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EDITORIAL

As We See It

The President in his most recent Economic Report has set forth "certain basic propositions" upon which the "economic actions" and the "program for the future" of his Administration are said to rest. They deserve careful study and appraisal. Specific proposals as they come along from time to time are to be studied in light of what the President says are his basic principles, and, in turn, his "basic propositions" are to be interpreted in light of what he does from day to day and what he asks Congress to do from time to time.

These "basic propositions," in the President's own words, are:

"First, competitive markets rather than governmental directives, are as a rule the most efficient instruments for organizing production and consumption.

"Second, a free economy has great capacity to generate jobs and incomes if a feeling of confidence in the economic future is widely shared by investors, workers, businessmen, farmers and consumers.

"Third, the Federal Government creates an atmosphere favorable to economic activity when it encourages private initiative, curbs monopolistic tendencies, whether of business or labor, avoids encroachment on the private sector of the economy, and carries out as much of its own work as practicable through private enterprise.

"Fourth, the Federal Government generates confidence when it restrains tendencies toward recession or inflation, and does this by relying largely on indirect means of influencing private behavior rather than by direct controls over people, industries, and markets.

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Factors Affecting Housing Demand

By ALEXANDER L. STOTT*

Comptroller, American Telephone and Telegraph Company

A. T. & T. executive discusses background and nature of recent population growth and family formation. Sees "unsold market" for houses virtually extinct except among "individual heads of households," and holds future developments in housing will be influenced by past birth rates, life extension and growth of suburban living.

We all know that high levels of construction have been an important factor in sustaining our prosperity in the face of the slight business set-back starting in mid-1953. But recent annual reviews have posed some troublesome questions, not only about the stock market, "built-in" inflation, and the unbalanced budget, but also about possible saturation of the market for housing.

Alexander L. Stott

As you know, the demand for housing is influenced by many economic factors. But it is also influenced, and to a very great degree, by population and household formation—the subject I wish to discuss with you. I might say that population growth and household formation concern us in the telephone industry quite as much as they do those of you who are engaged in financing residential construction. First, let's see where our population stands today. The year 1954 was one of record growth in which our population increased by 2.8 million and reached a total of 164 million people. Births at nearly 4.1 million exceeded the previous high, and deaths appear to have

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*An address by Mr. Stott before the New York University Mortgage Bankers Conference, New York City, Jan. 26, 1955.

The Prospect of Atomic Power

By HON. W. STERLING COLE*

U. S. Congressman from New York

Pointing out it is one thing to have visions of atom-harnessed peacetime power and another thing to get the job done for creating such power, Congressman Cole decries the fear that the new legislation opening way to private use of atomic power is a "give away." Says it would be doing taxpayers a disservice to keep private capital out of atomic energy at the present time. Discusses question of obtaining adequate insurance against possibility of major reactor accidents, and poses question whether it may be advisable to limit liability of private companies operating power reactors. Favors repeal of the compulsory licensing features of Atomic Energy Act.

A dozen years ago, after man first achieved a self-sustaining chain reaction, it was commonly believed that useful atomic power — power which could light cities and run the wheels of factories—was a full generation away. Yet thanks to the skill, the devotion, and the sheer hard work of Larry Hafstad[1] and all those associated with him in the development of atomic power reactors, the scientific and technical work of a full generation has been accomplished in a decade. Today, we are already building our nation's first full-scale atomic power plant near Shippingsport, Pennsylvania.

W. S. Cole

Here in our own nation, atomic power will be a supplement—an increasingly important supplement—to electricity secured from conventional fuels. By the end of this century, in fact, half the new generating capacity installed each year in our nation

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*An address by Rep. Cole at the Mid-winter meeting of the New York State Bankers Association, New York City, Jan. 24, 1955.

1 Dr. Hafstad was formerly Director of the Atomic Energy Commission's Division of Reactor Development and is now atomic energy consultant to the Chase National Bank.

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

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Tennessee Gas Transmission Co.—James K. Miller, Schoellkopf, Hutton & Pomeroy, Inc., New York City. (Page 2.)

Philadelphia Electric Company—Charles F. O'Reilly, J. W. Sparks & Co., Philadelphia, Pa. (Page 2.)

JAMES K. MILLER

Schoellkopf, Hutton & Pomeroy, Inc., New York City

Tennessee Gas Transmission Company

The security I like best for 1955 is Tennessee Gas Transmission Company common stock. The company owns and operates a pipe line system for the transmission and sale or delivery of natural gas for resale. The system extends from the Rio Grande Valley in Texas through Louisiana, Arkansas, Mississippi and Tennessee to a point in eastern Kentucky where the system divides, one branch extending into West Virginia and the other extending across Ohio, Pennsylvania, New York and Massachusetts into portions of Connecticut, Rhode Island and New Hampshire.


James K. Miller

The company sells or delivers gas to distributing companies for resale under long-term contracts principally in the Appalachian area and New England. Principal customers are Columbia Gas System, Consolidated Natural Gas, National Fuel Gas, East Tennessee Natural, Equitable Gas, Tennessee Natural, Inland Gas Corporation, Louisville Gas & Electric and various New England companies. Revenues in 1953 provided by the first two named were 38% and 27.2% of the total.

Several years ago investments in pipe line companies were unattractive largely for the following reasons: (1) The squeeze between rising field prices of gas and the delay inherent in obtaining rate increases; (2) The squeezing effect of the cost of money theory of rate-making; (3) The near saturation of the less competitive markets and the economic limitation imposed on rates by competitive fuels.

The situation of the pipe line companies has been improved by: (1) More rapid handling of rate cases, including a much greater reliance on the conference method; (2) The Panhandle decision with regard to allowance of field price for gas produced; (3) Possibly, for the shorter term, by the Phillips decision which may have the effect of stabilizing gas costs.

The position of Tennessee has been improved by the above plus: (1) The development of extensive storage reserves with a capacity of 77BCF and an eventual peak day deliverability from storage of 647MMCF. This will make the serving of the New York City area and New England a profitable venture in that it will not force the sale of off-peak gas at no profit or an actual loss. This storage also has enabled the company to obtain a portion of the New York-New Jersey market from Transcontinental which did not have the storage;

(2) Its development of transportation contracts under which it is not subject to the squeeze between field prices and delivery prices; (3) The merger with Tennessee Production is scheduled to be effective as of Dec. 31, 1954 subject to FPC approval. This merger has been approved by the stock and bond holders of the companies and a hearing has been held by the FPC. The only objection was raised by one stockholder owning 350 shares. Prompt approval is expected.

(4) Tennessee has obtained several substantial rate increases in the last few years. It is currently applying for an increase of $9.9 million on an annual basis, reflecting increase in the rates charged by its suppliers or applied for by them. Following this round, its purchase contracts are such that its cost of gas is expected to stabilize for four or five years.

The management of Tennessee under Mr. Gardiner Symonds has been exceptionally aggressive and in the interest of the stockholders. On Nov. 15, 1954, the system included 8,150 miles of pipe line, 27 compressor stations and a daily delivery capacity of 1.6BCF per day. The company is engaged in a $79 million expansion program and has pending applications for $26 million more.

The company had a rapid and profitable growth up to 1952. Since that time, increases in revenues have not been reflected in increased net per share earnings largely for the reasons noted in the beginning. It is believed that another period of increases could be at hand. Earnings for the 12 months through September, 1954, were reported at $1.80. $0.13 of this, however, represents a refund of the unconstitutional Texas gathering tax, reducing operating earnings to $1.67. For the full year 1954, earnings are estimated at $1.80.

Earning power of the pipeline properties is now believed to be about $2.00. It has been estimated by the company officials that the merger with Tennessee Production will result in increasing earnings by about $0.50 per share. The major portion of this will be through tax savings. In this connection, the FPC decision in the recent El Paso case is pertinent. The Commission decided that any savings in taxes due to production activities of a pipe line company should not be considered when computing the earnings of the pipeline properties.

The El Paso decision, it might also be mentioned, in addition raised a possibly negative point. Whereas in the Panhandle case it had allowed the "field price" for gas produced by the pipe line company, in the El Paso case it states that since then the Supreme Court has handed down its opinion in the Phillips case. This requires it to regulate the price of gas sold by independent producers. It notes that this decision leaves the Commission free to chose the method to be followed in the future in regulating the wellhead price for both producers and pipe line companies.

It states that it is not prepared to permit the Panhandle decision to stand as a precedent which would exclude consideration of other methods and principles in determining the amount to be allowed in the cost of service for gas produced. The same method will be followed for both independent producers and pipe lines. On the other hand, the El Paso decision reaffirms the allowance of a 6% return on pipe line property. (The company wanted 6½% and the FPC staff recommended 5½%.)

The current dividend rate is $1.40. It might be surmised that with a resumption of the growth in earnings a stock dividend would be a logical development. In the past these dividends have ranged from 20% to 33⅓%. Considering all of the above factors, it would seem that Tennessee Gas Transmission common stock at approximately $30 per share represents an interesting situation in this market. The issue is traded in the Over-the-Counter market.

CHARLES F. O'REILLY

J. W. Sparks & Co., Philadelphia, Pa.

Philadelphia Electric Company Common Stock

The Philadelphia Electric Company common stock is my first choice in any investment program for stability of income. It is an excellent selection for the inexperienced investor as well as the user of the New York Stock Exchange "Monthly Investment Plan." The Philadelphia Electric Company represents an investment of over $800 million in Electric, Gas and Steam facilities in the fast growing "Delaware Valley, U. S. A." It serves an area of 2,340 square miles and an expanding population now over 3 million.


Charles F. O'Reilly

Growth factors are excellent in the future of the Delaware Valley. Steel, oil and the manufactured products from the natural resources of the area, plus the facilities of the port of Philadelphia help create a diversified industry. The additional steel supply from the new U. S. Steel-Fairless plant is attracting fabricators to the area and in turn both create new jobs and demands for homes and services. Labor relations in Philadelphia Electric Co. have at all times been excellent.

The common stock of this company qualifies as an investment grade security. The economic soundness of the territory served and the company's conservative financial policies give it double appeal. The growth in the company's territory has been steady and the source of the demand diversified. Total operating revenues have doubled since 1944 and net earnings and dividends per share have increased 50%. Average cost for domestic use is 2.82c per kwh. and compares favorably with the average cost of 3.31c per kwh. of four other companies in contiguous territory.

Philadelphia Electric Co. is associated with Atomic Power Development Associates in joint research for generation of power by "Atomic Energy." This development, when successful, will be no threat to existing values of the property, but will supplant the use of coal, oil or natural gas in the production of steam for the generators. Atomic Energy as a competitive fuel may be in use within five years.

One of the primary appeals of Philadelphia Electric Co. common stock as an investment is the stability of the demand for its product, and its exceptional inherent resistance to recession conditions. These defensive characteristics stem from the high percentage of

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Business Conditions, Now and In Future—Replies to Questions

By WILLIAM F. BUTLER*

Consulting Economist, Chase National Bank, New York

Dr. Butler presents his views on questions submitted by the Joint Committee on the Economic Report, covering such matters as recent economic trends and the outlook relating to the immediate future. Stresses importance of interpreting forecasts most carefully, since there is always a margin for error, but adds: "We need to be alert to economic developments." Concludes, "the odds are very high that gross national product in the fourth quarter of 1955 will stand somewhere between $370 and $380 billion annually."

QUESTION NO. 1

What are the facts respecting population growth, labor force, employment, unemployment, layoffs, part time employment, productivity, production, private investment, consumption, government demand for goods and services, and savings since 1952?

Since I assume that other members of this panel will deal with specific trends in the items listed, I shall confine my remarks to over-all economic developments.

William F. Butler

It seems to me that the best way to characterize what has been happening to the economy in the past two years is in these terms:

The economy has been coping vigorously with the problem entailed in shifting from a defense boom to a more normal prosperity.

National security expenditures more than tripled between 1950 and the second quarter of 1953—when they reached a peak rate of $54.3 billion. In the final quarter of 1954, national security expenditures were down to a rate of $40.6 billion. That's a drop of $13.7 billion in a year and a half. And $10 billion of the drop came during 1954.

The widely-advertised inventory re-adjustment in 1953 and 1954 was to a considerable extent a result of the sharp decline in defense outlays. The shift from building inventories to cutting them placed a $10.2 billion drag on the economy (as measured from the second quarter of 1953 to the third quarter of 1954).

Consequently, the truly remarkable fact is that the 1953-54 recession was one of the mildest on record. In face of a $24 billion decline in national security expenditures and inventory buying, Gross National Product dropped only $14.4 billion from top to bottom. That's a real tribute to the resiliency of the private economy.

A significant point about recent economic trends is this: the curve of business activity turned up smartly in the fourth quarter of last year. Total activity recovered in three months over one-third the ground lost in the preceding 15 months.

The upturn was not only vigorous but also broadly based. If you run through the catalog of economic statistics, you'll see that vast majority of series was moving up in strong fashion in the final months of 1954. In past recovery periods, upturns in various areas of the economy were spread over a considerable period. This time almost everything—production, employment, man-hours, new orders, consumer expenditures, corporate earnings—moved up at once.

A third significant fact — of which I am sure much will be made this morning—is that the current level of economic activity is below the economy's potential. Gross National Product is $10-15 billion below the Joint Committee Staff's estimate of potential output. But, as I just attempted to demonstrate, business activity is moving up.

Now, it seems to me that there are a number of other important trends discernible in recent experience. To save time I'll merely list them:

(1) Consumer markets have been showing increasing strength. The ratio of consumer spending to post-tax income moved up from 91.4% to 92.8% during 1954. That's a seemingly small, but very significant, change. The University of Michigan's surveys of consumer buying plans also point upwards — people's evaluation of buying conditions have increased from an index of 100 in Sept.-Oct. 1953 to 118 in October 1954.

(2) While private debt has risen rapidly in the post-war period, ratios of debt to income still seem reasonable. Thus, we seem to be in a position to handle a moderate rise in all types of debt.

(3) Stock market price averages rose more than 40% last year. As measured by past relationships to earnings and bond interest rates, common stock prices were very low when the rise began. At the end of 1954 they stood somewhat above their long-term relationship to these basic factors. However, common stock prices are not nearly so far out of line with earnings, dividends, interest rates and book values as they got in past periods that preceded a major break in the market.

(4) The recent surge in busi-

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*A statement by Dr. Butler before the Joint Committee on the Economic Report, Jan. 26, 1955.

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The Economic Philosophy of The President's Economic Report

By HEINZ E. LUEDICKE*
Editor "Journal of Commerce," New York

Dr. Luedicke, in giving an appraisal of the economic philosophy and facts underlying the President's Economic Report, 1955, discusses the aims of the Employment Act of 1946, the conflict between the "maximum growth" and the "stable price level" philosophy; the function of "maximum employment" goals and the future of the Business Cycle. Stresses need for sufficient profit incentives to preserve the dynamic character of the economy and warns against government attempting to eliminate or correct all economic maladjustments.

I
The Aim of the Employment Act of 1946

The established aim of the Employment Act of 1946 is "to promote maximum employment, production and purchasing power." This goal — partly because of its legislative history — is often confused with "full employment." Congress rightly shied away from the phrase "full employment" because of its economic and political implications. The phrase still survives as a political argument, but not as the basis of responsible economic debate.

Heinz E. Luedicke

A goal of "full employment" actually could be accomplished relatively easy if it were interpreted to mean merely to provide a "job" for everybody able to work.

Various dictatorships have successfully accomplished this. In that process, they have even dropped two of the personal qualifications of the Employment Act. As it is, the Employment Act speaks only of persons "able, willing and seeking to work." These latter two qualifications spell the difference between a free economy and a dictatorship.

Important Constraints

Actually, the Employment Act mandate "to promote maximum employment, production and purchasing power" is couched in language which places considerable constraints on the choice of methods to be used by any Administration in applying the Act. These are threefold:

(1) The Act charges the Federal Government to provide **"useful"** employment opportunities, including self-employment, for those able, willing, and seeking to work.

(2) The Federal Government is to use only such means as are **"practical"** and **"consistent with its needs and obligations and other essential considerations of national policy."** And

(3) Its actions under the Employment Act are to be used **"in a manner calculated to foster and promote free competitive enterprise and the general welfare."**

These restrictions, imposed by the Employment Act, rule out:

(1) Heavy reliance on makeshift work of the leaf-raking variety;

(2) Any large scale exercise of additional economic functions by the Federal Government—such as the replacement of private enterprise in the field of capital investment unless private enterprise cannot fulfill certain functions, and

(3) Any policies that would ultimately result in a further debasement of the currency.

The third qualification—falling under the "general welfare" term—is the most important one. Yet it is the one which, wittingly or unwittingly, all too often is shrugged off or ignored.

II
Maximum Growth versus Stable Price Level

Is a policy of insisting at all times on maximum employment, production and purchasing power compatible with the maintenance of a stable currency?

Liberal economists, such as Mr. Leon Keyserling, have consistently denied that the discharge of the Federal Government's obligations under the Employment Act necessarily involves the danger of inflation.

Others, such as Professor Sumner H. Slichter, have admitted the existing conflict between these two objectives, but have boldly resolved it by claiming that "in the kind of economy possessed by the United States a slowly rising price level is actually preferable to a stable price level."[1]

Record Still Inconclusive

The record for the period from the enactment of the Employment Act of 1946 through 1954 still is inconclusive as far as the problem of maintaining maximum employment, production and purchasing power **without a gradual rise in the price level** is concerned.

Starting from the phantastic degree of overstimulation during World War II that permeated the whole economy — not by choice but by necessity[2] — our economy has been under the influence of strong upward forces. Following the war, there was first the unequalled consumer goods replacement boom and, starting in mid-1950, the Korean War and now the need of maintaining a high level of defense expenditures so long as the cold war persists.

Twice during this period of over-stimulation, the economy broke stride and faltered — once in 1949/1949 under Democratic leadership and then again in 1953/1954 under Republican leadership.

In both instances, artificial stimulants were applied. These were far more potent than generally realized, particularly in 1953/1954, and they were sufficient, in both instances, to cushion the decline before it attained serious proportions and speed.

The remedial measures taken in both instances must be classified as "inflationary." The fact that none of the two episodes was followed by any pronounced rise in the price level does not disprove this. It merely confirms that, in both instances, buyers'

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*A statement by Dr. Luedicke presented to the Joint Congressional Committee on the Economic Report, Jan. 26, 1955.

1 Reprint of a discussion on "How Bad Is Inflation?" between Profesor Sumner H. Slichter and the Editor of "The Journal of Commerce," September, 1952.

2 CIO and UAW President Walter P. Reuther describes this labor overstimulation as follows: "When the war came along . . . factories began to boom; we put every able-bodied man and woman to work. After we had all the able-bodied people on the job we got the grandfathers and grandmothers out of retirement and we put them to work, and every major company had a very simple employment policy—the employment director was instructed, when somebody applied for a job, not to ask any questions, but just to feel them, and if they were warm, put them on the payroll." Speech before the Economic Club of New York, Jan. 17, 1955.

The State of Trade and Industry

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

A slight rise was evident in total industrial production for the country as a whole in the period ended on Wednesday of last week.

Heavy civil engineering construction awards continued at an unusually high level. The value of contracts in the week ended Jan. 27 was unchanged from the preceding week but 51% higher than a year ago. In the past month awards have averaged 67% higher than during the same period of 1954.

The output of steel continued to show forward progress and the number of automobiles assembled in the week ended Jan. 28, last were slightly under the all-time high established in the week of June 24, 1950.

Lumber production in the latest reporting week ended Jan. 15, rose 10% from the level of the prior period and was 2% above the like week a year ago.

While there were gains in the number of continued claims filed for unemployment insurance benefits, there were decreases in initial claims, according to the most recent reports. Continued claims were 6% higher than in the preceding week and 4% above the similar week in 1954. Initial claims were 18% below the previous week and 20% less than a year ago. There were scattered layoffs in textiles, apparel, tobacco and metal industries.

New claims for state unemployment compensation dropped 35,500 to 320,800 during the week ended Jan. 22, the United States Department of Labor observed.

This was the second successive week in which new claims dropped below a week earlier. It also brought total new claims to well below the 410,600 new claims recorded in the corresponding week a year ago. In that week, new claims also fell—by 34,200, the Labor Department noted.

It stated that during the 1955 week, 43 states reported fewer new claims than a week before. New York led the list with a 3,600 drop, followed by Illinois with 2,400 fewer and Indiana with 2,200 fewer.

In the week ending Jan. 15, insured unemployment totaled 1,963,800, down 7,800 from the preceding week and off 41,400 from the 1954 week. This marked the first time since August, 1953, that state insured unemployment fell below year-ago levels, the department said.

The calculated risk flavor of our Far Eastern policy has given additional zip to an already strong steel market, says "The Iron Age," national metalworking weekly this week. Emphasis recently has been on auto buying of steel and the tightness in cerain flat-rolled steel items. But for several weeks now steel demand from other sources and for other steel products has surged forward.

Within the past week order books at some steel companies show a bigger backlog than at any time since the downtrend began in steel 18 months ago. Lost in the shuffle of talk about whether or not automotive support for steel production can be maintained are the following optimistic factors, declares this trade journal:

(a) A strong plate market potential to be realized because of large line pipe projects; (b) renewed freight car buying by railroads; (c) increased demand from the construction industry and, (d) the beginning of a seasonal pickup (on top of general recovery) in steel order volume.

But what has caused some consumers to put more steam into their steel buying has been the recognition that their steel inventories are too low in the face of their own operations and in view of the international picture. Some of these customers are recalling the run on materials when the Korean War broke out. Such a hysteria has not and probably will not again invade the steel market. But many users are taking a "new look" at their steel supplies and some are changing their buying pattern, continues this trade authority.

Many steel customers have realized only within the past week that in making forward plans for steel consumption they face a labor and price situation in steel. Further, an equal if not heavier impact in defense procurement and the realization that there is not too much leeway between the present operating rate and capacity operations.

Strong overtime and Saturday operations boosted United States car and truck production for the month of January to an estimated 750,500 units—657,000 cars and 93,500 trucks, "Ward's Automotive Reports," reported on Friday of last week.

The peak thus far had been the 495,522 cars and 125,772 trucks

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Observations . . .

By A. WILFRED MAY

THE AMERICAN CORPORATION TODAY— Social Tool or Destructive Monster?

Back in the pre-atomic after-panic Thirties Brains-Trusting Adolf A. Berle, Jr., together with Gardner Means, wrote that real epic of American finance, "The Modern Corporation and Private Property." Therein was revealed first and still most clearly the vital implications of our corporate system's separation of widespread ownership from real control.

A. Wilfred May

Adolph A. Berle, Jr.

Now at atomic mid-century, our now elder (but ever-vigorous) statesman comes forth with a volume **The 20th Century Capitalist Revolution, by A. A. Berle, Jr.** (192 pp. New York, Harcourt Brace—$3) on the role of the gargantuan corporate entity, which new opus may also become a classic in the course of whatever revolution is going on. Particularly in the light of the current merger-acceleration and Attorney General Brownell's trust bending activities is the volume timely and important.

Need for Realistic Re-appraisal

On the premise that the general public's concept of the modern corporation is as obsolete as the tenets of Adam Smith and Karl Marx, and that the private economy boys with out-dated arguments persist in fighting the previous war, Mr. Berle pleads for realistic reconsideration of the corporation's role today by both the pro-s and the con-s.

Characterizing the corporation as a force in mid-century America, wielding a power far beyond the wildest imagination of the Adam Smith laissez-faireists, he sets forth the central theme that the dominating corporations, which already have a conscience (or else accept direction from the conscience of the government), must see that their sense of ethics is built into institutions. Thus corporations' conscience can be invoked as a kind of right by the individuals and interests subject to their power. "Twentieth-century capitalism will justify itself not only by its material outproduct, but by its content of life values. Within its organization and impact are lives of many millions of men; and these lives are the first concern, not the by-product, of our century. In American thought, an economic system, like a political government, is made for men," writes Berle.

Their Vast Impact for Good

Depicting an industrial community of intense concentration with limited competition, Berle envisions a system of power centers, wherein the great corporations serve constituencies which look to it for both service and jobs—with vast impact on the economy as a whole, its long-term development, and even on the nation's foreign policy.

Discarding whatever doctrinaire New Deal-ish bias may have gripped him in the past, Berle gives the present-day corporation credit for achieving high production and minimum costs, for refraining from what the traffic will bear in pricing, for instituting towards a higher moral behavior code and for making a variety of constructive contributions, philanthropic and spiritual, to their country's welfare. "It may have been naive public relations for an officer of General Motors, proposed for confirmation as Secretary of Defense in the Cabinet of the United States, to say that what was good for General Motors was good for the country, and what was good for the country was good for General Motors; but he could have adduced an impressive array of statistical fact to back

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Smart Cookies

By IRA U. COBLEIGH
Enterprise Economist

A resume of some of the qualities and products that have made National Biscuit Company internationally renowned, and its common stock an elite equity.

Some corporations seem suddently to zoom into the business arena, their shares move briskly forward in the markets, and gain places on assorted lists of "growth" stocks. Other companies seem always to have been with us, perennially profitable, steadily gaining in stature and prestige with their progress assuming the characteristics of a stately oak. Such a corporation is National Biscuit Company.

Ira U. Cobleigh

Which of my readers does not recognize the words Nabisco, Uneeda Biscuit, Ritz Crackers? Which of you cannot recall a sneaky childhood trip to the pantry cookie jar to snap at a frowned on, between-meal cookie —a Fig Newton or a Lorna Doone? You don't have to be young to recall all these, for National Biscuit has been turning them out for decades—and profitably too. Even its dividend record is sweet—an unbroken skein of cash distributions in each year since 1899.

Any idea, however, that National Biscuit is merely a static producer and purveyor of well-advertised baked biscuits is highly erroneous. The company is far and away the largest factor in its industry; and both in respect to gross income and diversity of its output, is displaying a consistent and intelligently directed expansion, and setting the stage for substantially augmented future earning power.

The biscuit baking business has traditionally had a rather high labor cost factor. In the case of National Biscuit, labor costs now run about 35% of sales. Consequently smart management here has for years stressed efficiency, and sought to make operating processes as nearly automatic as possible. For example, in the past seven years it has laid out over $100 million (almost entirely derived from retained earnings) for modern equipment and plant. Its newest unit in Chicago which began operating in 1953 is a marvel of automation. It's very busy now turning out $70 million in crackers and cookies per annum from what is really a vast culinary assembly line. The main ingredients—flour, sugar and shortening —arrive in freight cars; are then pressure pumped up into a tower ten stories high. From that eminence, the materials flow down by gravity into mixing machines from whence the dough gets deployed onto band ovens, twelve blocks long, where it cooks, is cooled, then unitized and packaged, ready to appear in delicatessens, groceries and supermarkets throughout the land. One long virtually continuous process from dough to dividends!

Another band oven plant in Philadelphia is due to be completed around September of this year, and perhaps by 1957 a third one will be ready in Northern New Jersey (to take the place of a factory which has become a landmark on New York's 14th Street). The goal is 90% band oven production (it's about 80% now).

Electronics, too, have been added to promote manufacturing efficiency. To solve the problem of an extra cookie landing in the box (which seemed to be happening quite regularly) BI got an electronic robot-type counter and weigher (sort of a seeing eye dog for biscuits) which is supposed to save a couple of thousand dollars a week by keeping that extra cookie from bulging the big economy package.

In addition to operating 22 bakeries of diverse sizes and outputs throughout the country, BI owns and operates three flour mills which deliver 80% of the needed flour; a plant in New Orleans that supplies all the molasses required and two carton plants which, together, provide about 50% of the company's packaging requirements. So you see, BI is pretty well integrated, vertically and horizontally.

Not only has BI done a good job in plant efficiency but it has through the years been adding breadth and diversity to output by acquisition of other companies, and introducing new items of its own. Some years ago BI bought Shredded Wheat; more recently it added Ranger Joe Cereal Co., maker of Wheat Honnies and Rice Honnies, plus a Canadian pet food company, a Pennsylvania dog meal plant, and most important of all, it acquired in 1954 Hills Brothers Co., makers of the famous Dromedary line of packaged dates, fruits, etc. More particularly, however, the Hills Brothers deal brings Nabisco into the related and rapidly expanded home cake mix market.

There's also a Mexican company, Fabricas Modernas, S. A., and a liaison recently concluded with Motta, S. P. A., for Italian production (under a royalty agreement) of Ritz crackers and Premium Saltines. (Useful for midget pizzas?)

Not to be neglected in any treatment of BI is advertising. Brand names do not grow by themselves; and National Biscuit spends over $10 million a year just so that you and I may remember Nabisco and its assorted goodies.

Switching over to some financail aspects, National Biscuit has shown a gain in sales, year by year, which has been both steady and impressive. 1946 net sales were $220 million; 1950, $296 million and 1953, $359 million. For 1954 sales should total something above the $360 million mark. Net earnings have not advanced in that order due partly to EPT, partly to increased labor rates and pension payments, and partly due to a policy of maintaining price levels in a period of somewhat rising costs. There is now some reason to expect higher per share net due to cost stabilization and higher plant mechanization. In each year since 1947, a dividend of $2 has been paid on the common. The net earnings to support this distribution for 1953 were $2.61 per share on the 6,385,-961 common shares. Ahead of this equity lies an issue of 248,045 shares of $7 non-callable preferred—an authentic blue chip, of the assured income variety currently commanding a market price of around 180. The present quotation of the common, 43¼, affords a yield of 4.6%.

The balance sheet of BI has traditionally been excellent with current assets (1953 year-end) of $95.2 million against current liabilities of $43.8 million. BI has never found it necessary or desirable to issue debt securities although at the moment there is on the financial statement, a $4 million item representing a serial note issue of the Canadian subsidiary, guaranteed by BI.

Whereas, as you may have gathered from the above, National Biscuit has been notable for financial stability and earnings dependability, certain growth elements in its equity should not be overlooked. The steady rise in sales has already been referred to. The steady increase in our population should add to sales with almost mathematical certainty, due to sustained customers preference for Nabisco products, and the development and expansion of new lines plus constantly increasing plant efficiency, should result in higher net income and, in due course, larger dividends.

The long term shareholder in Nabisco has enjoyed a serenity, stemming from market stability and reliability of income, which relatively few companies can boast. These admirable qualities should continue in evidence for the foreseeable future. The BI shares may never rocket like General Dynamics; neither are they likely to fall out of bed.

Harris, Upham Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward G. Swain is now affiliated with Harris, Upham & Co., 523 West Sixth Street.

Robin E. Taber With Managed Inv. Programs

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Robin E. Taber has become connected with Management Investment Programs, 41 Sutter Street. He was previously associated with Ernest F. Bourski, Jr.

Factors in Credit Policy Decisions in 1955

By ROY L. REIERSON*
Vice-President and Economist
Bankers Trust Company, New York

Though holding credit policy cannot be prescribed in advance, Dr. Reierson points out specific problems for 1955 as: (1) building and construction boom, (2) inventories, (3) consumer credit status, (4) commodity prices, and (5) stock market speculation. Decries fear restrictive credit measures may provoke an economic downturn.

The key to monetary and credit policy in 1955 will be found in business trends and developments during the year. There is convincing evidence that production and output began to move upward in the final quarter of 1954. The recovery to date may be described as vigorous and widespread.

Roy L. Reierson

Numerous factors have contributed to the upturn, including an end to the liquidation of business inventories, an increase in consumer buying, a conspicuous upsurge in building and construction, and impetus provided to the automobile industry by the introduction of new models.

The Business Environment

The prospects are that expansionary forces in the economy will persist for some time. Once a general economic upturn is under way it tends to continue without major setbacks until new high ground is reached. Furthermore, the outlook for many of the important factors in the business situation is favorable.

Consumer spending is likely to continue to rise, sparked by growing personal incomes and a continued willingness to spend. Some inventory accumulation may be expected in the months ahead, which will stimulate new orders and production. Business spending on plant and equipment has stopped declining and may very well show some increase later in the year. Finally, the decline in Treasury spending appears to be tapering off, while the rise in state and local spending continues unabated. The upsurge in building and construction is so strong that the question now is whether activity in this field may be excessive. Assuredly, not all sectors of the economy can be expected to rise steadily throughout the year. For example, current rates of production of some important consumer durable goods appear higher than are likely to be maintained throughout the year. Nevertheless, the rising trend in business activity will probably continue for some time and new records may be expected in 1955 for such important and varied economic indicators as gross national output, industrial production, building and construction, retail sales and others.

The international situation remains a bit unknown in the business outlook, but it seems a reasonable guess that international developments are more likely to stimulate than to depress economic activity.

Shift in Credit Policy

The upturn in business activity has already been reflected in some change in credit policy. Present policy can hardly be called restrictive, since money rates are still relatively low and short-term credit remains readily available. However, excess reserves have declined, and member bank borrowings and money market rates are higher than they were some months ago. Apparently the Federal Reserve, quite appropriately, believes that as business expands, the money market should not be kept as easy as it was during most of 1954, when business was either declining or on a plateau.

Credit policy cannot be prescribed in advance; it must develop gradually in the light of evolving business and economic conditions. Credit policy decisions in our complex economy must be based on careful analysis of numerous trends; they cannot be determined by mathematical formulae or by the movements of any single economic indicator, no matter how important. Trends in money supply and commodity prices, employment and unemployment, production, business inventories and new and outstanding orders tell part of the story. Construction activity, the volume and use of credit, the terms and conditions under which credit is available, the behavior of interest rates, both long-term and short-term — all these and more are considered by the Federal Reserve in deciding on credit policy.

Unless inflationary forces take hold in a substantial way, the year 1955 is not likely to be a period in which credit policy criteria are self-evident. Employment is likely to be high, but less than full, while commodity prices may continue to show some strength. The development of an appropriate credit policy will require constant and meticulous scrutiny of all salient trends in our economy.

Specific Questions for 1955

Several sectors in our economy appear to warrant special attention by the credit authorities. Building and construction is a potential problem area in view of the sharp increases in recent months. Much of the recent strength in residential building reflects the liberalized financing terms incorporated in the Housing Act of 1954. The immediate grant of additional authority to the President to vary the terms under which home mortgage loans are underwritten by the Federal Government is highly desirable.

Business inventories in the aggregate still appear relatively low. However, inventory policies are volatile. A broad resurgence of inventory accumulation, whether in response to a speculative wave or because of high business optimism, should be of sufficient concern to the credit authorities to justify some added credit restraint.

Consumer credit is again on the rise and attained record levels at the end of 1954. The authorities may be expected to continue their scrutiny of conditions here in order to determine whether the rate of increase is keeping within reasonable limits or whether excessively rapid growth is being achieved by a reduction in down payments, an extension of maturities or a down-grading of credit standards — developments that could have undesirable repercussions.

Commodity prices, at least until very recently, have been reassuringly stable in the face of the sharp recovery in business activity in the latter part of 1954. However, deterioration in the international situation might well jeopardize this stability and could give real impetus to credit expansion and inflationary pressures.

Prices, trading volume and the use of credit in the stock market bear continued watching with a view to preventing prices from rising beyond levels that appear justified by prospective earnings and dividends. The present system of margin requirements is a feasible and reasonably effective device for limiting the use of bank credit for stock market trading. However, should the problem of regulating stock market credit become more serious, the use of margin requirements should be accompanied and supported by general credit control.

Should we be so fortunate as to achieve a steady and orderly economic expansion, not accompanied by distortions, imbalances or growing inflationary pressures, a policy designed to reduce the hazard of the upturn gathering excessive momentum would be appropriate. Perhaps a more realistic possibility is that expansion may be uneven, that some sectors of the economy may push ahead too fast, that inflationary tendencies may grow, that credit may be used increasingly for nonproductive purposes, or that speculation may spread. Certainly the international situation may at any time give rise to renewed inflationary pressures. Developments such as these would increase the needs for restrictive credit policies.

Credit Policy and Economic Growth

The Federal Reserve unquestionably desires to foster sound long-term economic growth; its endeavor is to minimize economic fluctuations around a rising trend. In a period of widespread business confidence and optimism such as the present, however, there is real danger that an upturn may develop into an unsound boom, or that particular sectors of the economy may expand so rapidly as to create instability for the future. Such developments the credit authorities doubtless would like to forestall.

Credit policy, wisely used, can make a real contribution to economic stability and to sound long-term growth. Unwisely used, it can contribute to economic instability. One danger is that too aggressive an easy credit policy in a period of reduced business can help create an environment in which investment spending may be stimulated to such a degree as to pose problems for the future. Another danger is that action to restrain expansion may be delayed for fear of hampering business recovery, with the result that expansionary forces develop a momentum which may make it more difficult to curb a boom. Restraining a boom is never popular but it is a prerequisite to sound economic growth.

Lessons from the Record

The fear exists in some quarters that restrictive credit measures may provoke a cumulative downturn in economic activity. The experience of 1953 and 1954 in the use of credit policy is reassuring on this point.

The major reasons for the business downturn in 1953 were a cutback in Government spending and a shift from inventory accumulation to liquidation. Credit policy obviously had no bearing on the former, but probably helped bring to an end the rapid buildup of inventories that prevailed in the first part of 1953. That this brake upon inventory accumulation was salutary is evidenced by the modest pace and orderly character of the inventory liquidation that began late in 1953. At the same time, credit restraint in the first part of 1953 did not affect investment spending; construction activity set successive new records in 1953 and 1954.

General credit controls are fluid; they can be changed rapidly in response to economic and financial developments. This was clearly illustrated by the shift from a policy of credit restraint to one of credit ease in May, 1953, even before the peaks of economic activity were achieved.

The policy of active ease followed by the authorities during most of 1954 also made a contribution to economic stability. This policy helped prevent a spiral of credit contraction and liquidation. The commercial banks were under no compulsion to call loans but instead were in position to engage in new lending activities. Pressure on commodity prices as a result of inventory liquidation that might have been brought on by the calling of bank loans was thus avoided. At the same time, credit policy maintained conditions in the investment markets that were conducive to a high level of investment activity, thereby helping to support the trend of business generally and to set the stage for the upsurge in capital expenditures in the latter part of 1954.

The good record of credit control in the 1953-54 business cycle should strengthen, rather than weaken, the determination to continue the use of flexible credit policy as a tool for promoting stable economic growth.

*Summary of a statement prepared by Dr. Reierson for the Joint Congressional Commitee on the Economic Report, Jan. 31, 1955.

1955 Municipal Financing Outlook

By FRANK H. MORSE
Manager, Municipal Bond Department
Lehman Brothers, New York City
Members New York Stock Exchange

Writer places total issues by states and municipalities at $7 billion, of which $2½ billion will be revenue bonds, largely for toll roads.

Nineteen fifty-five should show another outstanding increase in the issuance of State and Municipal Bonds. The 1955 total should exceed $7 billion. Of this amount roughly $2.5 billion should be revenue bonds and almost all of this total should be road bonds.

Frank H. Morse

In seeking to gauge 1955, we should look at the remarkable record achieved in 1954. Two of the largest Municipal issues in history were sold during that period. Our firm, Lehman Brothers, was fortunate to be a manager of both of these issues. The first one was the $300 million New York State Thruway Authority Revenue issue and late in the year the $335 million New York State Power issue was sold. Other notable issues that came to the market were the $100 million State of Connecticut (first instalment of a program of $398 million), $95 million State of Virginia Toll Revenue bonds and $68 million Oklahoma Turnpike Authority, all of which were also managed or co-managed by Lehman Brothers. Large issues were also brought to market by the States of Pennsylvania, Massachusetts, Kansas, Maryland, and the City of Chicago for the Calumet Skyway.

What innovations will 1955 bring? Several years ago, we were confronted with a new type of financing in the New Housing Authority bonds. The amounts to be sold were astronomical and the number of issues and maturities had never been contemplated. Since that time 13 housing authority sales have been effected and the Dealer Group, of which Lehman Brothers is a Senior Manager, has purchased more than 70% of the bonds involved in these undertakings.

President Eisenhower is expected to send his message to Congress in the near future, on the Highway Program. We have already seen the results of the Clay Report. We have also seen some heavy attacks on the fiscal aspects of the program. It looks as though the program is in for a full debate by the Congress. Of course, the Investment Banking Industry will be very interested in what the President might have to say about Toll Roads. We know that there are 8,500 miles of Inter-State System that can be financed by private capital on a toll revenue basis. We also realize that there are many other thousands of miles that are not feasible at the present time. There is a need for both private capital and government help in this important program of getting the United States better roads. While the mechanics of the plan must still be debated, I don't think that the need for the program can be denied. In fact, our economic growth may well be affected by what is done with our roads in the important decade ahead.

Other types of financing may come to the center of the financial stage. Lehman Brothers was recently appointed Banker for the Inter-American Cultural Center being planned for Miami. This center, which will be built and managed by an Agency of the State of Florida, will make possible a permanent exposition area for American Industry and Latin American countries. Airport Terminal bonds may appear in even larger quantities. Parking garages which are vitally needed may provide many new issues. School Authorities, sewer and drainage projects and many other facilities which have been lacking since the start of World War II will make 1955 another banner year for the Municipal business.

Havenor-Cayias Opens Branch in New York

Havenor-Cayias, Inc., members of the Salt Lake City Stock Exchange, announce the opening of a New York office under the management of Irwin Glaser at 82 Beaver Street, New York City. A direct wire is maintained to the Salt Lake City office.

Crowell, Weedon Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James E. Westmore has been added to the staff of Crowell, Weedon & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange.

Joins Samuel Franklin

LOS ANGELES, Calif.—Maurice O. Shackelford is now with Samuel B. Franklin & Company, 215 West Seventh Street.

The Current Business Outlook

By DR. MARCUS NADLER*
Professor of Finance, New York University
Economic Adviser to The Hanover Bank

Dr. Nadler cites as most important fact about 1954 the non-appearance of the widely predicted depression. For the future, predicts that while economy will have its ups and down, no major readjustment can take place. Looks for 1955 to be a better year than 1954, based on following factors: (1) accumulation of inventories; (2) increased home building; (3) tremendous volume of public works, and (4) continued high level of automobile production, at least during the first half.

In spite of the fact that my predictions from last year more or less came true, I still maintain that the art of forecasting is very hazardous, and that the mortality rate among forecasters is indeed very high — and this is not surprising at all. It is difficult to forecast at any time because we really don't know what tomorrow will bring. It is particularly difficult to forecast at present when there are so many uncertainties which really nobody can predict.

Marcus Nadler

(1) At present the gyrations of the equity market naturally have an important bearing on business psychology. You and know that when the market is up it exercises a favorable influence on management as well as on the ultimate consumer. The opposite takes place when the market goes down. Who is smart enough to predict what the stock market will do?

(2) During 1953 the credit policy of the Reserve Authorities and the debt management policy of the Treasury did exercise a powerful influence on public works, home construction, hence on business activity. Now, the policies of the Reserve Authorities are undergoing changes. Who really can predict how far they will go? And this adds another element of uncertainty.

(3) We all know that the international political situation is not normal and it, too, has an important bearing on business activity. It is, therefore, quite evident that to appear before a group of distinguished businessmen and to tell them that I know what the future holds in store for them is a little bit hazardous.

At the same time, if we take into account all the facts as we can see them, and if we do not indulge in wishful thinking, we are bound to reach certain conclusions, and the chances of error are not great. What I propose to do therefore, is this: Give you my views on the outlook for business in 1955; analyze for you the forces that will be operating in the economy during the year and then later on to reach certain definite conclusions.

The Year Past

Before turning to the future, let us take a look at the past year for a moment. To me the most important development during 1954 was the fact that the business readjustment was mild in character. The decline in production was only about 9% from the peak in 1953 to the lowest point in 1954. Disposable income of the people remained very high. Consumption expenditures were only about 2½% smaller than during 1953.

But perhaps more important than all this is the fact that now nine years after the war, and in spite of all the dire predictions that were made that the United States was headed for a serious depression, that did not materialize, history did not repeat itself. History tells us that every major war is followed by a boom, followed by a period of inflation which in turn is followed by a period of depression and deflation. This has not taken place after World War II, and in my humble opinion it will not take place in the future.

While a free economy like ours is bound to have its ups and downs, a major depression in the United States accompanied by large-scale unemployment, accompanied by drastic reduction in prices, is not in the making, cannot take place and when I say **"will not"** I thought over the word "will" a great deal.

It is, therefore, comforting to a group of businessmen to know that surely the economy will have its ups and downs, but a major depression is not in the making and, therefore, you can plan with a great deal of confidence for the future.

The year 1954 also taught us a number of lessons which I believe will be important in the future. First, in spite of the fact that the early part of 1954 was marked by a decline in business activity, accompanied by increased unemployment, wages actually went up. If wages increased in 1954, a year of readjustment, can one except anything else to happen in a period when business is tending higher and higher?

Second, in spite of the readjustment, commodity prices on the whole remained stable which means that the inflation which was created as the result of the war, and its aftermath, is permanent in character. To be sure, individual commodities have fluctuated and will fluctuate in the future, but the price level as a whole in the United States will not decline and a major decline in commodity prices is not in the making.

Third, competition during the last year was keen and in all probability will continue. The separation of the men from the boys which set in during the middle of 1953 continued throughout 1954.

A few weeks ago I was addressing a group of businessmen and I told them that although business will improve and although in my opinion 1955 will be a better year than 1954, yet, I stated, the separation of the men from the boys will continue, and one man turned to me and he said, "Professor, what is the difference between a man and a boy?" And when somebody addresses me as "professor" I know he is no friend of mine.

I turned to him and said, "You don't know the difference between a man and a boy? Let me explain it to you." I said, "Did you ever observe a man and a boy come to a mud puddle? The man invariably will walk around it, the boy invariably will walk through it." and I looked down and I said, "I think I see mud on somebody's shoes."

Those who have mud on their shoes will fall by the wayside. Competition is keen, will become keener, and the merger movement will continue unabated. The pattern set in 1954, in my opinion, will continue throughout 1955.

The Outlook for 1955

What about the outlook? What about 1955? In my opinion the general outlook for 1955 is favorable. The broad trends during the first half of the year are quite clear. The trend during the second half of the year, because of the possibility of serious labor difficulties in some important industries, is not as yet quite clear. However, be that as it may, the year 1955 will go down in history as a year which was better than 1954. The first half of 1955 certainly will be better than 1954. Whether or not it reaches the peak level of 1953 is not as yet certain, and will depend upon conditions which nobody can predict; notably, labor conditions, the movement of equity market and the credit policy of the Reserve Authorities. Nevertheless, 1955 will be a good year and should be better than 1954.

These are the reasons for the above conclusions:

(1) The greater part of 1954 was marked by the liquidation of inventories. When inventories are being reduced it means that we are consuming more than we are producing. In 1955, unless I am greatly mistaken, there will be a moderate accumulation of inventories. Therefore, during this year we will be producing more than we will be consuming. Inventory liquidation has come to an end and is not going to cause us any trouble during the present year.

(2) Home building activity was on a very high level during 1954. One million two hundred thousand homes have been started. It has been estimated by the Department of Commerce that in 1955, 1,300,000 homes may be started. The real estate people are even more optimistic than that. Let us assume that if in 1955 only 1,200,000 homes will be started, that in itself will create a great demand for all kinds of material and labor, will generate purchasing power and have a favorable effect on the economy of the country.

(3) Public works are at a very high level. During 1954 nearly $7 billion of tax-exempt securities were offered in the market. A great portion of that money was already spent for public works, and in all probability the volume of tax-exempt securities that will be offered in the market during 1955 will be very great. The money will be spent because there is a great pentup demand for roads, for highways and byways, for schools, hospitals and playgrounds. The tremendous volume of public works will generate purchasing power and have a favorable effect on the economy of the country as a whole.

(4) The automobile industry which played such an important role in the recovery which set in in the last quarter of 1954 will continue to operate during the next few months at a high level. But here I believe a word of caution is of importance. The automobile industry todays is producing cars at the annual rate of nearly eight million cars. It is, therefore, quite evident that if the present trend of production continues the automobile industry will be borrowing from the second half of the year during the first half of the year.

Why the automobile industry is operating in this fashion is quite evident. The automobile industry knows that the labor contracts expire at the end of April and that the unions are asking for a guaranteed annual wage. I doubt very much whether the automobile industry is ready to grant now a guaranteed annual wage and, therefore, it would not be surprising if they were to produce as many cars as possible so that if labor difficulties develop their dealers may be amply stocked.

Whether a strike of major proportion will develop or not I don't know, but if the output of automobiles is too large in the first half of the year, it is bound to fall off in the second half of the year. Naturally since the automobile industry has a broad impact on steel, on rubber, on fiber, on glass and a number of other industries — if you should see later on in the year a decline in business activity caused primarily by a decline in activity of the automobile industry there is no reason to get excited. It is one of the natural rhythms of busi-

Continued on page 31

*Transcript of a talk by Dr. Nadler before the Arthur M. Reis 17th Annual Forum, conducted by Robert Reis & Co., New York City, Jan. 11, 1955.

Dealer-Broker Investment Recommendations & Literature

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

Banks and Trust Company of Northern New Jersey — Comparative figures as of December 31, 1954—Parker and Weissenborn, Inc., 24 Commerce Street, Newark 2, N. J.

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

Canadian Stock Price Changes in 1954 — Analysis — James Richardson & Sons, 173 Portage Ave., East, Winnipeg, Canada and Royal Bank Building, Toronto, Canada.

Dividends for More Than a Decade—Common stocks listed on the American Stock Exchange, by industrial classifications —American Stock Exchange, 86 Trinity Place, New York 6, N. Y.

Electric Utilities in Japan—In current "Monthly Stock Digest" with particular reference to **Chugoku Electric Power Co., Ltd., Hokuriku Electric Power Co., Ltd.** and **Hokkaido Electric Power Co., Ltd.**—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. and 1-1 Chome, Nihonbashi-Tori, Chuo-ku, Tokyo, Japan.

Foreign Investment Through the Japanese Stock Market—During December 1954 — Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

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

New York City Bank Stocks—Annual comparison and analysis —Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

New York City Bank Stocks—Comparative figures at Dec. 31, 1954—First Boston Corporation, 100 Broadway, New York 5, N. Y.

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

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

Split Up Candidates—List of 130 stocks which may be split-up candidates—Walston & Co., 120 Broadway, New York 5, N. Y.

Stock Market and Industry Review—Brochure—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

What Atomic Energy Is and How It Is Applied—4-color sheet with listing of 100 atomic stocks—Atomic Development Securities Co., 1033 Thirtieth Street, N. W., Washington 7, D. C.

* * *

Berkshire Fine Spinning Associates, Inc.—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Bird & Son, Inc. — Memorandum — Chace, Whiteside, West & Winslow, Inc., 24 Federal Street, Boston 10, Mass.

Celotex Corporation—Bulletin—Reynolds & Co., 120 Broadway, New York 5, N. Y.

Cinerama Productions Corp.—Analysis—John R. Boland & Co., 30 Broad Street, New York 4, N. Y.

Erie Resistor Corporation—Bulletin—Strauss, Ginberg & Co., Inc., 115 Broadway, New York 6, N. Y. Also available is a bulletin on **Elk Horn Coal Corporation.**

General Gas Corporation—Report—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Gulf Coast Leaseholds, Inc.—Analysis—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

Laclede Gas Company—Analytical Brochure—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Litton Industries, Inc.—Analysis—Clark, Landstreet & Kirkpatrick, Inc., 315 Fourth Avenue, North, Nashville 3, Tenn.

New Hampshire Fire Insurance Company—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

Northeastern Insurance Company—Study—Bond, Richman & Co., 37 Wall Street, New York 5, N. Y.

Peerless Cement Corp.—Memorandum—Rogers & Tracy, 120 South La Salle Street, Chicago 3, Ill.

Petroleum Corp. of America—Analysis—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a report on **Safeway Stores.**

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

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

Reo Holding Company—Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are three sample **Portfolios.**

Singer Manufacturing Co.—Analysis—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y.

Sioux Oil Co. — Analysis — Brereton, Rice & Co., Inc., First Nationll Bank Building, Denver 2, Colo.

Textiles, Inc.—Memorandum—Courts & Co., 11 Marietta Street, N. W., Atlanta 3, Ga.

Vanadium Corporation of America—Analysis—American Securities Corporation, 25 Broad Street, New York 4, N. Y.

West Penn Electric Co.—Memorandum—W. E. Hutton & Co., 14 Wall Street, New York 5, N. Y.

Wheeling Steel—Bulletin—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

York Corporation—Bulletin—Dreyfus and Co., 50 Broadway, New York 4, N. Y.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION INC.

BOND TRADERS CLUB OF CHICAGO

The Bond Traders Club of Chicago reports the largest guest registration in many years at their annual dinner Jan. 24, with a capacity crowd in attendance despite bad weather.

During the afternoon the annual Bowling Tournament was held with the Chicago "A" team the winner with a total score of 2716. The team thus retains possession of the First of Michigan Corporation Bowling Cup for another year.

Members of the team were Elmer W. Erzberger, Smith, Burris & Co.; William J. McGregor, Glore, Forgan & Co.; Richard Wierenga, Smith, Barney & Co.; Frederick J. Cook, H. M. Byllesby & Company, Incorporated, and Robert A. Sjostrom, Kidder, Peabody & Co.

High gross was won by Richard Wierenga, Smith, Barney & Co., and High Net by Martin J. Long, First Cleveland Corporation. William Brown, Baker, Simonds & Co., Detroit, won high individual game.

SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York will hold its annual dinner at the Waldorf Astoria, April 29.

Business Man's Bookshelf

Atomic Energy — How? Booklet describing in simple language the process of nuclear fission — Consolidated Edison Company of New York, Inc., 4 Irving Place, New York 3, N. Y. (paper).

Importance of the Settlement of the Barcelona Traction, Light and Power Controversy to the Economy of Spain—Sullivan & Cromwell, 48 Wall Street, New York 5, N. Y. (paper).

Vermiculite Concrete Panel or Spandrel Walls—Folder of Data —Vermiculite Institute, 208 So. La Salle Street, Chicago, Ill. (paper).

Joins McAndrews Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Frederick M. Lorish is with McAndrew & Co., Incorporated, Russ Bldg.

With Hooker & Fay

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Wendell A. Hutchinson has become associated with Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Hutchinson was formerly with Jamieson & Co. and First California Company.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Harry B. Seymour Jr. is with Merrill Lynch, Pierce, Fenner & Beane, 301 Montgomery Street.

With Paul C. Rudolph

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif.—Richard C. Tripp is with Paul C. Rudolph & Company, Bank of America Building.

A. C. Allyn Co. Adds

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb. — William S. Latta, Jr. is now with A. C. Allyn & Company, Inc., First National Bank Building. He was previously with John Douglas & Company, Inc.

Our Reporter's Report

The Treasury's offering of 40-year 3% bonds as a part of its roll-over of some $15,000,000,000 of maturing debt on March 15, apparently was a bit more than the seasoned and new issue corporate markets had bargained for. It is the longest maturity projected for government paper since 1911 when the Panama Canal 50-year bonds were marketed.

