ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 181 Number 5404 | New York 7, N. Y., Thursday, February 17, 1955 | Price 40 Cents a Copy

EDITORIAL

As We See It

Our ventures into world politics really should be studied and appraised much more regularly and extensively against a back drop of history. The disappointments, the failures, the disillusion they bring would be much better understood if we at all times realized how extensively, how frequently, not to say regularly, our ideas, our programs and our policies do violence to all custom and tradition in international dealings. A greater awareness of what has gone before in this realm, and possibly at times a greater respect for traditional thinking would without much doubt save us from embarrassment—and possibly from allowing ourselves to be drawn into diplomatic *cul-de-sacs* from time to time.

There is, of course, a great deal in the history of world politics for which we are glad not to be responsible. No one in his right senses would suggest that we should accept as right and proper all the procedures, all the policies and all the traditional thinking that has characterized international dealings in the past. The fact is that the evolution of mankind and events not of our making have very positively and emphatically relegated a good deal of traditional thinking to the scrap heap. It is well that we enter the scene with a fresh mind and outlook.

At the same time this is still a real world in which we live, and we shall make better headway in it if at all times we choose our course in full awareness of how it does or does not conform to traditional thinking. Such thoughts are, of course, prompted by events in the Far East. We should certainly not claim to know precisely what our policies in these areas should have been at all

Continued on page 39

Technology—Our One Indispensable Weapon

By BENJAMIN F. FAIRLESS*

Chairman of the Board, United States Steel Corporation

Mr. Fairless points out, though we are the strongest and most productive nation, Russia is not far behind us, and we must depend on the one indispensable weapon, namely, "technology," which still is exclusively ours. Decries fear this weapon, as comprised in new machines will destroy jobs. Says machines and tools have been the greatest source of welfare and "automation" in industry is nothing new, but is an evolution. Indicates in recent years jobs have increased more rapidly than population. Denies profits grab lion's share in industry.

Let's look at our situation for a minute. We are the strongest and most productive nation on the face of the earth; and this, I submit, is probably the one and only reason why we have not already been plunged into a devastating atomic war.

Benjamin F. Fairless

Across the seas, there are powerful forces which threaten to attack us momentarily. In terms of manpower they outnumber us five to one. We are told that they command great military strength and that they have more planes and submarines than we do. They have ready access to a vast supply of raw materials and natural resources. In the field of science they are certainly not far behind us, if at all. And they have the hydrogen bomb.

Why, then, do they hesitate? What do they lack? What is the one indispensable weapon that still is exclusively ours? The answer, of course, is obvious. It can be summed up in a single word: "technology"; for just as a chain is no stronger than its weakest link, so a nation is no stronger than its industrial tools of production . . . than the "lifting

Continued on page 42

*An address by Mr. Fairless at the Annual Dinner of the Greater Johnstown Chamber of Commerce, Johnstown, Pa., Feb. 11, 1955.

Electric Utilities Sold by Funds

By HENRY ANSBACHER LONG

Survey reveals that total security purchases by investment company managers during the final quarter of 1954 over-balanced sales. Oils remained favorite additions along with the steels, rails and metals. Continued interest shown in the food, paper, natural gas and machinery issues. Air transports attracted enthusiastic buying, but shares of plane manufacturers were subjected to profit-taking. Textile and retail equities liquidated. Cautious attitude toward present stock market levels indicated by several managements.

[*Mr. Long's tables detailing fourth quarter portfolio changes and cash position appear on pages 35 and 36*]

Selling transactions in the electric power and light stocks in the final three months of 1954 increased by 25% over those of the previous quarter. Investment company managers thus clearly confirmed the trend toward lightening commitments in utilities which had been somewhat in evidence earlier last year. Affiliated Fund, American Business Shares and Fundamental Investors had previously been selling off electric issues purchased at considerably lower prices as has been noted in these surveys. In the final quarter of 1954 several other funds "joined the parade." Among these sellers were the Lehman Corporation, United States and International Securities, the George Putnam Fund of Boston, Fidelity Fund, Selected American Shares, the Fully Administered Fund and Common Stock Fund of Group Securities, and the Wisconsin Investment Company. General Capital Corporation sold $1 million of electric power and light shares out of a portfolio whose total valuation was $18 million.

Henry A. Long

It should be noted, however, that on an over-all basis,

Continued on page 34

PICTURES IN THIS ISSUE—Candid pictures taken on the occasion of the 30th Annual Winter Dinner of the Boston Securities Traders Association at the Parker House appear on pages 25 to 32 incl.

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

American and Foreign Power 4.8% Debentures of 1987—Albert H. Deuble, President, Yorkville Exchange Co., Inc., New York City. (Page 2)

General Cable Corporation—Sidney R. Winters, Partner, Abraham & Co., New York City (Page 2)

ALBERT H. DEUBLE
President, Yorkville Exchange Co., Inc.
New York City
Members of N. A. S. D.

American & Foreign Power 4.8% Debentures of 1987

The common stock of American & Foreign Power has been acting very well during the last few months. The recent political difficulties in Guatemala, Panama and Costa Rica have shown to Washington that we must keep our own backyard clean and not neglect our neighbors.

Albert H. Deuble

Therefore, a number of smart people in the Street regard the common stock of American & Foreign Power and especially the 4.8% junior debentures due 1987 (now selling around 76) as good speculations giving an immediate return of more than 6%. If the bonds are financed through a bank loan a still higher return can be realized.

The political and economic climate in Latin America should continue to improve. At the moment Vice-President Nixon is looking things over. Argentina seems to be getting more reasonable. It is possible that Foreign Power could recover property alone in that country amounting to between $15 and $20 a share.

Almost three years have passed since the reorganization of the company. In the meantime the new securities have become more seasoned. The junior bonds have even found their way into some portfolios of Mutual Fund companies. Certainly, they are not high-class but can be considered excellent businessman's risks. They are well protected by earning power and especially asset values (more than 7 million shares selling between $13 and $14 a share form a strong base). The junior debentures are outstanding in the amount of $67,360,000. Preceding are the 5% Gold Bonds in an amount of $50,000,000 selling around 88 and due 2030. Such a spread is not justified. From every aspect the junior debentures are the most interesting part in the whole Foreign Power situation and should be considered by every investor who is suspicious of the market as a whole but wishes nevertheless to keep his capital continuously at work.

Sure, Latin America is plagued by revolutions and sometimes exchange difficulties! But the opportunities are tremendous! All these countries are—economically speaking — on the march and "Foreign Power" is one of the most important instruments for their progress. Therefore, the skeptical investor may consider a switch from some of his stocks into the junior debentures of Foreign Power.

SIDNEY R. WINTERS
Partner, Abraham & Co., N. Y. City
Members New York Stock Exchange and Other Leading Exchanges

General Cable Corporation

When it is considered that wire and cable are most necessary adjuncts to the industries having to do with electricity, being used in every field from products concerned with the generation of electricity right down the line to those having to do with the consumption of electricity, it can be appreciated that as these fields grow, so will the wire and cable industry grow. In this country it has been forecast that the electric utility industry will again double its productive capacity over the next ten years. The electrical equipment, electrical appliance and electronics industries are expected to show even greater growth. And the telephone industry is expected to double within 15 years.

Sidney R. Winters

From the foregoing it seems reasonable to assume that the wire and cable industry should, during this period, also demonstrate a strong growth characteristic. As a matter of fact, I believe that wire and cable may show an even stronger growth than the industries it supplies. People are gradually becoming aware of the problem of inadequate wiring. Many householders can no longer take on additional equipment items of convenience and necessity. Someone said of the American housewife that if she has her way, the demand for electricity will never be fulfilled. I believe she will have her way, and it must be done with more wire and cable. Indeed in many localities electric utilities are already sponsoring and financing rewiring and adequate wiring installations. I, therefore, believe that aggressive and alert units in the wire and cable field may be able to show a growth of 150% or more over the period of the next 10 years.

I am impressed with the management team heading up General Cable Corporation and I have therefore chosen General Cable as my vehicle for representation in this field. Although there are many companies engaged in this highly competitive business, there are only about 16 large ones, and not many of these report to the public. General Cable is one of the larger producers of copper wire, rod and cable used primarily as electric and communications conductors. It is probably the largest in the electric wire field. It also makes similar and allied products of brass, bronze and aluminum. Output ranges from the very fine gauges, thin as human hair, up to heavy underground and marine cables. The most important outlets are electric and telephone utilities, building, electric appliance and equipment, and automotive industries. During 1954 the company's production was taken by industries approximately as follows: About 38% was absorbed by the electric power and light industry and manufacturers of equipment for them. This was followed by the building industry which took 20%, the telephone industry 18%, government 12%, consumer goods 8%, railroads, etc. about 4%.

With regard to the telephone industry it should be noted that General Cable is a leading producer of paper lead telephone cable. Here it serves primarily the independent companies which have even a better growth factor than the Bell system. It also has a contract to supply cable to the Western Electric Company. Indeed, the company's facilities for making this product cannot keep up with the demand, and expansion of the St. Louis plant is now being undertaken on that account.

The company's principal plants are located at Rome, N. Y., Perth Amboy and Bayonne, N. J., St. Louis, Missouri and Los Angeles and Emeryville, California. Sales are made at present through 27 offices and 18 warehouses, as well as through independent distributors. General Cable is closely identified with American Smelting & Refining through the latter's ownership of a large stock interest as well as representation on the board of directors.

Capitalization as of a recent date was about as follows:

Funded debt	None
$4 1st pfd. ($100 par)	97,891 shs.
$2 conv. 2nd pfd. ($50 par)	*123,444 shs.
Common stock	1,973,187 shs.

*Convertible into approximately 2.53 shares common through 7-1-56 — into approximately 2.07 shares thereafter.

The financial position of the company has improved in recent years despite substantial capital outlays and the repurchase of close to $5 million principal amount of first preferred shares. At the close of 1954 estimated current assets, including cash items of approximately $15.3 million are believed to have totaled approximately $36.6 million as compared with current liabilities of about $17.3 million. A bank credit of $10 million is available but none of this has been drawn upon. With regard to inventories of owned copper and other materials, it is of interest to note that General Cable went Lifo during 1940. This results in inventories being carried substantially below current market values. As a matter of fact, valuing such inventories at the present market would result in raising the book value of the common shares by several dollars per share. The value per books was recently close to $16 per share.

Capital expenditures over the past nine years have totalled more than $30 million. Another $2 million plus will be spent in 1955. I understand this has placed a major portion of the company's production facilities in modern, efficient condition. Several other courses of action have also been taken by the corporation in order to improve its position in the industry. At strategic points warehouses are being opened to supplement the service of those existing at manufacturing locations. There will soon be 30 warehouses compared to the 18 now in operation. This should result in better production runs, lower freight charges, and prompt service to the consumer. Distribution of products for the building trades has also been increased through the

Continued on page 19

The Impact of Postwar Experience on Trust Investments

By MARCUS NADLER*
Professor of Finance, New York University

Dr. Nadler points out that commodity price movements, interest rates, and taxation developments after World War II were so radically different from what happened after every previous major war, that their impact is bound to exercise considerable influence on trust company investment policies. Says trust investment management must be adapted to changing economic, social and political conditions, and lists as trust officer investment problems: (1) to strike a balance between fixed-income-bearing securities and equities; (2) selection for investment securities of individual companies in an industry, and (3) timing of purchases and sales of securities.

The investment policies of the trust companies are based on reasonable judgment, which implies a consideration of all the known forces operating in the economy. This also involves careful analysis of economic developments in the past in order to ascertain whether any basic changes have occurred which may have an important bearing on these policies. The movement of commodity prices, of interest rates, and economic and taxation developments after World War II were so radically different from what happened after every major war, and from what was generally expected at the end of hostilities, that they are bound to exercise a considerable influence on the investment policies of trust companies.

Marcus Nadler

Commodity Prices

Every major war has been followed by a period of boom and inflation which ended in a period of depression and deflation. This meant that while during the boom and the period of inflation the dollar depreciated in purchasing power, after a period of time it again increased in value. The buying power of the dollar thus was reduced for only a relatively short period of time. This happened after the War of 1812, the Civil War, and after World War I. Until recently, it was widely believed that the same pattern would develop after World War II. However, experience of the last few years has clearly demonstrated that a sharp break in commodity prices, and thus a material appreciation in the purchasing power of the dollar, is not likely to take place. The index of wholesale prices as published by the Bureau of Labor Statistics declined from the postwar peak in August 1948, when it stood at 106.2 (1947-9=100) to 97.7 in December 1949, a decline of only 8%. After the outbreak of the Korean War, a new peak in wholesale commodity prices was reached. The decline since then has been moderate indeed, and currently the index stands at about 110 or about 3½% above the level where it was at the postwar peak in 1948.

Developments during 1953 and 1954 are of particular interest. Although business activity during this readjustment period declined by about 10% and unemployment rose considerably, the wholesale commodity price index remained practically stable. What is of perhaps greater significance is the fact that during 1954, in spite of the decline in business activity and the increase in unemployment, wage rates of production workers in many manufacturing industries actually increased. An increase in wage rates, while in part absorbed by increased efficiency and in part by a squeeze on the margin of profits, boosts costs of production and ultimately tends to push commodity prices upward.

Moreover, one may ask the question, "If wages were increased in 1954, a year of downward business readjustment and unemployment, is it not fair to assume that this trend will continue?" The proposed increase in the minimum wage rate and the emphasis by important labor unions on a guaranteed annual wage do not offer any prospect of any lowering in wage costs. Hence the outlook for commodity prices, because of the high costs of production, is for a continuing moderate upward trend. Although individual commodities may fluctuate considerably, a decline in the general wholesale commodity price level in the future is not to be expected.

The opinion has been expressed that not enough time has elapsed to reach any definite conclusion that the post-World War II period will not ultimately witness a sharp break in commodity prices. Prediction in these highly uncertain times is extremely difficult. A careful analysis of post-World War II developments and the various economic forces now operating in our economy does, however, lead to the conclusion that a sharp break in commodity prices and thus a material increase in the purchasing power of the dollar is not in the picture. In the first place, the outstanding volume of debt—both public and private—is very high. A sharp decline in the level of commodity

Continued on page 40

*A talk by Dr. Nadler before the 36th Midwinter Trust Conference sponsored by the Trust Division of the American Bankers Association, New York City, Feb. 8, 1955.

INDEX

Articles and News — Page

Regular Features

*See article "Electric Utilities Sold by Funds" by Henry Ansbacher Long starting on cover page.

Published Twice Weekly
The COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
WILLIAM B. DANA COMPANY, Publishers
25 Park Place, New York 7, N. Y.
REctor 2-9570 to 9576
HERBERT D. SEIBERT, Editor & Publisher
WILLIAM DANA SEIBERT, President
Thursday, February 17, 1955

Every Thursday (general news and advertising issue) and every Monday (complete statistical issue — market quotation records, corporation news, bank clearings, state and city news, etc.).

Other Offices: 135 South La Salle St., Chicago 3, Ill. (Telephone STate 2-0613); 1 Drapers' Gardens, London, E. C. England, c/o Edwards & Smith.

Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 8, 1879.

Subscription Rates
Subscriptions in United States, U. S. Possessions, Territories and Members of Pan-American Union, $55.00 per year; in Dominion of Canada, $58.00 per year. Other Countries, $62.00 per year.

Other Publications
Bank and Quotation Record — Monthly, $37.00 per year. (Foreign postage extra.)

Note—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Giving the Helicopters Another Whirl

By IRA U. COBLEIGH

Enterprise Economist

An updated look at this secondary aircraft, with some estimate of its present value, its future uses, and the profit potentials for leading manufacturers.

The helicopter has for years excited us as sort of the Cinderella, the step child, of the aviation industry. Because it did not require a projectile like take-off, and the related airport airstrips; because it could land in a field, a forest clearing, or atop a skyscraper; because it could rise vertically, or hover motionless in space like an outsized humming bird it was widely believed to offer many basic advantages, especially in short haul flights over congested metropolises, or to roadless wilderness destinations.

Ira U. Cobleigh

In actual flying, however, not all of these bright aerial promises have been completely fulfilled. This is not to deny, however, a broad field of usefulness for these volant windmills. The performance record is still impressive; in war as rescue craft for personnel fallen in the sea from plane, or in naval disaster; spotting submarines; and, on land, speedy and low flying deployment and withdrawal of troops; swift and merciful dispatch of the wounded from battleground to field hospital; delivery of supplies; and manning and provisioning battlezones inaccessible by road or path, due to mountainous, rugged or rocky terrain. These functions alone would have more than justified the millions of inventive hours, and millions in development dollars devoted to rotary craft.

Peacetime uses have included prospecting in the frozen North, sometimes using skis for landing gear, serving as shuttles for personnel and supplies in the expanding offshore oil drilling operations (tidal drilling rigs have landing platforms topside); and more recently we've seen helicopter airport commuter and mail services installed in the New York and Los Angeles areas. Midtown New York is now five minutes from Idlewild Airport instead of 45 minutes away by bus.

So much for general uses, but what has kept the whirlys from really taking over this short haul assignment altogether? There are two answers basically: (1) certain technical drawbacks and engineering bugs and (2) lack of carrying capacity. The technical problems have been in design and power application. Should there be one rotor or two? One motor or two? What type of suspension should be employed? How overcome vibration? How apply the new power systems of turbine, turboprop or jet? The search for answers to these and related queries has meant that even today no one has apparently come up with the ultimate and completely functional design; and the most efficient performers are still the single motor jobs that can carry at most seven or eight passengers. The day of the 80 or 100 passenger rotary wing commuter bus, or a 30-ton air truck, is still in the future—and every one knows that efficient transportation is a coefficient of capacity.

Switching from the general to the specific, let's take a panoramic look at some of the companies, dedicating all, or a part, of their production effort to helicopters. These enterprises fall into two categories — big major aircraft manufacturers, with helicopter divisions; and the usually much smaller independents working beaverishly away at their own special approach to the rotary-wing-transport problem.

The biggest company in the field and perhaps the ultimate design leader is **United Aircraft,** whose Sikorsky division has, since 1942, produced over 1,000 helicopters. Its S-55 has proved a durable and practical single motor model, and has worked out well in airport ferry use. A larger craft, the S-56, designed for commercial use to carry 30 passengers, still has some things to be ironed out. This is a two engine job. Investors who wish to share in the future of helicopters here can buy United Aircraft common, buttressed by a $1.1 billion backlog, current earnings of around $8 a share. Today's quotation, NYSE, 87 with a $4 dividend.

Bell Aircraft has been a recent market sensation due perhaps partly to a competition for management control, and partly to its sensational new convertiplane announced last week. This starts off from the ground like a helicopter then switches props 90 degrees in mid air and makes like an ordinary plane. This hasn't been around long enough yet to be widely tested in actual operation but it does present a unique, albeit hybrid, solution to the problem of straight up flying, and eliminating the running start. Bell, always a progressive company, has also been a leader in guided missiles. Bell common is outstanding in the amount of 1,290,000 shares, pays $2 in dividends and has sold as high as 36. It's a representative helicopter issue.

Piesecki has been strictly a helicopter specialist from the start, working away since 1949 to perfect a really sizable commercial and military plane to carry 40 persons or more. It's a twin motor job with one rotor-unit forward and the other aft carrying cargo in between like a flying hammock. Piescke grossed $86.7 million in 1953. Its common shares (unlisted) sell around 35. There are 375,000 shares outstanding; and followers of this equity are particularly impressed by Piesecki's ability to secure Government contracts. No dividends have been paid so far.

Among the less heralded entries, **Kaman Aircraft** has developed a Navy type, employing intermeshing rotors (one on each side). 1953 sales over $11.6 million and net, $207,000. Speculation here is via either 214,808 class A shares or 82,218 "B" shares (closely held and carrying all voting rights). The "A" sells around 14½.

Doman Helicopters with a plant at Danbury, Conn., I believe, offers a 7-passenger helicopter. The common, 511,792 shares outstanding, sells at about 2¾ over-the-counter.

Gyrodyne Company of America has contributed the coaxial principle to helicopter design—craft employing counter-rotating propellers on the same shaft. The models turned out have worked out well in tests and led to a $200,000 Navy contract awarded last December for a light weight helicopter (Rotocycle) for Marine observation use. A feature of Gyrodyne is that it owns its land (about 340 acres) and plant at St. James, L. I. This real esetate alone must be worth easily $500,000. Five million common shares are extant, quoted at 50c, unlisted. John A. Roosevelt is Board Chairman.

Hiller Helicopters, a West Coast company, turns out a three passenger job, and is working on a craft to be powered by jet thrusts at the blade tips. No dividends on the common up to now. Common sells at 8 over-the-counter and there's also an issue of convertible debentures.

McDonnell Aircraft, famous builder of Navy fighter planes, Voodoo, Banshee and Demon, is also researching in helicraft, and has a convertiplane on the drawing boards. Don't discount McDonnell as a possible major factor in the field. Common sells around 35 on American Stock Exchange.

Others interested in rotowings include **Cessna Aircraft,** through its **Seibel Helicopter Division;** and **Barium Steel Corp.** is reported at work on a convertiplane in its **Jacobs Aircraft Engine Division.**

This little tract is surely no compendium on helicopters but it should give you a pretty good cross section of the companies at work here, the designs they sponsor, and the hopes they offer for progress, profit, and mayhap capital gain to shareholders.

Helicopters comprise definitely the most speculative area in the whole aircraft business, and while there are perhaps $500 million in backlogged orders here (mostly for the military) no one single design has emerged as the sure fire, the ultimate, type. Perhaps the answer is in gas turbine propulsion, perhaps a flock of small units, the ether equivalent of foreign midget cars; perhaps it's the convertiplane. Nobody can say for sure; but if you want speculations that may or may not soar for you on rotary wings, you've got quite a few to choose from. Who knows, you may decide to give them a whirl.

Chicago Analysts to Hear

CHICAGO, Ill. — Dr. Julius Grodinsky, Professor of Finance of the Wharton School of Finance and Commerce of the University of Pennsylvania, will address the luncheon meeting of the Investment Analysts Society of Chicago on Thursday, Feb. 24. Dr. Grodinsky will speak on Investment Factors and Growth Stocks.

At the March 10 meeting Allegheny Ludlum Steel Corporation will be the topic.

Investment Aspects of Gold

By B. BARRET GRIFFITH*

Partner, John H. Lewis & Co., New York City

Members New York Stock Exchange

Mr. Griffith contends there is not today a more thoroughly deflated industry than gold mining, an industry which has suffered depression during the last 20 years. Ascribes this to inability of Americans to redeem paper dollars in gold at their will. Says gold mining stocks are deflated in price, and cites the decline in U. S. gold reserve, notwithstanding a heavy export trade balance and an increasing demand for gold. Concludes gold and gold mining stocks look safe.

In speaking on gold, I am reminded of a talk I gave before a bankers' convention in 1940. At that meeting I was assigned the subject of railroad bonds. Believe me, it was as unpopular a subject then to discuss as gold is today. Subsequent events proved the timeliness of that study and the suggestions and recommendations then made concerning the investment status of railroads. I sincerely hope that subsequent events will prove this meeting and this talk to be as timely.

B. Barret Griffith

Because of the parallel that came to mind—gold now and railroads in 1940—and because we have been prone to look at the subject of gold from the viewpoint of "how things should be" rather than "how things are," I thought today that it might be constructive to discuss gold from the realistic investors' standpoint. There is no reason to repeat how over the centuries man has always sought gold, measured his wealth in gold, protected himself against dictators, isms, depressions, and declining currencies with gold, and controlled his government's fiscal policies by his ability readily to convert currency into gold whenever he believed that his government should apply brakes to Federal expenditures. However, let's look at the investment aspects of gold.

Gold Mining Industry Deflated

Today there is a no more thoroughly deflated industry than the gold mining industry. It has suffered, in this country and in Canada, a depression of some 20 years. Remarkable is the fact that the industry has survived the political attacks upon it during the last 20 years. Along with American citizens, the gold mining industry has suffered tragically from the inability of Americans to redeem paper dollars in gold at their will. Domestic gold producers and American citizens have been legislated against by our Washington and White House incumbents and are therefore not in the same position as the lucky foreigner who can redeem American dollars which we have so grandiosely handed out, and the American gold producers cannot sell their product at world prices. In consequence, American gold miners have suffered a long-enduring and indeed a strange man-made depression.

The offsetting entry in the over-all economic balance sheet has been the expensive but to date successfully propagandized policies, exemplified by the Full Employment Act and high prices for all sorts of American products. The net result of paper money and consequently free spending has been the depreciating value of the American dollar. Our Washington representatives are listening to the whispers of paper money managers as they did to Harry Dexter White (whose fiscal policies we still follow).

Gold Mining Companies Remain Solvent

From the investment conclusions that the gold mining industry has survived depression, that there are companies in the industry that remain solvent after the long depression, and the conclusion that gold stocks are well deflated in price, let's move on to some brief and general observations of the economic and monetary factors related to gold. Since the third quarter of 1949 the gold stock of the United States has declined from approximately $25 billion to a current reserve of less than $22 bililon.

Strange indeed is the fact that during the same interval, or over the last five years, our total liabilities to foreigners, which can be redeemed by them in gold, as reported by the Board of Governors of the Federal Reserve System, have increased from less than $6 billion to just under $11 billion. Never the less, **and this is almost beyond explanation,** there is the fact that, as everyone knows, the United States has exported more goods and services to foreigners during those same five years. At the same time our government debt, private debt, and individual debt, have mounted. If we lose gold during times like the last five years, how in the world can we expect to regain our position and, as a matter of fact, remain monetarily a powerful nation? From an investment standpoint the fact to note is that our supply of gold has been declining for several years, yet the demand for it has increased.

Other nations and people of other nations appear to continue to believe that gold has value. They are unlike our disillusioned selves who have temporarily at least been led to believe that gold is valueless.

A case in point is Russia. Since World War II, there is every evidence that Russia has been feverishly seeking gold. She has been attempting, and not without success, to establish a Ruble Bloc. She has built a trade area which is competing with the dollar area. The men in the Kremlin seem convinced that gold is one of the best weapons of any nation, both in peacetime and wartime We must conclude that the demand for gold continues strong. Overnight, the margin between the demand for and the supply of this precious metal may be realized in this country. Even today, unfor-

*A talk by Mr. Griffith at Western Mining Conference, Denver, Colo., Feb. 4, 1955.

tunately, that realization would come after some unhappy facts which include that our gold stock is now only half as large as it was in the 1920s relative to total bank deposits, currency outstanding, and our national debt.

Looking at our Federal financing picture, we find our money managers faced with a dilemma. On the one hand, it will be tricky indeed if they can raise interest rates without upsetting securities prices, commodity prices, and our business boom. On the other hand, following the policy of ever-easier interest rates and the expansion of credit could nudge us off into flight from the dollar. There is a possibility, but it is only that, that the money managers in their present uneasy position might ask for the installation of gold in our monetary affairs. After all, every sensible automobile driver demands a speedometer and brakes on his automobile. Most of us would be scared to death to drive any car equipped only with an accelerator. Because our monetary affairs and our economy may have gone beyond the control available from pushing down on the accelerator, or letting up on it, there are reasons for hoping for a return to gold before a crash.

It has been pleasant indeed to have been here today and briefly to discuss with you a few of the aspects of gold. My investment conclusion on the subject is that gold looks safe. I wish that more Americans as well as our Treasury had more gold bricks. Unattractive, drab, and unromantic as today they seem to be, gold bricks and coins still are and always will be good in peaceful, prosperous trade anywhere in the world.

Meyer Director of Nat'l Secs. & Research

The election of H. Kenneth Meyer as a member of the board of directors of National Securities & Research Corporation was announced recently by H. J. Simonson, Jr., President.

Mr. Meyer, a Vice-President and member of the policy committee, joined the corporation at its inception in 1930 as Assistant Secretary and Assistant Treasurer. He became Treasurer in 1935 and was elected a Vice-President in 1949. He received a B.C.S. degree from New York University, School of Commerce, Accounts and Finance.

National Securities & Research Corporation is underwriter and manager of the National Securities Series of Mutual Investment Funds with total assets of over $230,000,000.

W. Gardiner Young With Stetson & Co.

Stetson & Co., 41 East 42nd St., New York City, members of the New York Stock Exchange, have appointed W. Gardiner Young as manager of their investment department.

The State of Trade and Industry

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

Over-all industrial output in the period ended on Wednesday of last week rose about 6% above the level of the similar period in 1954.

Reports of important developments in Soviet Russia relative to changes in high governmental officials at first resulted in declines on the New York Stock Exchange accompanied by heavy trading. Later in the week optimism set in and losses were largely regained. Many stocks reached new highs for the year.

New claims for unemployment insurance in the week ended Feb. 4, it is reported, were higher than the week preceding, but under that of the similar period one year ago.

For the week under review initial claims totaled 201,048, a rise of 4,393 above the 196,655 filed in the week ended Jan. 28. The comparable figure for a year ago stood at 238,779.

For the week ended Dec. 31, 1954, the United States Department of Labor reported new claims rose sharply to 399,100 from 303,500 in the previous period. The increase of 95,600, highest in many months, reflected layoffs of temporary employees by retail stores following the end of the Christmas shopping season, and the dropping of part-time workers by some Federal agencies.

Steel consumers are taking a hard look at their inventories, states "The Iron Age," national metalworking weekly, this week. They don't like what they see. Demand for their own products has improved to the extent that their steel inventories are relatively too small in most cases.

What looked comfortable in the way of steel stocks last November or December no longer produces that "safe" feeling among a big section of steel users. Because of this more realistic look at steel stocks many consumers are trying to build up inventories as a hedge against better business, wage and price increases and a sudden bad turn in international events.

Steel customers are running into some difficulty in building up their supplies and the reasons, according to this trade authority are: (1) A low state of inventories has been the general rule among steel users. Now, many have suddenly decided to build up stocks. This has extended deliveries on many items and has made much addition to stocks impossible so far. (2) Demand for autos, appliances, farm implements and manufactured products has improved to such an extent that most steel deliveries are meeting actual current needs only. (3) The extension in deliveries of cold rolled sheets and other flat rolled products has meant that deliveries of other items have automatically become a little harder to get. This factor is pushing the steel ingot rate towards 90% or more. It also builds backlogs because most steel firms are reluctant to rush high cost steelmaking equipment into production and (4) Steelmakers must save space for long-time customers who will be in for more steel soon because of seasonal requirements. This situation will be aggravated because of heavy foreign demand for sheets and semifinished steel.

Smart steelmakers are bracing themselves for a March demand which they feel will make a new record since the highs of 1953. Some steel producers are still trying to read into the picture a let-down in the second half of this year. They are taking that attitude while some of their best customers are trying to get on the books of the third quarter of this year, concludes this trade weekly.

Passenger car production in the United States was scheduled the past week to reach a record level.

Saturday operations and overtime during the week were expected to push production for the period to 167,095 units, according to "Ward's Automotive Reports." This figure is 1.3% above the previous record of 164,876 cars set during June 12-17, 1950 and 1.7% higher than the prior week's 164,265 completions.

Producers are aiming at 653,600 completions this month. That would be the highest number of cars ever produced in February.

But March may become the greatest production month of record if current programs are met. "Ward's" estimated that the first quarter production for 1955 would top 2,000,000 units and equal an 8,200,000-unit annual rate.

Last week's output found General Motors pushing toward a new record in weekly car volume. Meanwhile Ford Motor Company and the Chrysler Corporation have been paralleling the previous week's production. The independents have been turning out cars the past week at the highest rate in 81 weeks.

The Ford division had its plants slated for six-day operations last week, while Lincoln-Mercury was working comparable schedules at all final assembly facilities except in St. Louis. Plymouth increased its production with daily overtime while DeSoto also planned Saturday operations. General Motors scheduled overtime at Buick, Oldsmobile and Pontiac plants.

Combined car and truck assembly last week was estimated by "Ward's" to be 181,919. That would be slightly under the preceding week's 182,690 cars and trucks. The decline reflects changeovers with G. M. and Chevrolet, "Ward's" said, plus smaller truck production at Dodge.

To date in 1955 about 1,080,028 cars and trucks have been built by United States producers. That is almost one-third more than in the comparable period in 1954. Car output is up 42% while truck building is trailing last year's pace by 12.6%.

With production reaching new heights, the automobile companies are also reporting record or near-record sales. Ford and General Motors said sales last month broke the January record. Chrysler said new passenger car deliveries at retail last month were close to the record of January deliveries set in 1950.

Non-farm housing starts last month, according to the Bureau of Labor Statistics of the United States Department of Labor, broke all January records. They dipped, however, some 3% below December.

A January total of 88,000 home starts was a substantial 33% above the like 1954 month's 66,400, the Bureau reports. Last December, starts totaled 91,000. The previous January record, 85,900, was hit in 1951.

Continued on page 41

Observations . . .

By A. WILFRED MAY

CORPORATE GLADIATORS

A Look at the Wolfson Record

[Midst the prevalent concentration on the current aspects of the proxy war for control of Montgomery Ward, it seems constructive to inquire into the long-term past record, policies, and philosophy of the chief protagonists. Accordingly, our column was last week devoted to the incumbent management head, Mr. Avery; with this space detailing the record of the insurgent Mr. Wolfson.]

The current Battle of the Mid-Century for Montgomery Ward is directing the public spotlight toward that newly-discovered star on the financial horizon, Louis E. Wolfson. But the fact is that constantly since 1949, when he first entered the field of publicly-owned corporations, has he been growing from a virtual unknown to a recognized financial power. Outside of the Montgomery Ward siege, an equally important venture absorbing his effort is dynamic Merritt-Chapman & Scott. This giant marine salvage and construction operation, of which he is President and Chairman, has recently announced a share exchange offer to the stockholders of New York Shipbuilding Corporation, Devoe and Raynolds Co., Inc. and Tennessee Products & Chemical Corp. As devised by Mr. Wolfson, these acquisitions will bring Merritt's annual sales to the $400 million level and give the company a primary position in six major markets: construction, shipbuilding, steel, chemical, heavy machinery and paint.


A. Wilfred May


Louis E. Wolfson

Apparently evidencing the public stockholder's confidence in the young industrialist is the rise in Merritt-Chapman's shareholder population from 1,500 in 1949 (Wolfson became a director in May of that year) to more than 12,000 at the present time. Furthermore, new offerings in each of the last three years have been well oversubscribed—all handled through direct offers from the company without the benefit of underwriting.

