, it is reasonably safe to assume that Canadian currency in the future will be far more stable than in the past.

T. CLAUDE RYAN
President, Ryan Aeronautical Company

Our company looks forward during the year ahead to a stabilization of employment based on a well-balanced development of all the major fields in which we are engaged—aircraft, power generation, and electronics as applied to planes and missiles. Although it is likely that the military aircraft total production volume will be at a lowering level from 1964's rate, this actually involves an orderly approach to a long-range sustaining level of our customers' orders. We flat out in the past and are planning to maintain that pace in 1965.

The company's research program in the development of solid-state electronic circuitry has advanced to a point where it promises to be a major factor in determining the future of the industry. We expect to anticipate at Ryan that our employment during 1965 will be relatively stable at or near present levels of about 3,700 employees and an anticipated growth of about 1,000 additional workers.

As one of the nation's pioneers in production of the advanced stage. Also of major importance is the fact that has been selected as a major contributor to America's new jet tanker-program, with the prospect for several years' production of components for the new Boeing KC-135.

In prospect, is expanding use of the Ryan Firebee jet drone missile as a remote controlled artillery-target plane by the Air Force, Army and the Navy, with other possible future applications.

The overall prospect for the coming year is one of steady progress, with particular emphasis on development of new concepts to be adaptable to future quantity production.

A. G. Edwards Admits Two
ST. LOUIS, Mo.—A. G. Ed¬
ward & Sons, North Eighth
Street, members of the New
York and Midwest Stock Ex¬
changes, on Jan. 27th, have
admitted William G. Mabury
to limited partner¬
ship.

John Muir Admits Two
Feb., 1st William J. Charlton
and Benjamin Greilheim will be
admitted to partnership in
John Muir & Co. 39 Broadway,
New York City, members of the
New York Stock Exchange.

BRIG. GENERAL DAVID SARNOFF
Chairman of the Board.

Sales of products and services by RCA in 1954 will amount to approximately $850 million representing the largest volume of business in its 35-year history. Net profits before Federal income taxes will be approxi¬mately $84 million and after taxes approximately $58 million. Dividends to stockholders, declared during the year, amounted to $225,
000,000. ($13,888,000 on common stock and $1,153,000 on preferred stock.)

Major Developments
Major developments in 1954 were as follows:

(1) Compatible Color Television

RCA's "Introductory Year" during which it broadcast many types of programs in color and featured "Spectacular" shows, dramatically revealed the potential scope of color TV.

(2) Color TV Tube and New Set: The RCA 21-inch color tube and a new TV color receiver using this tube were placed on the market and production will be in¬creased in 1955.

(3) RCA's Magnetic TV Tape Recorder: Brought to commercial design stage. NBC will commence, early in 1955, field tests in both black-and-white and color tele¬vision recording.

(4) Electronic Light: This new development by RCA is advanced to a stage where it promises to be adaptable in many fields. It makes possible new forms of illumination and "cold light."

(5) Electronic Light Amplifier: When further de¬veloped, this will have important applications in television, X-ray, radar and other fields. In television, for example, techniques used in the light amplifier will eventually make it possible to see a TV picture in black-and white or in color on a thin, flat TV screen that can be framed and Hung on the wall like a picture.

(6) Transistors: Designs for commercial use were substantially advanced. Extended use of transistors in 1955 seems certain.

(7) High Fidelity, or "Hi-FI": Increased popular in¬terest in record playing and in records was stimulated by these new instruments. They will advance the growth of the phonograph industry in 1955.

During 1954, basic progress was made in carrying all these developments forward. New knowledge was gained through research and experimentation in these fields at RCA Laboratories. These efforts will have a profound effect on further progress during 1955.

Television
Television in 1954—its eighth year as one of the coun¬tries' fastest growing industries—established new records in retail sales of TV receivers and widened the scope of programming, especially in color. These accomplish¬ments and advances in related fields once again mark the electronics industry as one destined for advancing the nation's economy and welfare.

Sales of television receivers as a whole for 1954 are estimated at more than $10 billion; $2.4 billion of the volume for 1955 is expected to be about 10% higher.

Looking ahead, industry leaders feel television receiver sales in 1955 is currently estimated around 6,000,000 sets, which will lift the total volume of sales in the United States to approximately 30,000,000 by the end of the year.

Television is destined for new advances, both in techni¬cal design and in programming. An outstanding develop¬ment in 1954, the RCA 21-inch color tube, operating with the magnetic equalizer which maintains color pur¬ity in the televised picture, is now in production. It is certain to stimulate production of color sets by others in the industry as well and will lift color TV "off the ground" and into the market.

At the opening of 1955 there will be more than 420 television stations in operation in the United States, 140 of which will be equipped to handle network color pro¬grams. More than 90 new TV stations began operation in this country during 1954. In Canada, 26 TV stations are expected to be on the air by early 1955.

The NBC nation-wide television network now com¬prises 200 stations. Five of these are owned by the NBC, and the others are independently owned stations affili¬ated with our network.

Television on an international scale is not too far away. It is bound to be achieved in television as it was in radio.

Magnetic TV Tape Recording

Magnetic tape recording for black-and-white and color television, demonstrated by RCA at the end of 1954, was developed further during the year and makes its debut during the coming year as a new tool for the broadcast¬ing industry. An RCA television tape recording unit will soon be installed by the National Broadcasting Com¬pany for field-testing as a simple, rapid and economical means of storing complete TV programs for rebroadcast. Ultimately, these television tape recorders for home use will be developed, making it possible for the TV set owner to accumulate a library of favorite television programs which can be seen whenever desired, in the same way as the library of phonograph records makes it pos¬sible to hear the favorite record at will.

Electronic Light Amplifier

The electronic light amplifier, which uses the principle of electronic light, under development in RCA Laboratories during 1954, will glow more brightly dur¬ing 1955. Light amplification by this means has been achieved experimentally in ratios of more than 20 to 1; when that figure reaches 100 to 1, a practical amplifier makes it possible to hear the favorite record at will.

Continued on page 104
of light will mark a significant step forward in the science of illumination and television.

Practically speaking, the use of electronic light amplifiers are foreseen in a wide range of technical uses where a greater amount of light is required, such as in television, in fluoroscopy and in radar. In this new form of light amplification will bring bigger and brighter sights. I see it as revolutionizing television as we know it today.

Transistors

Transistor research and development activities were intensified by RCA during the past year, and important progress was made in achieving a new level of product uniformity and reliability. Tests in the field and in the Plan prove that RCA transistors will witness greater utilization of transistors, printed circuitry, and other advances in electronic engineering techniques to improve the efficiency and decrease the size and weight of electronic as well as military electronic equipment.

Radio

It is estimated that more than 10,000,000 new radio sets, including auto radios, will be on air during the coming year, increasing the total of radios in the United States to more than 125,000,000.

During 1954 the competitive impact of television upon network radio became increasingly apparent. The management of NBC early recognized the symptoms of economic dangers that threatened network radio and resolved to compete with TV with them. Whether transistors are able to lead the way in developing the pattern of audience and advertiser service desirable and of building a new base for successful and continuing network radio operation, which is an instrument of national service and national defense.

Photographs and Records

Since the introduction of the 231-rpm and 45-rpm records and the 45-rpm record player, the number of advertisements has greatly increased. Today there are more than 25 million turntables in use in the United States, and the number of records sold has increased in step with the increasing popularity of the phonograph—so much so that it is expected to continue to increase the number of machines in use, and as a result, of course, will mean greater sales of records. One of the major advantages of the 45-rpm record is that it is not only a convenient size for the record field during the year was RCA Victor's introduction of Grue-Gard—a novel combination of raised rims and centers that protects the playing surfaces of long-playing discs.

In the high fidelity instrument field, sales for the industry as a whole during 1954 increased about 40 per cent over 1953. Popular interest in Hi-Fi, especially in RCA's new "Orthophonic" system, promises to add impetus to the sales of records that included RCA Victor's introduction of a color television set in 1954, which will give 200 million dollars for the industry as a whole in 1955.

Electronics and Atomics

Science and engineering, business and industry, at the beginning of the year were confronted with new challenges that must be met quickly to keep pace with the rapidly changing world. The electron is the atom, and the atom is already under way. There are definite indications that electricity for commercial use will be generated from atomic energy, that something new in the way of a nuclear energy source will be a reality within the next decade.

Electronics will lift burdens from the backs and remove toil from the hands of men: electronic eyes will see afar, and electronic brains will perform many routine tasks in the new age of automation which will highlight the scientific and industrial developments of 1955. Electricity will be the key to man's copious space. Guided missiles are equipped with electronic brains, which will steer the missiles to the target. Guided missiles are equipped with electronic brains, which will make the missiles fly and watch every move they make toward their target. Similarly, electronics and the modern airplane are interconnected to give the military a new weapon. It is the key to the development of efficient aviation apparatus that is compact, light in weight and automatic. In the commercial aviation field, widespread acceptance is indicated for RCA's new radar equipment, which will be available to airlines in commercial quantities by mid-1955.

World-Wide Communications

RCA has 86 radiotelegraph circuits linking the United States, Great Britain and Canada with 46 countries, and a total of more than 6,000,000 messages were processed during the year. The trend toward direct customer service has been established in the United States, Canada, and Mexico. Radiotelephone, radioteletype, and radio telephone connections are used extensively by U.S. manufacturers and suppliers located in Europe, Asia and South America. Of RCA's 7,500 suppliers located in almost every State of the Union the majority are classified by the Government as small businesses. It is such teams that lead to success, not only in building or instruments for civilian use, but also in the nationwide mobilization of men, materials and manufacturing facilities that have been the key to our success.

Today, on land and sea, and in the air, the electron and atom are strengthening the bulwarks of freedom and democracy. The new and promising developments of the Electronic-Atomic Age open the way for the creation of new businesses, new jobs, and higher standards of living. With the blessings of peace and the practice of good will, we can surely transform these promises into realities.

LYTLE L. SALSBURY


It is my belief that money will remain more or less at present levels, and that the new issues and the handling of maturities during the year will be guided largely by the action of the Treasury Department along with the Federal Reserve Board. It would seem that the Government debt has been taken care of with very little cohesion. Personally, I would like to see some reduction of the debt rather than to see it increase for any emergency. I think the general bank rate situation is better than any time since 1942. It is my feeling that there will be a possible exception of credit being over-expanded.

It would seem that the earnings by financial institutions should be about the same as last year, compare favorable with those of 1954. I have talked with some bankers during the past thirty days, all of whom report a very favorable year for 1954, during a time when very lucrative loans and mortgage accounts have been built up, and it would seem that situation should continue for some time to come.

We must take note of the change in politics during the latter part of 1954 in Washington, but I believe that President Eisenhower is sufficiently generous in his attitudes as to hold the door for the views of others that Congress will meld together for the next couple of years. While President Eisenhower is a Republican, I believe that he listens well to what seems to be sound ideas of a bipartisan nature.

The fact is that it is a great year and it will give a long way toward stabilization of all agencies of our country.

In my reading and listening to men with broad experience, it seems to me that by the year 1955 we will be six to eight per cent more productive in nearly all phases than was the year 1954.

We all realize that the foreign situation is rather uncertain, but I think this great country of ours has real stability in its thinking and sufficient backbone in its actions that will prevent any third war for at least several years. The Government, the States, and the Cities are all embarking on extensive programs which I believe will not be overdone and will create a great deal of new business in doing the things that have been talked about for so long. It has been a pleasure to give you my ideas, and I will be interested to read those of others who, likewise, will be caring you.

Continued on page 106

AMERICAN & FOREIGN POWER COMPANY INC.

TWO RECTOR STREET, NEW YORK 6, NEW YORK

Notice to All Holders of Unregistered Stock Certificates for Shares of Preferred Stock

Second Preferred Stock, Series A ($17), and Common Stock (old) of AMERICAN & FOREIGN POWER COMPANY INC.: On February 28, 1953 the Plan of Reorganization (Plan) of American & Foreign Power Company Inc. (Foreign Power), pursuant to Section 11 (e) of the Public Utility Holding Company Act of 1935, became effective.

Pursuant to the Plan, all rights of all holders of the Common Stock (old) and of the Preferred Stock ($7, $16 Preferred Stock and Second Preferred Stock, Series A ($17), including the right to all accumulated and unpaid dividends on such Preferred Stocks, have been revoked, abrogated and cancelled and each such holder's rights to receive, and to hold, acquire and hold within the time therein provided, the new securities of Foreign Power allocated to such holder under the Plan, are hereby cancelled, and such holder shall have no interest in such securities.