When Chesapeake & Potomac Telephone Co. of Baltimore City put $25,000,000 of 40-year debentures up for bids on Tuesday, staging an immediate test of the market's reaction, six syndicates sought the issue, all fixing a 3¼% interest rate.

The successful group paid the issuer a price of 102.20 and to show that the others were figuring pretty much along similar lines, it develops that the runners-up offered to buy the debentures at 101.955 or a differential of only $2.45 on a $1,000 bond.

Lowest of the six bids, 101.61, was only $5.90 a bond away from the winning tender. Ideas on reoffering terms ran out from the 3.125% fixed by the winner, to 3.15% indicated for the lowest bid.

With the market pretty much in a state of flux, it develops that most larger institutional buyers were disposed to remain on the sidelines for the time being at least. Interest of smaller buyers was sufficient to account for something less than 50% of the total in first-day sales.

Recasting of Ideas

A fortnight ago, prior to the Treasury's posting of its long-term bonds, the above-mentioned issue would have gone "out-the-window," if offered on a 3.125% basis. in the opinion of market experts.

But the terms set for the government's long issue naturally have made necessary some recasting of ideas on bond prices and yields. It is considered certain that a 3.15% yield would have brought out big buyers.

But the consensus now is that the major aggregations of investment capital now will be disposed to remain aloof for a spell and wait for the Treasury list to consolidate its new position.

Center of Conjecture

Once more American Telephone & Telegraph Co. is the focus of attention in capital market circles. Reports have the big company contemplating the raising of new funds. And despite the failure of such reports to materialize many times in the past, talk of a split-up is abroad again.

Latter reports could be, as in the past, a reflection of the prevailing rash of splits being announced by corporations and in good part, it could be a case of the wish being father to the thought.

A. T. & T. has been able to keep the price of its stock pretty well in hand by occasional offerings to holders on "rights." Among the more conservative element, feeling is that such an offering may be in the making as a means of taking advantage of the strong equity market.

With Hornblower & Weeks

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Daniel O. Anderson has become connected with Hornblower & Weeks, 134 South La Salle Street.

A Busy Period of Home Construction Ahead

By NORMAN P. MASON*

Commissioner, Federal Housing Administration

Commissioner Mason gives details of present FHA activities, and notes loan applications are increasing under the new Housing Act and the Voluntary Mortgage Credit Program. Sees in this an indication of confidence in the immediate future, and predicts the expected big year in home building will result. Reveals FHA is endeavoring to promote quality housing construction, and praises work of Building Research Advisory Board.

I am here today packing no pistol . . . wearing no policeman's badge . . . and girded with no questionnaires! I am not here in the role of traffic cop. But what I have to say bears directly upon the speed and quality of home building in this country.

Norman P. Mason

In the wake of what has been happening in your industry since your last convention, I fear there are just two speeds in the home building industry's joint venture with FHA: wide open and slow motion.

Not all builders at the present time are able to take advantage of the business being sparked by the new and more liberal FHA programs. A small minority, a very small minority, as a result of their own actions, have had their participation in FHA programs slowed down.

The great majority of the several thousand Section 608 sponsors are not involved in any irregularities. I believe that the rank and file—the conscientious builders of this country—will be glad to know that we are working on procedures to separate the wheat from the chaff. These procedures will be announced in the next few days.

Let's turn our attention now to a couple of matters in which we as partners should be able to help each other. One is the disadvantage the small builder is up against in developing land. The big builder, with his quantity production, can undertake the cost of land improvements—costs often prohibitive to a small scale developer. What can be done to help the little fellow? What can, or should, FHA do to help him? I'd very much like to have the benefit of your advice.

Another consideration, and this one of importance to small builders and large builders alike, is the Voluntary Home Mortgage Credit Program. It it designed to put more mortgage money to work in communities in outlying areas and for minority housing. To the degree it's successful, it should certainly help the builders who operate in these areas by bringing the advantages of more liberal home financing to a market previously unblessed by this stimulas. I am sure that if this voluntary program is to develop as it should, FHA must be sure that its help is available anywhere. We will welcome word from you if this is not so in your area.

Let's turn now to the bright outlook for business during the course of this year — the wide open housing market. Last year was the second greatest year in history in housing starts. The number has been officially estimated at 1,215,000 units. Seasonally adjusted, the number of housing starts during the fourth quarter of 1954 exceeded an annual rate of 1,360,000.

FHA Activities

About 276,000 of last year's starts were financed under FHA programs. The figure which better reflects the current activity, however, is the number of the new applications received in our FHA offices. The total applications last year for FHA financing of one-to-four family dwellings alone covered 338,000 units, an increase of more than one-third over the previous year.

Well, we all like to crow and in Washington we've been crowing that the Housing Act of 1954 is largely responsible for the records we're setting.

Still, we're always glad to credit openly the boys who are doing the job. You home builders, large and small, from all over America, working together, have created this record. Your record speaks for itself. You are demonstrating in dramatic style that free enterprise, in spite of its critics, can meet the challenge of the times.

I am as pleased as you to sense the confidence with which you face the immediate future. I believe the rosy predictions of a big year ahead will be borne out, and that the trend clearly demonstrated during the last five record-beaking months of 1954 marks the beginning of a really busy period of home construction.

The applications that came tumbling into our field offices in such record-breaking numbers were largely for single family houses, the bread and butter of the home building industry.

I have good news for you. The Congress is considering giving us permission to use an adequate amount of extra funds so we can soon hire enough personnel in our field offices to keep processing current. I ask your help in getting the qualified personnel that we need and let's do it quickly.

I believe single family living is going to play an even more important part in our way of life from now on. FHA's interest in the trends and habits of American home seekers led us very recently to check up on our regular survey of vacancies in rental housing projects.

A Survey of Rental Vacancies

Each March 31 for most of the continental United States we take a survey of rental vacancies in FHA-insured projects. To find out what was happening in the matter of vacancies currently, we did a "quickie" survey of the opinions of our insurance office directors. Let me stress that these are opinions, not fact, but cross checks indicate their reasonableness.

Less than half our directors believed that there have been some increases in vacancies in at least one of FHA's four rental programs. Only one out of six directors, however, expressed the opinion that their increase was substantial.

It is, I think, indicative of the fact that any change is still a minor one, in that vacancy ratios of 10% or less were estimated by several of these offices which indicated an appreciable increase in vacancies.

We asked these offices where people moving from rental projects were going and they indicated that most of them were moving to single family homes insured under FHA or guaranteed by VA, with minor percentages to conventionally financed homes and to rental projects with lower rentals. It is wise to remember that this sort of trend has been going on for many years, but probably is being accelerated by the terms of the Housing Act of 1954.

Everything points to a 1955 record of residential construction well in excess of last year.

Promotion of Quality Housing

Whatever the total, it's going to be a mighty big price tag.

No matter what the size of this price tag, it will be paid by American home buyers this year. Because, by nature, FHA is their representative in this partnership, our interest quite naturally lies in helping the fellow who is footing the bill to get as much as he can for his money.

In this aim of ours—promotion of quality housing on which maintenance costs will be low—we're not raising an issue which conflicts in the least with your interest. With competition keener and the customers more selective, a business-like glance at the situation tells you that a more desirable home is the product you must put on the market in 1955.

Recently we in FHA have been doing a good deal of talking about quality. This in itself isn't startling, nor is it so new. We have always been advocates of quality, in material and in construction.

But now we intend to go further. In considering a house in the light of its future maintenance costs, its longevity, livability, and its future value in terms of amenities, we are enlarging the definition of quality.

Industry advisory committees have been called in to assist in the study of how our cost estimates might reflect higher standards. We are studying procedures by which architectural and structural qualities, design and location which contribute to longer life, lower maintenance and better living can best be given recognition in the FHA appraisal.

We want the benefits of advanced techniques. We want today's new materials to be made available to more and more people who have previously been priced out of the market.

In making revisions to our minimum property requirements, the intent is neither to relax nor tighten them. The intent is simply to seek the ideal in balancing economy with quality. On the other hand, we are not just increasing costs. For instance, we are exploring the possibility of omitting finished flooring when the buyer wants wall-to-wall carpeting.

These are measures that we, as a partner in housing, can take to help you home builders serve the American public better.

And now, as a not-too-silent partner, I am interested in learning what the organized home builders plan to do to advance the joint cause of quality and economy. What are the workable means of reduced building costs while maintaining and improving quality?

Sometimes when a builder finds a means of saving money in the construction of a house, we'd like to see him take that savings and use it to add quality elsewhere in the house. That's the sort of thing that will give us "more house for the money." I talked to a builder the other day who said he was able to save $60 on a driveway and he applied it to installing a better kitchen.

I believe this search for "more house for the money" highlights one of your real problems: the housing industry is not conducting sufficient technical research. What a wonderful thing it would be if the home builders had their own big technological research program working to uncover and develop new ways to put a better house together at less cost.

What a wonderful idea it would be for each of you to put $1 per house into a fund to support a fine program like this. You home builders could have a million dollars a year working for you to devise means and methods which can save you that amount many times over in the years to come, and broaden your market too.

I applaud the good work Len Haeger is doing for you in research. I am back of you in your support of the work of the Building Research Advisory Board. Research is the job of industry—I hope you will accept it.

Through your vision you can create homes to keep pace with the times. You can offer homes so well tailored to fit the varying stages of life that families will no longer consider it normal to spend their whole lives in one house.

Yours is the group with the incentive, the leadership, and the vigor. Yours is an organization of young men and ideas, yet with maturity of vision to size up the future and with the spirit to take up a challenge.

I congratulate you for the interest you have already shown in improving housing standards for the American people. I congratulate you for assembling here from every state, from the cities and towns all over America. You have come to learn how to do a better job for yourselves and a better job for your neighbors back home.

FHA stands ready today to assist you in forward looking plans to make housing available to Americans of every income level.

What a wonderful thing it is that American businessmen will gather together like this, sharing their knowledge and banding their strength in cooperative endeavor.

And in putting that knowledge to work you will earn an even greater award—the certain knowledge that, through your work, you have helped to create a healthier, happier, sounder and better America.

*An address by Commissioner Mason before the Convention of the National Association of Home Builders, Chicago, Ill., Jan. 19, 1955.

Three Join Reynolds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Roland A. Biancalana, John G. Lazaneo and Hector Harrison have become associated with Reynolds & Co., 425 Montgomery St. Mr. Harrison was formerly with Davidson & Co.

A Businessman's View of 1955

By WILLIAM B. MURPHY*

President, Campbell Soup Company

Picturing 1955 as a year of competitive prosperity, leading food processing executive lists items upon which favorable prognostications are based. Sees as major developments: (1) a high rate of technical development in industrial processes and (2) important shifts in home life that raise living standards

It seems clear that for the long pull the general economic outlook for this country is most promising. When we get down to something specific, like tomatoes, it's not so easy. Anyone who can tell us in April what the tomato crop will be in August can count on a cordial welcome from us and no questions asked.

Wm. B. Murphy

I would like to make a few observations on the prospects for 1955 as we see them, and then talk more about the long-term outlook.

The best phrase I have heard to describe 1955 is that it will be a year of competitive prosperity —in other words, a good year for those who recognize the need to compete for business with all the ability at their command.

It seems likely that the year '55 will nudge out '54 from its position as our second best year and may turn out to be our No. 1 peacetime year.

The newspaper columns, the newscasters, and the trade papers have been full of prognostications as to 1955. I suppose everyone of you has read and re-read the predictions:

—We have all been informed that steel production is likely to be up this year.

—It is predicted that retail sales will increase about 5%.

—Automobile manufacturers expect to sell nearly 6 million cars.

—The fairly heavy liquidation of inventories that took place in 1954 is not likely to be repeated in 1955.

—Street and road construction will be at a high level.

—There will be a record number of schoolrooms, new water systems and sewerage facilities under construction.

These and other factors have led many leading economists to the opinion that 1955 will be a good year — moderately better than 1954.

Two Major Developments

Now, if I may, I would like to talk about a couple of major developments that seems to be behind today's healthy economic state. These are:

(1) A high rate of technical development in our industry that is producing a kind of revolution of products and processes, and

(2) Important shifts in home life, affecting particularly our urban areas, which we might call a kind of revolution in living.

Our technical development as it affects industrial products and processes stems from the research work which has gone on in the past and which is now going on at a higher rate than ever. This technical development has many effects:

—It has increased industrial spending.

—It has produced new products —products of better value.

—It has helped to lower costs of production and permitted higher wages and salaries. Naturally enough it has opened up wholly new fields for future development.

This kind of a revolution in products and processes has been aided by

—new concepts of automatic controls and mechanized processes.

—new electrical, chemical and atomic discoveries, and

—new concepts of management.

Not the least of all of these favorable developments is a growing understanding by all concerned that wage and salary increases must be hinged to productivity increases, if those wage and salary gains are to be real in terms of standard of living.

Changes in Our Way of Living

Another major factor that is prevalent this year has to do with development of the home — changes in our way of living. This is reflected in the fact that 1.2 million new homes were constructed in 1954. One of our best and most conservative expert in the field of home construction predicts a slightly higher number in 1955, possibly 1.25 million. He also predicts in excess of 1.1 million new homes per year through 1960.

Those of us who travel about the country see with our own eyes a tremendous movement to single family units, each with a plot of ground.

About one-half of the new homes are for new families, and about one-half are accounted for by the movement from multi-family structures.

It is estimated that the cost to repair and fix up homes will be about equal to the cost of new home construction. In addition, there is a strong trend which has been labeled "Do It Yourself" and means much to the makers of tools and appliances and building materials.

Another trend affecting the home life which has been going on for some time and which continues unabated, is the trend toward the use of more prepared foods. This trend has the effect of enabling the housewife to have more time to spend on her home and with her family.

Tied in with the home development is a rising population. Last year there were approximately 4 million babies born (the greatest number in one year in our history). In this respect we seem to be going back to the old days when families were larger. It is reliably estimated that the population in the United States in 1970 will be 200 million. Whatever problems may be created by our rapidly accelerating population curve, we in the food business simply accept the fact that there are going to be many new mouths to feed.

*Excerpt from an address by Mr. Murphy before the Board of Trade of Washington, D. C., Washington, Jan. 25, 1955.

Paul Mazur to Address New School

Paul Mazur, partner in Lehman Brothers and director of leading corporations, will open a series of five round table luncheon talks for business executives which are the main feature of the spring program of the Business Administration Center of New School for Social Research. Mr. Mazur will speak on "Distribution" at the round table on Thursday, Feb. 10, meeting at the School from 12 to 2 p.m.

Paul Mazur

Joins Eaton & Howard

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Elliott C. W. Johnson has become affiliated with Eaton & Howard Incorporated, 24 Federal Street.

With Hemphill, Noyes Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Walter S. Chapin has become connected with Hemphill, Noyes & Co., 10 Post Office Square. He was previously with Goodbody & Co.

Investors Planning Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Harold F. Theriault has been added to the staff of Investors Planning Corporation of New England Inc., 68 Devonshire Street.

Now With Gage Wiley

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — George E. Wallace has become affiliated with Gage-Wiley & Co., Inc., Third National Bank Building. He was formerly with Lloyd D. Fernald & Co., Inc.

From Washington Ahead of the News

By CARLISLE BARGERON

President Eisenhower in the resolution which he has just, almost unanimously, got through Congress, has done more than "clarify" this country's policy as regards Red China. That resolution gives the President authority to hit back and hit back with everything we have if the Chinese Reds make what he considers a hostile move towards Formosa. On the other hand, this policy and authority "clarifies" and puts Chiang Kai-shek and the so-called China Firsters in their place. Implicit in this policy and authority is a recognition that Chiang Kai-shek can't even get his troops off the Tachens without our assistance, much less can he regain the mainland which has been the fond dream of our so-called China Firsters and the only practical reason for supporting Chiang Kai-shek in his manner of living on Formosa.

Carlisle Bargeron

A Senator, prominently in our Asian policy, who has never been critical of our maintaining Chiang Kai-shek on Formosa, and who has never publicly questioned the idea that some day Chiang Kai-shek would move back to the mainland and oust the Communists, told me a few days ago: "Why, there is not a man in Chiang Kai-shek's army under 30 years of age."

The question of whether the Generalissimo could reoccupy the mainland has been a controversy in this country for several years. A vociferous group has contended that he should have been unleashed during the Korean War, and should be unleashed now. Personally, I have not been able to understand why he should not have been unleashed, as the expression goes. At least, it seemed to me and I had some military authorities on my side, he could have done no harm even though his "unleashing" would have accomplished nothing more than his eradication. In the meantime, his forces would have killed some Chinese Communists.

But the Conservatives in this respect seem to have well known the old man's limitations. There was and is no chance of his regaining the homeland; he has to have assistance in getting his some 10,000 troops off the Tachens; certainly he needs assistance in the Communists' threat to take Formosa. That's the reason our government has to take the stand it is taking.

The outcome of this episode — our Congress authorizing the President to take such steps as are necessary to "call" the Chinese Communists—is bound when and if it is over, to throw Chiang Kai-shek and our support of him into a new perspective. The question is bound to arise as to just why we should support that old man and his army in grandeur for the rest of their lives.

It may be argued that Formosa is essential to this country's security or to its position in the Far East. Assuming that is true there seems to be nothing Chiang Kai-shek can do about it. He can remain in power only through the military support which we give him.

Undoubtedly, John Stewart Service, Vincent Carter and other old State Department China hands are saying to themselves, "I told you so." They have suffered disrepute because they advocated during the war that we should play ball with the Communists and ditch Chiang Kai-shek. Their offense was that after their advice was rejected by the Washington government, they continued to press the Chinese Communists' cause, insisting these Chinese were but agrarian reformers. It is apparent they are certainly not that.

It seems that the Washington government finally began to wobble and it is debatable as to whether it was not finally responsible for Chiang Kai-shek's defeat; whether it did not sell him down the river at the Cairo and Yalta conferences.

Anyway, after his defeat we have been, as if conscience-stricken, supporting him and a so-called Chinese Republic on Formosa. We have recognized him as the Republic of China when manifestly the Chinese Reds are established in China. We have been doing this under the myth that the Chinese Reds are only temporarily in command of China, that Chiang Kai-shek will some day, indeed, tomorrow if we would only let him, move over and retake the mainland.

The bunk of this will undoubtedly be clearly revealed when the stench of the present mess we are in is removed. Then, although we will not like it, the question of the Chinese Reds being a member of United Nations will be viewed more realistically. In fact, everything will be much better when we finally realize what fools we made of ourselves in World War II. Most of our present world problems are due to our unwillingness to face that fact.

Joins Revel Miller Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Jack P. Serina has joined the staff of Revel Miller & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange.

With Mitchum, Jones

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Harry G. A. Seggerman is now with Mitchum, Jones & Templeton, 650 South Spring Street, members of the Los Angeles Stock Exchange.

How High Is the Market?

By NORMAN STEELMAN
Lilley & Co., Philadelphia
Members, Philadelphia-Baltimore Stock Exchange

Mr. Steelman offers data regarding stock market developments, and concludes the capital gains tax is responsible in large measure for the high level of certain stocks. Says investors who hold stocks which show inordinate appreciation in market value since 1942, would do well to have an expert appraisal.

The Dow-Jones Industrial Average reached 410 recently as against the 1929 high of 396, and is still above this figure. But the average is misleading because the "yardstick" used for computing the average does not remain constant as to length and is now somewhat shorter than it was in 1929.

As measured by the Consumer Price Index, otherwise referred to as the *"cost of living index,"* the dollar now has a purchasing power of about 60 cents compared with the 1929 dollar. In order to obtain a true comparison of stock prices with those of 1929, it is necessary to adjust the current Dow-Jones Index figure to the 60-cent dollar. The current figure of 398 (1/25/55), therefore, would be reduced to 238 or 158 points lower than 1929.

Stock prices reached their lowest level in 1942 with the Dow-Jones Industrial Average at a low of 92.9. Since 1942 the purchasing power of the dollar has declined further, and estimates based on the cost of living index, place its present value at about 58 cents as compared with the 1942 dollar. Adjusting today's average (398) to the 58-cent dollar, results in a figure of 230.8, or 138 points above the low of 1942.

A further adjustment is necessary, however, in order to arrive at a true picture of the rise since 1942. Despite the industrial recovery which had gotten under way late in 1939, stocks prices, for some unwarranted reason, moved in the opposite direction until 1942 bringing the Dow-Jones average down from 121 in 1939 to 92.9 in 1942. Twenty-eight (28) points of the rise since 1942, therefore, was nothing more than catching upon what had been lost. Only 110 points can reasonably be considered a rise based on industrial progress since that time. The legitimate rise since 1942, therefore, is only about 120%, which seems very moderate considering the accompanying growth of industrial production and earnings.

The same cannot be said of individual issues. Some are far ahead of the market average; others far behind it. Some can be found that have scarcely risen at all since 1942. There may be sound reasons why these wide discrepancies should exist in some instances, but those reasons bear looking into. Investors who hold stocks which show inordinate appreciation in market value since 1942, would do well to seek an expert appraisal. The accompanying brief list selected more or less at random will illustrate the point.

Obviously, the capital gains tax is responsible in a large measure for the high level of certain stocks. Holders are reluctant to take profits and pay 25% in taxes. If Congress wants to do something to check the rise in stocks which, in the opinion of certain members appears to be getting out of hand, a cut in the capital gains tax should prove to be an effective measure. Investors might be willing to pay a 10% tax and the government might easily derive more revenue from a lower tax than is now derived from the higher.

	1942 Low Adjusted to Subseq. Split-ups and Stock Div.	Market Jan. 19, 1955	Market Adjusted to a 58c Dollar	Rise Since 1942
Allied Chemical	29⅝	94¾	55	90%
Allis-Chalmers	22	73⅜	42⅜	90
American Home Products	12¼	65½	37¾	200
Armstrong Cork	42	88¼	51	21
Atlantic Refining	4¾	38¼	22	360
Bendix Aviation	26	103½	59¾	130
Bethlehem Steel	16½	106	55½	235
Borg Warner	6½	37⅞	22	240
duPont	25½	158¾	92¼	264
Firestone	3⅜	55½	32	850
General Electric	7⅛	49⅛	28½	300
General Motors	15	94½	54½	266
Gillette	1½	69⅞	40⅝	2,600
Goodyear	2⅜	51¾	30⅜	1,185
Gulf Oil	11¾	62¾	36½	210
Hercules Powder	25½	99	57½	125
Kennecott	26⅜	100¾	58¼	120
Monsanto Chemical	22	100½	58¼	163
Phelps Dodge	11	49⅝	24⅞	127
Phillips Petroleum	15	72½	41¾	178
Radio Corporation	2½	38⅛	22	800
Remington Rand	2½	33½	19½	680
Sears-Roebuck	10⅞	75⅜	43⅝	300
Standard—California	8	75¼	43½	437
Standard—New Jersey	15	107⅛	62	310
Standard—Ohio	9¾	43⅜	25⅛	157
Socony	6	51¼	29½	390
Sun Oil	12¾	68	39½	210
Texas Company	14¾	85⅝	49½	240
U. S. Steel	14¾	70⅛	40½	173
Westinghouse	15⅞	78	45¼	180

"Discount Stores"

By ROGER W. BABSON

Mr. Babson, contending "you can't kill competition in a free economy, not even with fair trade acts or price fixing," discusses rise of "discount houses, and the break-down of fixed retail prices on automobiles and appliances. Says much of what some businessmen call "unfair competition" may be "lazy competition," and holds, unless department stores, merchandizing chains, and independents learn to do business cheaper and sell profitably at lower prices, "fair trade" may be doomed.

One of the most significant lessons business learned in 1954 is that you can't kill competition in a free economy, not even with Fair Trade Acts or Price Fixing! For you, this may mean better quality for less cost in 1955.

Roger W. Babson

The automobile is a good example to use in this discussion. Remember the gravy train the average dealer rode from 1946 to 1953? Remember how you had to know Joe and even slip him a few extra bucks to get on a preferred waiting list back in 1948? It was a sellers' market; the dealer called the shots and he made plently of easy money.

Suddenly in 1953 the sellers' market became a buyers' market. The consumer was back in the driver's seat because much of the pent-up demand had been safisfied. Dealers who never learned how to make a dollar the hard way wound up in trouble. Some day the stock market will suffer the same experience!

Discount Markets Opened

As time went on, new cars began to appear on Used-Car Lots at reduced prices. Some manufacturers, after reopening new showrooms, ballyhooed "great sales" with discounts of $800-$1,000 on new cars. This greatly encouraged the "Discount Houses." About the same time the National Automobile Dealers Association announced that it would "leave no stone unturned" to eliminate bootlegging and all other practices it considered unfair—but did it turn any stones?

A group of Detroit bankers, studying the industry's plight, found that not one of them had been approached by car or electric appliance salesmen since World War II. Word, however, got around that consumers had the money to buy and were only waiting for lower prices. Finally, dealers woke up and again worked hard for sales. This competition finally broke "price fixing" not only in the automobile industry but all along the line. It became as popular to break "fair trade" as it was to ignore Prohibition during Hoover's Administration.

The Discount House Scare

The automobile dealers were not the only ones losing money. Appliance manufacturers, pen and hat makers, carpet weavers, and many others were in trouble. One prominent discount chain began to sell a "fair-traded" $89.50 vacuum cleaner for $49.95, and still made a good profit. Cries went up from manufacturers who vowed they would buy back every item of their manufacture they found in discount houses! Others wanted government interference to enforce "fair trade" and price fixing to rescue their profits.

The dam broke late last year when General Electric's Major Appliance Division announced it was giving its distributors the responsibility for determining retail prices. With this announcement, big New York City department stores also broke away. They finally decided that they could not stand the competition of the discount houses. These are now provoking the same kind of furor and revolution in merchandising as did the department stores and dime stores in the Nineties. These latter have now become "respectable," and discount houses are taking their former places. Whether here to stay cannot now be foretold. They, however, are reported to be doing a $25 billion retail business annually and accounting for about 18% of all retail and 15% of all wholesale trade.

Lessons for Merchants to Learn

It may be the so-called automobile boottlegger and the discount houses have rendered our economy a real service. I do not know, but I can remember how the department stores, mail-order concerns, and the chains started 60 years ago. They have reminded us that whether a manufacturer or his sales agents are wealthy or poor depends on the ingenuity and effort they apply to their work. They cannot expect to always make money by playing golf or going to Florida.

Much of what some businessmen call "unfair competition" may be "lazy competition." Another revolution may be needed to maintain a healthy free-enterprise system. It is this kind of competition that gave us the highest standard of living in the world. Furthermore, unless department stores, merchandising chains, and independents learn to do business cheaper and sell *profitably* at lower prices, "fair trade" may be doomed. Perhaps Self-Service will save the day.

Carleton Davenport With Carr & Thompson

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Carleton Davenport has become associated with Carr & Thompson, Inc., 31 Milk Street. Mr. Carleton was formerly with Coburn & Middlebrook, Inc. and prior thereto was an officer of Clayton Securities Corp. In the past he conducted his own investment business in Boston.

Electric Industry Sponsors Largest Investment Program

By K. M. ROBINSON

President, Washington Water Power Co., Spokane, Wash.

West Coast utility executive gives data on electric power growth along with the program of expansion in current and future years. Says sale of kilowatt hours in 1955 is expected to reach 455 billions, and represents an increase comparable with that of 1954. Concludes, as power companies study applicative atomic power developments, outlook for industry "is very promising."

Growth records will continue to be made in the electric light and power industry in 1955.

Construction this year is expected to exceed the record-breaking level attained in 1954. Some 13 million kw. of generating capability is scheduled for the entire industry, of which 8 million is planned by the investor-owned companies who estimate construction expenditures of about $2.8 billion.

Kinney Robinson

The record shows that the light and power industry since the end of World War II has been engaged in one of the largest expansion programs in the nation. Investment in plant and property is now about $28 billion, as compared with $12.5 billion in 1945.

While the utilities have been financing construction on the ratio of about two-thirds through the sales of securities against a third from depreciation reserves and surplus accruals, it is expected that 1955 will see an increase in financing through securities.

The number of utility customers will continue to increase during the coming year, although the rate of growth will not be as rapid as in recent years. An increase of about 1.5% is indicated for 1955, bringing the total number of customers served to 51.7 million. The mushrooming growth of the last 15 years has brought the figure up from 29 million in 1939.

Increasing the per customer consumption of electricity offers tremendous opportunity for sales growth. Viewed by experts in the field, it is not tied to any other trend, nor is it limited by economic factors. It is limited only by the industry's ability to sell the use of its services to all customer classifications. And, with better power supply than during the immediate postwar period, companies are in a position to step up sales activities which will result in continued load growth.

It is expected that the sale of kilowatt hours in 1955 will reach 455 billion. The 1955 increase will be comparable to the 8% increase noted during the past year. Residential use should again be the star performer, and national average used in this bracket will be near the 2,800 kwh. mark by the end of the year. Some utilities, notably in the Pacific Northwest, already have an annual residential usage that is about 2½ times greater, and predict consumption in excess of 7,300 kwh. by the end of the year.

Private power companies in the Northwest plan a construction outlay of some $120 million in 1955 alone, and are committed to vast additional expenditures to have plenty of power available when it is needed. Among them is the Washington Water Power company which two years ago completed a new $50 million hydro-electric development in north Idaho, and which only recently filed for permission to build another new $87 million plant in Montana. At the same time it is seeking actively to implement the partnership idea of the present Administration, and in cooperation with other private utilities of the area is studying additional major power sites whose total costs will run into the hundreds of millions.

And, as many groups of power companies actively study atomic power developments with a view to proceeding with such large-scale undertakings as fast as circumstances warrant, the outlook for the entire industry is very promising.

Despite many restrictions, investor-owned companies have demonstrated their ability to do a good job for the American public. The full value of their capabilities can be truly realized only when serious legislative inequities in the matter of taxes and discriminatory preference in power supply are remedied.

With Wm. C. Roney Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Alanson K. Brush has been added to the staff of Wm. C. Roney & Co., Buhl Building, members of the New York and Detroit Stock Exchanges.

Shearson, Hammill Adds

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Robert J. K. Conheady is now with Shearson, Hammill & Co., 9 Lewis Street.

Join Income Funds

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn. — William A. Ward and Charles E. Bedient have joined the staff of Income Funds, Inc., 152 Temple Street.

COMING EVENTS

In Investment Field

Feb. 16, 1955 (Detroit, Mich.)
Bond Club of Detroit annual dinner at the Detroit Boat Club.

Feb. 21, 1955 (Milwaukee, Wis.)
Milwaukee Bond Club annual meeting and election at the Skyroom of the Plankinton Hotel.

Feb. 25, 1955 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia annual dinner at the Benjamin Franklin Hotel.

Mar. 11, 1955 (New York, N. Y.)
New York Security Dealers Association 29th Annual Dinner at the Biltmore Hotel.

March 23-25, 1955 (Pittsburgh, Pa.)
Association of Stock Exchange Firms meeting of Board of Governors.

Apr. 29, 1955 (New York City)
Security Traders Association of New York annual Dinner at the Waldorf Astoria.

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

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

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

Sept. 11-14, 1955 (Mackinac Island, Mich.)
National Security Traders Association annual convention.

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

Sept. 21-23, 1955 (Denver, Colo.)
Association of Stock Exchange Firms meeting of Board of Governors.

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

Nov. 27-Dec. 2, 1955 (Hollywood, Florida)
Investment Bankers Association annual Convention at Hollywood Beach Hotel.

Two Important Factors In 1955 Favorable Outlook

By W. H. SCHWARZSCHILD, JR.

President, The Central National Bank of Richmond, Virginia

Mr. Schwarzschild holds high volume of construction and heavy automobile production augurs a good year ahead.

The direction of opinion appears to augur favorable business activity in 1955. Two important factors bolster this estimate. The forecast of the Government and the construction industry is that the volume of construction will equal and probably exceed the volume experienced in 1954; spokesmen for the automobile industry estimate that the production of new cars in the new year will exceed that of 1954 and that they will be readily sold.

Construction and automobile production are two major factors in steel consumption, our major heavy industry. With a continuation of basic activity estimated at current levels, which are high, and taking into consideration that there will probably be some replacement of business inventories, which have declined five billion dollars during the past year, as well as the normal population increase underlying the demand factor, I feel the outlook for business during 1955 cannot but be good.

EDITOR'S NOTE: Owing to a mechanical error, Mr. Schwarzschild's remarks as published in our issue of Jan. 27, page 49, were distorted, hence its reproduction herewith.

Stock Prices Today vs. 1929

Chase National Bank's "Business in Brief" compares data on relative stock market prices in 1929 and 1954, and holds that, in terms of standard comparison, "stock prices are now lower than they were a quarter of a century ago."

Although the stock market boom lifted common stock prices to a new all-time high during 1954, "Business in Brief," the Chase National Bank's quarterly business review, reports that "the average price of common stocks relative to earnings and yields is not as high as it was in 1929."

The publication cites the following comparative figures to support its conclusion:

	1929 High	1954 High
Dow-Jones Industrial Average	$381	$404
Earns. per sh., previous year	$15.36	$27.23
Ratio: Price to previous year's earnings	24.8	14.8
Dividend yield	3.15%	3.99%
Yield on high-grade bonds	4.69%	2.89%

"Clearly," the bank's analysis states, "in terms of standard comparisons, stock prices are now lower than they were a quarter century ago."

"Business in Brief cites another significant difference in its comparison of the two market peaks: today's market is predominantly a cash market, whereas the 1929 boom was fed by huge quantities of credit. The current margin requirement of 60%, compared with 10% in 1929, results in less speculation in stocks today; also fewer buyers are trading on the margin.

But the Chase survey does not foresee any "new era of constantly rising stock market prices." Describing the rise in the past year as "extraordinarily rapid," "Business in Brief" says: "Clearly, such an advance cannot continue indefinitely. Over a longer period the average of stock prices must be geared to a growth of earnings, which in turn are intimately tied to the growth of the nation's economy.

"Yet the 1954 rise in the market may well serve to assist this process of growth. It has lifted stock prices into an area where an increasing number of companies can afford to finance capital investment by issuing private stock. Thus stock prices, if they can achieve stability at a reasonably high level, can make an important contribution to an orderly advance for business generally."

The Chase survey expects such an orderly advance to be realized in 1955. "Business activity is now moving up. And most signs point to a continued, though moderate, improvement this year."

"In short," the survey concludes, "the principal characteristic of the 1955 business scene promises to be a high level of activity marked by lively competition."

Elected Director

John L. Loeb

John L. Loeb, senior partner of the investment banking firm of Carl M. Loeb, Rhoades & Co., has been elected a director of New York Capital Fund of Canada, Ltd., it is announced. He fills the vacancy on the board caused by the recent death of his father, Carl M. Loeb.

Joins Lee Higginson

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Charles W. Lovejoy, Jr. is now with Lee Higginson Corporation, 50 Federal Street.

With Keller & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Howard M. Brown has become associated with Keller & Co., 53 State Street.

Goodbody Adds Two

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — George W. Checketts and Howard C. Roberts are now with Goodbody & Co., Penobscot Buildling.

White Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Olin W. Shell is now connected with White & Company, Mississippi Valley Building.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

The appointment of Thomas W. Heslin as a Vice-President of **Manufacturers Trust Company, of New York** was announced on Feb. 2 by Horace C. Flanigan, President of the Trust Company. Mr. Heslin joined the Personal Trust Department of the bank in March, 1947, and was appointed a Trust Officer in October, 1950. He has been a member of the New York Bar since 1939 and is also a member of the New York County Lawyers Association.

Floyd L. Hird, Vice-President, Secretary, and a Director of Samuel Hird & Sons, Inc., has been appointed a member of the Advisory Board of the Empire State Office (350 Fifth Avenue at 34th Street) of **Manufacturers Trust Company, of New York,** President Flanigan of the Trust Company announced on Jan. 28. Mr. Hird is a Director of the Mutual Adjustment Bureau of the Cloth & Garment Trades.

* * *

Directors of **Royal State Bank of New York** have voted a 10% stock dividend for stockholders and have also approved an offer of 20,025 new shares of capital stock, it was announced on Jan. 27 by Henry G. Barber, President and Chairman of the Board of the bank. The directors acted after the stockholders, at the annual meeting at the new principal offices of the bank, 245 Fifth Avenue, approved an increase in the authorized capital stock from $1,001,250, consisting of 200,250 shares of common stock, each having a par value of $5, to $1,201,500, consisting of 240,340 shares of common stock. At the same time, the directors reelected Mr. Barber as President and Board Chairman and reelected directors and officers of the institution. The 10% stock dividend is payable in shares of stock in the bank in an amount equal to $100,125, or one new shares for each 10 held as of record as of Jan. 26, 1955. Under the proposal of the directors, the stockholders are being offered the right to purchase one new share of stock for each 10 now held. The 20,025 new shares are being offered at $16.50 per share to all stockholders, pro rata, on the basis of one new one for each held as of Jan. 26, 1955.

* * *

Central Savings Bank of New York has announced the promotion of Milton Rich to the post of Assistant Mortgage Officer. Mr. Rich joined the bank in 1928. In 1953 he was made Manager of the FHA and Veterans Administration Mortgage Division of Central Savings.

* * *

E. Chester Gersten, President, **of The Public National Bank and Trust Company of New York,** announced that Irving Levine, who is a Credit Officer at the Broadway and 24th Street Office, has been advanced to Vice-President from Assistant Vice-President.

* * *

C. Arthur Baumann, who became associated with the **Bushwick Savings Bank of Brooklyn, N. Y.,** in June, 1953 as Mortgage Officer, has been elected a Vice-President and Mortgage Officer according to an announcement made Jan. 21 by Gerald R. Dorman, President of the bank. Mr. Dorman also announced that Fred Hildebrand, a Trustee since 1936, has been eltced a Vice-President of the bank.

Thomas R. Rudel, President of the Rudel Machinery Co., Inc., New York City, was elected a trustee of **The Lincoln Savings Bank of Brooklyn, N. Y.,** according to an announcement made by John W. Hooper, President of the bank. In addition to his ownership of the Rudel Machinery Company, Mr. Rudel is Chairman of the Board of the Rudel Machinery Co., Ltd., Montreal, Canada, which was founded by his father. From 1932 until 1952, Mr. Rudel was associated with the Eberhard Faber Pencil Co. of Brooklyn, and he still retains an interest in that company. He is also identified with various other business concerns.

* * *

Approval was given on Jan. 14 by the New York State Banking Department to the application of the **Oystermen's Bank & Trust Co., of Sayville, N. Y.,** for a certificate of increase of capital stock from $200,000 in 4,000 shares (par $50 each), to $250,000 consisting of 5,000 shares of the same par value.

* * *

National Bank of Westchester, of White Plains, N. Y., has received permission from the Comptroller of Currency, to open a new branch in **Tarrytown, N. Y.,** at the intersection of Tarrytown Road and South Broadway, Ralph T. Tyner, Jr., President, has announced. The new office, which will be National Bank of Westchester's second in Tarrytown, was originally applied for by **The Tarrytown National Bank & Trust Company** prior to its consolidation on Dec. 31, 1954, with National Bank of Westchester. Approval of the application followed immediately on the approval of the consolidation by the Comptroller of the Currency. No date has been set for the opening.

* * *

Clifford Couch, Chairman of the Board and President of **Westchester County National Bank of Peekskill, N. Y.** and Ralph T. Tyner, Jr., President of **National Bank of Westchester, of White Plains, N. Y.,** announced jointly on Jan. 31, that, as a result of conferences between the Boards of Directors of the two institutions, formal approval of the consolidation of the two banks will be recommended to both boards. Agreements of consolidation will be submitted to the Comptroller of the Currency for his formal approval and, if approved, will be submitted to the stockholders of both institutions for ratification. Upon final approval by the supervisory authorities, it is hoped, it is stated, to have the consolidation effective on or about March 31.

National Bank of Westchester has been formed by successive consolidations of New Rochelle Trust Company, Huguenot Trust Company, New Rochelle; Peoples National Bank & Trust Company, White Plains, The First National Bank & Trust Company of Tuckahoe and The Tarrytown National Bank & Trust Company. Now with the 122-year-old Westchester County National Bank, of Peekskill, it will make available to the entire county of Westchester complete banking facilities, it is said. The Westchester County National Bank and National Bank of Westchester will, it is contended, make possible even greater banking services to the northwestern part of the County. This step follows closely the recent consolidation of **The Tarrytown National Bank & Trust Company** and **National Bank of Westchester** which were combined on Dec. 31, 1954. It is stated by the National Bank of Westchester that the five Rockefeller brothers, sons of John D. Rockefeller, Jr., since first becoming interested in that bank, have evidenced further interest in the growth of the County and a desire to set up a County-wide banking system for Westchester. All officers and employees of both banks will be retained by the consolidated bank. The combined assets of Westchester County National Bank and National Bank of Westchester will be in excess of $125,000,000, it is stated.

* * *

Frederick Palmer has been elected Executive Vice-President and Cashier of the new **Tappan Zee National Bank of Nyack, Nyack, N. Y.,** it was made known on Jan. 31.

Mr. Palmer was formerly Vice-President of the **Provident Trust Company of Philadelphia, Pa.,** Executive Vice-President of the **Stroudsburg Security Trust Company, Stroudsburg, Pa.,** and before that was an Examiner in the Philadelphia Agency of the Reconstruction Finance Corporation.

The Tappan Zee National Bank of Nyack is newly organized in Rockland County. Harry Hoyle, local constractor, is Chairman and President, and George M. Schofield, architect, is Vice-President.

* * *

The annual meeting of shareholders of the **Rockland-Atlas National Bank of Boston, Mass.,** was held on Jan. 25 at which shareholders approved an amendment to the Articles of Association splitting the capital stock two for one. Shareholders of record on Jan. 25, 1955, are to receive two shares of $10 par value stock in exchange for each share of $20 par value stock held, increasing the number of shares outstanding from 111,250 to 222,500 shares. Shareholders also approved an amendment authorizing an increase in the capital funds of the bank by the sale of 37,500 additional shares of capital stock of $10 par value. Each shareholder is entitled to subscribe pro rata on the basis of one new share for each five and 14/15ths shares of $10 par value stock held of record on Jan. 25. The new shares will be offered at a subscription price of $32.50 per share. The offering is being underwritten by a banking group headed by The First Boston Corporation. At the conclusion of the sale of the additional shares of capital stock, there will be a total of 260,000 shares outstanding. Adjusted to reflect the gross proceeds of the sale of the additional shares, and an intended transfer to surplus from undivided profits, combined capital and surplus of the bank as of Dec. 31, 1954, it is stated, would be $7,600,000, and total capital funds in excess of $8,800,000. Total resources of the bank as of Dec. 31, 1954 amounted to $113,961,000, and total deposits were $104,025,000. Huntington Blatchford, a Vice-President of the bank since 1946, was elected a member of the Board of Directors at the Jan. 25 meeting. Previous items regarding the proposed increase in capital appeared in our issues of Dec. 16, page 1954 page 2472 and Dec. 30, page 2786.

* * *

Following the recent annual meeting (on Jan. 11) of the **Home National Bank & Trust Co. of Meriden, Conn.,** the formal observance of the 100th birthday of the bank was marked by a luncheon for stockholders held at noon that day. The Meriden "Journal" of Jan. 11 in referring to the occasion:

It was back in May, 1854, that a group of local businessmen, impressed by the potentialities of Meriden, organized a bank primarily for "home benefit" and named it "The Home Bank of West Meriden." Up to that time, Broad Street had been the principal business axis of the city, but with the coming of the railroad, business moved down into the valley toward what was then called West Meriden.

The "Journal" noted that the facts of the Home Bank origin and growth are contained in an illustrated brochure which was presented to the stockholders at the meeting.

From the Meriden "Journal" we also quote: The Financial growth of the bank has more than kept pace with its physical expansion. Back in 1854, when Meriden was a town of 3,599, local business and industrial leaders subscribed an initial $100,000 to start the bank. The first published statement of the bank, reproduced in the centennial brochure shows resources and liabilities of $98,881.06. The current statement of condition shows resources and liabilities of $23,290,470.76.

The Home Bank has grown with the times. Even its changes in name indicate its growth. It started as The Home Bank of West Meriden. Later it became the Home National Bank and Trust Co. The change in names bears witness to the expanding usefulness of the bank, just as it emphasizes the continuing devotion to "home benefits," the rock upon which the bank was founded a hundred years ago.

S. W. Baldwin was the first President of the bank. He served for two years. Upon the resignation of Mr. Baldwin in 1856, Eli Butler became President at a salary of $100 per month.

Succeeding Mr. Butler upon the latter's death in 1881 was Abiram Chamberlian, who came from New Britain in 1867 to be cashier of the Home Bank. Junius Norton succeeded Mr. Chamberlian as President of the Home Bank in 1911. He had served the bank for 45 years at the time of his promotion to be President, but his term was brief. He died in an automobile accident in 1913.

Edgar J. Doolittle, the fifth President, was a man prominent in the financial, industrial and political life of the city. A bank director since 1886, his connection with the institution was terminated only at his death in 1926.

Succeeding Mr. Doolittle as President was Charles S. Perkins, who was born in 1854, the year that the bank was chartered. Mr. Perkins went to work for the bank in 1870 but he left in 1889 to become national bank examiner for Connecticut and Rhode Island. In 1916 he returned as cashier of the bank, and in 1926 he was chosen President. He served until his death eight years later.

The present President of the bank, George J. Sokel, came to office in 1934, succeeding Mr. Perkins. In the same year Arthur S. Lane, long a director and Vice-President of the bank, was made Chairman of the Board, a position which was abolished after his death in 1938. It is under the Presidency of Mr. Sokel that the Home Bank has enoyed its greatest period of expansion. The bank on Dec. 31, 1954, had a capital stock of $500,000, surplus of $500,000, undivided profits of $361,322 and as indicated above, resources of $23,290,470.76.

* * *

Advices in the Newark "Evening News" of Jan. 22, from a staff correspondent in Paterson stated that control of the **Franklin Trust Co. of Paterson, N. J.,** went to a minority group of stockholders headed by two bank officers on Jan. 21, when 20,540 shares of capital stock were auctioned at the Passaic County Court House for $790,790.

From the same account we also quote in part: The shares, representing approximately two-thirds

Continued on page 36

The SEC, Business And the Investor

By RALPH H. DEMMLER*

Chairman, Securities and Exchange Commission

In calling attention to the enormously complicated Federal Government, Chairman Demmler endeavors to correct "nebulous ideas" about what the Securities and Exchange Commission does. States it is inherent in the nature of things that there must be some legal controls imposed on one man who gathers together and administers capital furnished others. Claims SEC laws have worked well both during a period of convalescence and during a period of energetic health. Sums up the SEC's "basic function" is to enforce adequate disclosure and to prevent unlawful manipulative activity.

The complexity of the Federal Government is a phenomenon which has developed over the last 70 years, more particularly over the last 45 years. The reasons are many. One, of course, is the growth in size, population, and strength of the country. Another is the series of problems created by modern technology — industrial expansion, improved means of communications, and the like. The clock cannot be turned back to the simple days when the only Federal officeholders that most people knew were the postmaster and the mail man.

Ralph H. Demmler

Let us remember one thing, though, whether something is done in Los Angeles, in Sacramento, or in Washington, it is only human beings who do it. The more remote the person is who exercises administrative power, the more difficult it is to keep track of how the power is being exercised. The effectiveness of administration from Washington depends upon the administrative machinery which communicates to the Capital what the problems are out in the country, upon the administrative machinery which communicates to the people in the country what their rights and obligations are, and upon the administrative machinery by which the policies formulated on paper in Washington are carried into effect on the local scene.

All of that involves a lot of people and a lot of paper.

All the law and rules and regulations in the world mean very little unless the people whom those laws affect know about them in a general way. In more specialized fields, such as securities regulation, the complexity of the subject matter makes it hard to maintain the kind of public understanding that is really necessary to protect the public interest and to make the system work. It is for that reason that I felt you would not consider it amiss if I indicate just where our Commission and the laws we administer fit into the picture.

That is a long introduction to the subject of my remarks — "SEC, Business and the Investor." I introduced my remarks that way, however, because of the fact that many well informed people have only vague and nebulous ideas about what the Securities and Exchange Commission does. There is a general idea, for example, that the SEC approves or vouches for issues of securities and keeps the stock market steady. As I shall explain, neither of these ideas is correct.

This widespread misunderstanding and lack of knowledge about the functions of the SEC is more than an interesting statistical fact. It is symptomatic of something that needs correction in our complicated scheme of Government today. It is a symptom, in part, caused by the complexity itself.

The SEC and the laws it administers have a heavy impact on the whole process of capital formation through the sale of securities. They have an impact on all trading in securities; they have an impact on the duties of management of corporations to stockholders and other security-holders; they have an impact on the day-to-day operations of brokers and dealers. Most business people have learned to consider tax consequences before they enter into a deal. I suggest that to only a slightly lesser degree is it necessary to look to consequences under the Federal securities laws. In other words, the Federal securities laws have resulted in a whole new body of business jurisprudence.

*An address by Chairman Demmler at a luncheon at Town Hall, Los Angeles, Cal., Jan. 25, 1955.

It is inherent in the nature of things that there must be some legal controls imposed on one man who gathers together and administers capital furnished others.

"The Abuses We Seek to Prevent"

When we look at the function of the modern corporation in gathering and administering capital, what ends do we desire? What abuses do we seek to prevent?

(1) We want to encourage investment—money in the mattress, jewelry in a vault are static wealth.

(2) We want opportunity for initiative and imagination to develop the full economic potential of an enterprise.

(3) We want no foolish meaningless obstacles to the accumulation of capital.

But there are other things that we want also. Let me mention a few of them and indicate how the securities laws aim to achieve them.

(4) The investor should know what he is getting into when he buys securities. The Securities Act of 1933, the so-called "truth-in-securities law" requires the disclosure of information in the sale of securities and prescribes standards for such information. The Securities Exchange Act of 1934 provides for periodic reports by companies listed on national securities exchanges.

(5) The owners of an enterprise are entitled to current information. The reports under the Securities Exchange Act of 1934 provide this in the case of listed companies.

(6) Financial information should be persented to investors with reasonable completeness and in accordance with generally accepted accounting principles. Under each Act administered by the Securities and Exchange Commission, the Commission is given power to prescribe accounting rules.

(7) The investor should have a remedy against someone who deceived him by misrepresentation or concealment. The Securities Act of 1933 and the Securities Exchange Act of 1934 in the aggregate provide for civil remedies against a number of types of fraud and concealment in the sale and purchase of securities.

(8) A stockholder should have a chance to vote intelligently at corporate meetings—not blindly. The Securities Exchange Act and the proxy rules thereunder provide, in the case of listed companies, for information as to management's stewardship and for an explanation of matters to be acted upon by listed companies at corporate meetings for which proxies are solicited.

(9) The markets for securities should be free of manipulation. The Securities Exchange Act provides for the regulation of national securities exchanges. It provides penalties for manipulative activity and provides for some controls of the over-the-counter market.

(10) People with inside information should not be allowed to make use of such inside information to the disadvantage of their fellow security-holders, and transactions between such persons and the corporation should be subjected to careful scrutiny. The Securities Exchange Act of 1934 and the Public Utility Holding Company Act of 1935 provide, in the case of listed companies and companies subject to the Holding Company Act, for corporate recapture of short-swing trading profits made by officers, directors and controlling stockholders.

(11) People engaged in businesses involving recommendation of investments, sale of securities, handling of other people's money and securities, should be registered and should be required to file publicly available information about themselves. These things are required of broker-dealers and investment advisers by the Securities Exchange Act and the Investment Advisers Act.

Statutes Have Worked Well

The Federal statutes which I have briefly referred to were passed in a period when our national economy was unhealthy. They have worked well both during a period of convalescence and during a period of robust, energetic health.

Too many of us think of the Federal securities laws in terms of the conditions existing at the time they were enacted in the 30's. They were directed against abuses which have developed as a result of a popular speculative orgy and abuses resulting from insufficiently developed legal standards relating to the raising and management of capital.

But these laws are not something designed either as a temporary recovery measure or as a short-lived reform bill.

As a matter of fact, almost 70 years ago when accumulation of great fortunes and of great industrial and financial power by a comparatively few stimulated controversy and demand for more Federal control, there were serious discussions of Federal incorporation of companies in interstate commerce and of Federal licensing. In the early part of the century an Industrial Commission created by the Congress recommended Federal incorporation and suggested that corporations should be required to publish information about themselves and their promoters in the raising of capital and to furnish financial reports to their stockholders.

I mention those facts to indicate first that the type of Federal regulation which we now have is not the exclusive intellectual property of the early New Deal and second, to make the point that the same kind of medicine which was suggested to cure the growing pains of a cantankerous economy near the turn of the century was in fact prescribed to help cure the moribund economy of the 1930's.

The Securities Act of 1933 and the Securities Exchange Act of 1934 are the two statutes administered by the Securities and Exchange Commission which have the broadest applicability to corporate business generally.

The Concept of Disclosure

The good result produced by the Securities Act came in great measure from the fact that the issuer and underwriter of securities being sold to the public must come forward and make a public statement concerning the issuer's business, its finances, its securities, and the proposed offering, and all of this under stern statutory liabilities both penal and civil. The Securities Exchange Act in turn is designed to provide a continuing flow of information to investors in listed securities and securities which have been registered under the Securities Act. Thus, generally speaking, the Securities Act is directed to the protection of the investor before he makes his investment, and the Securities Exchange Act provides certain protections to the investor after he has made his investment.

This concept of disclosure as the basic protective technique is in accord with American tradition. It represents an application to the financial markets of the basic American principle: "Give the people the facts and let them decide for themselves."

When I point out that disclosure of facts is the basic technique by which the Federal securities laws protect the public. I must also point out the conclusions which must be drawn from that fact. First, the Securities and Exchange Commission does not approve or pass upon the merits of a security. It is the investor's own responsibility to form an investment judgment whether he will buy a particular security at a particular price. Second, the Securities and Exchange Commission does not either fix or control prices of securities whether on original offering or in the trading markets. That is, the Securities and Exchange Commission does not have power to impose any overall economic controls on price fluctuations or market movements.

When I say that the Commission does not approve or pass upon the merits of a security or a company, I mean that the Commission's activities are limited to providing an administrative review of statements made in material filed by the issuing company with the Commission. When a company files a registration statement and prospectus covering an offering of securities or when its management files a proxy statement for a corporate meeting, that material is filed with the Commission before it is circulated to the public so as to give the Commission a chance to see whether it contains the required information, whether it presents material in a misleading manner, whether it contains obvious half truths or obvious untruths. Basically, the review of material is limited to an inquiry as to whether on its face the material conforms to the requirements of law and the Commission's rules.