Stockholder Gains

Irrespective of any other aspect of this protagonist's exploits—some of them assuredly controversial—the dividend returns and capital appreciation consistently accruing to his stockholders have undeniably been of the very best. A $10,000 investment in Merritt-Chapman & Scott made in May, 1949 would have grown to $30,000, including cash dividends received by the end of 1954. In the case of Capital Transit, anyone who bought $10,000 worth of stock when the Wolfson interests took over in September, 1949, today would have shares worth over $42,000. In the two years of Wolfson's leadership of New York Shipbuilding, a $10,000 investment has grown to approximately $19,000. Analysis of the three companies indicates that in each case the growth and improved eanings picture justifies the rise in share value.

The Merritt-Chapman & Scott Picture

Full acceptance of the present M. C. & S. offer, which also covers the few remaining shares in three previous Merritt acquisitions, will make the company one of the largest in the country. It is expected that annual sales should approximate $400 million; net worth will be about $126 million, and working capital in excess of $78 million.

A *pro forma* (unaudited) balance sheet which appears in the prospectus covering the exchange offers reflects the combined financial position of Merritt, Newport, Marion, Osgood, New York Ship (including Nesco and Highway), Devoe & Raynolds and Tennessee, as it would have been at Sept. 30, 1954 had there been

Continued on page 43

"Politics Is the Art Of the Possible"

By W. RANDOLPH BURGESS*
Under Secretary of the Treasury

Pointing out Americans are brought up to venture the impossible and to achieve it, prominent Treasury official and former leading New York bank executive describes the background of both Federal Budget and the new 3% Federal bond issue. Says it is still a firm objective to achieve a balanced budget administratively as well as on a cash basis. Describes the financial situation which resulted in the long-term 3% bond issue, and ascribes its success to the extraordinary cooperation of bankers, dealers, and investment institutions.

The most important discovery I have made since I moved from my bank chair among you to my chair in the Treasury is that the 200 miles from Washington to New York is one of the longest distances in the world. As I make the journey about every two weeks, I realize the change of climate. The morning physical temperatures, as reported by 7 o'clock radio, are about the same; but the climate of interests and emotions is noticeably different.

W. R. Burgess

When our founding fathers made the compromise which placed the country's political capital 200 miles from the financial capital (as it turned out), they did more than inconvenience many people with business in the political capital. They put great roadblocks in the path of mutual understanding. We do well to recognize these blocks and learn better how to surmount them.

Fortunately, the intellectual distance between the two centers has shortened in recent years. Two World Wars and the great depression drew business men into government and taught government to think more about business, and vice versa. Washington has grown into a vital world center. But the gap is still there. Time after time, we hear our business friends lament the rate of good old Bill; he went to Washington and got "Potomac Fever" with the rest. And we hear the business man who has gone bureaucrat bewail the selfish short sightedness of his former associates. Both are right; yet both are wrong.

So for this luncheon, sponsored by my old friends of the New York Clearing House for representatives from the nation's banks, I have taken for a text a political truism: "Politics is the Art of the Possible."

This seems a mean objective. Americans are brought up to venture the impossible and achieve it. "The difficult we can do immediately; the impossible takes a little longer" is a motto which hangs in a frame in many a Washington office.

Achievement against odds finds many exemplars in American history. In cajoling, persuading, and driving the New York Convention to ratify the Constitution, Alexander Hamilton overcame fearful opposition. There have been other cases in American history.

But we must always remember that back of the final success of the Constitution was the present day-by-day guidance of George Washington. Lincoln picked his way slowly step by step through a sticky political morass before he won the preservation of the Union, and freedom for the slaves, an achievement which far overshot his first objective.

In political action, the sudden leap is the exception, arising from exceptional circumstances. Normally, progress moves by slowly built stages fashioned from many trends of facts and opinion.

Instead of talking in abstractions, let me illustrate by describing the background of two recent government projects: the new budget, and the new 3% bond issue.

The Budget in Practice

When this Administration came into power, it faced a current budget deficit of 9.5 billion. Expenditures and prospective deficits were still rising.

President Eisenhower in a recent press conference recalled a pre-election speech in which he had set a reduction of expenditures to $60 billion as a four-year goal. "My goal, assuming that the 'cold war' gets no worse, is to cut Federal spending to something like $60 billion within four years. Such a cut would eliminate the deficit in the budget and would make way for a substantial tax reduction."

Actually, we have already moved far towards this objective. Spending was cut from a prospective $78 billion to $68 billion in fiscal '54. The deficit was reduced to $3 billion.

The second move in the current fiscal year—'54-'55—reduces expenditures to $63.5 billion. A further cut of $1 billion is budgeted for '56, and next year's deficit should be less than $2.5 billion.

Why don't we go faster? Right here is where practical considerations, the "Art of the Possible," enter the picture. The first hurdle is the defense budget. The cuts so far have squeezed out most of the water. But with the threat of war always on the horizon, there must be a steady increase in our defense capabilities. This we are achieving. As the President stated in his Budget Message:

"Our defense expenditures are now bringing about a steadily growing strength. Never in our peacetime history have we been as well prepared to defend ourselves as we are now."

A second practical problem arose in part from a change in the economic situation. It became clear during 1953 that huge cuts in spending without cuts in taxes would accentuate the readjustment which was appearing and would delay recovery. It was therefore practical wisdom to use a large share of the savings in expenditures to cut taxes. Also, in time of recession, taxes yielded less than the estimates. The actual balancing of the administrative budget was thus delayed, though the cash budget was brought into balance in 1953-54.

A still further practical implication of the economic recession was that the human welfare activities of the government needed sympathetic consideration as a means of helping to maintain hope and confidence. This country is emotionally committed to participation of the Federal Government in many aspects of human welfare. The practical question relates to the extent and the objective, whether government supersedes or acts to stimulate private and local initiative. On this point the position of this Administration has been clear-cut.

Thus, there were strong practical reasons which prevented going further and faster towards our objective.

The great accomplishment in which we may take pride is the huge reduction in spending, the achievement of balance on a cash basis, while at the same time meeting the practical requirements of the situation. By this and other action, the transition from hot war to cold war and from huge to reduced spending was carried through without anything remotely approaching economic collapse.

But in our pride in achievement, let us not forget that we are still short of the goal. The firm objective is still a balanced budget—administrative as well as cash. Here is where people like you, with your vision not deflected by political considerations, may properly and helpfully keep reminding us and the people that this country is committed to balanced budgets. History tells us we must stand by this rigorous standard if we really want sound money as a firm foundation for dynamic progress.

Long Term Financing

The Treasury has just issued succesfully a 40-year 3% bond issue, the longest bond since the Panama Canal 3's sold in 1911. This issue and its timing illustrate the mixture of long term principles and short term necessities.

The long term objectives was to spread the debt. Our huge $278-billion debt is crowded into the next 15 years, with the exception of the 3¼'s sold in 1953 and the 3's just sold. When the present Administration came in two years ago, 50% of the marketable debt was due or callable within one year. That is not a sensible or safe arrangement for the debt of an individual, or a business, or a country. You are at the mercy of the market as your maturities pour in on you, unless you adopt the still worse inflationary price-pegging machanisms of a managed economy. In any emergency, the raising of new funds would be hampered by the mass of maturities to be refunded.

We set about to correct that situation gradually. We made a start by selling $1½ billion of 3¼% bonds of '78-'83. Then we were driven into the bomb shelter. The market for long bonds faded away, and business turned down.

The spring of 1953 marked, in my belief, an economic turning point, a culmination of the inflation which began with Korea. This inflation had carried the cost of living up 12% in less than three years. One of its features was the placing of huge government orders. While wholesale prices turned down in 1951 and 1952, primarily due to farm price drops, the boom in production had started up again the second half of 1952 and made quite a bulge in the spring of 1953. Much of this was due to overaccumulation of inventory and was dangerous to economic stability. If the inventory pile-up went on and the crescendo of government buying continued, an economic collapse was threatened when the turn finally came.

It was into this critical situation that the Eisenhower Administration found itself plunged. Three forms of restraint were at

Continued on page 39

*Excerpts from an address by Dr. Burgess before a Luncheon at the 36th Mid-Winter Trust Conference of the Trust Division of the American Bankers Association, New York City, Feb. 9, 1955.

Why We Need an Honest And Sound Currency

By WALTER E. SPAHR*
Professor of Economics, New York University
Executive Vice-President,
Economists' National Committee on Monetary Policy

Starting out with the statement, "the people of the United States are victims of the drug of irredeemable currency," and are therefore not impressed with the experiences of mankind with monetary inflation, Dr. Spahr points out the dangers and evils in our system of irredeemable currency. Follows this up with a recital of the benefits to be had from a redeemable currency, and says the urgent need is for statesmen to emerge who understand the nature and implications of an irredeemable currency.

Today the people of the United States are victims of the drug of irredeemable currency. And they are thorough-going addicts. When they suddenly found this notorious drug thrust upon them in 1933, there were many protests — by organizations and by individuals. For example, organized protests came from the Federal Advisory Council of the (then) Federal Reserve Board; the United States Chamber of Commerce; the National Foreign Trade Council; a group of Yale economists; 37 members of the faculty of Columbia University; 11 social science professors at Swarthmore College; the New York Chamber of Commerce; the National Association of Manufacturers; the Association of Life Insurance Presidents; the Chicago Association of Commerce; the San Francisco Chamber of Commerce; the Executive Committee of the Philadelphia Chamber of Commerce; the Sound Money Club of Fort Plain, New York, in a resolution signed by over 200 of the community's leading citizens; Representatives of San Francisco Labor, Business, and Agricultural Interests; the Directors of the St. Louis Chamber of Commerce; the Illinois Manufacturers' Association; the American delegation to the World Economic Conference in 1933; the representatives of Great Britain, Canada, Australia, New Zealand, Union of South Africa, and India in the British Imperial Declaration on Monetary Policy in 1933; Sub-Commission II of the Monetary and Financial Commission of the London Conference in 1933; 710 economists in the American Economic Association (in February, 1934); the 92 members of the Economists' National Committee on Monetary Policy.

Dr. Walter E. Spahr

Of all the organized opponents of irredeemable currency, apparently only the Economists' National Committee on Monetary Policy remains, after 22 years, as an organized obstacle to the almost universal acquiescence, by the people of this nation, in such a currency. Should the members of that Committee be compelled to terminate their efforts as both technical and popular educators in the field of money because of lack of support, then the last organized voices of warning will have been stilled; and that great silence, marking the complete engulfment of a nation in a deadly disease, will have surrounded our people like the still and ominous air which sometimes precedes the storm.

Our behavior today is essentially that of the drug addict. Protests against the use of irredeemable currency have almost died away. Well-trained and experienced scientists in the field of money, who conduct themselves as scientists rather than as partisans of a pro-socialist political movement, are largely ignored or given the silent treatment. Our people are now thoroughly conditioned in respect to this drug. They reveal all the major symptoms associated with such addiction. They believe in its alleged virtues. Their Administration and Congress in Washington believe in it. Our press advocates it. Our textbooks on money and banking and in Economics defend and praise it. We now have a new generation whose members regard it as natural and as fitting and proper as the clothes they wear. There is general fear and disapproval of a redeemable currency. Its virtues and vital importance are no longer understood.

All this is on old story in human history. But our people, for the most part, seem not to be aware of that fact. They have been informed in an endless number of ways that the use by us of an irredeemable currency is a case of man's mastery, at least, of paper money, just as we have learned to fly or to split the atom. We seem to believe that we have at last made irredeemable promises to pay superior to gold for our people. Gold as money, we contend, belongs to the days of cruder thinking and practices; today only our government managers should have possession of it for such use as they deem to be in the public interest. We seem to take it for granted that our experiment with irredeemable promises to pay as money has in it so many new and modern elements that it is in fact something new. Indeed, we seem ready to contend that our practice is no longer an experiment but an escape from unworthy shackles of the past into a new day which holds for us only hope for better and better things to come.

We do not entertain the idea seriously that ours is another case of a new generation experimenting with a device that has centuries of history of failure and disaster. We laugh at, or frown upon, or regard as antiquarians, those who point, for example, to Andrew D. White's *Fiat Money Inflation in France*, written in 1896 and referring to the French experiment of 1790 to the end of that century, as containing valuable lessons for us. We refuse to recognize any parallel state of affairs in this country when we are reminded by White that the majority of Frenchmen in those days, shortly after they got their taste of the drug of irredeemable currency, became, to use White's words, "desperate optimists, declaring that inflation is prosperity." We refuse to recognize that there are any important parallels in his illustration of an old lesson when he reminded his readers that "throughout France there came temporary good feeling," that "the nation was becoming in-

*An address by Dr. Spahr before the University Club of Baltimore Dinner Meeting, Baltimore, Md., Feb. 11, 1955.

ebriated with paper money," that "the good feeling was that of a drunkard just after his draught."

We shrug our shoulders at White's statement that "it is to be noted as a simple historical fact, corresponding to a physiological fact, that, as draughts of paper money came faster the successive periods of good feeling grew shorter." We refuse to see any parallel in this country to the statement that "France had now gone beyond her thoughtful statesmen and had taken refuge in unwavering optimism, giving any explanation of the new difficulties [arising from depreciation in the purchasing power of the currency] rather than the right one."[1] It may be doubted that we recognize any lack of discernment in the proposal of a Senate Committee to investigate the rise in prices in the stock market while the government cultivates easy money policies. We are not impressed when it is pointed out in White's little book that journalists then, as now, "caught it up [that is, irredeemable paper money] and displayed its beauties,"[2] or when we are reminded by him that the French people, after being warned of her severe experiences with such currency under John Law, 70 years earlier, contended that they were "now a constitutional government, controlled by an enlightened, patriotic people" who knew how to profit from earlier experiences and could now manage and enjoy the benefits of this best of monetary operations—best because "it reposes on the will of the people."[3]

A result of that experiment by that "enlightened, patriotic people" was the coming of the famous "man on horseback"—the dictator, Napoleon.

Nor are we impressed today when we are reminded of the pronounced business expansion which followed promptly after resumption of redemption in this country on Jan. 2, 1879, or of the fact that the longest business depression in our history—that of October, 1873 to March, 1879—came during the period when we were employing irredeemable Greenbacks and after their use for a dozen years. We seem to take it for granted today that with an irredeemable currency we have provided ourselves with strong protection against another severe business recession and depression.

In short, we are not impressed with the experiences of mankind with the drug of irredeemable currency. We are confirmed addicts; we have relatively little interest in what the experienced doctors, of the non-socialist variety, have to say; we are on our way, as optimistic, and as determined to enjoy the blessing of our "new discovery" as were the French people 165 years ago.

The fact that we have not experienced what is generally recognized as a major catastrophe confirms our belief that we have at last learned to manage our economy. The fact that much of our so-called prosperity rests upon production for destruction, waste, give-away programs, and a huge volume of debt is in high degree ignored. The fact that we lost 57% of the purchasing power of our dollar between 1939 and March, 1951, or 54% of it between 1939 and now, is not regarded with any great amount of seriousness. The fact that the losses of savers investing in United States savings bonds, time deposits in all banks in the United States, and life insurance policies—this group alone—amounted to $123,068,133,998 for the period 1945-1951, is either not understood or ignored. This loss for those six years is equal to 65 times the loss of $1,901,000,000 in bank deposits, because of bank failures, for the 13-year period, 1921-1933. Col. E. C. Harwood, Director of the American Institute for Economic Research, recently computed the losses for a similar group of savers for the period, December, 1939-December, 1952, at approximately $158 billion. That is 83 times the losses of depositors in banks which failed during the years 1921-1933.

Our Treasury officials assure our people that it proposes to keep the price level stable for an indefinite period of time and that a stable price level means a sound currency. Our people seem unaware of the fact that that is the same promise that was made to our people in 1933 by President Roosevelt, just as they seem unaware of the fact that the continuation and virtue of a stable index of prices were widely-accepted official doctrine in the 1920s before the crash of 1929.

We minimize the dangers of our huge volume of debt. We are in the business of being what the wise Andrew D. White called "desperate optimists." Our general attitude is that past experiences of mankind have no valuable lessons for us; that elemental principles of economics are mere-

Continued on page 44

1 D. Appleton - Century printing of 1933, pp. 22-23.
2 Ibid., p. 2.
3 Ibid., pp. 3, 7.

Dealer-Broker Investment Recommendations & Literature

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

Area Resources—Booklet describing the Utah area—Dept. M., Utah Power & Light Co., Box 899, Salt Lake City 10, Utah.

Canadian Economy — Favorable and unfavorable trends — Analysis—Kippen & Company, Inc., 607 St. James Street, West, Montreal, Que., Canada.

Canadian Industrial Package — Suggested portfolio — James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, Canada, and Royal Bank Building, Toronto, Canada. Also in the same bulletin is a "Population" package of stocks of industries supplying basic needs of growing population.

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

Canadian Market—Review—E. T. Lynch & Company, Dominion Bank Building, Toronto, Ont., Canada. Also available is data on **Holly Corporation.**

Canadian Pulp and Paper Industry—Analytical brochure with data on 15 pulp and paper companies—Equitable Securities Canada Limited, 220 Bay Street, Toronto 1, Ont., Canada.

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.

Investment Facts—Tables of listed stocks which have paid dividends from 25 to 107 years—New York Stock Exchange, Broad and Wall Streets, New York 5, N. Y. Also available is an illustrated booklet entitled **"Understanding the New York Stock Exchange,"** giving the history and a description of the operation of the Exchange.

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

New Look at Earnings — Dividends in terms of purchasing power—bulletin—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

New York Banks and Trust Companies — 91 consecutive quarterly comparison of leading banks and trust companies—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

New York City Banks—Breakdown of government bond portfolios and sources of gross income of 16 New York City Banks—Laird, Bissell & Meeds, 120 Broadway, New York 5, New York.

New York City Banks—Analysis of U. S. Government portfolio distribution—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.

Railroad Progress—Review—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a tabulation of stocks for appreciation.

Scale of Post-War Tokyo Stock Market—Comparative figures—in current issue of "Weekly Stock Bulletin"—Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

South on the March—Opportunities for investment in Southern companies—tabulation—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a bulletin on **ACF Industries Incorporated.**

Stocks for Appreciation—Bulletin—Walston & 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.

* * *

Aldens, Inc.—Bulletin—Bregman, Cummings & Co., 100 Broadway, New York 5, N. Y.

Associates Investment Company — 1954 annual report — Associates Investment Company, South Bend, Ind.

Baird Associates, Inc.—Memorandum—C. E. Unterberg, Towbin Co., 61 Broadway, New York 6, N. Y.

Bankers Trust Company — Report — Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

Chicago, Rock Island & Pacific—Bulletin—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

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

Copeland Refrigeration Corp.—Memorandum—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y. Also available is a menordanum on **Tecumseh Products Co.**

Fairbanks, Morse—Analysis—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Frontier Industries, Inc.—Descriptive Circular—Straus, Blosser and McDowell, 30 Pine Street, New York 5, N. Y.

General Dry Batteries Inc.—Data—Lewis & Stoehr, Inc., 80 Broad Street, New York 4, N. Y.

General Gas Corporation—Progress report—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is a bulletin on **Budd Company.**

Green River Steel Corporation—Analysis—Clark, Landstreet & Kirkpatrick, 315 Fourth Avenue, North, Nashville 3, Tenn.

John Hancock Mutual Life Insurance Company—Annual report — John Hancock Mutual Life Insurance Company, Boston, Mass.

Oxford Paper Company—Brochure—D. M. S. Hegarty & Associates, Inc., 52 Broadway, New York 4, N. Y.

Pubco Development Co., Inc.—Report—Hodgdon & Co., 19 State Street, Boston 9, Mass.

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

Time, Inc.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Winnipeg & Central Gas Co.—Memorandum—Fairman, Harris & Co., 209 South La Salle Street, Chicago 4, Ill.

COMING EVENTS

In Investment Field

Feb. 21, 1955 (Chicago, Ill.)
Municipal Bond Club of Chicago cocktail party for members and their wives at the Chicago Yacht 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.

Feb. 28, 1955 (Philadelphia, Pa.)
Municipal Bond Club of Philadelphia luncheon at the Union League.

March 2, 1955 (Connecticut)
Security Traders Association of Connecticut and Connecticut Investment Bankers Association joint meeting at the Waverly Inn, Cheshire, Conn.

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

March 11, 1955 (Toronto, Canada)
Toronto Bond Traders Association Annual Dinner at the King Edward Hotel.

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

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

Apr. 28-29, 1955 (St. Louis, Mo.)
St. Louis Municipal Dealers Group annual outing.

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

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.

June 8, 1955 (New York City)
Municipal Forum of New York conference on highway financing.

June 10, 1955 (New York City)
Municipal Bond Club of New York 22nd Annual Outing at the Westchester Country Club and Beach Club, Rye, N. Y.

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.

Lawrence S. Pulliam

Lawrence S. Pulliam, Vice-President of Weeden & Co., Los Angeles, passed away suddenly Feb. 16 following a heart attack.

Lawrence S. Pulliam

Mr. Pulliam was Treasurer of the National Security Traders Association. Mr. Pulliam had been associated with Weeden & Co. since 1937. Prior thereto he had been with the Securities Department of the California Bank for 15 years. Mr. Pulliam was a 32nd degree Mason and a member of "Al Malaikah Temple" (A.A.O.N.M.S.), Los Angeles.

Pierce R. Garrett With Coombs & Co. in L. A.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Pierce R. Garrett has become associated with Coombs & Co. of Los Angeles, Inc., 602 West Sixth Street. Mr. Garrett in the past was in the trading department of Dempsey-Tegeler & Co. and prior thereto was with Butler-Huff & Co., and Cruttenden & Co., in Los Angeles.

Edwin A. McDonald and Mori Nakashima have also joined the Coombs staff.

Los Angeles Bond Club Committee Chairmen

LOS ANGELES, Calif. — With extensive activities planned for 1955, The Bond Club of Los Angeles has appointed committee Chairmen for this year, as follows: Program, George M. Forrest, of Paine, Webber, Jackson & Curtis; Entertainment, Wm. D. Witherspoon, of Witherspoon & Co., Inc.; Finance, Franklin Stockbridge, of Security-First National Bank of Los Angeles; Attendance, Robert L. Lindstrom, of American Funds Distributors, Inc.; Publicity, David C. Pearson, of Bingham, Walter & Hurry, Inc.

Wall Street Broker Is Honored On 80th Birthday

Partners of Walston & Company and a representative of the New York Stock Exchange on Feb. 11 at a luncheon honored Ike Hessberg, one of Walston's registered representatives, who was 80 years old Feb. 12. Mr. Hessberg, one of the oldest registered representatives working for a member firm of the Exchange, has been in the securities business for over 65 years. He has been with Walston & Co. since 1949.

With Hecker & Co.

PHILADELPHIA, Pa.—Hecker & Co., Liberty Trust Building, members of leading stock exchanges, announces that Bernard B. Toll has become associated with them as a registered representative.

Two With Richard Harrison

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Jay C. Germain and Donald C. Holmes have become affiliated with Richard A. Harrison, 2200 16th Street. Both were formerly with Mutual Fund Associates.

Charles E. Haydock

Charles E. Haydock, partner of Haydock, Schreiber, Mitchel & Watts, passed away at the age of 74.

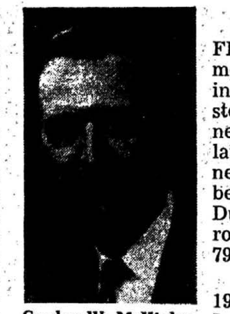
Insured Versus Conventional Mortgages—A Look Into the Future

By GORDON W. McKINLEY*

Chief Economist, Prudential Insurance Company of America

Dr. McKinley discusses the history of government insured mortgages and the factors that have affected the relative proportion of government insured or guaranteed loans, compared to conventional loans. In looking into the future, he discusses what is likely to happen to the factors which influence the volume of government insured and guaranteed mortgages, and what conclusions can be drawn regarding their future. Urges no further liberalization of FHA-VA loans, and warns against unsound borrowing and lending practices.

I have, for a number of years, attempted to forecast the over-all dimensions of the housing market in the United States, and the over-all volume of mortgage loans. Since I cannot claim that I have been astoundingly successful in these attempts, it is with some misgivings that I tackle the even more difficult problem of estimating the relative future volume of government insured and guaranteed mortgages as compared to conventional mortgages. My only comfort in undertaking this task is the knowledge that the best informed people in the home-building and mortgage field appear to be just as much in the dark as I am concerning the exact nature of the forces which sometimes depress the residential construction industry and at other times send it soaring upward to boom levels.



Gordon W. McKinley

I should like to divide my remarks into four parts:

First: What has been the historical place of the government insured or guaranteed mortgage in the over-all mortgage picture in this country?

Second: What are the factors which have in the past affected the relative proportion of government insured or guaranteed loans compared to conventional loans?

Third: What is likely to be the situation in the future with respect to the factors which influence the volume of government insured and guaranteed mortgages?

Finally: What conclusions can be drawn regarding the probable future of the government insured or guaranteed mortgage?

The FHA Program

Following the initiation of the FHA program in 1935, government insured mortgages accounted in the next few years for a steadily growing proportion of all new residential mortgages. By the late '30's, about one-third of all new nonfarm dwelling units were being financed with FHA loans. During World War II, this ratio rose above two-thirds, reaching 79% in 1943.

The VA program was started in 1945 as the war drew to a close. In 1945 and 1946, government insured and guaranteed mortgages fell to a very low point, the combined FHA and VA programs accounting for only one quarter of all loans on new residential construction. In 1947, however, FHA-VA loans rose to one-half of all such loans. Since 1947, the proportion of total loans on new residential construction accounted for by FHA or VA mortgages has fluctuated between one-third and one-half. When the final figures for 1954 are in, they will probably show that very close to one-half of all new residential construction during the past year has been financed by government insured or guaranteed mortgages.

The figures I have been citing are on the basis of **number of dwelling units** financed. A very similar picture emerges if we compare FHA-VA loans with conventional loans on an **amount** basis. Once again, we find the rise in government insured mortgages in the late '30's, the peak proportions reached during World War II, the decline to a very low level in the years immediately following the war, and the subsequent rise in 1947 to a level which has been maintained fairly consistently ever since. In a recent National Bureau of Economic Research study, Dr. Leo Grebler estimates that between 1947 and 1951, FHA and VA loans accounted for about 50% of all loans for new residential construction (Table I). I have already pointed out that, on a number rather than amount basis, FHA-VA loans accounted for about 45% of all loans on new residential construction during this period.

These figures illustrate the over-all importance of the government insured and guaranteed mortgage in residential financing during the postwar period. But how much of this importance has been due to FHA loans, and how much to VA loans? Is there any standard relationship between these two types of government insured or guaranteed mortgages?

In the postwar period, there were two years—1947 and 1954—in which approximately the same number of new dwelling units was financed through VA mortgages as through FHA mortgages. Aside from these two years, FHA has been considerably more important than VA, accounting for between two-thirds and three-quarters of the total of FHA-VA financed units. Except for 1947 and 1954, FHA mortgages have thus been employed in the financing of about twice as many units as VA mortgages. With respect to **total** new residential financing including conventional mortgages, FHA's have accounted in recent years for about 30% of the total and VA's for about 15%.[1]

With this brief history in mind, what factors can be singled out as having affected the relative proportion of FHA, VA, and conventional mortgages? In singling out these factors, it may be well to consider first the factors which have been important from the standpoint of the borrower, and second, the factors which have influenced the lender.

Factors Influencing Volume of Insured and Guaranteed Loans

From the standpoint of the borrower, the factors influencing the volume of government insured or guaranteed loans have been the following:

(1) In many cases, the interest rate which the borrower pays under FHA or VA loans is lower. This is partly due to the legal ceiling placed on contract rates on such loans, and partly due to the fact that the government insurance or guarantee reduces the risk of the loan and thus makes the lender willing to lend on more favorable terms. It should be noted, however, that in an FHA loan the borrower pays the insurance premium in addition to the interest on the loan, so that the cost of the money to the borrower is higher than the contract rate. In addition, the true rate to the borrower may be raised above the contract rate by service charges. Even though the true rate to the borrower may therefore be the same as under a conventional loan, the borrower is seldom aware of this fact, and he is normally influenced by the lower contract rate to prefer an FHA or VA loan if he is able to secure one.

(2) Government insurance or guarantee has made many lenders more willing to extend maturities and to reduce down payments. Since a liberalization in these terms is obviously attractive to many borrowers, this factor has also influenced borrowers to prefer FHA or VA loans.

(3) Although there are therefore potent reasons why borrowers seek government insured or guaranteed mortgages, there are other factors which account for the large volume of conventionals. Among these factors are the following:

(a) As far as VA's are concerned, the market is obviously limited by the fact that not all home buyers are veterans. It is true that there are almost 12 million World War II veterans plus several million Korean War veterans who have not used their loan privileges at all. Many of these veterans will eventually purchase their own homes, so that there is still a large potential for VA loans. But of course there is a much larger pool of potential home buyers who have had no military service and who are therefore not eligible for VA loans.

(b) In the past, there have been many small communities, located at some distance from a financial center, where funds have not been available on other than a conventional basis. Although this factor has been of some significance in the past, it will become less and less important now that the Voluntary Home Mortgage Credit Program has been undertaken.

(c) Finally, builders are discouraged from applying for FHA-VA loans because of the greater trouble, and considerably greater time, necessary to secure such loans. The present situation, with backlogs running to two months, is abnormal. But even in normal times there is sufficient extra work and time involved in securing government insured or guaranteed loans so as to discourage many builders.

Although there are thus many reasons why the borrower or the builder may actually prefer a conventional loan, perhaps the most important reason why borrowers do not invariably secure government insured or guaranteed loans is that there may be only a limited amount of money available for this type of loan. We must, therefore, turn to the other side of the picture—to the lender's side—to see why there is sometimes a shortage of money for FHA and VA loans.

The Reduced Risk of FHA and VA Loans

There is one aspect of an FHA or VA loan which is very attractive to a lender. This is, of course, the lessened risk because of the government insurance or guarantee. Since the only out-of-pocket cost to the lender associated with this insurance or guarantee is the larger amount of paper work, most lenders would prefer FHA or VA loans if the terms were the same as conventional loans. The value of the government insurance or guarantee varies with the type of lender. An institution such as a commercial bank which must emphasize liquidity because of the nature of the bank's liabilities should place a particularly high value on government insurance or guarantee. Since government insurance or guarantee improves the marketability of mortgages, they become more liquid from the standpoint of the bank. A further inducement in the case of a commercial bank is found in the exemption of FHA and VA loans from the legal limits which relate the over-all amount of conventional loans to the bank's time deposits or capital funds.

A life insurance company, on the other hand, although it values the safety attached to government insurance or guarantee, is not quite as interested in liquidity as is a commercial bank. This does

Continued on page 13

*An address by Dr. McKinley before the Tenth Annual Conference for Executives in Mortgage Banking, New York City, Jan. 26, 1955. The views expressed in this paper are those of Dr. McKinley and not necessarily those of The Prudential Insurance Company of America.

[1] It should not be concluded from these figures that the 2-1 ratio between FHA-VA mortgages which has characterized most of the postwar period will necessarily hold in the future. In most of the postwar period, there has been a yield advantage to the lender in FHA's. The importance of such interest rate differentials is discussed later in this paper.

TABLE I

New Nonfarm Dwelling Units Financed Under FHA & VA Programs As a Percent of All Privately Financed New Nonfarm Dwelling Units, 1935-1954

	FHA and VA as % of Tot. Privately Financed	FHA as Percent of— Tot. Privately Financed	FHA as Percent of— Combined FHA-VA	VA as Percent of— Tot. Privately Financed	VA as Percent of— Combined FHA-VA
1935	6%	6%	100%	--	--
1936	16	16	100	--	--
1937	18	18	100	--	--
1938	30	30	100	--	--
1939	35	35	100	--	--
1940	34	34	100	--	--
1941	36	36	100	--	--
1942	55	55	100	--	--
1943	79	79	100	--	--
1944	67	67	100	--	--
1945	23	20	87	3	13
1946	23	10	45	13	55
1947	52	27	52	25	48
1948	43	32	74	11	26
1949	47	36	78	11	22
1950	51	36	71	15	29
1951	41	26	64	15	36
1952	39	26	67	13	34
1953	38	24	62	15	38
1954 (11 mos.)	48	23	48	25	52

Source: Leo Grebler, "The Role of Federal Credit Aids in Residential Construction" (National Bureau of Economic Research, 1953), and "Economic Indicators" (U. S. Government Printing Office, January, 1955).

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION


Harold B. Smith


Edward H. Welch


William J. Burke


Charles C. King


Walter G. Mason


John J. Zollinger, Jr.


Hugh R. Schlicting


George J. Muller


Joseph E. Smith

John W. Bunn, President, National Security Traders Association, Inc., following the recent successful meetings in Chicago has announced the appointment of the following Committee Chairmen:

Advertising—Harold B. Smith, Pershing & Co., New York, N. Y.
Convention—Edward H. Welch, Sincere & Co., Chicago, Ill.
Corporate & Legislative—William J. Burke, Jr., May & Gannon, Inc., Boston, Mass.
Membership—Charles C. King, Bankers Bond Co., Louisville, Kentucky.
Municipal—Chairman, Walter G. Mason, Scott, Horner & Mason, Lynchburg, Va.; Vice-Chairman, John J. Zollinger, Jr., Scharff & Jones, Inc., New Orleans, La.
Public Relations—Hugh Schlicting, Wm. P. Harper & Son & Co., Seattle 1, Wash.
Publicity—Co-Chairmen: George J. Muller, Janney & Co., Philadelphia, Pa.; Joseph E. Smith, Newburger & Co., Philadelphia, Pa.

SECURITY TRADERS ASSOCIATION OF NEW YORK

A feature of the Security Traders Association of New York annual dinner on Apirl 29, at the Astor Galleries, Waldorf Astoria Hotel, will be a bond market. Members of the Committee are:

STANY BOND COMMITTEE

Stanley E. Dawson-Smith, Chairman, Cruttenden & Co.