Holders of certificates for such Preferred Stocks and for such Common Stock (old) who register same prior to the expiration of six (6) years from February 29, 1952, to the Exchange Agent appointed under the Plan, will receive in exchange the new securities of Foreign Power and the cash (if any) to which they are entitled under the Plan.

Notice is hereby given to each stockholder of Foreign Power who shall fail to claim the securities or the cash to which he is entitled pursuant to the terms of the Plan, that the industrial reorganization pursuant to the Plan, as of the 29th day of February, 1952 shall be entitled to receive any part of said securities or the proceeds thereof or any other cash to which such stockholder may have been entitled under the Plan.

Holders of certificates for such Preferred Stocks and for such Common Stock (old) who register same prior to the expiration of six (6) years from February 29, 1952 shall be entitled to receive any part of said securities or the proceeds thereof or any other cash to which such stockholder may have been entitled under the Plan.

AMERICAN & FOREIGN POWER COMPANY INC.

By W. S. ROBERTSON, President

DREDGING

Filling, Land Reclamation,
Canals and Port Works

River and Harbor Improvements, Deep Waterways and Ship Channels

We are equipped to execute all kinds of dredging, reclamation and port work anywhere in the United States

Contractors to the Federal Government

Correspondence invited from Corporate and Private Interests Everywhere

Longest Experience

Atlanta, Gulf and Pacific Co.

NEW YORK 38
HOUSTON 2, TEXAS
19 Park Row, New York, N. Y.
B-A-47-78370
Cable Address: "Dredging," New York
The State of Trade and Industry

the year to the level that prevails in the early part of the year, despite declining auto output. Auto buyers were getting some of these same makes we saw on their inventories. Now they've whittled the inventory down as in 28 preceding weeks, and they have to buy at least as much steel as they use. Some people think these may even be some inventory building this year. W. W. Settash, President, Armonco Steel Corp., Middletown, Ohio, is one who thinks so, this trade paper reports.

Even though steel output sagged last year, this year was the eighth best in the industry's history. The American Iron & Steel Institute reveals that production of steel ingots and castings in 1954 was 80,363,579 net tons.

The American Iron and Steel Institute announces that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 82.4% of capacity for the week beginning Jan. 17, 1955, equivalent to 1,883,440 a week for castings as compared with 82.3% (revised) and $867,000 tons a week ago.

The industry's index production rate for the week in 1953 was based on annual capacity of 131,828,216 tons as of Jan. 1, 1952.

For the like weeks ago the rate was 72.4% and production 1,712,464 tons or 74.1%.

The operating rate is not comparable because capacity was lower than the capacity in 1955. The percentage figures for 1954 are based on annual capacity of 1,283,210,419 tons as of Jan. 1, 1954.

Electric Output Sets New All-Time, High Peak This Past Week

The amount of electric energy distributed by the electric light and power companies, which ended Saturday, Jan. 15, 1955, was estimated at 7,032,137,000 kilowatt hours, a new all-time high record, according to Edison Electric Institute. The previous all-time high record of 7,039,300,000 kwh, was established in the week ended Dec. 18, 1954.

This week's output constituted a gain of 85,000,000 kwh above that of the previous week, when the actual output stood at 9,883,000,000 kwh, and an increase of 914,000,000 kwh, or 13.1% over the comparable week in 1954 and 1,807,000,000 kwh over the like week in 1953.

Car Loadings Perk Up In Post-Holiday Week

Loadings of revenue freight for the week ended Jan. 8, 1955, increased 72,751 cars or 13.7% above the preceding holiday week according to the Association of American Railroads. Loadings totaled 602,303 cars, a decrease of 22,068 cars or 3.3% below the corresponding 1954 week, and a decrease of 52,967 cars or 8.5% below the corresponding week in 1953.

U. S. Auto Output Rose to An 88-Week Peak In the Latest Week

The automotive industry for the first week ended Jan. 14, 1955, according to "World's Automotive Report," reported an estimated 155,912 cars, compared with 150,585 (revised) in the previous week. The past week's production total of cars and trucks amounted to 177,530 units, an increase above the preceding week's output of 6,260 units or 3.6% states "World's." In the like week of 1954 139,341 units were turned out.

Last week, the agency reported there were 61,677 trucks made in this country, as against 20,694 (revised) in the previous week and 24,953 in the same week of 1954. An "excess" of estimated Canadian output of 5,952 trucks last week, against 5,760 cars and 438 trucks in the preceding week and 8,843 cars and 1,657 trucks in the comparable 1954 week.

Business Failures Held to a Relatively Steady Trend

Commercial and industrial failures edged up to 209 in the week ended Jan. 14, 1955, from 207 in the preceding week, according to "Dun & Bradstreet, Inc." Failures were at the same level as in the comparable week in 1954, but exceeded considerably the toll of 158 in 1953. Continuing the pre-war level, however, mortality was down 47% from the 380 failures recorded in the second week of 1939.

Liabilities of $5,000 or more were involved in 171 of the week's failures. This size group showed a slight dip from 174 in the previous week and 172 last year. Small failures, those with liabilities under $5,000, increased mildly to 29 from 24 a week ago and 28 in the similar week of 1954. Thirteen businesses failed with liabilities in excess of $100,000 as compared with 17 last week. Retailing and manufacturing accounted wholly for the week's slight upturn, with the toll among retailers rising to 88 from 87 and among manufacturers to 46 from 42. Meanwhile, wholesale casualties dipped to 25 from 29, construction to 16 from 22, and commercial service to 18 from 19. Failures exceeded last year's level only in wholesaling and commercial service. In other lines, mortality dipped slightly below, 1954.

Geographically, casualties in- creased in four of the nine regions during the week. The Middle Atlantic toll edged up to 69 from 68 while the East North Central climbed notably to 30 from 17. In contrast, declines prevailed in four regions, including the Pacific States, down to 51 from 62 and

Dresser Financial Summary

<table>
<thead>
<tr>
<th>In Thousands of Dollars</th>
<th>1954</th>
<th>1953</th>
<th>1952</th>
<th>1951</th>
<th>1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>130,242</td>
<td>128,869</td>
<td>127,356</td>
<td>106,148</td>
<td>79,069</td>
</tr>
<tr>
<td>Profit before taxes on income</td>
<td>13,038</td>
<td>9,743</td>
<td>10,787</td>
<td>10,419</td>
<td>7,650</td>
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<tr>
<td>Taxes on Income</td>
<td>5,675</td>
<td>4,619</td>
<td>5,020</td>
<td>5,263</td>
<td>3,321</td>
</tr>
<tr>
<td>Net earnings</td>
<td>7,363</td>
<td>5,124</td>
<td>5,767</td>
<td>5,116</td>
<td>4,303</td>
</tr>
<tr>
<td>Working capital</td>
<td>50,360</td>
<td>46,504</td>
<td>44,858</td>
<td>42,303</td>
<td>35,621</td>
</tr>
<tr>
<td>Cash and government securities</td>
<td>21,472</td>
<td>19,847</td>
<td>7,844</td>
<td>10,273</td>
<td>5,440</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>19,144</td>
<td>19,118</td>
<td>18,289</td>
<td>16,584</td>
<td>15,574</td>
</tr>
<tr>
<td>Expenditures for property, plant and equipment</td>
<td>3,406</td>
<td>4,246</td>
<td>4,159</td>
<td>3,519</td>
<td>2,963</td>
</tr>
<tr>
<td>Shareholders' equity</td>
<td>59,496</td>
<td>54,883</td>
<td>52,299</td>
<td>49,296</td>
<td>41,475</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In Dollars per Share</th>
<th>1954</th>
<th>1953</th>
<th>1952</th>
<th>1951</th>
<th>1950</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per common share</td>
<td>5.53</td>
<td>3.80</td>
<td>4.28</td>
<td>3.77</td>
<td>3.68</td>
</tr>
<tr>
<td>Dividends per common share</td>
<td>1.70*</td>
<td>1.60</td>
<td>1.60</td>
<td>1.40</td>
<td>1.40</td>
</tr>
<tr>
<td>Book value per common share</td>
<td>42.40</td>
<td>38.53</td>
<td>36.28</td>
<td>33.52</td>
<td>32.20</td>
</tr>
</tbody>
</table>

*Current Annual Dividend Rate $2.00

COMPLETE 1954 ANNUAL REPORT ON REQUEST

A GROUP OF COMPANIES UNDER COMMON OWNERSHIP

DRESSER INDUSTRIES, INC. ATLANTIC BUILDING DALLAS, TEXAS

MAGNET CUTE BARNS Owings, Texas, Marion, Arkansas, Graybull, Wyoming — Founded 1909 PACIFIC PUMPS Huntington Park, California — Founded 1929 Booz-Connorsville FLOWERS Columbus, Ohio — Founded 1919 SECURITY ENGINEERING Whittier, California, Dallas, Texas — Founded 1921

MANUFACTURERS OF OIL, GAS, AND CHEMICAL EQUIPMENT
If normal weather patterns prevail, the effect on our load will be on the plus side. Our construction program in 1955 may be as high as $55,000,000 compared with $42,000,000 spent this year. Most of this new load is required to expand electric generating facilities, to construct electric substations and to reinforce our distribution system in anticipation of future load growth.

We will complete a major electric generating unit this year. An important part of this project, the Nanticoke Reservoir, is expected to be operating at high levels. At present, we are planning additional units to meet future sales needs. More and more are also considering the possibility of using atomic energy as a heat source in electric generating stations.

Our current financial requirements for construction are very small. We are using our savings to help finance the cost of the new projects. Although we may fund part of this loan, we do not anticipate that the amount is necessary. We expect to continue our present policy of cooperative promotion with manufacturers, distributors, and retailers. Retailers have been encouraging, especially with respect to air conditioning and space heating.

Greater efficiency of electricity requires adequate wiring, and we are pushing vigorously this aspect of our business. We have, in fact, recently launched a campaign to demonstrate the benefits of improved industrial lighting.

W. W. SEBALL
President, Armore Steel Corporation

At Armore we believe that 1955 will be a year of good business and continuing general prosperity for America. As an indication of this, we expect to spend approximately $20 million to improve our plants and equipment—approximately the same amount that we spent in both 1954 and 1955. According to our estimates, 1955 should be a better year for the steel industry than 1954. Based on our expectations of an increase in steel production during 1955, we expect to be able to meet the demand for the steel products we want to produce. Businesses have shown strong interest in new steel products and we anticipate an increase in steel production for the year. We believe the outlook for the future is good and we plan to continue our expansion program.

W. W. Seball

The investment security industries have had an excellent year in 1954. This has been true of all phases of the industry, particularly the Stock Exchange business. The exchange business has been very strong all year. However, there have been some limitations to the rapid growth of the exchange business, which could be described as an unusual situation. The securities industry has had a prosperous year and the results of our operations are very encouraging.

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H. R. SEARING
President, Consolidated Edison Co. of New York, Inc.

Present indications are that Consolidated Edison's growth in 1955 will be stronger than the previous year. We expect general business conditions to show gradual improvement throughout the June boycott year just past. While we have no assurance that the large industrial plants in our territory can be expected to continue in full production at the same rate of expenditure during the year, we believe that the industry will continue to be a major factor in the overall economy of the country. Education is a major factor in our thinking and if the public is encouraged to look more realistically at the problems of public utilities, we believe that they will be better off over a period of time.

Herman R. Searing

If the new loan is all that is needed, the program will be well worth the cost. It is necessary because of the high cost of labor and material during the past year. The program is not only for the benefit of our company, but it is also for the benefit of the country, for it will provide jobs and keep the economy moving forward.

LEWIS A. SHAW
President, The Connecticut National Bank

Over all, I think we can say that 1955 should be as good or better than the year past. Following the news picture in Bridgeport, one cannot be too optimistic because, due to a strike of coal miners and other factors—such as the demand for coal, which has led to a shortage of coal, and the situation in Bridgeport should improve during the second half of the year. With the development of building and land speculation in Bridgeport and the expected demand for new construction within the city, the economy should get a substantial boost. We believe that the first six months should be as good in line with the rest of the country.

At the moment the inventory picture is good, a substantial amount of the big inventories being liquidated; and the retail merchants have reported a good Christmas season.

F. RITTER SHIMWAY
President, Ritter Company, Inc.

The firm has been successful in the last months of 1954 and we expect to continue this trend. We have also increased our sales force and our advertising in order to maintain this momentum. Another ground for optimism is the fact that the market for our products is very strong, which is evident from the high number of orders received during the last quarter of the year. We are confident that we will be able to maintain this level of production and sales during the remainder of the year.