If the Commission's staff finds something to which it takes exception, it tries, in most cases successfully and amicably, to work out with the issuing company appropriate changes. The alternative to that kind of procedure would be to eliminate the element of discussion and resort immediately to injunctions and stop-orders and that sort of thing. That alternative would be unthinkable.

This type of administrative procedure—the comment, the suggestions, the discussion—has given rise to the belief that the Commission does pass on the merits of securities or vouches for the accuracy of information in a prospectus or proxy statement. That public misunderstanding is hard to kill off, but if you stop to think for a minute, it is not sensible to suppose that any agency could have a detailed knowledge of the facts about a particular business. Think of the staff that would be required to make a detailed on-the-spot audit type of examination to check the facts which a company tells about itself or its management. The responsibility for giving the investor information is basically that of the issuing company.

The SEC and Securities Prices

As to the market price of securities, whether on an exchange or in the over-the-counter market, the Commission's powers are granted in terms of defining and restricting unlawful activities rather than in terms of prescribing controls on price movements as such.

It has certain inspection and enforcement powers on margin requirements but it does not fix those requirements. That is done by the Federal Reserve Board. The Commission has powers to define fraudulent and manipulative market activities and to impose administrative penalties or recommend criminal prosecutions for unlawful manipulation. It has some power over the rules of securities exchanges.

Summarizing, and greatly oversimplifying, the Commission's basic function is that of an agency to enforce adequate disclosure and to prevent unlawful manipulative activity.

That leaves a great deal of free play to the individual judgment of the investor so far as selection of securities is concerned, and so far as market price is concerned, the thrust of the securities laws is toward the protection of a free, unmanipulated market in securities.

I have gone into this detail today as much to tell you what the Commission does not do as to tell you what it does do. Conversations with many people over many years have convinced me that a vast number of business people think of the laws relating to the capital markets as so much black magic and mumbo jumbo. I know, for example, that Small Business Administration gets many applications from good sound businesses which should be seeking equity capital in the public capital market rather than borrowing money. There are, of course, many reasons, some good and some bad, why the owners of some closely held enterprises don't want to sell stock to the public and there are many risks to minority public investors in closely held enterprises. Nevertheless, part of the reason for the success of our American system of private enterprise has been the continued infusion of new equity capital. Understanding of the system of capital formation, understanding the methods of capital formation are responsibilities of those who lead and espouse private enterprise. There is no great mystery about the Federal securities laws. They are a part of the climate in which American business lives.

I am grateful for the opportunity of telling you just a little bit about those laws, not only because I enjoy talking about what we are trying to do, but because I have a profound belief that the broad diffusion of wealth all over this country and the urgency, if we are to survive, of maintaining a strong economy make necessary a more widely diffused knowledge of the processes of capital formation. Investors need to know how to invest intelligently; business people need to know the alternative methods of raising needed capital.

Once upon a time too much of the knowledge on this subject was concentrated on one particular street — not located near the Pacific Ocean. California needs no instructions in how to grow, whether in capital assets or population, but I know you will agree that as we work together maintaining and strengthening the economy of this great land, you who are in private business, you who are in education, you who are in the professions, and we who are in Government, must have some understanding of what each of us is about.

New York Stock Exchange Weekly Firm Changes

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

Irving Feig retired from Kaufman, Alsberg & Co., Jan. 31.

Albert W. Lindeke withdrew from partnership in Lamson Bros. & Co. Jan. 31.

Mary H. Riccio retired as Assistant Secretary of Mid Continent Investment and Securities Corp. Feb. 1.

Transfer of the Exchange membership of Edwin Ehlert to Barrett Brown will be considered by the Exchange Feb. 10.

Merrill Lynch Adds Two

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Harry M. Brandel, Jr. and Mortimer C. Smith have become affiliated with Merrill Lynch, Pierce, Fenner & Beane, 523 West Sixth Street.

Instalment Credit Inflation In Britain

By PAUL EINZIG

Commenting on substantial increase in instalment credit in Britain, Dr. Einzig says it is causing some alarm because of its inflationary effects. Says cause of instalment buying to the weakening prejudice against being in debt, but points out much of instalment buying in Britain is by producers and small business concerns, and not by consumers, as in U. S.

LONDON, Eng.—The system of instalment credits is coming into the limelight in Britain. Since the restrictions imposed in 1951-52 were removed last year, the volume of business based on such credits has undergone a noteworthy increase. Even during the period while the restrictions were in force the increasing trend continued. Statistical information is confined to motor cars, commercial vehicles and motor cycles. The number of such vehicles sold on instalment payment increased about threefold between 1952 and 1954. There is no comparison with the spectacular extent to which the system has increased in the United States. Even so, British bankers and financial editors view the development with growing concern.


Dr. Paul Einzig

Before the war such opposition to the system as existed was mainly due to fears that many purchasers would not be able to pay the instalments. No such fears are entertained today. The country is prosperous, and the payment of instalments is well within the means of the overwhelming majority of purchasers. The main cause of the disapproval of the expansion of instalment selling is that it tends to accentuate the inflationary undertone of the economy. It is pointed out that, while the United States can afford to expand instalment selling, owing to the existence of several millions of unemployed who could thus be absorbed, in Britain there is already overfull employment. Any substantial increase of consumer demand resulting from the popularization of instalment selling would cause an increase of prices which would affect adversely the balance of payments.

One of the causes of the increasing trend of instalment business is that prejudice against being in debt is weakening. It is now quite an accepted thing that most television sets, which cost far too much for most people, are bought against "deferred payments." Indeed, while it is considered unfortunate and annoying if, as a result of non-payment of instalment, the sellers avail themselves of their right to recover possession of the goods bought on such terms, it is no longer regarded as bringing disgrace to the defaulting buyer. This is indicated by the following instance which has gained wide circulation in British business circles:

In one of the London lower middle-class suburbs a buyer of a television set got into arrears with instalment payments. He received from the seller the following letter: "Dear Sir, Unless you pay the overdue instalments by next week, we shall be reluctantly compelled to avail ourselves of our right to recover your television set. We are sure you will not force us to do that. What would your neighbors think if they saw our van collecting your television set?" The firm received the following reply: "Dear Sirs, In reply to your question as to my neighbors' attitude towards the removal of my television set for non-payment of arrears, I have now consulted all of them, and it is their unanimous opinion that it would be a mean trick."

In fact, the number of instances in which such threats have to be carried out is very small. The obligation to pay instalments provides a strong incitement for industrial workers to work overtime. It is a deterrent against strikes undertaken for inadequate reasons, for the strike pay is not high enough to allow for instalment payments, and any worker whose television set is take away for default on instalments is liable to be very unpopular in his home.

While in the United States instalment buying comes under the heading of "consumer credits," in Britain such a designation would not be correct. For a very large proportion of the goods sold on instalment payments is bought not by consumers but by producers and small business firms of every description. Much of the capital investment of farmers, small manufacturers, merchants, etc., is financed by such means. Nor is it in Britain as yet customary to employ the system for goods other than durables and semi-durables. The recent announcement by various Air Lines to accept payment in instalment has been subject to much criticism in quarters which are in favor of the system if aplied to durable and semi-durable goods.

Another difference between the instalment system as it operates in Britain and in the United States is that while American commercial banks have long taken a very active interest in instalment financing, British banks confine themselves to ordinary bank credits to firms engaged in instalment business. When two months ago the Commerical Bank of Scotland acquired the control of an instalment finance company it caused surprise in British banking circles, and the example is not likely to be followed by any of the big English banks. Nevertheless, it has aroused the interest of British banks in the system as it operates in the United States. One leading British banker who paid recently a visit to the United States was astonished when he was told that about half of the instalment financing there is in the hands of the commercial banks.

Critics of the system argue that its extensive adoption in Britain would make the country much more vulnerable to slumps, since the sharp contraction of buying on instalment payments would aggravate the general fall in the demand. And apart altogether from the inevitable fluctuations of instalment business, its present expanding fundamental trend, which is due to the gradual adoption of the system, is timed very unfortunately. It would have been more than welcomed in the 'thirties. As it is, it is bound to aggravate the overload that the British economy has to carry.

Many experts suggest that the expansion of instalment buying should be checked, not by restoring direct restrictions, but with the aid of higher interest rates. In reality, most buyers do not even know how much of their weekly or monthly instalment represents interest, so that an increase by one or two per cent would not act as a deterrent. And if higher interest rates should be accompanied by a substantial reduction in the supply of credit, it would lead to unemployment and would encounter the utmost opposition. The position is that the banks and the monetary authorities have to follow reluctantly the expansionary lead given by the buyers and sellers under the instalment system. In theory they could check the expansion, but it would not be practical politics.

Continued from page 2

The Security I Like Best

revenues derived from residential sales, plus freedom from being dependent on any one major industry in the area served.

Future operations and earnings are expected to benefit from a number of factors. Additional production units planned for construction in the next five years at a cost of over $300 million to meet the needs for power in the expanding "Delaware Valley" will permit considerable savings from increased efficiency. Earnings as figured by the company are expected to be slightly under the 1953 figure of $2.36 due to the additional stock issued in June, 1954, and the damage done by Hurricane "Hazel." Earnings in 1955 are expected to resume the upward trend and dividend payments will be increased as earnings warrant.

Philadelphia Electric Co. common stock, listed on the New York Stock Exchange and currently priced at 39 is free of Pennsylvania Personal Property Taxes. It is legal for trust investment in Pennsylvania and is on the approved list and has been purchased by Savings Fund Banks in Pennsylvania and New York State. Dividends have been paid on the common stock each year since 1902.

I feel that the record of the company's financial and physical condition is impressive and the present management is experienced, progressive and very capable.

John Eidell Joins Hooker & Fay

(Special to The Financial Chronicle)

SAN FRANCISCO, Cal.—John G. Eidell has become associated with Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Eidell was formerly a partner in Shuman, Agnew & Co.

THE MARKET... AND YOU

By WALLACE STREETE

The industrial stock average, which set an all-time high peak on the first trading session of last month, only to run into some of the stormiest tests in nearly a year and a half, bettered the historic reading to start off a new month this week.

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The achievement had its faults. Not only did the rails fail to accompany the industrials, but even gave ground when the industrials were forging ahead. Moreover, the rail index is far from being any threat to its 1955 peak at its present standing.

* * *

It is an odd achievement for the month that in recent years has been the most dour of them all. But this year could be different. The persistence of dreary trading in February in past years has been largely because of the imminence of the income tax payment date. This year that date is a month later so the pattern might be in for some revision.

* * *

Continuing Stock Splits

Stock splits continue as a prime aid for the bullish contingent and the companies have been obliging nicely, what with Minneapolis Honeywell, Ohio Oil, Armco Steel and Armstrong Cork all joining the stock split movement this week, and the market dutifully reflecting it. The Ohio Oil one was a bit more unexpected than the rest and the news broke at a time when the stock was lagging on the day. Hence, while it showed a rebound of several points from the low, the net improvement on the day was tame compared with the five and six point jumps similar news sponsored elsewhere.

A War Market

The defense issues were also in sustained demand and when one or two of the leaders in this section paused, there were plenty of other candidates around ready to take over the reins. One of the newer items in this limelight was Rohr Aircraft which has had a rather tame life in a brief career of listed trading. It held in a neat 10-point range in the four months it has been listed, but was able in one day to cover half that distance in even less than a full trading session. It couldn't quite improve on its high in that move but certainly qualifies as capable of joining the chronic sprinters as a result.

* * *

Another newly listed issue that also helped the aircrafts retain their market leadership was Chance Vought, a United Aircraft spin-off of last year. The issue, which, held in a 16-point range last year, recently achieved a 100% appreciation over its low of 22, and raced to the 50 mark on two fat gaining sessions with successive four and five-point gains getting rather commonplace for the stock.

* * *

General Dynamics was another of the air-defense group that did its work well, but then in midweek turned to the sidelines. This issue exceeded its 1946 all-time high in 1952 at around 45, and worked up to 80 last year. This week it broke par with a vengeance. It is the former Electric Boat issue that changed its name and acquired Consolidated Vultee. In addition to the solid romance attached to the builder of the nation's first atomic-powered submarine was added the general popularity for plane makers.

* * *

Popular Steels

Steels also exhibited an enduring popularity as well as the capacity to offer new candidates for leadership when the old ones tired. Armco's split propelled it to the forefront and Republic Steel, around which hopes of a split have revolved for some time, was from a laggard. Bethlehem showed signs of settling down again after the gyrations produced last week when hopes of a split were dashed.

* * *

Western Union and Telautograph continue to put on an act every once in a while despite recent Western Union assertions that there is no merger interest in any such combination. Nevertheless, every outburst in WU usually finds Telautograph perking up simultaneously and the twin act was among this week's features again. Western Union was able to push its best price in years close to the par mark, which is a good achievement after all the pitfalls the stock has had to hurdle in the last couple of decades. But the stock belies the story of prices generally "highest in history," since the record books still list an almost impossible peak of 272 as the most optimistic price on record for WU, a 1929 achievement.

* * *

Cement shares that had virtually ignored market troubles most of last year started to show on the casualty side occasionally. Part of the blame for this condition was that stock split hopes had been high here, too, while company action has been slow. But Alpha Portland Cement, which did vote a stock division, at times was a resounding loser in the group, so the argument isn't entirely valid.

* * *

Jersey Brightens the Oils

Standard Oil of New Jersey was able to make the oil section look a little brighter at times by featuring on strength. The best explanation for this action was the same—hopes of a stock payment of some kind. But generally the oils had a rather haphazard pattern with the sprinting issues all too willing to give back their gains subsequently. Anderson-Prichard was a dour feature by putting a couple of sizable losses together and the interest in the Sunray-Mid-Continent Petroleum merger, one the larger oil combines in recent years, apparently had all oozed away.

* * *

Chemicals weren't able to show any universal strength, either. Allied Chemical continued its disappointing ways for the most, usually sagging, while duPont was showing mild strength so the group most times presented a mixed picture.

* * *

Ward Erratic

An individual issue that had its erratic times was Montgomery Ward which swayed one way and the other in tune with developments that swirled around its Chairman. Easiness was induced when the largest investment company reported publicly that it had switched from Montgomery to Sears because of disapproval of the management policies. But the issue firmed up as attempts of insurgents to get court backing were at least partially successful.

* * *

Some special moves in individual situations without the help of any apparent developments were a bit on the wild side. These included the sharp runup in such diverse shares as Visking Corp., Koppers Co., American Metal, Ltd., and Ex-Cell-O, and even in such stalwarts as Aluminum Co. Traders had a variety of rumors to choose from in the brokerage offices as these spirited upsurges took place, but there wasn't much tangible about any of them.

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

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Observations...

up his statement," is the objective conclusion voiced by our former F. D. R. Brains Truster.

Corporate Soul the Solution

Mr. Berle successfully ties in his long-time skepticism about the functioning of company management with his appeal-to-conscience thesis. "In practice, institutional corporations are guided by tiny self-perpetuating obligarchies. These in turn are drawn from and judged by the group opinion of a small fragment of America—its business and financial community. Change of management by contesting for stockholders' votes is extremely rare, and increasingly difficult and expensive to the point of impossibility. The legal presumption in favor of management, and the natural unwillingness of courts to control or reverse managements action save in cases of the more elementary types of dishonesty or fraud, leaves management with substantially absolute power. *Thus the only real control which guides or limits their economic and social action is the real, though undefined and tacit, philosophy of the men who compose them.*" [italics ours.]

Here as in other areas of the capitalist revolution, salvation lies in the corporate acquisition of a soul. Mr. Berle seems to think the chances are good.

Whether eliciting agreement or disagreement, Mr. Berle's brilliatntly written reflections, as always, should be read by both layman and expert, for important clarification, stimulation, and even inspiration.

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MURDER SOLUTION

"Who instigated the slaying-of-Serge?"

Rubinstein himself, of course—successfully attaining unto himself the very widest coverage in the annals of amateur press-agentry.

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A JOURNALIST OF INTEGRITY—IN MEMORIAM

Robert P. Vanderpoel left this world last week. But the memory of his vigorous and fearless integrity will never leave us.

After starting out as a teacher of economics and English, Vanderpoel, as financial editor of the Chicago "Herald American" and financial columnist for the Chicago "Sun-Times," really continued his service as a teacher in the highest sense.

R. P. Vanderpoel

His death is a loss to the entire newspaper community—readers and professionals. He was inflexibly independent in thought and conviction, calling his shots as he found them on both the Right and the Left; unceasingly inquiring, and direct. He meant what he said, accompanied by the invaluable faculty of being able to say what he meant — without confusing economic journalese.

Typically, to a mutual colleague, Joseph A. Livingston, Financial Editor of the Philadelphia "Evening Bulletin," Vanderpoel recently sent this note expressing skepticism about the blithe economic spirit of the New Year:—

"Isn't it true, that at a time such as the present, it is very difficult for anyone to be other than optimistic? If you are in government, pessimism loses votes; if you are in business, it loses sales; and if you are a newspaper man, I fear it loses readers. And so we build up more and more optimism until something occurs to knock the props from under the boom and then we wonder how we could have been so foolish. Best wishes for 1955."

Securities Salesman's Corner

By JOHN DUTTON

Some Excerpts from the Writings and Speeches of Henry L. Doherty in the Years 1912 and 1913. Collected by Mr. C. J. Stubner, Resident Partner of Stubner & Co., Union Trust Bldg., Pittsburgh 19, Pa., Members of Pittsburgh Stock Exchange.

Mr. Stubner who spent the first 15 years of his career in the investment business (1915-1930) in the service of Henry L. Doherty regards Mr. Doherty as the greatest leader of business in his time. He states that the Doherty organization was run with a degree of cooperation that was almost without arrogance. A remarkable spirit based upon fellowship, good workmanship, pride of service and loyalty was stressed above technical ability. Although Mr. Doherty has been dead some years, Mr. Stubner states, "Those who labored in his service will remember him as a man of unique personality and gifts, and the Cities Service Company which he founded is an enduring monument to his creative ability and solid virtues."

How To Make A Man Save

Mr. Doherty believed that the firm he established in 1905 which was known as the investment banking house of Henry L. Doherty and Company, should have as its primary function that of doing business with the wage earners of the country. Almost 50 years ago he saw the need for making a capitalist out of every wage earner. One day he talked with the employees of the National Lamp Association and he persuaded them to have their profit sharing fund invested for them rather than paid to them in cash—the men decided unanimously to have the fund invested. He recalls this incident—"I tried to show what investment meant, if it could be made to earn reasonable rates of return. I took in every case what I termed natural periods of time, one period being the proverbial life of a man, three score and ten. The other I took as 40 years, being the working life of a man assuming that he goes to work when he is 20 and is incapacitated for work when he is 60, and the other being the period from birth until a man reaches the age of 21."

"If you want to make a man save, you have to impress him with what he can make the money do. I once told a group that when a young man of 30 spends a dollar he was spending what ought to $10 (compounded at 6%) when he is 70. One young man said, 'Gee, I took my wife to the theatre last night and spent $4. I guess I spent what would have been $40 in my old age, after listening to you.' I told him that he was right and we all had a good laugh but I think the point may have gotten home."

"A dollar compounded quarterly for 20 years at 2% becomes $1.49; for 40 years $2.22, and for 70 years $4.01. But at 6% it becomes $3.29, $10.83 and $64.64 respectively. It will be seen that although the difference in the rate of interest seems perhaps rather inconsequential, in the course of 20 years the accretion to the original dollar by process of compounding is 467% more at the higher rate, 805% greater in 40 years and 2100% greater in 70 years."

Even As Now

Mr. Doherty believed that "A majority of investors in this country have sacrificed too much for the sake of safety." He argued, "Assume that you made an investment at 2% interest for 40 years vs. an investment at 7½% interest for 40 years. If you have no loss subsequent to the first year *you could at the end of the first year lose 95% of your original investment at 7½% and the balance of it would be sufficient to earn you as much as you had invested the whole of it at 2%,* and had no less whatever. Now the question comes down to this, whether a man is warranted in taking the chance on the higher rate of return. We believe that the safety of investment depends primarily upon discrimination. If an investor is not in a position to discriminate keenly the next thing to do is to choose the types of business that are reasonably safe and then secure the average of all by diversifying his investment."

"I maintain that when a man has to invest his money at 2% or 4% the return he gets on it is so small that it does not encourage him, it does not give him the keen encouragement to become a saver while if he makes a higher rate of return he not only learns to save but he learns to be a shrewd investor. You know if I were to try to tell you what I thought was the secret of success of some of the big fortunes in this country I would have to tell you that I could not see any reason for it except it is the desire to accumulate money, that it was the *determination to accumulate money* that brought about the success rather than the ability, rather than the knowledge."

And Again It Is True Today

Mr. Doherty said, "By the same token if you were to take the accumulated wealth of this country and to divide it equally between everybody in the country I am inclined to think that eventually it would be back in the few hands that now have it. Whether that is true or not, I am sure that there would be about as many people broke as there are today."

"We have our universities to teach engineering and teach everything else but there is no place I know of where you can learn the science of money getting; and up to date the money getter has been primarily the man who started out with the intention of getting it."

EDITOR'S NOTE: More next week on Mr. Doherty's philosophy and beliefs.

New Firm Name Fridley, Hess & Frederking

HOUSTON, Tex. — Fridley & Hess, First National Bank Building, announce the change of their firm name to Fridley, Hess & Frederking. The firm acts as underwriters, distributors and dealers in general market and local securities and Texas municipal bonds.

Dean Witter Co. To Admit Lore W. Alford

CHICAGO, Ill.—Dean Witter & Co., members of the New York Stock Exchange, on Feb. 10, will admit Lore W. Alford to partnership. Mr. Alford has been associated with the Chicago office, 111 West Monroe Street, for some time.

Joins Seligmann Staff

MILWAUKEE, Wis.—Glenn C. Petersen has joined the staff of Seligmann & Company, 735 North Water Street. He was previously with Bache & Co. and prior thereto with Lon L. Grier & Co. and A. C. Allyn & Co.

Controllers Warned on Excess Profits Taxes

Peter Guy Evans, New York Attorney and Former Acting Chairman of Excess Profits Tax Council, in reviewing the new tax law and regulations, warns Controllers about the effects of elections under the 1954 code if Formosa causes Congress to enact new excess profits tax.

Before making elections under the new tax law to reduce taxes, consideration should be given to the possibility of Congress enacting another Excess Profits Tax if Formosa should involve us in war, declared Peter Guy Evans, New York Attorney and Certified Public Accountant at the New York Controllers' Institute Dinner Meeting held at the Roosevelt Hotel on Feb. 1. "The new law is supposed to be a simplification and a codification of our tax laws. Neither the pattern nor the basic and underlying structure of our tax system was changed materially," Mr. Evans said. "Rates weren't lowered or exemption altered. However, with enlarged deductions, a little relief and benefit was doled out here and there. Psychologically, the tax climate was improved."

Peter Guy Evans

Everyone was encouraged to spend, to buy and to invest. New machines, equipment and construction can be quickly written off under accelerated or quickie methods. The "break" on dividends is encouraging individuals to buy stocks with savings. Stock prices are going up and the Senate wants to investigate the stock market boom.

Since corporations can now merge or split with more certainty of the end tax results, investigations of mergers are olso bound to follow, he predicted.

Corporations will benefit because equity financing is easier now as the limited dividend tax credit has made it attractive for individuals to buy stocks.

Basically, our old tax low was supposed to be simplified. However, most of the time, simplicity is illusory. The old tax law has been tested and reinforced with Court decisions. Therefore, wherever the new provisions use simpler or different words, their meaning or interpretation will be revealed in the litigated cases.

The new tax law attempts to iron out the differences between business income determinations. Accountants and the Commissioner have figured income in different ways. In the past, business accounting always yielded to tax accounting.

Several sections of the new tax law eliminate a good many differences between the two and bring tax accounting into closer harmany with business accounting.

In the Federal Register of Jan. 24, 1955, the Commissioner published the long-awaited proposed Regulations, interpreting two sections of the new tax law. The more important pertains to reserves for estimated expenses.

Although the language of Sectin 462, providing for reserves for estimated expenses, is rather general and broad, the Commissioner in his proposed Regulations has attempted to narrow the scope and purpose of the section by his strict interpretation thereof.

Mr. Evans urged the Controllers "to study the new proposed Regulations immediately and to submit their data, views and arguments, pertaining thereto, in writing, to the Commissioner of Internal Revenue before Feb. 23 as consideration can only be given to presentations if made within 30 days of publication date."

Section 462 increases the amounts of certain kinds of business expenses which can be deducted on a corporation tax return where an "election to increase such expenses" has been made.

Mr. Evans pointed out, that deductions for depreciation can be so stepped up that the earlier years will be substantially larger.

With the new approach to deductions, corporations can increase deductions and decrease their tax bills.

The amount of reduction in taxes represents actual cash saving and increase in working capital. However, you must take into account all the consequences of your company's elections to secure the benefits under the new tax law. Your interpretations of the new features may prove very costly if subsequent litigation proves you were wrong," he warned.

"Furthermore, Formosa is confronting us, and should it prove explosive, won't Congress enact another Excess Profits Tax?" he queried.

"If we have another war and a new Excess Profits Tax, 1954 may be the all important base period year. Because of the greater deductions claimed in 1954, the base period income may be very low while the income in the excess profits tax years may be high, due to decreasing amounts of depreciation and opportunities to double up again certain types of expenses as in 1954," he concluded.

Burden Named Trustee

William A. M. Burden, senior partner in the New York City investment firm of William A. M. Burden & Co., has been elected a trustee of Clarkson College of Technology at Potsdam, N.Y. His appointment was announced by Ralph S. Damon, President of the Board ofTrustees and President of Trans World Airlines.

Wm. A. M. Burden

A former special assistant for research and development to the Secretary of the Air Force, Mr. Burden was granted the honorary degree of doctor of science by Clarkson College in June, 1953. He was graduated from Harvard in 1927 with the degree of bachelor of arts, *cum laude*.

Richard May to Join Oppenheimer & Co.

Richard May will be come associated with Oppenheimer & Co., 25 Broad Street, New York City, members of the New York Stock Exchange. Mr. May has been an officer of F. Bleibtreu, Inc. for many years.

Why a Guaranteed Annual Wage

By WALTER P. REUTHER*
President, United Automobile Workers
President, Congress of Industrial Organizations

Prominent labor leader, ascribing principal obstacle to peacetime abundance in America to the serious imbalance between our power to produce and our power to consume, advocates a guaranteed annual wage. Says there is no reason why this cannot be settled rationally and peacefully in the automobile industry, if management comes to the bargaining table next April prepared to discuss, "not whether," but "how it should be done.

My own union, the UAW-CIO, intends during the coming year to make an important contribution to the attainment of this goal —Peacetime Full Employment and Abundance — through the establishment in the automoblie industry of a guaranteed annual employment program.


Walter P. Reuther

There is no question in our minds that we shall establish this program in our industry. We recognize that it is not a panacea for all our economic ills, but we do firmly believe that it can be a basic and an important support to our economy that will enable us to achieve the goal of full employment and abundance in peacetime. It is a program that is morally justified and economically sound.

When the war came along and the free people of the world had to mobilize their power to meet the threat of Fascist tyranny we went to work in America. Factories began to boom; we put every able-bodied man and woman to work. After we had all the able-bodied people on the job we got the grandfathers and the grandmothers out of retirement and we put them to work, and every major company had a very simple employment policy—the employment director was instructed, when somebody applied for a job, not to ask them any questions, but just feel them, and if they were warm, put them on the payroll.

We ask this question: If America has the resources and the productive know-how and the will to provide full employment in making the weapons of war destruction, then pray tell me why haven't we got the courage and the good sense to find a way to give people jobs in peace time making the good things of life for our people?

The principal obstacle to peacetime abundance in America is the serious imbalance between our power to produce and our power to consume—and the answer to the problem is to place the hands of millions of American families more adequate purchasing power. We in CIO have unlimited faith in the future of the American economy, provided we have the good sense to gear our expanded productive capacity to the needs of all the American people.

There are some in our country—and I assume a number of them are to be found in this audience tonight — who subscribe to the trickle down theory of economics. This is the theory that the way to help people down below is to give the people on top more, in the belief that their wisdom will reflect itself in investment policies that will result in an expansion of industry and that some of the accrued prosperity through this expansion will trickle down to help the people below.

But at this stage in American economic history it is a matter of simple ABC economics that what American industry needs is not, at the present time anyway, more capacity, but more customers. Let us take the automobile industry as an example. Estimates of automoblie production for 1955 range from 5,300,000 to Mr. Harlow Curtice's optimistic 5,800,000. Now, just week before last, the week ending Jan. 8, the automobile industry produced 177,539 cars, in that one single week. This means that they were producing than at an annual rate of 9,242,028 cars.

These statistics illustrate two significant and important facts of our economic life. The first is that the autombile industry already has the capacity to produce more than 9,000,000 cars a year (the actual capacity is probably closer to 11,000,000) and it is planning to produce, by the most optimistic estimate, only 5,800,000 in 1955. The other and even more tragic fact is that its current near-capacity production rate in a 5,800,000-car-year—or less—is going to mean unemployment and recession for Detroit and other automobile centers in the last half of the year. And this, of course, will have its effect on the steel industry, the rubber industry and on the economy of the whole nation.

Two of the purposes of our guaranteed annual employment program in the automobile industry is to put more purchasing power into the hands of people who will need it and who will use it as customers of American industry, and to provide the management of the industry with an incentive to rationalize their production over the year so that we do not have the kind of production schedules that the aforementioned figures illustrate.

A lot of nonsense has been written and spoken over the last year or so about our guaranteed annual employment program. The reason for the nonsense, in a great many cases, was because the people who wrote it or spoke it didn't know—or didn't care—what our proposal is. One of the most recent was printed only a few weeks ago in one of our leading weekly magazines, "The Saturday Evening Post," which quoted Economist Douglass Brown of the Massachusetts Institute of Technology as expressing the opinion that the guaranteed annual wage would produce "inequities." I think it is worth noting that the economist the author of this article, or his editors, chose to consult out of hundreds of possible candidates, was one who has been retained as a consultant by the Ford Motor Company.

Among the hundreds that might have been consulted by this writer were 12 of the leading economists in the United States who for the last two years have served, without pay, on an advisory committe to the UAW-CIO on the subject of guaranteed annual employment. These 12 come from such leading universities, as Harvard, Princeton, Columbia, the University of Toronto, the University of Michigan, Wayne University, Massachusetts Institute of Technology and the University of Wisconsin. We have not gone about the formulation of this proposal in a haphazard or pie-in-the-sky fashion. For two years we tested our ideas with this committee of experts. We didn't ask them to formulate a program for us, but to tell us in terms of practical, hard-headed criticism what was wrong with our ideas—where we were off-base, what would prevent our proposals from working. And, frankly, we had to revise and reshape and redraft a great many of the ideas we had at first in order to meet the test of this objective criticism.

And even now, although we have a complete formulation of a plan for guaranteed annual employment in our industry, we are still prepared to discuss any better, any more practical, programs that industry or anyone else has to offer. A part of the nonsense that has appeared in newspaper editorials and elsewhere is the charge that our attitude toward the management of the automobile industry is "either our proposal — or else." We are not irrecovably committed to our specific propsal. We are irrecovably committed to the principale that the workers in our industry are morally and economically entitled to a year-around wage. And there is no reason on earth that this issue cannot be settled rationally and peacefully if management comes to the bargaining table next April prepared to discuss, **not whether**, but **how**.

And it should be plainly understood that we are not asking that our members be paid for not working. That is not what we or they want. We believe that a guaranteed annual employment plan will provide employers with an incentive to so order their production schedules as to provide year-around work for their employes. But where a worker is unemployed, through no fault of his own, we believe that the cost of that unemployment should be borne by the employer rather than by the individual worker.

The CIO has never proclaimed that economic security is an automatic right. We have no sympathy for a worker who is unwilling to work when a job is available at decent wages. What we in CIO do believe, however, is that every American, regardless of race, creed, color or national origin, is entitled to an opportunity to earn his living and thus provide economic security for himself and his family. That is what we are fighting for—not the right automatically to economic security, but the right to earn that economic security. That, basically, is at the bottom of this struggle for full employment.

The Communists base their strategy for world domination upon the proposition that our free society lacks the unity of purpose to meet and overcome the economic and social problems that arise out of our advanced technology. The Communist-Marxist philosophy holds that the struggle between competing economic pressure groups within our free society becomes intensified in periods of crisis and that as the crisis deepens, the struggle sharpens and ultimately will bring about the disintegration of the fabric of our free society.

I am confident that we can prove that the Communists are wrong and that America can develop the common denominators of cooperation and joint action to solve our basic economic and social problems and achieve full employment and full production in peacetime.

Peacetime full employment and the resulting abundance is the key to freedom's future.

Neither peace nor freedom can be made secure if free labor and free management continue in a struggle to divide up scarcity. We can meet the challenge of Communist tyranny only as free management and free labor develop mutual understanding and cooperation in the joint effort of creating and sharing economic abundance.

Communist propaganda promises (a promise as yet unfulfilled where Communism has gained power) economic security—but at the price of sacrificing political and spiritual freedom.

On the other hand there are people in the Big Business community who mistakenly cling to the antiquated belief that unemployment and economic insecurity are the inescapable price of freedom. We must reject both these views and prove to ourselves and to the world that in or kind of society people can have both bread and freedom.

This is not an academic matter. This is not a matter that you can philosophize away, no matter how eloquent you may be. This is a practical problem of a free people dealing with practical human problems and human necessities. Our dilemma is the fact that we have made unprecendented progress in the physical sciences, but unfortunately we have failed to make comparable progress in the human and social sciences to solve the basic problems of people. We have places in the automoblie industry—and it is true of steel and every other basic industry—where an automatic electrical brain has replaced 500 clerical workers, where automation makes an engine block in less than 15 minutes without a single human hand touching that engine block. This is the beginning of the second industrial revolution. And just as the first industrial revolution created very serious economic and social problems of dislocation, so this new and more potent second industrial revolution will create deep-seated economic and social problems and dislocation within the framework of our free society. What we need to do is to recognize that these new tools that science and technology have given us can build a better world, can give us the abundance that we need to solve the problems of poverty and hunger and ignorance, man's ancient enemies; or if we fail to use this great power for socially constructive purposes as they are reflected in the needs of the people, these new tools can dig our economic graves. That is what the Communists are counting upon. They believe we lack a sense of dedication, of determination, of social and moral responsibility needed to insure the constructive use of these new-found tools within our society.

What we really need is to find a way to match our technical knowhow with comparable human and social know-why. Why do we have these things? What purpose are they going to be put to? The great power of the production of our economy, unrelated to human and moral values, is of no importance because power without morality is power without purpose. What we need to do is to say that this great expanding productive power is going to be used for moral human purposes and that we need not be frightened by automation, that automation ought to be welcomed, that technological progress ought to be encouraged, so that all of the people of American and ultimately the people of the world can find answers to their basic problems—the problems of food and clothing and housing— to satisfy their other basic economic and material needs, so that having filled man's needs economically we can devote more of our time, our energy and our resources to facilitating man's growth as a spiritual and cultural and social human being.

The basic economic problem is to achieve an expanding dynamic balance between productive power and purchasing power. The emphasis must be put on balancing the national economy, rather than on balancing the national budget, for only as we balance the national economy can we create the basis for balancing the national budget. A sound and healthy national budget must ultimately rest upon a sound and healthy family budget for millions of American families.

American is the last best hope of free men everywhere. Only an America fully at work can be equal to the task of defending freedom. We must be strong on the economic front in order to be strong on the military front.

We need to approach our economic and budgetary problems in the knowledge that we are confronted with the challenge of natioanl survival — not national solvency.

Prosperity in our more productive economy can and must be built from the bottom up—not the top down.

The economic demands that we shall present at the bargaining table can be met if we mobilize the potential abundance of our advancing technology. Failure to realize the possible and demonstrated growth in our economy robbed the American people of $40 billion in wealth in 1954. Continued failure will rob us of $50 billion in 1955. Every American family lost $850 in 1954. Every family will lose $1,000 in 1955 if we fail to utilize our economy to the fullest.

The Guaranteed Annual Wage has been universally accepted as an economic and social objective. No sound arguments on either economic or moral grounds have been raised against the Guaranteed Annual Wage. There have been, as was to be expected, the lame excuse that our proposal is impossible, impractical and visionary. These are the same excuses that have been raised on almost every occasion on which labor has raised demands for a fuller measure of economic and social justice.

The Guaranteed Annual Wage, we believe, even transcends the matter of social justice to the wage earner, for it deals with the compelling necessities of our whole economy. And for this reason we in the UAW-CIO will accept no excuses at the bargaining table in 1955.

The phenomenal record of economic progress, which has made America the envy of the world was made possible by doing the

*An address by Mr. Reuther before the Economic Club of New York, New York City, Jan. 17, 1955.

"impractical" and by doing the things which the men of little faith called "visionary."

We believe that the future of America is unlimited if we give full expression to the creative genius of the free human spirit.

NASD District No. 6 Elects New Officers

DALLAS, Tex. — At a meeting of the District No. 6 Committee of the National Association of Securities Dealers, Inc., Philip R. Neuhaus was elected its Chairman for the year 1955, succeeding Mr. Edward H. Austin of Austin, Hart & Parvin, San Antonio, Tex. Mr. Neuhaus is Vice-President and Director of Underwood, Neuhaus & Co. of Houston, Tex.

Philip R. Neuhaus

Mr. Austin is the newly elected governor of the District. He succeeds Mr. Claude T. Crockett of Crockett & Co., Houston, Texas.

Committeemen recently elected to serve until Jan. 15, 1958, are: Charles J. Eubank of Charles J. Eubank Co., Waco, Texas; William G. Hobbs, Jr. of Russ & Company, San Antonio, Texas; Nelson Waggener of Walker, Austin & Waggener, Dallas, Texas. District No. 6 comprises the entire state of Texas. Other members of the District No. 6 Committee are: Barron McCulloch of Barron McCulloch, Investment Securities, Fort Worth, Texas; Walter M. Sorensen of Rotan, Mosle & Co., Houston, Texas; John W. Pancoast of Dewar, Robertson & Pancoast, San Antonio, Texas.

Mr. Neuhaus expects to make an early announcement of appointments to the Business Conduct, Quotation and Uniform Practice Committees.

Imperial Minerals Stock At 36 Cents

Milton D. Blauner & Co., Inc., New York, is offering "as a speculation," 830,000 shares of Imperial Minerals Limited common stock at a price of 36 cents per share.

Net proceeds from the sale of the stock will be used by the company for drilling and exploration on its claims; a reserve for mining plant and underground explorations, and for additional working capital.

Imperial Minerals Limited was incorporated under the Quebec Mining Companies' Act by Letters Patent dated July 15, 1953, for the purpose of exploring and developing mining properties. Principal offices of the company are located in Montreal, Quebec. Holdings of the company consist of approximately 832 acres in Matapedia Township, Bonaventure County, and about 600 acres in Nelligan Township, in the Bachelor Lake area, Province of Quebec.

The company has been and is exploring and diamond drilling its Matapedia claims and intends to continue the same, primarily seeking copper deposits of a commercial grade. It is the present intention of the company to first complete exploration, including diamond driling of the claims, in the Matapedia area and then explore and diamond drill the Bachelor Lake claims.

Capitalization—The authorized capital of the company consists of 5,000,000 shares of common stock, par value of $1 (Canadian), of which 2,070,001 are issued and outstanding.

Thomas J. Lupo Adds

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Thomas J. Lupo & Company, 722 Lafayette Street, have added to their staff, Thomas Brahney, Jr., Adolph G. Dantagnan, Eunice Doell, Mrs. Helen S. Duvio, Margaret Guizerix, L. Gureasko, Joseph Hegeman, French M. Jordan, David Krauss, Alvin J. Lecompte, Joey McCulloch, Rose Pineri, N. C. Roberts, Jr., Albert J. Saputo, Harold L. Sartin, and Lucas A. Vaccaro.

Rogers Adds Two

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — James D. Crouch and George A. Hinshaw are now affiliated with Rogers & Company, 511 Sixteenth Street.

Minerals & Chemicals Stock at $24.50 a Sh.

Public offering of 435,934 shares of common stock of Minerals & Chemicals Corp. of America was made yesterday (Feb. 2) by a group of underwriters headed by Lehman Brothers. The stock was priced at $24.50 per share. Of the shares offered, 125,000 shares comprise new financing by the company while 310,934 shares are currently outstanding and are being sold by certain stockholders. The selling stockholders include Lazard Freres & Co. and F. Eberstadt & Co. Inc. and associates, each of which groups will retain approximately 60% of its present holdings in the company.

Proceeds received by Minerals & Chemicals Corp. will be applied in part to the purchase of fluxing limestone properties in Marblehead, Ohio and Strausburg, Va. The balance of the proceeds will be available for general corporate purposes, including capital expenditures in connection with the company's program for developing kaolin catalysts for use by the petroleum refining industry.

The company was incorporated in 1916 under the name of Minerals Separation North American Corp. and adopted its present title in June, 1954. It is the nation's leading producer of fullers earth and of activated bauxite products and is a major producer of kaolin. Both fullers earth and kaolin are hydrated aluminum silicates, or clays, and have a variety of industrial applications, among which are petroleum refining and oil well drilling, paper coating and filling, and industrial cleaning materials. They are also used as carriers and extenders for agricultural insecticides, paints, inks, plastics and adhesives. Activated bauxite products are used in refining and purification of certain petroleum products.

Upon completion of the financing outstanding capitalization will comprise $3,786,667 long-term debt, including $2,705,000 debt of a subsidiary, and 1,819,497 shares of common stock.

Gross income of the company and subsidiaries during the 10 months ended Oct. 31, 1954 amounted to $8,115,054 and net income was $1,060,061.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

In insurance, the early months of 1954 boded well for the fire-casualty industry, and it was expected that at the rate the year started, underwriting results would be among the best years for the business. But just past mid-year, when first-half underwriting results were favorable, the three hurricanes struck the east coast and piled up a total loss of approximately $275,000,000, and, according to Alfred M. Best Company's estimate, a set-back for the stock companies of the order of $150,000,000.

Most of the loss fell under extended coverage, which has been giving the insurance companies a hard time for several years because of the incidence of storms. This condition, however, is likely to have a salutary effect for the insurance companies as it is almost sure to fortify their bid for higher rates on this line. The combined loss and expense ratio on extended coverage recently has been: 1950, 149.0%; 1951, 109.5%; 1952, 91.2%; 1953, 113.2%, and if the expected 135% becomes the final figure for 1954, it was evident that sizable rate increases will have to be made.

As the other lines were relatively good for 1954, many of the multiple-line carriers will report some statutory profit. Others, particularly those writing a large coverage on homes, will go into the red. Nevertheless, despite the severe losses from the hurricanes, industry underwriting results will not be too bad, with the offsetting other lines.

Most of the important casualty lines wound up 1954 profitably, and the loss experience in the principal categories, automobile property damage, collision and physical, will probably lead to some further moderate reductions in rates. It does appear that the long, painstaking efforts of the industry to educate drivers is having some beneficial effect. Workmen's compensation also contributed to the offset that most lines made to the sorry showing of extended coverage.

The insurance industry was a chief beneficiary of the rising stock market prices in 1954, particularly the fire companies as they are much larger investors in equities than are the casualty units, which by the nature of their business must be more liquid, and hence utilize bonds more than common stocks for the investment of their funds. This large increase in portfolio valuations of the companies holding equities will sweeten surplus account and improve liquidating values. Most insurance company managements confine their common stock investments to the high grades, and it was this group that was so much to the fore in most of 1954.

Uncertainties in the outlook for the insurance business in 1955 lie chiefly in the possibility of some downward adjustments in rates, and catastrophic losses such as those caused by the 1954 hurricanes, and in big fires. So far as rates are concerned, increases in extended coverage could constitute an important countervailing influence to the expected reductions in automobile and compensation lines—this because the loss experience on extended coverage has been of such magnitude.

As to catastrophic losses, of course the insurance industry always has this exposure. But the law of averages may be expected to work in favor of the industry, for not only has extended coverage resulted in a highly unsatisfactory underwriting experience in recent years, but 1954 saw the first downturn in fire losses in some time. Further, during boom conditions in the economy, the so-called moral hazard—that is, arson—does not have the impact on the industry that it does when the unscrupulous marginal businessman is unable to make ends meet during a serious deflation in general business.

One more credit item in the outlook: If the forecasts of continued prosperous conditions in the economy are borne out, it will probably bring increased premium volume, and this in turn will tend to improve expense ratios, to the betterment of the industry's underwriting profit margin. And, aside from any cyclical improvement in volume of premium writings, there continues to be growth in such lines as accident and health.

It is becoming fairly generally accepted that the country's productive capacity will act as a brake on any new inflationary trend (excluding war from our calculations); insurance companies do not thrive in periods of inflation as they do when prices are relatively stable. With steadier conditions in the general economy increased dividends by insurance companies are a logical expectation; investment income, the source of insurance company dividends to shareholders, has been much on the increase.

Insurance seems to be headed for a good 1955.

LETTER TO THE EDITOR:

Praise for Simple Definition Of Convertibility

George F. Bauer, commenting on recent article in the Chronicle," maintains gold standard offers only sound means for achieving convertibility.

Editor, Commercial and Financial Chronicle:

As a former export manager of the Automobile Manufacturers' Association, I can fully appreciate the wisdom that Mr. Shull contributed in capsule form on the subject of convertibility of currencies.

George F. Bauer

It is not as involved a subject as a labyrinth of words would make it appear. When the government of a country makes its money a title to a specific amount of gold for all holders of its representative money, that currency automatically is convertible anywhere in the full and proper interpretation of the word.

If the United States stipulates that the dollar is a title for all holders on demand to 889 milligrams of gold—which is the same as 1/35th of an ounce—the Swiss franc to 203 milligrams, German mark to 211 milligrams and the English pound sterling to 2,488 milligrams, a group of major currencies would be readily convertible one into the other on the basis of their respective gold contents.

Even if only one of these countries took this step, as England did around the beginning of 1800, world trade and investments would be facilitated by the existence of at least one truly convertible and internationally fully usable currency.

The goal is reached not through any super international organization but simply by one country at a time deciding whether it will make its currency convertible in the only sound and useful way it can be done—namely, by putting it on the gold standard.

GEORGE F. BAUER,
Vice-Chairman, U. S. German Chamber of Commerce.

Room 1709, 175 5th Ave.,
New York City 10, N. Y.,
Jan. 27, 1955.

Public Utility Securities

By OWEN ELY

Union Electric Company of Missouri

North American Company, one of the outstanding historic utility holding companies, is now winding up its affairs under the edict of the SEC. Stockholders, in addition to receiving shares in other subsidiaries over the years, have obtained (for each share of NA) 1.2 shares of Union Electric Company of Missouri, the last surviving subsidiary; the final distribution on Jan. 20 was effected through an even exchange of shares. North American Company's remaining cash and miscellaneous assets now go into the treasury of Union Electric, improving its financial position.

Union Electric serves a territory of 18,500 square miles in Missouri, Illinois and Iowa, including the St. Louis metropolitan area. The company serves over 600,000 electric customers and 32,000 gas customers. Annual revenues of over $110 million are about 95% electric and 5% gas. The company has had an unbroken stock dividend record since 1906.

The company has had an interesting history. Electric service in St. Louis began in 1878 when the famed restauranteur, Tony Faust, had electric arc lamps installed in his restaurant. The experiment was a failure, but the engineer brought to St. Louis by Faust to stage the display remained to continue his work, and in 1881 organized Brush Electric Association, the first electric company in St. Louis. Many small electric companies were organized later, and in 1902 Union Electric was formed by merger of two of these companies. Subsequent acquisitions, ending with that of Laclede Power & Light Company in 1945, unified electric service in the city.

Over 75% of Union's electric revenues are derived from Greater St. Louis. The city is strategically located as to raw materials, markets, and transportation, and ranks second as a railroad and trucking center. It is the nation's ninth largest metropolitan area, with a population of 1,800,000, and leads in the diversification of industry. More than 350 different types of industry are represented in this area, and no single industry is responsible for more than 8% of the area's total employment. However, some of these industries—such as lead and zinc, cement, glass, chemical, paper, petroleum and steel — require large amounts of power. The use of electric heating in industrial processes alone in two recent years added 40,000 kilowatts to the company's load.

The remaining service area of Union Electric and its subsidiaries along the Missouri and Mississippi Rivers includes fertile farm lands, rich deposits of lead, coal, clay, silica, and other mineral resources, and the famous Lake of the Ozarks playground.

Union Electric has an almost unlimited supply of coal available in nearby fields, and substantial amounts of natural gas are also available, particularly during the summer months. The company's newest and most efficient steam generating plant is Meramec with a capacity of 284,000 kw. The System's two hydro plants produce about 15% of output; however, these plants have been handicapped by the three-year drought, which was intensified last year.

The company has had a major role in the development of generating facilities to serve the Atomic Energy Commission. With four other local utilities it organized Electric Energy, Inc., which supplies power from its new Joppa (Illinois) plant to the AEC project at Paducah, Ky. Union Electric may obtain as much as 600 million kwh. of cheap power annually from the Joppa plant.

Union Electric has been experimenting with the heat pump and it is now being used by a number of customers. It is estimated that if 5% of the residential customers should install this system of heating and cooling homes, the company's electric revenues would be increased by $10 million a year.

Union Electric's earnings remained in a range of 89-98¢ during 1944-48 but during 1949-52 were between $1.13-$1.29. In 1953 earnings increased moderately to $1.36 and in 1954 rose sharply to $1.65. This gain was accomplished despite the continued drought which increased fuel costs. Residential load increased 11.2% last year. Sales to Electric Energy, Inc. (EEI) exceeded $7 million last year; other large power sales were off slightly for the first ten months but gained in November-December.

In the early summer of 1955 EEI will have units 5 and 6 in operation so that its purchases from Union Electric may be somewhat smaller for the time being; however, the AEC may want to increase its purchases. These large interchanges of power are, of course, on a low-rate basis.

No estimate of share earnings is available for 1955 but President McAfee expects residential sales to increase by over 11% and industrial sales by over 6%. Construction expenditures for 1955 will approximate $37 million, of which $22 million will be raised internally. Through 1959 the company expects to spend $232 million, of which about $100 million must be raised in new money.

The company expects to sell $30-$35 million bonds probably late this spring, while bank loans will probably be used in 1956. Preferred stock or debentures may be issued at some point, but it should be unnecessary to sell common stock before 1958. The current equity ratio is about 35.6% and at the end of this year will approximate 34%.

President McAfee expressed himself as favorably inclined to a high dividend payout in view of the company's strong financial position. The dividend was recently raised to $1.40, about an 85% payout. The stock has been selling around 28 recently, with a yield of 5% and a price-earnings ratio of 17.

Winkler, Chase Co. Formed

Joseph Winkler and Louis Chazan have formed Winkler, Chase Company with offices at 103 Park Avenue, New York City, to engage in a securities business.

L. S. Allen Opens

WASHINGTON, D. C. — Landrum S. Allen is engaging in a securities business from offices in the Union Trust Building under the firm name of Landrum Allen & Co.

Aetna Securities Offer Bowl-Mor Stock

Public offering of units of 200,000 shares of prefererd stock and 200,000 shares of common stock of Bowl-Mor Co., Inc., each unit consisting of one shares of preferred stock and one share of common stock is being made by Aetna Securities Corp. of New York. Each unit is priced at $5.50.

Net proceeds from the sale of these shares, wil be used primarily to enable the company to carry its machine leases and to finance its manufacturing operations.

Bowl-Mor Co., Inc. and subsidiaries manufacture and distribute by lease and sale, a bowling-pin setting machine. They also assemble, install and service the machines.

The company's bowling-pin setting machine is believed to be the first commercially successful bowling-pin machine for the setting of candlepins, a smaller version of the regular ten-pin size. The game of candlepins is very popular in New England and the Maritime Provinces of Canada. It is estimated that in the New England area there are an aggregate of 5,300 candlepin alleys, of which one-third have been mechanized by the company.

With Coombs Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles H. Smith, Joseph B. Tipton, and James C. Gust have been added to the staff of Coombs & Co. of Los Angeles, Inc., 602 West Sixth Street.

Continued from first page

The Prospect of Atomic Power

may run on atomic fuel. Our own country, however, has been abundantly endowed with cheap coal and hydroelectric power. Although the prospect of an entirely new source of useful energy for the American economy is an exciting one, we Americans may find it difficult to regard atomic power in the same manner as do the governments and people of the power-starved, economically underdeveloped areas of the world. In such regions, atomic power can quite literally spell the difference between economic stagnation and economic progress, between widespread poverty and relative plenty. It is therefore small wonder that the power-hungry nations of the world should not attach such over-riding importance to securing useful power from the atom at the earliest possible date.

It is one thing to entertain visions of the atom harnessed for the production of peacetime power on a worldwide scale—it is another thing to get about the job of creating such a worldwide atomic power industry. It is now clear that we can achieve the goal of practical power from the atom, but we face real questions of choice in determining how to reach that goal as quickly, and as efficiently, as possible.

Atomic Power—No Longer a Government Monopoly

Until last summer, our national atomic energy program was a government monopoly. The Atomic Energy Act of 1946 prohibited private ownership or operation of atomic reactors, just as, with minor exceptions, it prohibited the use of special nuclear materials by private persons. I can assure you that the framers of our original atomic energy law were not socialists. The strict governmental controls they imposed on the atom did no more than mirror the caution and prudence necessary in dealing with a new and largely unknown force, whose implications for the future of civilization were tremendous.

Moreover, the organic law recognized by its own terms that legislation in this new field would from time to time require amendment in accordance with changing perspectives of atomic energy. Last summer, the Congress—drawing upon our eight years of experience of working under the organic law — decided that the time had arrived when atomic development could safely be opened to increased private participation. The Atomic Energy Act of 1954, passed at the end of the last session of the Congress, permits private capital, private skills, and the private competitive drives to be brought to bear on the terms of atomic energy. Under licensing, private companies are now allowed to own and operate reactors and to obtain special nuclear materials from the government for use as atomic fuels.

It is important to understand what this new law does **not** do. It does not make the development of atomic power exclusively a private concern, dependent on the expenditure of private capital. On the contrary, the AEC continues to play a major role in the atomic power field, both in basic and applied research, and in the design and construction of prototype power reactors. The philosophy of the new legislation, in short, is that of team work—of cooperation between government and private industry, with each taking on a part of the job of bringing useful atomic power from the stage of technical possibility to accomplished fact.