Joe Eagan, Frank C. Masterson & Co.; Hans Kuehner, Joyce, Kuehner & Co.; Joe Werkmeister, Vilas & Hickey; Mike Growney, Joseph McManus & Co.; Sol Raschkind, Goldman Sachs & Co.

Bill Meyers, Gordon Graves & Co.; Harry Peiser, Ira Haupt & Co.; John Cusack, Amott, Baker & Co., Inc.; Jim Durnin, H. D. Knox & Co., Inc.; George Collins, American Securities Corp.

Hoy Meyer, Joseph Faroll & Co.; Jack Blockley, Harris, Upham & Co.; Edward A. Harvey, L. A. Mathey & Co.; Harry Orloff, Troster, Singer & Co.; Wilber Krisam, John C. Legg & Co.

Vic Reid, Eisele & King, Libaire, Stout & Co.; Joe Craig, Goodbody & Co.; Julie Bean, Singer, Bean & Mackie, Inc.; Al Lopato, Allen & Company; Larry Dolan, J. B. Boucher & Co.

Harold Murphy, Bonner & Gregory; John Danemeyer, Merrill Lynch, Pierce, Fenner & Beane; John DeMaye, Sutro Bros. & Co.; John Ohlandt, N. Y. Hanseatic Corp.; George Higgins, Clarke Dodge & Co.

Carl Swenson, G. H. Walker & Co.; Jerry Monahan, E. A. Purcell; Joe Guiton, Craigmyle, Pinney & Co.; Ken Murphy, Blyth & Co.; Dick Roberts, R. C. Roberts & Co.

Les Barbier, G. A. Saxton & Co., Inc.; Charles Zingraf, Laurence Marks & Co.; Sam Gold, Lapham & Co.; Joe Morrissey, Richard J. Buck & Co.; Sol Bass, Bear, Stearns & Co.

John O'Kane, John J. O'Kane, Jr., & Co.; Ed Tatro, Edwin L. Tatro & Co.; Tom Mullins, White, Weld & Co.; Ely Batkin, Batkin & Co.; Joe Donadio, Wm. V. Frankel & Co., Inc.

Nathan A. Krumholz, Liaison, Siegel & Co.

SECURITY TRADERS ASSOCIATION OF CONNECTICUT

The Security Traders Association of Connecticut and the Connecticut Investment Bankers Association will hold a joint meeting at the Waverly Inn., Cheshire, Conn., on Wednesday, March 2. Discussion of mutual problems will follow dinner. Further information may be obtained from E. J. Bezkey, Eddy Brothers & Co., Hartford.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia will hold its 31st annual dinner Feb. 25, at the Benjamin Franklin Hotel. A member-guest luncheon will be held at the Warwick Hotel at noon. Reservations are limited so calls should be placed early with Clifford G. Remington, Woodcock, Hess & Co., Inc. or John F. Klingler, The First Boston Corporation.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA


John W. Bunn

The 31st Annual Mid-Winter Dinner of the Investment Traders Association of Philadelphia will be held on Friday, Feb. 25, 1955 at the Benjamin Franklin Hotel.

John W. Bunn, Stifel, Nicolaus & Co., Inc., President of the National Security Traders Association, will be the guest of honor.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Monday, March 28 has been set as the date of the special meetings at which the shareholders of **The Chase National Bank** and the **Bank of the Manhattan Company of New York** will vote on the proposed merger of the two institutions, it was announced on Feb. 10. The Chase meeting will be held at 11 o'clock on that date in the bank's head office at 18 Pine Stret, and the Manhattan meeting will be held at 3 o'clock in its head office at 40 Wall Street. Formal notice of the special meetings, with copies of the plan of merger and supplementary information, will be mailed to the shareholders of the two banks within the next 10 days. Reference to the proposed merger, under the name of the **Chase Manhattan Bank** was referred to in our issue of Jan. 20, page 273.

* * *

The appointment of Edward J. Colbert as a Vice-President of **Manufacturers Trust Company of New York** was announced on Feb. 16, by Horace C. Flanigan, President of the company. In July, 1916, Mr. Colbert joined the **Chatham Phenix National Bank and Trust Company** which merged with Manufacturers Trust in February, 1932. He was appointed an Assistant Secretary at the time of the merger and an Assistant Vice-President in January, 1948. Mr. Colbert has been assigned to the Branch Administration Department and will supervise 20 of the bank's 41 offices in Brooklyn.

On Feb. 14 President Flanigan announced that Ralph H. Flynn, Vice-President and Treasurer of Popular Science Publishing Co., has been appointed a member of the Advisory Board of the Fourth Avenue Office (386 Fourth Avenue at 27th Street) of Manufacturers Trust Company. A graduate of the University of Southern California, Mr. Flynn has been in the publishing business for the last 20 years, mainly with trade publications of the electrical industry.

President Flanigan has likewise made known (as of Feb. 11) that John C. Dillon, Jr., President of J. C. Dillon Company, Inc., has also been appointed a member of the Advisory Board of the Fourth Avenue Office (386 Fourth Avenue at 27th Street) of **Manufacturers Trust Company of New York.**

* * *

At the regular meeting of the Board of Directors of **The National City Bank of New York** held Feb. 15, Alexander B. Dewar


Alexander B. Dewar Joseph G. McCarthy

and Joseph G. McCarthy, formerly Assistant Vice-Presidents, were appointed Vice-Presidents. Mr. Dewar and Mr. McCarthy are operations officers at head office.

Mr. Dewar is a graduate of The American Institute of Banking and of the Graduate School of Banking, Rutgers University. He joined the bank in 1916 and served in various departments until 1936 when he was appointed an Assistant Cashier. In 1948, he was appointed an Assistant Vice-President.

Mr. McCarthy who was born in New York City, joined the bank in July, 1911, and in January, 1918, he entered World War I as a Lieutenant in the Royal Air Forces, returning to the bank in July, 1919. In 1935 Mr. McCarthy was appointed an Assistant Cashier and in 1945, he was appointed an Assistant Vice-President.

The National City Bank of New York on Feb. 14, returned its Park Avenue Branch to a location at the northwest corner of 57th Street and Park Avenue. The new, expanded offices occupy the main floor, lower level, and part of the second floor in the new 20-story Davies Building erected on the same site that the bank has occupied since 1925. While the building was under construction the Park Avenue Branch was located two blocks north in a movie theatre which had been transformed into a bank. Opposite the main entrance on 57th Street is a terrestrial globe, three feet in diameter, symbolizing National City's world-wide activities. The 57 foreign branches are indicated by synthetic jewels through which lights, concealed in the interior of the globe, shine as the globe revolves. A private elevator serves the bank's quarters and two escalators and a staircase lead to that lower floor where the safe deposit, personal credit, and special checking and savings departments are located. On the second floor, is a suite consisting of a foyer, private dining room and conference room, paneled in pine.

* * *

Frederic R. Pratt has been elected a Trustee of **The Williamsburgh Savings Bank of Brooklyn, N. Y.,** according to an announcement made Feb. 16 by Joseph A. Kaiser, President of the bank. Mr. Pratt is Chairman of the Coordination Committee of the Socony-Vacuum Oil Co., Inc.

* * *

Ralph B. Feriola, President of **The Crestwood National Bank in Tuckahoe, N. Y.** and Ralph T. Tyner, Jr., President of **National Bank of Westchester, at White Plains, N. Y.,** have announced jointly that the directors of each bank have approved a plan to consolidate the two banks on or about March 31, under the charter of National Bank of Westchester. Plans for the consolidation will be submitted for approval to the Comptroller of the Currency and then to the stockholders of both institutions during March. If approved it is expected that the consolidation will be effected along with the previously announced consolidated of **Westchester County National Bank in Peekskill** and **National Bank of Westchester.**

This new consolidation in this heavily populated Tuckahoe area will, it is stated, afford more complete banking facilities to that part of the county than ever before available. In Novemebr of 1954, the two offices of **The First National Bank & Trust Company of Tuckahoe** joined with National Bank of Westchester. The new consolidation will give to the entire trading area in and around Tuckahoe all the benefits of the resources of a large banking institution while retaining the local atmosphere.

The Crestwood National Bank in Tuckahoe was founded in 1933 and occupies and owns a building immediately adjacent to the Crestwood Railroad Station on the Harlem Division of the New York Central Railroad.

This consolidation will bring the number of offices operated by National Bank of Westchester by the end of March to 12. In addition plans are currently being made for the erection of an additional office in Tarrytown for which approval has already been received from the Comptroller of the Currency. On April 1, 1955, National Bank of Westchester will have offices in **Peekskill, Tarrytown, Valhalla, White Plains, Crestwood, Tuckahoe, Eastchester** and **New Rochelle.** The joint statement indicated that all employees will be retained. The combined assets of National Bank of Westchester after the consolidation on March 31, 1955, with

Continued on page 47

American and Foreign Industrial Relations

By SUMNER H. SLICHTER*
Lamont University Professor of Economics
Harvard University

Dr. Slichter discusses some aspects of the American system of industrial relations and makes comparisons with corresponding parts of some foreign systems covering the same field. Finds the two most interesting aspects of the American system are the important roles played by trade unions and by employers in industrial relations. Holds despite strikes and disruptions in industrial relations in the U. S. are more severe than in Sweden or Britain, we, in this country, possess a system of industrial relations that, in its basic characteristics, fits conditions here reasonably well.

I

The year 1954 saw important developments in the field of industrial jurisprudence. A New York arbitrator held that it is not permissible to fire a waiter because he is writing a book about the customers and the owner of the restaurant. The New Jersey Supreme Court held that a bartender, hit by flying beer steins, may collect workmen's compensation. An Australian tribunal held that compensation was proper in the case of a dislocated jaw suffered while yawning at work. There were also important new laws and administrative orders. Boxers appearing in professional bouts in Indiana were required to take non-Communist oaths. The town of Waterloo, Neb., forbade barbers to eat onions between 7 a.m. and 7 p.m.

Sumner H. Slichter

Before an audience such as this it might seem appropriate for me to discuss these and other important recent developments in industrial jurisprudence. But your President knows that I am not competent to do this and he wisely suggested that I refrain from talking about the kind of problems that you are so expert at handling. Something broad and general that might give you what he called "background" and that would not too painfully reveal my ignorance of arbitration was what he suggested. Well, the broadest topic that I can think of in the labor field is comparisons between the systems of industrial relations of different countries. Consequently, I am going to discuss a few aspects of the American system of industrial relations and contrast them with corresponding parts of some foreign systems of industrial relations. But I intend to do this mainly in the words of foreign visitors to the United States, because an understanding of how our industrial relations impress foreigners is in itself worth having.

II

Perhaps it is wrong to designate as a "system" a group of arrangements that has grown up without being planned as a whole. I do not care to argue that point, which seems to me to be unimportant. Our arrangements in the field of industrial relations may be regarded as a system in the sense that each of them more or less intimately affects each of the others so that they constitute a group of arrangements for dealing with certain matters and are collectively responsible for certain results.

The American system of industrial relations, like nearly all other systems, has three principal groups of components. One group represents the arrangements provided by the government; the second group consists of arrangements coming from the trade unions and their relations with employers; the third group represents those coming from management. I do not intend to say much about differences in the role of the government in systems of industrial relations—important as these differences are. As you all know, the activities of the government in this field in the United States have increased enormously in the last 20 years. Even today, however, the role of the government in industrial relations in the United States is of less importance than the role of the government in most other countries. Certainly, the government here has less to do with the immediate setting of compensation and many conditions of employment than the governments of most other industrial countries. Perhaps it would be desirable if our government were to do considerably more than it now does in determining the incomes going to retired persons, unemployed persons, sick and disabled persons. On the other hand, when one looks at the activities of some other governments, such as those in France and Italy, one is inclined to ask whether it would not be desirable to shift some of the decisions in those countries from the government to collective bargaining.

The two most interesting aspects of the American system of industrial relations are the roles of trade unions and employers. I wish to discuss briefly some of the activities of trade unions and employers. Let me begin with the activities of unions.

III

Three characteristics of American industrial relations stand out no matter what country is compared with the United States:

(1) The relatively high development of local unions including the considerable degree of local autonomy.

(2) The prevalence of local or company bargaining rather than industry-wide bargaining;

(3) The considerable degree to which the rights of workers are defined by terms of agreements between unions and employers.

These differences are particularly marked if one compares industrial relations in the United States with industrial relations in continental countries where the development of local unions has not gone very far. These points of differences, however, also impressed union visitors from Great Britain where unions are much more like American unions than are the unions of the Continent. A team of ten union officers was sent to the United States by the General Council of the British Trades Union Congress in 1949. Of local unions in the United States the British team said:

"The essential difference between American locals and British trade union branches is the degree of autonomy exercised by the former. They often have their own officers and full-time clerical staffs, do their own administration, handle disputes and grievances insofar as they are able, and frequently conduct negotiations with 'their' companies. In many cases locals determine much of their own policy. . . ."[1]

Americans, familiar with the various ways in which national unions influence and limit the policies of local unions, would probably not describe the locals as having a considerable measure of autonomy, but everything is relative, and to British unions our locals possess a considerable degree of autonomy. Although American local unions usually act subject to a veto by the national or subject to national rules, the locals are allowed considerable initiative and are given considerable discretion. Furthermore, when one recalls the difficulties of some national unions in preventing abuses in welfare funds negotiated by their locals, one reaches the conclusion that the British were right in being impressed with the large amount of autonomy still left to local unions in this country.

The British related the autonomy of local unions in the United States to the American practice of negotiating local agreements. In the words of the British team:

"Much of the autonomy exercised by Locals is directly associated with the practice of collective bargaining on a plant or company basis, as distinct from an industry-wide basis as in Britain. . . ."[2]

I suspect that the Brtish team was not aware of the extent to which the final stage of negotiations between local unions and employers is taken over by national vice-presidents and representatives or of the control which national unions from time to time impose on the terms that locals may accept. But even when the local negotiators give way to a representative sent out by the national office, a local or company agreement, peculiarly affecting the local union and its employer or employers, is at stake.

The British visitors were impressed too by the extent to which agreements negotiated by American unions contain many specific rules to protect the rights of union members. The British on the whole seem to pay somewhat less attention to these matters, though, as is well known, they have from time to time stubbornly challenged the right of the employer to dilute skilled labor. Questions which in the United States would involve interpretations of the trade agreement and which, if unsettled, would often go to an umpire, are taken in Britain to joint district or joint national committees which are not bound by specific rules but which make a decision on the basis of a rule of reason.[3] The British team described American practices in the following words:

"To a large extent matters dealt with by joint consultative committees in Britain are in the U. S. A. written into union-company agreements. . . . Problems on the whole can be dealt with immediately and there is no need to report to anyone outside the plant unless a problem becomes so big that the international union representative has to be called in."[4]

The British trade unionists were impressed by the fact that in many American plants shop chairmen spend all or virtually all of their time looking after the interests of employees and processing their grievances. You will be surprised, I think, at the way in which the British team described the practice in some large plants of management's paying for the time of a specified number of shop chairmen. To the Britishers the employer was hiring the shop chairmen to look after grievances. I am sure that most managements would find this a new and surprising way of looking at the practice. Here is what the British unionists say about the matter:

"We were greatly impressed with the practice in many plants of companies engaging union officials or shop stewards on a full-time basis, looking after the affairs of the union with particular regard to day-to-day production matters inside the plant. Any suggestion that such officials in dealing with management lose the confidence of union members is cancelled out by the fact that the officials are elected annually and that their continued stewardship depends on retaining the trust and confidence of the members."[5]

At another point in its report the British team added the following comment on the same matter:

"Companies obviously find it worth while to employ union officials in this manner."[6]

The fact that the British team was a bit confused as to the relationship between shop chairmen and employers should not obscure the important point that the British unionists were struck by the vigilance and initiative with which unions in the United States look after the day-to-day interests of the individual worker.

IV

Let us now look briefly at some of the distinctive characteristics of American management that have great significance for industrial relations. Again it is useful to look at American practices through foreign eyes. Of particular usefulness is the productivity report of the British team of industrial engineers which visited the United States in 1953 under the auspices of the Anglo-American Productivity Council.[7] The members of the British team saw many features of American management which they considered more or less unique. It is true that most of the differences between American and European managements are differences in

Continued on page 18

*An address by Prof. Slichter before the National Academy of Arbitrators, Boston, Mass., Jan. 28, 1954.

1 British Trades Union Congress, *Trade Unions and Productivity*, p. 17.

2 *Ibid.*, p. 17.

3 I called attention to the difference between British and American procedures some years ago in an article entitled "The Contents of Collective Agreements —The Wisdom of Hindsight," *Journal of the Society for the Advancement of Management*, Vol. III, No. 1, 1938, p. 16. In this article I pointed out some of the advantages of the British procedures. It seems clear, however, that they require some kind of a national agreement, at least one relating to the processing of cases. The British procedures could not now be introduced without undermining the important seniority rights which have been built up in American plants. But ways are needed to introduce some flexibility into these rights and to prevent their creating a sort of industrial serfdom.

4 British Trades Union Congress, *Trade Unions and Productivity*, p. 57.

5 *Ibid.*, p. 57. This matter is also discussed in the same publication on p. 18.

6 *Ibid.*, p. 11.

7 The title of the report of the team is *Productivity Report on Industrial Engineering* and copies may be obtained through the Office of Technical Services, Department of Commerce, Washington. For a good description of European managements as seen by American observers see the article by F. H. Harbison and E. W. Burgess, "Modern Management in Western Europe" in the *American Journal of Sociology*, July, 1954, Vol. LX, pp. 15-23.

Estimated Supply and Demand For Investment Funds in 1955

By GIRARD L. SPENCER

Partner, Salomon Bros. & Hutzler, New York City
Members of the New York Stock Exchange

Mr. Spencer estimates, barring serious change in the international political picture, that the supply of long-term investment funds in 1955 will be about $33.6 billions, whereas the demand for such funds will exceed $35 billions, indicating a deficiency of about $1.6 billions.

The forecast for 1955 of the supply of and the demand for long-term investment funds is presented herewith. In general, this memorandum follows the same pattern as those of previous years. A small group of experts in this field of the investment problem has again assisted in its preparation.


Girard L. Spencer

As has been the practice in past years, operations of the United States Treasury, whether to raise new money or to refund maturing debt, have been excluded.

Equity financing is expected to be of major importance in 1955; therefore, an estimate of the amount of funds which may be raised through this type of financing is noted as part of the over-all demand from corporate sources.

The Administration's budget projection for fiscal 1956 indicates a small cash surplus for that year. If this projection proves accurate, Treasury cash requirements raised through public offerings should be made up largely of temporary issues—mostly tax anticipation securities—during the last half of calendar 1955; i.e., the first half of fiscal 1956. Treasury borrowing this spring to meet its cash needs is also expected to take similar form.

This does not mean, however, that if the economic climate is right and monetary policy is in accord, further long-term offerings by the Treasury will not take place. The success of the current long-term refunding operation and the basic debt management philosophy of present Treasury officials make further moves to lengthen debt maturity a distinct possibility.

No consideration has been given in compiling these estimates to the newly proposed highway program, as it is believed that there is little chance of any public financing for this project in 1955.

Any serious change in the international political picture would, of course, invalidate these estimates.

A shortage of long-term investment funds seems probable in the current year. This would appear to indicate an increase in borrowings for capital purposes from the commercial banking system and a trend toward firmness in interest rates for the period ahead. Nevertheless, economic conditions could vary considerably before the end of the year. A slackening in some of the more important sectors of the economy later in 1955 could alter the current outlook for the pattern of interest rates.

TABLE I

Estimates for 1955 of the accumulation of long-term investment funds, including repaid funds that will seek reinvestment; and the demand for such funds by private and non-U. S. Treasury public sources except for the exclusions noted.

SUPPLY	Billion
New Long-Term Investment Funds:	
Life Insurance Companies	$5.4
Assets of life insurance companies are estimated to increase $6.0 billion but it is anticipated that of this amount $0.4 billion will be invested in real estate and $0.2 billion used to provide policy loans.	
Mutual Savings Banks	1.9
Savings and Loan Associations	4.5
Private Pension Plans	2.0
Not funded with insurance companies.	
State and Local Funds, including Pension Plans	0.9
Assets of these funds are expected to increase $1.4 billion but it is anticipated that $0.5 billion, because of legal or other requirements, must be invested in U. S. Treasury issues.	
Fire and Casualty Insurance Companies	1.0
Assets of these companies are expected to increase $1.2 billion but it is anticipated that $0.2 billion, because of legal or other requirements, must be invested in U. S. Treasury issues.	
Other Accumulations of Long-Term Funds	5.2
This is the estimate of long-term funds accumulated by individuals, personal trust funds, and charitable and educational endowments. Of this total, $1.8 billion is expected to be put in savings or time deposits in commercial banks; $1.0 billion in tax-exempt securities; $1.6 billion in corporate bonds, stocks, and foreign securities; and $0.8 billion in real estate mortgages.	
Total	$20.9
Funds Requiring Reinvestment:	
Real Estate Mortgage Amortizations and Repayments	$8.7
It is estimated that in 1955, amortizations and repayments will equal about 7½% of the $75 billion of 1-4 family residential mortgages, 8% of the $30 billion of multi-family, commercial and other similar types of mortgages, and 8% of the $8 billion of farm mortgages outstanding at the end of 1954.	
State and Municipal Maturities and Repayments	2.0
Excludes repayments to themselves of an estimated $0.2 billion and maturities of temporary borrowings.	
Maturities, Refundings, and Sinking Fund Payments of Corporate Long-Term Indebtedness and Preferred Stocks	1.9
Foreign Debt Retirements	0.1
Total	$12.7
Supply of Long-Term Funds	$33.6
USES	
Mortgages	$21.0
This estimate includes 1-4 family residential multi-family dwelling, farm and commercial and other business mortgages. (Deduction of the estimated repayment of $8.7 billion indicates a new money mortgage requirement of $12.3 billion.)	
State and Municipal Securities	6.8
Excluding direct sales to their own funds. (Deduction of the estimated repayment of $2.0 billion indicates a new money requirement from outside sources of $4.8 billion.)	
Corporate Financing	6.8
This comprises an estimated $4.8 billion of fixed interest obligations and $2.0 billion of preferred and common stocks issued both for new money and refunding. (Deduction of the estimated repayment of $1.9 billion indicates a new money requirement of $4.9 billion.)	
Foreign Loans	0.6
Includes International Bank, Canadian issues, and other foreign government and private securities. (Deduction of the estimated repayment of $0.1 billion indicates a new money requirement of $0.5 billion.)	
Demand for Long-Term Funds	$35.2
Indicated Deficiency of Long-Term Investm't Funds in 1955	**$1.6**

Trust Co. of Georgia Announces Promotions

ATLANTA, Ga.—Following a meeting of the Board of Directors of the Trust Company of Georgia held recently, Marshall B. Hall,


John M. Crevis


John S. Evans

President, announced the promotion of John S. Evans to Assistant Vice-President, John M. Crevis to Assistant Comptroller, Samuel A. Tinkler, Jr., to Assistant Trust Officer, and William C. Henry and James E. Ledbetter to Assistant Secretary.

Mr. Evans spent six years with Robinson-Humphrey Company and Industrial Arts, before entering the armed services. He was in the European Theatre for 16 months and holds a reserve commission of Lieutenant Colonel in the Field Artillery. He was President of Evans-Glenn Company of Marietta before joining the Trust Company in the Banking Department in 1951. He was elected Assistant Treasurer in 1953.

John M. Crevis, new Assistant Comptroller, has been with the Trust Company since 1941 and has wide banking experience. He was Manager of the Tabulating Department, and more recently Manager of the Methods Division of the Comptroller's Department.

Samuel A. Tinkler, Jr., has been Senior Administrative Assistant in the Trust Department of the Trust Company, where he specializes in Pension and Profit-Sharing plans.

William C. Henry in 1947 joined the Trust Company and after experience in the Credit Department and Economic and Investment Analysis Department, he was promoted to Senior Security Analyst.

James E. Ledbetter joined the Trust Company in 1951 and has been assigned the entire time to Economic and Investment Analysis Department. He had been a Senior Security Analyst prior to his promotion to Assistant Secretary.

St. Louis Mun. Dealers To Hold Outing

ST. LOUIS, Mo.—On Thursday, April 28, and Friday, April 29, 1955, the St. Louis Municipal Dealers Group will hold its "Annual Outing" in St. Louis.

With Joe McAlister Co.

(Special to THE FINANCIAL CHRONICLE)

GREENVILLE, S. C. — T. E. Carver, Sr. is with Joe McAlister Co., 318 East Coffee Street.

From Washington Ahead of the News

By CARLISLE BARGERON

Your correspondent was quite surprised the other day to run into his fellow Country Club member all dressed up in the uniform of a Colonel of the Air Force.

"I didn't know you were a member of the Reserves," I said. "You been called back for training?"


Carlisle Bargeron

He replied that, no, he wasn't a member of the Reserves and hadn't been called back for training. The fact was that when he came out of World War II during which he had the hazardous experience of a Public Relations Officer, he had joined a New York Public Relations firm as its Washington representative.

"They expected me to get business here," my friend explained. "It didn't work out. I decided to throw up the sponge and go back into the Service."

Within my narrow ken I can cite at least a dozen examples like this. Therefore, I get an awful kick out of Secretary of Defense Wilson's marching up to Congress and saying with a straight face that it is necessary to raise the pay of the Armed Forces to hold them. Can you imagine an 18- or 19-year-old kid enlisted man or a young Second or First Lieutenant being able to make the money, his board and clothing included, which he makes in the Armed Forces?

In the early 30's, shortly after Eugene Meyer bought the Washington "Post" on the auction block, a young man sold him the idea that he should have a Government Employees' column, a department devoted to the Government employees, around whom Washington's economy turns. The young man's column caught on and the other Washington newspapers quickly followed suit.

Through these columns there has developed a new aristocracy in this country, or at least a new vested interest. It has become almost impossible to fire a Government employee. These columnists in the Washington newspapers immediately go to his defense. The result is that the American people may tire of a Government and vote it out. But the subordinates of that repudiated Government remain on the job. New Cabinet officers may come in, do come in, and make new policies. But the subordinates who would be expected to carry out those policies have come to be "career" men and in most instances pay no attention to the new policies, but carry on with their own ideas.

This is responsible today for a lot of Mr. Eisenhower's trouble with his own party. Men in his party sound off bitterly about his being too New Dealish but when you get right down to rock bottom their complaint is that he hasn't given jobs to enough Republicans. The reason in most instances, although he and the men around him seem in many cases to have taken a devilish delight in appointing so-called Eisenhower Democrats, is that he can't.

Truman, before he left office, went about willy-nilly blanketing Government employees under Civil Service. Perhaps, the darnest thing he did was to give life tenures to postmasters. They now have the same security as a Federal Judge and there is no possible justification for it. Since time immemorial they had been considered political patronage. Had Eisenhower had a more practical knowledge of politics when he took office, one of the first things he would undoubtedly have done would have been to unblanket these people. This late he doesn't have the political power to do it. He got into further trouble when he brought down a scholastic friend from Columbia University and made him Chairman of the Civil Service Commission and instructed him to go all out to uphold the integrity of the Civil Service Commission. His friend hasn't had any more sense than to do just that.

You may say that this is all to the good, that our vast Bureaucracy should be made up of civil servants dedicated to the public weal, as, for example, in Britain, and aloof from partisan politics.

What is being done, however, is the destruction of the two-party system and the loss of the hold over their Government which the people have had. These employees, more than 2 million of them, the ones who really make the wheels of Government turn, incapable of being fired, beholdened to nobody, are inclined to do as they please.

And in spite of the propaganda of their Washington columnists and the labor organizations to which they belong, they are well paid, lead an easy life and have attractive retirement benefits. A Government stenographer, for example, is far better paid than a stenographer in private employment in Washington.

It is a commentary on the various groups which make studies of the Government that the Hoover Commission has just come up with a report that certain technical men in Government should get as high as $18,000 a year. This in order that the Government can hold them.

The fact is that the Government has no trouble holding these men. Neither does it have any trouble holding Congressmen who are threatening to increase their salaries to $25,000 a year. I mean no disrespect to the legislative body in the slightest when I say that not more than 10% are worth that much.

3 With Investors Realty

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—James C. Flanagan, George F. Rogers, and Alfred W. Young have become associated with Investors Realty Fund, Inc. Mr. Flanagan was formerly with First California Company and Standard Investment Co. of California.

Walston & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Benjamin M. Ichiyasu has been added to the staff of Walston & Co., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Continued from page 9

Insured Versus Conventional Mortgages—A Look Into the Future

not mean that life companies are not heavy purchasers of FHA and VA mortgages. These mortgages occupy a higher proportion of total life company mortgage holdings than is true of any other type of lending institution. But the value of the insurance or guarantee itself to a life company consists primarily in the greater safety and only to a much smaller extent in the improved liquidity of the mortgage.

From our analysis thus far it would appear that most borrowers and most lenders have good reasons for preferring an FHA or VA loan to a conventional loan. In view of this fact, it would seem logical to ask why FHA-VA loans have accounted in the past for only 40-50% of all loans on new residential construction. This question brings us to the most important factor affecting the relative volume of FHA-VA loans and conventional loans—the interest cost to the borrower and the yield to the lender.

Throughout most of the postwar period the demand for mortgage money has been very strong. Although there has also been a large supply of money available for investment in mortgages, the relationship between the supply and the demand has been such that in a free market the price of mortgage money has hovered around 5%, with of course some regional variation and some variation from year to year. The government has followed the practice, however, of imposing an artificial maximum on the contract rate of FHA and VA loans, and since this maximum has usually been below the free market price, the result has been that an artificial preference has been created for conventional mortgages. Even though lenders may actually prefer FHA or VA loans, it is of course their duty to secure the best possible rate consistent with soundness of the loan. The artificial maximum on government insured and guaranteed loans has therefore forced mortgage money away from FHA-VA channels into conventional channels.

Since borrowers usually prefer FHA or VA loans because of the lower down payments and longer maturities, since builders realize the sales potential in this type of loan, and since rate ceilings force lenders toward conventional loans, a bargaining process has inevitably followed. Lenders are willing to take FHA-VA loans only where service charges are available, thus forcing the builder or the borrowers to take up the difference between the FHA-VA rate and the conventional rate. But lenders are, of course, interested in maintaining volume, in preserving favorable relationships with brokers, bankers, and builders, and in serving the mortgage needs of the country as well as possible. We therefore find all sorts of combination arrangements under which lenders agree to take a certain amount of FHA-VA loans along with a given amount of conventional loans.

The Effect of Changing Credit Situation

The effect of contract rate ceilings on the volume of FHA-VA loans is particularly apparent as the general credit situation in the country tightens or eases. In 1948, as credit tightened and the rates on alternative investments rose, the proportion of FHA-VA loans fell. In 1949 and 1950, as credit eased, the proportion of FHA-VA's climbed sharply. Following the March, 1951, "accord" between the Treasury and the Federal Reserve, the effect of rising interest rates in reducing the proportion of FHA-VA's is quite apparent. In the first half of 1953, as an extremely tight money situation developed, the proportion of government insured and guaranteed mortgages fell to the lowest level since 1946. Finally, as money became very easy after the middle of 1953, FHA's and VA's rose rapidly, and during the extremely easy situation in 1954, they have soared to the highest proportion of the postwar period.

During the period 1948-54, changes in interest rates were not, of course, the only factor affecting the relative volume of FHA-VA and conventional mortgages. There were changes in down payment and maturity provisions during these years, and whole sections of the housing law were introduced and later eliminated. The institution and subsequent rescinding of Regulation X of course also had an important effect. Although all of these, and other, factors at times encouraged or discouraged the relative volume of FHA-VA mortgages, the dominant factor throughout the period was the relationship between the general money market situation and the contract rate ceiling. This relationship was usually changed through a movement in the general money market, although there was at least one period—the year 1953—when FHA-VA's were encouraged through **both** a raising of the contract rate ceiling **and** an easing in the general money market.

Conclusions Regarding Volume of FHA-VA Loans

What, then, can be concluded from this discussion of the various factors affecting the relative volume of FHA-VA and conventional mortgages? It seems to me that the conclusions are as follows:

(1) There are many different factors, bearing on both borrowers and lenders, which influence the proportion of FHA-VA loans. Some of these factors favor conventional loans, even from the standpoint of the borrower. It is therefore unlikely that FHA-VA loans will ever entirely supplant the conventional loan.

(2) On the other hand, most factors would influence both the borrower and the lender to prefer a government insured or guaranteed loan.

(3) The major stumbling block to an increased volume of FHA-VA loans is the legal ceiling on the contract rate. If no maximum rate were imposed, I believe that government insured or guaranteed loans might climb in the future to perhaps 75% of all residential mortgage loans. There is no question that this type of loan would be attractive to the lender if the rate were closer to the conventional rate. From the standpoint of the borrower, the FHA-VA loan would still be attractive because the government insurance or guarantee would induce lenders to agree to lower down payments and longer maturities than in the case of conventional loans. The future of government insured or guaranteed loans therefore seems to me to depend fundamentally on two related factors: First, the general credit situation which can be expected in coming years. That is, whether the market will be tight or easy. And second, the decision of the government to retain or remove the contract rate ceiling in these mortgages.

With these principles in mind, let's turn to the future for some general observations regarding the outlook for ease or tightness in the mortgage market.

I believe that over the next five years to 1960, housing demand actually entering the marketplace will be lower than it is at present. It seems to me that we may have some difficulty even in maintaining home building at the one million starts per year level. Although the demand for mortgage funds will not drop as much as new home construction, I should be very surprised if there is not some decline in mortgage loan demand in the years following 1955. At the same time, there will be a slowly rising volume of savings seeking investment through institutions which normally are interested in the mortgage market. At first glance, these two forces of lower demand and higher supply would seem to make a forecast of some softening in interest rates inevitable. Further thought will indicate, however, that this conclusion does not necessarily follow.

Although many mortgage lending institutions are specialists in the mortgage market, placing almost all of their funds in this field, there are also many other institutions which have a wide latitude in the type of lending market they enter. This latter group includes commercial banks, life insurance companies, and also many savings banks. The mortgage loan market is not, therefore, an isolated money market, but instead is tied into all the other loan markets in the United States because of the ability of many lenders to shift a portion of their funds from one market to another.