L. D. SILBERSTEIN
President and Chairman of the Board, Penn-Texas Corporation

America is getting a boost in general prosperity. As I see it, the year 1954 was the year of planning. The year 1955 will be the year of expansion. We have been working on the construction and accomplishment of buildings, spurring the business boom of 1955. We are confident that the company is on the right track and will be able to lead the way for the rest of the country.

L. D. Silberstein

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F. Ritter Shimway

The Dow-Jones Industrial Averages rose 404.28 which indicates that the market is high, at least from the historical point of view. To predict the market trends that lie ahead, I think that the market at the present time is in a nervous condition. I would suggest that the Dow Jones Industrial Average for the next several months should be closely watched and not be taken for granted.

W. W. Seball

For the last months of 1954 we have received a lot of orders and we are expecting to continue this trend. We have also increased our staff and our advertising in order to maintain this momentum. Another ground for optimism is the fact that the market for our products is very strong, which is evident from the high number of orders received during the last quarter of the year. We are confident that we will be able to maintain this level of production and sales during the remainder of the year.

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The State of Trade and Industry

New England, down to 15 from 21. The Mountain States showed no change from the previous week. Mixed trends from 1954 appeared, with four regions having heavier casualties and four with fewer. The most notable upswing from last year occurred in the East North Central States, while there was a marked dip in the Middle Atlantic States.

Wholesale Food Price Index Strikes Highest Level In Five-Week Period

A rise of 6 cents last week lifted the Dun & Bradstreet wholesale food price index for Jan. 11 to 88.1, the highest level in five weeks. Compared with $7.60 a year ago, the current figure shows a drop of 31.3%, but it is 9.0% above the corresponding 1953 week when it stood at 86.25.

Higher in wholesale cost the past week were flour, eggs, barley, beef, tea, coffee, beans, peas, eggs, potatoes, steer and lamb. Decreases occurred in wheat, corn, oats, hams, lard, butter, coffee, sugar, and shoe leather.

The index represents the sum total of the price per pound of 31 raw foodstuffs. Because of the seasonal use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Level Held to a Narrow Range the Closer

The daily wholesale commodity price index, compiled by "Dun & Bradstreet, Inc.," kept within a narrow range the past week at a slightly higher level than a week earlier. The index closed at 278.50 on Jan. 11, compared with 278.61 on Jan. 4, and 275.85 on the corresponding date a year ago.

Grain prices were irregular with trends uncertain as additional rains and predictions snow in many drought areas of the Southwest, coupled with the sharp reaction in securities market's, tended to depress prices.

When received some support from mill buying following an expansion in domestic flour business early in the week. Export trade in wheat continued in small volume. Corn was busier to some extent by continued light receipts but the market reacted under free price-taking and prices evolved below a week ago. Com¬ mercial barley markets strengthened with advances of 3 to 10 cents for near months, with limited offerings. Trading in all grain and soybean futures on the Chicago Board of Trade was moderately active. Daily average sales last week totalled 45.2 million bushels, against 38.1 million in the same period last year.

Export flour business showed no significant activity as the prices for new millings increased. As the result of mill pro¬ cessing, the flour market has been buoyant. Merchant concessions amounting to 19 cents per hundredweight were reported last week, and additional bookings took place.

Taking prices were distributed well throughout the country. In many instances, extended their coverage through February and March, and the market is continued, with buying sup¬ ported by fair to good export inquiries and by continued ample supplies.

Cocoa developed a steeper tone today, with the purchase of dealer coverage against recent sales of CBOT futures. The cocoa sugar market was mostly quiet as producers bought sparingly in view of the 8.2 million ton quota set for 1956. Demand for land was generally lower with prices working lower. Traders looked for a rapid accumulation of stocks in the next few weeks due to prospects of continued heavy bag receipts. The trend in hog prices was mixed while prices of feeder steers advanced. Hog prices reaching highs for the year were turned down slightly from the pre¬ viously established peak.

Spot cotton prices moved over a fairly wide range in fairly active trade. Domestic receipts were slightly under a week ago. Bearish factors included the sharp break in securities quotations, the continuing firm tone in the range of CCC loan entries and indications that these loans would continue to meet all Governments' needs and be used to raise next sea¬ son's acreage allotment.

Hogging out borrows values were good shipper demand and fairly active domestic and foreign price¬ fixing interest. The market did on 1954-crop cotton as of Dec. 31, 1954, was reported at 31.00c, as was domestic. Activity in textile markets in¬ creased last week and prices for some kinds of cotton gray cloth advanced.

Trade Values In Latest Week Mirrored by Recovery From Post-Holiday Lull

Retail trade, reported for the last week from the post-holiday lull, showed an increase in the period ended on Wednesday of last week than in either the last week of December or its corre¬ sponding period last year.

They bought more reduced¬ priced ready-to-wear apparel, and some Spring clothing. In all, sales remained moderately above last year.

The total dollar volume of retail trade in the week was estimated by the "Dun & Bradstreet, Inc.," to be from 2% to 6% larger than a year ago. Regional estimates varied with comparable year-to-year levels by the following percentage: New England, plus 2 to 5; Midwest, plus 4 to 8; South, plus 5 to 9; Pacific, plus 5 to 8. The greatest improvement over the same period last year occurred in the Midwest.

Because of the report that most parts of the country accounted for a large volume of sales in women's shoes, drapery and leather goods. Many metropolitan areas reported that the demand for women's shoes, both popular and furs sold at a much higher rate than a week earlier in the same week of 1954. Sales of children's apparel, particularly, increased markedly. In men's suits and sportswear in darker colors were in greater demand by men than a year ago.

Promotions of home furnishings were generally satisfactory last actual, although shoppers, and merchants, and those in need of a few weeks ago, they were above last year at this time.

Lamps, china, curtains, and other goods were sold in larger quantities and in better classes.

Although heavy appliances were bought, the department stores and electric appliance dealers appear to have sold less household equipment.

Food volume was exchanged from the previous week and con¬ siderably above a year ago. Housewives bought more meat, fruits and vegetables than in the previous week, and lamb and pork were bought in greater quantities.

Wholesale buying increased in the week and many merchants con¬ tinued to replenish stocks which were depleted by heavy retail trade in the past two weeks.

Observers at apparel and home furnishings markets reported sig¬ nificantly improved conditions in higher volume trade last year at this time.

Although trade was generally slow in textile, wholesale business in cotton goods were sizable, and there were widespread price in¬ creases in the past two weeks.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Jan. 8, 1956, advanced 13% from the like pe¬ riod last year. In the preceding week, when the index on the same basis was reported, an increase of 8% was reported. For the year 1954 a loss of 1% was registered below that of 1953.

JOINS BACHE STAFF

(Original to The Commercial and Financial Chronicle)

MILWAUKEE, Wis.,- John J. Danielson has become associated with Bache & Co., 229 East Wis¬ consin Avenue. Mr. Danielson was formerly with Bank of Com¬ mercial of Milwaukee and prior thereto with The First Wisconsin Company.

With Continental Secs.

(Original to The Commercial and Financial Chronicle)

K. A. Martin is with The Continental Securities Company, 5855 No. Shoreland Avenue.

Trenton Trust Company

TRENTON, NEW JERSEY

STATEMENT OF CONDITION, DECEMBER 31, 1954

ASSETS
Cash $1,187,923.45
U. S. Government Obligations $225,929.35
State and Municipal Obligations 9,141,428.48
Securities under agreements to be sold 10,755,653.17
Mortgage Loans 31,642,419.02
Mortgage Securities 3,371,607.17
First Mortgage Loans 9,397,640.33
Second Mortgage Loans 14,073.91
Repossession Loans 1,397,987.37
Repossession Securities 345,958.70
Accumulated Income Bank Deposit 334,023.11
Losses and Expenses 207,165.40
Total 63,239,720.28

LIABILITIES
Accounts issued are net, after deducting Preservation Reserves
Savings Accounts
Demand for Transfers 586,864,154.35
Savings Bonds, Guaranteed 461,267.70
Demand Certified Checks 577,957.68
Savings Bonds, Guaranteed 91,078.19
Certificate 31,983,900.00
Savings Deposits 3,280,300.00
Unredeemed Postage 7,231,514.74
Total Capital Funds 7,231,514.74

Total 63,239,720.28

County Bank and Trust Company

Member Federal Deposit Insurance Corporation

Continued from page 105
Continued from page 106

The basic economic outlook for America in 1955 is good. It is my conviction that enactment of President's foreign economic program will strengthen the basic economic outlook for America and for the world as a whole.

McGRGOR SMITH

President, Florida Power & Light Co.

In 1953 the Florida Power & Light Co. spent a total of $33 million on the expansion of its generating transmission and distribution system. This was an increase in generating facilities was made at the Riviera Beach and Cocoa Beach. For 1854 the expansion of the company's system facilities will include an estimated $40 million worth of new equipment costing $80,000,000, addition to its 140,000 kw. addition of the Butler plant. This will be the largest power plant that is being built for the Company's expansion in the service area of the State of Florida. In 1955 we set up a ten-year expansion program which anticipated an increase in system capability from 502,000 to 1,400,000 kw. by the end of 1961, at an estimated annual cost of $120 million.

The population development of the state has exceeded expectations of the 1950 Census. According to the July 1, 1954 estimates of the Federal Bureau of the Census, the permanent civilian population has increased 707,000 since the Census of 1950, the last Census. The Federal Bureau of the Census has increased even more, but it does not apply to the same state in the urban, excluding California.

The Federal Reserve Bank of Florida has led the Federal Reserve System in its expansion program. We now plan for a system which will have capacity for 1951 and the estimated expenditure on construction for the 10-year period has been increased to $410 million.

About one fourth of Florida's superior year-round climate; the continued increase in speed and the convenience of mass transportation; and Miami which is now 3½ hours of the scene of the rapid development of the nation's population—the national increase in paid sales on a square mile of retail market.

The greatest threat to the free enterprise system is that some countries, like other nations, will develop the threat of growing socialism, and will be 100 per cent free nations.

A sharp rise in the cost of living, which indicates the inflation is more than just a facade, will not increase in price of the goods and services, and we believe, will continue to be about 10 per cent.

The recessionary period which we have been through will not be so severe a recession as the one that preceded it. However, there will be a marked reduction in the level of economic activity, and we expect a very slight rate of increase in the level of economic activity, and we expect a very slight rate of increase in the level of economic activity.

Mr. Smith's predictions of stagnation were not entirely correct. The recession was not as severe as predicted, and the economy has recovered more quickly than anticipated. However, the predictions of a return to pre-recession levels were not realized.

The Federal Reserve Bank of St. Louis has been the most active in its expansion program, and has increased its capacity by 100 per cent. The Federal Reserve System has increased its capacity by 50 per cent.

The economic situation is very difficult, and the Federal Reserve System has been very active in its expansion program. The expansion program is necessary to maintain the economic stability and growth of the country.

The Federal Reserve Bank of St. Louis has been very active in its expansion program, and has increased its capacity by 100 per cent. The Federal Reserve System has increased its capacity by 50 per cent.

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The Federal Reserve and The Treasury Bill Market

The Bill rate changed more if the Federal Reserve was active, or if the Federal Reserve was inactive. For example, if we study changes in the System's holdings of Treasury Bills (in dollars), the Bill rate was more volatile when the System was inactive during the second half of 1950 and through 1952, and again in the second half of 1951. In other words, other years the reverse was true.

For the statistical details the reader is referred to table III.

VI

As can be seen from the data presented, the impact of the Reserve System's new technique—limiting open-market operations to the Bill market—has not produced a noticeable change in the behavior of that sector. In common with the rest of the money market rates became more volatile than the first half of 1954, but there does not appear to have been a markedly different affect on the Bill rate. Only in the use of repurchase agreements does there appear to have been a change towards greater volatility after 1953. If anything, the conclusion seems to be that the cash money market operates so smoothly that the shift affecting the demand and supply, all that tend to react in about equal degree.

However, it should be added that nothing is implied regarding the other, broader questions—whether the Open Market Committee should try to set a pattern of rates, or at least intervene in the longer maturities if their trends are different from those desired. Such problems are outside the scope of this study.