I must confess my inability to understand the argument that this new legislation is an atomic give-away bill. With all respect for the sincerity of those having such fears, I suggest that they are victims of upside-down logic. I am sure the members of this particular audience, interested as they are in profitable fields for investment, already realize that these are the pioneering years of atomic energy—the years when risks are great and profits are small or nonexistent. Were I a businessman exclusively concerned with large short-time profits, I would frankly be reluctant to invest money in atomic energy until such time as the pioneering period was over. Were I an entrepreneur interested in atomic giveaways, I would be against relaxing the government monopoly over the atom at this time. I would prefer, were I such a person, that the government, using the taxpayers' money, be exclusively charged with the task of developing atomic power to the point where it can compete in an open market with conventional electricity.

The obvious and simple point is this: The real way to do the American taxpayers a disservice would be by keeping private capital out of atomic energy at the present time. The real way to create an atomic giveaway would be by requiring the government to take on the complete burden of perfecting atomic power reactors, and then inviting private capital into the field at some future date, when fair returns on money invested will be much more probable.

I am sure that the profit-and-loss statements of the private corporations now embarking upon atomic development programs will soon prove that the problem of atomic giveaway is illusory. Unfortunately, however, we now face other problems which are real, and exceedingly complex, in translating the intent of the new atomic energy law into the steel and concrete of an atomic power industry actually producing electricity.

The Atomic Energy Commission, the Congress, and private industry itself now confront a difficult period of adjustment in adapting their modes of thinking to the prospect of an atomic power industry, and in making sure that each is doing its best to promote the speedy growth of this industry.

It cannot be repeated too often that the new law represents a complete change in philosophy insofar as atomic development is concerned. It envisages an orderly transition from strict government control to an industrial pattern more in accord with our traditional system of free competitive enterprise. The understandably stringent secrecy provisions of the original law, coupled with the necessity of guarding against hazards to public safety and the national security, required the Commission to exercise a large degree of supervision over the actions of its industrial contractors. This authority was used wisely and with great restraint. Yet no system of government contracting, no matter how wisely administered, can substitute for the competitive drives of an industry based on private risk—and it is precisely such an industry which is contemplated under the new legislation.

In other words, the legislation assumes that the new atomic energy industry will be governed by licenses, rather than through contractual arrangements between the Atomic Energy Commission and private firms. This is much more than a semantic distinction —it stands for a completely different way of doing business. Accordingly, the Commission must at all times guard against the danger of issuing regulations which might have the unintended effect of encouraging a contract-based, rather than a licensed-based, industry.

The Question of Adequate Insurance Against Reactor Accident

Permit me now to discuss another problem of immediate and pressing urgency in the atomic power field. I refer to the problem of obtaining adequate insurance against the possibility of a major reactor accident. Were an atomic power reactor to go out of control, a very large area might be contaminated with radioactive materials. Let me emphasize that this is far more of a theoretical danger than of practical possibility. After 12 years of experience in the design, construction, and operation of atomic reactors by the wartime Manhattan Engineer District and the Atomic Energy Commission, there has yet to be a single fatality—or even a serious injury of any kind—caused by a reactor accident. Yet should a major accident occur, thousands of people might file damage claims — conceivably running to hundreds of millions of dollars—against the owners of the atomic power plant. Our insurance companies have therefore been reluctant to issue policies covering such contingencies.

The problem of obtaining adequate insurance becomes particularly acute for an electric utility which might own and operate an atomic reactor. Under our public utility laws, such a company would make a regulated profit—while running the risk of incurring an abnormally large loss.

Wherein does wise national policy lie? Might it be possible and desirable, for instance, to limit the liability of private companies operating power reactors? Might some pooling of resources enable insurance companies to issue policies against the danger of reactor accidents? Might it be necessary to reinsure part of such policies through the government — and if so, to what extent? Might it be necessary for the government itself to assume directly a part of this insurance burden? I very much hope that the Congress will soon face up to these questions, and that it will seek the benefit of the thinking of the leaders of our insurance companies.

The Problem of Patents

You will remember that two schools of thought concerning patents emerged in the Congress during last summer's debate on the Atomic Energy Law. One school favored compulsory licensing of inventions discovered by private parties using private funds. The other school, of which I was myself a member, wished to make the new atomic industry conform as closely as possible to our normal patent system. Although a majority of the House—and, in my opinion, a majority of the Senate also—preferred normal patents, the Atomic Energy Law as finally passed contained provisions drawn by both sides in this controversy. It was agreed at the time that the patent sections would be reexamined by the 84th Congress.

The compulsory licensing features were written into the legislation with the declared intention of speeding technological progdess in atomic energy and protecting small business. To my way of thinking, compulsory licensing would accomplish precisely the opposite — it would slow technological progress and penalize small business. Under compulsory licensing, there is no incentive to find a substitute invention or process for a discovery which a competitor has patented. Under compulsory licensing, a large company may be willing to stake great sums of money on the development of a new idea—even when faced with the necessity of licensing this idea for the use of others. But a small company cannot and will not risk its limited funds on a new invention if it is denied the legitimate rewards of an inventor.

I have therefore introduced into the new Congress a bill which would repeal the compulsory licensing features of the Atomic Energy Act of 1954, and I earnestly hope it will soon be passed by the Congress.

Now what of the responsibilities of industry itself under the new Atomic Energy Law? It is no secret that our American business community stood in the forefront of those asking that the Congress permit broadened private participation in atomic development. This has now been done. It is now up to our American business community to show that it is ready, willing, and able to contribute its talents, its initiative, its know-how, and its capital to the development of the peaceful atom.

No honest person can urge industry to enter this field by holding out the prospect of large, immediate profits. Despite all the unfounded talk of atomic giveaway, such profits are simply not in the offing. An honest person can say that peacetime atomic development presents the greatest industrial adventure of our time, and that all true enterprisers should be eager to participate in this adventure.

Serving Cause of Worldwide Peace

Above all, it can be honestly said that, in atomic development, American industry now has a tremendous opportunity to serve the cause of worldwide peace with justice.

It should be obvious to all that the present global struggle between the forces of freedom and the forces of tyranny will not be decided by military superiority alone. It should be obvious to all that, regarded in its fundamentals, this struggle is a contest for the allegiance of men of good will. In this struggle, all the advantages can and should be on our side. Yet, if we are to be realistic, we must acknowledge that the endless outpouring of the Kremlin propaganda mill has duped millions of sincere but gullible people into thinking that our American atomic energy program is devoted exclusively to the output of weapons, or that we are unwilling to share the peacetime benefits of the atom with the other peoples of the world.

American participation in the peacetime international atomic pool proposed in President Eisenhower's historic address before the United Nations in 1953 represents the best and surest way of answering Moscow's lies.

Our government is now negotiating with the other nations of the world toward the end of translating the vision of a global atomic crusade against poverty and want into a working international organization, actually using the peaceful atom to bring new hope to the poverty-ridden areas of the world. Our nation cannot make its appropriate contribution to this great cause through the work of our government alone. This is a challenge which can be met only by our government and American industry working as partners.

I have every confidence that American industry will now show itself equal to the grave responsibilities which have been thrust upon it, and that it will prove its ability and desire to help make the atom the benefactor, and not the destroyer of mankind.

Lewellen-Bybee Opens

WASHINGTON, D. C.—The Lewellyn-Bybee Company has been formed with offices at 1627 K Street, N.W. to engage in a securities business. Officers are Rollo L. Lewellen, President; W. J. Lewellen, Vice-President, and David H. Bybee, Secretary-Treasurer. Mr. Lewellen was formerly with Weber Investment Company in Ogden, Utah.

Cautious Optimism Still Business Keynote

Business Survey Committee of the National Association of Purchasing Agents under its new chairman, Chester F. Ogden, finds little change in business outlook, though new orders have slackened slightly. Reports commodity prices firm and slightly higher, with more evidence of greater competition in many lines

A composite opinion of purchasing agents who comprise the National Association of Purchasing Agents Business Survey Committee, whose Chairman is Chester F. Ogden, Manager of Purchases, The Detroit Edison Company, Detroit, Mich., reports that cautious optimism is the keynote of the January survey of the opinon of Purchasing Executives.

Chester F. Ogden

Production continues high, with 42% reporting an increase and 47% reporting no change from last month. New orders have slackened slightly, with the number reporting increases the lowest since last August. However, the number reporting a decline of new orders is less than last month, and almost half of the committee members report no change.

Commodity prices are firm to slightly higher, with further evidence of increased competition developing in many lines. Some price increases resulted from "off-white" negotiations to secure prompt delivery of needed materials, while others were general increases announced by manufacturers.

Employment continues high, with little change from last month.

There is further indication that the inventory reduction movement has run its course but there is no "rush" to buy, the survey points out. Industries relying on the automobile companies for business and those who use significant quantities of steel are somewhat apprehensive of the Spring labor negotiations. Few steel users, however, have present plans of materially increasing inventories to cover possible strike periods. They feel, however, that general business conditions could be adversely affected if extended work stoppages result from prolonged labor negotiations.

While Purchasing Agents still expect a good 1955, they have become cautious in their buying policy, with the highest number in many months operating in the hand-to-mouth to 60-day range.

Commodity Prices

Reporting Purchasing Agents state that commodity prices give some indication of creeping higher. More of them than at any time since last August report higher prices. To offset this, competition is keen and often from unexpected sources. The markets generally are firm, with no large movements either up or down.

Inventories

There is further indication that purchased material inventories are reaching a low point. However, there is little inclination to build inventory in anticipation of possible price increases or strikes that may result from labor negotiations later in the year. Careful inventory control continues and any increases generally result from the requirements of higher production schedules.

Employment

Very little change is reported in the employment situation this month. In the period ahead, Purchasing Agents do not foresee any marked increase over present employment figures. Some, of course, tie employment to production figures in direct ratio. Others are quick to admit that a stiffening of competition would cause them to search out ways of eliminating indirect and unnecessary labor costs. In some areas, skilled stenographic and clerical help is reported in short supply. Help hired for the Christmas rush seems to have been absorbed and no significant unemployment is reported anywhere.

Buying Policy

Conservatism continues to be generally observed in developing buying policy. 93% of the reporting Purchasing Agents are operating on a hand-to-mouth to 60 days policy. In almost all cases, commitments are being limited to the minimum lead time required to assure delivery to meet requirement schedules—and often the supplier who has the least lead time consistent with reliability is awarded the contract.

Continued from first page

As We See It

"Fifth, the Federal Government contributes to economic growth when it takes its part, at the side of the States, in promoting scientific research and in providing public facilities, such as highways, hospitals, harbors, and educational institutions, on which the expansion of the private economy heavily rests.

"Sixth, the Federal Government strengthens the foundations of the economy when it widens opportunity for its less fortunate citizens and, working in cooperation with the States and localities, helps individuals to cope with the hazards of unemployment, illness, old age, and blighted neighborhoods."

The "Middle Way"

Here, obviously, is a sort of philosophic exposition of "the middle way" which the President has so often said he intended to follow. Before setting forth his "basic propositions" the President had paid his respects to those who travel either to the right or the left of the path he is setting out for himself. "Some citizens," he said, "lacking faith in the ability of the private economy to generate a high level of activity, espouse a steadily increasing role for Government. They urge new public undertakings and unbalanced budgets as devices for augmenting private demand, often with little regard to the cause or magnitude of any deficiency in demand. Other citizens, adhering to what they regard as the ultimate economic verities, are critical of any governmental action that is designed to prevent or to minimize the rigors of depressed incomes and unemployment."

Then says the President: "These are extreme and doctrinaire positions. If one is insensitive to the inequities of inflation, the other is insensitive to the misfortunes of depression. Each carries the danger of undermining, sooner or later, our system of free competitive enterprise. Neither is suited to our needs or our times. The American people believe firmly in economic freedom, but will not passively accept depression or inflation. The need of our times is for economic policies that, in the first place, recognize the proven sources of sustained economic growth and betterment, and in the second place, respect the need of the people for a sense of security as well as opportunity in our complex and industrialized society."

There are, of course, many other passages to be found in the report which pay tribute to individual initiative and to the enterprise of the American citizen. "The American economy has created new jobs and produced marvels of abundance in the past. It should be able to do so in equal or even greater degree in the future," is the comment at one point. Again, "the history of our country, as well as of other parts of the Western World, demonstrates that economic progress depends fundamentally on the enterprise and initiative of millions of people seeking to better themselves."

All this is to the good, of course. It would be much more heartening if, for one thing, the most ardent of the New Dealers had not also so fervently and so repeatedly assured the people that they were the real friends of the free enterprise system — and as consistently shown by their actions that they were nothing of the sort.

But What Does He Mean?

The fact is that throughout this Economic Report of the President, as well as in various other utterances of his and his associates, passages frequently appear which "bring the eternal note of sadness in." "A glorious economic future may be ours," the President says, but adds that "it is not vouchsafed to us. We shall achieve it only by wise management of our national household." Then follow passages which leave the impression that the present Administration is of the opinion that it must play a much larger part in the "management of our national household" than we believe it should.

In point of fact, the President says in so many words that "we must coordinate all governmental programs, especially monetary and fiscal policies, in order to restrain and offset any tendencies that may develop toward recession or inflation. An expanding economy requires increases in the supply of money and credit, but not on a scale that invites inflation in the present and possible depression in the future. The Federal Government should continue to manage its revenues, debts, and expenditures, and conduct its regulatory activities, so as to contribute to the expansive strength and stability of the economy." These and many other passages which might be quoted are open to many and varied interpretations. Their real meaning is to be sought, we suspect, in what the Administration does or proposes from day to day.

The Administration's policies and program to date make it clear that it believes strongly in paternalism in several directions. It believes in providing, in large part at some one else's expense for the old age of all, or very nearly all, the citizens of the United States. It has left no doubt that it believes in absorbing at taxpayers' expense a substantial part of the medical care of the rank and file of the people. No doubt can remain of its direct interest in taking care of the unemployed. It has shown great concern—to the point of committing the credit of the country—with the provision of homes for great masses of people. Though slightly less ambitious than its predecessors in this respect, it nonetheless continues to pour out taxpayers' funds in large amounts to the farmers of the country.

We have heard of no promise of reducing the burden of regulatory operations of the Federal Government. The securities business is still shackled and has no prospect of greater freedom in the foreseeable future. The public utility industry is under the thumb of Federal regulation, and apparently is likely to remain so. If the Administration has any interest in reducing monopoly in the field of labor relations, we have not heard of it. By its fruits and its profession shall it be known.

The Fallacies of "Controlled Inflation"

February issue of the "Guaranty Survey," publication of the Guaranty Trust Company of New York, discusses theories of increasing money supply to maintain and advance the general price level. Concludes putting such schemes into practice tends to intensify the "boom and bust" cycle.

Contending "one alluring guise in which the inflationary nostrum is now being pedalled is the idea of a governmental policy or program in which new money, presumably in the form of Federal borrowings from the banks, would be continuously created and administered to the economy in doses sufficient to exert a slight but constant upward pressure on the general price," the February issue of "the Guaranty Survey," monthly publication of the Guaranty Trust Company of New York, in an editorial article, presents arguments of the fallacies contained in such a policy.

Picturing "controlled inflation" as nothing but the old nostrum of cheap money in a new form, "The Guaranty Survey" states: "Speaking of a controlled inflation is much like speaking of a controlled forest fire. The hazard does not lie in the possibility that such a scheme might fasten itself upon the economy, but in the fact that it could do immense damage before it collapsed."

"The theory of 'controlled inflation,' says the "Survey," "is unrealistic at practically every point. To begin with, it assumes a much more direct and immediate relation than actually exists between the money supply on the one hand and prices and business activity on the other. Money affects these other conditions only as it is spent. Changes in the velocity with which money circulates are often more important as an influence on prices and business volumes than are changes in the amount outstanding, and they are much less amenable to control.

"The idea of an economy responding in an orderly and predictable way to measured doses of inflation also ignores the vital part played by nonmonetary factors in determining levels of prices and business activity. Money artificially injected into the economy by governmental action can remain largely ineffective as a business stimulant for long periods. Such money does not come into being in response to a specific need, as does money created by a normal bank loan, for example. Hence it tends to lie idle until business activity is stimulated by more positive forces. Then the idle money asserts itself vigorously, swelling demand at precisely the time when such an effect is least desirable. The $20 billion, or thereabouts, poured into the economy by the Federal Government in the effort to 'prime the pump' of recovery during the 1930's had surprisingly little effect at the time, but during and after the war it unquestionably played its part in intensifying the inflationary pressure.

"The idea of 'controlled inflation' conveniently forgets the disturbing effects of monetary manipulations on business. Changes in price levels affect different commodities and services in different ways. The price structure becomes distorted and ceases to be an accurate indicator of market forces. Businessmen and investors are misled into making false calculations, and the resulting errors have to be corrected. This means business losses, reduced demand, curtailed output, and unemployment. It is proverbial that inflationary booms are followed by reactions. Inflation, unless administered in overwhelming amounts, occurs by fits and starts, occasioning a chain of developments which is the exact opposite of the steady progress dreamed of by the advocates of 'controlled inflation.' If experience shows anything, it shows that an attempt to put such a scheme into practice would tend to amplify rather than moderate the 'boom and bust' cycle."

Home Financing Mtge. Needs Put at $16 Billion

Walter W. McAllister, Chairman of the Federal Home Loan Bank Board, however, holds nation's financial institutions and other lenders are in a strong position to handle this need of mortgage credit.

The home-financing needs of the nation will call for the investment of over $16 billion in new money this year, according to preliminary estimates made public on Jan. 29 by the Home Loan Bank Board in Washington, D. C. This is believed to be a record figure, stemming from the current high rate of home building and the more liberalized mortgage loan terms of recent years. But loan funds will be available to meet the demand, the report added.

W. W. McAllister

Walter W. McAllister, Chairman of the Board, said: "The 1955 projection on mortgage-financing needs requires the investment of more than $16 billion in new funds in the small home field, exclusive of approximately $8 billion required for the refinancing of a part of the present mortgage debt. Of the $16 billion, an estimated $12 billion may be required to finance the purchase of newly built houses and $4 billion for additional loans on existing homes.

"Beyond their present resources, the nation's financial institutions and other lenders are in a strong position to handle this need for mortgage credit, for they will receive during the year nearly $7 billion in monthly payments and prepayments from borrowers on their mortgages outstanding.

"We estimate that about 1,200,000 one-to-four family houses will be built in the United States this year. This compares with 1,100,000 homes constructed during 1954, in itself a near-record year for the home building industry. The estimate does not include apartment units, about 100,000 of which were built in 1954.

"The impetus of the construction boom of last year will probably sustain higher building activity through the greater part of 1955, stimulated by the new provisions of the housing act of 1954. While increased vacancies are reported in some places by lenders and makers of building materials, the heavy volume of advance planning by builders and advance loan commitments by financial institutions will bring the increase indicated, despite a possibly slower pace in the latter part of the year."

Because of consumer preference for new homes with modern equipment, undoubtedly many buyers will continue to purchase such properties unless a substantial price advantage in older homes develops, the statement said. Easier loan terms and present high levels of individual savings enable many buyers to choose new houses.

At the end of 1954, the total mortgage debt on one-to-four family homes in the nation was estimated at about $75 billion. Forecasts are that the 1955 growth in the home mortgage debt will be greater than last year's which was $8.9 billion. About a third of this debt is held by savings and loan associations and cooperative banks.

The 4,200 member savings and loan associations of the Federal Home Loan Bank System made home loans in 1954 amounting to $8.5 billion. This is equivalent to some 37% of all such money loaned during the year by financial institutions and individuals.

Milwaukee Bond Club To Hold Annual Meeting

MILWAUKEE, Wis. — The annual meeting and election of officers of the Milwaukee Bond Club will be held Monday, Feb. 21 at the Skyroom of the Plankinton Hotel.

The slate of officers presented consists of:

President: Harlod A. Franke, The Milwaukee Company.

Vice-President: Brenton M. Rupple, Robert W. Baird & Co., Inc.

Governors: Lon L. Brier, Lon L. Grier & Co.; Fred D. Jenkins, Brew-Jenkins Company, Inc.; John P. Lewis, Jr., J. P. Lewis & Co.; Richard J. Murphy, Merrill Lynch, Pierce, Fenner & Beane; Fred A. Newton, Loewi & Co.; and Gilbert M. Vonier, Paine, Webber, Jackson & Curtis.

Louis C. Ball With Rowles, Winston & Co.

HOUSTON, Tex.—Louis C. Ball has joined Rowles, Winston & Co., City National Bank Building, R. R. Rowles, President, has announced.

Associated with the Rheem Manufacturing Company in Houston for two and a half years, Mr. Ball formerly was Southern Division Manager of that company. Prior to that he was with the Henry J. Kaiser interests in California and the Aluminum Corporation of America's Bauxite, California mining subsidiary. He served in the Pacific theatre during World War II as a Naval officer.

A graduate of the University of Nebraska, Mr. Ball is a member of the Houston Sales Executive Club, the Houston Club and the Houston Country Club.

Kormendi & Co. Formed In New York City

Announcement is made of the formation of the firm of Kormendi & Co., Inc., with temporary offices at 60 Broad Street, New York City, to continue the general investment business of John Kormendi Company, established in 1936.

Directors of the new firm will be John Kormendi who has been in the investment business since 1927 and head of his own firm for the past 19 years; Edward S. Magowan who is head of his own firm dealing in institutional real estate investments; and Clifford R. Walker, President of Merrill Petroleums, Ltd.

Robert C. Brussat Joins The Milwaukee Company

(Special to The Financial Chronicle)

MILWAUKEE, Wis.—Robert C. Brussat has become associated with The Milwaukee Company, 207 East Michigan Street, members of the Midwest Stock Exchange. Mr. Brussat was formerly for many years with the Marine National Exchange Bank.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market is in the process of getting adjusted to the refunding operation of the Treasury. This is a normal occurance when the Treasury is exchanging maturities for new obligations. The 3% bonds with the 40-year maturity was well received by the money market, and not a few government specialists see in this new bond a very fine issue for investors who are looking for a distant maturity. There has been considerable switching among the various outstanding Treasury obligations, especially the 2⅞s, with an eye towards the building up of holdings in the new 3% issue.

The other securities which were offered in exchange for the maturing 1⅝s and 1½s were also well received, with the 2½-year 2% note reportedly having been taken by a great many of the out-of-town commercial banks. Indications are that these same institutions were also among the important buyers of the new 3% bond.

Issue Appeals to Long-Term Investors

The Treasury offered holders of the 2⅞s the option of either a 40-year 3% bond, or a 13-month 1⅝% note. Under this refunding plan the government will have outstanding a real long-term bond which will appeal to investors who are interested in putting funds to work for an extended period of time. This two-way offer to the owners of the partially tax exempt 2⅞s of 1955/60, is the most significant feature of the refunding operation, which will result in the refinancing of nearly $15 billion of maturities.

The owners of the maturing 1⅝% certificates due Feb. 15 and the 1½% notes due March 15 had the option of exchanging these securities for either the 13-month 1⅝% notes or the 2½-year 2% notes. These new refunding issues will appeal to those who must have near-term obligations for liquidity purposes. Also in the amount which the maturing obligations are exchanged for the near-term maturities by the commercial banks, there will not be any change as far as deposits or purchasing power is concerned.

Debt Structure Extended

The offering by the Treasury of a 40-year 3% bond in exchange for the 2⅞% bond was not entirely a surprise, even though the financial district had been talking mainly about a 30-year issue. The issuance of a 40-year bond will result in a real extension of the maturity which is one thing the Treasury has been trying to carry out. The new 3% bond due Feb. 15, 1995 is a straight maturity obligation and is the longest term issue which the Treasury has floated since 1911, when a 50-year maturity was put out by the government to pay for the Panama Canal.

The money tightening operation of the Federal Reserve Board was given considerable help by the refunding of the Treasury, because the fact that the government used a long-term high coupon bond as part of the over-all operation tended to push up yields of all interest bearing obligations. In view of the nature of the issue, there appears to be no doubt now that he Treasury is working hand in glove, with the monetary authorities in bringing pressure on the money markets in order to influence the trends in the stock market and the mortgage market.

Volume of Credit Curtailed

How much of the money which would have gone into mortgages will go into the new 3% bond will be a matter of conjecture, but in the amount in which non-bank investors are buyers of the new bond there will be that much less money available to finance the building boom. To the extent that commercial banks take the 3% bond for the maturing 2⅞s, there will be no change in deposits or purchasing power. It is indicated that a large number of commercial banks with sizable amounts of savings deposits have either exchanged the 2⅞s for the new 3s, or have already bought and will continue to add to their positions in the longest Treasury obligation.

Higher Discount Rate in Prospect

The Bank of England raised the discount rate last week from 3 % to 3½% in a move to check what is being termed "gentle inflation" in Britain. This move by the British monetary authorities is not dissimilar to what is being done here. If the Federal Reserve Banks continue to sell Treasury bills and reduce excess reserve balances it would not be out of order to expect the discount rate to be raised here.

Two With FIF Managem't

(Special to The Financial Chronicle)

DENVER, Colo. — Lewis W. Poole and Lloyd M. Shibata have joined the staff of FIF Management Corporation, 444 Sherman Street.

New Hardy Partner

Hardy & Co., 30 Broad Street, New York City, members of the New York Stock Exchange, on Feb. 10 will admit Cyrus S. Fisher to partnership.

Mabon Co. to Admit

On Feb. 16, Edward W. Kraebel will be admitted to partnership in Mabon & Co., 115 Brodaway, New York City, members of the New York Stock Exchange.

Rosen With Simon, Strauss

Simon, Strauss & Himme, Savoy Plaza Hotel, New York City, members of the New York Stock Exchange, announce that Abraham Rosen has become associated with the firm.

Mr. Rosen was formerly a partner in Silberberg & Co.

Cranmer Adds to Staff

(Special to The Financial Chronicle)

DENVER, Colo. — Walter G. Knauff has become associated with Cranmer & Co., California Building. Mr. Knauff was formerly with the Securities and Exchange Commission.

C. Russell Lea

C. Russell Lea, associated with Reynolds & Co., passed away suddenly Jan. 28 at the age of 56.

Dean Witter Arranges Private Placement

The Southern Nevada Telephone Co. has announced the private sale to institutional investors of $4,000,000 first mortgage bonds 4½% series, due 1979, and $1,500,000 general mortgage 5¼% bonds, due Oct. 1, 1964. The financing was arranged by Dean Witter & Co.

Of the 4½% bonds, $2,000,000 principal amount have been delivered and $2,000,000 are to be delivered not later than June 30, 1955.

The proceeds from the financing will be used to retire outstanding indebtedness of the company and to finance the major portion of its large extension program, which includes the conversion of its entire telephone system from manual to automatic dial operation.

Equitable Secs. Corp. Elects Nine V.-Ps.

NASHVILLE, Tenn. — Ralph Owen, President of Equitable Securities Corporation, 322 Union Street, announced the election of nine vice-presidents of the corporation. They are: Frank E. Carter, Jr. and Ira B. MacCulley, managers of the firm's municipal bond department and preferred stock department, respectively, in the New York City office; Harold E. Faust in Hartford, Conn.; Paul W. McGaughy in Atlanta, Ga.; Charles J. Allison in Birmingham, Ala.; Jackson A. Hawley in New Orleans, La.; and Ewing H. Bradford, Quitman R. Ledyard and C. Herbert Pettey, in the home office of the corporation in Nashville, Tenn.

F. Bleibtreu Joins Sutro Bros. & Co.

Sutro Bros. & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce that Frederick Bleibtreu, formerly president of F. Bleibtreu & Co., Inc., has joined the firm as manager of the Foreign Exchange Department.

F. Bleibtreu & Co., it is understood, will continue in the investment business.

President's Message on Health Reinsurance

In special message to Congress he renewed his program for Federal aid to private health organizations under a reinsurance plan.

President Dwight D. Eisenhower submitted a special message to Congress on Jan. 31, in which he renewed his request for a broad program of health improvement services, along with a proposal for a reinsurance plan in aid of private health organizations:

The text of the President's special message follows:

To the Congress of the United States:

Because of the strength of our nation is in its people, their good health is a proper national concern; healthy Americans live more rewarding, more productive and happier lives. Fortunately, the nation continues its advance in bettering the health of all its people.

Pres. Eisenhower

Deaths from infectious diseases have diminished. During the past year, important progress has been made in dealing with such diseases as rheumatic fever, high blood pressure, poliomyelitis and tuberculosis. Intensified research has produced more knowledge than ever before about the sources of heart disease and cancer.

The Eighty-third Congress, during the last legislative session, supported dramatic new strides in vocational rehabilitation. By 1959, consequently, we should be restoring to useful lives most persons who become disabled and who can be rehabilitated and returned to employment. In human terms, this will be a heart-warming achievement.

The 1954 amendments to the Hospital Survey and Construction Act opened another new chapter in the national drive for better health. Under these amendments, further provision was made to help build health care facilities for the chronically ill; to aid in the construction of nursing and convalescent homes; to provide for more diagnostic and treatment centers for patients who do not need hospital care, and to help make centers available for the rehabilitation of the disabled.

These achievements represent a major gain for the immediate and future welfare of countless Americans—in the health of both mind and body. Recent advances do not, however, represent our full capacity to wage war on illness and disability throughout the land.

The Immediate Needs

As a nation, we are doing less than now lies within our power to reduce the impact of disease. Many of our fellow Americans cannot afford to pay the costs of medical care when it is needed, and they are not protected by adequate health insurance. Too frequently the local hospitals, clinics, or nursing homes required for the prevention, diagnosis and treatment of disease either do not exist or are badly out of date. Finally, there are critical shortages of the trained personnel required to study, prevent, treat and control disease.

The specific recommendations that follow are designed to meet this three-fold deficiency.

Meeting the Costs of Medical Care

For most Americans, insurance—private, voluntary insurance—provides a sound and effective method of meeting unexpected hazards which may be beyond the capacity of the individual to bear. Risk sharing through group action is in the best tradition of vigorous and imaginative American enterprise.

The government should cooperate with, and encourage, private carriers in the improvement of health insurance. Moreover, a great many people who are not now covered can be given its protection, particularly rural areas where group enrollment is at present difficult.

Existing health insurance can also be improved by expanding the scope of the benefits provided. Not all private expenditures for medical care can or should be covered by insurance; nevertheless, many policies offered today are too limited in scope. They are principally for hospitalized illness and for relatively short periods of time.

I recommend, consequently, the establishment of a Federal Health Reinsurance Service to encourage private health insurance organizations in offering broader benefits to insured individuals and families and coverage to more people.

In addition, to improve medical care for the aged, the blind, dependent children, and the permanently and totally disabled who are public assistant recipients, I recommend the authorization of limited Federal grants to match state and local expenditures.

Reinsurance. The purpose of the reinsurance proposal is to furnish a system for broad sharing among health insurance organizations of the risks of experimentation. A system of this sort will give an incentive to the improvement of existing health insurance plans. It will encourage private, voluntary health insurance organizations to provide better protection — particularly against expensive illness — for those who now are insured against some of the financial hazards of illness. Reinsurance will also help to stimulate extension of private voluntary health insurance plans to millions of additional people who do not now have, but who could afford to purchase, health insurance.

The Department of Health, Education, and Welfare has been working with specialists from the insurance industry, with experts from the health professions, and with many other interested citizens, in its effort to perfect a sound reinsurance program — a program which involves no Government subsidy and no Government competition with private insurance carriers. The time has come to put such a program to work for the American people.

I urge the Congress to launch the reinsurance service this year by authorizing a reasonable capital fund and by providing for its use as necessary to reinsure three broad areas for expansion in private voluntary health insurance:

[1]

Health insurance plans providing protection against the high costs of severe or prolonged illness.

[2]

Health insurance plans providing coverage for individuals and families in predominantly rural areas.

[3]

Health insurance plans designed primarily for coverage of individuals and families of average or lower income against medical care costs in the home and physician's office as well as in the hospital.

Medical care for public assistance recipients. Nearly 5,000,000 persons in the United States are now receiving public assistance under state programs aided by Federal grants. Present arrangements for their medical care, however, are far from adequate. Special provision for improving health services for these needy persons must be made.

I recommend to the Congress, therefore, that it authorize separate Federal matching of state and local expenditures for the medical care needed by public-assistance recipients. The separate matching should apply to each of the four Federally aided categories—the aged, the permanently and totally disabled, the blind and children deprived of parental care.

Stimulating Construction of Health Facilities

Many communites in the United States today lack the hospitals, clinics, nursing homes and other modern technical facilities required for the protection of the people's health. In other communities structures are antiquated or otherwise deficient in construction or equipment.

Present methods of financing are not always satisfactory in meeting this problem. Many sponsors and operators are un able to quality for grants under the recently extended Hospital Survey and Construction Act. Sponsors of health facilities often find it difficult to obtain private capital for construction.

In other fields, Government-insured loans have consistently helped produce the new construction required in the urgent national interests. The tested procedures developed by such successful Government guarantee programs as these should now be used to stimulate construction of additional health facilities.

I recommend, therefore, that the Congress authorize the Secretary of Health, Education, and Welfare to insure for a small premium, mortgage loans made by private lending institutions for the construction of health facilities.

The continuing responsibility of the mortgagor and of the lending institution should be preserved by limiting the insurance to less than the face amount of the loan and by requiring that a mortgage loan, to be eligible for insurance, must be for less than the full value of the property. The authorizing legislation should, of course, include any needed safeguards against the encouragement of substandard or unsound projects.

Health Personnel Needs

Whether we look at health problems in terms of services for the community or for the individual—at problems of research, prevention or treatment of disease—we find that supplies of trained personnel are critically short.

The Administration's legislative program for this year therefore contains proposals addressed to crucial areas of personnel shortages. These particular areas, moreover, hold the key to other possible advances and improvements in health programs.

Two proposals are aimed at shortages in nurse personnel: First I recommend a five-year program of grants to state vocational education agencies for training practical nurses. Second, I recommend an expansion of Public Health Service operations to establish traineeships for graduate nurses in specialities such as nursing service administration, teaching and research.

In addition, my recommendations for the revision of the present public health grant programs include authority for the establishment of traineeships in all public health specialties, including mental health.

Public Health Programs

The Public Health Service, the Children's Bureau of the Social Security Administration, and the Food and Drug Administration are skilled and vigilant guardians of our nation's health. All three of these agencies should be strengthened, and the programs of the Public Health Service and the Children's Bureau for aiding state health activities made more responsive to changes in state and local health needs. To this end, I urge the Congress to take the following steps:

[1]

Improve present grant-in-aid programs providing services for mothers, for crippled children and for children requiring special health services. Separate funds should be provided for extension and improvement for these activities and for special projects designed to develop improved medical care techniques both for mothers and for children.

[2]

Permit greater flexibility in the use by the states of Federal grant funds for public health services. The states could adapt their programs more effectively to their own needs if the separate Public Health Service grants were combined into a single, unified grant-in-aid structure. In addition, separate funds should be provided for extension and improvement of existing public health programs and for special projects looking to the development of improved techniques.

[3]

Step up research on air pollution. As a result of industrial growth and urban development, the atmosphere over some population centers may be approaching the limit of its ability to absorb air pollutants with safety health. I am recommending an increased appropriation to the Public Health Service for studies seeking necessary scientific data and more effective methods of control.

[4]

Provide greater assistance to the states for water pollution control programs. As our population grows and demands for water increase, and as the use of chemicals expands, our water supply problems become more acute. Intensified research in water pollution problems is needed as well as continuing authority for the Public Health Service to deal with these matters. The present Water Pollution Control Act expires on June 30, 1956. This termination date should be removed and the act should be strengthened.

[5]

Authorize the Public Health Service to establish traineeships for both graduate and specialized training in public health in order to increase the numbers of trained personnel.

[6]

Strengthen the Public Health Service Commission Corps by improving its status and its survivor benefits.

Mental Health

Care for the mentally ill presents a special set of problems.

Only in the past few decades have we, as a people, begun to regard mental and emotional disorders as capable for specific diagnosis, alleviation, cure, and rehabilitation. We now know that effective preventive and control programs are possible in the field of mental health.

I recommend, therefore, new and intensified measures in our attack on mental illness. These are:

[1]

Strengthening of present aid to state and community programs for the early detection, control and alleviation of mental and emotional derangements;

[2]

Increased budgetary support for training activities which are now authorized, so as to increase the number of qualified personnel available for care of mental patients; and

[3]

Authorization of a new program of mental health project grants. Such projects would aim at improving the quality of care in mental institutions and the administration of the institutions themselves. They would also search out ways of reducing the length of stay and the necessity for institutional care in as many cases as possible.

Juvenile Delinquency

As a vital part of our attack on a serious health and social problem I also recommend new grants to the states to enable them to strengthen and improve their programs and services for the prevention, diagnosis and treatment of delinquency in youth. There should be assistance for state planning, for coordination of all state and local agencies concerned with juvenile delinquency, for training of personnel, and for special research and demonstration projects.

International Aspects of Health

For half of mankind, disease and disability are a normal condition of life. This incalculable burden not only causes poverty and distress, and impedes economic development, but provides a fertile field for the spread of communism.

The World Health Organization of the United Nations is exerting forceful leadership in a cooperative world-wide movement toward better health. Its program merits adequate and growing financial support on the part of the United States. Our contribution to the World Health Organization should be raised, so that the effort to release men from the bondage of disease through international cooperation may be increased.

These recommendations to the Congress represent a broad and coordinated offensive against many of the problems which must be solved if we are to have better health for a stronger America. All the proposals recognize the primacy of local and state responsibility for the health of the community. They encourage private effort, with private funds. With the cooperation of the states and the medical profession they can form the basis for better health for all.

DWIGHT D. EISENHOWER

The White House,
Jan. 31, 1955.

Joins Salik Staff

(Special to THE FINANCIAL CHRONICLE)

SAN DIEGO, Calif. — John A. Cleland, Thomas M. Cunningham, Jr., and Charles E. Salik have joined the staff of Salik & Co., Orpheum Theatre Building. Mr. Cleland and Mr. Cunningham were formerly with Merrill Lynch, Pierce, Fenner & Beane.

Samuel Franklin Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Samuel R. Breithart, Gerald D. Gallop, Henry Lee and Alfred M. Levy have become affiliated with Samuel B. Franklin & Company, 215 West Seventh Street.

With King Merritt & Co.

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo. — John J. Brosnahan, Raymond W. Dale, and William H. Hover have joined the staff of King Merritt & Co., Inc., Woodruff Building.

Gerald W. Caner

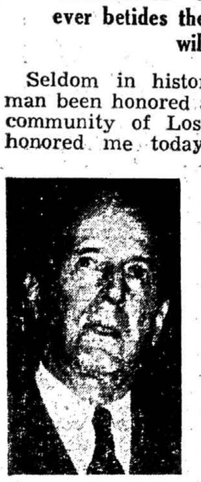
Gerald W. Caner, partner in Penington, Colket & Co., passed away Jan. 18.

A Plea to End Wars

By DOUGLAS MacARTHUR*
General of the Army

General MacArthur, after tracing war's history, cites the burdens of war and points out if mass destruction weapons portend the outlawing of war, it would mark the greatest advance in civilization since the Sermon on the Mount. Says there is no victory in war, and injuries inflicted on an enemy return as injuries to ourselves. Holds a ban on war is possible, but leaders inside and out of the Iron Curtain have not even approached the basic problem involved. Cites an inherent weakness in "collective security," and concludes that whatever betides the ultimate fate of the Far East, or the world, will not be settled by force of arms.

Seldom in history has living man been honored as this famous community of Los Angeles has honored me today. You have etched in my heart an unforgettable memory of patriotic fervor and national devotion. You have aroused an indelible emotion of gratitude that I am unable to express adequately in words. Yet, the reality of life enables me to apply an appraising perspective; to understand that your action springs not so much from a desire to memorialize a personality as to proclaim a people's adherence to ideals long ago fabricated into the warp and woof of what is called the American way of life. That you have chosen me to symbolize this rich heritage of principles is an honor which makes me feel far greater than any just merit; that my name should stand for the millions of unnamed others whose faith and courage built the immortal way from which was fashioned the true greatness of our country creates within me a feeling of humility far in excess of all possible pride. It makes me revere the stars in our flag far more than any stars on my shoulders.



Douglas MacArthur

I am so grateful to all who have wished me birthday greetings. I know such expressions of goodwill would have brightened the eyes of that gentle Virginia lady, my mother, on this her day. Thank you — thank you in her name again and again — and, as "old soldiers never die," I promise to keep on living as though I expected to live forever. That famous barrack-room ballad apparently counts on us, those old soldiers who have escaped the carnage of the battlefield, to find the fountain of youth. And, indeed, we might if we only understood what the poet said, that youth is not entirely a time of life—it is a state of mind. It is not wholly a matter of ripe cheeks, red lips or supple knees. It is a temper of the will, a quality of the imagination, a vigor of the emotions, a freshness of the deep springs of life. It means a temperamental predominance of courage over timidity, of an appetite for adventure over love of ease. Nobody grows old by merely living a number of years. People grow old only by deserting their ideals. Years may wrinkle the skin, but to give up interest wrinkles the soul. Worry, doubt, self-distrust, fear and despair—these are the long, long years that bow the head and turn the growing spirit back to dust.

Whatever your years, there is in every being's heart the love of wonder, the undaunted challenges of events, the unfailing childlike appetite for what next, and the joy and the game of life. You are as young as your faith, as old as your doubt; as young as your self-confidence, as old as your fear; as young as your hope, as old as your despair. In the central place of every heart there is a recording chamber; so long as it receives messages of beauty, hope, cheer and courage, so long are you young. When the wires are all down and your heart is covered with the snows of pessimism and the ice of cynicism, then, and then only are you grown old—and then, indeed, as the ballad says, you just fade away.

Many in this brilliant audience were my comrades-in-arms in the days of used-to-be. They have known war in all its horror and, as veterans, hope against its recurrence. How, we ask ourselves, did such an institution become so integrated with man's life and civilization? How has it grown to be the most vital factor in our existence? It started in a modest enough way as a sort of gladiatorial method of settling disputes between conflicting tribes. One of the oldest and most classical examples is the biblical story of David and Goliath. Each of the two contesting groups selected its champion. They fought and based upon the outcome an agreement resulted. Then, as time went on, small professional groups known as armies replaced the individual champions. And these groups fought in some obscure corner of the world and victory or defeat was accepted as the basis of an ensuing peace. And from then on, down through the ages, the constant record is an increase in the character and strength of the forces with the rate of increase always accelerating. From a small percentage of the populace it finally engulfed all. It is now the nation in arms.

Evolution of Arms

Within the span of my own life I have witnessed this evolution. At the turn of the century, when I entered the Army, the target was one enemy casualty at the end of a rifle or bayonet or sword. Then came the machine gun designed to kill by the dozen. After that, the heavy artillery raining death upon the hundreds. Then the aerial bomb to strike by the thousands—followed by the atom explosion to reach the hundreds of thousands. Now, electronics and other processes of science have raised the destructive potential to encompass millions. And with restless hands we work feverishly in dark laboratories to find the means to destroy all at one blow.

But, this very triumph of scientific annihilation—this very success of invention—has destroyed the possibility of war being a medium of practical settlement of international differences. The enormous destruction to both sides of closely matched opponents makes it impossible for the winner to translate it into anything but his own disaster.

The second World War, even with its now antiquated armaments, clearly demonstrated that the victor had to bear in large part the very injuries inflicted on his foe. Our own country spent billions of dollars and untold energies to heal the wounds of Germnay and Japan. War has become a Frankenstein to destroy both sides. No longer is it the weapon of adventure whereby a short cut to international power and wealth—a place in the sun—can be gained. If you lose, you are annihilated. If you win, you stand only to lose. No longer does it possess the chance of the winner of a duel — it contains rather the germs of double suicide. Science has clearly outmoded it as a feasible arbiter. The great question is—does this mean that war can now be outlawed from the world? If so, it would mark the greatest advance in civilization since the Sermon on the Mount. It would lift at one stroke the darkest shadow which has engulfed mankind from the beginning. It would not only remove fear and bring security—it would not only create new moral and spiritual values — it would produce an economic wave of prosperity that would raise the world's standard of living beyond anything ever dreamed of by man.

The hundred of billions of dollars, now spent in mutual preparedness could conceivably abolish poverty from the face of the globe. It would accomplish even more than this; it would at one stroke reduce the international tensions that seem so insurmountable now to matters of more probable solution. For instance, the complex problems of German rearmament of preventive war, of satelite dominance by major powers, of Universal Military Service, of unconscionable taxation, of nuclear development for industry, of freer exchange of goods and people, of foreign aid and, indeed, of all issues involving the application of armed force. It would have equally potent political effects. It would reduce immeasurably the power of leaders of Government and thus render more precarious totalitarian or autocratic rule. The growing and dangerous control by an individual over the masses—the socialistic and paternal trends resulting therefrom—is largely by virtue of his influence to induce war or to maintain peace. Abolish this threat and the position of chief magistrate falls into more proper civic perspective.

We Can Ban War

You will say at once that although the abolition of war has been the dream of man for centuries every proposition to that end has been promptly discarded as impossible and fantastic. Every cynic, every pessimist, every adventurer, every swashbuckler in the world has always disclaimed its feasibility. But that was before the science of the past decade made mass destruction a reality. The argument then was that human character has never reached a theological development which would permit the application of pure idealism. In the last two thousand years its rate of change has been deplorably slow, compared to that of the arts and sciences. But now the tremendous and present evolution of nuclear and other potentials of destruction has suddenly taken the problem away from its primary consideration as a moral and spiritual question and brought it abreast of scientific realism. It is no longer an ethical equation to be pondered solely by learned philosophers and ecclesiastics but a hard core one for the decision of the masses whose survival is the issue. This is as true of the Soviet side of the world as of the free side—as true behind the Iron Curtain as in front of it. The ordinary people of the world, whether free or slave, are all in agreement on this solution; and this perhaps is the only thing in the world they do agree upon. But it is the most vital and determinate of all. The leaders are the laggards. The disease of power seems to confuse and befuddle them. They have not even approached the basic problem, much less evolved a working formula to implement this public demand. They debate and turmoil over a hundred issues — they bring us to the verge of despair or raise our hopes to Utopian heights over the corollary misunderstandings that stem from the threat of war — but never in the chancelleries of the world or the halls of the United Nations is the real problem raised. Never do they dare to state the bald truth, that the next great advance in the evolution of civilization cannot take place until war is abolished. It may take another cataclysm of destruction to prove to them this simple truth. But, strange as it may seem, it is known now by all common men. It is the one issue upon which both sides can agree, for it is the one issue upon which both sides will profit equally. It is the one issue—and the only decisive one —in which the interests of both are completely parallel. It is the one issue which, if settled, might settle all others.

Time has shown that agreements between modern nations are generally no longer honored as valid unless both profit therefrom. But both sides can be trusted when both do profit. It becomes then no longer a problem based upon relative integrity. It is now no longer convincing to argue, whether true or not, that we cannot trust the other side—that one maverick can destroy the herd. It would no longer be a matter depending upon trust — the self-interest of each nation outlawing war would keep it true to itself. And there is no influence so potent and powerful as self-interest. It would not necessarily require international inspection of relative armaments—the public opinion of every part of the world would be the great denominator which would insure the issue—each nation would so profit that it could not fail eventually to comply. This would not, of course, mean the abandonment of all armed forces, but it would reduce them to the simpler problems of internal order and international police. It would not mean Utopia at one fell stroke, but it would mean that the great roadblock now existing to development of the human race would have been cleared.

The present tensions with their threat of national annihilation are kept alive by two great illusions. The one, a complete belief on the part of the Soviet world that the capitalist countries are preparing to attack them; that sooner or later we intend to strike. And the other, a complete belief on the part of the capitalistic countries that the Soviets are preparing to attack us; that sooner or later they intend to strike. Both are wrong. Each side, so far as the masses are concerned, is equally desirous of peace. For either side war with the other would mean nothing but disaster. Both equally dread it. But the constant acceleration of preparation may well, without specific intent, ultimately produce a spontaneous combustion.

Leaders Lack a Plan to Abolish War

I am sure that every pundit in the world, every cynic and hypocrite, every paid brainwasher, every egotist, every troublemaker, and many others of entirely different mold, will tell you with mockery and ridicule that this can be only a dream—that it is but the vague imaginings of a visionary. But, as David Lloyd George once said in Commons at the crisis of the First World War, "We must go on or we will go under." And the great criticism we can make of the world's leaders is their lack of a plan which will enable us "to go on." All they propose merely gravitates around but dares not face the real problem. They increase preparedness by alliances, by distributing resources throughout the world, by feverish activity in developing new and deadlier weapons, by applying conscription in times of peace—all of which is instantly matched by the prospective opponent. We are told that this increases the chances of peace — which is doubtful — and increases the changes of victory if war comes—which would be incontestable if the other side did not increase in like proportion. Actually, the truth is that the relative strengths of the two change little with the years. Action by one is promptly matched by reaction from the other.

We are told we must go on indefinitely as at present—some say 50 years or more. With what at the end? None say—there is no definite objective. They but pass along to those that follow the search for a final solution. And, at the end, the problem will be exactly the same as that which we face now. Must we live for generations under the killing punishment of accelerating preparedness without an announced final purpose or, as an alternative, suicidal war; and trifle in the meanwhile with corollary and indeterminate thesis — such as limitation of armament, restriction on the use of nuclear power, adoption of new legal standards as propounded at Nuremberg — all of which are but palliatives and all of which in varying form have been tried in the past with negligible results? Dangerous doctrines, too, appear — doctrines which might result in actual defeat; such doctrines as a limited war; of enemy sanctuary, of failure to protect our fighting men when captured, of national subversive and sabotage agencies, of a substitute for victory on the battlefield — all in the name of peace. Peace, indeed, can be obtained at least temporarily by any nation if it is prepared to yield its freedom principles. But peace at any price—peace with appeasement — peace with passes the dreadful finality to future generations—is a peace of sham and shame which can end only in war or slavery.

I recall so vividly this problem when it faced the Japanese in their new Constitution. They are realists; and they are the only ones that know by dread experience the fearful effect of mass annihilation. They realize in their limited geographical area, caught up as a sort of no man's land between two great ideologies, that to engage in another war, whether on the winning or the losing side, would spell the probable doom of their race. And their wise old Prime Minister, Shidehara, came to me and urged that to save themselves they should abolish war as an international instrument. When I agreed, he turned to me and said, "The world will laugh and mock us as impractical visionaries, but a hundred years from now we will be called prophets."

A Decision Must Be Reached

Sooner or later the world, if it is to survive, must reach this decision. The only question is, when? Must we fight again before we learn? When will some great figure in power have sufficient imagination and moral courage to translate this universal wish — which is rapidly becoming a universal necessity — into actuality? We are in a new era. The old methods and solutions no longer suffice. We must have new thoughts, new ideas, new concepts, just as did our venerated forefathers when they faced a new world. We must break out of the straitjacket of the past.

Continued on page 26

*An address by Gen. MacArthur at a banquet sponsored by the Los Angeles County Council of the American Legion on the dedication of a monument to the General, Los Angeles, Cal., Jan. 26, 1955.

Continued from page 25

A Plea to End Wars

There must always be one to lead, and we should be that one. We should now proclaim our readiness to abolish war in concert with the great powers of the world. The result would be magical.

The Outcome in the Far East

This may sound somewhat academic in view of the acuteness of the situation in the Far East. Strategically, the problem there has developed along classical lines—the familiar case of a concentrated enemy in a central position deployed against scattered allies. Red China, inherently weak in industrial output for modern war but strong in manpower, engaged on three fronts—Korea, Indochina and in civil war with Nationalist China. Fighting on all three simultaneously meant defeat, but individually the chances were excellent. The hope for victory depended on getting a cease-fire on some fronts so that the full potential of its limited military might could be thrown against the remaining one or ones. That is what has happened and is happening. First was the cessation of the civil war action by the isolation in the Formosa area, which practically immobilized Nationalist China, one of the allies. Red China then concentrated against Korea and Indochina. But even the double front was too much for its strained resources, so a cease-fire was obtained in Korea. This immobilized the so-called United Nations forces and the South Koreans and left Red China free to concentrate on the third front—Indochina and the French.

Successful there, the Reds now turn back to the old first front located in Formosa. As Napoleon Bonaparte once said: "Give me allies as an enemy so that I can defeat them one by one."

Militarily the situation demonstrates the inherent weakness of the theory of collective security—the chain is no stronger than its weakest link, and what is even more vital—its full power can only be utilized when all links are brought simultaneously into action. The diverse interests of allies always tend toward separation rather than unity.

What ever betides the ultimate fate of the Far East—and indeed of the world—will not be settled by force of arms. We may all be practically annihilated — but war can no longer be an arbiter of survival.

I can not close without once more thanking this beautiful city of Los Angeles for its gracious hospitality. It has been an inspiration to be here, where missions once stood as lonely outposts in the advance of our Christian civilization, but where this great metropolis now stands as a monument to American industry and adventure — a symbolic reminder of Californian strength and fortitude. I hate to leave—but, as I once pledged under very different circumstances, I shall return.

Continued from page 3

Business Conditions, Now and In Future—Replies to Questions

ness activity was partly due to a very high level of auto production and construction of new homes. In both areas, current activity seems to be higher than basic demand factors would justify. In autos, the current high level of output is largely a seasonal phenomenon—it's the normal rush to get ready for heavy spring sales. And our statistics may be overstating the extent of the housing upsurge. Nevertheless, it's important to watch the housing market as the months go by.

To Sum Up: The record shows that the economy has successfully negotiated the difficult shift from a defense boom to a more normal prosperity. In the process, the decline in production and employment was remarkably moderate. And, in large part because of appropriately timed tax cuts, buying power in the hands of consumers and businesses was maintained at a high level. What is more, economic activity is on the upgrade now. When all the statistics are finally compiled, they should show a sharp upturn in production and employment in the fourth quarter of 1954. Thus, the economic atmosphere is clearing up rapidly.

QUESTION NO. 2

On the basis of economic developments since 1952, how would you classify calendar year 1954 in respect to the four phases of the business cycle identified in the earlier volumes of the National Bureau of Economic Research—as expansion, recession, contraction, and revival?

It seems to me that my earlier statement answers this question. Economic activity declined in the first quarter of calendar 1954, leveled out in the next two quarters, and turned up in the final quarter. I'm not sure that the National Bureau categories are fully adequate to describe a readjustment in which a massive decline in defense spending was the initiating factor. However, it seems to me that the evidence shows that we have been in the revival stage of the cycle since the fourth quarter of last year.

QUESTION NO. 3

What purpose, in terms of carrying out the objectives of the Employment Act, is served by defining the needed levels of employment, production, and purchasing power, and for how far ahead should they be defined?

In my opinion, projections of past trends in employment, productivity, production and consumer and business purchasing power are invaluable for analytical purposes. You need to know what the economy's potential is in order to understand where you stand at any given time.

Having said this, let me now stress the importance of interpreting all such projections most carefully. As one of my colleagues says: "These figures are fine so long as you don't believe them fully."