In estimating the likely future course of mortgage loan rates, it is therefore necessary to consider not only the conditions which will probably obtain in the housing market, but also the general conditions for **all** loanable funds. Here a quite different picture emerges. It seems to me that the over-all demand for funds during the next five years will be quite strong. I predicate this estimate not simply on the assumption of continued general prosperity, but also on the fact that borrowings of both the Federal and state and local governments over the next five years will be heavy. I call particular attention to the new Federally-encouraged highway program. It is not generally recognized that this program alone is likely to increase the annual demand for long-term funds by about 10%. Over the next five years the number of children and young people in school and college will also increase tremendously, so that we have only begun our school building program. This will call for further state and local borrowing.

Outlook for Mortgage Funds

The over-all demand for funds in the next five years will therefore remain strong. Because of this over-all strength, plus some decline in new home construction, there is likely to be a shift in funds out of the mortgage market into other lending markets. I would conclude from this that there will be no softening in mortgage loan rates in the period ahead, and that there may be some intervals when rates will rise above the present level.

If the legal ceiling on FHA-VA contract rates is maintained, we are therefore likely to see a continued preference for the higher yield conventionals, so that the government insured or guaranteed share of the total market will probably remain between 45 and 50%. But is the government likely to maintain the ceiling on FHA-VA rates? No one can predict what the government will do, but I believe there will be increasing sentiment for removing the rate ceiling. As I pointed out earlier, the government program of mortgage insurance was originally conceived as an encouragement to the housing industry in general, and did not have the provisions which were later added to encourage particular **types** of building, or to favor particular **types** of home buyers. As the housing market begins to show some sign of weakness—as I believe it may well do during the next five years—it would be quite logical for the government to return to its original conception of mortgage insurance. This would mean that the contract rate ceilings would be removed or raised, and that the differentials in loan value between different priced homes would be lessened.

The effect of these changes would be to greatly widen the scope of the government insured or guaranteed program and to provide much more stimulus to housing demand than is provided under the present legislation. A plentiful supply of loanable funds would be ensured at low down payments and long maturities. The artificial preference for conventional mortgages would be eliminated. And the benefits of the mortgage insurance program would be made available to a much wider group of persons than at present.

The government has already gone as far as is desirable in lengthening maturities, and down payments on lower priced homes have dropped further than is desirable. The housing market should not therefore be stimulated through further liberalization of existing coverage. Further moves along this line would not only encourage borrowers and lenders to engage in practices likely to put them into financial difficulties, but would also jeopardize the whole program of government insurance. The future of the FHA-VA program, it seems to me, lies not in encouraging unsound borrowing and lending practices, but in eliminating the artificial curbs and distinctions in the program so that its benefits will be available to more people.

I hope that when the time comes to introduce further encouragement to the important home-building industry, all those associated with that industry will oppose an unsound lowering of standards and will instead urge a return to the original conception of mortgage insurance. If the future course is in this sound direction, I am confident that the building industry, the mortgage loan industry, and the whole program of government insurance and guaranty of mortgages can look forward to an expanding and prosperous future.

Lee Higginson Corp. Official Appointments

Lee Higginson Corporation, 40 Wall Street, New York City, have announced the following changes in management:

R. de La Chapelle

N. Penrose Hallowell resigned as Chairman of the Board and was elected Honorary Chairman. He had been associated with the firm for 54 years.

Charles E. Cotting, formerly President and Treasurer, was elected Chairman of the Board and Treasurer.

Richard de La Chapelle, formerly a Vice-President, was elected President.

Frederick H. Schroeder, formerly a Vice-President, was elected to the newly-created post of Executive Vice-President.

Roland Merrell, head of the syndicate department, John A. Norman, of the institutional department, and John H. Stafford, Jr., head of the municipal department, were elected Vice-Presidents of the firm.

Canada's Program of Atomic Energy Use

By W. J. BENNETT*
President, Atomic Energy of Canada, Ltd.

Mr. Bennett describes Canada's resources of uranium, and the program under way for the peaceful use of atomic energy. Says hopes for the industrial application of atomic energy are on the way to realization, as "we are over the main hurdle." Aims to create atomic powered electricity at from five to seven mills per kilowatt, but notes there are problems still to be solved. Discusses probable demand of Canada for power, and concludes private enterprise in Canada should be allowed the maximum freedom in the application of atomic energy, as in other categories.

Canada's atomic energy program has passed through two stages and is now entering a third.

W. J. Bennett

The first, or wartime stage, began in 1942 with Canada's decision to join with the United Kingdom and the United States in the development of the atomic bomb. Our contribution was of two kinds. First, we supplied uranium, the raw material of the bomb. Second, we undertook to find a method of producing plutonium—one of the fissile materials which is needed for atomic bombs. This resulted in the design and construction of the NRX reactor at Chalk River. This reactor still provides facilities for experiment and testing which are not found elsewhere. Because of this, it is being used extensively by the United States and the United Kingdom.

The second stage of the raw materials part of the program began late in 1947, following the failure of the United Nations to reach agreement on the control of atomic weapons. Our government decided to continue its wartime partnership with the United States in the production of uranium. Again the objective was a military one, although it was recognized that by increasing uranium production we would be guaranteeing an adequate supply of raw material for any future peacetime program. Early in 1948 the mining industry was asked to participate in the search for new sources of uranium. It was our conviction that the industry would respond with its characteristic vigour, if a guaranteed market and a reasonable profit incentive were provided. The results have confirmed this. By the end of 1957 uranium production in Canada will be something over 12 times as great as it was at the end of the war. The annual gross income from that production will be approximately $100 million, ranking uranium in fourth place in the gross dollar of metal production in Canada.

It is impossible to say at this time what the demand for uranium will be after March 31, 1962, the present expiry date of the guaranteed market. The military demand may continue at the present rate or may cease altogether. On the other hand, we may have a situation in which there is still government buying but on a reduced scale. Whatever happens, it can be safely predicted that there will be some requirement for uranium for use in atomic power programs in the early sixties. It is evident, however, that the demand for uranium in the early stages of a Canadian atomic power program will take up only a small part of our potential production. Consequently, if the military requirement ceases or is cut back substantially, Canadian producers may have to look to export markets and should expect to meet the same conditions which prevail in the case of other base metals which are not in short supply.

The second stage of the research and development program began in 1951 with the decision to design and construct a second reactor at Chalk River. This decision reflected the confirmation of the earlier belief that atomic energy could be used for peaceful purposes. It also took into account the continuing demands of the military program. Hence, the new reactor has been designed for a dual purpose — to produce plutonium and to provide larger and improved experimental facilities. These experimental facilities, because of the reactor's size and high neutron flux, should be the finest in the world. This reactor is expected to go into operation in June of 1956.

This second stage of the combined program, which might be described as the transitional stage, came to an end late in 1953 with the realization that our earlier hopes for the industrial application of atomic energy had a very good chance of being realized. My main purpose this evening will be to tell you why we think this is so.

When the nucleus of the uranium atom is split in a reactor, enormous quantities of heat and energy are released. In reactors designed exclusively for plutonium production — that is, for military purposes—the heat is exhausted in the reactor coolant. In other words, it is a waste product. the main purpose of our work at Chalk River is to find a way of using this heat. The obvious use is the making of steam to drive a turbo-generator in a power plant. This is what we mean when we speak of atomic power.

Before I discuss the engineering difficulties which must be overcome in designing a power reactor, perhaps I should state the problem in its economic context. The importance of atomic fuel as a source of power will depend on its cost, translated into cost per kilowatt hour of electric energy generated. This raises a second economic consideration — the future demand for power in Canada, the sources from which this demand can be met, and their probable cost. On the basis of this twofold economic consideration, we believe that atomic power, if it is to be used for large central power stations, must be produced for a cost not greater than the cost of producing power in a conventional thermal station using coal at $8.00 per ton, or for a cost somewhere between 5 and 7 mills per kilowatt hour.

Let us now look at some of the engineering problems and the steps which we are taking to solve these problems.

While all of the reactors now in operation were designed either to produce plutonium for the military programme or for experimental purposes, the experience gained in their design and operation has demonstrated beyond question that a nuclear reaction producing heat can be achieved, and with a high degree of efficiency. Therefore, we are over the main hurdle—and in the brief space of 14 years. This is not to suggest that we can now abandon research and development on what is known in the jargon of this business as "reactor cores"—even from a nuclear standpoint the ideal reactor has yet to be designed—but it does mean that we have sufficient information now available to prepare us for getting over the second hurdle—the engineering of a power reactor. To put it another way, we are now able to define the engineering problems which must be solved. This I regard as the most

Continued on page 46

*An address by Mr. Bennett before the Toronto Board of Trade, Toronto, Ont., Jan. 24, 1955.

Uranium and Its Commercial Future

By FLOYD B. ODLUM*
President, Atlas Corporation

Prominent investment company executive, whose concern recently acquired a large uranium mine, describes the use of uranium fission as a competitive source of fuel. Holds the full impact of uranium on large central power generating stations, to be built in the future, is tremendous and will have a beneficial effect on our economy. Concludes, by 1960, there will be uranium fuel central station power plants in U. S., and by 1965, power plants having a capacity of 4 million kws. will be fueled by uranium. Foresees no excess reserves of uranium.

I am not going to deal at all with uranium in connection with the atomic bomb or the hydrogen bomb or other various and increasing military uses. We all know that now and for some time to come our safety and our present somewhat unstable peace depend on our military strength. Fire power is the heart of military strength. Uranium provides the greatest assortment of fire power. I will only discuss other than military uses of uranium.

First let me discuss uranium with respect to its **heat producing** qualities, that is to say as fuel.

The fissioning of uranium produces heat. Fuel for production of heat is used in this country in vast and increasing quantities, mostly in the form of coal, oil and gas. Uranium will compete with these conventional fuels when it will give the customer more heat per dollar of cost than such customer can get in other ways. A pound of natural uranium contains an almost unbelievable amount of energy convertible into heat, if and when most of it can be so converted. Today we must realistically deal with the producible heat from the isotope 235, constituting about 7/10 of 1% of the whole. In the reactor and attendant chemical treatment we can already, in conjunction with use of some of the isotope 238, multiply the heat value of the 235 by better than two times. In other words, the heat that we can today get from a pound of natural uranium is as much as we can get from about 100 barrels of average grade crude oil or say 25 tons of coal.

As soon as arrangements can be made for milling. I expect we will start mining ore from Hidden Splendor at the rate of not less than 600 tons per day. From this daily amount of ore can be produced by present methods enough heat to fuel all the central power plants in New York City for one day. The isotopes 235 in that amount of daily production would only amount to a few refrigerator ice cubes in size but would do the same fueling job that it would take about 9,000 railroad cars to do with coal or an 18 inch pipeline to do with oil or a 36 inch pipeline to do with natural gas. No effects of breeding are taken into account in this statement and no multiplication by two or more by use of the converter reactor.

The fuel impact of uranium on the large central power generating stations to be built in the future is therefore tremendous, involving as it does elimination of transportation facilities, any smoke nuisance from coal, and the like.

The four corner states of Colorado, Utah, Arizona and New Mexico have about 1,200,000,000 barrels of oil in place, worth in the ground about $1.00 per barrel. Six hundred thousand tons of fairly good grade ore, taking the heat producing content of only the small amount of the isotope 235 in such ore, with a multiplication factor of only two for "conversion" but without the effects of breeding, contains more than 20% of the heat in all such oil reserves.

The Competitive Point of Uranium as Fuel

We know that the competitive point for uranium as fuel compared with other fuel, considering operating cost alone, is approximately 3 mills per kilowatt-hour of electricity. We know that uranium can give a considerably better operating result than that right now. We also know that the competitive point for uranium, compared with other fuel, taking all generating costs into account such as interest on investment (including investment in the full supply of uranium needed to fill the reactors at start of operations), is about 7½ mills per kilowatt-hour of electricity for the country as an average but about 10 or 11 mills in certain important areas of our country where conventional fuels are more expensive.

On the one end of the uranium line in this study of competitive costs we have the miner who gets about $5.00 per pound for the natural uranium in his ore. On the other end we have what the user of the fuel can pay. The "in-between" covers losses and costs in milling, refining, separation, chemical processing and the like, including interest, taxes and depreciation on the excess amount of power plant facilities needed for uranium over the facilities needed for conventional fuels. There is a wide spread in this "in-between" field for these elements of cost because, competitively, the customer can pay several thousand dollars per pound of isotope 235 and, competitively, can certainly pay on the order of $20.00 or more per pound of natural uranium. These "in-between" costs are coming down steadily due to progress in the art. Remember that we are still in the horse and buggy stage of the uranium business.

A Look at the Future

I have diligently studied the basic data as to growth of population, growth of electric consumption, cost and prospective cost of coal, gas and oil, and other factors. It is my conclusion that, by the year 1960, there will be uranium fueled central station power plants in course of construction in the United States, not merely as experimental plants like the Duquesne Light Company plant now in course of construction, but for the economies involved, on a strictly competitive basis with other fuels. It is my opinion that, by 1965, central power stations in the United States having a generating capacity of not less than 4 million kilowatts will be in operation fueled with uranium, that new plants fueled with uranium will be installed thereafter on a cumulative ascending scale so that, by the year 1975, plants having at least

Continued on page 46

*From an address by Mr. Odlum before the National Western Mining Conference, Denver, Col., Feb. 5, 1955.

American and British Instalment Financing

By PAUL EINZIG

Dr. Einzig discusses the inflationary effects of instalment selling, and points out, whereas in the U. S. 50% of instalment selling is financed by banks, British banking institutions have refrained from engaging directly in this business. Says bulk of instalment selling in England is financed generally out of their liquid resources, and thus instalment selling in Britain does not create bank deposits, which are inflationary.

LONDON, Eng. — There has been lately a great deal of discussion on both sides of the Atlantic about the inflationary effects of the increasing volume of instalment selling. Everybody is vaguely aware of the inflationary character of the trend, but few people have taken the trouble of analyzing the way in which that effect is produced. In view of the growing importance of the system, and of the highly controversial nature of the subject, it may be of interest to go into the question in some detail.


Dr. Paul Einzig

There are two ways in which an expansion of instalment selling is liable to produce inflationary effects: (1) Through bringing about an expansion in the volume of bank money; and (2) through causing a direct expansion of the demand for goods. It stands to reason that, in so far as the instalment system increases the demand for goods, it tends to cause a rise in prices, especially if there is a high degree of employment, so that an expansion of production means competitive bidding for the limited number of workers available. Let us for the present disregard this comparatively simple aspect of the subject and concentrate on the way in which the instalment system is liable to cause an expansion in the volume of bank money.

From this point of view there is a very considerable difference between the system as it operates in the United States and in Britain. The reason for this difference is that while in the United States more than 50% of instalment selling is financed by the commercial banks, in Britain the commercial banks have — with one insignificant exception—refrained from engaging directly in that type of business. It is true the hire purchase finance companies get a certain amount of overdraft facilities from their bankers, and manufacturers and merchants cannot be prevented from using some of their bank credits for financing their sales against deferred payments. But, generally speaking, the bulk of the British instalment business is financed out of the liquid resources of the firms themselves and of the hire purchase finance companies. The latter also attract deposits from the public by paying much higher deposit rates than the banks.

Now it is generally known that under modern commercial banking, credits granted by commercial banks tend to create deposits. What is not so generally known is that if holders of deposits with commercial banks choose to withdraw their money and lend it, the transaction does not affect the volume of bank deposits, simply because the borrowers either deposit the proceeds of the loan with their banks or else they spend it, in which latter case the recipients pay it into their banks. This means that if a large number of depositors choose to withdraw their deposits for the purpose of lending the money, this fact in itself does not necessitate the reduction of the volume of bank credits based on those deposits. Paradoxical as it may sound, under modern banking system it is possible to eat our cake and keep it. The volume of bank credit remains unchanged and the volume of non-banking credit increases. The deposit which is withdrawn by an individual depositor remains in the banking system. It merely changes hands and possibly changes banks, but the withdrawal of deposits in such circumstances—always provided that the money is not hoarded—does not reduce the grand total of bank deposits.

This means that the lengthening of the time between the production of goods and payment for them by the ultimate buyer does not necessitate additional bank credits. It is financed by the creation of non-bank credits. The latter do not create deposits. The volume of non-banking credit is superimposed on the unchanged volume of bank credits, but only to the extent to which the lengthening of maturities through the operation of the instalment system has increased credit requirements. On the assumption that the volume of demand for goods remains unchanged, the operation of the British system of instalment selling does not produce an inflationary credit expansion.

Even on the assumption of the absence of an increase in demand for goods, instalment selling in the United States does tend to cause an inflationary expansion of credit. This is because a very large proportion of instalment business there is financed by the commercial banks. Instalment credits are from this point of view similar to other types of bank credits. They tend to create deposits.

What actually happens if a bank takes up instalment financing is that it lends for longer periods than is usual in other types of bank credits. While ordinary bank credits create deposits, when in three months time the credits are repaid these deposits are cancelled. This means that when new short credits are granted as and when the old ones are repaid, the volume of deposits remains unchanged, always assuming that the volume of new credits is equal to that of the old credits which are repaid. If, however, credits granted for instalment financing are not repaid in three months then there is no cancellation of deposits, and the new credits granted by the bank create new deposits in addition to the existing amount. Unless the banks decide to curtail their credits to non-instalment business, the longer maturity of instalment credits does tend to increase the total volume of bank credits, which again tends to increase the total volume of bank deposits. This means an increase in the volume of monetary resources and tends to be inflationary.

To summarize the above argument, to the extent to which instalment business is financed with non-banking credits there is an increase in the total volume of credits without an increase in the total volume of deposits. To the extent to which instalment business is financed with bank credits there is an increase in both credits and deposits.

Hitherto we have assumed for the sake of simplifying the argument that the operation of the instalment system does not affect the volume of total demand for goods and that of total production. In practice, in circumstances such as those prevailing both in Britain and in the United States during recent years, an expansion of instalment selling does tend to do more than merely divert demand from goods not sold on instalment to goods sold on instalment. It tends to create a net expansion of aggregate demand, calling for a net expansion of production. This tends to produce inflationary effects, because even if the additional demand is satisfied by the increase in the output there is always a time lag between the purchasing power created through expanding production and the increasing supply of goods resulting eventually from the expanded production.

This inflationary trend is liable to be heavier in Britain than in the United States, because of the higher degree of employment prevailing in the former country. On the other hand the fact that in the United States instalment selling is financed largely by commercial banks does tend to make its monetary effect more inflationary than in Britain. Under an equal degree of employment the same proportion of increase in instalment selling would tend to produce a stronger inflationary effect under the American system than under the British system.

From this point of view the unwillingness of British commercial banks to take up instalment financing is an advantage. There is, however, another side to it. The large-scale participation of American banks in instalment financing makes it easier for the American monetary authorities to control the volume of instalment financing by means of conventional devices of monetary policy. Under the British system the power of the monetary authorities to influence the volume of instalment selling by conventional devices of monetary policy is not nearly as effective.

It is true, if the bank credits to business firms are cut as a result of the official monetary policy, they are forced to employ more of their own resources and less will be available for financing hire purchase. To some extent they are, however, in a position to draw more extensively than before on their liquid resources or realizable investments. As for hire purchase finance companies they are in a position to maintain their resources by raising their interest rates on deposits.

Admittedly the difference between Britain and the United States in respect of the effectiveness of conventional monetary control is only one of degree, but the degree is quite considerable. It means in practice that to the extent to which the providers of non-banking instalment credit in Britain are able and willing to disregard the official policy, the montary authorities have to take more drastic conventional measures in order to achieve the same result as the United States authorities are in a position to achieve by less drastic measures. In other words, in Britain it is necessary to inflict a higher degree of inconvenience on trade in general in order to restrain instalment financing to the same extent than in the United States.

THE MARKET . . . AND YOU

By WALLACE STREETE

The stock market had variety to respond to this week ranging from diamonds to submarines, atoms to destroyers and electrons to cement. Despite these momentary features, the general list did little, waiting for the rails to rise to a new quarter-century high and confirm the recent strength in the industrials.

* * *

For the diamond interest the list had General Electric, which announced it had perfected a process for man-made diamonds, a dream of the alchemists through the centuries. The process, while still expensive, promised powerful competition for natural stones once production costs are shaved. It brought upheavals in De Beers Consolidated Mines, the diamond monopoly, in London's market and in domestic counter markets and a new high on thoroughly respectable gains for General Electric.

* * *

Unruly Atomic Submarine

General Dynamics not only was a feature on its atomic submarine work but put on some actions that came close to being definitely unruly. The issue, which had gained 14 points last week, extended the rise by 17 more in a couple of sessions this week before the reaction set in on hints that official attention would be attracted to the excessive gains. In one session alone the stock ran ahead 12⅛ points, but by the closing gong had lost all of it except the meager fraction.

* * *

Chance Vought was another of the defense issues that sprinted with the help of a full share of tips to where even those best acquainted with the company and its prospects were somewhat aghast, particularly since its daily gains ran as much as 10% in value.

* * *

The strong issue in the atomic energy field was Babcock & Wilcox on hopes of participating in Con Edison's new atomic-powered electricity plant. It added 10% in value last week and added a bit more than that amount in a couple of trading sessions this week.

* * *

Bath Iron Works was the destroyer representative since that is one of its principal chores, but more of the strength was due to some of its other diversified activities than its prime ship work. It, too, joined the issues able to carve spectacular gains out of a single day's work.

Remington Rand was the skyrocketing issue in the electronics field, taking over the mantle from Consolidated Electronics which was a wonder star of 1954 and continued its sprinting in the early weeks of this year before quieting down.

* * *

Splitting Helps Cements and Steels

Cement issues had the substantial help of stock split news to keep them in the limelight. Good earnings reports helped the work along and multi-point gains in a couple hours of trading were common to such issues as Penn-Dixie, General Portland and Marquette Cement particularly.

* * *

Steels weren't particularly outstanding although Republic's stock split served to lift them out of the doldrums a bit. Bethlehem Steel, which was an acute disappointment when it didn't join the stock split circle at the last directors' meeting, was among the better-acting issues in the division, the action of the stock indicating rather clearly that the traders hadn't given up all hope of such action coming along sooner or later. In fact, the preoccupation over stock splits was such that the more substantial and more immediate comforts of higher dividend payouts were all but lost in the shuffle.

* * *

A couple of the top-grade stalwarts of the stock market — American Telephone and General Motors—were on the easy side with conviction, although the damage wasn't drastic in either case. American Telephone appeared to be in the nether half of its frequent cycles from fair strength as investment attention turns to this market favorite, to gentle easing from the best when neglect sets in. General Motors had all the appearances of suffering from some pressure on the rights in connection with its gigantic stock flotation, although reports from the underwriters of the stock issue indicated that the exercise of rights was proceeding satisfactorily.

* * *

DuPont, which is exercising rights for a million of the 4,380,000 shares being offered by GM, was able to pursue an independent course apart from GM and even, as a matter of fact, apart from the easy tone of chemicals generally. Allied Chemical continued its recent pattern of being more willing to recede on general easiness than to surge ahead on strength.

* * *

Oils Lag

The oil picture was far from an encouraging one unless some of the strength in Northern Pacific occasionally is attributed to its oil lands rather than to its carrier business. Sun Oil was able to push ahead for a change and Houston Oil was a bit conspicuous on wider losses at times. The standard issues, however, presented a pattern of backing and filling at its most charitable interpretation. Sunray and Mid-Continent Petroleum continued to back away quietly from the peaks each reached on the optimism prior to arrangements for a merger of the two.

* * *

Despite the high level of business generally there are still a few companies around not entirely in the clear and one market reflection of this was a rather unusual block of 10,000 shares of Westinghouse Air Brake which appeared when directors found it feasible to shave the dividend. The stock, far from joining the casualty ranks in a rush, mostly indicated only that the recent runup in it had been stalled. The issue had been one of nearly a hundred and a half that post new highs daily up until the dour announcement.

* * *

Some of the highly "tipped" issues of this week had their characteristic sharp one-day runups, followed by an equally sharp retreat, including such diverse shares as those of Briggs & Stratton, Rheem, Foster-Wheeler, and Ex-Cell-O. Even General Dynamics also fits in this category since it was given plenty of attention in the tip sheets both locally and above the border.

* * *

From a technical standpoint the indications were mostly neutral, while the rail average dawdled around its previous high posted on the first trading session of this year. Largely due to the play in Consolidated Edison on its plans for atomic energy, the utility average was able to expand its breakthrough into new high postings for a couple of dozen years, making it the brightest spot in the averages.

* * *

Majority opinion still is extremely cautious, not at all sure that an intermediate correction isn't lurking nearby. The fact that industrials have come within half a dozen points of the 420-25 level, which was the immediate objective of the upswing, has increased the caution around. Apart from the neat, round figures involved, the reasons for selecting this zone as a target aren't too clear but the belief in it has been built up. And the market in recent years has paid far more attention to psychology and politics than to business conditions.

[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.]

Two With Calif. Investors

(Special to The Financial Chronicle)

Harry E. Jack and Bernard Kahn have become affiliated with California Investors, 3924 Wilshire Boulevard.

With Samuel Franklin

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Herman Jacobson is now with Samuel B. Franklin & Company, 215 West Seventh Street.

Continued from page 11

American and Foreign Industrial Relations

degree rather than differences in kind, but the differences in degree are so great as to amount to differences in kind.

The British specialist team on industrial engineering was particularly impressed by the interest of American managements in expansion. The team stressed the fact that American enterprises do not merely attempt "to fill a market" but that they were engaged in "finding and in fact creating a market" for manufactures.[8]

Other features of American management which impressed the British team were the relatively high development here of preparatory planning, "the aggressive cost consciousness" of American managements "at all levels" which the British team described as "much more" than in the United Kingdom, and "emphasis of costing as a tool of management" and the use of cost analyses in advance planning to estimate risks.[9] In the words of the British team, "the risks American business men are willing to take are calculated and based on complete cost information, which is analyzed before any project is started. Whereas in the United Kingdom the cost accountant very often is brought into a project only after it has begun, in the U. S. he is almost invariably brought in at the time of the first discussions, and, when plans are settled, checks that the expenditure does not exceed the limits set."[10] The British team was of the opinion that the development of the planning of new projects in the United States substantially affected the willingness of American enterprises to take the risks of starting new projects.

The most unique thing about American management, particularly the management of large concerns, is the success of top managers in avoiding becoming overwhelmed by routine and detail, and their success in reserving a considerable part of their time for planning innovations and expansion. I suspect that fundamentally the scale and structure of management is an effect of the interest of managers in expansion that grew up in the early days of the country. But there is an interaction between cause and effect. Today the fact that managers have provided themselves with an abundance of personnel and have kept themselves free to think and to engage in long-range planning undoubtedly helps to sustain and increase their interest in expansion.

In Europe the situation seems to be quite different. American observers are impressed with the small number of managerial positions in most European firms, the limited delegation of authority, the absence of staff, the absorption of top managers in routine detail, all with the result that the small and overworked top managements have little time or energy to devote to innovations and expansion. European observers to this country, on the other hand, are impressed with the lavish use of staff to help line management, and the considerable amount of time and effort devoted to planning change and development. It is of interest, however, to note that the great use of staff to assist line management in the United States has been a development of the last 50 years. There were almost no staff positions in American industry before 1900. Even large banks did not have credit departments 50 years ago.

Although top American managements as a group have realized far better than administrators, public or private, in any other part of the world the importance of having time to think and to make long-range plans, American managers as a class have not succeeded in protecting themselves against overwork and excessive worry. The incidence of ulcers and other symptoms of overwork and worry is high. But the American managers have succeeded on the whole in not becoming submerged by routine. If managers quite frequently suffer from ulcers, at least these ulcers have been largely acquired as the result of efforts to make innovations and to plan expansion.

V

What are the consequences of the characteristics of the American system of industrial relations which I have selected for discussion? It would be tempting to attempt to explain differences in the movements of productivity and real wages between the United States and Great Britain or between the United States and other countries in terms of differences in the system of industrial relations. Between 1900 and 1950, for example, output per capita in the United States rose about three times as rapidly as in Great Britain—though from 1948 to 1954 the increase in output per capita in Great Britain has been slightly greater than in the United States. Real hourly earnings in the United States have been rising faster in the United States than in Britain. They increased about 18.5% here between 1947 and April, 1954, or almost twice as rapidly as in Great Britain where the rise between April, 1947 and April, 1954 was 9.8%.[11] Comparisons of this sort, however, would be meaningless and, indeed, misleading. Changes in productivity and wages are the result of a multitude of influences of which the system of industrial relations is only one. Furthermore, one of the activities of the British system of industrial relations of the postwar period was to impose on the country a conscious policy of wage restraint, a policy not found in the United States, except briefly during the Korean War.

But although one cannot isolate and measure the effects of the systems of industrial relations, one's common sense tells one that there must be effects. Hence, one is justified in asking what consequences one might reasonably expect to follow from the systems of industrial relations. It is particularly illuminating to note what results foreign observers attribute to conditions in the United States which they pick out as being quite different from conditions in their own countries.

Two important effects are ascribed by foreign observers to the distinctive characteristics of American industrial relations—greater pressure on management to increase the productivity of labor and greater interest by the employees of each enterprise in the prosperity of the concern.

The analysis by the British trade unionists of the impact of American industrial relations upon productivity is particularly interesting. The British unionists reached the paradoxical conclusions (1) that the interest of American unions in production is weak but (2) that their influence upon the increase in productivity is considerable. "We found," said the British union team, "most American union officials and members, in spite of their engineering departments and activities, less concerned about the need to increase productivity than trade unionists in Britain because in the main they can rely on management to be sufficiently progressive."[12]

The practice of bargaining company by company, in the view of the British unionists, explains the strong influence of American unions on productivity. The British unionists state the case thus:

"Unions recognize that some companies will always be ahead of others and will continually improve their efficiency to increase profits. They (the unions) contend that if they bargained on an industry-wide basis, they would have to accept the wage rates and working conditions obtainable in the worst, or at most, average companies. This would enable efficient companies to make unreasonably high profits, remove part of the pressure on them to continue to improve their efficiency. . . .

"Under union-company bargaining wage rates and piece rates vary between companies in similar industries. Theoretically, a union is always striving toward similar rates throughout its industry in that having secured good rates with the most profitable company it tries to lift wage rates in others to that level. Meanwhile, the efficient companies have again increased their output per manhour and profitability, and the unions then start the rounds again."[13]

The British exaggerate the willingness of American unions to make different settlements with similarly situated employers, but they are correct that unions begin negotiations with the company that is most likely to yield and that this practice raises the pressure on managements to improve technology. Experience under industry-wide bargaining in the bituminous coal industry seems to be an exception to the above generalization. As a matter of fact, however, the special position of the captive mines has enabled the union to whipsaw the employers, and the ambitions of Mr. Lewis have limited the effect of economic considerations upon union wage policies.

A second consequence of American collective bargaining practices, particularly company-union agreements, is to stimulate the interest of employees in the prosperity of the company. On this point the British industrial engineering team said:

"Local negotiation of wages and conditions adds to the interest taken by employees in the activities of their own company, since their trade union's success in wage negotiation is closely related to the success of the company."[14]

The British industrial engineers also added the belief that American unions accept the view "that higher benefits for their members can only be obtained if they support management in measures which will increase the efficiency of production and strengthen the position of the company."[15]

The British industrial engineers noted, however, the absence in the United States of formal arrangements for participation by unions in promoting efficiency:

"We found that joint production committees as understood in Britain are not popular. The attitude of unions is that managerial problems should be settled by mangement alone and that the unions' function is to investigate their [the managements'] plans only where they affect workers' interests."[16]

To the British trade unionists the lack of formal arrangements for promoting efficiency was a matter of surprise. The British unionists said:

"A fact we found surprising therefore was unions' lack of interest in formal joint consultative machinery, especially as many of them seem well qualified to make a contribution to plant efficiency through such machinery. The truth is that most unions do not expect or, we suspect, want to be consulted about the running of the plant. . . . There is nothing restrictive in this attitude, even if it is not cooperative. The job of managing is left to management."[17]

The British trade unionists added the following interesting comment:

"The absence of joint consultative machinery does not mean that union-management relations are necessarily 'distant.' In fact, we got the impression that relations generally are better than in many British factories."[18]

Interest of workers in the success of the company is, of course, stimulated by the practice of promoting from the ranks. The industrial engineering team mentioned "the undoubted greater opportunities compared with Britain to rise from the shop floor to senior managerial positions."[19] The team was also impressed by the fact that managements "recognize and encourage an ambitious attitude on the part of the worker."[20] This team thought that the general relationship of workers to management in United States industries is "often significantly different from that found in factories in Britain." The team attributed the difference in part to "the lack of class barriers in American industrial life."[21]

If unions count on gaining benefits for their members from the success of the company, one would expect them to be aggressive in their demands. The British industrial engineering team was of the opinion that American unions are more aggressive than British unions in pushing demands. The British team stated that British managers working in the United States "argued that the main difference between British and American unions is the aggressive American attitude."[22]

Foreign observers have not commented on how industrial relations have been affected by the large amount of attention given by top managements in the United States to plans for innovation and expansion. Sometimes innovations have created conflict between groups of workers and managements. These conflicts, however, have on the whole been of superficial importance. The fundamental effects of innovation and expansion have been better industrial relations. Many opportunities have been created for men to move into better jobs. The growth of opportunity is reflected in the fact that skilled and professional workers have been becoming a larger proportion of the labor force. The attention of managements to innovation has been fundamentally responsible for the rapid growth in output per manhour. The increase in output per manhour has meant (1) there has been quite a bit to bargain over and (2) that managements have not been disposed to resist too strongly even stiff demands from trade unions. Hence, the attention of managements to innovations has increased the importance of collective bargaining and has tended to make collective bargaining work more or less satisfactorily to both sides, but particularly to the employees.

VI

Does the American system of industrial relations lead to more or less interruption to production than systems where bargaining is usually on an industry-wide basis rather than on a local or company basis? A truly scientific answer to the question cannot be given because the scale of interruptions to production is affected by many conditions other than the methods of bargaining. Our figures on strikes and lockouts are shockingly poor and admit of little classification. Until Congress provides funds for much more elaborate figures than are now compiled, one cannot get very far in isolating the effect of various conditions in producing strikes and lockouts.