TABLE III

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<tr>
<td><strong>1. All Government Securities Including Repurchase Agreements</strong></td>
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| **Now — on the job at Oak Creek**

Another important increase in power availability for the farms, homes, stores, business institutions and industries of the serving area was made in 1954. The addition of a second 120,000 kilowatt generating unit at our Oak Creek plant increased the dependable generating capacity of our system to 318,610 kilowatts. Construction of a third 120,000 kilowatt unit is well under way.

The rapid growth of the Oak Creek plant is typical of the pace at which our plants must be expanded to keep ahead of constantly mounting demands for more electric service. Continued investor confidence enables us not only to build plants like Oak Creek to maintain and expand the vast network of substations, transmission and distribution lines necessary to serve this area today ... and tomorrow.

**WISCONSIN ELECTRIC POWER COMPANY SYSTEM**

Continued from page 15

The Federal Reserve and The Treasury Bill Market

on Jan. 13 by Glover Beardley, Treasurer and a director of the Suburban Propane Gas Corp. of Whippany, N. J., with New York offices at 29 Exchange Place.

George O. Noyd, President of the East River Savings Bank of New York, announced on Jan. 13 the resignation of Robert Horsfield, Assistant Treasurer, as Assistant Vice-President, and William L. Barton, Assistant Secretary, as Assistant Vice-President, from the Board of Directors.

The Federal Reserve Bank of St. Louis, announced that on Jan. 19 that their Board of Directors have unanimously approved an increase in the rate of the Bank's service charge, to take effect immediately.

The consolidation of the Meadow Bank and National Bank of Freeport, was effected on Jan. 17, under the charter and title of the Meadow Bank National Bank. The consolidation was effective on Dec. 19. The total consolidated is $9,321,860 in stock of the Meadow Bank National Bank, representing 1,044,728 shares ($31.12 each); surplus of $4,071,149 and undivided profits and reserves of not less than $1,230,000.

The election of Charles L. Huls- wit, President of Rockland Light and Power Co., Madison, N. Y., as a director of the First National Bank of Spring Valley, N. Y., was announced on Jan. 11 by Charles W. Hawkins, President, at the bank's annual meeting of shareholders.

The Comptroller of the Currency reports that the First National Bank and Trust Company of Bridgeport, Conn., has been named the name to the federal Reserve Bank of Bridgeport.

Herman G. Berdoll has been elected Vice-President of The Greenland Savings Bank, Broadway at 36th St., New York City, according to an announcement made on Jan. 16 by Earl Harkness, President of the bank. Mr. Berdoll joined the bank as Assistant Treasurer in 1944 and was elected Controller in 1946, which title he will retain as Vice-President and Controller.

The Comptroller of the Currency reports that the First National Bank and Trust Company of Meriden, Conn., on Jan. 11, Clarence S. Powers was re-elected President. Other officers were re-elected according to the "Meriden Journal" viz: Sherman E. Funk, Vice-President; O. Edwin John¬ son, Treasurer; Harriet W. Ka¬ wski, Assistant Secretary; and Donald J. Kenna, Assistant Treasurer. The annual statement it is stated, showed the banks resources total $3,161,977.50 while deposits are reported as $3,467,543.

The First National Bank of Madison, N. J., with common stock of $100,000, was merged with and into the Madison Trust Company at Madison, N. J., under the charter of the latter and under the title First Bank and Trust Company, Madison, N. J., effective as of the close of business Dec. 10.

Continued from page 17

News About Banks and Bankers

The consolidation of the Meadow Bank and National Bank of Freeport, (Nassau County), N. Y., and the Bank of Hicksville of Hicksville (Nassau County), N. Y., was ef¬ fected on Dec. 17, under the charter and title of the Meadow Bank National Bank. The consolid¬ ation was effected on Dec. 19. The total consolidated is $9,321,860 in stock of the Meadow Bank National Bank, representing 1,044,728 shares ($31.12 each); surplus of $4,071,149 and undivided profits and reserves of not less than $1,230,000.

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The Comptroller of the Currency reports that the First Na¬ tional Bank and Trust Company of Bridgeport, Conn., has changed its name to the Connecticut Na¬ tional Bank of Bridgeport.

At the annual meeting of the Puritan Bank & Trust Company of Meriden, Conn., on Jan. 11, Clar¬ ence S. Powers was re-elected President. Other officers were re-elected according to the "Meriden Journal" viz: Sherman E. Funk, Vice-President; O. Edwin John¬ son, Treasurer; Harriet W. Ka¬ wski, Assistant Secretary; and Donald J. Kenna, Assistant Treasurer. The annual statement it is stated, showed the banks resources total $3,161,977.50 while deposits are reported as $3,467,543.

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Continued from page 108

yields on short-term paper than it has had on the volume of commercial loanable funds. It would be a mistake not to believe that a modest increase in the area of open market operations would have any significant effect on the volume of credit and the rate of interest. Any increases probably would more properly be construed as a return to the unsound practice of "pugging" the markets.

GEORGE SPATTA
President, Clark Equipment Company

I believe business, as a whole, will be good in 1956 and that it will surpass the volume of 1954. It seems to me that with peace and incentives to enterprise, our technology can transform our resources into higher standards of living for all our people.

As to our own business, I believe there will be a year 25% higher than in 1954 and that the industry in which we operate will be generally prosperous.

HON. JOHN SPARKMAN
U. S. Senator from Alabama

The legislative outlook for 1955 is that there will be "deregulation and liberalization" of the various labor and rate controlled industries in many areas vital to the security and welfare of the nation. There will, of course, also be occasional legislation for emergency purposes.

In my opinion, substantial agreement on the legislative needs required for national security is evident.

It seems wise to rate, perhaps with some changes, the Mutual Defense Treaty with Canada, the Southeast Asia Treaty with China, and the Southeast Asia Collective Security Treaty. It is important to our own welfare and safety that this entire international agreement be kept free and independent. Ratification of these treaties with proper economic and military aid will help in this direction.

Legislation will also be approved to continue on a modified scale economic and military assistance to other parts of the free world.

Perhaps the most effective step that could be taken in the form of economic cooperation would be the extension and liberalization of the Reciprocal Trade Act. This Act expires in June 30 of this year. I am confident that it will be renewed for a three-year period. Its renewal is essential to our own economic well-being as well as that of other free nations.

Other programs having to do with foreign relations that are of the same importance as the legislative will be: completion of a free exchange program for student exchange; special inducements to encourage foreign students; establishment of the Peace Corps; offering of peace-time services; and Heavy Equipment will be authorized for the Defense Department for the next three years. It will be seen whether or not Congress will support a stronger program even than the Defense Department has requested.

It is in the area of domestic legislation that the sharp differences will be expressed. Democratic leaders will vigorously oppose any legislation to do further injury to TVA, REA, and municipally-owned power systems. The same is true of any further disposition of the nation's natural resources. Congress seems to be about even in its views on these two issues so there is little likelihood of getting any major legislation through on these subjects.

The same situation exists in regard to the price support programs in the agricultural field. The overall outlook for legislation beneficial to the family-owned, other than higher price supports, appears to be fairly good. On the whole, it seems that we are making progress toward a more adequate and effective farm legislation in this session of Congress.

I believe that a substantial program of road building will be approved. There is also strong sentiment for a school construction program. The continuation of an adequate home building program

The tax laws may very well remain the same as they are now in the current session of Congress. Democratic leaders will push hard for increases in individual exemption and in the corporate tax structure to benefit particularly small business.

I have been in accord with accuracy, just what legislation a Congress will enact. The views above, however, seem to me to be the current sentiment in the major fields of possible legislative action.

Should the world situation or the condition of the domestic economy show a drastic change, the legislative outlook would, of course, also change. There are no indications of any major changes in either the world picture or the domestic economy is imminent.

This time a year ago, I wrote that the economy showed danger signals, but that a major depression was unlikely. The events of the past year have proved me correct.

Most economists agree that the outlook today is brighter than a year ago. There are still some signposts, though, and the prudent man will keep an eagle eye on developments and will move fast should the occasion demand it.

PHILIP SPORN
President, Sprague Electric Company

Looking ahead at the nation's economic picture for 1955, it seems reasonable to expect that the basic condition of the economy will continue to improve in 1955 and that it will be a year of considerable gains. In September 1954, the nation emerged from a deep recession. Undoubtedly, if the world picture is a true picture of our country's economic climate, then 1955 may very well prove to be the best economic year of the entire postwar period.

The reason for this optimistic projection is that we have these basic fundamentals for a dynamic economy: population growth; many unfilled wants to be taken care of, such as more schools, more housing, and more public buildings like hospitals and health centers, and, in general, a continuing tradition of a steadily improving living standard which promises not only to stay but will quite likely gain added impetus with the new economy. Electric utility industry is dynamic growth, and the rate of growth in the electric utility industry is dynamic growth, and the rate of growth in the electric utility industry is dynamic growth, and the rate of growth in the electric utility industry is dynamic growth. The surrounding circumstances, on any particular period is the sum of the normal growth, that is, the effect which can be expected for any given level of economic activity of the country, and conditions of a given period for economic activity.

Today the electric utility industry is geared to fully meet the country's power needs, and it is preparing to meet much higher levels of use. The peak of 100 million kilowatt-hours in 1954 is an indication of the tremendous growth which the industry reached in October, 1954, was materially added to by the end of the year, so that the year-end installed capa¬bility was essentially in excess of 140 million kilowatts. The non-diversified power demand on the power systems of the country reached a figure of some 72.3 million kw in 1954. Thus, during the year, energy generation reached a total of 136 billion kw and energy sales close to 410 billion kilowatt-hours.

For 1955 it seems reasonable to expect a close to 9.5% energy generation of somewhat over 520 billion kilowatt-hours, and energy sales close to 450 billion kw. These would represent an increase of 9.5% above 1954.

A second item of brightening in the electric power picture is the coming addition to the electric power that is being projected in generation and transmission of power, both by the conventional means and by nuclear methods. A number of steam-electric generating plants were placed in service in 1954 with a thermal efficiency of 32%, and requiring less than 7/10ths of a pound of coal (0.70 lb.) for the production of a single kilowatt-hour, or even more efficient plants will be placed in service in 1955. The projection of units which will operate at steam pressures up to 5,000 pounds square inch, in the so-called supercritical zone, and ranging in size from 270,000-300,000 kw is further evidence of this vital trend.

The year 1954 saw considerable progress made in improving our national atomic energy program of the Atomic Energy Commission designed to bring about competitive electric power generation from nuclear fuel. A number of electric utilities are very actively cooperating in it, and in 1955 this work undoubtedly will be expanded and a greater segment of the industry will be cooperating in the program. Another accomplishment of the year was the actual placing into service of a considerable number of 330,000-volt transmission lines to improve the scope and economies of high-voltage power transmission. In this regard, the Western Electric System during the two years, 1953 and 1954, there were added 1,075,000 kilowatts, an unprecedented block of generating capacity, and a year interval by a private utility system. In the next two years an additional 570,000 kw. will be put into operation. This includes the history-making supercritical steam-electric power generating unit at Philo Plant which for the first time will reach a thermal efficiency of 40%.

JULIAN K. SPRAUGE
President, Sprague Electric Company

The improvements in the electronics industry witnessed in the year just ended led the industry to expect an even more rapid growth of their combined output, accompanied by highly competitive conditions in virtually all the products they make. Events have proven correct.

In the entertainment field, conditions during the early months of 1955, reflecting the marked recovery in the general economy, saw record sales of radio and record sets on hand at the end of 1954 continuing through 1955. Sales in the electronics industry for the year, which was lagging 30% at mid-year, was 30% larger in the last three months of 1954 than in the like period of 1953. The result was that full-year output came to about 7.5% higher than in 1953, in fact to some extent even lower than in 1954, a remarkable rebirth of the industry. Our output in the field of color TV were somewhat slower than the publicity on this subject a year ago suggested. However, in the field of black-and-white television, actually produced, and although good progress was made in 1954, it seemed that the market for color with reception, much work remains to be done before color sets will be readily available with price tags below $1,000.00 figure. It is therefore unlikely that color will be a significant factor in set production for the current year. Actual total production this year will exceed 200,000 (600 units. Color) a year, however, there should be a market for several million color sets per year, although I do not believe color will ever completely replace black-and-white sets or set sales.

Electronics for defense continued in 1954 to account for approximately one-half the industry volume, although the value of total output for this vital purpose appeared to have been slightly below 1953 also. On the other hand, in the light of a very marked drop in overall defense expenditures in the current fiscal year, the electronic industry, accounted for a larger proportion of total expenditure than was probably ever likely. The current trend will continue in 1955 and subsequent years. Growth in industrial and commercial applications of electronics continued in 1954, and the next 10 years or so may well see a more rapid rate of growth in this area then in the more recent, somewhat dull period. It is believed that the market is entering the most important period of electronics. The new markets open virtually unlimited possibilities to the inventiveness of the entire electronic industry, from the supplier of the smallest component in the ever more complicated control system of an automobile to the television set, the record player, the tape recorder and the computer.