In interpreting such projections three things should be kept in mind:

(1) In the current state of the art of economic forecasting, there is a margin of error involved in all projections. I personally think the margin has been narrowing steadily — the more competent practitioners have come amazingly close to the bull's-eye in the post-war period. Nevertheless, most economists would agree that there should be a margin of tolerance of at least $5-$10 billion in all estimates of what Gross National Product will be a year in the future.

Moreover, all economic projections are based on a set of assumptions which are not always explicitly laid out. Some of the key assumptions are in some instances: No change in the international scene; No wave of speculative psychology; No prolonged and wide-spread labor-management disputes; No large shifts in government monetary or fiscal policy. Economists generally say that changes in any of these assumptions require a re-appraisal of the business outlook. However, those who are responsible for framing policy in a world as uncertain as that we now live in should keep a wary eye on the things that economists assume to be equal.

(2) A second point is that all projections of our economic growth potential are based on long-run trends. Yet in looking at the next year or two, short-run factors may be most important. As the saying goes: "In the long run we are all dead."

All this applies with greatest force to the assumption in these projections that productivity will rise at the rate indicated by its long-run trend. Now the record shows that productivity increases have been anything but regular. In some years there was little advance; in others productivity leaped ahead at more than twice the long-term average.

To make the point in specific terms, the growth in Gross National Product resulting from the long-term rate of advance in productivity amounts to about $9-9½ billion each year at the present time. Suppose the government were to adopt fiscal and monetary policies on the assumption that this amount of growth would be forthcoming and suppose no rise in productivity occurred. If there had already been reasonably full employment the result would be a large dose of inflation.

The point is that, in the present state of our knowledge about short and long term trends in productivity, we should treat projections with great caution.

(3) A third point about projections of our economic potential relates to the period that should be considered in formulating economic policies. We are below our potential now, but business activity is moving up. If the projections for the year ahead show that activity will continue to increase, should we take steps now to accelerate the advance? This is another way of asking how close we can expect to come in any given year to the ideal of continuous high-level production.

To Sum Up: I believe projections of the economy's potentials are an important and necessary tool. However, I believe they must be interpreted with great care, for reasons which I have attempted to explain. If they show a large gap between expected production and the potential — either on the side of inflation or deflation—then I believe economists should point this out and indicate what steps might be taken to close the gap.

We have powerful weapons against both inflation and deflation. We can reduce taxes and make credit available if deflation threatens; and we can check an inflationary move by running a surplus in the government budget and restraining credit. However, the area that lies between inflation and deflation may be much broader than most analysts suspect. When we are in that area, as I believe we are today, government policies should be directed at encouraging the private economy's long-run growth potentials.

However, we need to be alert to economic developments. If, as the year progresses, it should become clear that the current rise in business activity will be short-lived, we should be ready to cope with the situation. If the area between inflation and deflation is fairly broad—say on the order of $15-20 billion—there is elbow-room in which to operate. Thus, in the unlikely event that the private economy should need bolstering, we can apply the appropriate monetary and fiscal measures.

In this connection, I am intrigued by the suggestion of a number of economists that tax cuts designed to stimulate the economy should be made for temporary periods. Thus, Congress would have the opportunity after some such period as a year to review the economic situation—if the economic winds had shifted to the inflationary side, the tax cut could be permitted to expire.

QUESTION NO. 4

What are the implications of recent trends and present indications for employment, unemployment, hours of work, productivity, total production, private investment, levels of consumption, Government demand for goods and services, and savings for the coming year?

As I interpret this carefully-worded question it asks the panel members what they think of the business outlook for the coming year. I can sum up my answer this way: I believe 1955 will be a year of high-level activity and also a year of lively competition. I expect that Gross National Product will rise about 4% this year—and that's a good increase, even measured against the economy's performance in recent years. However, the economy has the capacity to turn out an even greater volume of goods—so competition for markets should be almost as intense this year as last.

For the benefit of those who like to see an economic projection laid out in neat numerical fashion, here is how the major components of Gross National Product seem to line up on the basis of a set of assumptions I shall set forth. (The figures I am about to give will be expressed in seasonally adjusted annual rates.)

With the information now at hand, it seems to me that you can project both government expenditures and private expenditures on fixed investment with a reasonably high degree of assurance.

Thus, government expenditures on goods and services should go up from $74.3 billion in the fourth quarter of 1952 to $77.1 billion at the end of this year. State and local governments will account for most of the $2.8 billion rise.

Private fixed investment should increase about $800 million. I would interpret the McGraw-Hill survey, plus trends in things like new orders, as pointing to no change in the level of business investment in new equipment. Construction is one of our strongest areas today. Though I suspect that home-building is running at a rate that exceeds basic demand, I still look for an increase of $500 million in total construction by the end of the year. And net foreign investment should show a $300 million plus. All in all, fixed investment should rise from $50.7 billion in the fourth quarter of 1954 to $51.5 billion by the final quarter of 1955.

Economists used to debate at length over trends in government spending and private fixed investment. While the debate involved a lot of esoteric words, the two main issues were: First, what were business and government plans for the period ahead; and, second, how would these plans be altered if business activity went up or down.

With the new tools available—the Federal budget plus surveys of business investment plans—we can project these areas of the economy with a high degree of assurance. For instance, the Commerce Department's surveys of business plans to invest in new plants and equipment have come within 5% of actual results in the post-war period.

Moreover, there is good reason to expect that plans will remain reasonably firm this year if business activity increases. The Federal budget assumes a 4% rise in disposable income. According to McGraw-Hill and Dun & Bradstreet surveys, businessmen are planning on an increase in sales.

In my opinion, the difficult areas to project—and at the same time, the most important ones—are inventories and consumer expenditures. And the key item is consumption, for there seems to be no reason to expect any important change in the ratio of inventories to sales. In other words, inventories will trail along with any change in sales.

Here is where we badly need better data, better statistics. We need more survey work—like the Michigan surveys of consumer buying intentions, some of which are financed by the Federal Reserve. And we need much more information on inventories.

Our lack of precise knowledge about these key areas can be dramatized by reference to Mark Twain. After listening to a series of estimates of the length of the Mississippi River, he marveled at the fascination of a science where one gets such wholesale returns of conjecture out of such a trifling investment of fact.

In that vein, here are my conjectures about consumer expenditures and inventories for 1955. Such meager evidence as we have—through surveys and recent trends—seems to point to an increase in consumer spending. As a rough guess, the ratio of consumer spending to disposable income might rise from 92.8% in the fourth quarter of last year to around 94% late this year.

With income rising—in part because of the increase in consumer expenditures—that would mean a rise in consumer buying of about $8 billion. To keep inventories in line with this increase in sales, business would have to increase them by $2.5 billion. Clearly, trends in the consumer area will be of crucial importance in determining the level of general business in 1955.

Thus, under all the assumptions I have set forth, the numbers line up this way:

	4th Quarter 1955		4th Quarter 1954
Government	$77.1 billion	up $2.8 billion from	$74.3 billion
Fixed Investment	51.5 billion	up .8 billion from	50.7 billion
Consumption	245.5 billion	up 8.0 billion from	237.5 billion
Inventories	up 2.5 billion	from	—1.5 billion
Total	$376.6 billion	up $15.6 billion from	$361 billion

As I pointed out earlier, projections in such specific terms tend to exaggerate the precision that surrounds business forecasts. There seems to be no way to determine just what the margin of error may be. But, granted no changes in the international and domestic scene that cannot now be discerned, it seems to me that this can be said:

The odds are very high that Gross National Product in the fourth quarter of 1955 will stand somewhere between $370 and $380 billion.

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markets conditions blocked any immediate increase in the price level. Moreover, there will always remain some doubts with respect to the solidity of the recovery in 1950. The possibility cannot be ruled out that, without the start of the Korean War, business activity once again would have declined during the latter part of the year.

Similarly, the solidity of the 1955 recovery still remains open to some doubt. It will be tested during the latter part of the year.

Summed up, it still is by no means proven that a reasonable maximum employment level can be maintained by props that are not strong enough to lead to an increase in the price level.

Consequently, the controversy over which is the lesser of two evils—some "hard-core" unemployment or a continually rising price trend—still is far from resolved.

The Argument for Inflation

Professor Slichter believes that —once the element of war and defense overstimulation is removed from the economy—the only feasible way of maintaining maximum employment, and production and purchasing power is by a policy deliberately designed to result in an annual average increase in the price level of 2 to 3%.

While Professor Slichter admits the "obvious injustice of even a slow long-term rise in prices," he claims that the maintenance of a stable price trend

(1) Would require that the country considerably relax its efforts to keep business recessions as mild as possible;

(2) Would require the acceptance of chronic unemployment or drastic intervention by the government in the relations between employers and employees; and

(3) Would severely handicap the United States in its efforts to contain communism by building up the economies of the free world.[3]

Professor Slichter argues that since some form of "injustice is inescapable" . . . "policies that produce a slowly rising price level spread the injustice thinly over a large part of the population. The policies necessary to keep prices stable create unemployment and thus concentrate injustice upon a few."

There are two major objections against such a policy:

(1) It is extremely doubtful that a deliberate long-range inflationary policy can be sufficiently "controlled" at all times. If it is to take the place of hot or cold war stimulation, it is likely to gather speed and culminate in a flight from the currency into goods—which still is the classical demonstration of inflation. While rapidly rising productivity provides a natural defense against inflation, it would involve a considerable risk to base long-range national policy on such a Maginot line.

(2) The idea that slow inflation would "spread injustices thinly over a large part of the population" is unacceptable as basis of national economic and social policy.

A far better solution, in the case of temporary economic balances, is to rely on what is now commonly described as the "security floor" for the individual citizen or the American family.

It may be questioned whether or not the present "security floor" —primarily consisting of unemployment insurance, old-age and disability insurance—is adequate. At any rate, it would appear to be sounder economic policy to strenthen the "security floor" than to impose a general tax in the form of inflation, because inflation is the most cruel and vicious form of taxation ever devised by man. It is obvious that inflation would hit those depending on fixed incomes particularly hard. But the typical American "small-capitalist" type of wage earner also would not escape the ravishes of such a policy.

An Ultimate Collapse?

It is rather significant that there is a growing concern over the stability of the currency. This concern shows up in the form of a more and more often repeated question. This question is being asked not only by businessmen—perhaps not even primarily by businessmen—but by the "public," including wage earners, and it runs bluntly like this: "Is there any chance of escaping an ultimate currency breakdown if we keep on stimulating the economy?"

The answer to this question still is that no such currency collapse is likely in this country.

However, the reason for this belief is not the simple assertion that "it cannot happen here," but something far more significant.

While in each economy there are groups who obviously would profit by inflation—who actually have a vested interest in continued inflation — the over-riding consideration in this country is that we — and particularly our labor force — is rapidly becoming a nation of home owners, savers, holders of life insurances and beneficiaries of private and social security pensions.

Since these people with a newly found vested interest in a stable currency also have political votes, it is almost a foregone conclusion that any Administration whose policies were to be recognized as a threat against the interests of these small-capitalists, would promptly be turned out of power.

This is the most potent factor against a policy of continued over-stimulation, even though it designed to prevent any economic "adjustments."

A number of liberal economists and union spokesmen have repeatedly declared that we cannot hope to, and should not try to equal the hot—and cold war overstimulation of the past 15 years. Nevertheless, there are some who still are aiming that high.[4]

Such an aim would necessitate a massive program of inflationary stimulants. If super-imposed on a reasonably sound economy—and we would so classify the economy today — there is no reason to doubt that it would be a reasonably simple matter to strain the boom to the proportions of a super-boom once again.

But any policy aimed at super-boom conditions would run contrary to the general aim of the Employment Act. Economists of both a Democratic and a Republican Administration—while serving on the President's Council of Economic Advisers — have repeatedly gone on record as being opposed to inflationary over-stimulation.

Any policy of economic intervention that does not respect the "integrity of the currency" is bound to prove harmful in the long run.

Hence the specific problem in economic planning today is to find the dividing line between sound economic growth and artificial over-stimulation.

And more specifically the question arises: is there any way of determining this dividing line other than by trial and error which means by maintaining an economy from which all self-regulating features (or safety-valves) have not been removed by well-meant, but unsound experimentation?

III
The Function of "Maximum Employment" Goals

The desire to popularize the Employment Act and to draw it into politics has led to a number of practices which are scientifically questionable.

Specifically, they have led to a "second-best-is-not-good-enough" attitude which claims that, to fulfill the purposes of the Employment Act, the Company must expand every single year.

The statisticians among the followers of this economic cult believe that it is not only possible, but necessary to calculate and to maintain a "normal growth" line and to measure growth against such a line **from year to year** in order to determine whether or not the economy is gaining or losing ground against the norm of maximum employment, production and purchasing power.

This type of "model-building" has become very popular among union leaders and liberal economists.[5]

The Role of Long-Range Projections

All economic planning involves a certain degree of economic forecasting.

Regardless of how an Administration defines the maximum employment production and purchasing power level of the Employment Act, the formulation of its policies for the attainment of that level necessitate a number of economic trend evaluations and projections.

Obviously, no administration can base its policies on arbitrary forecasts because economics are not an exact science which permits any "hedge-proof" forecasting.

Actually, the difficulties are even more basic than that because even the projection of long-range normal growth lines defies any scientific approach.

Long-range growth projections admittedly serve a useful double purpose:

(1) **Psychologically:** They are an effective reminder that there is no call for dusting off the theory of "economic maturity" that dominated economic thinking in the early 30's with devastating results; and

(2) **Economically:** They offer certain guideposts for the formulation of industrial and communal expansion programs and regional plant location decisions which, following further refinements may prove quite valuable.

Meanwhile, there is an acute danger of statistical misuse of these projections because they have not yet been sufficiently perfected.

This danger is particularly acute if an attempt is made to formulate **near-term expansion goals** by using a long-term trend line. The fact of the matter is that at least two of the most important specific factors in the construction of any "normal-growth" line are highly variable. They are:

(1) The annual increment to the labor force; and

(2) The annual gain in productivity.

It is easy enough to go back and calculate average growth figures for the past 20 years or even longer periods. In such calculations, year-to-year increases in the labor force and productivity can be averaged out and not lose their meaning.

However, such percentages, based on previous experiences, are hardly valid when it comes to a projection of the future.

Calculations for future growth must rely on estimated increases in such items as population, size or labor force, work-week, productivity gains, disposable income and consumer expenditures.

The difficulties in making such estimates are clearly demonstrated by comparing some of the recent calculations of long-range economic growth.[6]

By far the most critical point of difference among these projections are the sharp differences in calculating future productivity gains (in percent of cumulative annual increase).

Some of these productivity estimates are as follows:

In Forecasts for 1960

Low Projection:
Weyerhaeuser[7] --- +1.5%
Medium Projection:
Colm[8] ---------- +2.5%
High Projection:
Leon Keyserling - +3.5 to 4%

In Forecasts for 1975

Low Projection:
Weyerhaeuser --- +1.5%
Medium Projection:
Paley Report ---- +2.5%
High Projection:
Julius Hirsch ---- +2½ to 3%

It is obvious that such differences in the calculation of future productivity gains will have an important bearing on the future projection of Gross National Product.

The comparison made by Julius Hirsch shows the following estimates for the Gross National Product for various target dates:

Gross National Product Estimates
(in billions of dollars)

	1951	1952	1960	1965	1970	1975
Julius Hirsch	---	345	440	530	---	763
Colm	329	---	425	---	---	---
Ensley[9]	---	---	---	525-535	---	---
Weyerhaeuser	---	248	412	465	527	586
Keyserling	---	---	500-600	---	---	---
McGraw Hill	---	---	415	---	562	---
Paley Report	329	---	---	---	---	634

Under these circumstances, it is obvious that the **fixation of annual progress "goals" under the Employment Act is not only useless, but highly questionable.**

Whenever pressure is exerted on an Administration to pin-point its economic goal for any specific year, the suspicion is that this is done for political rather than economic reasons.

The determination of the degree of success or failure in attaining the goal of maximum employment, production and purchasing power, defies the use of mathematical or rigid statistical yardsticks. Such determination can be accomplished only by **flexible use of available business indicators and their proper interpretation against the background of the whole economic process.** Unemployment trends, of course, will have to get a high ranking in the selection of these yardsticks.

To repeat: there is nothing in the Employment Act—nor in the parliamentary proceedings prior to its enactment—that can be interpreted as a mandate to bring about **uninterrupted annual growth.**

Actually, the American economy has never experienced any period of consequence during which such a pattern prevailed—except under the stress of a dominating war emergency.

Those economists who developed the "second - best - is - not - good-enough" theory of economic growth cannot cite the Employment Act as authority for their views.

As has been shown, they are not on solid ground; either economically or statistically. All current attempts to demonstrate a "gap"—annual and cumulative —between an arbitrary maximum growth line and the actual performance of G. N. P. are not scientifically supportable, because they are working with invalid yardsticks.

From a long-range point of view: the over-riding goal of current economic policy has to be **the return from a pattern of over-stimulated to supportable growth** and not to continuation, and further aggravation, of over-stimulated growth. From this point of view a roughly side-wise business movement would appear satisfactory. It would give the economy a chance to grow into its current productive plant without harsh transitional pains, but also without further jeopardy to the economic and ideological basis of our free and competitive economy.

Misuse of G. N. P.

Those economists who are pleading for an immediate closing of the "gap" between what they consider the maximum employment-growth line and the actual performance of G. N. P., base their policy recommendations on what probably is an objectionable use of Gross National Product figures.

Their argument runs something like this: Since G. N. P. roughly corresponds to consumer spending, business spending and Government spending, a decline in any, or any two, of these categories can be made up by increases in the other one or two, as the case may be. Since we are now confronted with a decline in Government and business spending — their argument continues — it follows that consumer spending must be boosted. That can best be done by increasing the amount of money in the hands of consumers through higher wages and higher social security benefits.

This type of economic reasoning sounds simple and attractive, but it is faulty. It amounts to a very crude formulation of the so-called purchasing-power theory which ignores the fact that there is an important difference between business and government spending on the one hand and consumers spending on the other.

This faulty interpretation of the role of consumer spending received its greatest impetus when a group of economists and statisticians started to compute the "Gross National Product" (a relatively new concept in economics that took the place of national income) from the expenditures—rather than the income-side.

Although the totals, regardless of the method used, theoretically

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3 See the reprint mentioned in footnote No. 1. To the best of our knowledge, Professor Slichter has not subsequently denounced or materially amended these views.

4 Steelworkers and the National Economy, A Special Report by David J. McDonald, President, United Steelworkers of America, page 12: "When however a substantial demand for goods and services disappears—as is now the case in the government and private investment sectors of the economy—it should be perfectly clear that the slack must be taken up by an increased demand elsewhere."

5 The term "liberal" economists is used in a rather loose sense throughout. It is used to indicate the cpposite of conservative but is not supposed to have any political connotations. It has become general usage to describe these economists as "Fair Dealers."

6 Julius Hirsch has just completed a comparison of seven long-range growth projections. It is available in manuscript form under the title: "Our Economic Future. A Comparison of Seven Long-Term Projections." New York, 52 Wall Street, Jan. 7, 1955.

7 A study made by Stanford Research Institute for the Weyerhaeuser Lumber Company, 1954.

8 The American Economy in 1960, December, 1952.

9 Joint Committee on the Economic Report: "Potential Economic growth of the United States during the next Decade." October, 1954.

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should come out at least very close, that is not the case. After the end of war, the G. N. P. figure, computed from the expenditures-side, came into almost uniform use.

This statistical procedure—perfectly logical in its conception and most of its uses — seems to have encouraged the popular belief that all three major types of "spending" are functionally of equal importance.

That led to a dangerous over-simplification, because it obscured the important fact that consumer spending actually is the function of the two other types: government and business spending which have a high multiplying effect. (The role of savings and dissavings is deliberately eliminated in this discussion.)

There is no such thing as to raise consumer expenditures indefinitely by cutting up the available national income "pie" in such a way that consumers are getting more and management is squeezed further.

Such a policy of raising consumer funds, and presumably consumer expenditures, may be effective in a depression when investment spending is at a standstill and some push is needed to start at least some wheels turning again. It also may do the trick of augmenting consumer spending for a short period of time when a feeling of confidence prevails and some companies, despite competitive pressures, are willing to take a chance on higher wages in the hope that they can avoid strike interruptions and thereby hold their competitive positions.

As a matter of long-range policy, this approach is faulty because a policy aimed at continued re-distribution of national income to benefit workers alone will soon **undermine the incentives for further growth.**

Labor must share in the fruits of greater productivity. That, after all, has been the formula for American industrial success all along. Labor must not, however, be permitted to monopolize these productivity gains.

Personal, as well as managerial "incentives" must be maintained —"restored" is perhaps an even better word—if our economy is to keep on **functioning as a free and competitive enterprise system.**

IV

The Future of the Business Cycle

When the authors of the Employment Act charged the Federal Government with the task of promoting maximum employment, production and purchasing power, they wisely added that this was to be done within the scope of a "free enterprise system."

This qualification can hardly be ignored as an empty phrase, as it reflects a firm conviction on the part of the authors of the Act that no amount of economic experimentation is worthwhile unless our economic system maintains its dynamic character.

Those responsible for the formulation of economic policy under the past two Administrations — one a Democratic one and one a Republican one— have repeatedly stated that their aim was not directed toward the elimination of all, even minor, business fluctuations.[10]

Nevertheless, the popular belief that the Federal Government is charged with the responsibility of preventing any interruptions in the economic growth of the country persists.

The fact that—without respect to party lines—the economy suffered two "bumps" in the postwar period, does not seem to discourage those who live in the happy dream that the economic millenium has arrived.

Both these "bumps" were terminated rather quickly and without damaging after-effects, with the help of a number of positive economic measures inaugurated by the Government in office. There is an inclination now to classify both of them as relatively minor "inventory"—recessions.

The ease with which these two recessions were stopped has had two unfortunate results as far as the development of contemporary economic thought is concerned:

(1) The feeling is now widespread that all similar business slowdowns can be quickly halted so that businesses as well as consumers can proceed securely in the belief that "nothing can go wrong." And

(2) This, in turn, is leading to the political clamor for affirmative action by the Government "at the slightest sign of trouble."[11] This obviously reflects the philosophy that as long as the Government can prevent setbacks, it has a moral obligation to do so.

The economic progress since the end of World War II and the ease with which the two recessions of 1948-1949 and 1953-1954 were overcome have led to a widespread feeling that the economy is basically "sound" and that, now that the 1954 decline has been reversed, progress will be resumed from a "solid base."

Actually, it may well be that the progress made under the stimulus of World War II, the postwar consumer goods replacement boom and the Korean War plus all of its cold-war implications has not yet been sufficiently "digested."

Under the influence of the unparalleled over-stimulation of the past 15 years, a number of vulnerabilities have developed under the surface of the economy that have not yet been tested and that may yet break through the surface to create some real postwar readjustment problems.

Chief among these "vulnerabilities" are:

(1) The rate of plant expansion since the early 40s;

(2) The accumulation of inventories;

(3) The sharp expansion in personal indebtedness, particularly in the home mortgage field;

(4) The artificially high support of farm prices without adequate production or marketing curbs; and

(5) The possibility that we are far closer to a temporary saturation of consumer demand for consumer durables than most observers seem to think.

Two of these vulnerabilities have already broken through the surface:

(1) There have already been two waves of inventory liquidation—and even now the widely held optimism that we are at the threshhold of another period of inventory accumulation seems rather premature.

(2) Farm prices and farm incomes have been declining since 1948 — without showing any partiality to the party in control. Yet even so, agriculture today can hardly be regarded as on a sound base.

Vulnerabilities, by definition, are weak spots that do not necessarily have to break out into the open. There is constantly a threat that they may—but it is not beyond the realm of possibility that, through orderly adjustment processes, these weak spots disappear.

Most of the current literature about the elimination or destruction of the business cycle is predicated on the fact that thus far the Government has succeeded —once again without respect of party lines—to stabilize the economy at a level that seems to have frozen in the overstimulation of the past 15 years rather successfully — and that, therefore, continuation of this "millenium" can be achieved.

Past and Future Cycle Patterns

This type of reasoning still seems to take too much for granted.

Theoretically, it would be possible to equal the artificial stimulants of the past 15 years though at a price of falling back on unsound budget and wage policies.

One of the most dangerous fallacies behind this reasoning is the expectation that increases in consumer demand brought about by profit squeeze will induce industry to keep up plant and equipment expenditures at a sufficiently high rate.

This is usually described as the "Trickle-up"-Theory which, in the opinion of union economists and leaders, is far more effective than the "Trickle-down"-Theory, which seeks to maintain adequate investment incentives as the spark of our free competitive enterprise system.

There is ample historical proof that "prosperity depends on an adequate level of investment spending. But there is no statistical record of any period in which the "Trickle-up"-Theory pulled the economy out of a slump.

Looking over the record of past recessions, it is quite obvious that we have learned successfully how to lock a barn after the horse was stolen.

After each depression legislation was passed to make a recurrence of that particular type of depression next to impossible. In that process we have also learned that no two depressions are alike.

The one thing we have not yet conquered, however, is the ingenuity of man to get himself into trouble.

We may be successful in the future in keeping speculative excesses out of such fields as stock market credit, mortgage credit or consumer credit. We may even halt the deterioration of the farmer's purchasing power and we may succeed in maintaining a reasonably high level of investment spending.

After all the array of props at our disposal for all of these things is impressive. It includes margin regulations, housing regulations, farm price supports, stockpiling of metals, minerals and other materials, all the instruments of credit policy and a shelf full of public works programs, including the new highway program.

And yet what would happen if the next recession—instead of being set into motion by a cut in plant expenditures, or another cut in inventories, or another drastic drop in farm prices, or by credit excesses in one of the three or four vulnerable major fields—were to be generated by a temporary saturation of consumer demand for all kinds of durable consumer goods, including housing?

There are signs that people are becoming less gadget-minded than they were. That could mean a sign of saturation.

While it is true that a large part of the population still is living at sub-standard levels, nothing short of a gigantic give-away program could create effective demand among this group overnight and any attempt of accomplishing this goal through a policy of boosting minimum wages further would certainly result in serious economic dislocations.

Maintenance of the dynamic character of the economy does not only require the existence of sufficient profit incentives—for the individual as well as for the corporation.

It also means that there must be penalties for errors in economic judgment.

Only an economic system based on rewards and penalties can remain truly dynamic and free.

It is for this reason that economic intervention on the part of the government must not attempt to eliminate the need for all corrections. It is one thing—and an eminently necessary one — to cushion the human impact of economic maladjustments — such as chronic unemployment in areas with a displaced industry. The proper way of accomplishing this is by wise social measures. The wrong way is the use of well-meant, but fuzzy economic legislation that freezes such inequities and maladjustments into the economic structure.

10 Conclusive evidence to this effect can be found in the annual and (originally) semi-annual Economic Reports signed by Mr. Leon Keyserling and the President's reports, since Dr. Arthur F. Burns took over the chairmanship of the Council of Economic Advisers.

11 "Steel Workers and the National Economy," page 7: "Thus, the monumental 'Employment Act' reposes both the power and responsibility upon the Federal Government to assist the national economy *at the first sign of difficulty*, even before distress overtakes us."

Railroad Securities

Illinois Central

By the time this column appears in print Illinois Central will have virtually, if not completely, elimniated its 6% preferred stock. Actual redemption date is not until March 1 but the conversion feature (share for share of common) lapsed at the end of January and as the common has for months been selling quite consistently above the conversion parity there is little question but that practically all of the preferred was turned in for common. This was indicated by the action of the management last week by repurchasing from the banking syndicate the unsold balance (reportedly around $11 million) of the $18 million 3½% bonds sold to provide part of the funds for the preferred redemption. With the stock converted rather than presented for payment, the company no longer needed the funds. One by one the investment grade railroad preferreds with call features are disappearing from the market and the parade is presumably by no means completed.

The Illinois Central preferred issue was a small one, outstanding in the amount of only 372,914 shares with a par value of $50 a share. Assuming that the entire issue was converted and the company did not, as Denver & Rio Grande Western did under similar circumstances, but in any of the stock itself, there has been an increase in the amount of common stock outstanding from 2,715,994 shares to 3,088,908 shares. This does not represent any serious dilution of the common stock equity, particularly considering the high dividend rate that the preferred had carried. On the old capitalization the road reported earnings of $7.09 a share on the common for the 12 months through November 1954. Adjusted to allow for the conversions this would be reduced only to $6.59, a modest price to pay for this simplification of the capital structure.

Elimination of the preferred stock marks the culmination of the company's aggressive long range program for improving and simplifying the capital structure. In this program the company has made the sharpest reduction in non-equipment debt of any road in the country except those that underwent judicial reorganization. Also, a very complicated multiple mortgage setup has been changed to one mortgage. This mortgage is in six series outstanding in the amount of $128,780,000 which, together with the indicated $7 million of the new 3½s not repurchased, would put total non-equipment debt at $135,780,000. This is about $200 million less than was outstanding at the outset of World War II. Also, $18,645,700 par value of 6% preferred has been eliminated during this period.

It is not only the phenomenal improvement in the debt structure that makes many analysts optimistic over the Illinois Central picture. The traffic performance has also been good and the future outlook is considered promising. Coal tonnage in particular has been a strong bulwark, stimulated by atomic energy installations in the territory served and by joint rail-lake coal rates established through Chicago a number of years ago. Large chemical plants have been built on the company's lines and are being expanded, and the industrial growth of the entire southeast has added further to the company's traffic potential. These trends are expected to continue. As a further plus factor with respect to future earnings, it is pointed out that dieselization so far has been relatively slow and as it progresses the already high degree of operating efficiency should be further improved.

Adjusted for the present indicated stock capitalization, it is probable that 1954 earnings probably come to around $6.75 a share compared with $9.55 in 1953 adjusted to the new stock. Considerable improvement should be witnessed in the current year and an increase in the present $2.50 dividend should not be long delayed.

R. J. Powelson V.-P. Of Leedy Wheeler Firm

ORLANDO, Fla.—Leedy, Wheeler & Alleman, Inc., Florida Bank Building, announce that Ralph J. Powelson has become associated with them as Vice-President. Mr. Powelson in the past was with Smith, Barney & Co. and Tripp & Co., Inc. in New York City.

With Francis I. du Pont

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—H. Daniel Wells has become associated with Francis I. du Pont & Co., 677 South Figueroa Street. Mr. Wells was formerly an officer of Professional Service Plan and prior thereto was Beverly Hills Manager for Walston & Co.

Joins Lester, Ryons

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Cecilia R. Lieb has joined the staff of Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges. Miss Lieb was previously with Standard Investment Co. of California and prior thereto in the trading department of Edgerton, Wykoff & Co.

With King Merritt Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Walter C. Shewan is now with King Merritt & Co., Inc., 1151 South Broadway.

Continued from page 4

The State of Trade and Industry

manufactured in the initial month of 1951; however, January, 1950, has held the record for the month for passenger car output. "Ward's" noted that this month is the strongest opening month in history and was some 35% above the 456,765 cars and 97,476 trucks built during January, 1954.

Meanwhile, current weekly vehicle manufacture is running less than 6% under the all-time high set in the week ending June 24, 1950 when 196,348 cars and trucks were made. The Jan. 22-29 construction is estimated at 161,481 cars and 23,666 trucks, holding to the four-year peak reached last week when 133,557 vehicles were manufactured.

Ford Division scheduled all 16 assembly plants for Saturday work again the past week, while Lincoln-Mercury has six days outlined for all its factories except St. Louis. DeSoto also was slated for full operation on Saturday last.

Last week's car production is highlighted by a new daily production record of 2,875 units Monday (Jan. 24) at Buick; Ford Motor Co. and Pontiac aim to top this performance with new postwar weekly peaks of 44,150 and 11,800 cars, respectively.

Truck volume the past week also edged up slightly over the previous week's turnout. General Motors Corp., Chevrolet, Willys, International and Dodge sparked the gain.

Canadian plants, on the other hand, reported a slight dip in Jan. 22-29 truck erecting from the previous week's total. Car assembly was higher, however, pushing the vehicle count for last week to an estimated 6,966 cars and trucks, compared to 6,598 in the previous week. Ford of Canada's settlement of its long-term strike should see Canadian plants roaring again by mid-February.

Steel Output This Week Reaches Highest Point Since Nov. 9, 1953 Week

American semi-finished steel is going abroad, says "Steel," the weekly magazine of metalworking. The significance of this trend is that business in foreign countries is good and it is a commonly accepted belief that when business abroad is good there will be no severe economic dip in the United States.

The foreign steel business is so good, states this trade magazine, that Europeans are inquiring in the United States for finished steel in addition to the semi-finished product. One of the products they are interested in is plates. In contrast, only a few months ago European plates were offered in the United States at prices well below the general domestic market.

You can see effects in the pig iron and scrap markets, too, declares this trade journal. Importations of foreign iron into the United States are virtually non-existent now, for the foreign countries need all of their own iron. The need for scrap for the foreign iron and steel industries continues to put their buyers into our markets. This, along with increased domestic demand, is reflected in bullish tendencies on the seacoasts, particularly the Atlantic. On the West Coast, a boat load of scrap left San Francisco for Japan, another is ready to leave and several more are destined for February departure. All the vessels are of the 9,000 to 10,000-ton class.

The clue that business in the United States will remain strong is timely in its arrival. Many people are wondering how strong the steel business will become at mid-year. The automobile industry, the biggest user of steel, is said to be in a production push in anticipation of a possible strike of auto workers at the end of May.

Right now steel output is the highest since mid-November, 1953. Production of steel for ingots and castings in the week ended Jan. 30 totaled 2,039,000 net tons. This was at the rate of 84.5% of today's all-time record capacity. A week earlier, the rate was 83%, concludes this trade magazine.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 85.4% of capacity for the week beginning Jan. 31, 1955, equivalent to 2,061,000 tons of ingots and steel for castings as compared with 85.0% (revised) and 2,051,000 tons a week ago.

The industry's ingot production rate for the weeks in 1955 is based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

For the like week a month ago the rate was 81.2% and production 1,960,000 tons. A year ago the actual weekly production was placed at 1,960,000 tons or 74.4%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Electric Output Pushes Forward to New All-Time High Record In Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Jan. 29, 1955, was estimated at 10,003,000,000 kwh., a new all-time high record, according to the Edison Electric Institute. The previous all-time high record at 9,981,000,000 kwh. was established in the previous week.

This week's output constituted a gain of 22,000,000 kwh. above that of the previous week, when the actual output stood at 9,981,000,000 kwh., and an increase of 1,148,000,000 kwh., or 13.0% over the comparable 1954 week and 1,852,000,000 kwh. over the like week in 1953.

Car Loadings Drop 1.4% the Past Week

Loadings of revenue freight for the week ended Jan. 22, 1955, decreased 9,287 cars, or 1.4% below the preceding week, according to the Association of American Railroads.

Loadings totaled 635,653 cars, an increase of 18,440 cars or 3% above the corresponding 1954 week, but a decrease of 61,862 cars or 8.9% below the correspondent week in 1953.

U. S. Auto Output In Latest Week Registers A Modest Drop Under All-Time High Set In June 24, 1950 Period

The automobile industry for the latest week, ended Jan. 28, 1955, according to "Ward's Automotive Reports," assembled an estimated 161,481 cars, compared with 161,150 (revised) in the previous week. The past week's production total of cars and trucks amounted to 185,147 units, an increase above the preceding week's output of 1,590 units, states "Ward's." In the like week of 1954 133,095 units were turned out. Current weekly vehicle manufacture "Wards" notes, is running less than 6% under the all-time high set in the week ending June 24, 1950, when 196,348 cars and trucks were produced.

Last week, the agency reported there were 23,666 trucks made in the United States. This compared with 22,407 in the previous week and 22,993 trucks a year ago.

"Wards" estimated Canadian plants turned out 6,465 cars and 501 trucks last week, against 5,921 cars and 677 trucks in the preceding week and 8,992 cars and 1,567 trucks in the comparable 1953 week.

Business Failures Fall Slightly

Commercial and industrial failures declined from 265 to 255 in the week ended Jan. 27, states Dun & Bradstreet, Inc. In spite of this dip, casualties remained above the toll of 233 a year ago and exceeded considerably the 162 which occurred in the similar week of 1953. Mortality was 34% below the prewar toll of 385 in 1939.

Most of the week's downturn was concentrated among failures with liabilities of $5,000 or more. These failures declined from 229 to 215, yet remained higher than last year when 195 of this size were recorded. Small casualties, those involving liabilities under $5,000, rose to 40, from 36 in the previous week and 38 in the comparable week of 1954. Fourteen businesses failed with liabilities in excess of $100,000, as against 26 a week ago.

Wholesale Food Price Index Scores Highest Level In Ten-Week Period

Rising for the third straight week, the Dun & Bradstreet wholesale food price index for Jan. 25 went to $6.88, the highest since Nov. 16, when it also stood at $6.88. The latest figure reflects a drop of 2.0% from the year-ago index of $6.84, but it is 15.4% above the pre-Korea level of $5.96.

Aiding in the week's uptrend were higher wholesale prices for flour, wheat, corn, rye, oats, sugar, coffee, cottonseed oil, tea, cocoa, eggs and lambs. On the down side were barley, raisins, currants, prunes and steers.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Level Lifted By Tension In the Far East

The general commodity price level trended mildly upward last week, influenced to a large extent, by the growing tenseness in the Far East. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., closed at 279.66 on Jan. 25, as compared with 278.16 a week previous, and with 275.83 at this time a year ago.

Grain prices moved irregularly during the week but firmed up toward the close and most grains scored moderate advances for the period.

Wheat was sluggish in early trade but strengthened later on with the receipt of disturbing war news from the Far-East.

Also lending support were better export business in wheat, a pick-up in domestic flour trade and reports indicating the need of still more moisture in the western great plains. Oats were relatively firm, reflecting a good demand in the cash market and the reported sale of 50,000 tons to Turkey. Rye was buoyed by small export business and strength at Winnipeg. Weakness in corn largely reflected continued substantial producer marketings.

Trading in grain futures on the Chicago Board of Trade was more active last week with daily average sales totalling 50,600,000 bushels, against, 46,000,000 the previous week and 43,600,000 in the same week a year ago.

Activity in the domestic flour market quieted down at the week-end following fairly substantial bookings of hard Winter varieties around mid-week. The outlook for export flour business appeared brighter.

The domestic and world sugar markets developed a stronger understone as tension in the Formosa situation mounted.

Demand for refined sugar was only fair, with distributors buying replacement supplies only for immediate needs. The green coffee market continued weak as leading roasters announced cuts of around 3 cents a pound on their vacuum packed coffees.

Trading in cocoa was more active the past week, with prices trending higher influenced by strength in the London market, nervousness over the Far Eastern situation, and advancing prices for British West African cocoa. Warehouse stocks of cocoa showed little change in the week and totalled 95,269 bags, against 62,018 bags a year ago. Prime steers finished lower after selling at highest prices in two years early in the week. Hog prices were very irregular during the week, while lambs developed considerable strength at the close.

Spot cotton prices moved moderately upward last week, with bullish sentiment aided by the good volume of exports in recent weeks and the steadily increasing supply of 1954-crop cotton under loan, which strengthened expectations of tight free supplies late in the season.

Net CCC loan entries during the week ended Jan. 14 were reported at 108,700 bales, against 71,200 a week earlier, with total loans outstanding on that date at 1,822,600 bales. Mill consumption of cotton during the five-week December period totalled 802,000 bales, according to the Bureau of the Census. This represented a daily average of 32,100 bales, against the November rate of 36,100 bales, and the December 1953 average of 32,200 bales.

Retail Trade Volume Tapers Off While Wholesale Orders Climb In Latest Week

Retail sales in the period ended on Wednesday of last week were slightly below the level of the prior week, as purchases of automobiles, heavy appliances, apparel and household linens declined.

The volume of trade was considerably higher than in the corresponding week of 1954.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be from 3 to 7% larger than a year ago. Regional estimates varied from the comparable year-ago levels by the following percentages: New England —3 to +1; South +1 to +5; Northwest +2 to +6; East, Southwest, and Pacific Coast +3 to +7; Midwest +4 to +8.

Shoppers interest in clearance events decreased, and sales of most Winter apparel were below the level of the previous week. The demand for women's Winter coats, furs and dresses declined, but Spring suits, shoes and accessories sold well. Men's clothes were less popular, as promotional merchandise moved more slowly and sales of Spring suits were limited.

Retailers of income furnishings reported uneven trade last week. While sales of carpets, sofa-beds, juvenile furniture and housewares improved, purchases of heavy appliances, radios and television sets declined.

Although the demand for new automobiles dropped from the high level of recent weeks, there was still a substantial volume of trade. The buying of used cars decreased and prices were seasonally low. Purchases of gasoline continued to rise.

Housewives bought about as much food as during the preceding week, with pork, poultry and eggs among the more popular items.

Wholesalers' orders increased in the week, and sales volume was somewhat higher than in the same week of 1954.

Many delivery dates were lenghtened and the prices of some goods edged slightly higher.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Jan. 22, 1955 advanced 10% from the like period last year. In the preceding week, Jan. 15, 1955, an increase of 16% was registered from that of the similar period in 1954, and for the four weeks ended Jan. 22, 1955, an increase of 10% was recorded. For the year 1954, a loss of 1% was registered below that of 1953.

Retail trade volume in New York City the past week displayed some slight contraction compared with the like period a year ago. Trade observers placed the loss at about 3% and pointed out the competition of good figures last year and extreme cold weather last week were in part responsible for the poor showing.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Jan. 22, 1955, registered an increase of 2% above the like period of last year. In the preceding week, Jan. 15, 1955, an increase of 13% (revised) was reported from that of the similar week in 1953; while for the four weeks ended Jan. 22, 1955, an increase of 4% was reported. For the year 1954 the index advanced 1% from that of 1953.

H. L. Jamieson Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Andrew McClelland has been added to the staff of H. L. Jamieson Co., Inc., Russ Building.

R. H. Moulton Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert V. Heth has been added to the staff of R. H. Moulton & Company, 510 South Spring Street.

Putnam Increases Foreign Holdings

Putnam Fund, during the last quarter of 1954, continued to add to its holdings of foreign securities. New investments included $470,000 Commonwealth of Australia 3¾s of 1969, $212,000 Kingdom of Belgium 4s of 1987 and 700 shares of N. V. Philips' Gloeilampenfabrieken.

Earlier in the year, the fund invested in Dominion Stores, Ltd. and Loblaw Groceterias, Ltd., two Canadian grocery chains, and increased its holdings in Traders Finance Corp., a Canadian instalment finance company, and Royal Dutch Petroleum.

Commenting on these additions, George Putnam, Chairman of the Trustees, said, "For many years the Putnam Fund has had an important investment in Canadian securities. We now feel that economic and political conditions warrant a cautious broadening of our search for other attractive foreign investments.

"We have been impressed," he added, "with the sharp economic recovery in many foreign countries during 1954. A strong resurgence of confidence in private enterprise seems to be taking place. Important steps have already been taken towards the free convertibility of currencies."

The Fund Chairman said, "We also know that the Eisenhower Administration believes strongly that a free flow of private capital is the best way to promote a rising standard of living throughout the free world, which is so vital in our struggle against Communism.

"Although the great bulk of the Putnam Fund's investment will always be in this country, companies such as Royal Dutch, large oil giant second only to our Standard Oil of New Jersey, and N. V. Philips' Gloeilampenfabrieken, worldwide Dutch electronic and electrical equipment company, seem to meet our standards for excellence of management, strong financial and trade position and good growth prospects."

Other new additions to the Putnam Fund portfolio last quarter were as follows:

$450,000	N. E. Telephone & Telegraph Co. 4½s, 1961
$650,000	U. S. Steel Corp. deb. 2¼s, 1958
$500,000	General Finance Corp. note 4¾s, 1969
$400,000	State Loan & Finance Corp. conv. deb. 5s, 1969
25,000	shares Hudson Pulp & Paper Corp. $1.41 2nd pfd.
1,600	shares N. Y., Chicago & St. Louis RR. 6% pfd.
10,000	shares Halliburton Oil Well Cementing Co.
1,500	shares International Busines Machines Corp.
15,000	shares Remington Rand, Inc.
15,000	shares Signal Oil & Gas Co. class A
10,000	shares Trane Co.
10,000	shares U. S. Steel Corp.
12,000	shares Winn & Lovett Grocery Company

The Putnam Fund's annual report for 1954 shows total net assets of $101,000,000, a gain of more than 50% over a year ago. Securities owned had a market value at the year-end of $29,846,000 in excess of cost as compared with $7,646,000 at the end of 1953.

Mutual Funds

By ROBERT R. RICH

BOOKS WERE closed this week on an offering by W. E. Hutton & Co., Hemphill, Noyes & Co., and Kidder, Peabody & Co. of 2,500,000 shares of Axe Science & Electronics Corp.

The offering was made at $10.00 a share, less a dealer discount of 85 cents.

The fund, with a primary objective of long-term capital growth through investments expected to benefit materially from new scientific developments, particularly in the electronic and atomic fields, will, no later than six months from the offering date, redeem its shares at 99% of net asset value. The fund does not intend to make a continuous offering of the shares.

EATON & HOWARD Balanced 23d Annual Report shows net assets of $141,441,616 up from $101,963,256 at the beginning of the year. Shares outstanding total 7,248,169 compared with 6,507,970, and the number of shareholders 23,471 compared with 20,359. Asset value per share on Dec. 31, 1954 was $19.51 compared with $15.67 a year earlier—a 27% increase after adjustment for the 40c per share distribution of realized profits in December.

Dividends from investment income totaled 62c a share in 1954—one-half cent more than was paid in 1953.

At the year-end, 6.24% of the Fund was in cash, U. S. Governments, and short-term notes, 15.10% was invested in corporate bonds, 12.99% in preferred stocks, and 65.67% in common stocks. The larger common stock holdings were in the oil (13.8%), power and light (10.8%), insurance (5.8%), banking (4.9%), and chemical (4.9%) industries.

PERSONAL PROGRESS

HERMAN W. STEINKRAUS, President of Bridgeport Brass Company, has been elected a director of Templeton Growth Fund of Canada, Ltd., John M. Templeton, President of the Fund announced today. With this action, two other new members were elected, increasing the board from 11 to 14 members. They are: Henry G. Davis, of New York, partner in Robert Winthrop & Co., investment bankers, and Leroy C. Paslay, Dallas, Texas, oil operator and partner in Marine Instrument Co. of Dallas.

Templeton Growth Fund was organized in 1954 to provide investment management and broad diversification in Canadian securities.

Mr. Templeton also announced that there would be no further offering of the company's shares after Feb. 15 on which date the original offering will be terminated. As of Jan. 31, 1955 there were outstanding 329,780 shares of a total of 500,000 authorized. He added that approximately 50% of the fund's assets had been invested to date in 24 stocks and that the investment program was continuing as quality stocks become available.

NATIONAL INVESTORS Corporation reported to shareholders that an asset value of $16.53 on Dec. 31, 1954, nearly 41% greater than the $11.76 reported 12 months earlier.

The mutual fund's net assets totaled a record $47,218,000 on Dec. 31, compared with $31,789,000 on Dec. 31, 1953. Improvement in the market value of investment holdings was the most important factor in the increase, contributing $13,141,000.

New holdings added to National Investors' portfolio in the fourth quarter were common stock of Grand Union Company, Jewel Tea Co., Inc. and Kaiser Alunminum & Chemical Corp. Common stock holdings increased were American Airlines Inc., Beckman Instruments, Inc., Eastern Air Lines, Inc., and Lily-Tulip Cup Corporation.

Common stock holdings eliminated from the portfolio were Emhart Manufacturing Company, Gulf Oil Corporation and G. C. Murphy Company. Reductions in common stock holdings included General Electric Company and National Lead Company.

BROAD STREET Investing Corporation reports net assets of $64,138,000 on Dec. 31, 1954, an increase of 77% over the $36,182,000 reported a year earlier.

Asset value of each share increased from $14.48 to $19.49.

Sales of new shares, minus redemptions, totaled $10,871,000, an increase of 74% over net sales of $6,241,000 reported in 1953. An additional $1,538,000 of assets were acquired from two investment companies which were combined with Broad Street Investing during the year.

Common stocks made up more than 88% of Broad Street Investing's net investment assets at the end of 1954 as compared with 83.5% at the beginning of the year. Public utility common stock

Chemical Report Stresses Atomic Energy

The Chemical Fund report reviews recent expansion in the field of nuclear chemistry. F. Eberstadt, President, said that the atomic energy operations of portfolio companies ranged from mining and refining uranium ores to producing fissionable materials.

The report adds: "Eight portfolio companies operate plants and facilities of the Atomic Energy Commission. Other portfolio companies supply hydrogen fluoride, metal alloys, zirconium, boron, graphite and other materials essential to progress in the atomic energy field.

"A number of the companies are working on the application of atomic energy to the production of electrical power. Many of the portfolio companies use radio isotopes for research to extend scientific knowledge, for the control of chemical processes, for the development of new products, or for the diagnosis and treatment of disease."

The fund's portfolio companies reported average increases of approximately 2% in sales and 11% in net earnings for the first nine months of 1954 compared with the corresponding period of the previous year. Sales of most chemical companies continued to expand in the fourth quarter and results for the entire year 1954, when available, are expected to show further gains in sales and earnings.

The fund's assets reached an all-time year-end high of $78,415,746. This figure, equal to $26.87 per share, compares with $55,627,976 or $19.61 per share on Dec. 31, 1953. The fund had 2,917,703 shares of capital stock outstanding at the close of 1954 compared with 2,835,690 shares a year earlier.

Bullock to Split 3-1 In March

Bullock Fund directors declared a stock distribution of 200%, payable March 25, 1955 to shareholders of record on March 3, 1955.

In announcing the 3-for-1 stock split, the board said, "Following the distribution, the shares will be available at a lower unit price. At present prices this would mean that, instead of one share having a net asset value of $32.37, each holder will have three shares with an asset value of $10.97 a share. As a result, it is believed, more investors, and especially those who like to purchase in lots of 100 shares or more, will make purchases of Bullock Fund."

The directors feel an increase in the number of shares outstanding and in the amount of assets should bring about some reduction in operating costs.

Bullock reported total assets of $21.1 million on Nov. 30, compared with $14.8 million the year before. Net asset value during the year increased from $23 to $30.79 per share.

ldings, though reduced during e year, were still the largest of y industry as they were at the d of 1953 and oils remained the cond largest holding.

HITEHALL FUND, reported to areholders that net assets per are rose to $22.80 on Dec. 31, 54 from $18.94 a year earlier.

On Dec. 31, 1954, net assets ached $5,752,000, up from $4,- 3,000 a year earlier.

During 1954, the report disosed, a new investment position as established in the automobile dustry and holdings were ineased in natural gas, railroad, ipbuilding and steel stocks. rincipal reductions were in emical, food and beverage, misllaneous manufacturing and iblic utility stocks.

URING 1954 Fidelity Fund shareolders received the highest divinds from net income in the nd's 25-year history, reaching a tal distribution of $0.97 per are last year, compared with .90 in 1953 and $0.87 two years go.

As of Dec. 31, 1954, the fund ported a net assets of $163,686,- 3, an increase of 78.3% over the t asset value of $91,793,299 at e end of 1953. Net asset value r share as of Dec. 31, 1954, was 5.98 compared with $17.23 on ec. 31, 1953.

At the end of 1954 there were % more shareholders in Fidelity und than at the end of 1953 hile the number of shares outanding increased approximately 3.3%.

ET ASSETS of The Stein Roe & arnham Fund totaled $10,705,- 79, or $28.19 per share, at the nd of 1954, Harry H. Hagey, Jr., resident, disclosed.

This compares with a net asset alue of $7,118,348, or $22.67 per are, on Dec. 31, 1953.

Dividend payments in 1954 otaled 78 cents per share from rdinary income and 43 cents om capital gains compared with 5 cents and 28 cents respectively 1953.

Grean Fund Offers hares at Asset Value

The Spencer Grean Fund, a on-diversified open-end investent company which can sell the arket "short," borrow money, nd loan idle money to member rms of the New York Stock Exhange for brief periods of time t the going call loan rate, anounced it had recently ended ts distribution agreement with und Distributors Corporation, hen its shares were sold with a ales charge of 8.75%, and would ffer to the public its shares at et asset value.

The fund, organized in New ork in 1951, reported total net ssets last Sept. 3 of $300,614, a ecline from the previous May 31 f $404,693.

Borrowings by the fund, limited y the margin rules of the Federal eserve Board and the New York tock Exchange, amounted to 39,122 last September, with secuities in the amount of $173,030 eld by the bank as collateral.

The total of deposits on short ales and deferred charges on short ales cannot exceed 10% of the und's assets.

S. Spencer Grean, 33 West 42nd t., New York City, is President, irector and investment advisor f the fund. He is a Director of arolina Casualty Insurance Co., nd Director and President of the oil Builders International Corp. ulius Arnold Levine, a certified ublic accountant, is Director and reasurer, and Hiram G. Shields, lawyer, is Vice-President, Secetary and Director. Other Diectors are Jack Posner, Posnerabin Advertising Agency, and arry Copen, President of the open & Co. textile firm.

Investors Attracted By Closed-End Shares

Closed-end investment companies, with shares listed on the New York Stock Exchange, continue to attract new investors who are using the Exchange's Monthly Investment Plan, popularly known as MIP, the National Association of Investment Companies reports.

Plans to buy shares of these companies totaled 1,108 on Dec. 31, 1954. The closed-end companies now popular with these investors are Tri-Continental, Lehman Corp., Atlas Corp., Carriers & General Corp., General American Investors, General Public Service, Adams Express, U. S. & Foreign Securities, Petroleum Corp. and National Aviation.

Of the 30 closed-end trusts who are members of the Association, 14 have shares listed on the "Big Board."

Tripp on Taxes

I think we are going to learn the hard way that our so-called capital gains tax is a misnomer and that it has done much to narrow markets at a time when they should be broadening. In my opinion, if our tax laws followed the Canadian or English pattern, we would be safer today.

The facts are that the capital gains tax is, in substance, a transfer tax that does much to reduce market liquidity. It is very possible under the present law for an individual to sell securities calling for a substantial capital gains tax, and then if he should die shortly thereafter his estate would pay a double tax through the inheritance levy.

I have personally gone over some very large accounts in the last few weeks and have conferred with others, and I am surprised to see what a large percentage of securities cannot be logically sold under almost any conditions on account of the tax or the fear of double tax. This is a bad situation; it congests markets and is apt to have the result of having the market go higher than it normally would only to decline more than it should at some future time.

This transfer tax aspect has already demonstrated itself in the realm of house ownership. Under the original law, a household that sold at a profit had to pay a 25% tax. In most cases, however, he was transferring from one location to another and he soon realized that the profit that he was being taxed on was only a phantom, and the same increment of increase applied to the house he was purchasing.