One would expect the kind of bargaining that one finds in the United States to produce a higher rate of stoppages than would be produced by the industry-wide bargaining of Britain or Sweden. I grant that under industry-wide bargaining employers will usually be more inclined to resist union demands than when bargaining is by companies or even by localities.[23] On the other hand, unions under company bargaining and to a less extent under locality bargaining are likely to make stiff demands because they will not be held back by those of their members who work for high-cost employers. The stiff demands increase the likelihood of conflict.[24]

But the principal reason why one would expect a higher stoppage rate under the American system of bargaining than under the British or Swedish is that shutting down a company or the companies in a locality is not particularly serious to the economy as a whole, whereas shutting down an industry or a group of industries may be too serious to be tolerated. Deadlocks frequently occur in industry-wide bargaining in Britain, but, if the industry is an important one, the result is not usually a stoppage but government intervention, a court of inquiry, further bargaining on the basis of the court's recommendations, and usually further concessions.[25]

The record of the last year in Britain is illuminating on this point, particularly the experience in the engineering industry and the railroad industry. Incidentally, an important change seems to be occurring in the operation of the British arrangements for handling major disputes and the British are confronted with the question of how seriously the operation of boards of inquiry will be undermined by the growing disposition of the unions to reject the awards of the boards.[26]

8 Anglo-American Council on Productivity, *Productivity Report on Industrial Engineering*, p. 2.

9 *Ibid.*, pp. 17, 19, 20, 22.

10 *Ibid.*, p. 22.

11 The rise in hourly earnings in the United States is based upon the weighted average of hourly earnings in manufacturing, bituminous coal mining, building construction, class I railroads, the telephone industry, wholesale trade, retail trade, laundries, and agriculture, weighted by employment in April, 1954.

The average hourly earnings in Great Britain are derived from the *Ministry of Labor Gazette*, September, 1954, p. 3^1.

12 British Trades Union Congress, *Trade Unions and Productivity*, p. 10-11.

13 *Ibid.*, p. 53.

14 Anglo-American Productivity Council, *Productivity Report on Industrial Engineering*, p. 73.

15 *Ibid.*, p. 47.

16 *Ibid.*, p. 45.

17 British Trades Union Congress, *Trade Unions and Production*, p. 57.

18 *Ibid.*, p. 57.

19 Anglo-American Council on Productivity, *Productivity Report on Industrial Engineering*, p. 6.

20 *Ibid.*, p. 46.

21 *Ibid.*, p. 46.

22 *Ibid.*, p. 72.

23 Although industry-wide bargaining reduces the cost of concessions by employers, it greatly reduces the cost of resistance because it prevents one competitor from taking away the customers of other firms.

24 When is the risk of conflict greatest—when the pattern settlement is being negotiated or when the union is attempting to spread it to high-cost plants which cannot afford to pay it? I think that the recent history of strikes in the steel and automobile industries shows that stoppages are most likely to arise over the terms of the pattern settlement, but I would like to see a statistical study of this point.

25 In spite of the prevalence of industry-wide bargaining in Britain and Sweden, the average number of workers per strike or lockout in those countries is usually less than in the United States—for the period 1927 to 1953 inclusive it was 239 in Sweden, 448 in Britain, and 507 in the United States. Of course, these figures simply reflect the fact that industry-wide strikes rarely occur in Britain or Sweden.

26 One is reminded of the change that occurred in the operation of the railway labor act in this country before and after about 1941.

Whatever may be the reasons, the result is what one would expect—the rate of industrial conflict in the United States is considerably greater than in Britain or Sweden. Of the various available measures of the rate of industrial conflict, I think that by far the most meaningful is working days lost as a multiple of union membership. This measure allows for the fact that strikes among unorganized workers are few and short. Hence, the measure is a fairly satisfactory indication of the propensity of union members to strike and of the success of collective bargaining in producing agreements.[27] Ross and Irwin's interesting comparison of strike experience in five countries found that the time lost per union member during the period 1927-1947 was far greater in the United States than in either Britain or Sweden — 3.2 working days per member per year in the United States, 2.2 days in Sweden and 0.5 days in Britain.[28] I have had the Ross-Irwin table extended through 1952. For the entire period 1927 to 1952 inclusive the working days lost as a multiple of union membership were 3.1 in the United States, 1.8 in Sweden and 0.4 in Britain.

I do not suggest that the prevalance of local or single-firm bargaining here in contrast with industry-wide bargaining in Britain or Sweden solely explains the difference in time lost per union member from stoppages. Other important differences, such as the strong rivalry between unions in the United States, the vigorous efforts of American unions to extend their membership in contrast with the more passive policies of British and Swedish unions, the absence here of legal restraints on strikes (such as existed in Britain from 1940 to 1952), the longer use of an official policy of wage restraint in Sweden and Britain, all help account for the differences in the time-lost rates between the United States, Sweden, and Britain.[29]

The case of Canada deserves brief comment. Although the system of bargaining in Canada is virtually the same as in the United States and although the Canadian system of industrial relations in most respects is quite similar to that of the United States, working days lost from stoppages per union member in Canada for the period 1927 to 1952 was only about one-third that of the United States and considerably below that of Sweden. It was slightly more than three times as high as the extraordinarily low British rate.[30] How is the very low Canadian rate to be explained? Does it not cast serious doubt on the view that the low rates in Britain and Sweden are the result of the prevalence of industry-wide bargaining?

My belief is that the principal explanation of the low Canadian strike rate is that most Canadian unions and employers are content to follow employers in the United States in making wage changes. In other words, the low strike rate in Canada reflects the fact that Canada is a pattern follower rather than a pattern maker, and it brings out one of the advantages of being a pattern follower. If one measures the propensity to strike by the workers involved in strikes as a percentage of union membership (rather than by days lost per union member), Canada is only second to the United States —well above Britain and Sweden. For the period 1927-1952 workers involved in strikes as a percentage of union membership were 18.3 in the United States, 11.7 in Canada, 5.9 in Britain, and 2.9 in Sweden.[31] All of this means that, though strikes in Canada are quite frequent, they are also quite short —as one would expect in a pattern-following country. They average only slightly half as long as in the United States, only little more than one-fourth as long as in Sweden, but they are longer on the average than the extremely short strikes in Britain.[32]

VII

Let me close these remarks with a few words of appraisal. The fact that time lost from strikes and lockouts per union member in the United States is far higher than in Sweden or Britain might be regarded as a reflection on our system of industrial relations. But systems of industrial relations should not be judged solely by their success in maintaining peace.

One must admire the success of Britain and Sweden in maintaining an exceptionally low rate of time lost from industrial disputes in recent years. The competitive positions of their economies in world markets, of course, have made the avoidance of stoppages of considerable importance. The trade unions in both Britain and Sweden have developed a willingness to accept central direction which enables them to go far in cooperating with governments to safeguard the economic interest of the entire community. Qualifying collective bargaining by considerations of national interest to the extent that the British and Swedish unions have done (and also unions in other countries, including Denmark and the Netherlands) would be out of question in the United States. The federations here lack the influence over national unions possessed by the federations in Britain and Sweden, and the national unions here usually see no particular reason for being concerned with interests of the country as a whole. All of this is a way of saying that the differences in the economic situations of the United States, Britain, and Sweden have given the unions in the several countries somewhat different objectives. The unions in the United States are much more concerned with raising wages than the unions in Britain and Sweden, and the unions here are frequently not concerned at all with either the general level of employment or the competitive position of the country.

The methods of bargaining that exist in the United States have great advantages under our conditions. No one would pretend that our methods would work elsewhere. There are great advantages in having employers under strong pressure to increase efficiency, as they are when under individual-enterprise bargaining or even local bargaining, but less so under industry-wide bargaining.[33] There are great advantages also in having the bargaining unit small enough so that the bargainers can give proper attention to the many issues and conditions that ought to be considered. When a bargain applies to a whole industry comprising many plants, the bargainers can discuss only a small proportion of the many matters that ought to be considered. The British have attempted to deal with this problem, as I have previously indicated, by joint district or national boards which have broad authority to decide cases by rule of reason. There is much to be said for this method of protecting the interests of individual workers under industry-wide agreements, but it does not seem to be as effective as the kind of agreements which can be negotiated under single-enterprise or local bargaining. Even in single-enterprise bargaining the bargaining unit may be so large that the negotiators cannot easily deal with all matters that should perhaps receive consideration. Some single-enterprise bargains in the United States (those of General Motors or United States Steel) cover more workers or plants than are found in any industry in Sweden.

Just as industry-wide bargaining carriers with it certain problems, so also does the industrial relations system of the United States. The considerable degree of autonomy permitted local unions sometimes becomes a source of abuse and opens the opportunity for the invasion of the labor movement by racketeers. This problem is serious in several cities at the present time. Furthermore, conditions are so favorable for collective bargaining in the United States that this instrument is used for dealing with matters which, in my judgment at least, might be more appropriately handled by legislation. For example, the great development of supplementary pension plans in recent years seems to me to have been badly overdone and is probably impeding much-needed improvements in the national pension plan.

By and large, however, I think that the United States should consider itself lucky. It possesses a system of industrial relations that, in its basic characteristics, fits conditions here reasonably well. The system has been developed without being planned. Perhaps that is why it represents a pretty good adaptation to conditions—it is simply the sum total of various efforts to solve problems rather than the expression of a plan which might faithfully reflect certain principles but which, because of that very fact, might not very well fit conditions. Our system of industrial relations would probably not work anywhere else, but it gives the American worker better protection of his day-to-day interests than is received by the workers anywhere else, it puts American employers under greater pressure than the employers of any other country to raise productivity, and, though it gives unions a wonderful opportunity to whipsaw employers, it gives employers a freedom to bargain which they like and for which they seem willing to pay a big price. Hence, we seem justified in being grateful that we have been favored by fortune and perhaps also in taking modest pride that we have pursued opportunist policies with considerable flexibility and good sense.

27 It would be desirable to use only the working days lost among union members in stoppages called by unions.

28 A. M. Ross and Donald Irwin, "Strike Experience in Five Countries, 1927-1947 — An Interpretation," *Industrial and Labor Relations Review*, April, 1951, Vol. 4, p. 332. The figure Ross and Irwin give for the United States is 3.0 days per member per year, but they use unsatisfactory figures for membership. They accept the estimates of the Bureau of Labor Statistics for 1945, 1946, and 1947 which are based on badly inflated estimates of the CIO membership and they fail to subtract the Canadian membership of unions with headquarters in the United States. When corrections are made for these errors, the figure comes out 3.2 instead of 3.0.

The Ross-Irwin article also contains an error in the Swedish figures which seems to be due to a misprint. The figure for the year 1928 should be 10.3, not 0.3. This error seems to have affected the computations. Ross and Irwin get 1.7 working days lost per union member for the period 1927-1947. The figure should be 2.2.

29 A. M. Ross and Donald Irwin, *Ibid.*, p. 338. Incidentally, Ross and Irwin express the belief that "unions are less aggressive where bargaining on a multi-employer basis," thus agreeing with the British industrial engineering team that American unions are more aggressive than British ones.

30 For the period 1927 to 1952 working days lost in stoppages per union member in Canada were 1.3.

31 For the period 1927-1947 I have used the figures in Ross and Irwin's excellent article making appropriate corrections in their figures on trade union membership in the United States.

32 Working days lost as a multiple of workers involved in strikes in the period 1927 to 1952 inclusive were 18.4 in the United States, 11.9 in Canada, 46.7 in Sweden, and 6.9 in Britain. In recent years virtually all strikes in Britain have been so-called "unofficial" strikes—not sanction by a union.

The fifth country included by Ross and Irwin in their article was Australia. Lack of time prevents my discussing the difference between Australia and the United States. Working days lost per union member in Australia has been low—from 1927 to 1947, slightly less than in Canada but considerably less than in Sweden. The figure has changed little, and since 1948 has been well below Canada (0.9 per year in Australia) but, of course, far above the very low postwar rates of Sweden. On the whole, arbitration machinery of Australia seems to do a pretty good job of producing a low time-lost rate. But workers involved in strikes as percentage of union membership in Australia are high—almost as high as in the United States and well above Canada, and, of course, far above Sweden or Britain. For the entire period 1927 to 1952, the percentage was 16.7, for the period 1927 to 1947, 15.0, and for the period 1948-1952, 24.2. But the high propensity to strike in Australia is coupled with very short strikes. Australian strikes are about as short as the British, and seem to be getting shorter. For the period 1927-1947, the average Australian striker lost 8.8 working days; for the period 1948-1952, 3.9 days. The extremely short strikes in Australia keep down the time lost rate in spite of the high propensity to strike.

33 The conditions which make bituminous coal mining an exception to the above generalization should be kept in mind.

Geo. Martin to Address N.Y. Mun. Bond Women

The Municipal Bond Women's Club of New York will have George L. Martin, director of markets, International Bank for Reconstruction and Development, as the speaker for the next session of the current year's educational program on Feb. 17. Mr. Martin's topic will be "The World Bank—The Role It Plays in The Economy of Nations."

Guests are invited to the meeting, which will be held at the Chemical Corn Exchange Bank, 30 Broad Street, 10th floor, New York, N. Y., at 5:30 p.m.

Joins Slayton Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Carl E. Brooks is with Slayton & Company, Inc., 408 Olive Street.

Joins B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb. — Robert H. Towne has become affiliated with B. C. Christopher & Co. of Kansas City.

B. C. Christopher Adds

(Special to THE FINANCIAL CHRONICLE)

McCOOK, NEB. — Merlin L. Smith has been added to the staff of B. C. Christopher & Co., 420½ Main Street.

Two Join Christopher

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Stanley Searles and John J. Sullivan have become connected with B. C. Christopher & Co. Grain Exchange Building.

Continued from page 2

The Security I Like Best

appointment of additional distributors. The sales force has been enlarged and strengthened by addition of trained men in the field. Manufacture of a number of products discontinued due to military requirements or other restrictions has been resumed. Research, products improvement, and new product development activities have been accelerated. The company is promoting a mineral insulated cable to which it has the exclusive license. In the opinion of the writer this item offers particularly interesting potentialities. A new large size aluminum extrusion press for sheathing cable is on order and expected soon.

The company's earnings record over the past few years has been most satisfactory as can be seen from the appended tabulation. During 1953 sales totaled $116.5 million and net income after taxes was equal to $5.1 million. After providing for preferred dividend requirements this was equal to a profit of $2.29 per common share. Sales for 1954 are estimated to have declined to about $100 million. This was due to both lower selling prices and smaller military business. In view of the fact that the company's military business declined about $24 million it follows that civilian business gained about $8 million. Since the wire and cable industry generally showed a drop of 5%, it is calculated that General Cable last year gained about 10% on the industry. Indeed, this is borne out by the earnings for 1954, estimated at about the same as 1953, whereas most companies in the industry showed declines in net.

For 1955 sales of General Cable are estimated to rise some 20% to 25%, with government business down to perhaps only 5% of the total. Should such a result be accomplished, dollar earnings would probably rise about the same percentage. From a profit point of view, therefore, 1955 stands a very good chance of being the best year in the company's history. Per share earnings estimates are not so easily calculated, however, since the second preferred issue may be converted, either all or in part. In any event, whether or not there is a conversion, per share results would show a sizable improvement over the $2.29 figure of 1953 and 1954.

Dividends in recent years have been moderately conservative. The present rate is $0.20 quarterly plus a year-end extra. Recently there were indications that payout policy may run around 50% to 60% of earnings. On this basis it is anticipated that the quarterly rate may be upped to $0.25 before long —again to be supplemented by a year-end extra in line with earnings results.

One may conjecture as to how the company may handle an expanded volume of operations such as is envisaged a few years hence. In the first place, present facilities can satisfactorily produce some additional volume. Beyond that, new facilities will definitely be required. It would appear to be present management's policy to finance such expansion by means of temporary bank loans, to be retired as soon as possible out of earnings. Meanwhile, it would also appear to be management's intention to ultimately eliminate all securities senior to the common shares. After all, the record indicates persistent repurchase of the first preferred, and further strength in the common may well be accompanied by conversion of the second preferred. I can, therefore, ultimately visualize a company with a one stock capitalization, much higher per share earnings, and a larger dividend. Based upon these prospects, I therefore believe that the common shares, listed on the New York Stock Exchange, should command a substantially higher price than the recent level of around 19.

	Sales	Net Income	Net per Com. Sh.	Dividend
1954	†$100,000,000	†$5,150,000	†$2.30	*$1.10
1953	116,520,000	5,090,000	2.29	*1.00
1952	116,350,000	5,280,000	2.38	1.00
1951	115,940,000	5,500,000	2.48	1.00
1950	80,720,000	3,350,000	1.36	---

*Including year-end dividend paid in January of following year.
†Estimate.

Today's Stock Market Wholly Unlike That of 1929

Comparison with earlier period not valid because "nation is infinitely sounder and more realistic today than 25 years ago," Charles E. Merrill, Directing Partner, and Winthrop H. Smith, Managing Partner, of Merrill Lynch, Pierce, Fenner & Beane point out in annual report. Attribute nation's economic progress to lower Federal taxes, less government in business and marked effort to create "favorable climate" for business and investors.

Charles E. Merrill Winthrop H. Smith

In making public on Feb. 14 the annual report for 1954 of Merrill Lynch, Pierce, Fenner & Beane, nationwide investment banking and brokerage house, Charles E. Merrill, Directing Partner, and Winthrop H. Smith, Managing Partner, expressed the view that there is no basis of comparison of today's stock market with the situation which prevailed in 1929. Such comparisons are not valid, they declared, "simply because our nation is infinitely sounder and more realistic today than 25 years ago." By way of contrast, it was noted that whereas in 1929 many stock buyers were on 10-or-20% margin and total broker loans represented one-tenth of the market value of all Big Board stocks, "today margins are 60% or more and total borrowings are 1.4% of total market value."

In discussing the national economy, Messrs. Merrill and Smith noted that the past year was one of the most progressive and prosperous in "our entire history," adding that "We think it highly important that this progress coincides with lower Federal taxes, less government-in-business and a marked effort to create a 'favorable climate' for businessmen and investors."

In a letter accompanying report of the firm's operations in the past year, Messrs. Merrill and Smith noted as follows:

"Just before Christmas a significant group of 18 young men visited our New York headquarters for two weeks. We call them 'significant' because their assignment is to help spread the gospel of American-type enterprise throughout the Free World. Officially they are 'investment assistants' of the Foreign Operations Administration and the Government asked us to teach them a few fundamentals of corporate finance, securities research and underwriting procedure.

"The FOA is part of America's newly-conceived World Economic Policy through which our country will combat the inroads of Communism. As President Eisenhower put it, we must concentrate on economic weapons because 'we are going to hear less gunfire and see less blood flow.'

"We agree with this new approach to world problems because we have always believed that wisely invested 'capital dollars' are far more effective than pump-priming dollars. In essence Government pump-primers seek to create a false sense of prosperity merely by dividing the economic pie into more pieces without necessarily making it larger. On the other hand, private investors and capitalists seek to invest their funds in new plants or processes or techniques to create more wealth for everyone.

Gains for Our Nation

"The results of America's 'dynamic capitalism' are plain to see — we have less than 6% of the world's population yet our citizens produce and consume half the world's supply of goods and services. We do not think the new World Economic Policy will automatically resolve the woes and fears of peoples around the globe. But we are hopeful that foreign nations will be more willing to join our team when they have seen and used the benefits of new factories, machines, highways, schools and hospitals built with American-type investment and enterprise.

"Here at home this nation has just completed one of the most progressive and prosperous years in our entire history. We think it highly important that this progress coincides with lower Federal taxes, less Government-in-business and a marked effort to create a 'favorable climate' for businessmen and investors.

"The benefits of this climate go far beyond simply rising business indices or more money in the pockets of our citizens. Barely a decade ago, rampant inflation eroded the value of the dollar and threatened the very base of our economic life — the savings, the pensions, the insurance policies of millions of Americans. As the dollar declined, so did the faith of many people in our Government and our economic system.

Gains for the Individual

"Today there is a decided and encouraging resumption of individual thrift and enterprise. Such things as savings bank deposits, insurance policies and home ownership are all the highest ever. We think it especially noteworthy that sales of Government Savings Bonds in the closing months of 1954 were the highest in almost ten years without the pressure of a shooting war or patriotic appeal.

"Individual enterprise has been stimulated as illustrated by the fact that 115,000 new corporations were started last year. These days much is heard against the 'urge to merge' but all mergers put together are less than 1% of the number of new businesses started by ambitious and freedom-loving individuals.

"With allowance for normal ups and downs, we expect this progress to continue. One of the main reasons for optimism is the tremendous amount of money which has been invested in new or modernized plant and equipment in the past decade. The total is $202 billion, or more than everything spent for new production in the preceding 50 years.

"As a result of this capital investment, our factories turn out more and better products and simultaneously create more customers through higher and higher wages. The important thing is that this vast expansion was not paid for with taxpayer dollars or Government largess — it was paid for by the reserves of industry plus the savings of millions of American investors.

"We think it especially significant that the family of investors now includes millions of American farmers and workingmen, many of whom have thus far shunned investment securities. Today they are investors both as individuals (the Monthly Investment Plan has helped) and through pension plans which are growing at an astounding rate. Today these plans have over $20 billion in assets and are increasing at the rate of almost $3 billion a year.

Gains for Our Industry

"It is quite apparent this capital expansion by industry is by no means over. The U. S. Department of Commerce and the Securities and Exchange Commission estimate private capital expansion will total about $26 billion in 1955.

"We are proud that in the past ten years our firm has headed or co-managed syndicates which raised more than $2 billion of investment capital for industry (the exact figure is $2,015,000,000). In 1954 alone we headed or co-managed syndicates which sold $367,142,000 of new investment securities. This puts us comfortably among the top ten U. S. underwriters.

"The money our firm helped raise through industrial underwritings went for an incredible variety of things—an emergency 'hurricane - proof' high - tension line for a Southern utility, extra cash for a guided missile maker, new automatic calculators for a supermarket chain, added working capital for a producer of automatic machinery, and many others.

"These things make America great.

Today's Market vs 1929

"In Wall Street, of course, the outstanding news of 1954 was the dramatic rise in stock prices. In a few stocks the rise has been so fast and so steep it has caused us concern.

"The present situation has often been compared with 1929. We do not believe such comparisons are valid simply because our nation is infinitely sounder and more realistic today than 25 years ago. We do not dote on statistics but we feel one set of figures is pertinent: in 1929 many stock buyers were on 10-or-20% margin and total broker loans represented one-tenth of the market value of all Big Board stocks. Today margins are 60% or more and total borrowings are 1.4% of total market value.

"As we studied and prepared to write this report, we re-read our annual statement for 1940. As many of you will recall, ours was the first such report ever published by a brokerage firm.

"In the 14 years since 1940 the number of our offices has almost tripled, the number of our employees has increased five times, our total assets have risen tenfold and our profits from less than nothing to an impressive figure.

"The record of our firm is our refutation of all those cynics and critics who 10 and 15 years ago proclaimed Wall Street had no useful purpose and was doomed to die. At that time those same bureaucratic-minded pessimists also said the utilities and railroads would soon be nationalized —with all industry next on the list."

Monthly Investment Plans

At a press conference held in connection with distribution of the annual report, Winthrop H. Smith enthusiastically endorsed the Monthly Investment Plan which was inaugurated in January, 1954. The plan, he said, "provides a systematic method of investing for citizens of all types, whether rich or of moderate means (anyone can invest as much as $999 a month or as low as $40 every three months). At the close of 1954, it was noted, the firm of Merrill Lynch, Pierce, Fenner & Beane had opened 48% of all plans started in the United States.

Firm's Operating Results

Total income of Merrill Lynch, Pierce, Fenner & Beane from all operations reached $73,314,000 last year compared with $47,679,000 in 1953 which was the previous high figure. In 1942 total income was $9,442,000.

Operating expenses rose 20% last year to $46,516,000 of which $28,028,000 represented salaries and other compensation to the firm's 4,600 employees. Last year the firm's employees received a record Christmas bonus totaling $5,258,000 cash. In addition, the partners contributed $2,273,000 to the employees' profit sharing plan. Since the plan was started in 1945 contributions total $8,158,000.

Net operating income before estimated taxes and charitable contributions was $19,267,000 compared with $6,657,000 the preceding year.

Mr. Smith stated the firm and its partners had contributed more than $2,750,000 to various educational and charitable institutions in 1954 spread among 250 schools and colleges and almost 900 charities across the land.

After estimated individual Federal income taxes of $13,400,000, the 107 general and limited partners of the firm had left approximately $4,861,000 last year compared with $2,079,000 in 1953.

Managing Partner Winthrop Smith pointed out the firm's final net profits represented 6.6% of gross revenues.

New Data on Securities Market Credit

Sen. J. W. Fulbright, Chairman of Senate Banking and Currency Committee, releases figures furnished by the Federal Reserve Board which indicate that total amount of all member bank loans secured by stocks and bonds is estimated at $7¼ billion or 12% of all loans of all member banks.

J. W. Fulbright

Senator J. W. Fulbright (D., Ark.), Chairman of the Senate Banking and Currency Committee, which will soon start its study of the stock market, released on Feb. 14, new data on the amount of credit involved in the securities market. It indicated that nearly one-eighth of all loans of Federal Reserve member banks were "apparently secured by stocks and bonds." Information on loans for buying or carrying securities was already available, the latest figures being $2.9 billion in loans to brokers and dealers in securities and $1.4 billion to "others." The new data indicated that loans by member banks "not for the purpose of purchasing or carrying securities but secured by stocks and bonds" totaled $3.0 billion. Thus the total amount of all member bank loans apparently secured by stocks and bonds (whether or not for the purpose of buying or carrying securities) is estimated to be $7¼ billion. This is 12% of all loans of all member banks.

Data on non-purpose loans secured by stocks and bonds were developed at Fulbright's request by the Federal Reserve Board. Information on the extent of such loans has not been compiled since 1946. Senator Fulbright released the new data because of the widespread feeling among students of the stock market that it would be helpful in appraising present market levels in line with questions contained in the committee's questionnaire. The data were made available as a result of correspondence between Senator Fulbright and William McChesney Martin, Jr., Chairman of the Federal Reserve Board.

The letters in full text follow:

January 28, 1955

Mr. William McChesney Martin
Chairman, Board of Governors
Federal Reserve System
Washington 25, D. C.

Dear Mr. Martin:

In connection with its study of the stock market, it would be helpful to the Committee to have some indication of the extent to which loans by banks to busi-

MEMBER BANK LOANS ON SECURITIES

(Estimates based on a spot survey made February 1-8, 1955)

	—Amounts in Millions— All Member Banks	Sampled Banks	Percentage Coverage of Sampled Banks
Number of banks	6,660	271	4.1%
Total loans	$60,240	$36,812	61.1
Loans for purchasing or carrying securities:†			
To brokers & dealers in secs.	$2,881	$2,686	93.2
To others	1,364	1,044	76.5
Totals	$4,245	$3,730	
Loans not for the purpose of purchasing or carrying securities, but secured by:			
Stocks	----	$742	
Stocks and bonds‡	----	1,017	
Combined	*$3,000	$1,759	
Ratio of reported "nonpurpose" loans§ secured by stocks, or by stocks and bonds, to total loans	----	4.8%	
Ratio of all loans apparently secured by stocks and bonds (whether or not for the purpose of purchasing or carrying securities) to total loans	12.0%	14.9%	

*Rounded estimate.
†Includes loans for purchasing or carrying any and all kinds of securities, i.e., corporate stocks and bonds, U. S. Government and U. S. Government agency securities, and State and municipal obligations.
‡Segregation between stocks and bonds not available with respect to these loans.
§Loans which are not for the purpose of purchasing or carrying securities, but nevertheless are secured by stocks and bonds.

nesses and individuals, which are not for the purpose of purchasing or carrying securities, are nevertheless secured by stocks.

For this purpose the Committee would appreciate it if the Board of Governors of the Federal Reserve System, with such cooperation of the other Federal bank supervisory agencies as may be necessary, would make a spot-check or survey of representative banks and obtain appropriate data which would provide a general indication of the volume of such loans to businesses and individuals, which are secured by stocks, or by stocks and bonds if the segregation is not readily available. It is understood that statistics showing loans to brokers and dealers in securities, and loans to others for the purpose of purchasing or carrying securities, are regularly collected and are already available.

The Committee will appreciate it if this information could be furnished by Feb. 7, if practicable. It is understood, of course, that the information you collect will be supplied to the Committee only in aggregates and that you will not disclose information showing loans of individual banks.

Sincerely yours,
/s/ J. W. FULBRIGHT
Chairman
Senate Committee on Banking and Currency

BOARD OF GOVERNORS
of the
FEDERAL RESERVE SYSTEM
February 9, 1955

Honorable J. W. Fulbright,
Chairman,
Committee on Banking and Currency,
United States Senate
Washington 25, D. C.

Dear Senator Fulbright:

In response to your letter of Jan. 28, the Board of Governors of the Federal Reserve System telegraphed the Reserve Banks requesting a spot check or survey of leading banks which would indicate the volume of loans to businesses and individuals which are not for the purpose of purchasing or carrying securities, but nevertheless are secured by stocks or bonds.

As indicated in the attached table, the 271 leading banks sampled held 61% of total loans of all member banks, 93% of loans to brokers and dealers in securities, and 77% of loans to others for the purpose of purchasing or carrying securities. The figures from which the last two percentages were derived include, of course, not only loans for the purpose of purchasing or carrying stocks, but also those for the purpose of purchasing or carrying corporate bonds and securities issued by the United States Government, its agencies, and States and political subdivisions.

The requested figure (partly estimated) of loans to businesses and individuals which are not for the purpose of purchasing or carrying securities, but are nevertheless secured by stocks, or by stocks and bonds, amounted to approximately $1.8 billion at the 271 leading banks sampled, or to 4.8% of their total loans. If the same relationship obtained at the approximately 6,400 other member banks, the total amount of such loans at all member banks was approximately $3.0 billion.

Most of the replies to the Board's telegram to the Federal Reserve Banks were received in time for the Feb. 7 deadline date you suggested. However, one of the Reserve Banks reported that one of the largest banks in its district would not have the data available until Feb. 8. At the suggestion of Mr. Huson of your Committee staff, our response was delayed until the report was complete.

Sincerely yours,
/s/ WM. McC. MARTIN, JR.,
Chairman

We Still Need More and Better Economic Statistics!

By WALTER E. HOADLEY, JR.*
Treasurer, Armstrong Cork Company, Lancaster, Pa.

Though admitting there has been great improvement in and a growing use of economic statistics, Mr. Hoadley holds one of the greatest risks facing business organizations today is found in possible unsound public policies, simply because adequate or trustworthy information is not available upon which to base judgments. Says business needs for economic statistics are mounting, and business properly looks to government for statistical information essential to sound public policies.

One of the most significant developments affecting both private and public decision-making in recent years has been the growing use of economic statistics. Moreover at the present time there is noticeable interest in business in still more adequate economic information. This interest arises, first because of concern over the adequacy of many present Federal economic statistics now being used as a basis for important "public policy" decisions, and second, because of the recognized need for more satisfactory economic data to help guide future business planning, which has obvious implications for the entire economy.


W. E. Hoadley, Jr.

The interest of this Committee in economic statistics, as evidenced in the hearing today as well as in several previous activities, plus the new feature in the Budget message drawing specific attention for the first time to the Federal program in economic statistics are commendable developments. It is encouraging to know that at long last important Federal economic statistics which now influence critical policy decisions by leaders in government, business, labor, and agriculture have achieved sufficient official recognition to be considered worthy of separate study and analysis.

The Economic Report states "Economic statistics are now closely scrutinized and widely commented upon by men and women in different walks of life" (p. 65). Such a statement would have been far less true five years ago and certainly would have had considerably less meaning 25 years ago. Nevertheless, the words "closely scrutinized" just quoted certainly must be intended to mean "read" or "scanned" rather than carefully appraised. Detailed analysis of many economic statistics provided by government would disclose to almost anyone major deficiencies which are neither widely known nor understood. There has been a definite advance in economic literacy but government figures, all too often, are being accepted as "official" and hence seemingly almost by definition "precisely accurate." Government, therefore, has increasing responsibility for greater accuracy and reliability of its economic statistics as their use continues to grow.

Just as more extensive and precise measurement devices have become a necessary part of increasingly complex industrial machinery, there is increased need for more comprehensive and accurate measures of what the Economic Report has termed "our complex and industrialized society" (p. 2). I wholeheartedly endorse the "Basic Economic Tenets" or guides to policy outlined in the Economic Report (p. 2), and particularly the first proposition that "competitive markets, rather than government directives, are as a rule the most efficient instruments for organized production and consumption." The important—at times dominant—role of government in current and future economic life, however, can never be minimized, and particularly by the management of any business enterprise. Forecasting what policies government will adopt and pursue, frankly, has become one of the most critical aspects of business planning. Is it any wonder that business managements have become vitally concerned about the quality and availability of economic statistics provided and used by government in making and administering public policies?

In my opinion, one of the greatest risks facing business organizations today is to be found in possible unsound public policies—both as to scope and timing—simply because those in authority may not have adequate or trustworthy information available upon which to base their judgments. Let me illustrate this point with regard to home building activity.

As everyone here today knows, the postwar building boom continues with renewed vigor, despite many earlier and some current fears of an imminent collapse. Because of favorable Congressional action two years ago, it is now possible to know with considerable reliability from reports of the Bureau of Labor Statistics how many new nonfarm homes are being started each month. But what information is now available to indicate the extent to which the housing needs and demands are being met?

What significance is to be attached to current reports by the Bureau of Labor Statistics that nonfarm housing starts are at an annual rate of over 1,400,000 while new households, as estimated by the Bureau of the Census, are now less than 800,000 per year? Is the new homebuilding industry and hence the nation facing serious trouble? Is credit too easy? In many respects, the key to future new homebuilding lies in the vacancy rate and in the trend of value of older homes. Yet, almost no trustworthy information on either subject is now available. This should be a matter of grave concern for government which has a greatest influence upon, as well as stake in, housing. How present housing laws and credit policies can be properly administered in the face of these statistical deficiencies is at least a very open question to me.