Turning to 1955, I believe there is reason to expect the market for consumer electronics to be sustained at relatively stable prices, although it is too soon to say whether there will be a market for more than about seven million sets as there was last year. Assuming that the outlook for confidence to the future of our basic black-and-white sets plus at least 200,000 color sets, however, it seems probable that dollar volume in the entertainment industry will approach the 1953 peal of $1.6 billion. A number of factors will contribute to making it appear a year good a year, including the fact that more than the third of the million dollars is expected to be obtained at relatively stable prices, although it is too soon to say whether there will be a market for more than about seven million sets as there was last year. Assuming that the outlook for confidence to the future of our basic black-and-white sets plus at least 200,000 color sets, however, it seems probable that dollar volume in the entertainment industry will approach the 1953 peak of $1.6 billion.

Continued on page 112

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Facing the Future With Confidence

Another significant achievement by our stylists and engi- 
neers is an entirely new concept developed for the rapidly grow-
ing market for cars of the station wagon type. 

It was exhibited in the 1954 Motorama as the Chevrolet Nomad, which is strikingly modernistic in styling, featuring very narrow, slanting pillars with a greatly expanded glass area for unob-
sstructed vision. It too combines beauty of design with increased vision for greater driving safety.

This year it is being introduced by Chevrolet as the Nomad and by Pontiac as the Safari. 

In our 1956 Motorama you will see many new designs and other advanced features on exhibit.

We anticipate that the ideas and concepts will be of sub-
stantial benefit to our stylists and engineers in planning the production models of future years.

Now for a summary of business outlook for 1955 as it seems to me.

It is my belief that this year our national economy will reach a new peak.

I foresee a gross national product in the area of $70 billion. That would be an increase of 19% over the total for the year of 1954, and some-
what beyond the level of the record reached in 1953.

Against this encouraging background and provided we are able to enjoy labor peace, our industry will be able to meet the estimated domestic market should absorb approximately 6,000,000 passenger cars this year. United States and Canada will continue to enjoy labor peace, and our export markets, should approximate 7,600,000 cars and trucks.

For General Motors I estimate that in 1955 unit sales of pas-
senger cars will be the highest in our history. I estimate that our sales in dollars again will approximate 18 billion. With the fact that our defense deliveries will continue to decline and will account for less than 10% of our total volume.

A Look Into the Future

Now for a look to the more distant future. Just as our re-
search laboratories, engineers and stylists work years ahead, so we make it a practice to appraise and anticipate the markets for our products in the years ahead.

Our studies indicate that some-
time in the early 1960's our coun-
try should achieve a gross na-
tional product of $80 billion. 

We find that by 1962 popula-
tion may total 184 million, almost 20 million more than today. 

Number of households should in-
crease from 48 to about 54 million, creating a tremendous new 
demand for homes, motor vehicles and other goods and services.

Assuming maximum utilization of the country's economic re-
sources—in other words, full em-
ployment—it is estimated that disposable personal income might be about 40% higher than today.

Motor vehicle registrations now total about 45 million. With dis-
posable income up 40% we esti-
mate that by 1962 there may well be over 75 million vehicles regis-
tered, an increase of more than 30%.


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The home and the automobile continue to be among the chief interests of any mid-western retailer. In 1954 volume and earnings will be higher than in 1953 in the four industries, Home Furnishings, Inc., is a part. This prediction is based on projections just completed by executives of our company concerning the greater use of consumer appliances, and the increased sales of machinery, toys, and other products. The electrical appliance industry has just completed the Four-Year Plan for the fields of home air conditioning and heating.

The consolidation of smaller units of industry into a formation of stronger companies is expected to mean that many companies are building for greater strength and efficiency, and profiting competition all along the line.

As for the metal industry of which steel is the leader, a combination of inventory liquidations, severe cuts in defense expenditures, increased production in basic industry, and reduction in business outside of the armed forces, has experienced a mildly upward curve of sales during recent months which has indications of carrying into the new year with continuing improvements.

Our company enters 1955 with a number of major programs well started which should have important influence on our business in the year to come. New programs, including the development in government defense expenditures and customers’ inventory liquidation, has been experiencing a mildly upward curve of sales during recent months which has indications of carrying into the new year with continuing improvements.

We believe the atmosphere for good business will exist in 1955 and that we make of it what we will, dependent upon the degree of careful planning, hard selling and efficient production which we apply.

John P. Stevens, Jr.
President and General Manager, Marathon Corporation
Continued from page 111

Facing the Future With Confidence

growth of the market for the Corporation's products.
By so doing we are making an important contribution to the nation and opportunity for thousands of men in this V-12,000,000-a-year example of how job opportunities in General Motors have grown, here is what has happened since 1940 —the last prewar year and a year of good business for us. In 1940, we had 233 thousand employees on our payrolls in the United States and Canada. As of today our employment totals 570 thousand, an increase of 237 thousand good jobs in only 15 years. Worldwide General Motors employment now stands at 680 thousand.

The addition of 27 thousand men and women to our General Motors payrolls in the United States and Canada in only 15 years means that technological improvements do not wipe out jobs. The impact is exactly the opposite. Technological improvements create jobs. The whole economy benefits.

Some people are now referring to a desire to return to "normal," or "automating." Do not be confused by this new word. It is just another word for the job-creating automation that has been largely responsible for the rising standard of living. It has the automobile industry and mass production have contributed so much.

We are the willing subjects of the automobile industry because it has made large capital investments for new and improved facilities—as well as for new and improved products—has increased productivity by the span of a single lifetime, to its present levels. This has become the greatest single contributor to the strength of the national economy. It has taught people an individualized means of transportation, which has made them willing to travel to other places on earth.

With progress march and will continue to insure the creation of still more new and better job opportunities. Our combined efforts can the automobile industry continue to contribute to the expansion of the nation's economic welfare.

We in General Motors will continue to make our maximum contributions. I am sure others are determined to do likewise.

EATON MANUFACTURING COMPANY

The list of customers which Eaton has been privileged to serve for more than 40 years includes the most respected names in practically every basic industry with volume production. To have served them is in itself a testimony to the caliber of products which Eaton makes and to this Company's standing as a dependable source of supply.

Today among the products which Eaton furnishes industry are numerous and wide and components, automotive; heating ventilating systems, automotive air-conditioning units; leaf springs, coil springs and spring wire forms; stampings; permanent mold gray iron castings; rotor pumps; fastening devices, cold drawn steel and brass, lined ball valves, hydraulic hose, hydraulic valve lifters and valve seat inserts; jet engine parts; Dynamic motors, brakes and dynamometers, electronic controls.

General Offices: CLEVELAND TO OHIO

PLANTS: CLEVELAND • MARION • MASSILLON • OHIO • BAKERSFIELD • DETROIT • MARSHALL • SAGINAW • VASSAR, MICHIGAN • KINOSA, WISCONSIN

PLANTS OPERATED BY SUBSIDIARY COMPANIES:

Lockawanna, New York • London, Ontario, Canada

Eaton Lerner Markets Stock Offered at S&G a Share

A new issue of 50,000 shares of class A common stock (par $1) of Lerner Markets, Inc. (a Pepsysylvana corporation) has been offered by Philadelphia Securities Co., members Philadelphia-Baltimore Stock Exchange on January 13 at S&G per share.

The proceeds from this financing will be added to working capital and provide for expansion and acquisition of additional markets. Tentative plans call for additional retail units to be added during 1955.

Lerner Markets, Inc. presently operates three food markets in suburban Philadelphia—in Plymouth Valley, Hatboro and Lafayette Hills. The company's policy involves the planning and laying out of medium sized food markets, considerably larger than the average neighborhood grocery store, yet somewhat smaller than the giant supermarkets.

With Investors Planning

(Special to The Financial Chronicle)


Commercial State Bank

and Trust Company of New York

formerly Modern Industrial Bank

STATEMENT OF CONDITION December 31, 1954

RESOURCES
Cash on Hand and Due from Banks $11,652,325.57
U.S. Government Securities 19,295,876.17
Other Bonds and Securities 509,890.00
Lais and Documents 417,656.93
Accrued Interest Receivable 151,573.00
Customers' Liability for Letters of Credit and Acceptances 226,673.41
Furniture, Fixtures and Improvements 547,717.79
Other Assets 50,313.90

LIABILITIES
Deposits $17,141,260.53
Unearned Discount 718,510.29
Liability for Letters of Credit and Acceptances 226,673.41
Reserved for Taxes and Interest 378,297.91
Other Liabilities 319,069.80
Capital Funds:
Capital Stock $1,654,000.00
Reserves 2,500,000.00
Surplus and Undivided Profits 1,228,592.28

$19,981,027.27

000,000

$73,119.15

5,509,348.00

7,151,681.27

Offices
MANHATTAN
316 Fifth Avenue 1400 Broadway
528 Broadway 220 Madison Avenue
BRONX
323 East 19th Street
BROOKLYN
3574 Pitkin Avenue 315 Broadway

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION
Food Mart Common Stock at $10.50 a Sh.

Shearson, Hammill & Co. and associates yesterday (Jan. 19) offered 180,000 shares of Food Mart, Inc., common stock (par value $2) at $10.50 a share. Of the total, 50,000 shares are being sold by the company and the remaining 130,000 shares for the account of controlling stockholders who will retain holdings of 100,000 shares, or about 36% of the 280,000 shares to be outstanding upon completion of the sale.

Net proceeds to the company from the sale of its 50,000 shares will be used with other funds to redeem all of the $400,000 principal amount of subordinated income debentures now outstanding and to purchase the capital stock of Del Norte Frozen Foods, Inc.

Food Mart, Inc., operates a chain of 20 retail food and grocery stores in western Texas and southern New Mexico, of which twelve are in El Paso and the remainder within 220 miles of El Paso. All of the stores have grocery, produce, meat and non-food departments and, except for the most departments in five small stores, are self service operations. Sales are made on a cash and carry basis.

In the four year period covering the fiscal years 1951-1954, net sales increased from $9,476,025 to $15,883,866. For the six months ended Sept. 25, 1954 sales were $8,228,028 and net income $153,694.

Continued from page 8

Dealer-Broker investment Recommendations & Literature

Delaware, Lackawanna & Western—Analysis—J. R. Williston, New York, N. Y.


General Electric—Analysis—Cohen, 1 Wall Street, New York 5, N. Y.

General Electric—Analysis—Cohen, 1 Wall Street, New York 5, N. Y.

General Electric—Analysis—Cohen, 1 Wall Street, New York 5, N. Y.

General Electric—Analysis—Cohen, 1 Wall Street, New York 5, N. Y.

Hertz Mechanical—Analysis—Cohen, 1 Wall Street, New York 5, N. Y.

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


Manning, Maxwell & Moore, Inc.—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y.

Missouri Pacific Railroad Co.—Review—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.


National Uranium—Data—Treden & Co., Inc., 149 Broadway, New York 6, N. Y.

Opelka Manufacturing Corp.—Memorandum—Giere, Forgan & Co., 125 South La Salle Street, Chicago 3, Ill.

Pittsburgh Coke & Chemical Company—Analysis in current issue of "Earnings"—Francis J. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is a list of 40 selected companies which should earn more in 1955. In the current issue of "Market Pointers" are selected lists of stocks and industries which appear to have interesting potentials.

Puerto Rico Water Resources Authority Electric Revenue Bonds—Descriptive circular—Ina Haupt & Co.,111 Broadway, New York 6, N. Y.

River Brand Rice Mills—Memorandum—Stauffer, Pierce & Co., Mercantile Bank Building, Dallas 1, Tex. Also available is a memorandum on Southwestern Electric Service Co.


Sibley Corporation—Bulletin—W. Keyser Manly, 11 West 42nd Street, New York 36, N. Y.


Steel Products Engineering Company—Analysis—Sinclair, Buck & Maccle, Inc., 40 Exchange Place, New York 5, N. Y.

Sun Ray Oil Corp.—Memorandum—Eastman, Dillon & Co., 13 Broadway, New York 6, N. Y.

Union Chemical & Material Corp.—Memorandum—Hirsh & Co., 25 Broadway, New York 4, N. Y.