This absurdity appealed to the tax writers and the law was changed so that if an individual sold a house and replaced it within a short period of time, the capital gains tax did not apply. This change had a profound effect on the liquidity of real estate, and if I am not mistaken we would be better off if the same rule applied to any form of property. In times such as we are now entering, the liquidity and convertibility of all markets is of great importance, and a bulge in the stock market might become excessive for the reasons given above.

—From a report by Chester Tripp, President Television-Electronics Fund.

AN ANALYSIS shows that 43% of Delaware Fund shareholders are women; 23%, men; and 32%, joint owners, and balance institutions and fiduciaries.

The women shareholders, whose average investment in the fund is $3,314, are in 47 states and several foreign countries. They include housewives, teachers, nurses, doctors, and business-women.

Continued from page 7

The Current Business Outlook

ness. That is the reason why I stated that the outlook for the first half of the year is quite clear. It is bound to be good.

The Second Half

The second half of the year is still somewhat doubtful.

General consumption expenditures which held up so well during 1954 in all probability will be at a high level during 1955 and probably will be higher this year than last year for these reasons:

(1) Employment is increasing and unemployment is decreasing. Wages are still increasing. That in turn means that disposable income of the people will be larger. The people will have more money to spend and the people will spent it.

When the people began to realize that a major depression was not in the making, that business activity was beginning to level off in the middle of 1954, they began to spend more and they saved less. The year 1954 proved conclusively that whenever the people are offered new merchandise, new-type merchandise, and good values, people buy because they have the money. The disposable income in the hands of individuals will be higher in 1955 than in 1954.

As merchants therefore you know that your customers have the money. It is up to you to make them spend more and to save less.

Next, the overall population is increasing. In 1954 about 4,100,-000 babies were born, and I need not tell you that the moment a bady is born it becomes a customer of yours and stays a customer for a great many years. All indications are to the effect that the number of babies born in 1955 may be larger than in 1954.

Moreover, the entire population of the United States in 1954 increased by about 2,700,000, and all the indications are to the effect that an increase in population during 1955 will amount to another, roughly speaking, three million people. You have therefore another larger city than Philadelphia added to the customers of the United States.

As I said a moment ago, 1,200,-00 homes were started in 1954, and a similar number will be started in 1955. When a home is finished, people move in, usually young people, and then the spending starts in order to furnish the home and to make the home livable. The fact, therefore, that so many homes will have been finished during 1955 indicates quite clearly that the demand for everything that goes into a home is bound to be very large.

Additional Security Factors

Moreover, in considering the future we have to take this into account:

(1) The economic security of the people is very high. Not only are the people protected by various social legislation and private pensions, but also the liquid savings in the hands of the people are exceedingly high.

(2) Moreover—and this is important—the people believe that if anything really were to happen to the economy of the country the government is bound to step in and prevent a serious decline. The people believe in it, and what is important in this world is not what is but what the people believe to be.

This spring I was out in California. I was discussing with an older gentlemen—one about 85—the great economic security of the people, and the belief of the people, that the Government will prevent a depression and he turned to me and said as follows: "Sonny," at may age he called me sonny—"Sonny," he said, "I want to tell you a story."

"There was an old man about to die, and he called in his only son and he said to him, 'Son, you know that big chest I have in the cellar?'

"The son said, 'Yes, dad.'

"He said, 'It is full of gold and it is yours, but you must promise me not to touch it unless you are in dire circumstances.'

"The old man passed on, and the young fellow feeling that he had a chest of gold in his cellar felt brave and did things which he otherwise wouldn't, and although he was at times tempted to touch that gold, yet he wasn't in dire circumstances yet. As he got old and his time came to go he said to himself, 'I will take a look and count my gold.'

"He found the chest empty with just a little piece of paper in it and on it was written, 'The mere belief that you have a large amount of gold in back of you will give you courage to do the things which you otherwise wouldn't do.' "

I said "I see what you mean. The mere belief on the part of the people that there is an all powerful government here to prevent any decline in business activity will actually prevent such depression from taking place."

He said, "You know, Sonny, you are smarter than I thought you were. Why are you a college professor? Why don't you go in business?"

The moral of the story is important. When the people are afraid of what the morrow may bring they save more, they fear they cannot afford things, they don't want to borrow. But when they feel economically secure they do not hestitate to buy homes on a 30-year mortgage, they do not hesitate to buy on the installment plan, they do not hesitate to mortgage their future in order to satisfy their present wants.

This psychology will continue to play a very important role in the economy.

Some Less Favorable Factors

Three factors will be less favorable in 1955 than in 1954, and briefly they are:

(1) Defense expenditures in all probability will be somewhat smaller.

(2) Farm income in all probability will be somewhat smaller than 1954.

(3) Estimates of capital expenditures by corporations for 1955 are placed at 5% below 1954.

If these estimates are not correct, if management is more optimistic and spends as much as in 1954, or more, than in all probability business activity in 1955 will reach the level it reached at the peak in 1953 and actually may surpass it.

What will be the characteristics of the business pattern? What kind of business pattern can we expect?

(1) The improvement will be a gradual one, a return to boom conditions short of unforeseen events is not in the making, a return to the buyers' market is not in the making. Competition is keen and will increase because the productive capacity of the country is great and is increasing almost daily. One may expect increased competition from abroad.

(2) Costs will continue to rise. Margins of profit in some instances, in some lines, will be squeezed. Business in general, therefore, will have to utilize all its ingenuity to keep costs down.

(3) The volume of business in dollars will be higher than in 1954, but the number of failures will remain large. The boys will continue to be separated from the men. The merger movement will continue. And in all probability commodity prices will inch a little higher.

Again no uniform movement can be expected, but I would not be surprised if at the end of the year commodity prices or the index of wholesale prices was moderately higher than at the beginning of the year.

Retailers' Expectations

What can you retailers expect in 1955?—bearing in mind you are interested to a considerable extent in the soft goods industries. In my opinion the volume of retail trade in 1955 will be higher than in 1954 for these reasons:

(1) The disposable income of people will be larger. The people will be spending it and in all probability more will be spent and less will be saved.

(2) Assuming no major labor difficulties, employment will be larger and wages will be higher. That in turn will increase the national income as well as the disposable income.

The apparel industry is still suffering from the fact that apparently less money is being spent on clothing than used to be the case before. For example, in 1947, $142 was spent per capita on clothing; in 1950, $132, and in 1954 only $124. Whether there is something basically wrong, whether the dress habits of the American male have deteriorated, whether people spend more on other things, I am not smart enough to know. I do know, however, that if people have the money they can be induced to spend it on clothing.

But business plans for more than one year ahead. Some of you may be planning on erecting a branch or putting up a new building or or undertaking other large capital expenditures. Permit me, therefore, just for a moment to look beyond 1955. I believe the long-range outlook for the United States is better today than it has been during the last five decades. The population of this country is increasing at a rate which a few years ago was thought impossible. In 1960, which for a man of my age is just around the corner, the population of this country will be between 175 million to 180 million people. The population growth alone is not important. What is important is the ability of the people to buy. The standard of living of the people is increasing every year. We are becoming a nation of middle class people. Fewer and fewer people remain in the lower income groups. There is a great decentralization movement from the congested cities to suburbs. There is a great movement from one section of the country to another, generating demand for all kinds of commodities, creating a new mode of life.

Economy Dynamic

Our economy is a dynamic one. Never before in history did industry spend so much money on research. Research creates new products. Research creates new methods of doing business. A dynamic economy means that new values are created and old values are destroyed, and this is taking place at a faster rate today than ever before.

Unless I am greatly mistaken, I believe the chances for a lasting peace are better today than was the case a year ago. As a result of the ratification of the Paris Pact the balance of power was shifted in favor of the free nations of the world. The countries behind the Iron Curtain have more troubles than we actually know or realize.

All this leads me to the belief that we may enter a period of prolonged peace during which all the ingenuity of the American people will be used to increase the standard of living of the people. This is the type of world we can look forward to, and such a world promises well for the retailers of the United States.

Continued from first page

Factors Affecting Demand for Housing

been the lowest for any year since 1950. Net immigration from abroad continued to be a relatively minor factor, totaling about a quarter of a million.

Perhaps we can gain a better understanding of our population from Chart 1 which shows it by broad age groups for each year in the half century from 1920 to 1970. The age groups are from birth to age 18; the working years up to age 65; and the increasingly important retirement years of 65 and over. I might point out that the projections into the future are our own.

Since 1920, population growth has been spurred on by the conquest of disease, with the result that the extension of human life has been unparalleled in the history of man. In addition to this potent force, which gives every indication of continuing, there is another fact of great immediate concern to us—the peculiar pattern of birth rates in the period since 1920.

From 1920 to 1933, birth rates declined steadily by about one-third. They remained at relatively low levels throughout the 1930's and then rose sharply to the baby boom of the postwar years. The curves on Chart 1 show this pattern and reflect the progress of births since the 1920's to the older age groups. You can see that for the group under 18, the low point was reached about 1940. In the decade from 1950 to 1960, however, the growth in this group will be very large. The group from 18 to 34 years will actually show a net decline in the decade of the 1950's and will reach a low point around 1960. The dip would be as clearly defined for the two older age groups as for the two younger groups if the time scale of the chart were extended far enough into the future. Actually, the older age groups show a rapid rise up to 1970, reflecting to a large extent the extraordinary life extension of the population in our lifetime. In fact, the rate of growth in this century for the group 65 and over has been double that of the population as a whole.

Another development of the highest significance during the postwar period which I shall do no more than mention is the trek to the suburbs. You gentlemen are probably just as familiar with this trend as I, so that I would be guilty of wasting your time were I to discuss it. The effect of this move to the suburbs has played a dominant role in the demand for housing and undoubtedly has had its effect on the birth rate.

It seems to me that the future developments in housing in the years to come will be importantly influenced by the factors I have just mentioned — i.e., past birth rates, life extension, and the growth of suburban living.

Let's now turn to a topic of immediate importance in the demand for housing, namely, the division of the population into groups of individuals for living purposes.

Family Groups

The concept of family groups is as old as Adam but in our complex modern society it has been broadened far beyond just married couples. Thus, if we are to gain an understanding of the effect of family groups on housing, we must consider many types of family groups—not just married couples.

Chart 2 shows the family groups as enumerated by the Bureau of the Census. The chart divides the entire population between people who head a family group and people who do not head a family group, on the basis of data for the months of April, 1947 and April, 1953—the earliest and latest information of this type now available. Fortunately, the data cover the span of most of the postwar years and provide, I think, significant information on the dynamic forces at work. Let me remind you that for purposes of this chart there is one and only one head for every family group, so that a count of **heads** of groups is also a count of **groups**.

Married couples, as measured by the number of husbands, comprise 70% of all heads of families. I might point out that the Census Bureau counts as married couples for this purpose only those families where both spouses live together.

"Other" family groups, consisting of two or more **relatives** living together, constitute 11% of all heads of families.

"Individual" family groups, representing, in effect, one-person families, or two or more persons who are not relatives, but with one head, comprise 19% of all heads of families. The essential difference between "individual" family heads and "other" family heads is that the "individual" heads are not living with relatives.

Among the people who are classified as not being heads of families are the wives of the husbands shown on the left of the chart. I'm sure that the Bureau of the Census is a bit old fashioned, and probably in most instances is at odds with the domestic facts, in picking husbands as the heads of married couple families.

Also classified as not being heads of families are all inmates of hospitals, asylums, prisons and the like. All our Armed Forces who live in barracks in this country or who are stationed overseas are included in the specially marked bar on the right of the chart, but those of our Armed Forces who live in this country like civilians are distributed for purposes of the chart just as the rest of the civilian population.

We have divided the remainder of the group classified as not being heads of families into adults and children at the age of 18 because, as you will see, the adult group represents a large part of the present unsold market for housing.

It follows from what I have said that all of the population classified as not being heads of families—the group on the right —live, for statistical purposes at least, in the families headed by the group on the left. This is true except for the Armed Forces and the institutional population. You can see also that one out of every three individuals was the head of a family group, in the sense in which I have defined it, on both the dates shown.

Now I think that the changes in these groups over the six-year period are important to our understanding of the situation. Chart 3 shows an arrow representing the change in each particular group, and the arrows are so placed as to cumulate the data for the period.

There are several things of interest about this chart. In the first place, the increase in the number of husbands accounted for only 65% of the gain in all family heads. "Individual" family heads, on the other hand, accounted for 37% of the increase in all family heads, while "other" family heads actually decreased.

But one of the most interesting things about the chart, I think, is the decrease of 3.6 million in the group of people of 18 years and over classified as not being heads of families and hence living at home. We know that this group is only a small fraction of all individuals 18 years and over, and we know further that the entire group of all individuals 18 years and over increased by 7 million in the period 1947 to 1953. This means that during the period, some 10½ million people in the age group 18 years and over changed their status and became heads of families. This is a startling change and we can only guess at the reasons for it. For one thing, the age at marriage during this period was distinctly lower than in previous years.

Improvements in health and benefits under the Social Security Act have undoubtedly made it possible for individuals of advanced age to continue to live in their homes rather than to double up with their families. Also, I think that in recent years there has been some tendency for young people just starting out on their careers to travel considerable distances from home in seeking employment rather than to work locally and live with their parents. Finally, as we shall see later, the

CHART I
POPULATION BY BROAD AGE GROUPS

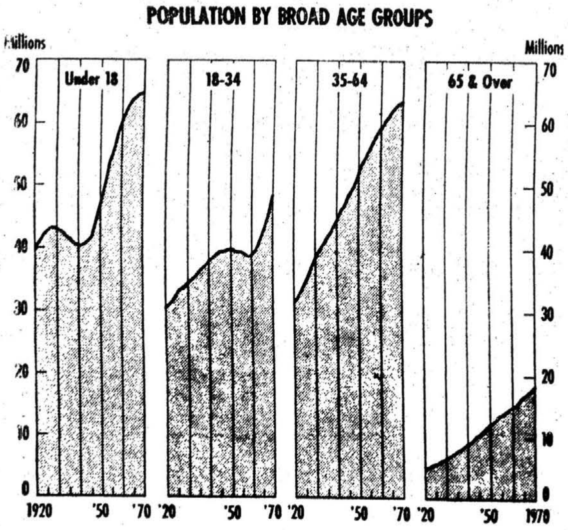


CHART II
POPULATION OF THE UNITED STATES

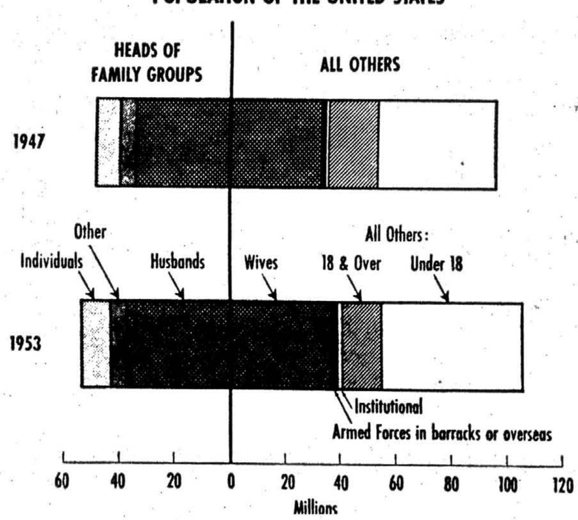


CHART III
POPULATION INCREASE 1947-1953

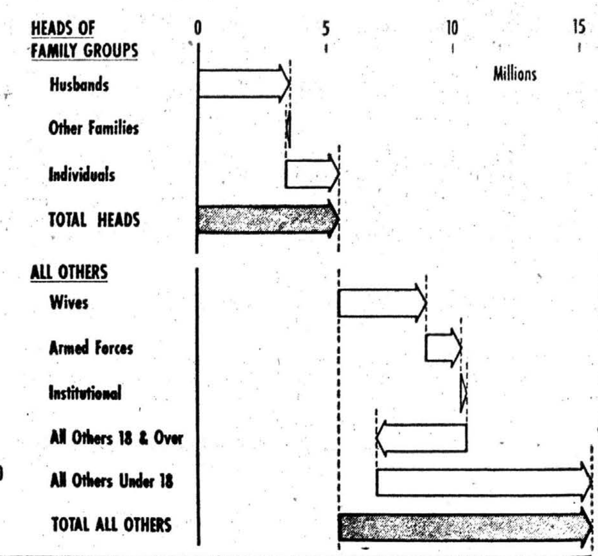


CHART IV
FAMILY GROUPS AND PLACES OF ABODE—1953

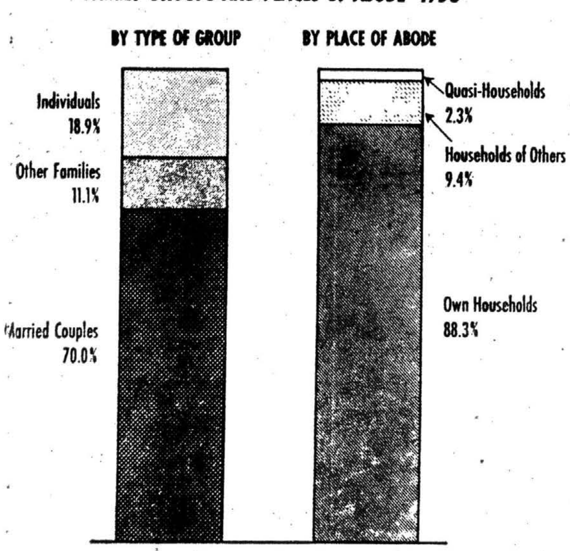


CHART V
CHANGING COMPOSITION OF HOUSEHOLDS

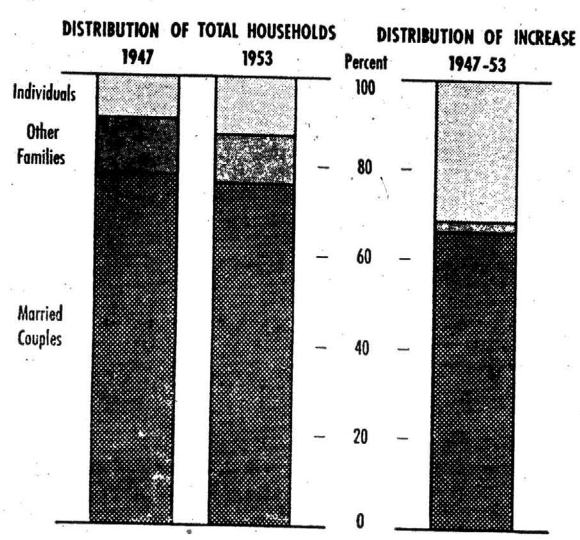
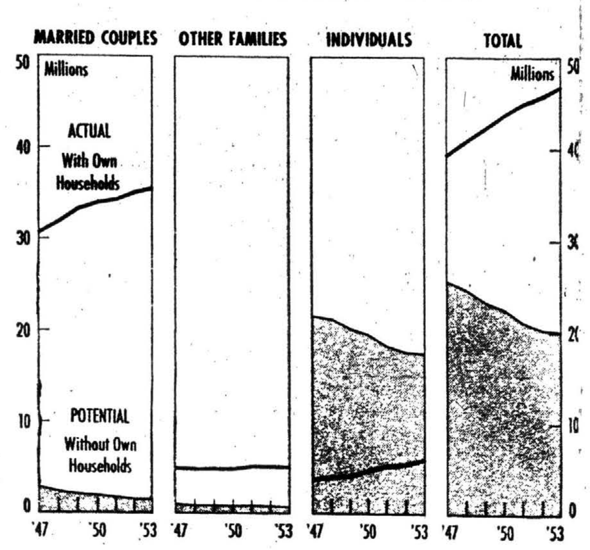


CHART VI
ACTUAL AND POTENTIAL HOUSEHOLD HEADS



number of individuals reaching age 18 has been shrinking for some years.

Thus we see that the postwar period has been characterized by the increased relative importance of the "individual" family head, i.e., the so-called one-person family group, with adults tending to live more and more independently of their families. Many of these people, together with adults 18 and over living in the homes of their families, constitute a potential market for households in the future. But, as I shall show you presently, the greatest potential market in the next decade and a half is in the group now under 18 years of age and living at home. This group accounted for 55% of the population increase during the six-year period from 1947 to 1953 —a reflection of the great postwar baby boom.

Where the Population Lives

Let's look at where our population lives as shown on Chart 4. As I said previously, if we know where the head of a family group lives, we also know where the members of his family live.

We see that some 88% of the heads of families live in their own households; not quite 10% are doubled-up in the households of others; and the remaining 2% live in what the Census Bureau chooses to call "quasi households," i.e., hotels and lodging houses. It is of interest that some 96% of married couples have their own households as contrasted with 61% of "individual" heads of family groups and 87% of "other" heads of family groups.

The 88% of the heads of family groups with their own households represent the "sold" household market. Before we look at the prospects for further inroads on the unsold market and the prospects of additional households as the population ages, let's glance briefly at this sold market.

Existing Households

During the six years from 1947 to 1953, total households increased almost 7½ million, or 2 million more than the increase in heads of family groups living in all types of abode. This curious fact reflects a movement during the period of 2 million family groups out of the households of others or out of hotels and lodging houses into their own households. While total households increased by 19% in the period that part of them headed by "individuals," i.e., the one-person family groups, increased by 62%. Remembering that the period was one of high marriage rates, it is rather startling to realize the importance of the increase in households headed by individuals. Chart 5 shows that, while the proportion of married couple households actually shrank, the proportion of households headed by individuals increased from 10% to 13% in this period.

The distribution of the increase in households during the six years is even more striking. Almost a third of the 7½ million increase in households was in those headed by individuals, i.e., the one-person family group, although such groups constituted only 13% of total households in 1953.

The important fact then is that during the six years, the growth in households has considerably outstripped the growth in the number of heads of family groups. Clearly, this is a situation which cannot go on indefinitely and it is of interest to determine how near we may be to the end of this road; that is, how large the unsold market really is among existing heads of families.

Size of the Unsold Market

Chart 6 gives us a clue to the size of the unsold market among existing heads of families. It shows two curves for each of the three types of family heads, i.e., married, "other" and "individual" family heads. One curve shows the number of family heads that have their own households and the other curve the number that do not have their own households. Since the purpose of this chart is to show the actual and potential number of household heads, I have included as potential heads in the "individual" grid those people 18 years of age and over who live at home with their families. These people are not, of course, heads of family groups but they are an important reservoir in the present population of potential household heads. I might note that, excluding households of married couples where the Bureau of the Census insists on defining the husband as the head of the family, women are far more important as heads of families than men.

The chart shows clearly that we have about exhausted the possibilities of household formation among existing married couples and "other" family groups. For "individual" heads of families, the chart would seem to suggest that we have still some distance yet to go. The evidence is quite plain that much of the increase in households has come at the expense of drawing down the number of family groups that do not have their own households. The total curves at the right indicate that while households increased 7½ million, the number of potential household heads declined by 5½ million. I might point out that the picture is somewhat complicated by transfers between groups and by the fact that when two potential family heads marry and set up a household, one potential head disappears.

However, the gist of this chart is that there has been nearly a 50% declined in married people who do not have their own households, and the unsold market among existing married couples is only about 1½ million. The unsold market for "other" family groups has declined over 25%, with a remaining unsold market of only three-fourths of a million. But for "individual" heads of families we see that the decline has been less than 20% and that nearly 18 million do not have their own households. I don't want you to get excited about this large figure because, as I shall show you, the potentialities of this unsold market appear limited.

Character of the Unsold Market

Chart 7 compares some of the characteristics of the sold and the unsold market for households for the same three types of family heads, i.e., married, "other" and "individual" family heads.

The enclosed areas represent the numbers in the group, distributed by age of the head of the family group. The dashed line divides each area into two equal parts at the median age. The proportion of each group headed by women is shown on the chart for each type of family group.

One point that will strike your eye is that the median age of the sold market is in every case substantially higher than that of the unsold market. This, of course, reflects the fact that people have to become established in life before setting up their own households.

We need spend but little time on the married couples and the "other" family groups. As you can see, the unsold market is small.

The only substantial unsold market is for the potential "individual" family heads. Some 78% of these "individuals" — those represented in the top layer—are 18 and over, living at home with their families. Another 16% live in the households of others as lodgers, roommates or domestic servants. The remaining 6%, two-thirds of whom are men, live in hotels and lodging houses.

As the chart shows, slightly over half of this potential market is under 30, but if allowance is made for future marriages, in which two individuals are absorbed in each, and I might say that the prospects for such marriages are still bright under 30, the potential contribution of this group to future household formation will be considerably smaller than might appear from the chart. The market potentialities of the unsold group 30 years of age and over appear rather limited. Nearly three-quarters of this group are unmarried and live at home with their families, and in many cases the people are taking care of aged parents. Statistics tell us that the martial prospects of this group are not as bright as for the group under 30.

After studying this chart I think you will agree that the unsold market at this time is not large and that we cannot look to it as the source of a great building boom.

The Outlook for Marriages

It is important to note that the unsold market for households among existing heads of families is by no means the only potential for new households. We saw, a few charts back, that there is a tremendous group of people now under 18 who will constitute in the future the most important part of the market as they marry and set up new households.

First let us spend a minute looking at recent history in the marriage market. The left-hand section of Chart 8 shows the number of married couples. The top curve, which includes husbands in the Armed Forces, has been increasing substantially, though at a diminishing rate.

The right-hand section shows the record levels to which the numbers of marriages and divorces rose immediately following the War. Since that time, both curves have declined substantially and the net annual increase in all married couples has been shrinking even more rapidly. This slowing down in the net increase in married couples is a matter of concern to us because, as you know, 96% of all married couples have their own households and married couples comprise 76% of the sold market.

Chart 9 shows the reason for this shrinkage. This chart compares the number of females reaching the exact age 18 during each calendar year with the number of births of females 18 years earlier. The upper time scale shows the year of birth, and the

Continued on page 34

CHART X

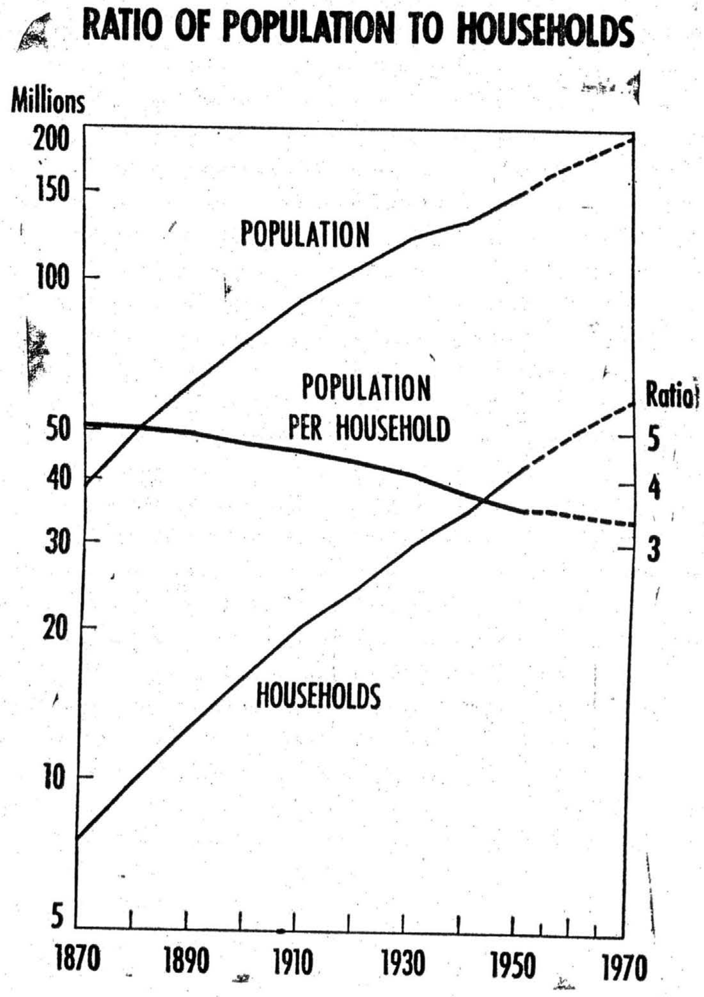


CHART VII

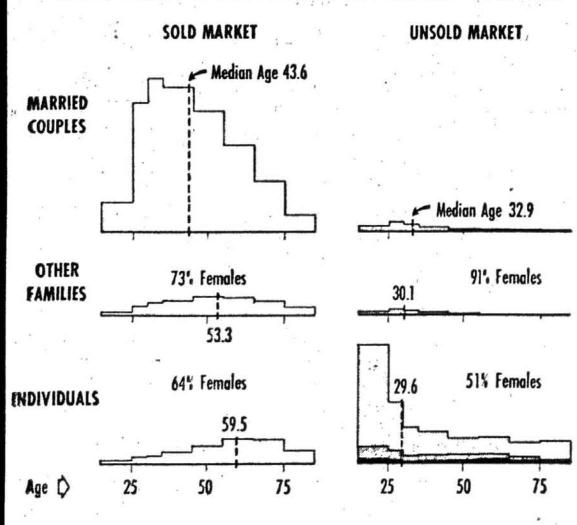


CHART VIII

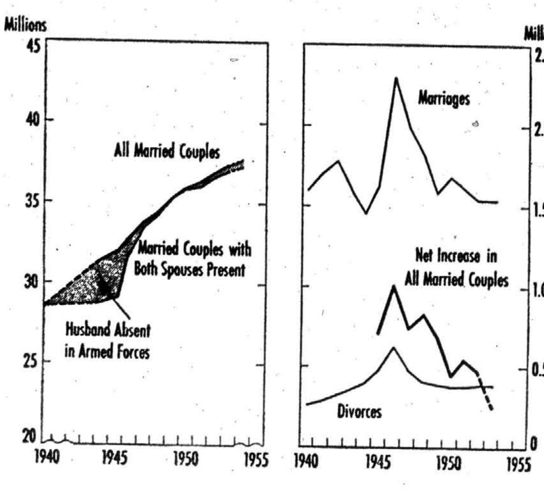
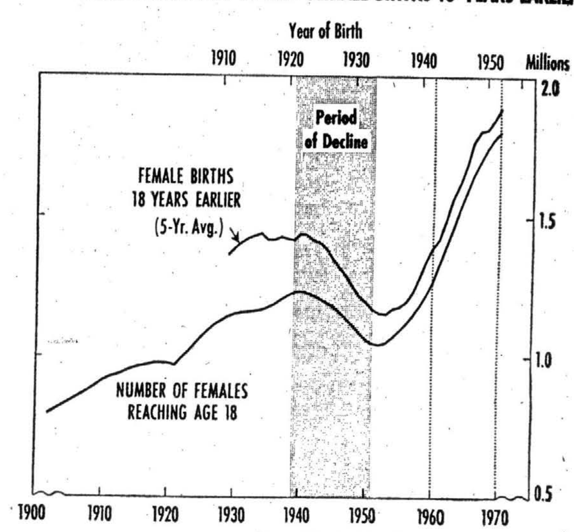


CHART IX



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Factors Affecting Demand for Housing

lower scale shows the calendar year in which age 18 was reached. A moving average has been used to smooth the birth curve. A striking fact about this chart is, of course, the convergence of the two curves—a reflection primarily of the extension of human life.

The shaded section indicates the period of decline in birth rates in the years from 1921 to 1933. Girl children born in these years reached the age of 18 from 1939 to 1951, as shown on the lower scale. Here I think you see the real reason why the net increase in married couples has been shrinking.

But I also show you this chart to give you some idea of what the trend of future marriages is likely to be. I do not mean to imply that all girls marry by age 18, but it may interest you, as it did me, to learn that about 92% of all girls marry at some time in their lives, and 85% of those marry before the age of 26. Furthermore, the majority of girls marry in a surprisingly short span of years around the age of 18.

In view of these facts, I feel no hesitancy in taking a very optimistic view of future marriages—as I think you will upon studying this chart. Not only is the future numerical increase in females reaching age 18 the largest for any comparable period, but the rate of increase is also the largest for any comparable period, but the rate of increase is also the largest. Hence, I think we now are near a turning point where the net annual increase in married couples will have to change from a down trend to an up trend.

Future Households

Up to this point we have considered the possible inroads that the real estate agent can make on the existing unsold market for households, and we have seen that this prospect is not too bright. We have also examined some of the facts about the future of marriages and find that here the picture is a rather optimistic one.

Let us now examine the situation from the viewpoint of households and see what levels we think may be attained in the future. As you can see from Chart 10, the ratio of population to households has declined continuously for many years and we see no reason for any change in this trend. Our view is that we shall have 50½ million households by 1960 and 58½ million by 1970. These figures are not guesses; they are based on extensive analysis of the situation, and I want to show you in abbreviated form three of the major factors involved in our view of future households.

(1) Increase in the total population: We estimate that the population will be 174 million by 1960 and 196 million by 1970.

(2) **Shifts in the age distribution of the population:** What we want to know here for purposes of estimating future households is the age distribution in 1960 and 1970 of the population 15 years and over. Since this group has already been born, it is possible to make fairly precise projections by applying known mortality rates.

(3) **Future changes in the percentages of males and females heading households at each age group:** While you may not recognize it directly, this third factor is really a measure of the inroads that are being made on the unsold market for housing. You can see that as the percentage of the population heading up households increases, the unsold market among existing family heads decreases.

Perhaps Chart 11 will illustrate this third point a little more clearly. It shows an age distribution of males and females in 1950. As I indicated, we can be relatively sure of this distribution even in projections out to 1970 so long as it is limited to potential heads of households.

On this chart there is shown in heavy shading the number of individuals in each age group who were actually heads of households in 1950. This number we know for the past, but not for the future. In case you may think that the prospects are bright for increasing the number of female heads of households, we have plotted the number of wives of heads of households on this chart. These wives, of course, live in households with their husbands and are not prospects for further household formation. You will see, therefore, that the number of females that do not have households and hence might become heads of new households is relatively small.

Let us look at Chart 12 which shows at each age the proportions of men and women in the 1950 population who were household heads. This chart also shows similar data for the 1930 and 1940 censuses. I think that you can see—first, that there is an established pattern in these percentages which we must take into account in our estimates; and second, that the percentages for males have been rising. When we forecast households, then, we must preserve this pattern and never assume that the percentages will rise to unreasonable levels, where the estimate might require close to 100% of the people in any age group to be household heads.

Chart 13 shows an analysis of the average annual increase in households in the decades of the 1930's and 1940's and our projections for the decades of the 1950's and 1960's from the viewpoint of these three major factors. The shaded areas show that part of the gain in each decade due to population increase and shifting age distribution; and the open areas show that part of the gain due to changes in the proportion of the population heading households at each age group.

You will remember that this last factor is a measure of the inroads being made into the unsold market, and it is significant, I think, that this factor—so important in the decades up through the 1950's—appears to have little effect in the decade of the 1960's. Another way of saying this is that we are coming close to the end of the road in drawing down the unsold market, and in the decade of the 1960's this source of households will have dried up.

The chart also confirms what I said about the importance in household formation of the large group of people in our population now under 18 and of the rapid rise over the next 15 years in the number of females reaching age 18. You will note that in the decade of the 1960's we expect household growth to be somewhat greater than for the last decade or for the 1940's. However, th growth will be attributable sole to population factors, i.e., popul tion increases and shifting a distributions, and will not be t result of further drawing dov of the unsold market. This, think, will be the significa change between the decade of t 1950's and that of the 1960's.

Conclusion

At the risk of repetition, like to summarize for you the fa tors which, I think, may have important bearing on futu household formation.

(1) "Individual" heads of hous holds, i.e., one-person fami groups, have been increasi more rapidly than other typ

(2) Except for individuals, t unsold market among existi family heads has been virtua exhausted;

(3) We have passed a low poi in the number of people reachi adulthood and can anticipate unprecedented increase. Marr ages should rise markedly;

(4) We estimate that the lev of household[1] formation in t decade of the 1950's will slightly lower than during t decade of the 1940's. Househo formation during the decade the 1960's should be somewh higher and due principally to t large number of people in t present population under 18 yea of age.

It has been a privilege to ta to you this morning, and if I ha succeeded in throwing any lig on this complex subject I sh feel rewarded.

[1] *Definition of a Household*—A hou hold consists of those individuals, liv together, who occupy a dwelling u (A dwelling unit is a house, apartme trailer, etc.)
The number of households is the sa as the number of occupied dwelling un

CHART XI

POPULATION HEADING HOUSEHOLDS—1950

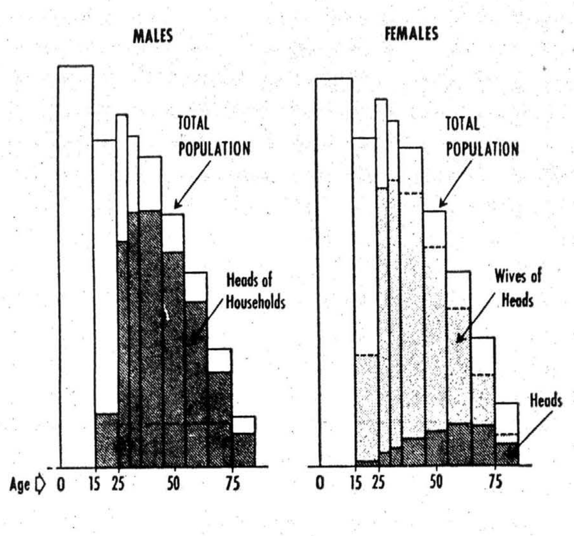


CHART XII

PERCENT OF POPULATION HEADING HOUSEHOLDS

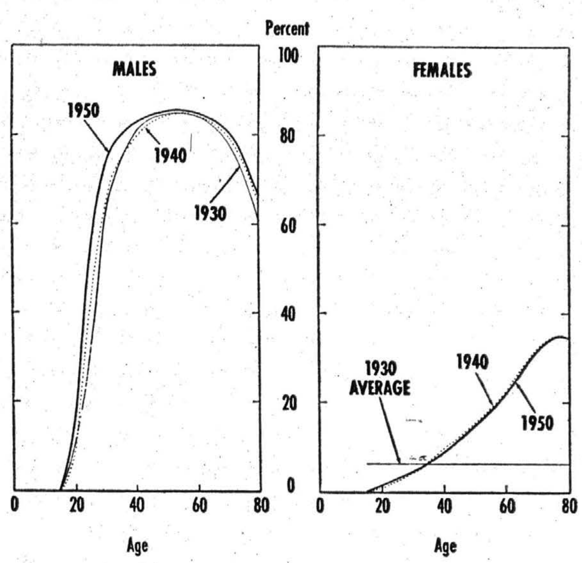
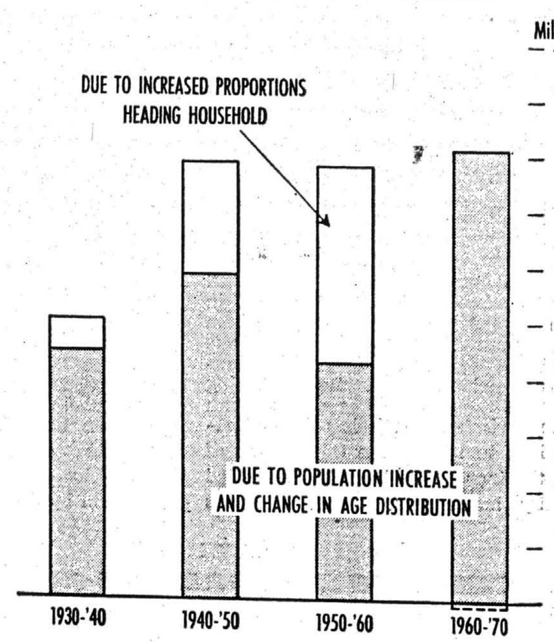


CHART XIII

AVERAGE ANNUAL INCREASE IN HOUSEHOLDS



Chicago Analysts to Hear

CHICAGO, Ill. — Robert L. Murray, President of the Hooker Electrochemical Company, will address the luncheon meeting of the Investment Analysts Society of Chicago on Feb. 10 in the Georgian Room at Carson Pirie Scott & Co.

On Feb. 24 Dr. Julius Grodinsky of the Wharton School of Finance and Commerce of the University of Pennsylvania will speak.

With Calif. Investors

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Velma Shaw is now with California Investors, 3924 Wilshire Boulevard.

Joins Merrill Lynch

(Special to The Financial Chronicle)

FRESNO, Calif.—John C. Hammell, Jr., has joined the staff of Merrill Lynch, Pierce, Fenner & Beane, 1125 Van Ness Avenue.

W. C. Henderson Opens

SHREVEPORT, La.—W. Carter Henderson is engaging in a securities business from offices at 3651 Southern Avenue.

William L. Purcell Opens

(Special to The Financial Chronicle)

DELRAY BEACH, Fla. — William L. Purcell is engaging in a securities business from offices at 1427 Pine Lane.

Shayne With H. Hentz

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—David M. Shayne has become affiliated with H. Hentz & Co., 9680 Santa Monica Boulevard. He was formerly with Francis I. du Pont & Co. and Hemphill, Noyes & Co.

Merrill Lynch Adds

(Special to The Financial Chronicle)

BEVERLY HILLS, Cal.—Donald L. Shield has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, 454 North Camden Drive.

Dean Witter Adds

SACRAMENTO, Calif. — J. D. Walker is now with Dean Witter & Co., 924 J Street.

Two With Bennett Co.

(Special to The Financial Chronicle)

HOLLYWOOD, Calif.—Samuel C. Anson and Max W. Holtier have become connected with Bennett & Co., 6253 Hollywood Boulevard.

With Frederick Adams

(Special to The Financial Chronicle)

BOSTON, Mass. — Edward H. Carner has become affiliated with Frederick C. Adams & Co., 30 Federal Street.

Bache Adds to Staff

(Special to The Financial Chronicle)

BOSTON, Mass. — William P. Hill is now with Bache & Co., 21 Congress Street.

With H. L. Rodger & Bı

(Special to The Financial Chronicle)

JOLIET, Ill.—Howard J. Woel has become associated with H. Rodger & Bro., Joliet Buildi members of the Midwest St Exchange.

With Hornblower & Wee

(Special to The Financial Chronicle)

BANGOR, Maine — Leon Trenholm has become affilia with Hornblower & Weeks, State Street.

Joins Bankers Bond

(Special to The Financial Chronicle)

LOUISVILLE, Ky. — Oscar Wright is with The Bankers Bo Company, Inc., Kentucky Ho Life Building.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Feb. 6	§85.4	*85.0	81.2	74.4
Equivalent to—					
Steel ingots and castings (net tons)	Feb. 6	§2,061,000	*2,051,000	1,960,000	1,774,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Jan. 21	6,694,700	6,689,200	6,400,950	6,292,300
Crude runs to stills—daily average (bbls.)	Jan. 21	¶7,179,000	7,370,000	7,288,000	7,018,000
Gasoline output (bbls.)	Jan. 21	24,464,000	24,784,000	24,767,000	23,755,000
Kerosene output (bbls.)	Jan. 21	2,622,000	2,822,000	2,782,000	2,613,000
Distillate fuel oil output (bbls.)	Jan. 21	12,256,000	12,029,000	12,179,000	10,527,000
Residual fuel oil output (bbls.)	Jan. 21	8,141,000	8,737,000	8,042,000	8,296,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Jan. 21	166,285,000	162,198,000	154,922,000	165,815,000
Kerosene (bbls.) at	Jan. 21	26,118,000	27,677,000	30,521,000	23,651,000
Distillate fuel oil (bbls.) at	Jan. 21	95,870,000	100,111,000	113,817,000	91,030,000
Residual fuel oil (bbls.) at	Jan. 21	49,931,000	50,566,000	51,072,000	47,247,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Jan. 22	635,653	644,940	561,079	617,213
Revenue freight received from connections (no. of cars)	Jan. 22	610,906	597,676	570,565	592,942
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Jan. 27	$258,481,000	$257,151,000	$216,147,000	$171,054,000
Private construction	Jan. 27	160,389,000	163,839,000	68,439,000	78,535,000
Public construction	Jan. 27	98,092,000	93,312,000	147,708,000	92,519,000
State and municipal	Jan. 27	70,720,000	83,175,000	128,118,000	63,389,000
Federal	Jan. 27	27,372,000	10,137,000	19,590,000	29,130,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Jan. 22	8,500,000	8,680,000	7,475,000	8,410,000
Pennsylvania anthracite (tons)	Jan. 22	597,000	552,000	605,000	724,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Jan. 22	95	99	190	86
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Jan. 29	‡10,003,000	9,981,000	9,425,000	8,855,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Jan. 27	255	265	152	233
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Jan. 25	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	Jan. 25	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Jan. 25	$35.50	$34.50	$32.83	$27.67
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Jan. 26	29.700c	29.700c	29.700c	29.650c
Export refinery at	Jan. 26	32.850c	31.775c	30.575c	28.750c
Straits tin (New York) at	Jan. 26	88.875c	86.250c	87.250c	84.750c
Lead (New York) at	Jan. 26	15.000c	15.000c	15.000c	13.000c
Lead (St. Louis) at	Jan. 26	14.800c	14.800c	14.800c	12.800c
Zinc (East St. Louis) at	Jan. 26	11.500c	11.500c	11.500c	9.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 1	97.29	97.68	98.84	98.25
Average corporate	Feb. 1	109.97	110.34	110.52	107.98
Aaa	Feb. 1	113.89	114.46	114.85	113.12
Aa	Feb. 1	111.62	112.00	112.19	110.15
A	Feb. 1	110.15	110.34	110.34	107.62
Baa	Feb. 1	104.83	104.83	105.00	101.64
Railroad Group	Feb. 1	107.98	108.52	108.70	105.69
Public Utilities Group	Feb. 1	110.70	110.88	111.07	108.16
Industrials Group	Feb. 1	111.25	111.44	111.81	110.15
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 1	2.70	2.66	2.58	2.62
Average corporate	Feb. 1	3.17	3.15	3.14	3.28
Aaa	Feb. 1	2.96	2.93	2.91	3.00
Aa	Feb. 1	3.08	3.06	3.05	3.16
A	Feb. 1	3.16	3.15	3.15	3.30
Baa	Feb. 1	3.46	3.46	3.45	3.65
Railroad Group	Feb. 1	3.28	3.25	3.24	3.41
Public Utilities Group	Feb. 1	3.13	3.12	3.11	3.27
Industrials Group	Feb. 1	3.10	3.09	3.07	3.16
MOODY'S COMMODITY INDEX	Feb. 1	416.6	417.2	416.1	415.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Jan. 22	226,971	241,055	182,895	199,153
Production (tons)	Jan. 22	252,346	255,794	239,060	243,978
Percentage of activity	Jan. 22	93	93	90	94
Unfilled orders (tons) at end of period	Jan. 22	360,787	388,392	292,891	342,885
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Jan. 28	106.75	106.47	106.78	107.35
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)†—					
Number of shares	Jan. 15	1,772,913	1,946,677	1,173,065	764,041
Dollar value	Jan. 15	$86,516,910	$99,201,069	$58,180,965	$34,789,631
Odd-lot purchases by dealers (customers' sales)—					
Number of shares—Total sales	Jan. 15	1,474,801	2,163,641	1,283,826	708,567
Customers' short sales	Jan. 15	6,021	9,421	8,040	8,143
Customers' other sales	Jan. 15	1,468,780	2,154,220	1,275,786	70,424
Dollar value	Jan. 15	$68,402,918	$106,547,091	$58,223,698	$29,045,435
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 15	368,980	700,450	448,729	208,970
Short sales	Jan. 15	------	------	------	------
Other sales	Jan. 15	368,980	700,450	448,729	208,970
Round-lot purchases by dealers—					
Number of shares	Jan. 15	632,740	487,680	346,039	316,610
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Jan. 8	616,950	658,620	796,230	321,180
Other sales	Jan. 8	23,458,400	18,647,260	18,464,010	6,923,770
Total sales	Jan. 8	24,075,350	19,305,880	19,260,240	7,244,950
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 8	3,355,750	2,319,510	2,216,840	708,790
Short sales	Jan. 8	350,620	348,440	397,520	150,240
Other sales	Jan. 8	2,844,230	2,049,730	1,807,250	808,430
Total sales	Jan. 8	3,194,850	2,398,170	2,204,770	958,670
Other transactions initiated on the floor—					
Total purchases	Jan. 8	868,160	543,970	620,540	201,770
Short sales	Jan. 8	28,820	32,300	40,600	13,200
Other sales	Jan. 8	860,000	562,320	568,760	262,730
Total sales	Jan. 8	888,820	594,620	609,360	275,930
Other transactions initiated off the floor—					
Total purchases	Jan. 8	914,792	729,603	743,238	299,245
Short sales	Jan. 8	74,730	100,200	146,000	32,000
Other sales	Jan. 8	977,270	862,413	755,057	378,694
Total sales	Jan. 8	1,052,000	962,613	901,057	410,694
Total round-lot transactions for account of members—					
Total purchases	Jan. 8	5,138,702	3,593,083	3,580,618	1,209,805
Short sales	Jan. 8	454,170	480,940	584,120	195,440
Other sales	Jan. 8	4,681,500	3,474,463	3,131,067	1,449,854
Total sales	Jan. 8	5,135,670	3,955,403	3,715,187	1,645,294
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Jan. 25	110.2	110.1	109.6	110.9
Farm products	Jan. 25	93.0	92.6	91.8	98.9
Processed foods	Jan. 25	103.7	104.0	103.3	105.5
Meats	Jan. 25	86.7	87.7	84.3	94.9
All commodities other than farm and foods	Jan. 25	115.2	115.1	114.8	114.5

*Revised figure. ¶Includes 726,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 tons. ‡All-time new high record. †Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE—Month of December (000's omitted)	$1,941,000	$256,600	$1,715,200
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of January (000's omitted):			
Total U. S. construction	$1,295,310	$1,373,486	$766,320
Private construction	806,276	759,091	350,325
Public construction	489,034	614,395	415,995
State and municipal	325,801	500,367	334,891
Federal	163,233	114,028	81,104
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Nov. 30:			
Total consumer credit	$29,209	$28,975	$28,760
Instalment credit	22,014	21,952	21,907
Automobile	10,296	10,340	10,404
Other consumer goods	5,398	5,324	5,587
Repair and modernization loans	1,631	1,637	1,645
Personal loans	4,689	4,651	4,271
Noninstalment credit	7,195	7,023	6,853
Single payment loans	2,407	2,377	2,183
Charge accounts	3,042	2,892	2,931
Service credit	1,746	1,754	1,739
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-1949 Average=100—Month of December:			
Sales (average monthly), unadjusted	188	130	182
Sales (average daily), unadjusted	184	132	178
Sales (average daily), seasonally adjusted	105	105	101
Stocks, unadjusted	103	129	104
Stocks, seasonally adjusted	113	113	113
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of December:			
All manufacturing (production workers)	12,702,000	*12,711,000	13,319,000
Durable goods	7,283,000	*7,252,000	7,791,000
Nondurable goods	5,419,000	*5,459,000	5,528,000
Employment Indexes (1947-49 Avge. =100)—			
All manufacturing	102.7	*102.8	107.7
Payroll Indexes (1947-49 Average=100)—			
All manufacturing	143.8	142.8	147.2
Estimated number of employees in manufacturing industries—			
All manufacturing	16,102,000	*16,106,000	16,765,000
Durable goods	9,216,000	*9,178,000	9,773,000
Nondurable goods	6,886,000	*6,928,000	6,992,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE—Month of November (000's omitted):			
Ordinary	$2,219,000	$2,074,000	$1,956,000
Industrial	563,000	598,000	559,000
Group	7,489,000	400,000	523,000
Total	$10,271,000	$3,072,000	$3,038,000
MANUFACTURERS INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of November (millions of dollars):			
Inventories—			
Durables	$24,390	*$24,370	$26,975
Nondurables	19,421	*19,471	19,934
Total	$43,811	*$43,841	$46,909
Sales	24,596	*23,337	24,256
MONEY IN CIRCULATION—TREASURY DEPT. As of Dec. 31 (000's omitted)	$30,504,000	$30,500,000	$30,807,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE) — Month of November (in billions):			
Total personal income	$28.76	*$28.63	*$28.72
Wage and salary, receipts, total	197.4	*196.1	197.9
Commodity producing industries	83.8	*82.9	87.0
Distributing industries	53.0	*52.9	52.4
Service industries	26.3	26.1	25.0
Government	34.3	*34.2	33.5
Less employee contributions for social insurance	4.7	4.6	4.0
Other labor income	6.6	6.6	6.6
Proprietors and rental income	47.4	47.2	48.8
Personal interest income and dividends	24.5	24.5	23.7
Total transfer payments	16.4	*16.5	13.9
Total nonagricultural income	273.8	*272.3	271.3
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-14=100—As of Dec. 15:			
Unadjusted—			
All farm products	239	244	249
Crops	241	244	234
Food grain	239	239	229
Feed grain and hay	202	199	195
Tobacco	430	438	433
Cotton	276	281	269
Fruit	207	206	205
Truck crops	216	237	218
Oil-bearing crops	279	277	263
Livestock and products	237	243	263
Meat animals	257	266	267
Dairy products	264	266	288
Poultry eggs	156	159	224
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of October:			
Net railway operating income	$90,875,200	$80,204,308	$107,331,350
Other income	23,176,942	16,587,549	21,296,242
Total income	114,052,142	96,791,857	128,627,592
Miscellaneous deductions from income	3,809,051	3,842,322	4,168,715
Income available for fixed charges	110,243,091	92,949,535	124,458,877
Income after fixed charges	78,239,494	61,275,664	90,617,234
Other deductions	2,837,345	2,946,986	2,938,671
Net income	75,402,149	58,328,678	87,678,563
Depreciation (way & structure & equipment)	44,241,010	43,730,891	42,682,178
Federal income taxes	28,062,270	18,528,551	57,178,847
Dividend appropriations:			
On common stock	29,818,707	17,732,463	23,188,644
On preferred stock	3,511,651	2,510,355	6,723,082
Ratio of income to fixed charges	3.44	2.93	3.68
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS—Month of November (000's omitted):			
Exports	$1,219,000	*$1,263,400	$1,247,000
Imports	847,000	*763,173	848,707

Continued from page 13

News About Banks and Bankers

of the capital stock of the bank, were sold to a syndicate headed by Herman W. Becker, Chairman of the Board, and Harold R. Clark, bank President, at a price of $38.50 per share. The shares carry a par value of $10.

The sale was directed by Superior Court Judge John Grimshaw, Jr. to liquidate Beneficial Interest Certificates issued 20 years ago yesterday to some 3,500 depositors in lieu of 80% of their deposits to save the bank after the 1929 crash.

Over the intervening years, Franklin Trust failed to retire the certificates as other banks had done until a group of certificate holders won a court action to force liquidation of the outstanding certificates.