The highly fragmentary and until very recently almost complete absence of information on the important and quite evidently expanding home "fix-up" (i.e., repair and modernization) market unquestionably causes undue emphasis on "new homes" in public policies pertaining to residential construction. Until the size and characteristics of the "fix-up" market become known, it is hardly reasonable to expect that any well-conceived program to develop this market will emerge. Yet, expanded "fix-up" work probably offers the greatest single opportunity to stabilize the vast but always vulnerable new homebuilding industry.

Anyone who investigates the quality of the information now being released by government on non-residential construction activity knows the deplorable inadequacy of many current estimates. When it is recognized that these deficiencies are transmitted directly into the national product statistics, there is serious reason to question whether the latter figures—widely used for public and private policy purposes—in any real sense are accurately measuring the course of general business.

These observations on the inadequacy of many Federal construction statistics, of course, should not be interpreted to mean that all government construction data are bad or that the statisticians preparing them are incompetent. The plain fact is that the current statistical program simply cannot meet the policy requirements of the dynamic and far-flung construction field in 1955 and 1956.

The expanded statistics program proposed in the President's Budget Message,[1] if adopted, will eliminate some of the most serious statistical gaps and deficiencies in construction mentioned here by providing additional funds for the Business and Defense Services Administration, the Bureau of Labor Statistics, and the Bureau of the Census. The new program also will provide badly needed "benchmark" information as well as up-to-date facts on labor and material requirements in construction and make available an answer to many heated questions concerning whether large or small builders are making the most progress and what types of homes are in greatest demand.

One other phase of Federal economic statistics, namely, industrial classification, merits at least passing attention. This problem is highly important to the extent that the U. S. Census of Manufactures uses inexact or incomplete definitions of industries. "Scrambled" or overlapping industry data, moreover, often used by government and others to measure "productivity" or so-called "concentration ratios" (i.e., the percentage one or a few firms have of total "industry" investment, etc.) obviously are misleading when applied to any specific industry or industry group.

It would seem highly essential that tabulation procedures for the 1954 Census of Manufactures take full cognizance of this industrial classification problem. Moreover, before any future Census of Manufactures is undertaken, further careful consideration should be given to the report of the Watkins "Intensive Review" Committee which studied the entire Census program last year as well as to the recommendations of a subsequently appointed subcommittee of the Advisory Council on Federal Reports.

In a brief opening statement covering such a broad field as Economic Statistics, it is natural to stress areas requiring attention and improvement. The forward strides of Federal Government statistics in recent years, however, certainly must not be overlooked. A number of gains in coverage, timeliness, and statistical accuracy have been achieved despite many sharp cutbacks in appropriations. Nevertheless, the current general economic statistics program of the Federal Government has many serious shortcomings for policy-making as well as other purposes.

Business needs for economic statistics clearly are mounting in order to help insure future stability and growth of individual enterprises and hence the country as a whole. Many—perhaps most—business organizations with which I am familiar accept the responsibility to provide their own detailed, market-type statistics, but they properly look to government for broad statistical information essential to sound public policies and necessary as "benchmarks" for private business planning.

In conclusion, let me again stress the importance of the Federal Government's current and proposed economics statistics program for both public and private policy-making purposes. I have ony cited two illustrations of areas requiring prompt statistical improvement in the public interest. Others have been mentioned in earlier hearings before this Committee and no doubt will receive attention today. Major corrections in government economic statistics can be achieved provided the program summarized in the Budget Message receives favorable action by the Congress. In my opinion, the program warrants very serious consideration and approval.

*A statement by Mr. Hoadley before the Joint Committee on the Economic Report, Washington, D. C., Feb. 9, 1955.

1 Special Analysis I—Federal Economic Statistical Programs — Budget of the United States Government for the Fiscal Year ending June 30, 1956 (pp. 1203-4).

American Exchange Reelects John J. Mann

John J. Mann, former Exchange page boy, became the first five-time Chairman of the American Stock Exchange upon his re-election by the market's members, according to an announcement by Edward T. McCormick, Exchange President. A stock specialist, Mr. Mann has been a member since 1933, and has served on the governing board since 1950.


John J. Mann

The entire slate proposed by the exchange's nominating committee received member approval at the annual election. Elected to three-year terms as regular-member-governors were Charles J. Bocklet; George C. Donelon; Harry P. Henriques, Jr., Walston & Co.; A. Philip Megna, Francis I. duPont & Co.; and Charles H. Phelps. Samuel Weiner of J. A. Ludlow & Co. was elected to a two-year term as a regular-member-governor.

Non-regular-member-governors elected to three-year terms include Albert DeJong, Hirsch & Co.; Joseph Gimma, Hornblower & Weeks; Richard C. Noel, Van Alstyne, Noel & Co.; and Albert G. Redpath, Auchincloss, Parker & Redpath. John J. Miles, Jr. of Adriance & Finn was elected to a two-year term as a non-regular-member-governor.

Messrs. Henriques, Weiner, DeJong, Noel and Miles are first time governors. The others have served in the past.

Elected to three-year terms as trustees of the gratuity fund were Charles M. Finn, Adriance & Finn; and E. E. Spencer.

J. A. Hogle Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Maurice A. Levy has joined the staff of J. A. Hogle & Co., 507 West Sixth Street. He was previously with E. F. Hutton & Company.

Joins E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Cornelius J. List, Jesse Taylor and Charles L. Stone are now with E. F. Hutton & Company, 623 South Spring Street. Mr. List was formerly with Hill Richards & Co.

"We Are Ready to Finance an Atomic Powered Electric Plant"

By H. R. SEARING*

President, Consolidated Edison Company of New York, Inc.

Chief executive of largest metropolitan light and power producer tells Congressional Committee on Atomic Energy that his company has maintained active participation in the research program of the Atomic Power Development Associates, and is desirous of getting something done, in the belief that only by actual construction of projects can the art be placed on a commercial basis. Says, as a fundamental principle, "we would finance the plant ourselves and not seek government assistance." Sees, however, a problem in liability and insurance.

I appear today in response to a request by this Committee that I supplement the information contained in my letter of Jan. 27 to the Committee and present our views on the problems which we see ahead in attaining our objectives relating to the industrial development of atomic energy.

Hudson R. Searing

Consolidated Edison is a public utility company supplying electricity, gas and steam in the City of New York and Westchester County. It serves approximately 2,800,000 electric customers, 1,350,000 gas customers and 4,000 steam customers. The rates and services of the company's operations are regulated by the New York State Public Service Commission.

In my letter of Jan. 27 I stated two means by which our company is continuing and increasing our activity in the field of atomic energy.

Our effort in this area began in the fall of 1952 when we joined the industrial study group then known as the Dow Chemical-Detroit Edison Group. Since that time we have maintained an active participation in the research program of that group, now known as Atomic Power Development Associates. Our company spent approximately $200,000 on that program last year and we expect to spend $400,000 in 1955. One of our officers serves on the Executive Committee of the A. P. D. A. We are also furnishing one man continuously to the working group in Detroit and several of our employees are acting as members of the other committees of the group.

I think our experience with his group has been beneficial. It has given us a steady flow of information on developments in the field of reactor technology and it has helped us to visualize the problems which will have to be faced in the actual construction and operation of a reactor.

While we support the fast breeder reactor study being carried on by A. P. D. A. as a long range effort, we have also felt that other avenues must be explored even though they may eventually be outmoded by methods not at present sufficiently developed.

The Enactment of the Atomic Energy Act of 1954

The enactment of the Atomic Energy Act of 1954 encouraged us to begin discussions with several equipment manufacturers and with members of the staff of the Atomic Energy Commission to determine if there was a reactor which we could build now and which would accelerate the development of the art.

As evidence of our specific interest we notified the Chairman of the Commission by letter on Dec. 7, 1954 that we were having these talks and we requested advice as to whether a more formal relationship with the Commission was necessary for security or other reasons. In a letter of Dec. 17 the Commission told us that such a relationship would be desirable in the future and that it would advise us further.

In carrying on our discussions with the manufacturers we tried to keep certain fundamental principles in mind. We believed that the proper approach was to consider a reactor in the same manner as we would any other addition to our system and to go about the purchasing of a reactor in the same way we would go about the purchase of any other addition. This meant that we would order a finished product from one of our usual suppliers if possible at a firm price.

The second fundamental principle was that we would finance the plant ourselves and that we would not seek government assistance. A tacit assumption in our thinking was that we should accept whatever charges or prices the Commission established for material used or produced in the reactor. Accordingly we have given our principal attention to the economics of a reactor as a power producer. In that connection we have had very much in mind the fact that the costs of conventional fuels in the New York area are relatively high.

"Our Objective—To Get Something Done"

In other words our chief objective has been to get something done, for we firmly believe that only by actual construction of projects can the art be placed on a commercial basis.

Our negotiations over a period of several months have involved three different equipment manufacturers who were asked to give us proposals for a reactor of about 100,000 to 200,000 kw which could be suitably fitted into our system. We retained Vitro Corporation of America as consultants, to assist us in evaluating proposals.

Since our negotiations have not been completed, I think it would not be appropirate to give details regarding cost estimates that have been submitted to us. One of the proposals is attractive in that it combines a demonstrated and conservative technique, with a substantial advance in the fuel element, producing an overall result which we hope will be reasonably competitive with conventional plants in our area. In consequence, we have every expectation of applying to the Commission for licenses in the near future, and we hope to do so prior of April 1.

Of course, many problems remain to be worked out before a reactor can actually be constructed and put into operation. In any new development such as this there are various kinds of technological difficulties which can be solved only by trial and error over an extended period of operation.

Problem of Liability and Insurance

One topic which is the subject of a great deal of discussion currently is that of liability and insurance. We do not consider this question a real deterrent in our case now. Our system is a large one and accordingly we can assume substantial risks. Furthermore, the reactor we are considering has certain advantages from the safety standpoint. The net result is that we do not believe that the risks from reactor operation are disproportionate to other risks which we have in our system.

In any event, the additional risk resulting from the operation of the reactor will not arise until the reactor is finished three or four years from now. In that interval we are confident that the insurance industry will know a great deal more about the hazards involved and will work out some solutions to the problems. It may well be, however, that some kind of government excess liability insurance similar to that contained in the war damage law will also be necessary, especially to encourage development of more advanced types of reactors. We do not want to be understood as underestimating the general problem of liability. Certainly in the case of smaller companies it may operate as a serious deterrent to their going ahead with reactor construction and operation. With respect to such smaller companies, some government insurance protection might be indispensable to enlist their active participation. So far as we are concerned we intend to go ahead with our plans in line with our present thinking despite the existence of possible problems in this area.

We have not considered that there is any question regarding the availability of special nuclear material for a reactor. It is our understanding from statements that have been made from time to time that there will be a sufficient amount of such material for the operation of the number of reactors that are likely to be constructed. We assume further that the prices set by the Commission for special nuclear material fairly represent the costs of production to the government, and hence that they will be relatively stable.

We have no illusions that the reactor we are now considering will be the last word in reactor development. On the other hand we think it will represent a real contribution to the advancement of the art.

We want to get on with the job, and as far as possible we want to do it in the same way we normally carry on our business.

*Statement by Mr. Searing before the Joint Committee on Atomic Energy, Washington, D. C., Feb. 10, 1955.

To Be NYSE Members

Zock, Shields & Co., 20 Exchange Place, New York City, members of the American Stock Exchange, on March 1 will also become members of the New York Stock Exchange. Joseph A. Zock will hold the firm's Exchange membership.

Carlisle & Jacquelin Admit

Carlisle & Jacquelin, 120 Broadway, New York City, members of the New York Stock Exchange, on March 1 will admit George F. Muller to partnership.

Toplitt Kaufman Partner

Carlos T. Lewin on March 1 will become a partner in Toplitt & Kaufman, Savoy Plaza Hotel, New York City, members of the New York Stock Exchange.

With T. R. Peirsol

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Edward D. Lyman has been added to the staff of T. R. Peirsol & Co., 468 North Bedford Drive.

Public Utility Securities

By OWEN ELY

Pacific Gas & Electric Company

Pacific Gas & Electric is the second largest electric and gas utility as measured by revenues of $386 million in 1954. This represented a gain of about 6% over the previous year. After showing only moderate gains in the first three quarters, there was an upturn in sales in the last quarter, a trend which is continuing into 1955.

Share earnings on the common stock in 1954 were $2.88 compared with $2.82 in the previous year, based on shares outstanding at the end of each year. However, if higher gas rates (which went into effect toward the close of the year) had been in effect for the full year 1954, earnings would have approximated $3.10 a share. Moreover, the company did not get the benefit of a full year's consolidated earnings of properties acquired during the year. Also the 1953-54 winter season was warmer than normal, depriving the company of about $3 million in gas revenues. In the current winter season the weather up to Feb. 3 has been colder than normal, affording the prospects of improved gas business in 1955.

The quarterly dividend rate was increased from 50c to 55c in the third quarter of 1953, and the $2.20 rate effective in 1954 represented a payout of 76%.

Electric sales were up 2% last year, and gas sales 7%. However, the new arrangements for disposition of Central Valley Power, based on a contract with the Bureau of Reclamation, distorted the comparison of electric sales; including deliveries "for the account of others," sales to customers really gained 5%. Also, if sales were adjusted to properly reflect acquired properties on a consolidated basis for the two years, sales of electricity to residential customers gained about 9% and industrial power sales increased 2½%. The latter gain was satisfactory considering the nationwide decline in industrial activity during most of 1954.

The company increased the number of its customers by 244,000, but of these 140,000 were added as a result of acquiring new properties. It was the eighth successive year in which over 100,000 new customers were connected to the company's lines. The company expects to connect its 3-millionth customer during the first half of this year—reflecting a gain of 50% since 1947.

The company's huge construction program—probably the largest for any private electric utility —is now tapering off somewhat. Expenditures in 1954 were $171 million or about $26 million less than in 1953, and 1955 may be down by another $40 million. This decline is due to the fact that reserve capacity for both electric and gas operations has now been brought up to a satisfactory level so that new construction to improve reserves is now less necessary.

The number of stockholders has increased for 15 consecutive years and at the end of 1954 the number was 217,336, an increase of 10,253 for the year. The company ranks sixth among publicly-owned companies in the number of stockholders. Nearly two-thirds live in California, and they hold nearly half the outstanding stock.

During 1954 Pacific Public Service Company and its principal subsidiary, Coast Counties Gas & Electric Company, were merged into Pacific G. & E. Coast Counties, with some 140,000 customers, was the last privately-owned gas and electric utility system of importance in northern California other than Pacific G. & E.

Capital structure at the end of 1954 was approximately 47% debt, 20% preferred stock and 33% common stock equity. Last year was the first in eight years that an issue of common stock was not offered for cash (some was issued for acquired companies). $85 million bonds and preferred stock were sold for new construction. Also the company refunded some $65 million 4% bonds, which had been sold during the period of temporary high money rates in 1953, with an issue of 3⅛% bonds, thus effecting a saving of $400,000 a year.

The company also incurred $38 million in bank loans, but these will soon be refunded through an issue of $50 million bonds, probably around March 2 if regulatory clearance is obtained and market conditions are favorable. This issue will raise the total new money financing by the company during the postwar period to over $1 billion. Bonds issued during this period have an average maturity of about 30 years and a carrying cost of 3.08%. All common stock issues were sold on a rights basis, at attractive prices to stockholders.

The company has no definite plans for future financing after the $50 million bond issue is placed. But it now looks as if equity financing can be avoided this year as it was in 1954. This will mean that dilution of earnings will again be avoided.

One means by which equity financing can be deferred is the extra amount of cash generated by "deferred" income taxes, resulting from five years' accelerated amortization. Projects with an estimated cost of over $100 million have been certified for such amortization. Thus far deferred taxes amount to only about $3 million, but eventually the amount will increase to about $50 million. No decision has yet been reached as to whether accelerated depreciation will also be claimed under the special provisions of the new Internal Revenue Code.

Generating capacity approximates 4 million kw (about 4% of the U. S. total) with an additional 540,000 kw under construction. About two-thirds of capacity is now in steam compared with only 37% in 1945. Last year the output of steam plants only slightly exceeded hydro output but in future years the proportion will increase, particularly if atomic reactors are installed. The company is considering the latter possibility.

Kalb, Voorhis to Admit

John Kalb on March 1 will become a partner in Kalb, Voorhis & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

Railroad Securities

Transportation Ratios: 1954 vs. 1953

It is axiomatic in the railroad industry that when volume goes down transportation ratios go up. This ratio represents the actual cost of handling and moving freight and passengers, and if the passenger business or freight movement drops 10%, for example, it is generally not feasible, or indeed possible, to curtail service sufficiently to completely offset the revenue loss. It was this characteristic of the industry that caused some concern a year ago as to the likely level of rail earnings in 1954. In the past it had been found that on a drop in business of as much as 10% transportation ratios tended to soar sharply. Now that the 1954 figures are in, there is much greater confidence on the part of investors in the effectiveness of the huge postwar capital expenditures as a control over these transportation expenses.

While figures for all Class I roads are not yet available, it seems likely that gross revenues for the year were off about 13% from 1953. In the face of this decline, it is indicated that the industry transportation ratio was up less than 2.5 points and held below 39%. Individual railroads, as usual, fared differently. In the following tabulation we show for 42 of the major carriers transportation ratios for 1954 and 1953 and the increase in points for the latter period. It will be noted that two of the roads covered, Soo Line and Virginian, actually reduced their transportation ratios last year, with Virginian having by far the lowest ratio of the group. Another six, Atlantic Coast Line; Central of Georgia; St. Paul; Rio Grande; Missouri Pacific and Union Pacific held the rise in their ratios to less than one point.

There was only one road, Virginian, with a ratio below 30% last year, compared with six in that category in 1953. Relatively the poorest performers in that group were Western Maryland and Western Pacific both of which suffered rises of more than three points. The others, Rio Grande; Gulf, Mobile & Ohio, and Kansas City Southern all remained below the 31% level.

On the unfavorable side of the picture there were nine roads that had transportation ratios 3.5 points, or more, above 1953 levels in 1954. The poorest relative showings were by Lackawanna; Erie, and Lehigh Valley, with the first two up 4.2 points and the last named 4.0 points higher. All in all, there were 15 railroads with transportation ratios above the indicated industry figure of around 39% and most of these were in the east. The highest ratio was that of Chicago & North Western (46.5%), followed fairly closely by Boston & Maine; New York Central, and Pennsylvania, all of which had ratios above 45%.

Transportation Ratios

	1954	1953	Points Increase
Atchison, Topeka & Sante Fe	33.2%	30.7%	2.5
Atlantic Coast Line	37.6	36.9	0.7
Baltimore & Ohio	42.4	38.5	3.9
Boston & Maine	45.4	41.9	3.5
Central of Georgia	38.8	38.6	0.2
Central Railroad of New Jersey	42.5	41.0	1.5
Chesapeake & Ohio	34.0	31.5	2.5
Chicago, Burlington & Quincy	37.9	35.2	2.7
Chicago & Eastern Illinois	39.7	35.9	3.8
Chicago Great Western	32.4	30.4	2.0
Chicago, Milwaukee, St. Paul & Pacific	40.3	39.9	0.4
Chicago & North Western	46.5	44.2	2.3
Chicago, Rock Island & Pacific	37.1	34.3	2.8
Delaware, Lackawanna & Western	43.8	39.6	4.2
Denver & Rio Grande Western	30.1	29.5	0.6
Erie	43.8	39.6	4.2
Great Northern	33.4	32.1	1.3
Gulf, Mobile & Ohio	30.9	28.6	2.3
Illinois Central	36.9	34.5	2.4
Kansas City Southern	30.6	28.9	1.7
Lehigh Valley	43.6	39.3	4.0
Louisville & Nashville	36.5	33.3	3.2
Minneapolis, St. Paul & S. S. Marie	38.3	39.5	*1.2
Missouri-Kansas-Texas	38.7	34.6	1.1
Missouri Pacific	37.4	36.5	0.9
New Orleans, Texas & Mexico	33.8	32.6	1.2
New York Central	45.3	42.4	2.9
New York, Chicago & St. Louis	36.5	34.3	2.2
New York, New Haven & Hartford	44.8	42.2	2.6
Norfolk & Western	31.6	30.4	1.2
Northern Pacific	40.9	38.1	2.8
Pennsylvania	45.3	41.8	3.5
Reading Company	40.3	36.9	3.4
St. Louis-San Francisco	38.4	35.2	3.2
Seaboard Air Line	32.9	31.8	1.1
Southern Pacific	39.3	37.2	2.1
Southern Railway	31.9	30.7	1.2
Texas & Pacific	33.0	31.1	1.9
Union Pacific	36.5	35.8	0.7
Virginian	22.6	25.5	*2.9
Western Maryland	32.2	28.4	3.8
Western Pacific	31.6	28.1	3.5

*Decline.

Northern Secs. Formed

(Special to The Financial Chronicle)

CHICAGO, Ill. — Northern Securities Corporation is engaging in a securities business from offices at 135 South La Salle Street. Officers are Hugh S. Brogan, President and Treasurer; Joseph F. deNinno, Secretary, and Clarence R. Serb, Assistant Secretary.

B. C. Christopher Adds

(Special to The Financial Chronicle)

KANSAS CITY, Mo.—Mrs. Anne C. Barnes has become associated with B. C. Christopher & Co., Board of Trade Building, members of the New York and Midwest Stock Exchanges. Mrs. Barnes was previously with E. F. Hutton & Co.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government securities market is still in the process of assimilating the issues which came out of the recent operation by the Treasury. The short-term obligations, that is the 1⅝% and 2% notes, seem to have been fairly well digested in spite of reports of a not too significant floating supply in each issue. On the other hand, it is evident that the 3s of 1995 will have to be given more time before they are well enough settled in permanent homes, to be classified as well placed.

New 3s Highly Rated

The 3% bond due Feb. 15, 1995 is a good issue for the institutional investor and in time will be well digested by these buyers. It is a long-term non-callable obligation, with the highest rating which can be given to a Federal obligation. There will never be any question about the payment of interest and principal. The coupon rate of 3% should also make this bond attractive to investors because of the very satisfactory rate of return for such a high grade security.

The Treasury announcement that $1,917,000,000 of the 3% bonds due Feb. 15, 1995, were taken in exchange for the call 2⅞s was considered a favorable development as far as the money market is concerned. To be sure, an issue of Treasury bonds the size of the new 3s is nothing to get so excited about that one would throw his hat in the air, since it might eventually turn out to be more or less of a curiosity because of the limited amount of the original subscription. This has happened in the past, and could occur again.

However, if this issue should be reopened at some later date, it would no doubt become a large enough one to give it the size that some money market specialists believe all outstanding government bonds should have.

Humphrey Expresses Pleasure

Although Treasury Secretary Humphrey indicated that the extension of the maturity of the called 2⅞s into a 40-year 3% bond was one of the important features of the recent refunding operation, it seems to be the opinion of certain money market specialists that the more important accomplishments of the recent Treasury undertaking will be the effects that should be felt sometime in the future in the stock and mortgage markets. There is no question but what an extension in maturities of the government debt is a desirable thing, provided conditions are right for such a development. On the other hand, there are times when it is necessary to shorten maturities because there are certain tasks which must be carried out by the monetary authorities.

Reserve Still Applying Pressure

The present aims of the powers that be, it seems, are to limit the availability of funds which have been going into the stock market and mortgage market. The Federal Reserve Banks have been putting some pressure on the money markets through the sale of Treasury Bills. This process will no doubt be continued in the future when the money market has had time enough to digest the new securities which came out of the recent refunding. Margin requirements have been raised and it appears as though there might be additional increases in margins by the Federal Reserve Board because stock prices continue to move ahead at a rather rapid rate.

Funds Taken from Mortgage Market

Following the margin increase, came the announcement by the Treasury that a 3% bond due in 40 years would be offered in exchange for the called 2⅞s. This showed that the monetary authorities were working together in an effort to limit the funds which were going into the mortgage market. The $1,917,000,000 of the 3s of Feb. 15, 1995 which came out of the exchange offer for the 2⅞s did beyond any doubt take some money from the mortgage market. The extent of this limitation of mortgage money by the recent government bond issue will always be a point of discussion, but, nevertheless, the funds that went into the longest Treasury obligation are believed by many money market specialists to be mainly mortgage money.

It is evident that the monetary authorities are going to carry out the program which they are now embarked upon in a much more delicate and less blundersome fashion than was the case in 1953.

It is indicated that the powers that be do not want to throw the economic scales too far out of balance in their efforts to curtail some of the excesses which have come into the stock market and the mortgage market. Evidently, it is hoped that enough pressure here and there will bring about the desired results without repeating the 1953 performance.

Spear & Leeds Admit

Spear & Leeds, 111 Broadway, New York City, members of the New York Stock Exchange, on March 1 will admit Herbert W. Sierck, member of the Exchange, to partnership.

Keller Adds to Staff

(Special to The Financial Chronicle)

BOSTON, Mass.—Bernard A. G. Taradash has been added to the staff of Keller & Co., 53 State St.

With Renyx, Field

(Special to The Financial Chronicle)

PITTSFIELD, Mass. — Donald L. Merrill has joined the staff of Renyx, Field & Co., Inc.

P. E. Sperry Forms Co.

LONG BEACH, Calif.—Phillip E. Sperry has formed Phillip E. Sperry & Co. with offices in the Security Building, to engage in the securities business.

Joins Boren Staff

(Special to The Financial Chronicle)

BEVERLY HILLS, Cal.—David S. Turovsky has been added to the staff of Boren & Co., 186 North Canon Drive.

Hentz Adds to Staff

(Special to The Financial Chronicle)

BEVERLY HILLS, Cal.—Allan H. Rockler has been added to the staff of H. Hentz & Co., 9680 Santa Monica Boulevard.

E. A. Pierce Heads Circus Committee

Edward Allen Pierce, partner of Merrill Lynch, Pierce, Fenner & Beane, has accepted the chairmanship of the Stock Exchange Committee for the 1955 premiere of the Ringling Bros. and Barnum and Bailey Circus to be held at Madison Square Garden on March 30, for the benefit of the New York Arthritis and Rheumatism Foundation, it was announced by Richard C. Patterson, Jr., former United States Ambassador, who is General Chairman of the benefit.

Edward A. Pierce

Mr. Pierce's committee will cooperate by selling blocs of tickets for the event which it is hoped will be identified that evening as the "Stock Exchange Section."

"The special circus event," Mr. Pierce said, "will constitute one of the largest single fund-raising events of the 1955 arthritis campaign. Showman Michael Todd will produce a star-studded "Dream Circus" which will be incorporated into the regular circus. This is the only time this production will be presented. It's going to be a wonderful night for everyone who attends."

Tickets are priced from $2 up to $50 and may be obtained at the Circus Desk, fifth floor, Arthritis and Rheumatism Foundation, 432 Fourth Avenue, LE 2-1742. All phases of the business, industrial and labor world are forming participating committees for the premiere.

Mr. North is donating the entire proceeds of the event to the Foundation. Funds will be used for the establishment and support of arthritis clinics, research in rheumatic disease, physical and occupational rehabilitation of arthritis victims, and medical and public education.

Two With Calif. Investors

(Special to The Financial Chronicle)

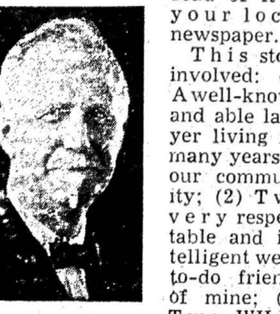
LOS ANGELES, Calif.—Wilbur T. Gaston and Robert B. Harris have become affiliated with California Investors, 3924 Wilshire Boulevard. Mr. Gaston was previously with Investors Realty Fund, Inc.; Mr. Harris was with King Merritt & Co., Inc.

A Tragic Story and Its Lessons

By ROGER W. BABSON

Mr. Babson tells the story of a tragedy arising out of situation in which an attorney was permitted to draw wills, wherein he made himself both principal heir and executor. Poses five very important questions relating to the making and reading of wills, and the signing of documents.

I am back here again for the winter and wish to tell of a tragedy occurring during my absence, although you may have read of it in your local newspaper.



Roger W. Babson

This story involved: (1) A well-known and able lawyer living for many years in our community; (2) Two very respectable and intelligent well-to-do friends of mine; (3) Two WILLS prepared by the said lawyer; and (4) A "trigger man" allegedly employed to murder one of my above two friends.

Now for the tragedy. The lawyer had apparently drawn up WILLS for these two friends. When he submitted them to the makers, they suggested certain corrections, asking the lawyer to have the WILLS retyped, and they would come in again shortly thereafter for singing. Fatal mistakes were apparently made by these intelligent people for not again reading the WILLS before the final signing and witnessing, and for not initialing each page. Nor did they take the signed WILLS with them to a place of deposit, so that they might be reread once each year. This would have entailed some bother, but this would have been nothing compared to the trouble which followed.

Importance of Executors

The lawyer, or someone, allegedly slipped into the WILLS a clause leaving him a large sum of money. This could have been done during the retyping before the parties finally signed; or, being typewritten WILLS, a page could have been rewritten and slipped in after the signing. If, however, each WILL had been read again, finally signed, and taken home, the tragedy would not have taken place.

The lawyer also made himself the executor of the two WILLS. This would give him advantage in collecting the money allegedly willed him and for controlling the balance of the money. Yet, to make an attorney executor is a common practice where banks with Trust Departments are not easily available.

A Murderer Is Now Needed

As the WILLS had allegedly been "fixed" to leave the attorney large sums of money and he was to be executor, he needed only to wait until one of my two friends should die to get his money. Both were apparently in good health. Hence, if the lawyer were in a hurry for his money, a murderer would seem necessary. To complete the story, I now depend upon witnesses at the trial just ended.

The County Prosecutor claimed the attorney employed a supposedly respectable contractor to secure the "trigger man" to murder one or both of my friends. This contractor who has been found guilty (although he has appealed, claiming his innocence) is alleged to have employed a negro to do the killing. This negro suddenly turned State's evidence.

Attorney Found Dead

Owing to the above or other reasons, the attorney was found shot, near the door of his home here in Babson Park, on the morning of June 9, 1954. Whether he committed suicide, or was shot by someone who feared exposure, I do not know.

At any rate this death eliminated the attorney from the picture. Thereupon the able County Prosecutor concentrated upon finding the "trigger man" and any others connected with the deal. This was the status when I arrived here recently before the convictions.

Lessons to Be Learned

Apparently my two friends had a very close call. If one had first been killed, without in any way connecting the attorney therewith, the attorney would have probated the WILL, collected the money, and legally closed the case. He was supposed to be a brilliant lawyer in our community and, of course, may have been innocent. I leave to God the final verdict.

I tell this story in order that my many readers may ask themselves these five very important questions:

(1) Should I ever sign a paper without reading it before signing?

(2) Should I sign typewritten documents without signing or initialing each sheet so that no one sheet can be taken out and changed?

(3) Should I leave my will in possession of any single individual, however honest?

(4) Should I let a year pass without rereading my will?

(5) Should I fail to encourage in every way newspapers, banks, colleges, and information centers to teach about Wills and their great importance?

Pittston Co. Stock Offered at $28 a Shr.

Allen & Company and Reynolds & Co. Incorporated on Feb. 15 offered 203,000 shares of The Pittston Company common stock at a price of $28 per share. None of the proceeds from the sale of the stock will accrue to the company as the shares are being sold on behalf of a selling stockholder, the Englewood Corp.

The Pittston Company is a holding company with various operating subsidiaries engaged principally in the storage and wholesale distribution of petroleum products (primarily fuel oils), in the production and distribution of bituminous coal, in transportation and warehousing, in exploration for and production and sale of natural gas, and in exploration for uranium.

Approximately 64% of Pittston's consolidated gross revenues for the first nine months of 1954 was derived from sales of petroleum products, 28% from coal mined and distributed, 6% from transportation and warehousing and 2% from miscellaneous sources.

Gwynn Shields Co. Opens

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Gwynn-Shields Company is engaging in a securities business from offices at 306 Fifteenth Street. Charles G. Gwynn is President and William B. Shields, Secretary-Treasurer and Vice-President.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Continental Insurance Company of New York, a member of the large America Fore fleet of insurance companies, began business in 1853 with a capital of $100,000. In 1929 it acquired control of Fidelity & Casualty Company and Niagara Fire; and it combined with Fidelity Phenix Fire Insurance Company which had been founded in 1910 as a consolidation of two companies. These companies, with American Eagle Insurance Company, now make up the fleet, each of the two parent units owning a one-half interest in the affiliates. There are at present outstanding 2,500,000 shares, par $10 per share, of Continental, and 2,000,000 shares of Fidelity Phenix; and because of this ownership arrangement the statistics of the two top companies bear a fairly constant relationship to each other.

Continental is licensed to do business in all states, Canada, Alaska, Hawaii and District of Columbia, being represented by over 9,000 agents. Its premium writings include fire, ocean marine, inland navigation, extended coverage, auto physical damage, workmen's compensation, liability, other than auto, auto liability, auto property damage, etc.

In the investment portion of the business, the company holds, among other categories, large amounts of common stocks of industrials, utilities, rails and banks, generally of very high quality. The net increase in the market value of its bonds and stocks in 1954 was about **$73 million**, equal to about $29.20 per share of stock outstanding.

ANNUAL STATEMENT
Dec. 31, 1954
(Parent Company)

Assets—		Liabilities—		
Bonds and stocks	$337,674,387	Unearned premiums		$68,819,870
Real estate	118,875	Losses in process of adjust.		17,407,506
Agents' balances	11,437,721	Reserve—Reinsurance		1,490,736
Interest accrued	503,173	Reserve—Taxes, expenses		3,390,000
Cash	6,880,037	Reserve for all other liab.		2,167,781
All other assets	5,684,986	Capital	$25,000,000	
		Net surplus	244,023,286	
	$362,299,179			
		Policyholders' surplus		269,023,286
				$362,299,179

In this statement the bond and stock valuations were on a basis approved by the National Association of Insurance Commissioners. Actual market values would have increased the figure by $789,444, and the policyholders' surplus by a like amount.