United Merchants & Manufacturers—Analysis—Lairet, Bisell & Meads, 129 Broadway, New York 5, N. Y.


CONSOLIDATED DIESEL ELECTRIC STK. OFFERED

Precise hands, sensitive hands, practical hands, capable hands — the spirit of Raytheon is expressed in the cooperation of skillful hands.

In research, production, accounting, supervision, management and sales, willing hands have worked to make Raytheon the largest electronics company in Massachusetts — a leader in the nation.

For the more than 18,000 men and women who see their handiwork supplying consumer, industry and government with new and finer electronic products there is a deep sense of pride in the increasing utility and consistent growth of the whole Raytheon organization.
The Real Issue

"In a world of wars, crimes, famines, and sub¬
jections of people to unprincipled dictatorships,
temporary periods of business slump are not the
worst peril to which men are exposed. A tempo¬
rary period of slump gives a businessman reason
to consider what is wrong with his price, product,
and manufacturing process; it gives the employee
left off an opportunity to reconsider his place and
type of occupation, accommodating the shift of
market forces and machinery toward products
that people collectively want most to have. There
can be little progress in an economy where employers
and employees lack the will and necessity to accom¬
modate themselves to what the consumer wants.

"The issue is not whether we can have economic
progress. The issue is whether, by the means we
choose, we will make fundamental adjustments that
will motivate or hinder the adjustments of the produc¬
tive and distributive mechanism to the wants of the
people, and foster or destroy the balancing of com¬
petitive forces that can give a soundly expanding
economy, based on a reliable currency and a sus¬
tained flow of new savings for investment."—The
National City Bank of New York.

Yes! Such is the real issue. If only more of us
realized this fact!
Continued from page 115

mission and distribution lines which carry electricity to consumers.

An idea of the complexity and importance of their task may be found in considering the fact that, 25 years ago, the number of electric customers was little more than 500,000—less than one-fifth the amount used today. In 1934, residen-
tial customers of Wisconsin Electric Power System used more than 2,262,000 kilowatt hours per customer.

During the past 25 years, the growth in population of electric utilities has been staggering. For example, in 1919 there were approximately 1,600,000 refrigerators in American homes. By 1934, the figure had jumped to 39,507,000. The same is true of washing machines and vacuum cleaners quadrupled. In the past decade, a host of new appliances have found wide popularity, including television, steam iron, air-conditioning, electric cooking, dishwashers and garbage disposers, clothes dryers, freezers, and room air condi-
tioners.

Similar rates of increase are to be found in industry where electric motors and electric heat have helped America to out-produce the world—and on the farm, where electrical appliances have brought all of the comforts of city life to the country homes and where electricity makes it possible for the farmer to use some of the pro-
duction-line techniques of industry to make farming easier and more profitable.

The development of an electric utility has no

sire-fire crystal ball, it is important to the economic progress of the area served and to the interests of many stockholders in it. Engineers must solve the difficult problems of determining the rate of increased use with

presently known electrical appliances and equipment—

as well as to predict what new and unknown services will require electricity tomorrow.

We believe in the future of the electrical industry and have based our long-range expansion program on the conviction that the electric utility will continue to present itself for those who are ready to take advantage of

them.

B. S. VANSTONE
President, The Bank of Toronto, Canada

Canada's economy is largely affected by the sale of natural resources and partially processed products and the degree of our prosperity depends on our success in this field. Looking ahead in 1935 the factors which affect factors that are now seem more propo-
tions than at this time a year ago.

The demand for forest products is outlook for the textile and appliance industries is still not bright. Neither is that of the farm machinery industry although a trend towards increasing exports, if well exploited, may be expected. The demand for minerals and metals has moderately improved. In Europe and other areas is finding re-

flections from the increased demand for manufactured goods of which we still have generous supplies in the hands of pro-
ducers, and with the con-

sumption of production of iron ore from Labrador-Quebec. This and the aluminum from Kootenay, substantial new income should ac-
come.

In the domestic field, where there would seem to be some prospective decrease in industrial and commercial construction, there is little evidence of any falling off in demand for hous-
ing, and that segment of construction would seem to be headed for another good year.

Manufacturing prospects seem sanguine. The outlook for the textile and appliance industries is still not bright. Neither is that of the farm machinery industry although a trend towards increasing exports, if well exploited, may be expected. The demand for minerals and metals has moderately improved. In Europe and other areas is finding re-

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come.
ensured a favorable climate for our economy. A favorable climate means expanded productivity, expanded Gross National Product, expanded employment, sound labor management conditions and equitable tax administration.

On the foreign scene, while there are numerous danger spots, notably in Southeast Asia, the outlook is encouraging. In Western Europe, we are arriving at approximate equilibrium—uneasily but nevertheless more reassuring than before—with the forces of Communism. To maintain the East-West equilibrium, U.S. defense spending must continue high if we are to deter the Soviets from all-out and/or Lenin local aggression.

Meanwhile, new political-economic frontier of cooperation are opening in our own backyard. I.e., in the Western Hemisphere, thanks to private investment and credit through the World Bank and Export Import Bank; and we hope soon, thanks to the proposed new International Finance Corporation.

Here at home, one of the most important things which I think Congress can do is to stimulate United States business research, particularly with respect to new industries like atomic energy, electronics, ultrasonics, new concepts and processes like automation, which hold tremendous promise for American growth.

Right now, Uncle Sam is spending at the rate of $2 billion a year in research. I think that America—publicly and privately—could profitably spend still more through all types of expert channels for civilian-type developments, (let alone for vital military needs in such fields as fission, fusion, guided missiles, etc.).

Great industries like chemicals and petro-chemicals have profited tremendously, thanks in major part to research. There is every evidence that if we intensify scientific and inventive technology, we could develop new types of goods and services in our country, and help further raise the standard of living. I believe that our tax laws should therefore be re-arranged from the standpoint of how best to stimulate further research.

Similarly, our tax laws should be liberalized so as to encourage overseas investment—thus serving to help relieve the Federal Government particularly in view of our unbalanced budget.

Above all, we must maintain in this country a psychology of faith. That is true of the Executive Branch (where our great President fortunately demonstrates this sound quality). It should be true in the halls of Congress, in the stock market, and in every avenue of American life.

I am not suggesting a blind faith, wearing rose-colored glasses which blot out danger signals. Rather, I am asking for the type of forward looking, realistic optimism which has made Americans great. We need faith in ourselves, faith in our free enterprise system, faith in our leaders, faith in our Allies, and faith in our Creator.

Unfortunately, there are some people who seem to prefer to spread fear and gloom, to re-awaken mass unemployment and other grim memories of 1929 and the early 30's. While none of us should forget the lessons of the past, we must not permit the dead past to enslave us or to paralyze us and stunt our growth.

Nineteen hundred and fifty-five will be another boom year for America and I believe for the free world. There definitely need be no bust and will be no bust, provided we exercise common sense, judgment, imagination and faith.

F. K. ZIMMERMAN
President, Lynch Corporation

Along with most other manufacturers of capital equipment, Lynch Corporation goes into 1955 with a backlog considerably below that of recent New Years' Days. The situation here at the beginning of the year thus presents some different problems, indicates necessity for new approaches to these problems, but does not imply a recession of either volume of business or profits. The 1955 situation does imply the necessity for new vitality and ingenuity in the department of sales, production, purchasing, and research of practically every capital equipment manufacturing concern.

There is universal acceptance of the prediction that while 1954 saw increasing competition in the sale of consumers goods and consumer durable items, 1955 is going to be really rough. Sales will be made, because there are many dollars in savings accounts and personal income is at an all-time high. But price will play an increasingly important part as to who will do the selling. The next most important factor will be novelty—what is new or different or more advantageous to the buyer. In helping his customers in both price and novelty competition, the capital equipment manufacturer can carve himself a prosperous year in 1955.

This year the sales department must exhibit its imagination. Customer A bought a packaging machine in 1948. It's not a "path of least resistance" procedure which was followed during the slack days. To summarize, those of us in the capital equipment field have a great opportunity in 1955 to provide manufacturers with superior production machinery if we, through research, development, and efficient production, can furnish money-saving devices at reasonable cost.
GROSS SALES of Television Electronic Products of Cor. F. C. calendar year amounted to $29,204,118, a 239.5% increase over the sales of $8,016,087 in 1953.

Sales combined with market appreciation of the securities in the portfolio gave the fund an increase of $10,843,642 in assets last year, to raise the total to an all-time high of $72,679,616 on Dec. 31, 1954, compared with total net assets of $52,883,374 a year previously.

Net asset value per share at the close of 1954 was $10.62, compared with $9.78 a share at the close of 1953. Redemptions of shares during the calendar year amounted to $3,126,313, equal to 13.9% of sales or about 7% of average assets.

INCORPORATED INVESTORS

A mutual fund with a diversified portfolio of securities selected for lease, purchase, or sale, has the advantage of capital and income.

Prospects may be obtained from investment dealers or

THE PARKER CORPORATION
200 Berkeley St., Boston, Mass.

INVEST in ATOMIC SCIENCE through a MUTUAL FUND.

ATOMIC DEVELOPMENT MUTUAL FUND, Inc. is designed to provide

a managed investment in a variety of companies participating in activities resulting from Atomic Science.

LET THE FACTS AND FIGURES SPEAK

ATOMIC DEVELOPMENT SECURITIES CO.
1650 Tenth Avenue, N.W.
WASHINGTON 7, D.C.

DIVIDEND SHARES

is a mutual investment fund offering investment in a diversified list of com-

pany stocks selected for their dividend quality and income possibilities.

Look for a new crop of the health asset

by mailing this advertisement to

CALVIN BULLOCK
Established 1924
ONE WALL STREET, NEW YORK 5, N.Y.

The Commercial and Financial Chronicle - Thursday, January 20, 1955

Mutual Funds

By ROBERT E. RICH

Record Year Reported for Mutual Funds

One hundred and fifteen mutual funds, in 1954, racked up record total assets, record gross sales and record repurchases, with total net assets in excess of $38,109,200. The number of net sales in 1952, a year in which gross sales were lower but a year in which repurchases were much lower.

Total assets for the 115 mutual funds were $61,109,200 on Dec. 31, 1954, the National Association of Investment Companies reported, compared with $52,883,374 in 1953, a record net in-
crease for any year to date, and as a result of increased institu-
tional and public interest in equities, increased recognition of mutual funds as a prime investment device, and a strongly rising market which swelled the value of the funds' underlying secu-
rities.

Gross sales for 1954 were $862,817,009 compared with $627,005,009 in 1953 and $527,649,000 in 1952, a record net in-
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tional and public interest in equities, increased recognition of mutual funds as a prime investment device, and a strongly rising market which swelled the value of the funds' underlying secu-
rities.

Since 1953, 325,000 shares of stock were sold at a price of $45,000 per share, as against 17,781 in the previous three months.

OPEN-END COMPANY STATISTICS—DECEMBER 31, 1954

115 OPEN-END FUNDS

(in 1954, dollar volume; in 1953, dollar volume

Dec. 31, 54

Nov. 26, 53

Dec. 31, 52

Net Total Assets...

$5,109,200

$5,614,609

$5,164,000

Sales of Shares...

110,360

109,312

108,709

Redemptions...

35,005

31,836

29,799

Purchases and Sales of Portfolio Securities...

December

November

Fourth Quarter

Second Quarter

1954

1953

1954

1953

1954

1953

Purchases

157,048

152,785

21,000

25,000

21,000

15,000

Sales

121,430

114,080

20,500

20,500

20,500

20,500

Heldings of Cash, U. S. Government Securities and Short-Term Bonds...

December

November

Fourth Quarter

Second Quarter

1954

1953

1954

1953

1954

1953

From:

Investment Income...

$56,846

$49,657

$200,102

$173,645

Security Guard...

9,177

8,962

10,512

10,299

Other Sources...

311

586

3,170

3,234

Total...

$138,924

$118,453

$330,871

$273,640

Number of Accumulation Plans Opened...

Month of Opening

March...

April...

May...

June...

July...

August...

September...

October...

November...

December...

1955...

December...

1954...

3,602

7,300

20,462

6,082

17,781

7,462 (est.)

LORD, ABBEY & CO.

New York — Chicago — Atlanta — Los Angeles

Mutual Fund Shares

A Common Stock Investment Fund

with investment objectives of this Fund: Long-Term Growth with Income for its shareholders.