* * *

James M. Neri and Victor W. Farris have been elected Directors of **Palisades Trust Company of Englewood, N. J.** Mr. Neri is President of A. Neri, Inc., Hoboken, N. J., and Mr. Farris is President of Farris Engineering Corporation of Palisades Park, N. J.

* * *

Election of S. L. de Vausney and Harold L. Ryan to the Board of Managers of **The Montclair Savings Bank of Montclair, N. J.,** was announced on Jan. 19 by T. Philip Reitinger, President of the bank. Mr. Ryan is Vice-President of New Jersey Bell Telephone Co. He has been connected with the Bell System since 1920. Mr. Ryan has taken part in many local civic activities.

Stewart L. de Vausney is Vice-President and Secretary of the Bank of New York in New York City with which he has been associated since 1932.

* * *

The First National Bank at McKees Rocks, Pa., with common capital stock of $200,000, was placed in voluntary liquidation on Dec. 10, having been absorbed by the **Peoples First National Bank & Trust Company of Pittsburgh, Pa.**

* * *

The First National Bank of Apollo, Pa., with common capital stock of $50,000 was placed in voluntary liquidation as of Dec. 18, having been absorbed by the **Apollo Trust Co. of Apollo.**

* * *

Erwin Weber joined the staff of **Tradesmens Land Title Bank and Trust Company of Philadelphia,** on Feb. 1 as Assistant Vice-President in the foreign department. An announcement of his proposed connection was made on Jan. 17 by James M. Large, President. Mr. Weber had been associated with the International Banking Division of the **Irving Trust Company in New York** for many years. He had been in charge of that bank's foreign trade information service and the coordination of the development and furtherance of the bank's foreign business from domestic sources. Mr. Large pointed out that "Mr. Weber has traveled extensively abroad and has an excellent background of practical experience in foreign banking problems."

* * *

The Doylestown National Bank and Trust Company of Doylestown, Pa., has increased its capital from $125,000 to $250,000, the new capital resulting from a stock dividend of $125,000, having become effective Dec. 30.

* * *

Bank Item 17 17 17

Election of William D. Hahn, President of City Auto Stamping Company, to the board of directors of the **Ohio Citizens Trust Company of Toledo, Ohio,** was announced on Jan. 18 by Willard I. Webb, Jr., President of the trust company following the annual meeting of stockholders. With City Auto since 1935, Mr. Hahn was named Treasurer of that company in 1946, elected a director in 1947 and President in April 1954. The directors of the trust company at their meeting on the 18th, elected Arthur B. Bare Vice-President, Paul F. Lewis and Willard I. Webb, III, Assistant Vice-Presidents, Edward B. Davies, Assistant Secretary and Duane Donovan, Assistant Treasurer. Mr. Bare had formerly been an Assistant Vice-President and Messrs. Lewis and Webb Assistant Secretaries. In the Trust Department, William S. Miller was elected Assistant Vice-President. All other oifcers were re-elected.

* * *

The placing of the **Liberty National Bank of Chicago, Ill.** in voluntary liquidation as of Jan. 14 has been made known by the Comptroller of the Currency. The bank which had a common capital stock of $1,000,000 was absorbed by the **Chicago National Bank of Chicago.** A previous item on the matter appeared in our issue of Dec. 16, page 2472.

* * *

Stockholders of **Harris Trust and Savings Bank of Chicago,** held their annual meeting on Jan. 12, presided over by Mark A. Brown, retiring President of the bank. The stockholders elected Edwin A. Locke, Jr. President of the Union Tank Car Company, as a new member of the board of directors, in addition to re-electing 19 present members of the board. In keeping with the bank's policy of tenure of board members, the retirement was announced of Harold H. Swift and Richard E. Pritchard as directors of the bank. Mr. Swift, Board Chairman of Swift & Co., had been a member of the Harris Bank board since 1919 and was the senior member of the board in length of service. Mr. Pritchard, for many years a senior officer of the bank, had served as a director since 1949. Mr. Locke started his business career with **The Chase National Bank of New York,** serving that bank in its Paris and London offices, as well as in New York. During World War II he was Executive Assistant to the Chairman of the War Production Board and in 1947 returned to Chase Bank as Vice-President and mid-western representative. He later served as special representative of the Secretary of State with the rank of Ambassador to direct and co-ordinate economic and technical assistance in the Near East.

Kenneth V. Zwiener was elected President of **Harris Trust and Savings Bank** at the meeting of the board of directors held immediately following the bank annual stockholders' meeting. Mr. Zwiener succeeds Mark A. Brown, who retired in accordance with the Harris Bank's pension plan. Mr. Brown joined the bank in 1928 as Vice-President, became a director in 1942 and has served as President since 1950. Mr. Zwiener joined Harris Trust in its San Francisco office after graduating from the University of California. Moving to Chicago in 1932, he served in various departments before joining the banking department. He was elected Assistant Cashier in 1939, Assistant Vice-President in 1943, Vice-President in 1946 and became a member of the board last January.

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At the conclusion of the Board of Directors meeting of **The First National Bank of Chicago** held Jan. 11 Edward E. Brown, Chairman, announced the following changes in the official organization. Herbert V. Prochnow, Vice-President, who has had charge of the Foreign Department, will be the head of Division F, the Correspondent Bank and Bankers Division. Mr. Prochnow is Secretary of the Federal Advisory Council of the Federal Reserve System and is widely known as a result of his helping to organize and present activities in behalf of the University of Wisconsin School of Banking. Glenn M. Forgan, Vice-President in Division I, will move up to the leadership of that division of the bank dealing with companies engaged in the oil business and related industries. Guy C. Kiddoo, Vice-President whom Mr. Forgan succeeds, becomes one of the bank's General Vice-Presidents and will continue to devote his time to this field as has Hugo A. Anderson, Vice-President, who relinquished active leadership of Division I in 1947 to become a General Vice-President. Robert J. Crossley, Vice-President in Division C, will be the top officer of a newly created Division J which will relate itself to such businesses as contracting, building materials, furniture companies and accountants. Mr. Crossley has also been active in banking affairs, particularly in Robert Morris Associates serving as President of this Association in 1947-1948. Leslie H. Dreyer, Vice-President of the Foreign Department, will succeed Mr. Prochnow as the top officer in this section of the bank.

In addition to these appointments, the following officers received further recognition of their abilities by being promoted to positions of higher title: Verne L. Bartling (Division F), James A. Bourke (Division C), George F. Sisler (Business Development), Robert S. Swain (Trust Department), George B. Wendt (Bond Department) and LeRoy F. Winterhalter (Government Bond Department), Assistant Vice-Presidents were elected Vice-Presidents. P. Alden Bergquist and Philip M. Hiss (Bond Department), Milton C. Haase (Division C), Rudolph E. Palluck and Robert P. Keeth (Intermediate and Seriol Loans Division), Assistant Cashiers were elected Assistant Vice-Presidents. Charles E. Brandriff and Lucian B. Wilkinson, Trust Officers were elected Assistant Vice-Presidents. Richard B. Keck, Assistant Auditor, and Marion C. English, Assistant Cashier, were elected Assistant Comptrollers.

The annual meeting of shareholders took place on Jan. 11, and by approval of the stockholders membership of the Board of Directors was increased from 20 to 23. All directors holding office were re-elected. New directors elected were William Wood Prince, President, Union Stock Yard & Transit Co.; Chesser M. Campbell, Vice-President, "The Chicago Tdibune"; Marshall Field, Jr., Director, Field Enterprises, Inc. As a result of the declaration of a stock dividend in December 1954 of $10 million, the capital and surplus of The First National Bank of Chicago aggregates $200 million equally divided as to capital and surplus.

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Effective Dec. 16, the capital of the **City National Bank** in Dixon, Ill., was increased from $100,000 to $200,000 by a stock dividend of $100,000.

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A stock dividend of $200,000 has served to increase the capital of the **Security National Bank of Sioux City, Iowa,** from $800,000 to $1 million. The new capital became effective Dec. 16.

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Fred J. Sudekum, Auditor of **First National Bank in St. Louis, Mo.,** has been elected Vice-President and Comptroller by the bank's Board of Directors and Paul P. Turpin, Assistant Auditor, has been advanced to the position of Auditor of the bank. Mr. Sudekum, who has been with First National and its forerunner institutions since 1913, was elected Auditor in 1946. In addition to his new duties as Vice-President and Comptroller he will assume the duties of building project coordinator in charge of First National's building expansion and modernization program. Mr. Sudekum is active in the National Association of Bank Auditors and Comptrollers, the Missouri Bankers Association and other banking organizations, and is the author of magazine articles on bank accounting and auditoring procedures.

Mr. Turpin, newly elected Auditor of the bank, has been with First National since 1923. He became Assistant Auditor in 1946. He is a member of the St. Louis Chapter, Bank Auditors and Comptrollers and of the National Association of Cost Accountants.

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The Federal Reserve Bank of St. Louis announced on Jan. 18 that the **German American Bank of Jasper, Ind.,** became a member of the Federal Reserve System on that day. The new member bank's officers are: Louis J. Eckstein, President; P. L. Krodel, Vice-President; O. Loe Beckman, Cashier, Secretary and Trust Officer; Herbert S. Grabeman, Assistant Cashier; Andrew A. Knies Assistant Cashier.

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William C. Collins, 67, Vice-President of **First National Bank in St. Louis, Mo.,** died on Jan. 12, following a recurrence of a throat ailment with which he was stricken a few years ago. Mr. Collins was a native of Ireland, and a former Captain in the Sixteenth Lancers and British-West Africa Frontier Force. He served in Africa, India and the Near East before and during World War I. He had been a Vice-President of First National Bank in St. Louis since 1938. For a number of years prior to that he was an officer of the old First National Company, having become associated with that organization in 1922. From 1938 until 1952, Mr. Collins represented First National Bank's Correspondent Bank Department in the Texas and Louisiana territories.

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Mr. Verner F. Carpenter, Vice-President of the **Bank of St. Louis, St. Louis, Mo.** and a former Deputy Commissioner in the State Department of Finance, Jefferson City, died on Jan. 19 at the age of 58.

Mr. Carpenter began his banking career with the **Community Bank of Smithton** where he worked from 1919 to 1926 as Cashier. From 1926 to 1941 he was Assistant Cashier of the **Moniteau National Bank, California, Missouri.** He joined the Bank of St. Louis in 1945 and in January, 1948, after resigning from the Bank, he ran for the office of State Treasurer. Defeated, he returned to the Bank in November, 1948. He was a Vice-President in the Correspondent Banking Department.

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Joseph A. Trochta was elected Assistant Vice-President of the **Bank of St. Louis of St. Louis, Mo.,** by the bank's Board of Directors at their annual meeting on Jan. 21, it was announced Jan. 25 by Arthur Blumeyer, President. Mr. Trochta, who joined the organization in March, 1946, has been Assistant Cashier since January, 1952. In addition to his new title, he will retain the title of Assistant Cashier. He is a member of the Board of Governors of the American Institute of Banking. Bank of St. Louis is the major subsidiary of General Contract Corporation, a holding company for a group of banks, insurance and finance offices extending from Quincy, Ill. to New Orleans and operating in nine states.

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As a result of the sale of $50,000 of new stock, the capital of the **Third National Bank of Ashland, Ky.,** was enlarged on Dec. 28 from $200,000 to $250,000.

Wiley R. Reynolds, Jr. was re-elected President of the **First National Bank in Palm Beach, Fla.,** at the annual shareholders meeting held Jan. 27. He reported the re-election of the directors to office and stated that at the organization meeting the official staff was re-elected, with the appointment of Mrs. Anne Walker, who has been with the bank since 1945, to the position of Administrative Assistant. Mr. Reynolds indicated that the net operating earnings were the highest in the history of the bank at $348,000, or $3.48 per share on each $10 par value share of stock outstanding. He advised that interest on securities amounted to approximately $620,000, and that loan income for 1954 amounted to $451,000, or approximately 33% of total income, with an average rate of return for the year of 4.10%. Mr. Reynolds' report deposits were indicated as $51,864,312 on Dec. 31, or an increase in excess of $3,700,000 over a year ago. Capital funds totaled $4,513,400.

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A stock dividend of $300,000 has brought about an increase in the capital of the **First National Bank of Florence, Ala.,** from $300,000 to $600,000. The new capital became effective on Dec. 23, 1954.

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An increase of $1,000,000 in the surplus of the surplus account of the **First National Bank of Shreveport, La.,** authorized by the directors on Jan. 12, has brought the surplus up to $6,000,000, and raised the combined capital and surplus to $8,000,000.

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James H. Kepper, Executive Vice-President of the **Hibernia National Bank, of New Orleans, La.** was honored by his fellow officers and bank directors at a dinner on January 4 upon the occasion of his retirement, after 45 years in the banking profession. At the dinner Mr. & Mrs. Kepper were presented with two Georgian silver candelabras and a Georgian tureen. In making the presentation, Wallace M. Davis, President of the Hibernia National Bank, said that Mr. Kepper's "reward of such long service is found in the splendid record which he achieved as a banker and in the high regard in which he is held by all of his associates and friends." Mr. Davis also said: "The year 1954, marked for Mr. Kepper the completion of 45 years in the banking profession and the year 1955 ushers in for him the beginning of a leisured life of retirement which he has so richly earned." With the exception of a few years of his youth, Mr. Kepper's entire business life has been spent in banking. His first job was that of a messenger in the **Algiers Savings Bank** in 1903. A year later, he entered the employ of the Southern Pacific Railroad and two years later became connected with the New Orleans Northeastern RR. In 1909 Mr. Kepper commenced work as a general clerk for the **Hibernia Bank & Trust Company.** While with that institution he held the position of discount teller, Assistant Cashier, Cashier, Vice-President and director of the bank. With the organization of **The Hibernia National Bank in 1933,** Mr. Kepper was elected Executive Vice-President as well as a member of the Board of Directors.

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Directors of the **First National Bank in Dallas, Texas,** made five advancements in the officer staff at their meeting following that of the stockholders on Jan. 11. W. F. Worthington was moved up from Vice-President and Trust Officer to Vice-President and Senior Trust Officer. John Max Gray was advanced from Assistant Cashier to Assistant Vice-President. Roy H. Hooten, Carl L. Walker, and Louis R. Wilson were elected Assistant Cashiers.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Amalgamated Uranium Corp., Salt Lake City, Utah
Sept. 1 (letter of notification) 2,500,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—218 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—Ned J. Bowman Co., the same city.

Amcrete Corp., Briarcliff, N. Y.
Dec. 6 (letter of notification) 7,500 shares of 6% participating preferred stock. **Price** — At par ($10 per share). **Proceeds**—For working capital. **Business**—Distributor of prefabricated concrete wall panels and buttresses made of steel reinforced dense concrete, etc. **Underwriter**—None.

American Beauty Homes, Inc., Houston, Tex.
Jan. 20 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For prefabrication and assembly of homes. **Office**—10509 South Main St., Houston, Tex. **Underwriters** — Hunter Securities Corp., New York, and Continental Securities Corp., Houston, Tex.

American Duchess Uranium & Oil Co.
Dec. 9 (letter of notification) 1,500,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For uranium and oil activities. **Office**—Judge Bldg., Salt Lake City, Utah. **Underwriter**—Northern Securities, Inc., Seattle, Wash.

American Service Publishing Co., Inc.
Jan. 11 (letter of notification) 50,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—400 Walker Bldg., Washington, D. C. **Underwriter**—Theodore T. Ludlum & Associates, Ltd., Washington, D. C.

American Water Works Co., Inc. (2/9)
Jan. 13 filed 225,000 shares of cumulative preferred stock (par $25). **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for additional investments in subsidiaries. **Underwriters**—W. C. Langley & Co. and The First Boston Corp., both of New York.

American Water Works Co., Inc. (2/9)
Jan. 13 filed 540,894 shares of common stock (par $5) to be offered for subscription by common stockholders at the rate of one new share for each five shares held about Feb. 8; rights to expire Feb. 23 (Northeastern Water Co., owner of 1,625,000 of the 2,704,472 outstanding shares) will subscribe for 325,000 of the new shares. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for additional investments in subsidiaries. **Underwriters**—W. C. Langley & Co. and The First Boston Corp., both of New York.

Anticline Uranium, Inc., San Francisco, Calif.
Oct. 28 (letter of notification) 2,970,000 shares of class A capital stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development expenses. **Office**—995 Market St., San Francisco, Calif. **Underwriter**—Coombs & Co., of Los Angeles, Inc., Los Angeles, Calif.

Arctic Uranium Mines Ltd.
Oct. 28 (Regulation "D") 1,500,000 shares of common stock (no par value). **Price**—20 cents per share. **Proceeds**—For general corporate purposes. **Office** — 411 Childs Bldg., Winnipeg, Manitoba, Canada. **Underwriter**—De Gaetano Securities Corp., New York.

Arizona Golconda Metals, Inc.
Dec. 7 (letter of notification) 292,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office** — Kingman, Ariz. **Underwriter**—Baruch Brothers & Co., Inc., New York.

● **Audio & Video Products Corp. (2/7)**
Jan. 17 (letter of notification) 450,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—To reduce accounts payable, to maufacture new tape recording machine, and for working capital. **Office**—730 Fifth Ave., New York, N. Y. **Underwriter** — Townsend Graff & Co., same city. **Offering**—Expected in the next few days.

● **Automatic Canteen Co. of America**
Dec. 28 filed 97,481 shares of common stock (par $5) being offered for subscription by stockholders of record Jan. 27, 1955 on the basis of one new share for each six shares held; rights to expire on Feb. 14. **Price**—$17 per share. **Proceeds**—Together with other funds, to purchase 262,500 shares of common stock of the Rowe Corp. **Underwriter**—Glore, Forgan & Co., New York.

Automatic Remote Systems, Inc., Baltimore
Aug. 4 filed 620,000 shares of common stock (par 50 cents), of which 540,000 shares are to be offered to public and 80,000 shares to be issued to underwriter **Price**—$3.75 per share. **Proceeds**—For manufacture of Telebet units and Teleac systems and additions to working capital. **Underwriter**—Mitchell Securities, Inc., Baltimore, Md.

★ **Automation Industries, Inc., Baltimore, Md.**
Jan. 26 (letter of notification) 9,800 shares of 6% preferred stock (par $10); 100 shares of class B common stock (par $10); and 10,000 shares of class A common stock (par 10 cents). **Price** — At par. **Proceeds** — For working capital. **Address**—Box 2583, Baltimore 15, Md. **Underwriter**—None.

Big Bend Uranium Co., Salt Lake City, Utah
Aug. 6 (letter of notification) 7,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—510 Newhouse Building, Salt Lake City, Utah. **Underwriter** — Call-Smoot Co., Phillips Building, same city.

Big Indian Uranium Corp., Provo, Utah
July 15 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Address**—Box 77, Provo, Utah. **Underwriter**—Weber Investment Co., 242 N. University Ave., Provo, Utah.

Bikini Uranium Corp., Denver, Colo.
Oct. 15 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office** — 705 First National Bank Bldg., Denver, Colo. **Underwriter**—I. J. Schenin Co., New York.

Blue Canyon Uranium, Inc.
Nov. 29 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining activities. **Offices** — 1003 Continental Bank Bldg., Salt Lake City, Utah, and 618 Rood Ave., Grand Junction, Colo. **Underwriter** — James E. Reed Co., Reno, Nev.

Blue Jay Uranium Corp., Elko, Nev.
Oct. 15 (letter of notification) 1,000,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For exploration and development costs. **Office**—402 Henderson Bank Bldg., Elko, Nev. **Underwriter**—Security Uranium Service, Inc., Moab and Provo, Utah.

● **British Western America Uranium Corp. (2/11)**
Jan. 13 (letter of notification) 298,400 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For exploration and development expenses. **Office**—C. A. Johnson Bldg., Denver, Colo. **Underwriter**—S. D. Fuller & Co. and Vermilyea Brothers, both of New York

● **California Tuna Fleet, Inc., San Diego, Calif.**
Sept. 29 filed $4,000,000 of 6% sinking fund debentures due 1966 and 160,000 shares of common stock (par five cents) to be offered in units of a $500 debenture and 20 shares of stock. **Price**—To be supplied by amendment. **Proceeds**—For purchase from National Marine Terminal, Inc. of its undivided interest in 17 tuna clippers, subject to certain liabilities; for construction of four tuna clippers; and the balance for working capital and general corporate purposes. **Underwriter** — Barrett Herrick & Co., Inc., New York. **Offering**—May be effected in March and registration statement may be amended.

★ **Cal-Moab Uranium Corp., Madera, Calif.**
Jan. 21 (letter of notification) 1,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For advance toward estimated expenses for the proposed additional issue of approximately $290,000 aggregate value. **Office**—209 South "O" St., Madera, Calif. **Underwriter**—Petroleum Finance Corp., Oklahoma City, Okla.

● **Canadian Petrofina, Ltd.**
Dec. 20 filed 1,751,428 shares of non-cumulative participating preferred stock (par $10—Canadian) being offered in exchange for shares of capital stock of Calvan Consolidated Oil & Gas Co., Ltd. at the rate of six preferred shares for each 17 Calvan shares. The offer is contingent to acceptance by not less than 51% of the outstanding Calvan stock and will expire on Feb. 28, unless extended. **Underwriter**—None. Statement effective Jan. 21.

★ **Capital Bakers, Inc., Harrisburg, Pa.**
Jan. 21 (letter of notification) $30,000 of 4% non-convertible debentures. **Price** — At par (in units of $50 each). **Proceeds** — For expansion, new equipment and working capital. **Office**—58 N. 13th St., Harrisburg, Pa. **Underwriter**—None.

Carnotite Development Corp.
Oct. 26 (letter of notification) 16,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For exploration and development expenses. **Office**—317 Main St., Grand Junction, Colo. **Underwriter**—Western Securities Corp., Salt Lake City, Utah.

★ **Carolina Power & Light Co.**
Feb. 2 filed 50,000 shares of cumulative serial preferred stock (no par) and 550,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—From sale of shares, together with other funds, for additions and improvements to property. **Underwriters**

Continued on page 38

NEW ISSUE CALENDAR

February 7 (Monday)
Audio & Video Products Corp.______Common
(Townsend Graff & Co.) $135,000
Pittston Co. ______Common
(Allen & Co. and Reynolds & Co.) 285,000 shares

February 8 (Tuesday)
General Motors Corp.______Common
(Offering to stockholders—underwritten by Morgan Stanley & Co.) approx. $325,000,000
General Telephone Co. of California______Bonds
(Bids 8 a.m. PST) $12,000,000
Green Mountain Uranium Corp.______Common
(Teller & Co.) $300,000
Southeastern Public Service Co.______Common
(Exchange offer—not underwritten) 28,000 shares

February 9 (Wednesday)
American Water Works Co., Inc.______Preferred
(W. C. Langley & Co. and The First Boston Corp.) $5,625,000
American Water Works Co., Inc.______Common
(Offering to stockholders—underwritten by W. C. Langley & Co. and The First Boston Corp.) 540,894 shares
Consolidated Cement Corp.______Common
(Merrill Lynch, Pierce, Fenner & Beane) 60,080 shares
Globe Metallurgical Corp.______Common
(McDonald & Co.) $1,475,000
Lehman Corp. ______Common
(Offering to stockholders—no underwriting) 420,623 shares.
Phaostron Co.______Common
(First California Co.) $540,000

February 10 (Thursday)
General Homes, Inc.______Common
(S. D. Fuller & Co.) $1,500,000

February 11 (Friday)
British Western America Uranium Corp.______Common
(S. D. Fuller & Co. and Vermilyea Brothers) $298,400

February 14 (Monday)
Dallas Power & Light Co.______Debentures
(Bids noon EST) $7,000,000
Gatling Mining & Development Co., Inc.______Preferred
(Offering by company—no underwriting) $300,000
Stewart Uranium Drilling Co., Inc.______Class A
(General Investing Corp.) $250,000

February 15 (Tuesday)
Chesapeake & Colorado Uranium Corp.______Common
(Peter Morgan & Co.) $750,000
Kansas City Power & Light Co.______Bonds
(Bids 11 a.m. EST) $16,000,000

February 16 (Wednesday)
South Georgia Natural Gas Co.______Common
(Shields & Co.) about $900,000

February 17 (Thursday)
Central Electric & Gas Co.______Debentures
(Stone & Webster Securities Corp.) $1,500,000

February 23 (Wednesday)
Texas Electric Service Co.______Bonds
(Bids 11:30 a.m. EST) $17,000,000
United States Ceramic Tile Co.______Common
(Granbery, Marache & Co.) 70,000 shares

February 28 (Monday)
Sheraton Corp. of America______Debentures
(Paine, Webber, Jackson & Curtis) $5,000,000

March 1 (Tuesday)
Central & South West Corp.______Common
(Bids to be invited) 600,000 shares

March 7 (Monday)
Atlantic Steel Co.______Common
(Courts & Co.) 200,000 shares

March 15 (Tuesday)
Kansas Gas & Electric Co.______Bonds
(Bids to be invited) $10,000,000
Kansas Gas & Electric Co.______Preferred
(Bids to be invited) $6,000,000

March 16 (Wednesday)
Bishop Oil Co.______Common
(Offering to stockholders—to be underwritten) 153,236 shares
Trav-Ler Radio Corp.______Debentures
(Straus, Blosser & McDowell) about $1,500,000

April 15 (Friday)
Westpan Hydrocarbon Co.______Common
(May be Union Securities Corp.) 384,861 shares

May 10 (Tuesday)
Georgia Power Co.______Bonds
(Bids 11 a.m. EST) $12,000,000

May 31 (Tuesday)
Alabama Power Co.______Bonds
(Bids 11 a.m. EST) $15,000,000

November 9 (Wednesday)
Southern Co. ______Common
(Bids to be invited) 500,000 shares

Continued from page 37

—Merrill Lynch, Pierce, Fenner & Beane, New York, and R. S. Dickson & Co., Charlotte, N. C.

★ Carver House, Inc. (Nev.)
Jan. 18 (letter of notification) 100,000 shares of class A non-voting common stock (par 48 cents) and 100,000 shares of class B voting common stock (par one cent) to be offered in units of one share of each class of stock. **Price**—50 cents per unit. **Proceeds**—For initial expenses incident to building of hotel. **Underwriter**—None.

★ Cavalcade of Golf, Inc.
Jan. 26 (letter of notification) 250 units of securities, each unit consisting of $500 2% seven-year debenture, one share of 1% non-cumulative preferred stock (par $500) and one share of class B common stock (no par). **Price**—$1,001 per unit. **Proceeds**—For working capital, etc. **Office**—200 Fifth Ave., New York, N. Y. **Underwriter**—None.

★ Central Electric & Gas Co. (2/17)
Jan. 28 filed $1,500,000 convertible subordinated debentures due Feb. 15, 1970. **Price** — At 100% of principal amount. **Proceeds** — For construction program. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York.

★ Central Eureka Corp., San Jose, Calif.
Jan. 18 (letter of notification) $300,000 of 5% convertible debentures due Feb. 1, 1965. **Price**—At par (denominations of $500 each). **Proceeds**—For acquisition of additional properties and for working capital. **Office**—Berryessa Road, San Jose, Calif. **Underwriter**—Shaw, Hooker & Co., San Francisco, Calif.

★ Central & South West Corp. (3/1)
Feb. 2 filed 600,000 shares of common stock (par $5). **Proceeds**—To repay bank loans and loan from insurance company, and to purchase common shares of subsidiaries. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Smith, Barney & Co. (jointly) The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Lazard Freres & Co. (jointly). **Bids**—Expected on March 1.

Chesapeake & Colorado Uranium Corp. (2/15)
Dec. 7 filed 750,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development program. **Office** — Washington, D. C. **Underwriter**—Peter Morgan & Co., New York.

Circle Air Industries, Inc.
Nov. 29 (letter of notification) 299,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds** — For machinery and equipment and working capital. **Name Change**—Company was formerly known as Paley Manufacturing Corp. **Office**—244 Herkimer Street, Brooklyn, N. Y. **Underwriter**—Allen E. Beers Co., Philadelphia, Pa.

• Clarington Sand & Gravel Co.
Jan. 18 (letter of notification) 1,200 shares of common stock. **Price**—At par ($25 per share). **Proceeds**—For purchase of mining and washing equipment to equip plant now under construction. **Office** — Clarington, Pa. **Underwriter**—William T. Bowler & Co., Bradford, Pa. **Offering**—Now being made.

Colonial Acceptance Corp.
Dec. 20 filed $2,500,000 of 6% junior subordinated sinking fund debentures, series B, due Dec. 1, 1968, of which $1,529,550 principal amount are offered in exchange for $1,390,500 of debentures due 1958 on the basis of $550 of new debentures for each $500 of debentures held. Offer expires Feb. 21. **Price**—At par and accrued interest. **Proceeds** — To retire junior subordinated sinking fund debentures which mature Dec. 1, 1958. **Underwriters**—Straus, Blosser & McDowell and Fairman, Harris & Co., Inc., both of Chicago, Ill.

Colorado Plateau Uranium Co.
Dec. 1 (letter of notification) 1,900,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining activities. **Office** — 824 Equitable Bldg., Denver 2, Colo. **Underwriter**—John L. Donahue, 430 16th St., Denver, Colo.

Consolidated Cement Corp., Chicago, Ill. (2/9)
Jan. 20 filed 60,080 shares of common stock (no par), of which 20,000 shares are to be sold for account of certain selling stockholders and 40,080 shares for account of company. **Price**—To be supplied by amendment. **Proceeds** — To be used principally in connection with construction program, already commenced, at Kansas plant. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Consolidated Credit Corp., Charlotte, N. C.
Oct. 25 (letter of notification) $100,000 of 20-year 6% subordinate sinking fund notes and 100 ten-year warrants to purchase 20 shares of common stock to be sold in units of a $1,000 note and one warrant. **Price**—$1,000 per unit (each warrant is exercisable at $10 per share.) **Proceeds** — To repay bank loan. **Office** — 221½ West Trade St., Charlotte, N. C. **Underwriter**—J. C. Wheat & Co., Richmond, Va.

Consol. Edison Co. of New York, Inc.
April 7, 1954, filed $50,000,000 first and refunding mortgage bonds, series K, due May 1, 1984. **Proceeds**—To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Morgan, Stanley & Co.; The First Boston Corp. **Offering**—Originally setfor May 11, but has been postponed because of market conditions. No new date set.

★ Consolidated Fenimore Iron Mines Ltd.
Jan. 24 filed 204,586 shares of common stock (par $7), to be offered for subscription by common stockholders of record Feb. 7, 1955 at the rate of one new share for each five shares held. **Price**—$2.20 per share. **Proceeds**—From sale of this stock, plus $440,000 to be available from sale of 200,000 shares to Alator Corp. Ltd. and Yam Securities Ltd., and $175,000 treasury funds, to be used to pay for geological surveys and metallurgical research, for drilling expenses and other general corporate purposes. **Office**—Toronto, Canada. **Underwriter**—None.

★ Consolidated Sudbury Basin Lines, Ltd., Toronto, Canada
Jan. 31 filed 3,000,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of properties. **Underwriter**—Stock to be sold on Toronto Stock Exchange or through underwriters or selected dealers in United States.

Constellation Uranium Corp., Denver, Colo.
Oct. 11 (letter of notification) 1,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** — For exploration and development expenses. **Office**—206 Mercantile Bldg., Denver, Colo. **Underwriter**—Petroleum Finance Corp., Oklahoma City, Okla.

Contact Uranium, Mines, Inc., N. Y.
Dec. 7 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—100 West 42nd St., New York. **Underwriter**—Justin Steppler, Inc., New York.

Continental Loan Co., Dallas, Tex.
Dec. 22 (letter of notification) $150,000 of 4% 10-year debentures and 42,000 shares of common stock (par 10 cents) to be offered in units of $1,000 of debentures and 200 shares of stock; remaining 12,000 shares to be purchased by underwriter. **Price**—$1,400 per unit; and $2 per common share. **Proceeds**—To buy common stock of Budget and Mutual and for working capital. **Office**—815 Fidelity Union Life Bldg., Dallas, Tex. **Underwriter**—Securities Management Corp., same address.

Cuba (Republic of)
Jan. 7 filed $2,500,000 of Veterans, Courts and Public Works 4% bonds due 1983. **Price**—To be supplied by amendment. **Proceeds** — To Romenpower Electra Construction Co., which received the bonds in payment for work preformed for the Republic or one of more of its agencies. **Underwriters**—To be named by amendment.

Dallas Power & Light Co. (2/14)
Jan. 14 filed $7,000,000 of sinking fund debentures due 1980. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros & Hutzler; The First Boston Corp.; Lehman Brothers; Union Securities Corp. and Wertheim & Co. (jointly); Kidder, Peabody & Co., Blyth & Co., Inc. and Merrill, Lynch, Pierce, Fenner & Beane (jointly); Equitable Securities Corp.; Kuhn, Loeb & Co. **Bids**—Expected to be received up to noon (EST) on Feb. 14.

★ Desert Mining Co., Albuquerque, N. Mex.
Jan. 26 (letter of notification) 700,000 shares of common stock (par 25 cents). **Price**—30 cents per share. **Proceeds** — For mining expenses. **Office** — 210 Third Street, N. M., Albuquerque, N. Mex. **Underwriter** — None.

★ Desert Queen Uranium Co., Salt Lake City, Utah
Jan. 26 (letter of notification) 259,500 shares of common stock (par two cents). **Price**—$1 per share. **Proceeds**—for mining operations. **Office**—506 Judge Building, Salt Lake City, Utah. **Underwriter** — Selected Securities Ltd., Los Vegas, Nev.

Desert Uranium Co., Salt Lake City, Utah
Oct. 18 (letter of notification) 2,000,000 shares of common stock **Price**—At par (15 cents per share). **Proceeds**—For exploration and development expenses. **Office**—524 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—Van Blerkom & Co., same city.

Devil Canyon Uranium Corp., Moab, Utah
Nov. 8 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—21 Main St., Petersen Bldg., Maob, Utah. **Underwriter**—Melvin F. Schroeder, 501 Kittredge Bldg., Denver, Colo.

Diamond Uranium Corp., Moab, Utah
Jan. 20 (letter of notification) 3,500,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—M. I. C. Bldg., Moab, Utah. **Underwriter**—Security Uranium Service, Inc., K. O. V. O. Bldg., P. O. Box 77, Provo, Utah.

★ Dolores of Florida, Inc., Memphis, Tenn.
Jan. 24 (letter of notification) 20,000 shares of common stock (no par). **Price**—$5 per share. **Office**—810 Walnut St., Memphis, Tenn. **Underwriter**—None.

East Tennessee Water Corp.
Dec. 20 (letter of notification) $160,000 of first mortgage 6% bonds dated Dec. 1, 1954. **Price** — At par (in denominations of $1,000 each). **Proceeds**—For purchase of real estate, capital improvements and contingencies. **Office**—306 E. Main St., Johnson City, Tenn. **Underwriter**—D. T. McKee Investment Co., Box 904, Bristol, Va.

East Texas Loan & Investment Co.
Jan. 20 (letter of notification) 25,000 shares of common stock (no par). **Price** — $10 per share. **Proceeds**—For working capital. **Office**—203 East Cotton St., Longview, Tex. **Underwriter**—D. G. Carter Investment Co., same address.

★ Eaton & Howard Stock Fund, Boston, Mass.
Jan. 31 field 1,500,000 shares of capital stock. **Price**—At par. **Proceeds**—For investment.

El Morocco Enterprises, Inc., Las Vegas, Nev.
Dec. 29 filed $6,000,000 of 8% sinking fund debenture bonds due July 1, 1967, and 1,950,000 shares of common stock (par 10 cents), each purchaser of bonds to have the right to purchase common stock at par at rate of 10 shares for each $100 of bonds up to $9,900 of debenture bonds purchased, with amount of shares increasing in proportion to amount of bonds purchased. **Price**—100% of principal amount for bonds. **Proceeds**—To pay balance of purchase price of Las Vegas Hotel, Inc. capital stock, construction of main hotel building, pavilions, swimming pool, furnishings, etc. **Underwriter**—Company may sell debenture bonds and common stock to dealers through brokers.

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and building and working capital. **Office** — 407 Liberty Trust Bldg., Philadelphia, Pa. **Underwriter**—None.

Electronics Investment Corp., San Diego, Calif.
Dec. 14 filed 2,000,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—For investment.

Eula Belle Uranium, Inc.
Oct. 18 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development expenses. **Office**—506 First Security Bank Bldg., Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same city.

Farm & Home Loan & Discount Co.
Nov. 29 filed 320,000 shares of class A common stock (par 25 cents), 214,285 shares of class B common stock (par 35 cents) and 300,000 shares of class C common stock (par 50 cents). **Price** — At par. **Proceeds** — For working capital. **Office**—Phoenix, Ariz. **Underwriter**—None.

Financial Credit Corp., New York
Jan. 29, 1954 filed 250,000 shares of 7% cumulative sinking fund preferred stock. **Price**—At par ($2 per share). **Preceeds** — For working caiptal. **Underwriter** — E. J. Fountain & Co., Inc., New York.

Four States Uranium Corp., Grand Junction, Colo.
Aug. 16 (letter of notification) 300.000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploratory and development expenses. **Office** — 618 Rood Avenue, Grand Junction, Colo. **Underwriter** — Joe Rosenthal, 1669 Broadway, Denver, Colo.

★ Frio Frozen Foods, Inc., Anthony, Texas
Jan. 25 (letter of notification) 20,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For construction of plant and refrigeration. **Address**—Box 306, Anthony, Tex. **Underwriter**—Norman D. Patterson, Jr., El Paso, Tex.

★ Frontier Uranium Co., Ogden, Utah
Jan. 27 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Office**—First State Bank Building, Ogden, Utah. **Underwriter**—Coombs & Co. of Ogden, same city.

Gatineau Uranium Mines Ltd. (Canada)
Aug. 10 (Regulation "D") 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and development costs. **Office** — 100 Adelaide St. West, Toronto, Canada. **Underwriter**—McCoy & Willard, Boston, Mass.

★ Gatling Mining & Development Co., Inc. (2/14)
Jan. 28 (letter of notification) 1,200,000 shares of preferred stock. **Price**—At par (25 cents per share). **Proceeds**—For drilling expenses and working capital. **Office**—79 Main St., South River, N. J. **Underwriter**—None.

Gem Uranium & Oil Co., Salt Lake City, Utah
Dec. 9 (letter of notification) 11,000,000 shares of capital stock (par one cent). **Price**—Two cents per share. **Proceeds**—For exploration and development of oil and uranium properties. **Office** — 414 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Utah Uranium Brokers, same city.

• General Homes, Inc. (2/10)
Dec. 15 filed 300,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For plant expansion, new equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

General Motors Corp., Detroit, Mich. (2/8)
Jan. 20 filed 4,385,000 shares of common stock (par $5) to be offered for subscription by common stockholders of record Feb. 8 at the rate of one new share for each 20 shares held; rights to expire on March 7. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and working capital. **Subscription Agents**—J. P. Morgan & Co. Incorporated, New York, N. Y.; National Bank of Detroit, Detroit, Mich.; Continental Illinois National Bank & Trust Co., Chicago, Ill.; and Bank of America N. T. & S. A., San Francisco and Los Angeles, Calif. **Underwriter**—Morgan Stanley & Co., New York.

G. M. Shares, Inc., Detroit, Mich.
Jan. 20 filed 52,585 shares of class A stock (par $1), 11,138 shares of class B stock (par $1) and 790 shares of common stock (par $1) to be offered for subscription by holders of the respective shares at the rate of one new share for each 20 shares of stock held as of record Feb. 8. **Proceeds**—To purchase common stock of General Motors Corp. through the exercise of rights received from that company. At Dec. 31, 1954, G. M. Shares, Inc. owned 2,577,160 shares of General Motors common.

★ General Securities, Inc., Minneapolis, Minn.
Jan. 28 filed 20,000 shares of capital stock. **Price** — At market. **Proceeds**—For investment.

General Services Life Insurance Co.
Sept. 14 filed 50,000 shares of class A common stock (par $1). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—Washington, D. C. **Underwriter**—None.

General Telephone Co. of California (2/8)
Jan. 10 filed $12,000,000 of first mortgage bonds, series 1, due Feb. 1, 1985. **Price**—To be supplied by amendment. **Proceeds**—To discharge bank loans and for property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp. (jointly); Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); White, Weld & Co. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 8 p.m. (PST) on Feb. 8.

General Uranium Corp., Salt Lake City, Utah
Oct. 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For development and exploration expenses. **Office**—404 Boston Building, Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

• Globe Metallurgical Corp. (2/9)
Jan. 18 filed 147,500 shares of common stock (par $5), of which 30,000 shares are to be offered to a group composed largely of stockholders of Globe Iron Co, the parent, and 117,500 shares are to be offered to public. **Price** — $10 per share. **Proceeds** — For capital improvements and working capital. **Office**—Beverly, Ohio. **Underwriter**—McDonald & Co., Cleveland, Ohio.

★ Golden Bear Uranium, Inc., Reno, Nev.
Jan. 24 (letter of notification) 554,027 shares of common stock (par 10 cents). **Price**—35 cents per share. **Proceeds**—For mining expenses. **Office**—246 West First St., Reno, Nev. **Underwriter**—None.

★ Great Basin Uranium Corp., Las Vegas, Nev.
Jan. 21 (letter of notification) 600,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For mining operations. **Address**—c/o Morse, Graves & Compton, 25 Fremont Street, Las Vegas, Nev., and Room 4, Coronet Building, Las Vegas, Nev. **Underwriter**—None.

• Green Mountain Uranium Corp. (2/8)
Nov. 30 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining activities. **Office**—618 Rood Ave., Grand Junction, Colo. **Underwriter**—Tellier & Co., Jersey City, N. J.

Gulf States Utilities Co.
May 14, 1954 filed 160,800 shares of preferred stock (par $100). **Proceds**—To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Gulf States Utilities Co.
May 14, 1954 filed $24,000,00 first mortgage bonds due June 1, 1984. **Proceeds**—To redeem $10,000,000 of 3⅞% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983, and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

★ Handy & Harman, New York City
Jan. 31 (letter of notification) 7,100 shares of common stock (par $1). **Price** — $6 per share. **Proceeds** — For general corporate purposes. **Office**—82 Fulton St., New York 38, N. Y. **Underwriter**—None.

★ Harvard Brewing Co., Lowell, Mass.
Feb. 1 filed 345,760 shares of common stock (par $1), which the Attorney General, as successor to the Alien Property Custodian, is the owner and proposes to offer at competitive bidding. If any such bid is accepted, and if the successful bidder plans to distribute the shares, the company will file post-effective amendments to supply the requisite additional information. There are 625,000 shares outstanding.

Highland Uranium, Inc., Casper, Wyo.
Dec. 13 (letter of notification) 6,000,000 shares of common stock (par two cents). **Price**—Five cents per share. **Proceeds** — For exploration and development expenses. **Office**—208 Turner-Cottman Bldg., Casper, Wyo. **Underwriter** — Casper Brokerage Co., Inc., Henning Hotel Bldg., Casper, Wyo.

• Hilton Hotels Corp., Chicago, Ill.
Dec. 23 filed $7,978,900 of 4½% 15-year convertible debentures, due Jan. 1, 1970, and $31,915,600 of 4¾% 15-year debentures due Jan. 1, 1970, being offered to certain holders and former holders of common stock of Hotels Statler Co., Inc. on the basis of $10 principal amount of convertible debentures and $40 principal amount of non-convertible debentures for each common share held. The offering will expire on Feb. 14. **Price** —at 100% of principal amount (in denominations of $100 and multiples thereof). **Proceeds**—To repay bank loan and for working capital. **Underwriter**—None. The Marine Midland Trust Co. of New York, 120 Broadway, New York, is warrant agent.

Hycalog, Inc., Shreveport, La.
Jan. 6 (letter of notification) 50,000 shares of common stock (no par), of which 5,000 shares are to be first offered to employees and the remainder to public. **Price**—$4.60 per share; to public $5 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Keith Reed & Co., Dallas, Tex.

International Spa, Inc., Reno, Nev.
Nov. 23 filed 12,000 shares of common stock (no par). **Price**—$500 per share. **Proceeds**—For land, construction, working capital, etc. **Underwriter**—None.

Jarmon Properties & Oil Development Corp.
Jan. 17 (letter of notification) 30,000 shares of captal stock. **Price**—At par ($10 per share). **Proceeds**—For further exploration and development. **Addres**—P. O. Box 1109, Wichita Falls, Tex. **Underwriter**—John A. Aicholtz & Associates, 505 Macon St., Fort Worth, Tex., and another.

Justheim Petroleum Co., Salt Lake City, Utah
Dec. 9 (letter of notification) 2,650,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For oil and mining expenses. **Office**—318 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Hunter Securities Corp., New York.

Kansas City Power & Light Co. (2/15)
Jan. 19 filed $16,000,000 of first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Bear, Stearns & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Glore, Forgan & Co.; Blyth & Co., Inc. and The First Boston Corp. (jointly); White, Weld & Co. and Shields & Co. (jointly); Harriman Ripley & Co., Inc.; Equitable Securities Corp. **Bids**—Expected to be received up to 11 a.m. (EST) at 20 Exchange place, New York, N. Y.

★ Keystone Custodian Funds, Inc., Boston, Mass.
Jan. 24 filed the following additional securities: 250,000 shares, series S-3; 600,000 shares, series S-2; and 600,000 shares, series K-2. **Price**—At market. **Proceeds**—For investment.

★ L & N Products, Inc. (Wash.)
Jan. 24 (letter of notification) 20,000 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—To develop equity capital for purpose of investing in a wholly-owned subsidiary to be known as "Columbia Packing Corp." **Underwriter**—None.

Lake Lauzon Mines, Ltd., Toronto, Can.
Aug. 2 filed 660,000 shares of common stock (par $1, Canadian), of which 500,000 shares are to be offered in behalf of the company and 160,000 shares for account of Percy E. Rivett. **Price**—40 cents per share, U. S. funds. **Proceeds** — For development and exploration expenses. **Underwriter**—To be named by amendment.

★ Lamson Aircraft Co., Seattle, Wash.
Jan. 25 (letter of notification) 9,306½ shares of common stock. **Price**—At par ($10 per share). **Proceeds**—To repay bank loan and for working capital. **Office** — 807 Fourth Ave., Seattle, Wash. **Underwriter**—None.

Lee Finance Co., Minneapolis, Minn.
Nov. 3 (letter of notification) 13,000 shares of preferred stock (par $10) and $170,000 of 8% subordinate notes due five years from date of issue. **Price**—At par. **Proceeds**—To reduce bank loans and for working capital. **Office**—305 Northwestern Federal Bldg., Minneapolis, Minn. **Underwriter**—Daniels & Smith, Inc., same city.

Lehman Corp., New York (2/9)
Jan. 20 filed 420,623 shares of capital stock (par $1) to be offered for subscription by stockholders of record about Feb. 8 on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on Feb. 23. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Underwriter**—None.

Liberty Uranium Corp., Salt Lake City, Utah
July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining operations. **Office**—402 Darling Bldg., Salt Lake City, Utah. **Underwriter** — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

★ Loomis-Sayles Mutual Fund, Inc., Boston, Mass.
Jan. 28 filed 150,000 additional shares of common stock. **Price**—At market. **Proceeds**—For investment.

Lucky Strike Uranium Corp.
Jan. 4 (letter of notification) 4,300,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—38 South Main St., Salt Lake City, Utah. **Underwriter**—Seaboard Securities Corp., Washington, D. C.

Mac Fos Uranium, Inc., Salt Lake City, Utah
Sept. 16 (letter of notification) 4,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For exploration and development costs. **Office** —239 Ness Bldg., Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same city.

Magic Metals Uranium Corp.
Sept. 14 (letter of notifcation) 2,995,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Mid-Coninent Securities, Inc., the same city.

• Merritt-Chapman & Scott Corp.
Dec. 21 filed 3,018,567 shares of common stock (par $12.50) being offered in exchange for outstanding stock of New York Shipbuilding Corp., Devoe & Raynolds Co., Inc., Newport Steel Corp., Marion Power Shovel Co., Osgood Co. and Tennessee Products & Chemical Corp. on the following basis: 675,549 shares to holders of the 540,439 outstanding shares of common stock (par $5) of Tennessee Products & Chemical Corp., at the rate of 1¼ shares for each share of common stock of Tennessee; 755,105 shares to holders of the 453,063 outstanding shares of class A stock (par $2) of Devoe & Raynolds Co., Inc. at the rate of 1⅔ shares for each share of class A stock of Devoe; 242,700 shares to holders of the 182,025 outstanding shares of class B common stock (par $1) of Devoe, at the rate of 1⅓ shares for each of class B common stock of Devoe; 1,290,252 shares to holders of the 1,290,252 outstanding shares of common stock (par $1) of New York Shipbuilding Corp., at the rate of one share for each share of common stock of N. Y. Shipbuilding; 27,907 shares to holders of the 58,605 outstanding shares of common stock (par $1) of Newport Steel Corp., not owned by Merritt, at the rate of one share for each 2.1 shares of common stock of Newport; 26,114 shares to holders of the 17,409 outstanding shares of common stock (par $10) of Marion Power Shovel Co., not owned by Merritt, at the rate of 1½ shares for each share of common stock of Marion; and 940 shares to holders of the 1,410 outstanding shares of class B common stock (without par value) of the Osgood Co., not owned by Merritt or Marion, at the rate of one share for each 1½ shares of class B common stock of Osgood. Offer will expire on Feb. 28.

Mi-Ame Canned Beverages Co., Hialeah, Fla.
Oct. 28 (letter of notification) 200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase raw materials and new machinery, and for working capital. **Underwriter** — Frank D. Newman & Co., Miami, Fla.

Micro-Moisture Controls, Inc.
Jan. 13 (letter of notification) $250,000 of 6⅝% income convertible debentures (subordinated) due Feb. 1, 1965, to be offered initially to stockholders. **Price**—100% of par (in units of $100 or multiples thereof). **Proceeds**—For working capital, etc. **Office**—22 Jericho Turnpike, Mineola, N. Y. **Underwriter**—None.

Military Investors Financial Corp.
Dec. 1 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—2310 Main St., Houston, Texas. **Underwriter**—Cobb & Co., Inc., same city.

★ Minnesota Fund, Inc., Minneapolis, Minn.
Jan. 28 filed 200,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Missouri Natural Gas Co.
Jan. 6 filed 120,336 shares of common stock (par $2.50), of which 114,000 shares are to be for account of company, and 6,336 shares for account of selling stockholder. **Price**—To be supplied by amendment (expected around $8.50 per share. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

★ Missouri Uranium Corp., Kansas City, Mo.
Jan. 24 filed 150,000 shares of preferred stock (par $5) and 150,000 shares of common stock (no par) to be offered in units of one share of each class of stock. **Price** —$5 per unit. **Proceeds**—For exploration and development, etc. **Underwriter**—Dale E. Klepinger & Associates, 203 W. Dartmouth, Kansas City, Mo.

Missouri Utilities Co.
Dec. 20 filed 27,420 shares of common stock (par $1) being offered for subscription by common stockholders of record Jan. 12 at rate of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on Feb. 8. **Price**—$20.75 per share. **Proceeds** —For construction program. **Underwriter**—Edward D. Jones & Co., St. Louis, Mo.

Monte Cristo Uranium Corp., Moab, Utah
Oct. 5 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., 139 North Virginia St., Reno, Nev.

Montezuma Uranium, Inc., Denver, Colo.
Jan. 5 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development operations. **Office**—Ernest and Cranmer Bldg., Denver, Colo. **Underwriter**—Investment Service Co., same city.

★ Morrison-Knudsen Co., Inc. and Broadway Holding Corp.
Jan. 24 (letter of notification) 11,111 shares of common stock (par $10) to be offered to employees only pursuant to Employees' Stock Purchase Plan. **Price**—At $2 less than the market price (market Jan. 21 $27 per share), the aggregate not to exceed $300,000. **Proceeds**—To be applied against cost of purchasing the shares. **Underwriter**—None.

★ National Homemakers Finance Corp.
Jan. 26 (letter of notification) 1,880 shares of 7% cumulative preferred stock (par $100) and 940 shares of class A common stock to be offered in units of one preferred and one-half common share. **Price**—$100 per unit. **Proceeds**—For working capital. **Office**—4313 Hamilton St., Hyattsville, Md. **Underwriter**—None, stock to be offered through salesmen.

★ New Canaan Co., Greenwich, Conn.
Jan. 27 (letter of notification) 4,208 shares of class A stock (no par) and 1,052 shares of class B stock (no par) to be offered in units of four class A shares and one class B share. **Price**—$95 per unit. **Proceeds**—To A. L. Glidden, the selling stockholder. **Address** — Box 1069, Greenwich, Conn. **Underwriter**—Glidden, Morris & Co., New York.

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New Pacific Coal & Oils, Ltd., Toronto, Canada
Dec. 28 (regulation "D") 275,000 shares of common stock (no par), of which 120,000 shares are to be offered in Canada and 155,000 shares in the United States. **Price**—55 cents per share. **Proceeds** — To selling stockholders. **Underwriter**—L. D. Friedman & Co., New York.

★ **New Universe Uranium & Development Co.**
Jan. 19 (letter of notification) 2,990,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds** — For mining operations. **Office** — 501 Felt Building, Salt Lake City, Utah. **Underwriter**—None.

● **New York Shipbuilding Corp.**
Dec. 6 filed 74,925 shares of common stock (par $1) being offered in exchange for 374,624 shares of common stock (par five cents) of Highway Trailer Co. at rate of one share of Shipbuilding stock for each five shares of common stock of the Trailer company. Offer will expire on Feb. 15, unless extended. As of Jan. 26, a total of 312,350 shares (83.3%) of Highway common stock have been deposited for exchange.

● **Nipissing Mines Co. Ltd., Toronto, Canada**
Jan. 3 filed 1,200,000 shares of common stock (par $1—Canadian) being offered as "speculative" securities for subscription by common stockholders of record Jan. 26, 1955, on a share-for-share basis; rights will expire on Feb. 28. **Price**—$2 (Canadian) and $2.06 (U. S.) per share. **Proceeds**—For payment of options, development of properties, and for machinery and equipment. **Underwriters**—Allan H. Investments, Ltd.; Alator Corp., Ltd.; Louis A. Chesler; and Bradley Streit; all of Toronto, Canada.

★ **Ohio Service Holding Corp.**
Jan. 27 (letter of notification) 150 shares of common stock. **Price** — $225 per share. **Proceeds** — For general corporate purposes. **Underwriter**—None.

Olympic Development Co., Stamford, Conn.
Jan. 13 (letter of notification) 29,698 shares of common stock ot be offered for subscription by stockholders at rate of one new share for each six shares held. **Price**—At par ($1 per share). **Proceeds**—To retire short-term notes and for working capital. **Office** — 30 Commerce St., Stamford, Conn. **Underwriter**—None.