Net premium writings of the Company increased in the past ten years from $29,468,000 to $66,775,000, or about 126%. Surplus was up about 140% in the same period. And there are other impressive growth factors in Continental's operations:

In the ten years ended with 1953 the combined loss and expense ratio was 93.5%, resulting in an underwriting profit margin of 6.5%. This was well in excess of the average of 5.38% for twenty-nine leading fire companies in the same period. The ten years through 1954 brought Continental's average underwriting profit margin down to 5.9%, partly because of the severe hurricane losses suffered by all writers of extended coverage on the east coast.

If we go back twenty years to test the management's long-term handling of its investments (the twenty-year period being selected to subject management to all manner of economic swings, depression, war, inflation and the rest) we find that the gain in the value of assets, including realized profits and losses, was some $179,669,000, or about $71 per share. At about the present price for the stock, the 101-102 area, the shares are priced at only 1.4 times this per share gain.

The increase in the equity of this stock in the ten years since Dec. 31, 1944 (adjusted) was $79.14. Adding to this the cash dividends in the decade, the resulting gain to the stockholder of $101.39 is about 2.2 times the liquidating value at the start of the period, and about 2.7 times the price at that date. The price of Continental appreciated about 175% in this time. Investment income increased 144%.

The ten-year average expense ratio of 38.1% is low among the leading companies, and is an indication of the high calibre of the management. It is here in the expense ratio that underwriting profit margins are favorably or unfavorably influenced.

TEN-YEAR STATISTICAL RECORD—PER SHARE

	Liq. Value	Und. Profit	Invest. Income	Federal Taxes	Net Earned	Dividend	Price Range High	Price Range Low
1945	$54.52	$1.57	$2.27	$0.95	$2.89	$1.60	47⅜	36¾
1946	53.49	1.31	2.45	0.39	3.37	1.60	50⅜	36⅞
1947	54.33	1.74	2.88	0.22	4.40	1.60	44⅜	35¼
1948	58.28	3.57	3.30	0.91	5.96	1.76	51⅜	38¾
1949	68.98	8.86	4.77	3.71	9.92	2.00	62¾	45⅜
1950	81.43	2.74	4.58	2.05	5.27	2.50	70½	50½
1951	89.39	0.64	4.71	1.48	3.87	2.50	78	64¼
1952	98.07	2.79	4.90	1.91	5.78	2.80	81½	68⅝
1953	97.25	2.68	5.10	1.38	6.40	2.95	82½	67
1954	124.90	0.96	5.31	1.03	5.24	3.00	97¾	72

This company's dividend record has been uninterrupted since organization 102 years ago. It is at present on a $3.00 annual dividend rate, payable 75 cents quarterly. The stock is listed on the New York Stock Exchange.

Joins Stern Brothers

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Allen Morrow has become associated with Stern Brothers & Co., 1009 Baltimore Avenue, members of the Midwest Stock Exchange. Mr. Morrow was previously with Merrill Lynch, Pierce, Fenner & Beane and City National Bank.

Joins Arthur B. Hogan

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif. — Anton Garat has joined the staff of Arthur B. Hogan, Inc., 6757 Hollywood Boulevard. Mr. Garat was formerly with Daniel Reeves & Co. and Hill Richards & Co.

NASD District No. 10 Elects Officers

COLUMBUS, Ohio—District No. 10 of the National Association of Securities Dealers, Inc. held its election on Jan. 20 and 21, 1955. The following were elected:

Dale F. Linch

Chairman: Dale F. Linch, Berwyn T. Moore & Company, Louisville, Ky.

Committee: Frederick M. Asbeck, Olderman, Asbeck & Co., Cleveland, Ohio; L. W. Hoefinghoff, L. W. Hoefinghoff & Co., Inc., Cincinnati, Ohio; Fred W. Hudson, Ball, Burge & Kraus, Cleveland, Ohio; W. R. Hunter, Hunter, Prugh, Ball & Davidson, Dayton, Ohio; John B. Joyce, John B. Joyce & Company, Columbus, Ohio; Charles A. Richards, Field, Richards & Co., Cincinnati, Ohio; Walter Trinkle, The Kentucky Company, Louisville, Ky.; Elbridge S. Warner, Hayden, Miller & Co., Cleveland, Ohio.

Tri State Securities Formed in Chicago

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Tri State Securities Corporation has been formed with offices at 208 South La Salle Street to engage in the securities business. Officers are Joseph P. Condon, Vice-President and Treasurer and Robert J. Dempsey, Secretary. Mr. Condon has been President and Treasurer of McDougal & Condon, Inc. for many years.

McCormick & Co. Will Admit Three Partners

CHICAGO, Ill. — On March 1, Charles E. Lundfelt, Gerhard B. Noll and Harold E. Splon will be admitted to partnership in McCormick & Co., 231 South La Salle Street, members of the New York and Midwest Stock Exchanges. All have been associated with the firm for some time.

D. T. Moore Partner

On March 1, Hervey L. Kimball, member of the New York Stock Exchange, will become a partner in D. T. Moore & Co., 50 Broad Street, New York City, members of the New York Stock Exchange.

Reinholdt Gardner Partner

ST. LOUIS, Mo.—John R. Gardner on March 1 will be admitted to partnership in Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges.

MEMBERS OF

THE BOSTON SECURITIES TRADERS ASSOCIATION

31st ANNUAL DINNER

At The Parker House
February 11, 1955

President

James E. Moynihan
J. B. Maguire & Co., Inc.

Vice-President

Gilbert M. Lothrop
W. E. Hutton & Co.

Treasurer

Edward Hines
Chace, Whiteside, West & Winslow, Inc.

Recording Secretary

Frederick V. McVey
Childs, Jeffries & Thorndike, Inc.

Corresponding Secretary

Carl V. Wells
Paine, Webber, Jackson & Curtis

GOVERNORS

Francis R. Cogghill
White, Weld & Co.

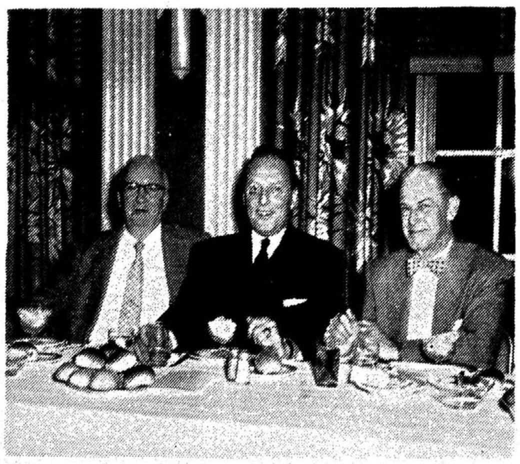
John A. McCue
May & Gannon, Inc.

Lewis D. McDowell
Chas. A. Day & Co. Inc.

Leo F. Newman
American Securities Corporation

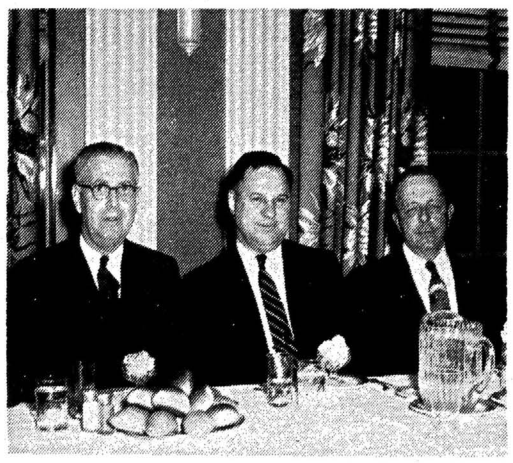
Joseph F. Robbins
F. S. Moseley & Co

John L. Shea, Jr.
Shea & Co., Inc.

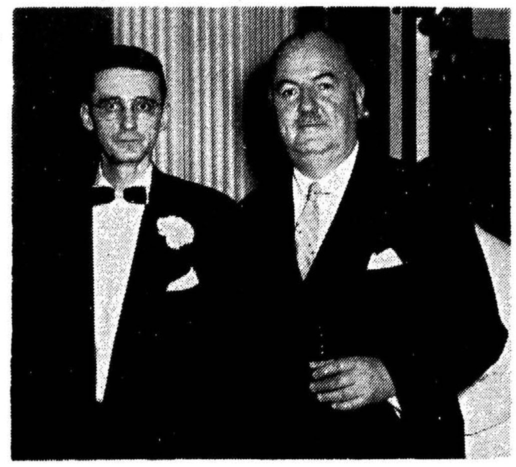


Phil Kendrick, *Securities & Exchange Commission*, Boston; Frank Purcell, *Securities & Exchange Commission*, New York City; Hal G. Hoyt, Director of Securities Division, Maine, *Securities Commission*, Augusta, Maine

Alfred F. Tisch, *Fitzgerald & Company, Inc.*, New York City; M. Hall, *Supervisor of Securities, State of Connecticut*



Harold C. White, *Securities Division, State of Massachusetts*, Boston; Nicholas E. Fon Eisen, *Fahnestock & Co.*, Hartford, Conn.; Simon M. Sheldon, *Securities Administrator from New Hampshire, President of the National Association of Securities Administrators*



Ray Coppens, *Blair & Co., Incorporated*, Boston; Dan Sheehan, *Sheehan & Co.*, Boston

Charles Smith, *Moors & Cabot*; Bob McCook, *Hecker & Co.*, Philadelphia

John French, *A. C. Allyn & Co.*, New York City; Wilfred Conary, *G. H. Walker & Co.*, Providence, R. I.; Wilfred Perham, *Townsend, Dabney & Tyson*

Dave Haley, Arthur Engdahl, and Lee Hallett, all of *Goldman, Sachs & Co.*

Herman J. Keller, Norton N. Keller, and Harvey L. Keller, all of *Keller Brothers Securities Co.*

"Duke" Hunter, *Wellington Hunter Associates*, Jersey City, N. J.; Sumner Wolley, *Coffin & Burr, Incorporated;* Ed Christian, *Stroud & Company, Incorporated,* Philadelphia

Fred McVey, *Childs, Jeffries & Thorndike, Inc.;* Carl Wells, *Paine, Webber, Jackson & Curtis,* Boston; Ed Hines, *Chace, Whiteside, West & Winslow, Inc.*

Ralph Carr, *Carr & Thompson, Inc.,* Boston; George W. Cunningham, *George W. Cunningham & Co.,* Westfield, N. J.; Arthur C. Murphy, *A. C. Allyn & Co.,* Boston

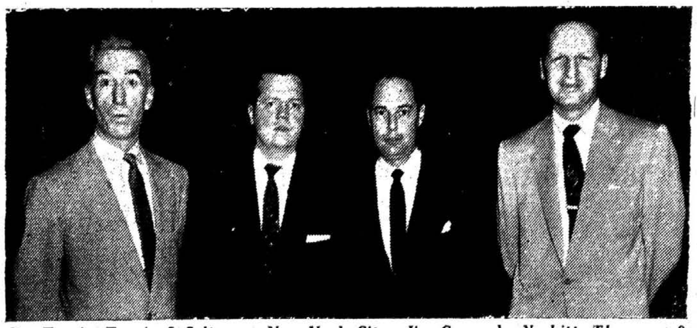
Jerry Ingalls, *Coffin & Burr, Incorporated;* Harry Crockett, *Coffin & Burr, Incorporated*

James Moynihan, *J. B. Maguire & Co., Inc.;* Lewis McDowell, *Chas. A. Day & Co., Inc.*

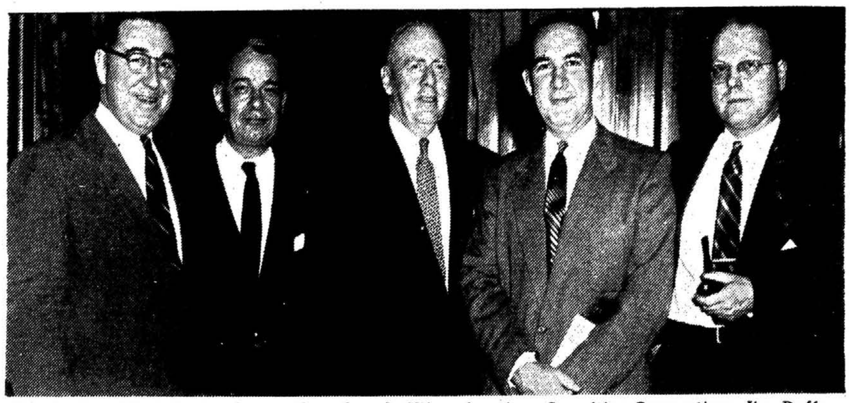
Rod Darling, *du Pont, Homsey & Company;* Ray Doheny, *Bache & Co.;* William Thompson, *Carr & Thompson, Inc.*

Bill Burke, *May & Gannon, Inc.;* Ed Knob, *Drexel & Co.,* Philadelphia; James B. Maguire, *J. B. Maguire & Co., Inc.*

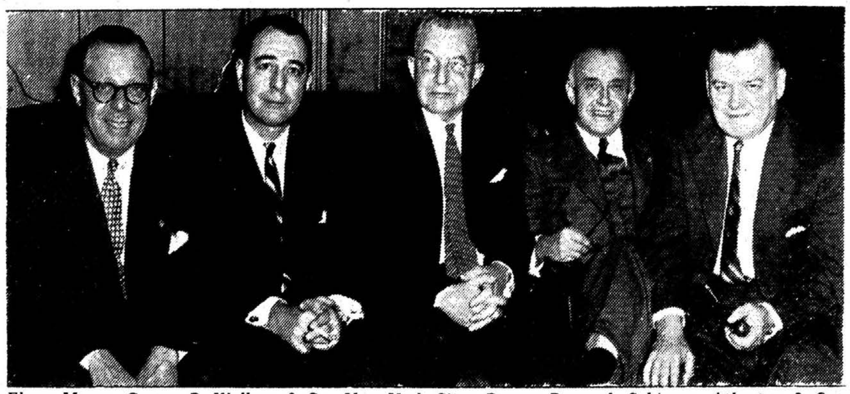
F. S. Emery, *F. S. Emery & Co., Inc.;* Joseph Rinaldi, *Lerner & Co.*



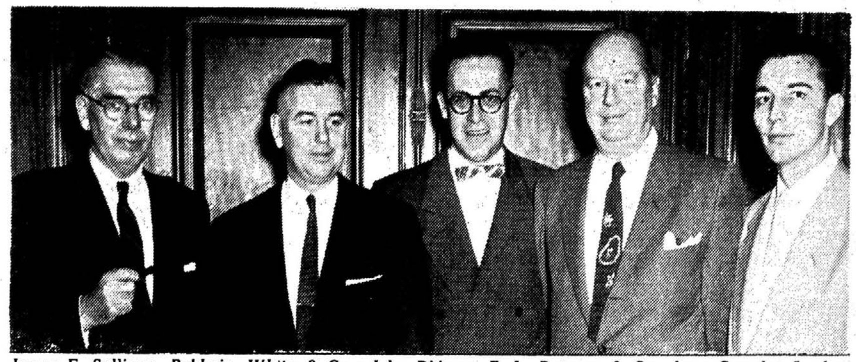
Jim Torpie, *Torpie & Saltzman*, New York City; Jim Concagh, *Nesbitt, Thomson & Co.*, New York City; Tom Melia, *R. F. Griggs Company*, Waterbury, Conn.; Al Pazera, *R. F. Griggs Company*, Waterbury, Conn.



Reg Larkin, *First Boston Corporation*; Joseph Slifer, *American Securities Corporation*; Jim Duffy, *Paine, Webber, Jackson & Curtis*; Hal Murphy, *Commercial & Financial Chronicle*, New York; Curt Townsend, *Weeden & Co.*

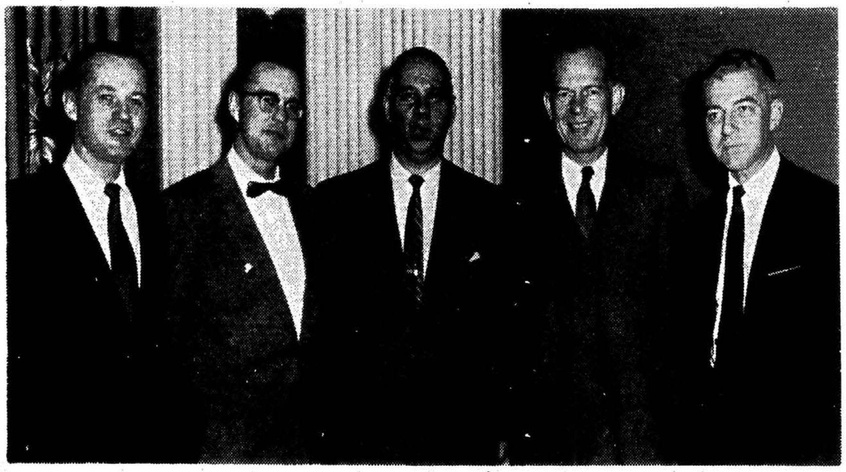


Elmer Myers, *George B. Wallace & Co.*, New York City; Barney Bernard, *Schirmer, Atherton & Co.*; Bert Woglom, *Goodbody & Co.*; Carroll Williams, *Laird, Bissell & Meeds*, New York City; Walter Bradley, *B. W. Pizzini & Co., Inc.*, New York City



James E. Sullivan, *Baldwin, White & Co.*; John D'Arcy, *F. L. Putnam & Co., Inc.*; Crandon Leahy, *National Quotation Bureau*; F. E. Maguire, *Stroud & Company, Incorporated*, Philadelphia; Jack Christian, *Janney & Co.*, Philadelphia

Gene Hussey, *First Boston Corporation*; John Butler, *First Boston Corporation*, New York City; Barney Nieman, *Carl Marks & Co.*, New York City; Burt Whitcomb, *Harriman Ripley & Co., Incorporated*, Boston; Frank Breen, *Schirmer, Atherton & Co.*



Dick Chamberlain, *A. E. Ames & Co., Inc.;* Tom Jones, *Keystone Company of Boston;* Chas. Bruggeman, *Dean Witter & Co.,* New York City; A. H. Monsen, *Keystone Company of Boston;* Reginald M. Whitcomb, *Spencer Trask & Co.*

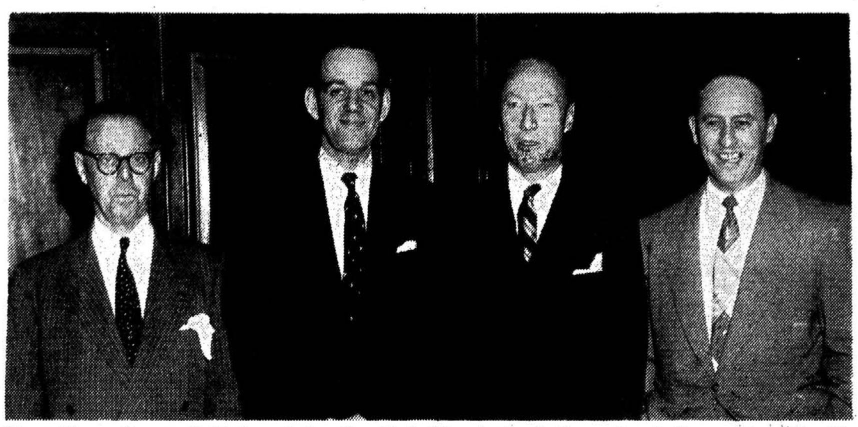
A. A. Geller, *Allen & Company,* New York City; Bob Torpie, *J. C. Bradford & Co.,* New York City; Harry Woollard, *Coburn & Middlebrook, Incorporated,* Boston; Eddie Opper, *J. B. Maguire & Co., Inc.;* Francis Cogghill, *White, Weld & Co.*

Philip Rearick, *New York Hanseatic Corporation;* Thomas Noonan, *R. L. Day & Co.;* John Daley, *J. B. Maguire & Co., Inc.;* Dick Grimm, *New York Hanseatic Corporation;* Maurice Hart, *New York Hanseatic Corporation,* New York

Don Homsey, *du Pont, Homsey & Company;* Wilfred N. Day, *Chas. A. Day & Co. Inc.;* Wallace L. Mossop, *Barrett & Company,* Providence, R. I.; Joe Gannon, *May & Gannon, Inc.;* John Maguire, *May & Gannon, Inc.*

Jerry McCue, *G. H. Walker & Co.*, Providence, R. I.; Ray Coppens, *Blair & Co. Incorporated*, Boston; N. Irving Maxfield, *Cohu & Co.*, New York City; John Hudson, *Thayer, Baker & Co.*, Philadelphia

Joe Dorsey, *Bache & Co.*, New York City; Lou Walker, *National Quotation Bureau*, New York City; Joseph Smith, *Newburger & Co.*, Philadelphia; Lowell Warren, *Dominion Securities Corporation*



Elmer Myers, *George B. Wallace & Co.*, New York City; Irving LeBeau, *May & Gannon, Inc.*; Harold Scattergood, *Boenning & Co.*, Philadelphia; John A. McCue, *May & Gannon, Inc.*

Tom Brown, *W. E. Hutton & Co.*, New York City; Peter Burnett, *Minot, Kendall & Co., Inc.*; Gilbert Lothrop, *W. E. Hutton & Co.*, Boston; Pete Cline, *W. E. Hutton & Co.*, New York City

Al Dykes, *du Pont, Homsey & Company*; Frank Walters, *Cosgrove, Miller & Whitehead*, New York City; Rodney Kent, *R. W. Pressprich & Co.*; Walter Johnson, *G. A. Saxton & Co.*, New York

Mike Growney, *Joseph McManus & Co.*, New York City; Bert Pike, *Troster, Singer & Co.*, New York City; Frank Laird, *Stroud & Company, Incorporated*, Philadelphia; Bob Greene, *Stroud & Company, Incorporated*, Philadelphia

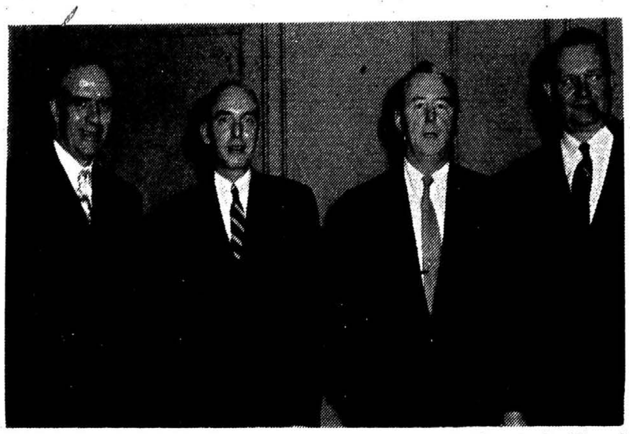
Edward F. Powers, *Hodgdon & Co.*; Leo Newman, *American Securities Corporation;* J. William Kumm, *Coggeshall & Hicks*, New York City; John C. Mathis, Jr., *American Securities Corporation*

Frank Ronan, *New York Hanseatic Corporation*, New York City; Charles A. Bodie, *Stein Bros. & Boyce*, Baltimore, Md.; James J. Lynch, *Paul D. Sheeline & Co.;* Leslie Swan, *Charles W. Scranton & Co.*, New Haven

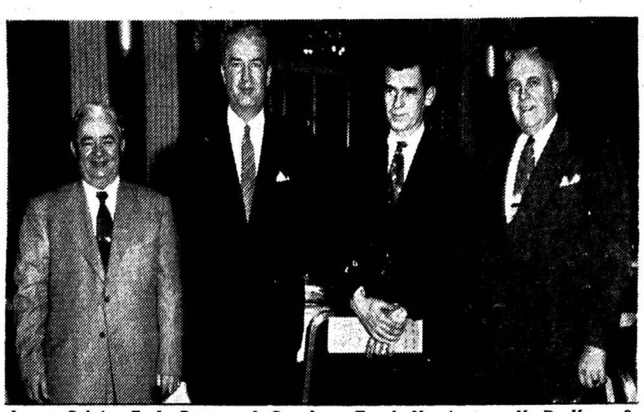
Laurence Frazier, *Laurence Frazier & Co.*, New York; Ed Kelly, *Carl M. Loeb, Rhoades & Co.*, New York; Harry L. Arnold, *Goldman, Sachs & Co.*, New York City; Joe Krasowich, *Bonner & Gregory*, New York City

James A. Kelly, *Tifft Brothers*, Springfield, Mass.; Carroll Williams, *Laird, Bissell & Meeds*, New York City; Wm. E. Creamer, *Schirmer, Atherton & Co.;* Walter F. Saunders, *Dominion Securities Corporation*, New York City

Calvin Clayton, *Clayton Securities Corp.*; Gordon Davis, *Vilas & Hickey*, New York City; Henry Tabb, *Townsend, Dabney & Tyson*; Wilfred N. Day, *Chas. A. Day & Co. Inc.*



Walter Swift, *Kidder, Peabody & Co.*, Boston; Henry Griffin, *A. C. Allyn & Co.*; Dayton Haigney, *Dayton Haigney & Co., Inc.*; Elliott Gerrish, *State Street Trust Company*



James Galvin, *F. L. Putnam & Co., Inc.*; Frank Harrington, *H. D. Knox & Co., Inc.*; Bill MacDonald, *McCoy & Willard*; John V. Chapman, *Chapman & Co. Inc.*

Fred Harson, *F. L. Harson & Co.*, Providence, R. I.; Ed Williams, *Hooper-Kimball, Inc.*; Louis Zucchelli, *J. B. Maguire & Co., Inc.*; Sheldon Meisenberg, *Ira Haupt & Co.*, New York City

Walter Weldon, *Boston Herald*; Fred Moore, *New York Hanseatic Corporation*; Frank Doyle, *National Association of Securities Dealers*; Vic Dugal, *J. B. Maguire & Co., Inc.*

Securities Salesman's Corner

By JOHN DUTTON

The "In Between" Calls

Many salesmen work like beavers to open an account, then after they have made the first sale or two, their interest is turned to some other prospect and off they go chasing what they think are greener pastures. Someone recently mentioned his experience as a first time customer of an investment firm and critically remarked, "Until they had my first order you would have thought I was the most important person they could know, but afterward I was the forgotten man. Before I became a customer their mail was regularly sent to me. Offers of service, of new issues, of attractive investment opportunities were mailed to me regularly. Their salesman telephoned me when he had information he thought might be of interest to me. I was impressed that here was a firm that wanted my business and would show its appreciation by giving me top service. After I made my first investment through them and they put my name on their books something happened. Although I still hear from the same salesman occasionally and he's a pleasant likable fellow, I have to call him now when I want something in the way of service or information. I guess he's out looking for more profitable customers —or could it be that the investment business is different than others—I always thought that your customer was your best prospect but it doesn't seem so as far as my experience goes with this broker."

Don't Stop After the First Sale

When a customer gives you his first order he is saying to you, "I like you and I believe I will benefit from this transaction, but the rest is up to you—show me." That is the sort of thinking that is going on in his mind. Even if he is a small account, the principle is the same. Each man knows many other people who could also be your clients. Don't overlook the fact that it is what you do and say after you obtain that first order that will either convince him that you are his investment advisor, or will cause him to look somewhere else.

Several months ago a mild sort of man came into my office and told me he had a small amount of funds for investment. He said he wanted to buy some A. T. & T. common and asked me what I thought of it. I gave him considerable time and was just as pleasant to him as if he had been a large investor instead of an odd-lot buyer of Telephone. He left and I forgot the incident. Just the other day he reappeared and he had two small checks in his hand which he laid on my desk. He told me he had come back to see me because he believed that I would treat him right.

My first impression had been good. Much to my surprise he also told me that he was sending for a fairly substantial sum that was invested in low yielding, fixed-income securities, and government bonds, and when he received these funds he wanted me to handle the reinvestment for him.

You never know when and where you are going to find business—but the only way you can be certain that you expose yourself to opportunities is to never overlook the possibility that the other fellow is IMPORTANT, not only as a possible client but as a human being.

Call on the telephone after you have made the sale. Follow up and see to it that your new customer knows that YOU ARE THINKING OF HIM. Ask him if there is anything else you can do for him. Offer him quotations, suggestions for further investment, statistical reports, or just find out the state of his health. Show your interest in others by taking notes of things in which they are interested and use the telephone to inquire as to their welfare. The man who takes an interest in his customers will not only do more business with them as time goes on, but he can count on their loyalty as well. Not only will you build small accounts into larger ones by following this procedure, but you can also obtain new clients from friendly, loyal, customers who have done well with you. The investment business is not, and should not be a "one sale" proposition. Start to sell AFTER YOU HAVE MADE SALE NUMBER ONE.

Sharp Increase in Women Executives Forecast

Mrs. Mary G. Roebling, Chairman and President of the Trenton Trust Company, says appreciation of the availability of women has brought them appointments ranging from township offices to Ambassadorships and Cabinet posts.

The gains that will be made by women in the next decade will surpass anything previously known, Mrs. Mary G. Roebling, President and Chairman of the Board of Trenton (N. J.) Trust Co., predicted, on Feb. 8 at a forum conducted by the Essex County Chapter, American Institute of Banking in Newark, N. J.

Mary G. Roebling

Joining with Mrs. Roebling in the panel discussion of "New Horizons for Women" were Helen R. Feil, Personnel Director, Book-of-the-Month Club, New York City; Daphne Robert Leeds, Assistant Commissioner of Patents, Washington, D. C.; E. Roberta Durham, Consumer Credit Department, First National Bank of Chicago; and Mr. Harold E. Randall, Vice-President, First National Bank of Boston, who served as Moderator.

"In public service," Mrs. Roebling, said, "appreciation of the availability of women has brought them appointments ranging from township offices to ambassadorships, Cabinet posts in the Federal Government, mayoralties, postmistresses, directorships of the U. S. Mint, and many others."

Tracing women's progress over the centuries of the Christian era, Mrs. Roebling declared: "Women have entered this new atomic age ready for anything, fully prepared to take advantage of opportunities that will come to them because of society's fuller appreciation of the multitude of places they can capably fill which were formerly considered as only available to men.

"Engineers, architects, physicists, chemists and other scientific experts are as likely as not to have Miss or Mrs. before their given names."

"In family life," she continued, "at the risk of being called 'old-fashioned,' I am going to say that in a normal family, I still believe that the man should head the family unit. The woman is entitled to her historic place as the arbiter of household expenditures, the question of education of children, the leadership of their up-bringing and spiritual and physical development, their nurse in time of illness, their emotional leaning-post.

"Women are on the march and the pioneering spirit of their grandmothers finds its counterpart in today's woman who courageously enters new fields of achievement in business, science and the professions, with no apologies, seeking no favors, and determined to do her best."

Municipal Bond Club Annual Out'g June 10

The 22nd annual outing of the Municipal Bond Club of New York will be held at the Westchester Country Club and Beach Club, Rye, N. Y. on Friday, June 10, Jonas C. Andersen, Kuhn, Loeb & Co., President of the club, announced over the week-end. H. Grady Wells, Jr., Andrews & Wells, Inc., has been appointed general Chairman of the outing and the following have been named as Chairmen of the various committees to assist him: arrangements, Gilbert White, R. D. White & Company; sports, William H. Urell, F. S. Smithers & Co.; prizes, Richard N. Rand, Rand & Co.; finance, William H. Mears, Chemical Corn Exchange Bank; Myles G. Walsh, Blyth & Co., Inc.; Robert M. Goodwin, National City Bank, and William P. McKay, The Blue List, compose a Chairman committee.

One of the highlights of the Field Day will be the appearance of "The Daily Bond Crier," the humerous journal of activities in the municipal bond fraternity. James M. Ranson, Harris Trust & Savings Bank, chairman of the "Bond Crier Committee" promises that the 1955 edition will be the brightest ever issued.

Brokers Square Club To Hold Meeting

The Brokers Square Club of New York, Inc., will hold its regular monthly meeting on Friday, Feb. 18, 1955, at 7:30 p.m., at the Masonic Temple Bldg., Room 710, 71 West 23rd St., New York City. Masons in good standing are welcome. An interesting and entertaining evening has been planned.

Trust Deed Mart Formed

(Special to THE FINANCIAL CHRONICLE)

SANTA BARBARA, Calif. — Sergio J. Tosi is engaging in a securities business from offices at 17 Carrillo under the firm name of The Trust Deed Mart of Santa Barbara.

With D. N. Silverman

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Lorraine M. Girard and Royal B. Kraft have been added to the staff of D. N. Silverman Co., Inc., Shell Building.

With Founders Mutual

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Mrs. Florence K. Lawrie has joined the staff of Founders Mutual Depositor Corporation, First National Bank Building.

LETTER TO EDITOR:

More on "What Convertibility Means"

S. G. Chubb, of A. F. Francis & Co., Ltd., Toronto, Investment Securities, points out neither the gold nor any other standard operates in a vacuum, and under the economies of the leading countries today it is one question of returning to convertible currency and another question to maintain it in operation.

Editor, Commercial and Financial Chronicle:

I have read with great interest Messrs. Shull's and Bauer's comments upon Mr. Heatherington's articles about "What Convertibility Means."

Mr. Shull's model of the gold standard has the attraction of simplicity. All the nations have to do is to fix their currencies in terms of specific weights of gold, guarantee to redeem them on that basis, and all will be well.

Unfortunately, this does not take matters far enough. Neither the gold nor any other standard operates in a vacuum. It is an instrument which affects the lives and livelihoods of all.

From the economic viewpoint it is a device for equating exports and imports over the short term, but when the balance of payments is not in equilibrium over a longer term, the resulting drain on the gold reserves of the debtor country must be stemmed by appropriate manipulation of the discount rate and by open market operations.

We know from experience what this can mean. Even in the relatively simple past costs could not be reduced rapidly, and central bank reserves were protected at the expense of employment.

Today, matters would probably be worse since the economies of all the leading countries are clogged by rigidities of all sorts—wages fixed by contract, price-fixing and resale price maintenance, tariffs and their punitive applications by local officials, to mention only a few.

Mr. Shull's model might work in a far simpler world than the one in which we live. It requires for its proper functioning free trade and perfect competition, neither of which exist today or is likely to exist in the immediate future.

It is a *"crie du coeur"* for a return to Eden, a lament which finds an echo in many hearts. But is it realizable in a world in which governments must think not only of credit abroad but of employment at home? Is it even desirable that the price of all goods and services should be made to revolve about the fixed price of one?