Prospectus upon request

NATIONAL SECURITIES & RESEARCH CORPORATION

120 Broadway, New York 5, N. Y.
Atomic Fund Head Predicts

A Doubled Atomic Industry in '55

During the year 1955, Newton F. Steers, Jr., President of Atomic Development Mutual Fund, predicted that the minimum size of the privately financed atomic industry could be expected to exceed $540,000,000. This figure is to be contrasted with the figure of $450,000,000 which was presented to the Joint Committee on Atomic Energy, U. S. Congress, on May 11, 1954. Mr. Steers broke down the $400,000,000 figure as follows:

- Uranium mining and processing $150,000,000
- Manufacture of radiation equipment (e.g., radiotopes) $40,000,000
- Specialized equipment supply $20,000,000

The uranium figure is based in part upon the statement by the AEC's Director of Raw Materials to the effect that the domestic industry is running at the rate of $100,000,000 annually and may be expected to double that figure by early 1956.

Indicative of the U. S. expansion is the fact that the AEC has awarded a series of contracts calling for expansions of the uranium processing plants in the Colorado Plateau and at St. Louis, Mo., and at Parachute, Colo., totalizing more than $75,000,000. It is known that Canadian uranium production has kept pace with U. S. production and that South African production will soon become one of the three major areas. The University of California has kept pace with U. S. production and is expected to contribute to the increase. The primary source, it is seen that $200,000,000 figure for each of the three major areas. U. S. (Canada and Africa) is reasonable.

Mr. Steers observed that the trend will be buttressed, he noted, by dollar value relationships between the uranium, beryllium and zirconium, all of which have been greatly influenced by their atomic application.

In a review of atomic energy industrial development during the past year, Mr. Steers outlined the following 1955 features:

- The trend of reector development continued in both the pressurized heavy water reactor and the boiling water reactor, each showing great activity in the field of concept.
- By the end of the year, there should be at least two prototype reectors in existence, one in the U. S. and one outside the U. S., with two more expected to be functioning in commercial plants.
- By the end of 1956, there should be a U. S. commercial plant in operation.
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The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

<table>
<thead>
<tr>
<th>BANK DEBITS—BOARDS OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—Month of December (in thousands)</th>
<th>Latest</th>
<th>Month</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$186,315,000</td>
<td>$186,496,000</td>
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<td></td>
</tr>
</tbody>
</table>

BANKERS’ DOLLAR ACCEPTANCES OUTSTANDING—STANDBY CREDIT, Commercial Banks, New York—As of Dec. 31:

- Domestic acceptances
- Acceptances cleared
- Domestic acceptances cleared
- Other acceptances
- Other acceptances cleared
- Total

$235,284,000 | $217,615,000 | $277,830,000

$182,234,000 | $169,284,000 | $151,306,000

$10,000,000 | $8,600,000 | $14,620,000

$95,589,000 | $54,389,000 | $49,493,000

$4,855,000 | $5,037,000 | $6,582,000

$3,417,000 | $3,381,000 | $3,156,000

$2,457,000 | $2,016,000 | $1,340,000

$1,251,000 | $1,050,000 | $1,042,000

$6,960,000 | $5,000,000 | $7,000,000

$117,954,000 | $111,584,000 | $114,384,000

$67,547,000 | $58,847,000 | $64,284,000

$27,723,000 | $22,684,000 | $25,464,000

$15,906,000 | $14,006,000 | $15,464,000

$10,966,000 | $9,006,000 | $9,464,000

$8,500,000 | $6,500,000 | $7,500,000

$2,347,000 | $2,017,000 | $2,047,000

$1,000,000 | $1,000,000 | $1,000,000

$950,000 | $950,000 | $950,000

$400,000 | $400,000 | $400,000

$200,000 | $200,000 | $200,000

$100,000 | $100,000 | $100,000

$50,000 | $50,000 | $50,000

$25,000 | $25,000 | $25,000

$10,000 | $10,000 | $10,000

$5,000 | $5,000 | $5,000

$2,000 | $2,000 | $2,000

$1,000 | $1,000 | $1,000

$500 | $500 | $500

$250 | $250 | $250

$100 | $100 | $100

$50 | $50 | $50

$25 | $25 | $25

$10 | $10 | $10

$5 | $5 | $5

$2 | $2 | $2

$1 | $1 | $1

$0.50 | $0.50 | $0.50

$0.25 | $0.25 | $0.25

$0.10 | $0.10 | $0.10

$0.05 | $0.05 | $0.05

$0.02 | $0.02 | $0.02

$0.01 | $0.01 | $0.01
### Securities Now in Registration

**Indicates Additions or Price Changes**

- **Items Revised**

<table>
<thead>
<tr>
<th>Date</th>
<th>Company</th>
<th>Type of Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 20</td>
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**Footnote:** Prices in effect as of February 3, 1954.
Continued from page 121
offered in units of one share of each class of stock. Price—At per ($1 share of common stock).—For additional information, Office—58 East 22nd St., New York, N. Y. Underwriter—None.

Circle Air Industries, Inc. Nov. 29 (letter of notification) 299,000 shares of common stock, par $50. Price—For further information, see Letter of notification. Underwriter—None.

Colonial Acceptance Corp. Dec. 29 filed $2,500,000 of 6% junior subordinated sinking fund debentures due Dec. 1, 1968, of which $1,250,000 principal amount will be offered in exchange for 90,000 shares of common stock. Price—For further information, see Letter of notification. Underwriter—Allen E. Becker & Co., Philadelphia, Pa. Underwriter—None.


Constellation Uranium Corp., Denver, Colo. Oct. 11 (letter of notification) 1,000,000 shares of common stock, par $1. Price—At per (one cent per share). Proceeds—$1 per share. Proceeds—For exploration and development program. Underwriter—None.

Consumers Power Co. Dec. 7 (letter of notification) 500,000 shares of common stock, par $1. Price—At market (estimated at $18 per share). Proceeds—For construction and development program. Underwriter—None.


Chesapeake Industries, Inc. Oct. 15 filed 960,204 shares of common stock (par $1) and 180,000 warrants (par $10) in exchange for preferred and common shares of Home & Foreign Securities Corp. and Oils & Allied Products Co. Underwriter—J. W. Barlow & Co., Portland, Ore. Intertionalent Holdings, Ltd. and Intercontinent Petroleum Corp. Underwriter—J. W. Barlow & Co. Proceeds—are subject to deposit of not less than 90% of the stock of the first three companies mentioned above. Office—will offer on Jan. 27.

Chesapeake & Atlantic Telephone Co. of Baltimore (2/1) Jan. 2 filed 371,000 shares of common stock ($10 par, 371,000 warrants (par $10) and 25,000 shares of 4% cumulative preferred stock). Price—At market (estimated at $34 per share). Proceeds—For construction purposes. Underwriter—Fitch, Duff & Co., New York. Underwriter—None.


Chesapeake & Atlantic Telephone Co. of Virginia Mar. 7, 1965, filed 1,230,000 shares of common stock ($10 par, 1,230,000 warrants (par $10) and 60,000 shares of 4% cumulative preferred stock). Price—At market (estimated at $34 per share). Proceeds—For construction purposes. Underwriter—Fitch, Duff & Co., New York. Underwriter—None.

Cuba (Republic of) Jan. 27 filed 1,000,000 shares of common stock. Price—At per ($100 per share). Office—Room 606, 1157 K St., N.W., Washington, D. C. Underwriter—None.

Cuba (Republic of) Jan. 10 filed 1,000,000 shares of common stock. Price—At per ($100 per share). Office—Room 606, 1157 K St., N.W., Washington, D. C. Underwriter—None.

Cuba (Republic of) Feb. 11 filed 1,000,000 shares of common stock. Price—At per ($100 per share). Office—Room 606, 1157 K St., N.W., Washington, D. C. Underwriter—None.

Cuba (Republic of) Dec. 12 (letter of notification) 4,775 shares of common stock (no par) to be offered for subscription by stockholders. Price—$50 per share. Proceeds—For property additions. Office—56 East Main St., Chillicothe, Ohio. Underwriter—None.


Desert Uranium Co., Salt Lake City, Utah Oct. 18 (letter of notification) 2,000,000 shares of common stock (par $1). Price—$10 per share. Proceeds—For exploration and development purposes. Underwriter—Risograph Co., Denver, Col. Underwriter—None.
tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N.Y., but has been postponed.

Gusie’s—Burman’s, Oct. 23 (letter of notification) 25,000,000 shares of capital stock—$1 par each share. Proceeds—For exploration and development expenses. Office—38 West Broadway, Salt Lake City, Utah. Underwriter—Gusie’s, Salt Lake City, Utah.


Lake Lauzon Mines, Ltd., Toronto, Canada Oct. 19, 400,000 shares of common stock (par $1 Canadian), of which 500,000 shares are to be offered to holders and holders of 100 shares of its 1,000 shares of 7 1/2% convertible debentures due 1950. Proceeds—For additional working capital and development of properties. Underwriter—Tellier & Co., New York.


Mid-Continent Uranium Corp. (1/24-28) Nov. 14 filed 5,000,000 shares of common stock, par $1. Proceeds—For development of the Mid-Continent mining operation to increase the company’s working capital and unexploited properties. Underwriter—Tellier & Co., New York.


Merrill—Cannon Co., Salt Lake City, Utah, Nov. 14 filed 403,002 shares of 4% cumulative preferred stock (par $100), to be held by the holders of record Jan. 1, 1955, on the basis of one preferred for each 18 shares of common stock held. Rights will expire on Feb. 28, 1957, and no present dividends are declared. Proceeds—For investment in additional capital and general working capital of the corporation, for the purpose of business and other corporate purposes. Underwriter—Tellier & Co., New York.

Merrill—Cannon Co., Salt Lake City, Utah, Nov. 14 filed 403,002 shares of 4% cumulative preferred stock (par $100), to be held by the holders of record Jan. 1, 1955, on the basis of one preferred for each 18 shares of common stock held. Rights will expire on Feb. 28, 1957, and no present dividends are declared. Proceeds—For investment in additional capital and general working capital of the corporation, for the purpose of business and other corporate purposes. Underwriter—Tellier & Co., New York.

Merrill-Richardson Corp., Salt Lake City, Utah, Nov. 14 filed 403,002 shares of 4% cumulative preferred stock (par $100), to be held by the holders of record Jan. 1, 1955, on the basis of one preferred for each 18 shares of common stock held. Rights will expire on Feb. 28, 1957, and no present dividends are declared. Proceeds—For investment in additional capital and general working capital of the corporation, for the purpose of business and other corporate purposes. Underwriter—Tellier & Co., New York.

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3. Pipeline Construction

Pipelines—To be constructed by the Company. Underwriter—Reynolds & Co., Cincinnati, Ohio.

4. Commercial Paper


5. Corporation Stock


6. Bank Deposits


7. Preferred Stock


8. Common Stock


9. Bond Issue


10. Preferred Debenture Stock


11. Common Debenture Stock


12. Preferred Capital Stock


13. Common Capital Stock


14. Preferred Debt

Theatrical Subsidiaries, Inc.
Jan. 4 (letter of notification) 125,000 shares of common stock (par $1) for construction costs. Proceeds—For working capital, etc. Office—588 Madison Ave., New York, N. Y. Underwriter—Jay W. Kaufmann & Co., same city.

Thunderbird Uranium Co., Reno, Nev.

T. M. T. Trailer Ferry, Inc.
Nov. 29 letter of notification is filed, for 25,000 of 5½% convertible debentures due Dec. 1, 1969, and 25,000 shares of preferred stock to be offered in units of $100 of debentures and 10 shares of preferred stock per unit. Proceeds—To purchase equipment to retire stockholders’ notes (8½%). Office—701 E. 5th St., Salt Lake City, Utah. Underwriter—Arthur K. Stowell & Co., Seattle, Wash.

Top Notch Uranium & Mining Corp.

Trans-Continental Uranium Corp.

Turk Property Co.
Nov. 12 filed $2,334,000 of common stock (par $10) at $25 per share. Proceeds—To retire preferred stock (par $10) to be offered in units of 100 shares of common stock and 10 shares of preferred stock per unit. Proceeds—To purchase equipment and build plant. Office—Salt Lake City, Utah. Underwriter—Goodbody & Co., New York, N. Y.

Utah Uranium, Inc., Salt Lake City, Utah.

Universal Petroleum Exploration Corp.

Urnaboin, Inc., Salt Lake City, Utah
Apr. 3 letter of notification is filed, for 1,000,000 shares of common stock (par $2). Proceeds—For exploration and development expenses. Office—506 Kerns Bldg., Salt Lake City, Utah. Underwriter—Austin B. Smith Brokerage Co., same city.