Paramount Uranium Corp., Moab, Utah
Oct. 7 (letter of notification) 6,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—325 Main St., Moab, Utah. **Underwriter**—Van Blerkom & Co., Salt Lake City, Utah.

Pay Day Uranium Co., Las Vegas, Nev.
Oct. 15 (letter of notification) 2,500,000 shares of capital stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—230 Fremont St., Las Vegas, Nev. **Underwriter**—Allied Underwriter Co., the same city.

★ **Peak Uranium Corp., Denver, Colo.**
Jan. 26 (letter of notification) 1,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For estimated expenses for a proposed additional issue of approximately $290,000 aggregate amount. **Office**—1643 South Utica, Denver, Colo. **Underwriter**—Petroleum Finance Corp., Oklahoma City, Okla.

Pennsylvania Power & Light Co.
Dec. 2 filed 65,455 shares of common stock (no par); 858 shares of 4.40% cumulative preferred stock (par $100); 5,378 shares of 3.35% cumulative preferred stock (par $100); and 4,032 shares of 4½% cumulative preferred stock (par $100) being offered in exchange for securities of The Scranton Electric Co. on the following basis: (a) one share of Pennsylvania common stock for each two shares of Scranton common stock; (b) one share of Pennsylvania 4.40% series preferred stock for each share of Scranton 4.40% cumulative preferred stock; and (c) one share of Pennsylvania 3.35% series preferred stock for each share of Scranton 3.35% cumulative preferred stock, or, at the election of the Scranton shareowners, for each share of Scranton's 3.35% cumulative preferred stock, two shares of Pennsylvania's common stock, or for each lot of four shares of Scranton 3.35% cumulative preferred stock, three shares of Pennsylvania's 4½% preferred stock. Pennsylvania owns approximately 91% of the preferred stock and 91% of the common stock of Scranton. Statement effective Dec. 22.

Petroleum Reserves, Inc., New York
Dec. 27 filed $7,500,000 of 4% debentures due 1970, 100,000 shares of 5% preferred stock (par $25) and 1,000,000 shares of common stock (par 10 cents) to be offered in units of $75 principal amount of debentures, one share of preferred stock and 10 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of properties. **Underwriter**—William A. M. Burden & Co., New York.

● **Phaostron Co., South Pasadena, Calif. (2/9)**
Jan. 19 filed 90,000 shares of common stock (par $1), of which 50,000 shares are for the account of the company and 40,000 shares for account of selling stockholders. **Price**—$6 per share. **Proceeds** — To reduce bank loans and for working capital. **Business**—Manufacturer of electric panel meters, electric test instruments, precision resistors, aircraft and sensitive miniature relays, and special products. **Underwriter**—First California Co., San Francisco, Calif.

● **Pittston Co., New York (2/7-11)**
Jan. 14 filed 285,000 shares of common stock (par $1), of which 75,000 shares are to be sold by the company and 210,000 shares by the Englewood Corp. **Price**—To be supplied by amendment. **Proceeds**—To purchase additional assets and for working capital. **Underwriter**—Allen & Co. and Reynolds & Co., both of New York.

★ **Porter-Cable Machine Co.**
Jan. 27 (letter of notification) 24,000 shares of common stock (par $10). **Price**—$12.50 per share. **Proceeds**—For working capital, etc. **Office**—Syracuse, N. Y. **Underwriter**—George D. B. Bonbright & Co., Rochester, N. Y.

Public Service Electric & Gas Co.
Dec. 22 filed 250,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for construction program. **Underwriters**—Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co. **Offering** — Temporarily delayed.

Rainier Telephone Co., Rainier, Wash.
Dec. 14 (letter of notification) $85,000 of 5½% 20-year sinking fund bonds due Dec. 1, 1979. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To purchase assets of Methow Valley Telephone Co., refund mortgage debt, and for working capital. **Underwriter**—Wm. P. Harper & Son & Co., Seattle, Wash.

Ranger Lake Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—James Anthony Securities Corp., New York.

● **Rico Argentine Mining Co.**
Dec. 2 (letter of notification) 70,395 shares of common stock (par 50 cents), being offered for subscription by stockholders of record Jan. 14 on the basis of one new shares for each 12½ shares held (with an oversubscription privilege); rights to expire on Feb. 28. **Price**—$4.25 per share. **Proceeds**—Toward payment of construction of sulphuric acid plant at Rico, Colo. **Office**—132 South Main St., Salt Lake City, Utah. **Underwriter**—None, but Bonneville-On-The-Hill Co., a stockholder will subscribe for all shares not taken by other stockholders. **Subscription Agent** — Guaranty Trust Co. of New York, 140 Broadway, New York 15, N. Y.

Rolon Tire Chain Corp., Denver, Colo.
Oct. 27 (letter of notification) 60,000 shares of common stock. **Price**—$1 per share. **Proceeds**—For increased inventory, working capital, sales and production expenses, etc. **Office**—150 Tejon St., Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., same city.

Rushmore Uranium & Oil Corp.
Dec. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds** — For exploration and development expenses of uranium and oil properties. **Office**—618 6th St., Box 8, Rapid City, S. D. **Underwriter**—Philip Gordon & Co., Inc., New York.

Salisbury Broadcasting Corp., Paxton, Mass.
Jan. 20 (letter of notification) $150,000 of 5% notes and 6,000 shares of common stock (par $1) to be offered first to stockholders in units of $1,000 of notes and 40 shares of stock. **Price**—$1,000 per unit. **Proceeds**—For working capital. **Office** — Asnebumskit, Paxton, Mass. **Underwriter** — Kinsley & Adams, 6 Norwich St., Worcester, Mass.

Salt Lake Hardware Co., Salt Lake City, Utah
Dec. 30 (letter of notification) 4,062 shares of common stock (par $10), to be first offered to employees who are not stockholders; then to stockholders; and any unsubscribed shares after Feb. 4, 1955 to public. **Proceeds**—To restore to working capital amount expended for acquisition of these securities. **Office**—105 N. Third West St., Salt Lake City, Utah. **Underwriter** — J. A. Hogle & Co., same city.

Samicol Uranium Corp., Santa Fe, N. M.
Sept. 14 filed 300,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For development and exploration expenses, etc. **Underwriters**—R V. Klein Co. and McGrath Securities Corp., both of New York.

San Miguel Uranium Mines, Inc.
Jan. 6 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds** — For mining operations. **Office** — Mineral Bldg., Grand Junction, Colo. **Underwriter** — Tellier & Co., Jersey City, N. J.

Silver Pick Uranium, Inc., Reno, Nev.
Nov. 22 (letter of notification) 2,994,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—211-206 N. Virginia Street, Reno, Nev. **Underwriter**—Western Securities Corp., Las Vegas, Nev.

Silver Reef Uranium Co., Salt Lake City, Utah
Jan. 17 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—130 South 13th East, Salt Lake City, Utah. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Slick Rock Uranium Development Corp.
Oct. 8 (letter of notification) 2,900,000 shares of common stock (par five cents), including shares for option to underwriter and prior property owner to be amended **Price**—10 cents per share. **Proceeds**—For development and exploration expenses. **Office**—Newhouse Hotel, Salt Lake City, Utah. **Underwriter** — Van Blerkom & Co., same city.

Sodak Uranium & Mining Co., Inc.
Jan. 13 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Address**—P. O. Box 330, Edgemont, S. D. **Underwriter**—Capper & Co., New York.

Solomon Uranium & Oil Corp., Inc.
Oct. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 10 cents per share **Proceeds**—For mining expenses. **Offices** — 506 Beason Bldg., Salt Lake City, Utah, and 1016 Baltimore Bldg., Kansas City, Mo. **Underwriter**—E. R. Bell & Co., Kansas City, Mo.

Southeastern Public Service Co. (2/8)
Jan. 24 (letter of notification) 28,000 shares of common stock (par 10 cents) to be offered in exchange for Hamilton Gas Corp. capital stock (par $1) on the basis of 3½ Southeastern shares for each Hamilton share. This offer shall terminate when offer shall have been accepted by Hamilton stockholders owning not in excess of 8,000 shares of Hamilton stock. **Office**—70 Pine St., New York 5, N. Y. **Underwriter**—None.

★ **Spokane Indians Baseball Club, Inc.**
Jan. 24 (letter of notification) 3,400 shares of common stock. **Price** — At par ($25 per share). **Proceeds**—For down payment on acquisition of Ferris Field, renovation of present facilities and for working capital. **Office**—408 Hutton Bldg., Spokane 4, Wash. **Underwriter**—None.

Star Uranium Corp., Salt Lake City, Utah
Aug. 2 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For exploration and development costs. **Underwriter**—Ned J. Bowman Co., Salt Lake City, Utah.

Stardust, Inc., Reno, Nev.
July 9 filed 621,882 shares of preferred stock (par $10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. Price—$10.01 per unit. Proceeds—For purchase of land and to construct and equip a luxury hotel. Underwriter—None.

● **Stewart Uranium Drilling Co., Inc. (2/14-18)**
Jan. 3 (letter of notification) 500,000 shares of class A stock (par one cent). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—Citizens National Bank & Trust Bldg., Baytown, Texas. **Underwriter**—General Investing Corp., New York.

★ **Sunrise Mountain Oil Co., Inc. (Nev.)**
Jan. 18 (letter of notification) 35,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For lease rentals and general corporate purposes. **Underwriter**—None.

Superior Uranium Co., Las Vegas, Nev.
Sept. 1 (letter of notification) 29,910,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For development and exploration costs. **Office**—Medical Arts Bldg., Las Vegas, Nev. **Underwriter**—Uranium Brokers, Inc., the same city.

Swedes Uranium Corp., Salt Lake City, Utah
Jan. 5 (letter of notification) 2,500,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Guss & Mednick Co., same city.

Sytro Uranium Mining Co., Inc., Dallas, Texas
Sept. 9 (letter of notification) 2,975,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development of properties. **Office** — 1406 Life of America Building, Dallas, Texas. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

Tacony Uranium Corp., Denver, Colo.
Aug. 17 (letter of notification) 1,700,000 shares of common stock. **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Office** — 317 Railway Exchange Building, Denver, Colo. **Underwriter**—E. I. Shelley Co., Denver, Colo.

Temple Mountain Uranium Co.
Oct. 7 (letter of notification) 3,500,000 shares of common stock (par 2½ cents). **Price** — 3 cents per share. **Proceeds**—For exploration and development expenses. **Office**—39 Exchange Place, Salt Lake City, Utah. **Underwriter**—Walter Sondrup, same city.

Texas Electric Service Co. (2/23)
Jan. 19 filed $17,000,000 of first mortgage bonds due 1985. **Proceeds**—To redeem $7,000,000 3⅝% bonds and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., Blyth & Co., Inc. and Lehman Brothers (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Union Securities Corp., Hemphill, Noyes & Co. and Drexel & Co. (jointly). **Bids**—Tentatively expected to be received up to 11:30 a.m. (EST) on Feb. 23.

Texas International Sulphur Co.
June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. Price—To be supplied by amendment. Proceeds—For exploration and drilling, and payment of bank loans and advances. Underwriter—Vickers Brothers, New York, on a "best efforts" basis.

Texboard, Inc., Dallas, Texas
Jan. 17 filed $1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and $1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. **Price**—To be supplied by amendment. **Proceeds**—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. **Underwriter**—Emerson Cook Co., Palm Beach, Fla.

Thunderbird Uranium Co., Reno, Nev.
Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). **Price** — 15 cents per share. **Proceeds**—For mining activities. **Office**—206 N. Virginia St., Reno, Neb. **Underwriter**—Stock, Inc., Salt Lake City.

Top Notch Uranium & Mining Corp.
Jan. 5 (letter of notification) 4,000,000 shares of common stock (par two cents). **Price** — Five cents per share. **Proceeds** — For exploration and development expenses.

Office—94 North Main St., Smithfield, Utah. Underwriter—Lewellen-Bybee, Inc., Washington, D. C.

Trans-Continental Uranium Corp.
Oct. 1 (letter of notification) 2,990,000 shares of common stock. Price—At par (10 cents per share). Proceeds—For exploration and development costs. Office—358 S. 3rd St. East, Salt Lake City, Utah. Underwriter—Western Securities Corp., same city.

Ucolo Uranium Co., Salt Lake City, Utah
Sept. 13 (letter of notification) 2,800,000 shares of common stock (par one cent). Price — 10 cents per share. Proceeds—For exploration and development costs. Office—906 Walker Bank Bldg., Salt Lake City, Utah. Underwriter—Western Securities Corp., the same city.

Uintah Uranium, Inc., Salt Lake City, Utah.
Oct. 5 (letter of notification) 15,000,000 shares of common stock (par one cent). Price—Two cents per share. Proceeds — For exploration and development costs. Office—424 Judge Bldg., Salt Lake City, Utah. Underwriter—James E. Reed Co., same city.

★ United States Ceramic Tile Co. (2/23)
Jan. 31 filed 70,000 shares of common stock (par $5), of which 8,538 shares are to be offered by the company and 61,462 shares by certain selling stockholders. Price—To be supplied by amendment. Proceeds — For working capital and general corporate purposes. Office—Canton, Ohio. Underwriter — Granbery, Marache & Co., New York.

★ United Uranium Corp., Denver, Colo.
Jan. 26 (letter of notification) 4,133,329 shares of common stock (par one cent), of which 2,133,329 shares are covered by an offer of rescission to 37 shareholders at three cents per share; and 2,000,000 shares are to be publicly offered at 10 cents per share. Proceeds—For mining expenses. Underwriter—John L. Donahue, 430 16th Street, Denver 2, Colo.

Universal Petroleum Exploration & Drilling Corp.
Oct. 4 (letter of notification) 300,000 shares of common stock. Price — At par ($1 per share). Proceeds — For cost of Driller Boy (drilling equipment which company rents out), and working capital. Office—c/o Edwin J. Dotson, attorney-at-law, Simon Bldg., 230 Fremont St., Las Vegas, Nev. Underwriter—Robert B. Fisher Investments, 510 South Fifth St., Las Vegas, Nev.

Urainbow, Inc., Salt Lake City, Utah
Aug. 31 (letter of notification) 2,000,000 shares of common stock (par two cents). Price—15 cents per share. Proceeds — For exploration and development expenses. Office—908 Kearns Bldg., Salt Lake City, Utah. Underwriter—Austin B. Smith Brokerage Co., the same city.

Uranium Discovery & Development Co., Wallace, Idaho
Nov. 16 (letter of notification) 1,000,000 shares of capital stock. Price—At par (five cents per share). Proceeds—For core drilling program upon two groups of claims. Address—Box 709, Wallace, Idaho. Underwriter—Wallace Brokerage Co., same city.

Uranium Shares, Inc., Denver, Colo.
Dec. 22 (letter of notification) 30,000,000 shares of common stock. Price—At par (one cent per share). Proceeds—For mining expenses. Office—3038 Wyandot St., Denver, Colo. Underwriters—Kamp & Co., Fred W. Miller & Co. and Mile High Securities Co., all of Denver, Colo.

Utaco Uranium, Inc., Salt Lake City, Utah
Oct. 7 (letter of notification) 6,000,000 shares of common stock (par one cent). Price—Five cents per share. Proceeds—For exploration and development costs. Office—420 Felt Building, Salt Lake City, Utah. Underwriter—Western Securities Corp., Las Vegas, Nev.

Utah Apex Uranium Co.
Oct. 18 (letter of notification) 3,000,000 shares of capital stock (par three cents). Price—Six cents per share. Proceeds—For exploration and development expenses. Office—430 Judge Bldg., Salt Lake City, Utah. Underwriter—Mid-Continent Securities, Inc., same city.

Utah Uranium Corp., Las Vegas, Nev.
Aug. 20 (letter of notification) 10,000,000 shares of capital stock (par 1 cent). Price — Three cents per share. Proceeds—For exploration and development expenses. Office—1818 Beverly Way, Las Vegas, Nev. Underwriter—First Western Securities, same city.

Vada Uranium Corp., Ely, Nev.
Jan. 17 (letter of notification) 2,000,000 shares of common stock (par one cent). Price — 15 cents per share. Proceeds—For mining expenses. Office—280 Aultman St., Ely, Nev. Underwriter—Bristol Securities Co., Fall River, Mass.

Vulcan-Uranium Mines, Inc., Wallace, Idaho
Oct. 15 (letter of notification) 1,500,000 shares of common stock. Price—At par (five cents per share). Proceeds—For expenses incident to mining operations. Address—P. O. Box 289, Wallace, Idaho. Underwriter—Alden J. Teske, d/b/a Wallace Brokerage Co., Samuels Hotel, Wallace, Idaho.

★ W J Management Co., Chicago, Ill.
Jan. 19 (letter of notification) 5,000 shares of common stock (par $10) to be available only to employees of Wilson-Jones Co. and its subsidiaries (each employee limited to 250 shares). Price—$14 per share. Proceeds—To purchase shares of Wilson-Jones Co. stock. Office—209 So. Jefferson St., Chicago 6, Ill. Underwriter—None.

★ Ward Leonard Electric Co.
Jan. 25 (letter of notification) 5,000 shares of common stock (par $4) to be offered for subscription by employes. Price—$11 per share. Proceeds—For general corporate purposes. Office—115 MacQuesten Parkway, South, Mount Vernon, N. Y. Underwriter—None.

Webster Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For general corporate purposes. Underwriter—James Anthony Securities Corp., New York.

Wenga Copper Mines, Inc., N. Y.
Nov. 18 (Regulation "D") 900,000 shares of common stock (par five cents). Price—30 cents per share. Proceeds—For general corporate purposes. Underwriter—Willis E. Burnside & Co., New York.

★ West Coast Mortgage & Investment Co.
Jan. 25 (letter of notification) 60,000 shares of common stock (no par). Price—$5 per share. Proceeds—To retire a demand note; for modernization and improvement of hotels; to acquire an equity in a fourth hotel; to organize a wholly-owned hotel, services and supply subsidiary company; and for working capital. Office—Manatee River Hotel Building, Bradenton, Fla.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. Price—To be supplied by amendment. Proceeds—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. Underwriters — White, Weld & Co. and Union Securities Corp., both of New York. Offering—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). Price—To be supplied by amendment. Proceeds—Together with other funds, to be used to build pipeline. Underwriters—White, Weld & Co. and Union Securities Corp., both of New York. Offering—Postponed indefinitely.

★ Western Hills Inn, Fort Worth, Texas
Jan. 31 filed 200,000 shares of capital stock (no par). Price—$5 per share. Proceeds—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. Underwriter—Schwanz & Co., Inc., Aurora, Ill.

★ Westport Properties Corp., Kansas City, Mo.
Jan. 27 filed 479,158 shares of common stock (par $1) to be offered for subscription by stockholders of Chicago, Aurora & Elgin Ry. Co. at rate of one Westport share for each Chicago, Aurora & Elgin share held. Price—$2 per share. Proceeds—To repay bank loans and for working capital. Underwriter—George K. Baum & Co., Kansas City, Mo.

Winfield Mining Co., Moab, Utah.
Jan. 20 (letter of notification) 500,000 shares of common stock (par five cents). Price—20 cents per share. Proceeds—For mining expenses. Office—M. L. C. Bldg., P. O. Box 648, Moab, Utah. Underwriter—Security Uranium Service, K. O. V. O. Bldg., Provo, Utah.

★ Woman's Income Fund, Inc., Baltimore, Md.
Jan. 28 filed 500,000 shares of capital stock. Price—At market. Proceeds—For investment. Underwriter—Income Managers Inc., New York, which is under the direction of its President, Pierre A. DuVal, of DuVal's Consensus Inc.

Woodland Oil & Gas Co., Inc.
Dec. 21 (letter of notification) 299,900 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For equipment, drilling expenses and working capital. Office—42 Broadway, New York, N. Y. Underwriter—E. M. North Co., Inc., same address.

World Uranium Mining Corp.
July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). Price — Three cents per share. Proceeds—For exploration and development expenses. Office—323 Newhouse bldg., Salt Lake City, Utah. Underwriter—P. G. Christopulos & Co., same city.

Wynn Pharmacal Corp.
Dec. 23 (letter of notification) 85,000 shares of class B common stock (par 10 cents). Price—$2.50 per share. Proceeds — For production, development and sale of company's products, working capital and other corporate purposes. Office—5119 West Stiles St., Philadelphia, Pa. Underwriter—Charles A. Taggart & Co., same city.

Wyoming Uranium Corp., Salt Lake City, Utah
Aug. 23 (letter of notification) 9,166,667 shares of common stock (par 1 cent). Price—Three cents per share. Proceeds—For exploration and development expenses. Underwriter—James E. Reed Co., Salt Lake City, Utah.

Zenith Uranium & Mining Corp.
July 12 (letter of notification) 300,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For mining operations. Underwriter—Sheehan & Co., Boston, Mass.

Prospective Offerings

Alabama Power Co. (5/31)
Dec. 30 it was announced company plans to issue and sell $15,000,000 first mortgage bonds due 1985. Proceeds—To repay bank loans and for construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly); The First Boston Corp.; Lehman Brothers; Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EST) on May 31. Registration—Scheduled for May 4.

● Atlantic Steel Co., Atlanta, Ga. (3/7)
Jan. 24 it was reported company plans to issue and sell 200,000 shares of common stock (par $5). Proceeds—For capital expenditures. Underwriter—Courts & Co., Atlanta, Ga.

Avis Rent-A-Car System, Boston, Mass.
Jan. 14 it was reported that some financing may result from the acquisition of control of this company by Richard S. Robie for $8,000,000, but details are not yet available. Office—Statler Hotel, Boston, Mass. Underwriter—Van Alstyne, Noel & Co., New York.

Baltimore & Ohio RR.
Jan. 19 company sought ICC exemption from competitive bidding of up to $345,000,000 of new securities. Proceeds—For refunding. Underwriter—Previous negotiated sales were handled by Kuhn, Loeb & Co., New York.

★ Barry Controls, Inc.
Jan. 27 it was reported that early registration of 100,000 shares of common stock is planned (including part for selling stockholders account). Underwriter—Paine, Webber, Jackson & Curtis. Offering—Expected late in February.

★ Bishop Oil Co. (3/16)
Jan. 31 it was announced that directors have approved a plan to offer 153,236 shares of common stock (par $2) to common stockholders of record March 14 on the basis of two new shares for each five shares held; rights to expire on March 30. Underwriter—To be named later.

● Calumet & Hecla, Inc.
Feb. 1 stockholders approved a proposal creating an authorized issue of 100,000 shares of cumulative preferred stock (no par), of which it is planned to offer publicly 50,000 shares (expected to carry a $4.75 dividend). Underwriter—White, Weld & Co., New York.

Central Maine Power Co.
Dec. 31, W. F. Wyman, President, stated that company plans to issue and sell some additional common stock, par $10 (probably to stockholders). Proceeds—For construction program. Underwriter—May be determined by competitive bidding. Probable bidders: The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly).

● Central National Bank of Cleveland
Jan. 25 stockholders were given the right to subscribe for 171,875 additional shares of capital stock (par $16) on basis of one new share for approximately four shares held of record Jan. 19; with rights to expire on Feb. 16. Price—$32.50 per share. Proceeds—To increase capital and surplus. Underwriter — McDonald & Co., Cleveland, Ohio.

Chesapeake & Ohio Ry.
Sept. 29 it was reported company plans to issue and sell $40,000,000 of new bonds. Proceeds—To refund its outstanding $37,851,000 3⅞% bonds and $2,441,000 4% bonds. Underwriter—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.

● Chicago & Eastern Illinois RR.
Jan. 25 the company's offer of $15,336,480 of 5% income debentures due Jan. 1, 2054, in exchange, par for par, for the outstanding 383,412 shares of class A stock (par $40) was extended to expire on March 1, 1955. City National Bank & Trust Co., Chicago, Ill., and City Bank Farmers Trust Co., New York, are exchange agents.

Chicago, Rock Island & Pacific RR.
Jan. 11, J. D. Farrington, President, announced that the directors have authorized the issue and sale of not more than $65,000,000 of 40-year income debentures. Proceeds—To redeem its outstanding preferred stock (about 620,000 shares). Underwriters—If by competitive bidding, bidders may include: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Lehman Brothers, Lazard Freres & Co. and Bear, Stearns & Co. (jointly). Exemption from the competitive bidding rule was asked on Jan. 20. If all holders of preferred stock convert their shares into common stock on a share-for-share basis there will be no debenture sale.

Citizens National Trust & Savings Bank of Los Angeles
Jan. 14 stockholders of record Jan. 11 were given the rights to subscribe for 200,000 additional shares of new common stock (par $10) on the basis of two new shares for each five shares held; rights to expire on Feb. 14. Price—$33 per share. Proceeds—To increase capital and surplus. Underwriter—Blyth & Co., Inc., Los Angeles, Calif.

★ Commonwealth Edison Co.
Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing. Proceeds—For new construction, which, it is estimated, will cost about $125,000,0000 in 1955. Underwriters—For last equity financing were The First Boston Corp. and Glore, Forgan & Co.

★ Crampton Manufacturing Co.
Jan. 31 it was reported company may be planning to issue about $1,750,000 of bonds and about $250,000 of stock. Underwriters—For bonds: P. W. Brooks & Co., Inc., New York. For stock: Baker, Simonds & Co., Detroit, Mich.

★ Erie RR.
Jan. 28 company asked ICC for authority to issue $40,288,200 of 5% income debentures due Jan. 1, 2020, which are to be offered in exchange for 402,882 shares of outstanding series A preferred stock on basis of $100 of debentures for each share of stock.

Continued on page 42

Continued from page 41

First Bank Stock Corp., Minneapolis, Minn.
Dec. 21 it was announced corporation plans to offer 361,-922 additional shares of capital stock to its stockholders on basis of one new share for each eight shares held. **Price**—To be determined at time of offering (stockholders meeting will be held Feb. 16 to approve issue). **Proceeds**—To increase capital structures of affiliated banks. **Underwriter**—Blyth & Co., Inc., New York.

Florida Power Corp.
Dec. 31 it was reported company plans to offer to its stockholders about 232,000 additional shares of common stock on a 1-for-10 basis in May or June 1955. **Underwriters**: Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Georgia Power Co. (5/10)
Dec. 30 it was announced company plans to issue and sell $12,000,000 of first mortgage bonds due 1985. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; Union Securities Corp. and Equitable Securities Corp. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co.; Shields & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on May 10. **Registration**—Scheduled for April 13.

Giddings & Lewis Machine Tool Co.
Jan. 26 it was announced stockholders will vote Feb. 15 on increasing authorized common stock (par $2) from 400,000 shares (360,000 shares outstanding) to 750,000 shares, in order to have additional shares which would be available for acquisition of any business, increased working capital, plant expansion or exchange of shares in other companies. **Underwriter** — Previous financing handled by Hornblower & Weeks and associates.

★ **Glatfelter Pulp Wood Co.**
Jan. 31 it was reported early registration is expected of from 100,000 to 125,000 shares of common stock. **Underwriter**—The First Boston Corp., New York.

Gulf Cities Gas Corp.
Jan. 17, D. L. Alberty, Executive Vice-President, announced that the company will have another stock issue in the near future. **Proceeds**—For expansion. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York, handled previous financing.

Hanover Fire Insurance Co.
Jan. 12 it was announced stockholders will vote March 7 on authorizing an offering to stockholders during the latter part of March of 100,000 additional shares of capital stock on the basis of one new share for each four shares held. **Price**—To be named later. **Proceeds**—To expand activities in the casualty and multiple line fields. **Underwriters**—The First Boston Corp. and R. W. Pressprich & Co., both of New York.

● **Holly Corp., New York**
Sept. 9 S. B. Harris, Jr., President, stated that preliminary financing by Holly Uranium Corp. has been arranged to be followed by a public offering early in 1955 after which Holly Corp. plans to distribute part of its holdings of Holly Uranium Corp. stock to its stockholders. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ **Illinois Central Telephone Co.**
Jan. 26 it was reported company plans to sell in Illinois only, 15,000 shares of 5½% cumulative preferred stock (par $50). **Underwriter**—Central Republic Co. (Inc.), Chicago, Ill.

Kansas Gas & Electric Co. (3/15)
Dec. 23 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds due 1985. **Proceeds**—For construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Goldman, Sachs & Co. (jointly); Blyth & Co., Inc. and The First Boston Corp. (jointly); Union Securities Corp. and Stone & Webster Securities Corp. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly). **Bids**—Expected March 15.

Kansas Gas & Electric Co. (3/15)
Dec. 23 it was reported company plans sale of 60,000 shares of preferred stock (par $100). **Proceeds**—For new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Blyth & Co. Inc.; Union Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly). **Bids**—Tentatively expected March 15.

★ **Keystone Wholesale Hardware Co., Atlanta, Ga.**
Jan. 27 it was stated that the company plans at a later date to offer additional shares for sale nationally. An offering of 16,666 shares of common stock is presently being made to residents of Georgia only at $3 per share. **Office**—517 Stephens St., S.W., Atlanta, Ga.

Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,-000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. **Office**—Room 717, 141 Broadway, New York 6, N. Y.

★ **Maryland Casualty Co.**
Jan. 31 it was reported company may offer to its stockholders about $12,000,000 additional common stock. **Proceeds**—To retire 213,748 outstanding shares of $2.10 preferred stock at $52.50 per share. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

★ **Minnesota & Ontario Paper Co.**
Jan. 31 it was reported company may be planning to issue and sell from $12,000,000 to $15,000,000 senior securities in 1955. **Underwriters**—Probably Blyth & Co., Inc. and Alex. Brown & Sons.

★ **Missouri Research Laboratories, Inc.**
Jan. 26 it was reported company plans to issue and sell $300,000 of 6% debentures due 1970. **Price**—At par. **Proceeds**—For new developments and working capital. **Underwriter**—P. W. Brooks & Co., Inc., New York. **Offering**—Expected next week.

New England Telephone & Telegraph Co.
Oct. 19 it was announced company proposes to offer to its stockholders of record March 1, next, 511,205 additional shares of capital stock (par $100) on a 1-for-5 basis. American Telephone & Telegraph Co., its parent, owns about 69% of presently outstanding shares. **Proceeds**—To repay temporary borrowings. **Underwriter**—None.

New York Telephone Co.
Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than $100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately $200,000,000. **Underwriter**—For and bonds, to be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.

North Penn Gas Co.
Dec. 17 it was announced 420,000 shares of common stock (par $5) will soon be offered to public. **Price**—To be named later. **Proceeds**—To The Post Publishing Co., publisher of The Boston Post. **Underwriter**—Eastman, Dillon & Co., New York.

Northern Indiana Public Service Co.
Jan. 12, D. H. Mitchell, President, announced that the company plans to raise approximately $12,000,000 of new money (which may be done through sale of preferred and/or common stock). **Underwriters**—Probably Central Republic Co. (Inc.), Blyth & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Beane.

Pacific Gas & Electric Co.
Jan. 19 the directors authorized the sale of $50,000,000 first and refunding mortgage bonds. **Proceeds**—To retire bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp. and Halsey, Stuart & Co. Inc. (jointly); Blyth & Co., Inc. **Bids**—Expected early in March.

Pacific Northwest Pipe Line Corp.
Dec. 20, C. R. Williams, President, announced that it is planned to offer publicly $16,800,000 of 6% interim notes due May 1, 1956 (convertible into preferred stock at maturity) and 280,000 shares of common stock (par $1) in units of $60 principal amount of notes and 10 shares of stock. **Price**—$70 per unit. **Proceeds**—Together with other funds, to finance construction of a 1,400-mile natural gas pipeline between Ingancio, Colo., and Sumas, Wash., on the Canadian border. In addition, 1,659,200 shares of common stock would be offered for subscription by present stockholders who already own 700,000 shares. **Underwriter**—White, Weld & Co.; Kidder, Peabody & Co.; Dominion Securities Corp.; Union Securities Corp. **Offering** — Expected to be completed in first half of February, 1955.

★ **Pan American Sulphur Co.**
Jan. 31 it was reported company may be considering offer of between $4,000,000 to $5,000,000 convertible debentures (probably first to stockholders). **Underwriter**—Kuhn, Loeb & Co., New York.

Public Service Co. of Oklahoma
Nov. 11 it was reported that company plans to issue and sell 100,000 shares of new preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. Inc. and Central Republic Co. Inc. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co.; Glore, Forgan & Co. **Offering**—Expected in April or May, 1955.

Rockland-Atlas National Bank, Boston
Jan. 25 stockholders of record Jan. 25 were given the right to subscribe for 37,500 additional shares of capital stock (par $10) on the basis of one new share for each 5 14/15 shares held; rights to expire on Feb. 9. **Price**—$32.50 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—The First Boston Corp., New York.

Sheraton Corp. of America (2/28-3/4)
Dec. 13 it was reported company may be planning sale of about $10,000,000 of debentures. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

★ **South Carolina Electric & Gas Co.**
Feb. 1 directors approved a proposed offering to stockholders of 210,053 additional shares of common stock (par $4.50) on the basis of one new share for 15 shares held. **Proceeds**—For construction program. **Underwriter**—Kidder, Peabody & Co., New York.

South Georgia Natural Gas Co. (2/16)
Jan. 18 it was reported company plans registration today (Jan. 27) of 150,000 shares of common stock. **Price**—About $6 per share. **Proceeds** — For new construction. **Underwriter**—Shields & Co., New York.

Southern Co. (11/9)
Dec. 30 it was announced company plans to issue and sell to the public 500,000 additional shares of common stock (par $5). **Proceeds**—To repay bank loans and for investment in additional stock of subsidiary companies. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Ladenburg, Thalman & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively scheduled for Nov. 9. **Registration**—Not expected until Oct. 12.

Southern Nevada Power Co.
Nov. 12 it was announced company plans to issue additional common stock early in 1955. **Underwriters**—Hornblower & Weeks, William R. Staats & Co. and First California Co.

Southwestern Gas & Electric Co.
Jan. 17 it was reported company is planning to issue and sell $6,000,000 of cumulative preferred stock (par $100). **Proceeds**—To prepay bank loans and for construction program. **Underwriters**—To be determined by competitive bididng. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); W. C. Langley & Co.; Harriman Ripley & Co. Inc. **Offering**—Expected in April or May, 1955.

Texas Eastern Transmission Corp.
Jan. 12, it was reported that company plans to issue and sell this year $20,000,000 of preferred stock and $15,000,000 of common stock. **Underwriter**—Dillon, Read & Co. Inc., New York.

Transcontinental Gas Pipe Line Corp.
Nov. 24 Tom P. Walker, President, announced that the construction program for 1955 and replacement of bank borrowings made in 1954 wil require financing during 1955 of about $85,000,000. It is planned to offer publicly in either March or April $10,000,000 to $12,000,000 of preferred stock. About $60,000,000 of bonds will be sold later this year (may be done privately). **Underwriter**—White, Weld & Co. and Stone & Webster Securities Corp.

★ **Trav-Ler Radio Corp. (3/16-17)**
Jan. 27 it was reported company is understood to be planning the issue and sale of about $1,500,000 debentures (with warrants). **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Union Electric Co. of Missouri
Jan. 24 it was reported company expects to sell about $30,000,000 30-year first mortgage bonds late in 1955. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly).

United Dye & Chemical Corp.
Sept. 8 directors authorized an offering to common stockholders of additional common stock at the rate of one new share for each five shares held (with an oversubscription privilege). About 150,000 shares are presently outstanding. **Price**—$9 per share. **Underwriter**—None.

★ **Van Norman Co.**
Jan. 27 it was announced company plans to offer to its stockholders 124,667 shares of common stock on a 1-for-3 basis, plus a warrant to buy an additional share over a 10-year period. **Underwriter**—Paine, Webber, Jackson & Curtis. **Offering**—Expected before April 1.

West Texas Utilities Co.
Jan. 5 it was reported company plans the sale of $7,000,000 30-year first mortgage bonds (probably in May, 1955). **Proceeds**—To retire bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler; Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp.; Glore, Forgan & Co.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Kidder, Peabody & Co.; The First Boston Corp.

Western Auto Supply Co. (Mo.)
Jan. 12 it was announced that stockholders on March 15 will vote on approving a proposal to create an issue of 100,000 shares of preferred stock and $5,000,000 of bonded debt, and on increasing the authorized common stock from 1,335,000 shares to 2,500,000 shares. The company may raise about $10,000,000 through the sale of $5,000,000 preferred stock and $5,000,000 bonds to finance the purchase of 140 retail stores owned by Gamble-Skogmo, Inc. **Underwriter** — Merrill Lynch, Pierce Fenner & Beane, New York.

Westpan Hydrocarbon Co. (4/15)
Dec. 11 it was reported Sinclair Oil Corp. will ask for bids for 384,861 shares of Westpan stock about April 15, 1955, if it has not been able to dispose of these holdings before that date. **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. White, Weld & Co., New York, may be included among the bidders.

★ **Zapata Off-Shore Co.**
Jan. 27 it was reported early registration is expected of 315,000 shares of common stock of this company (a subsidiary of Zapata Petroleum Co.). **Underwriter**—Underwood, Neuhaus & Co., Houston, Tex.

Allied Stores Stock Offered at $54.75

Lehman Brothers heads an underwriting group which today (Feb. 3) is offering 300,000 shares of common stock of Allied Stores Corp., America's largest department store organization, operating 75 stores with an annual sales volume currently in excess of $540,000,000 The stock is priced at $54.75 per share.

Net proceeds to be received by Allied from the sale of the common stock will be added to the general funds of the company to be available for general corporate purposes. While no specific allocation of such net proceeds as to amounts which may be expended for various purposes is presently possible, the company estimates that during the next three years, the company will expend approximately $22,500,000 for the fixturing of, and provision of working capital for, proposed stores and that additional amounts will be required for refixturing and improvement of existing store premises. The company contemplates that such expenditures will be made from available funds without the necessity of further equity financing although substantial additional real estate mortgage financing by Alstores Realty Corp., a wholly-owned real estate subsidiary, will be required in connection with such new stores.

Of the 75 stores operated by the company, 32 are complete department stores, seven major branch stores, 33 junior department stores and three specialty stores. The stores are located in 24 states. The company estimates that at least 10% of the households in the United States are its customers.

Allied has pioneered in the development of fully coordinated shopping centers in which a major branch of a department store takes a leading position. The company at present is developing a large shopping center in Paramus, N. J., which will contain a major branch store of Stern Brothers, New York City department stores in the Allied group. The company also is developing a shopping center north of Boston, Mass., for a branch of Allied's Jordan Marsh Co., and is participating in the development of a shopping center near Minneapolis, Minn. for a branch for its L. S. Donaldson Co. In other shopping center developments, store buildings to be leased to the company are being erected by outside interests in Levittown, Pa., and Houston, Tex. The company also has entered into or expects to enter into leases for store buildings to be erected in Cincinnati, O., and mid-Long Island, N. Y. areas. A major store under construction in Miami, Fla. is under lease to Allied and is expected to be ready for occupancy by early 1956.

Net sales of the company for the nine months ended Oct. 31, 1954 were $360,549,572 and net earnings were $5,761,631. Quarterly dividends of 75¢ a share have been regularly paid on the common stock since 1947.

H. J. Cooney Offers Tarbell Mines Stock

H. J. Cooney & Co., New York, are offering as a speculation an issue of 599,760 shares of common stock of Tarbell Mines Ltd. at 50 cents per share (U. S. funds).

Tarbell Mines Ltd. was incorporated on June 7, 1954 for the purpose of acquiring, exploring and developing various gold and uranium mining claims generally and more particularly, to acquire the assets and undertaking of Snare River Mines Ltd. These assets included 19 unpatented claims in the Snare River area; an option to purchase six unpatented mining claims in the Marian River Area and 13 unpatented mining claims in the Prosperous Lake Area. All of said properties are located in the Yellowknife Mining District.

The net proceeds from this financing will be used to pay for exploration and development expenses and for general corporate purposes.

If all of the securities being offered are sold 1,619,800 shares will be outstanding.

Joins Sutro Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John H. Sickel has joined the staff of Sutro & Co., Van Nuys Building. Mr. Sickel was previously with Reynolds & Co.

DIVIDEND NOTICES

GREEN BAY & WESTERN RAILROAD COMPANY

The Board of Direc.ors has fixed and declared $50.00 the amount payable on Class "A" Debentures (Payment No. 59), and a dividend of $5.00 to be payable on the capital stock, out of net earnings for the year 1954, payable at Room No. 3400, No. 20 Exchange Place, New York 5, New York, on and after February 23, 1955. The dividend on the stock will be paid to stockholders of record at the close of business February 11, 1955.

W. W. COX, Secretary.

New York, New York, January 31, 1955

AMERICAN METER COMPANY

Incorporated

1513 RACE STREET

Phila. 2, Pa., Jan. 27, 1955.

A quarterly dividend of Fifty Cents ($.50) per share has been declared on the Capital Stock of the Company, payable March 15, 1955, to stockholders of record at the close of business February 28, 1955.

W. B. ASHBY, *Secretary*.

AMERICAN & FOREIGN POWER COMPANY INC.

TWO RECTOR STREET, NEW YORK 6, N. Y.

COMMON DIVIDEND

The Board of Directors of the Company, at a meeting held this day, declared a quarterly dividend of 15 cents per share on the Common Stock for payment March 10, 1955, to the stockholders of record February 10, 1955.

H. W. BALGOOYEN, *Vice President and Secretary*

January 28, 1955

AIRCRAFT RADIO CORPORATION

Boonton

New Jersey

Dividend No. 88

On January 26, 1955, the Directors of Aircraft Radio Corporation declared a dividend of twenty cents (20c) per share on the common stock of the Company, payable February 24, 1955, to stockholders of record at the close of business February 11, 1955.

H. M. KINGSLAND, *Secretary*

acf INDUSTRIES

INCORPORATED

Preferred Dividend No. 192

A dividend of 62½¢ per share on the 5% cumulative convertible preferred stock of this Corporation has been declared payable March 1, 1955 to stockholders of record at close of business February 15, 1955.

C. ALLAN FEE, *Secretary*

January 27, 1955

Joins Daniel Rice Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Philip S. Hanna has been added to the staff of Daniel F. Rice and Company, 141 West Jackson Boulevard.

Joins L. A. Caunter Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Paul J. Abel has joined the staff of L. A. Caunter & Co., Park Building.

Joins Blalack Staff

(Special to THE FINANCIAL CHRONICLE)

SOUTH PASADENA, Calif. — Henry O. Topf, Jr. is now with Blalack & Co., 700½ Brent Ave.

DIVIDEND NOTICES

THE W. L. Maxson CORPORATION

460 West 34th St., N.Y. 1, N.Y.

Notice of QUARTERLY CASH DIVIDEND

15¢ a share

Payable March 1, 1955

Record date, February 17, 1955

January 27, 1955

NATIONAL DISTILLERS PRODUCTS CORPORATION

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 25c per share on the outstanding Common Stock, payable on March 2, 1955, to stockholders of record on February 11, 1955. The transfer books will not close.

PAUL C. JAMESON

January 27, 1955 Treasurer

O'okiep Copper Company Limited

Dividend No. 33

The Board of Directors today declared a dividend of twelve shillings per share on the Ordinary Shares of the Company payable March 2, 1955.

The Directors authorized the distribution of the said dividend on March 11, 1955 to the holders of record at the close of business on March 7, 1955 of American shares issued under the terms of the Deposit Agreement dated June 24, 1946. The dividend will amount to approximately $1.67 per share, subject, however, to any change which may occur in the rate of exchange for South Africa funds prior to March 2, 1955. Union of South Africa non-resident shareholders tax at the rate of 7.2% will be deducted.

By Order of the Board of Directors,

F. A. SCHECK, *Secretary*.

New York, N. Y., February 2, 1955.

THE FLINTKOTE COMPANY

30 ROCKEFELLER PLAZA NEW YORK 20, N. Y.

A quarterly dividend of $1.00 per share has been declared on the **$4 Cumulative Preferred Stock** payable March 15, 1955, to stockholders of record at the close of business March 1, 1955.

A quarterly dividend of $.60 per share has been declared on the **Common Stock** payable March 10, 1955, to stockholders of record at the close of business Feb. 24, 1955.

CLIFTON W. GREGG, *Vice-President and Treasurer*

Feb. 2, 1955

With Merrill Lynch

WINSTON-SALEM, N. C.—Alvin G. Pettit, Jr. is now with Merrill Lynch, Pierce, Fenner & Beane, R. J. Reynolds Building.

DIVIDEND NOTICES

Berkshire FINE SPINNING ASSOCIATES INC.

The Board of Directors of the Berkshire Fine Spinning Associates, Inc. has declared a dividend of 25 cents per share on the Common Stock, payable March 1, 1955 to stockholders of record February 8, 1955.

MALCOM G. CHACE, JR. *President*.

January 27, 1955.

Stauffer CHEMICALS SINCE 1885

STAUFFER CHEMICAL COMPANY

DIVIDEND NOTICE

The Board of Directors has declared a dividend of 32½¢ per share on the common stock payable March 1, 1955 to stockholders of record at the close of business February 15, 1955

Christian deDampierre *Treasurer*

pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of 50 cents per share on the common stock ($10 par value) payable Mar. 1, 1955, to stockholders of record February 15, 1955, was declared by the Board of Directors on Jan. 26, 1955.

B. C. REYNOLDS, *Secretary*

THE TEXAS COMPANY

—210th—

Consecutive Dividend

A regular quarterly dividend of seventy-five cents (75¢) per share on the Capital Stock of the Company has been declared this day, payable on March 10, 1955, to stockholders of record at the close of business on February 4, 1955. The stock transfer books will remain open.

S. T. CROSSLAND

January 28, 1955 *Vice President & Treasurer*

DIVIDEND NOTICES

Schering CORPORATION

DIVIDEND No. 6

The Board of Directors has declared a regular semi-annual dividend of Twenty-five cents ($0.25) a share on common stock payable February 18, 1955, to stockholders of record February 7, 1955.

M. J. FOX, Jr. *Treasurer*

Bloomfield, N. J. January 25, 1955

UNION CARBIDE *AND CARBON CORPORATION*

UCC

A cash dividend of Fifty cents (50¢) per share on the outstanding capital stock of this Corporation has been declared, payable Mar. 2, 1955 to stockholders of record at the close of business Feb. 4, 1955.

KENNETH H. HANNAN, *Vice-President and Secretary*

UGI The United Gas Improvement Company

DIVIDEND NOTICE

A quarterly dividend of 50c per share on the Common Stock, par value $13.50 per share, has been declared payable March 31, 1955 to stockholders of record February 28, 1955.

A quarterly dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable April 1, 1955 to stockholders of record February 28, 1955.

JOHNS HOPKINS, Treasurer

Philadelphia, January 25, 1955

YALE & TOWNE

DECLARES 268th DIVIDEND

50¢ PER SHARE

On Jan. 27, 1955, dividend No. 268 of fifty cents (50¢) per share was declared by the Board of Directors out of past earnings, payable on April 1, 1955, to stockholders of record at the close of business Mar. 17, 1955.

F. DUNNING

Executive Vice-President and Secretary

THE YALE & TOWNE MFG. CO.

Cash dividends paid in every year since 1899

***Common and Preferred* Dividend Notice**

January 26, 1955

The Board of Directors of the Company has declared the following quarterly dividends, all payable on March 1, 1955, to stockholders of record at close of business February 4, 1955:

Security	Amount per Share
Preferred Stock, 5.50% First Preferred Series	$1.37½
Preferred Stock, 4.75% Convertible Series	$1.18¾
Preferred Stock, 4.50% Convertible Series	$1.12½
Common Stock	$0.35

Secretary

TEXAS EASTERN *Transmission Corporation*

SHREVEPORT, LOUISIANA

BUSINESS BUZZ

"Long distance, please!"

Washington... And You

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

WASHINGTON, D. C.—Come to the hearings of the Congressional Joint Committee on the Economic Report. To be sure, you won't learn anything, but, if you are the kind of person light-hearted enough to laugh at the antics of monkeys and men, you will have fun.

This is a committee which supposedly is engaged solemnly in performing a most serious task. That is to write a report on the President's Economic Report.

It has become the fashion for Presidents of the United States in the last several years to fire many messages to Congress, and the current occupant of the White House pitches them faster than one conducting a one-man bowling tournament.

Of all these, however, only three are major. One is the constitutional "Annual Message on the State of the Union." The second is the Budget Message. No. 3 is the "Economic Report."

Between the Annual and the Budget messages, the President usually covers the waterfront on all things economic such as taxes, spending, etc., etc. So when it comes to the "Economic Report" the technique is to bundle up and restate all previous performances and recommendations of an economic character. Then they are dressed up in a strange and fascinating admixture of flatulent economic lingo and political theology. Finally, President's aides poke around all the Federal agencies and hunt out obscure "economic" recommendations, such as that the investments in credit union shares should be insured—all for the purpose of building up the alleged economic character of the report.

President Is Always Right

These messages all have one thing in common. The President, no matter whom he may be at any given time, is always right. He is following just the proper recipe to bake the economic cake which will keep the public prosperous and happy.

The message, however, is not without practical value. It provides for the upkeep, in effect, of the President's Council of Economic Advisers, which write the message, and a very large staff of what are called "economists" and "statisticians," all of whom are engaged in taking the national economic pulse every day of the week, including Saturdays and Sundays.

If the President left his economic worrying to the Council of Economic Advisers, this might prove to be a net advantage. On the other hand, it is probable that they, by organizing the worrying, keep the President always economically worried.

Then too, the staff of the CEA, together with that of the Budget Bureau, occupy the establishment known as "The Executive Office of the President," the old, ugly, "State, War and Navy Building" directly across West Executive street from the White House.

If the President did not want to keep his staff going right close to hand, this old building, popularly known in this Capital as "Old Monstrosity," probably would have been torn down long ago, for it is an eye-sore doing little to impress the visiting Banana Republic President with the grandeur of the Capital of the world's leading power, when he stops at the Blair House across Pennsylvania Avenue from "Old Monstrosity."

Reports On the Report

Now this Congressional Joint Committee on the Economic Report, some members of whom probably read all the President's Economic Report, are supposed to review the latter in great detail and, after suitable public hearings, issue a pontificial document called the "Report on the Economic Report," telling in detail just where the President is in the committee's opinion right and where he is doing wrong, and suggesting specific governmental steps.

All this is supposed to take place on a high plane in which pure national economic good is to dominate the honorable gentlemens' cerebrations, and any political bias is supposed to be left out. Unfortunately, whatever professor of political science drafted this Grand Design, misread the stars, however, for it just by coincidence happens that the committee, if of the same party as the President, agrees mostly with the President's Economic Report. If Congress is of the opposite party, by equal coincidence, the Joint Committee on the Economic Report is critical of everything that it can find that a President does.

This Report on the Economic Report is without a vestige of substantive influence whatever. The committee has no power to initiate and carry through legislation. All of its recommendations come under the jurisdiction of legislative committees, such as Banking, Finance, Appropriations, Public Works, and so on.

A legislative committee decides whether to appropriate more or less, tax more or less, steam up public works, or provide for or oppose controls, according to the committee's idea as to what is best for the members individually and the fortunes of their separate political parties—without regard to any sterile philosophy of economic theory stratospherically removed from the very real motivations of practical politics.

Stems from Employment Act

This parody upon government was not written by Gilbert and Sullivan, however, but stems from the (full) Employment Act of 1946. Under his Act the President is supposed to recommend and carry out those courses of governmental policy which shall best be adjusted to promote full employment and an expanding economy.

By an almost universal common consent, the advocates of the planned economy have come to accept the notion of "compensatory fiscal policy." In theory when the boom is getting out of hand the government is supposed to increase taxes and reduce governmental spending so as to operate as a deflationary influence; in times of depression it is supposed to reduce taxes and increase governmental payments.

Although the professors of economics and finance do not appear to have discovered this —or at least most of those who appear before the puppet show of the Joint Economic committee do not — this just doesn't work out at all. Once a governmental subsidy and bureau to administer it is set up, it is as practical in the interests of economic theory to choke it off, as it would be to move a mistress into the same house with the average man's wife. What goes up must if possible never come down. Disinterested economic policy comes as natural to a politician as self-denial in the presence of a helpless lamb does to a hungry wolf.

Was a Forum

Nevertheless, the Joint Economic Committee frequently has had one minor, perhaps useful function. It was a public forum before which could be aired the merits of public policy in the economic, fiscal, and monetary fields. Last year, for instance, the present headmaster of the Joint Economic Committee seminar on the planned economy, Dr. Senator Paul H. Douglas (D., Ill.) argued vehemently that the Eisenhower Administration's 1954 tax policy was fattening the rich and grinding down the poor, and thereby making for a sure bust.

It just happens that right now things don't appear to be looking bad about the near-term volume of business activity, so in effect, Secretary George Humphrey of the Treasury won his argument of last year with Professor Douglas.

Now Professor Douglas is a tall, big, and commanding figure. His reputation in the Ivy League is tremendous. It is almost matched by his own confidence in his own judgment on all fronts. Also he talks fast and vehemently. Hence, only the hardiest witness fails to cower before the verbal onslaughts of the Democratic Senator from Illinois, and find himself at a loss for words to defend his position.

George Humphrey is one who doesn't, and it is just possible that is why Senator Douglas this year refrained from calling Mr. Humphrey before the Joint Economic Committee.

Call Professors

So instead the headmaster set this year's forum up on the basis of "panels" as it is called, of professors of economics. It just happens that for the most part these professors voice concepts as conflicting with those of the majority of the committee's line as Charley McCarthy voices ideas in conflict with those of Edgar Bergen.

For instance, there were seven "economists" on the panel on fiscal policy, including one tax consultant of the American Federation of Labor and one economist representing the National Association of Manufacturers. Five were from the so-called great universities of the land.

With the exception of the NAM economist, the vote of the seminar on fiscal policy was 6 to 1 against a balanced budget, a working toward lower Federal spending, and a lowering of taxes.

These economists had the cutest words to define monetary inflation, an unbalanced budget, and the continued aggrandizement of the power and scope of government. In fact, one would hardly guess what they were talking about.

Rep. Wilbur Mills (D., Ark.), who rates as one of the most brilliant of the Democratic membership and a new accession to the committee, but unfamiliar with the ways of university economists, tried to find out from these gentlemen how long and how far they would go in plunging the government further into debt. He go nowhere.

Conclusions Learned

Certain conclusions were gained from the panel seminar on fiscal policies before the Congressional Joint Committee on the Economic Report, to wit:

(1) A university economist cannot answer a simple "yes" or "no" to the simplest question, but acts as though he made a living by getting paid 1/1000th of 1% per word for all he said.

(2) Among those economists who smoke, the preponderant affinity is toward pipe smoking.

(3) The professors of economics from the nation's great universities have shabbier looking brief cases than those of a Grade 9 Federal employee.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)