Wallace Development Co., Wallace, Idaho
Nov. 16 (letter of notification) 1,000,000 shares of common stock (par $2). Proceeds—For core drilling program upon two groups of claims. Address—P. O. Box 220, Wallace, Idaho. Underwriter—Wallace Brokerage Co., same city.

Uranium Oil & Gas Co., Reno, Nev.

Utah Uranium Corp., Las Vegas, Nev.

Vulcan-Uranium Mines Ltd., Wallace, Idaho

Wenger Copper Mines, Inc., N. Y.
Nov. 18 (Regulation "D") 900,000 shares of common stock (par $1). Underwriter—For general corporate purposes. Proceeds—To establish sales and service network. Office—E. B. Stover Co., 211 Madison Ave., New York, N. Y.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1965 filed $29,000,000 12-year 6% debentures due Dec. 15, 1985, and 300,000 shares of common stock (par $50) to be offered in units of one $500 par unit and one share of common stock. Proceeds—To be supplied by amendment. Proceeds—To use additional common shares after sale of $29,000,000 of debentures and $300,000 of common stock. Price—Proceeds—To use additional common shares after sale of $29,000,000 of debentures and $300,000 of common stock. Office—Postponed indefinitely.

Western Plains Oil & Gas Co., Inc., Ariz.
Dec. 19 letter of notification is filed, for $3,000,000 of common stock (par $15). Underwriter—For exploration and development operations. Price—Proceeds—To convert and equip plant and to pay manufacturing costs of stock. Office—Postponed indefinitely.

Western United Mining Corp., Salt Lake City, Utah.

Wynn Pharmaceutical Corp.
Dec. 8 letter of notification is filed, for 2,000,000 shares of common stock (par $10). Proceeds—For production, development and sale of company’s products, working capital, etc. Office—3191 St. Louis St., Philadelphia, Pa. Underwriter—Charles A. Taggart & Co., Salt Lake City.

Wyoming Uranium Corp., Salt Lake City, Utah

Prospective Offerings

Air-Way Electric Appliance Corp.
Dec. 6 director’s approval is granted to increase the authorized common stock (par $3) from 400,000 shares to 1,000,000 shares for the purpose of increasing the capitalization of the company to carry a dividend rate of not exceeding 5%, with the par value of the common stock being subject to approval of the stockholders. Underwriter—S. A. Dedrick Co., Detroit, Mich.

Alabama Power Co. (5%)
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Carroll, Carlson, and Wigmore

Bankers Offer New England Power Bds.
A group comprising Kuhn, Loeb & Co.; Glor, Forgan & Co. (offering—

BOND TRADERS CLUB OF CHICAGO
A record attendance of the majority of 290 members and 190
town-out guests is expected at the annual dinner of the Bond
Traders Club. The Executive Council of The National Security Traders
Association is to meet on December 21st, 1:00 p.m., for the purpose of
Publicity, William O. Connor, Shelly Colman & Co.,

SECURITY TRADERS ASSOCIATION OF NEW YORK
An informal meeting of the Board of Directors of the Security
Traders Association of New York has announced the following


NATIONAL SECURITY TRADERS ASSOCIATION, INC.
Meeting of the representatives of the National Security Traders
Association on Monday, January 24, 1955, at 10 a.m., at the Hotel Sherman in Chicago. This is an open meeting

prices receding from 101.9440 par, plus accrued interest in each case.

New England Power Co. stock

New England Power Co., a Massachusetts corporation, is

New England Power Co., the Connecticut River Group, for the year 1953, showed total revenues of $86,677, and combined net income of $26,604. For the 12 months ended Oct. 31, 1954, combined gross operating revenues were $54,739, and combined net in-

Continued from page 119
Mutual Funds
reports that continuous public offering of its shares is now being made in Canada by all the parts of the country who are organized by Vance, Sanders & Co., the principal underwriter.
The objective of Canada General Fund is to seek to long-term growth of principal and income, through the resources and industry of Canada, using the proceeds to purchase Canadian stocks, and through reinvestment of all net earnings at low tax cost.

Commenting on the action of the company, a spokesman said that it has become a completely open-end mutual investment company, the first of its kind to be registered in that country.

The total assets of all the funds for 1954 amounted to $35,250,177, compared with $28,880,092 for 1953. At the close of 1954 there were approximately $19,445,960.

Net assets of United Corrective Fund at the end of the year were $48,007,245, equal to $10.16 a share, compared with $30.28,183,870, a year earlier.

Net assets of United Corrective Fund were $32,952,903, equal to $8.82 a share, compared with $11,408,592, a year earlier.

NET TOTAL assets of three mutual funds managed by Investors
Diversified Fund, Inc., were $71,110,009, more than $873,000,000 during

As of Dec. 31, 1954, combined total net assets of the three funds, Investors Stock Fund, Inc., and Investors Selective Fund, Inc., were $336,271,220 as compared with $352,987,330 at the close of the year. A total of 218,767 investor owned shares in the three funds at the closed of the year. A total of 218,767 investor owned shares in the three funds held by 9,500 shareholders over the 190,200 reported at the end of the year.

Net assets of Investors Mutual increased $272,592,217, or 51.38%, from $35,004,170 at the close of the year.

Investors Stock Fund, Inc., reported that during the past year its assets increased 1.82%, from $267,370,398 as of Dec. 31, 1953.

Total assets increased more than $3,428,000,000 from $13,052,000,000 as of Dec. 31, 1953, to $16,472,000,000 at the close of 1954, compared with a gain of about $141,000,000 in 1953. Sales gained 1,436,091,000,

and the Connecticut River Group, for the year 1953, showed total revenues of $86,677, and combined net income of $26,604. For the 12 months ended Oct. 31, 1954, combined gross operating revenues were $54,739, and combined net income was $26,381,279.

With Merrill Lynch, FT. WAYNE, Ind.—Gordon D. Nelson is now associated with Merrill Lynch, Pierce, Fenner & Beane 229 West Bridge Street.

Charles A. Day Adds
BOSTON, Mass.—Richard W. Chas. A. Day & Co., Inc., Wash¬
Table of Directors of Central and South West Corporation at its most recent meeting on May 15, 1955, declared a regular quarterly divi¬

With Merrill Lynch, Pierce, Fenner & Beane 229 West Bridge Street.

munity’s Cigarettes

With Merrill Lynch, Pierce, Fenner & Beane 229 West Bridge Street.

R. Y. REYNOLDS TOBACCO COMPANY


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Washington...and You

plain that the forthcoming "in-
vestigation" of the securities
market is a "study" and actual-
y will not be an investigation.

The new Chairman of the
Banking Committee is soft-
spoken and reasonable in his
questioning. There is none of
the when did you stop robbing
your grandmother approach in
his in questioning. In that sense
he is a Liberal as the term has
been understood for some three
centuries.

It is partly because of this
ancient Liberalism that Senator
Fullbright came to be one of the
two or three outstanding en-
enemies of Senator Joe McCarthy.

However, he believes Con-
troversial inquiries should have
limited objectives, such as
showing the need for changing
the present RFC's management.
It has been reported to this cor-
respondent by competent
sources that had the RFC in-
quiry been pursued more vigor-
ously, certain individuals one-
time prominent in the affairs of
government, might today be
benefiting from the unique form
of social security which derives
from living in Federal peniten-
ciaries.

But no, it is believed, that is
not the attitude of the Senator
from Arkansas. It is said that
he would leave properly to the
courts the determination of guilt
and punishing of wrongdoing.

We are Proud of the Markets We Make

and

Proud of our Wire Correspondents

New York    Eastman, Dillon & Company
Dallas    Rauscher, Pierce & Company
Chicago    First Securities Co.
San Francisco    J. Barth & Co.
Lexington    The Kentucky Company
Nashville    Clark, Landstreek & Kirkpatrick
Louisville    The Kentucky Company
Houston    Rauscher, Pierce & Company
Kansas City    H. O. Peet & Co.
San Antonio    Rauscher, Pierce & Company
Los Angeles    J. Barth & Co.
Milwaukee    Paine, Webber, Jackson & Curtis

Check us quickly through any of the above
Correspondents

Was Maligned

Because his academic detach-
ment is often misunderstood, Senator
Fullbright has been the
butt of cruel jests. Mr. Truman,
for instance, smarting under the
suggestion that he should have
quit the White House for a Re-
publican, is said to have re-
ferred to Senator Fullbright as
"that over-educated so and so."
Senator Joe McCarthy, who is
probably a genius at insulting
his colleagues, once publicly
called him "Senator Halfbright" a
grautious jest that the Arkans-
as Senator naturally has not
forgotten.

Provide Education

So Senator Fullbright, with a
cause which is exceptional in
Congress, probably means ex-
plcitly what he says when he
indicates that the purpose of the
securities market study is as
much to educate himself and the
public as it is to turn up any-
thing. The Senator and his as-
stants believe that his ap-
proach of public education about
what has been happening on the
securities exchanges will prove
to be as welcome to the stock
 exchanges as to any one else.

Williams Assists

Mr. Williams, in a letter to the
Banking Committee's profes-
sional staff, will have a substan-
tial responsibility for the securi-
ties study. Mr. Williams also
is a professional student of gov-
ernment, or, as it is called in
academic circles, "political
science."

However, Mr. Williams has
had several years of practical
experience in the art of govern-
ments as legislative assistant to
Senator Paul H. Douglas (D.,
III.). Prior to that he taught pol-
itical science at the Illinois
Institute of Technology. He has
earned all his credits for a D.
Degree at the University of Chicago.
His thesis subject is on the control
of Federal expenditures, and is
not unrelated to the problems of
today.

Led Committee For

Collective Action

A showing of Senator Full-
bright's profile, as it were, is
incomplete without listing his
background in foreign relations.

In the early 1940's, after the
United States got into war, Sen-
ator Fullbright, than a compara-
tive youngster in the House,
proposed the "Fullbright resolu-
tion." This reflected the think-
ing of the time, which was that
if the United States had just
joined the League of Nations
and invaded Western Europe,
Germany would have been
frightened out of starting World
War II.

This resolution in a loose
sense committed the Congress to
the notion that after World War
II was won, the United States
would go into the nationalized
nations in a world or-
ganization to promote the world
peace. In other words, this res-
olution gave all the nations the
confidence that they could go
along and plan for the
organization which is now the
United Nations.

In the Senate, the resolution,
as is customary, bore the name
of the then Chairman of the
Senate Foreign Relations Com-
mitee, Senator Tom Connally
(D., Tex.). Nevertheless, at the
years have passed by, it has been
more widely known as the
"Fullbright resolution," and the
Arkansas Representative, now
Senator, is credited with lead-
ing in the making of this fore-
maintainment in foreign
policy.

When a man young in public
life acquires an outstanding
reputation for leadership in a
given field, he often tends to
hold tenaciously to this same
field in his later public life.
In this respect the totally disimi-
lar careers and personalities of
the conflicting Senators Mc-
Carthy and Fullbright are parox-
ysmally alike. Senator Mc-
Carthy has been inclined to
interest himself in little but
Communist-hunting; Senator
Fullbright in anything but
prompting collective action.

Jet Fuel Use Is Large

Figures revealed have in-
icated that the use of jet fuel by
the military is by no means in-
significant. A quantity as one
would gather from the occa-
sional flight of jets which fly
by overhead.

Last year the military bought
70 million gallons of this fuel,
compared with three million
gallons of gasoline used on
the daily basis by all armed
forces in the United States.

He Avoils Coalition Revival

There will likely be even a
semblance of the old Repub-
licans-Progressive Democratic
coalition of the Roosevelt and
Truman days this election, ex-
cept perhaps for the coverage
of minimum wages and perhaps
also on public housing, in the
views of seasoned observers.

The much over-publicized
"coalition" worked best against
the Taft-Hartley Act, fair em-
ployment and practices legislation,
and other legislation which
tended to build up submerged
groups in the South and threat-
ten the political control southern
Democratic machines had over
their bailiwicks.

Mr. Eisenhower threatens to
back Taft-Hartley Act amend-
ments but anything sweeping
will be tough going. Other than
T-H, the President specif-
ically avoided such things as
an FEPC proposal which would
drive conservative Democratic
into even an informal working
arrangement with the aban-
doned and isolated conservative
Democrats.

It looks as though the White
House, while promoting to the
minimum wage only 15 cents
or 90 cents an hour—appearing
superficially non-controversial
will, drive for a widened cov-
erate for retail and service in-
dustries—controversial issue.

(To be continued)