Mr. Shull should demonstrate that a return to either the bullion or full gold standard would work reasonably well under present-day conditions. And he should show, as perhaps he can, that no large-scale unemployment would result. Failure in that regard would bring great misery, would weaken the democratic bases of our society where they are strong and crush them where they are weak.

Mr. Shull ought to show, too, that the establishment of a gold standard not only appears within the range of possibility—almost anything is possible—but that of probability as well.

I agree with Mr. Bauer that it "is not as involved a subject as a labyrinth of words would make it appear," but I think it is far more complicated than Mr. Shull's brief comments suggest. It is not exclusively an economic or financial question but involves a reconciliation of promises to redeem on demand with responsibility for the climate of employment. In the present state of affairs we all know which of these would be neglected—no matter how regretfully—at a pinch.

Therefore, I side with Mr. Heatherington when he says that it all "depends on whether the world is ready." I hope that both he, Mr. Shull and Mr. Bauer, will continue to open our minds on a question about which it is difficult not to be assertive and dogmatic.

SIDNEY G. CHUBB,
Vice-President, Secretary and Treasurer,
A. F. Francis & Co., Ltd.
66 King Street West,
Toronto 1, Ontario, Canada,
Feb. 8, 1955.

Impact of $100 Billion National Highway B'lding Program on Interest Rate Level Held Negligible

Despite the magnitude of the 10-year, $101 billion national highway building program proposed to the President by his Advisory Committee on a National Highway Program, an analysis of the project indicates that the financing can be "taken in stride," that not more than $2½ billion of Federal highway financing would come to market in any one year and that the established interest rate level of recent years would not be upset by the financing, John Nuveen & Co., 135 S. La Salle St., Chicago 3, Ill., underwriters of municipal bonds, declare in a special study just made available to those interested.

Contrary to some opinions expressed at the time of the proposal, the Nuveen conclusion is that the project can be carried out "with little disturbance to the 'nomal' financing pace to which the nation has become accustomed in recent years." Actually, it adds, the program probably will be financed, following the pattern of other Federal agencies, such as the public housing authorities, the Federal National Mortgage Association and the Commodity Credit Corporation, with fully taxable Federal highway corporation bonds guaranteed by the Treasury. But the program probably could not be initiated as quickly as the report calls for and it is likely that it will take longer than the 10 years specified, says the Nuveen study.

As for the impact of the new Federal program on present turnpikes over the country, the Nuveen report says that all of them likely would be included in the proposed national system of interstate highways. All turnpikes, it adds, have been conceived, planned and built based upon careful and scientific conclusions of traffic density and use.

While present turnpikes would all fit into the proposed network very well, it seems likely that planning for many future projects of this type may be deferred until a better idea can be secured as to just how the Federal program will fare with Congress and how soon it can get underway.

Continued from first page

Electric Utilities Sold by Funds

the investment companies still hold a substantial investment in the electric utility industry, which along with the natural gas distributors and integrated companies, totals over $1 billion according to a recent study of the National Association of Investment Companies. As is well known by the followers of this regular "Chronicle" quarterly survey of fund portfolio operations, these had been acquired quite consistently over the last half dozen years.

Niagara Mohawk Power, Duquesne Light and Gulf States Utilities were lightened in the largest number of fund portfolios. Five managements sold 49,000 shares of Niagara, 32,820 of Duquesne and 14,825 of Gulf States. There were two small offsetting acquisitions of Duquesne, but in none of the other issues. Columbus and Southern Ohio Electric, which along with Southern California Edison had been the second most heavily bought issue in the group during the previous 1954 quarter, was now eliminated from three portfolios and decreased in a fourth. Sales totaled 38,300 shares.

Also sold, each by four trusts, were Ohio Edison and Public Service of Colorado, liquidation of the former equaling 16,000 shares and of the Colorado utility 24,700 shares. Three managements each decreased commitments in American Gas and Electric, Commonwealth Edison, Consolidated Edison of New York, Iowa-Illinois Gas and Electric and Kansas City Power and Light. Pairs of sales were made in Minnesota Power and Light, New York State Electric and Gas, Oklahoma Gas and Electric and Union Electric of Missouri.

The Two Telephone Favorites

American Telephone, although of course not a power and light issue, was the utility favorite, as during the last quarter of 1954. Four investment companies purchased a total of 20,800 shares, half of these making initial commitments. International Telephone and Telegraph, the varied interests of which might cause some to question its being grouped with the utilities, was liked by three trusts. Purchases equaled 15,000 shares, one representing a new acquisition. Puget Sound Power and Light, which very recently was admitted to trading on the Big Board and had been a top fund favorite for the previous half year, was added to two portfolios. A like number of managements bought 19,250 shares of San Diego Gas and Electric and 17,600 shares of South Carolina Electric and Gas. Purchases of the New England Gas and Electric Association, Middle South Utilities, and Virginia Electric and Power were aided by the exercise of rights.

Overall Increase in Holdings

Although the **power and light issues** were sold during the final 1954 quarter, on an over-all group basis investment company managements added to portfolio holdings on balance. Oils continued their favorite status of the previous three months' period, but offsetting profit-taking increased substantially. Steels also retained their second ranking position in fund management's esteem, in fact purchases increased 25% over those of the third quarter. However, Republic nosed out United States Steel as the top favorite in this group. Thirteen investment managements purchased a total of 56,100 shares of Republic, half a dozen making initial commitments. A full dozen trusts were still interested in Big Steel, additions totaling 54,800 shares. Armco and Bethlehem were each bought by nine funds, acquisitions of the former equaling 27,100 shares and of the latter, 43,600 shares.

National Steel, which aroused only very slight trust interest in the September quarter, currently was newly acquired by four funds and added to the holdings of three others. Four purchases each were made of Allegheny Ludlum and Harbison Walker Refractories, three of Inland and Wheeling, and a couple each of Jones and Laughlin and United States Pipe and Foundry. Outside of four sales in Bethlehem totaling 8,500 shares, selling in the group was conspicuously light.

In addition to the oils and steels, rails and metals continued to be acquired as earlier in 1954. Auto shares (specfically General Motors) and auto parts, machinery, paper and natural gas issues also retained their approximate previous ranking as management preferences. The food and bank stocks were the only top ranking common stock purchases during this final 1954 period, providing some modicum of traditional storm cellar protection in the event the economic machine reversed gears.

One management retained in its portfolio Tri-Continental warrants having a value of 8.7% of its entire assets. In spite of this general picture, discriminating profit-taking appeared scattered among management transactions. For example, plane manufacturers were sold which was in marked contrast to the stepped-up purchases of the airlines.

Words of Caution

The over-all composite, of course, tends to obscure the current caution expressed by several individual managements, which should be also weighed along with the actual portfolio transactions. First let us read a portion of Edward C. Johnson 2nd's annual report to shareholders of Fidelity Fund: "In both 1949 and 1953-4, minor business recessions developed stemming mainly, it would seem, from temporary inventory over-accumulation. The thought has been advanced by some, and is apparently gaining in public acceptance, that due to 'built-in safeguards' and other modern devices supposed to differentiate the present from the past, future economic disturbances are likely to be limited to this inventory readjustment type of trouble. We confess to being skeptical of any such assumption. We suspect that, due to the dynamic nature of our economy and the enthusiastic nature of our people (including our businessmen) overbuilding of capital facilities will take place as in the past; and such overbuilding eventually is balanced by subsequent underbuilding. Moreover, in boom times many unsound business and government financial structures are reared or preserved which must be liquidated under general conditions of stress. Ten years or so after the end of a major war in our history, and following a long period of business boom, a period of important economic difficulties has often occurred. Therefore, an especially careful look at the underpinnings of the increasing business activity, now apparent, may be in order."

Douglas T. Johnston, President of the Fund bearing his name, states in his annual message to Shareholders: "In formulating investment policy . . . it is still necessary to bear in mind that both our economic progress and the trend of common stock values are subject to interruption due to (a) the excessive speculation and abuse of credit which may stem from over-confidence, and (b) the unpredictable state of our foreign affairs." And Kenneth S. Van Strum, President of Bowling Green Fund, notes in his annual statement: "The management of your Fund continues to watch the securities markets with caution."

Proposals to conform management policy to the current market risks are presented by several other fund executives. Trustees of Shareholders Trust of Boston state: "While the underlying economic structure appears sound, justifying investment in carefully selected equities, consideration should be given to solidifying the the substantial gains recorded in the Trust's investments by the restoration of a more conservatively balanced portfolio. Definite progress can be made along these lines by investing a larger portion of new funds, as they become available to the Trust, in fixed-income-bearing securities."

Stein Roe and Farnham Fund's President, Harry H. Hagey, Jr., observes: "We believe business activity will rise during the fore-part of the year, and we do not anticipate a serious drop later on. If the market were at a lower level, a fairly heavy stock position would, we think, be justified. However, the market is not at a low level, and under the circumstances it appears to us that a conservative investment policy should be maintained."

And in similar vein the trustees of New England Fund report: "Holdings of cash and senior securities accounted for about 33% of New England Fund's total net assets throughout 1954, and common stocks for about 67%. While we believe these proportions are appropriate under existing current business and market conditions, especially since investment income is one of the threefold objectives of the Fund and of many shareholders, we may decide to increase your Fund's holdings of senior issues for capital stability and for reserve purchasing power, if stock prices continue to move up sharply."

And finally it is of interest to listen to Arnold Bernhard, President of Value Line Fund, who states unhesitatingly in his company's annual report: "For some time past, your Managers have been of the opinion that stocks in general were priced too high. They have, accordingly, carried a strongly defensive position. The advantage of the defensive position will be revealed only if the market for stocks in general should readjust to a lower level in relation to earnings and dividends."

Off-the-Beaten-Path

Mr. Bernhard, however, is not loath to invest in interestingly different situations in the common stock portion of his portfolio. In the final 1954 quarter, Hycon Manufacturing and Official Films, Inc. were added. Other less familiar names to appear among holdings during the period under review, included Coastal Caribbean Oils in the portfolio of General Public Service; Geco Mines, Ltd. among Lehman Corporation's holdings; Copper Range Company with the securities of Axe-Houghton Fund "A"; Pan American Sulphur in the Axe "B" list; and two insurance stocks — Confederation Life Association and Manufacturers Life Insurance Co.—with the deVegh Mutual Fund's assets.

The increase in holdings of the petroleum issues during the quarter under review was fairly well scattered among the several funds although Eaton and Howard Stock

Fund and Massachusetts Investors Trust made fairly substantial additions. Sinclair, second ranking in popularity during the previous three months, currently was the best liked oil, a dozen managements acquiring a total of 67,700 shares, seven making initial purchases. One lone sale was represented by a 1,000-share block. Ten funds added 25,240 shares of Socony Vacuum, two initially committing the stock to their holdings. Excluding new shares received as a 7% capital distribution, 13,913 shares of Cities Service were added to seven portfolios. Partially offsetting were four sales totaling 1,886 shares. Also disregarding the 5% stock dividend, eight funds increased holdings of Standard of California by 9,775 shares. Six trusts likewise acquired stock of Jersey Standard in addition to stock received in exchange for holdings of Humble. Louisiana Land and Exploration was added to five portfolios and Phillips and Texas each to four. In addition to a 5% share distribution, three increases of Signal Oil and Gas "A" totaled 28,575 shares. Three managements also made initial commitments in Union Sulphur and Oil "A."

Five trusts sold 39,694 shares of Gulf Oil, the least popular issue in the group during the period. In addition to shares received as a 4% dividend, a few offsetting purchases increased holdings by 1,192 shares. A total of 9,200 shares of Skelly was lightened in four portfolios. Ten thousand shares of Interprovincial Pipe Line were decreased in two lists and eliminated from a third. Sold by two trusts each were American Republics, Anderson Prichard Oil, Hancock Oil "A," Standard of Ohio and Texas Gulf Producing.

Rail Interest

Several managements showed particular interest in the rails during the quarter. These included the managers of Axe-Houghton "A" and Stock funds, Selected American Shares, the Stock Fund of Group Securities and Bowling Green Fund. Illinois Central was the favorite in the group, eight funds acquiring a total of 14,800 shares, five making initial purchases. Four offsetting sales equaled 6,400 shares. Nickel Plate, second carrier in popularity along with Santa Fe and Seaboard during the previous three months, was bought by seven trusts, two making new commitments. A total of 79,000 shares was acquired. A like number of companies added 29,600 shares of Southern, two initially introducing the issue into their portfolios. Great Northern and Union Pacific were each bought by four managements, purchases of the former totaling 7,500 shares and of the latter 6,500. Acquired by three trusts each were Santa Fe, Chesapeake and Ohio, Kansas City Southern and Western Pacific.

Selling on balance was confined to two issues. Louisville and Nashville was eliminated from three portfolios and lightened in a fourth. Sales equaled 28,000. One portfolio elimination and an-

Continued on page 37

Balance Between Cash and Investments of 63 Investment Companies

End of Quarterly Periods September and December 1954

	Net Cash & Governments Thousands of Dollars —End of—		Net Cash & Governments Per Cent —End of—		Investment Bonds and Preferred Stocks Per Cent * —End of—		Com. Stks. Plus Lower Grade Bonds & Pfds. Per Cent —End of—	
	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.	Sept.	Dec.
Open-End Balanced Funds:								
American Business Shares	7,276	6,887	21.6	20.6	23.0	23.3	55.4	56.1
Axe-Houghton Fund "A"	4,723	2,506	12.2	5.8	32.2	29.8	56.1	64.4
Axe-Houghton "B"	1,731	2,299	4.7	5.5	27.2	21.9	68.1	72.6
Boston Fund	674	4,462	0.6	3.6	28.1	24.0	71.3	72.4
Commonwealth Investment	9,585	7,965	11.8	8.9	18.1	17.1	70.1	74.0
Diversified Investment Fund, Inc.	2,075	1,981	4.6	3.9	27.1	25.6	68.3	70.5
Dodge and Cox Fund	348	337	9.9	8.8	25.2	21.1	64.9	70.1
‡Dreyfus Fund	7	98	0.5	4.2	None	None	99.5	95.8
Eaton & Howard Balanced	10,055	9,230	7.7	6.2	29.6	27.5	62.7	66.3
Fully Administered Fund—Group Securities	1,326	1,115	19.0	14.8	10.5	9.9	70.5	75.3
General Investors Trust	236	294	8.7	9.8	12.0	11.2	79.3	79.0
Investors Mutual	30,364	24,817	4.6	3.4	30.5	28.8	64.9	67.8
Johnston Mutual Fund	242	304	7.9	8.7	24.0	21.2	68.1	70.1
National Securities—Income	829	1,153	2.0	2.4	14.6	13.2	83.4	84.4
Nation Wide Securities	3,814	3,737	17.3	15.9	29.2	29.5	53.5	54.6
George Putnam Fund	4,425	3,044	4.9	3.0	24.0	23.2	71.1	73.8
Scudder, Stevens & Clark	2,134	1,253	4.6	2.5	38.7	37.4	56.7	60.1
Shareholders Trust of Boston	288	634	2.4	4.5	18.7	17.1	78.9	78.4
Stein Roe and Farnham Fund	1,711	2,208	18.1	20.6	30.3	26.0	51.6	53.4
Value Line Fund	326	2,036	4.1	20.8	17.6	None	78.3	79.2
Wellington Fund	39,035	35,734	10.8	8.9	24.1	23.6	65.1	67.5
Whitehall Fund	94	70	1.7	1.2	41.0	38.3	57.3	60.2
Wisconsin Investment Co.	181	692	2.6	8.7	None	None	97.4	91.3
Open-End Stock Funds—								
Affiliated Fund	9,916	9,391	3.5	3.0	None	None	96.5	97.0
§Axe-Houghton Stock Fund	133	121	2.2	1.9	34.8	23.6	63.0	64.5
Bowling Green Fund	34	41	6.0	6.2	13.4	13.3	80.6	80.5
Blue Ridge Mutual Fund	455	1,293	2.1	5.4	None	None	97.9	94.6
Broad Street Investing	1,440	1,992	2.6	3.1	8.3	8.0	89.1	88.9
Bullock Fund	2,985	2,987	15.2	13.5	0.2	0.1	84.6	86.4
Delaware Fund	1,284	341	6.0	1.4	4.6	4.6	89.4	94.0
de Vegh Mutual Fund	860	678	18.4	11.1	1.4	None	80.2	88.9
Dividend Shares	28,432	30,284	18.4	18.4	None	0.2	81.6	81.4
Eaton & Howard Stock	3,081	2,932	10.6	7.7	0.7	0.8	88.7	91.5
Fidelity Fund	2,655	4,755	2.0	2.9	0.4	0.3	97.6	96.8
Fundamental Investors	6,350	5,174	2.9	2.0	None	None	97.1	98.0
General Capital Corp.	3,266	4,097	19.2	22.4	None	None	80.8	77.6
Group Securities—Common Stock Fund	234	284	1.9	1.8	None	None	98.1	98.2
Incorporated Investors	7,423	6,436	4.5	3.3	None	None	95.5	96.7
Institutional Foundation Fund	63	175	1.7	3.9	12.3	12.7	85.7	83.4
Investment Co. of America	3,745	4,087	9.5	8.4	None	None	90.5	91.6
Knickerbocker Fund	4,481	748	29.3	4.7	5.7	3.4	65.0	91.9
Loomis-Sayles Mutual Fund	7,398	7,978	19.2	19.2	24.9	24.3	55.9	56.5
Massachusetts Investors Trust	13,957	5,882	2.0	0.7	None	None	98.0	99.3
Massachusetts Investors Growth Stock	858	1,843	1.6	2.9	None	None	98.4	97.1
Mutual Investment Fund	911	633	19.2	11.3	16.6	14.4	64.2	74.3
National Investors	532	652	1.3	1.4	None	None	98.7	98.6
National Securities—Stock	2,010	2,775	2.0	2.3	None	None	98.0	97.7
††New England Fund	1,373	841	13.8	7.7	23.8	29.2	62.4	63.1
Scudder, Stevens & Clark Common Stock Fund	153	299	2.2	3.6	None	None	97.8	96.4
Selected American Shares	5,522	5,931	16.0	15.0	None	None	84.0	85.0
Sovereign Investors	17	15	1.7	1.2	2.2	2.1	96.1	96.7
State Street Investment Corp.	24,075	24,967	18.2	17.1	None	None	81.8	82.9
Wall Street Investing Corp.	1,112	1,160	21.2	20.0	0.9	1.0	77.9	79.0
Closed-End Companies:								
Adams Express	3,758	4,105	6.0	6.0	0.4	0.4	93.6	93.6
American European Securities	436	118	3.3	0.8	7.9	5.1	88.8	94.1
American International	1,190	1,032	4.3	3.4	0.7	0.7	95.0	95.9
General American Investors	10,467	8,899	18.9	15.2	None	None	81.1	84.8
General Public Service	1,444	732	8.4	4.1	None	None	91.3	95.9
Lehman Corporation	11,289	12,822	6.7	6.7	0.4	0.4	92.9	92.9
National Shares Corp.	1,851	1,300	12.3	8.0	0.1	None	87.6	92.0
Tri-Continental Corp.	1,102	542	0.5	0.2	13.4	12.5	86.1	87.3
†U. S. & Foreign Securities	2,064	2,182	3.3	3.2	None	None	96.7	96.8
U. S. & International Securities	4,741	1,580	6.9	2.3	None	None	93.1	97.7

*Investment bonds and preferred stocks: Moody's Aaa through Ba for bonds; Fitch's AAA through BB and approximate equivalents for preferreds. †Portfolio exclusive of securities in subsidiary or associated company. §Name changed from Republic Investors. ‡Formerly Nesbett Fund; flexible fund with current stock policy. ††Flexible fund with current balanced policy.

SUMMARY

Changes in Cash Position of 64 Investment Companies

	Plus	Minus	Unchanged	Total
Open-End Companies:				
Balanced Funds	10	8	5	23
Stocks Funds	14	9	7	30
Closed-End Companies	2	8	1	11
Totals	26	25	13	64

Changes in Common Stock Holdings of 47 Investment Management Groups

(September 30 — December 31, 1954)

Transactions in which buyers exceed sellers—or sellers exceed buyers—by two or more management groups. Issues which more managements sold than bought are in italics. Numerals in parentheses indicate number of managements making entirely new purchases or completely eliminating the stock from their portfolios.

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Agricultural Equipment		
8(3)	39,750	Deere and Company	12,300	5(2)
6(2)	27,600	International Harvester	89,600	4(3)
1	*1,000*	*J. I. Case*	*49,100*	*3(2)*
		Auto and Auto Parts		
2	5,900	Federal Mogul	None	None
3(1)	4,495	Ford Motor of Canada, Ltd. "A"	300	1(1)
9(1)	51,800	General Motors	1,200	2
2(1)	21,000	Kelsey-Hayes Wheel	None	None
2(1)	2,000	Motor Products	None	None
2(1)	25,000	Murray Corp.	None	None
4(1)	3,000	Timken Roller Bearing	200	1
		Aviation		
8(4)	200,600	American Airlines	23,000	4(1)
6(3)	23,000	Eastern Airlines	14,000	3(1)
4(2)	37,200	United Airlines	6,000	2
2(1)	*2,200*	*Boeing Airplane*	*27,700*	*5(2)*
1	*668*	*Chance-Vought*	*21,000*	*7(6)*
None	*None*	*Pan American World Airways*	*9,000*	*2(1)*
None	*None*	*Sperry Corp.*	*11,900*	*4(1)*
		Beverages		
1	*4,000*	*Coca-Cola*	*12,500*	*3(3)*
		Building Construction and Equipment		
3	15,700	American Radiator	None	None
2	6,500	Bridgeport Brass	None	None
2(1)	2,800	Devoe and Raynolds "A"	None	None
4(1)	14,300	Flintkote	None	None
3(2)	24,000	Trane Company [1]	1,000	1
4(2)	5,700	Yale and Towne	None	None
None	*None*	*Armstrong Cork*	*17,100*	*2(1)*
3	*4,400*	*Carrier Corp.*	*12,800*	*5(1)*
None	*None*	*Georgia Pacific Plywood*	*8,500*	*3(2)*
None	*None*	*MacMillan and Bloedel, Ltd.*	*11,500*	*2(1)*
None	*None*	*National Lead*	*8,500*	*2*
None	*None*	*Sherwin-Williams*	*1,300*	*2(1)*
1	*500*	*United States Gypsum*	*4,200*	*3*
		Chemicals		
4(3)	6,600	Allied Chemical and Dye	8,800	2(2)
2	600	American Agricultural Chemical	None	None
6(1)	31,200	American Cyanamid	8,000	1
2(1)	35,200	Columbian Carbon	None	None
3(1)	37,500 (new)	Hooker Electrochemical [2]	None	None
5(2)	13,400	Monsanto Chemical	8,500	2(1)
6(2)	11,500	Union Carbide and Carbon	18,800	4(1)
1	*6,925*	*Olin Mathieson Chemical* [3]	*2,300*	*4*
None	*None*	*Pittsburgh Coke and Chemical*	*24,800*	*3(1)*
4	*932*	*Rohm and Haas* [4]	*539.20*	*2(1)*
1	*32,258*	*Victor Chemical* [4a]	*12,800*	*3(1)*
		Drug Products		
2(1)	12,900	Gillette Company	None	None
5	31,600	Pfizer	17,000	2(1)
2(1)	4,300	Procter and Gamble	None	None
		Electrical Equipment		
2	5,500	Beckman Instruments	None	None
5(1)	24,100	Philco	9,000	1(1)
2(2)	800	Philip's Gloeilampenfabrieken	None	None
8(1)	23,900	Radio Corporation	17,500	1
3(1)	3,300	Zenith Radio	None	None
1	*3,500*	*General Electric*	*95,300*	*7*
None	*None*	*Raytheon Manufacturing*	*1,900*	*2*
None	*None*	*Square "D"*	*5,400*	*2(1)*
1	*3,200*	*Sylvania Electric*	*1,600*	*3(1)*
None	*None*	*Tecumseh Products*	*2,375*	*2(1)*
		Financial, Banking and Insurance		
2	975	Aetna Life	None	None
3	10,300	Beneficial Loan Corp.	None	None
2	2,900	Boston Insurance Co.	None	None
2	13,500	Chase National Bank, N. Y.	None	None
4(1)	44,000	C.I.T. Financial	None	None
2	8,200	Commercial Credit	None	None
3(1)	700	Connecticut Gen'l Life	None	None
2(1)	9,650	Industrial Acceptance Corp.	None	None
3(1)	700	Lincoln National Life	None	None
4(1)	51,950	Marine Midland [5]	None	None
2	23,400	National City Bank, N. Y. [6]	None	None
2(1)	8,350	Northwest Bancorporation	None	None
3	5,000	Pacific Finance Corporation	None	None
4(1)	11,000	Transamerica	None	None
2	516	U. S. Fidelity and Guaranty	None	None
1	*3,500*	*Fireman's Fund Insurance*	*4,228*	*3(3)*
None	*None*	*Guaranty Trust Co. of N. Y.*	*565*	*2*
		Food Products		
3	34,800	Armour and Co.	17,000	1(1)
3(3)	2,200	Armour and Co. warrants [7]	None	None
2(2)	5,500	Best Foods	None	None
5(1)	12,400	Swift and Co.	1,700	2(2)
2	1,900	Wrigley	None	None
None	*None*	*Standard Brands*	*3,500*	*2(1)*
3	*800*	*United Fruit*	*8,300*	*5(4)*

—Bought— No. of Trusts	No. of Shares		—Sold— No. of Shares	No. of Trusts
		Machinery and Industrial Equipment		
2	3,800	American Machine and Foundry	None	None
4(2)	7,500	Caterpillar Tractor	1,200	2(1)
4(1)	34,555	Chain Belt [8]	4,000	1(1)
4(2)	45,500	Halliburton Oil Well Cementing	None	None
2(1)	4,000	Ingersoll Rand [1]	None	None
2(2)	3,100	Thew Shovel	None	None
3(2)	4,800	Worthington Corp.	None	None
None	*None*	*Bullard Company*	*4,100*	*2(1)*
None	*None*	*Link Belt*	*7,700*	*2(2)*
		Metals and Mining		
4	15,700	American Smelting and Refining	2,000	1
2	9,000	Anaconda Copper	None	None
3(3)	18,400	Kaiser Aluminum and Chemical	None	None
6(2)	25,099	Magma Copper [9]	96	1
4(1)	3,200	Newmont Mining	None	None
3(1)	5,575	Reynolds Metals [10]	417	1
5	17,200	St. Joseph Lead	140	1(1)
2(1)	1,300	Vanadium Corp.	None	None
2(1)	*4,500*	*International Nickel*	*20,500*	*4*
1	*3,400*	*Phelps Dodge*	*13,840*	*5(3)*
		Office Equipment		
5(3)	5,252	International Business Machine	5,430	3(1)
4(2)	19,500	Remington Rand	1,800	2
		Paper, Pulp and Printing		
3(1)	6,000	Champion Paper and Fibre	6,000	1(1)
2	5,500	Crown Zellerbach	None	None
2(1)	6,000	Robert Gair	None	None
3	2,200	Lily Tulip Cup	500	1
2(1)	16,600	West Virginia Pulp and Paper	None	None
4	*2,654*	*International Paper* [10]	*18,767½*	*6(1)*
None	*None*	*Marathon Corporation*	*7,000*	*2(1)*
None	*None*	*Mead Corporation* [11]	*4,613*	*2*
		Petroleum		
2	7,423	Aztec Oil and Gas	None	None
2	4,409	Canadian Delhi Petroleum	None	None
7(1)	13,913	Cities Service [12]	1,886	4(2)
2(2)	5,700	Lion Oil Co., Ltd.	None	None
5	20,000	Louisiana Land and Exploration	1,000	2(1)
4	3,500	Phillips Petroleum	None	None
2	2,500	Seaboard Oil of Del.	None	None
3(1)	28,575	Signal Oil and Gas "A" [10]	None	None
12(7)	67,700	Sinclair Oil Corp.	1,000	1
10(2)	25,240	Socony Vacuum	20,000	2
8	9,775	Standard Oil of California [10]	3,250	2
14(5)	83,900	Standard Oil of New Jersey [14]	774	3
4	7,900	Texas Company	None	None
6(6)	177,800	TXL Oil Corp. [15]	6,000	1(1)
2	17,700	Union Oil of California	None	None
3(3)	13,000	Union Sulphur and Oil Corp. "A"	6,300	1(1)
None	*None*	*American Republics Corp.*	*10,300*	*2(1)*
None	*None*	*Anderson-Prichard Oil*	*14,200*	*2(2)*
3	*1,192*	*Gulf Oil* [13]	*39,694*	*5(1)*
None	*None*	*Hancock Oil "A"*	*5,300*	*2*
1	*9,500*	*Humble Oil* [14]	*79,300*	*9(5)*
None	*None*	*Interprovincial Pipe Line*	*10,000*	*3(1)*
None	*None*	*Skelly Oil*	*9,200*	*4*
None	*None*	*Standard Oil of Ohio*	*13,900*	*2*
None	*None*	*Texas Gulf Producing*	*5,500*	*2*
		Natural Gas		
3	18,400	El Paso Natural Gas	2,500	1(1)
2	2,200	Hugoton Production Co.	None	None
2	2,700	International Utilities Corp.	None	None
3	21,100	National Fuel Gas [16]	350	1
2	1,000	Panhandle Eastern Pipe Line	12	1
None	*None*	*Chicago Corporation*	*12,700*	*4(1)*
None	*None*	*Southern Production Co.*	*3,000*	*2*
None	*None*	*Western Natural Gas*	*53,917*	*2(1)*
		Public Utilities		
4(2)	20,800	American Tel. & Tel.	800	2(2)
3(1)	15,000	International Tel. and Tel.	700	1
7(2)	28,856	Middle South Utilities [17]	20	1
9(1)	93,298	New England Electric System [18]	12,900	1
2	5,800	Puget Sound Power & Light	None	None
2(1)	19,250	San Diego Gas and Electric	None	None
2(1)	17,600	South Carolina Electric and Gas	None	None
6(2)	42,320	Virginia Electric and Power [19]	10,500	3
1	*8,500*	*American Gas and Electric*	*19,375*	*3(1)*
2(1)	*5,000*	*Columbus & South. Ohio Elec.*	*38,300*	*4(3)*
None	*None*	*Commonwealth Edison*	*15,000*	*3(3)*
None	*None*	*Consolidated Edison of N. Y.*	*16,500*	*3(2)*
None	*None*	*Gulf States Utilities*	*14,825*	*5(1)*
2	*1,200*	*Duquesne Light*	*32,800*	*5(2)*
None	*None*	*Iowa-Illinois Gas & Electric*	*13,000*	*3(2)*
None	*None*	*Kansas City Power & Light*	*9,000*	*3(1)*
None	*None*	*Minnesota Power and Light*	*3,400*	*2(1)*
None	*None*	*New York State Electric & Gas*	*16,869*	*2*
None	*None*	*Niagara Mohawk Power Corp.*	*49,000*	*5(2)*
None	*None*	*Ohio Edison*	*16,000*	*4(2)*
None	*None*	*Oklahoma Gas and Electric*	*6,580*	*2(2)*
None	*None*	*Public Service Co. of Colorado*	*24,700*	*4(2)*
None	*None*	*Union Electric of Missouri*	*21,500*	*2(2)*

—Bought—			—Sold—	
No. of Trusts	No. of Shares		No. of Shares	No. of Trusts
		Radio and Amusement		
3(2)	5,500	Amer. Broadcasting-Paramount	None	None
3	1,500	Paramount Pictures, Inc.	4,500	1
2(1)	15,400	Technicolor	None	None
2(2)	14,000	Twentieth Century-Fox	None	None
None	*None*	*Universal Pictures Co.*	*3,400*	*2(1)*
		Railroads		
3	2,100	Atchison, Topeka & Santa Fe	None	None
2(1)	7,100	Baltimore and Ohio	None	None
3(2)	24,200	Chesapeake and Ohio	None	None
4	7,500	Great Northern	None	None
8(5)	14,800	Illinois Central	6,400	4(2)
3(2)	2,500	Kansas City Southern	None	None
7(2)	79,000	New York, Chicago & St. Louis	None	None
7(2)	29,600	Southern Railway	1,100	2(1)
4(1)	6,500	Union Pacific	None	None
3(2)	11,400	Western Pacific	7,200	1
None	*None*	*Atlantic Coast Line*	*1,600*	*2(1)*
2(1)	*3,500*	*Louisville and Nashville*	*28,000*	*4(3)*
		Railroad Equipment		
3(1)	16,000	General American Transport'n	2,500	1(1)
3	6,100	Pullman	None	None
		Retail Trade		
4	4,100	Allied Stores	7,600	2(1)
2	5,500	Marshall Field	None	None
2	1,400	National Tea [12]	None	None
3(3)	3,500	Sears Roebuck	200	1
1	*20,000*	*Gimbel Brothers*	*20,500*	*4(3)*
None	*None*	*Montgomery Ward*	*23,000*	*2(2)*
1	*8,000*	*G. C. Murphy*	*10,000*	*4(1)*
None	*None*	*Safeway Stores*	*12,800*	*5(3)*
None	*None*	*Simpson's Ltd.*	*12,700*	*2(1)*
		Rubber and Tires		
4	6,000	United States Rubber	2,000	2(1)
		Steels		
4(1)	5,300	Allegheny Ludlum Steel	None	None
9(1)	27,100	Armco Steel	17,000	2(1)
9(2)	43,600	Bethlehem Steel	8,500	4(1)
4(1)	9,900	Harbison Walker Refractories	None	None
4(1)	25,900	Inland Steel [20]	None	None
2	41,800	Jones and Laughlin	None	None
7(4)	15,500	National Steel	None	None
13(6)	56,100	Republic Steel	300	1
2(2)	3,400	U. S. Pipe and Foundry	None	None
12(1)	54,800	United States Steel	200	1
3(1)	8,500	Wheeling Steel	None	None
		Textiles		
4(2)	*7,900*	*American Viscose*	*71,400*	*7(5)*
1(1)	*300*	*Celanese Corp.*	*30,000*	*4(2)*
None	*None*	*Duplan*	*15,500*	*2(2)*
		Tobaccos		
2	1,600	American Tobacco	None	None
		Miscellaneous		
2(1)	600	Brown Shoe	None	None
2(1)	4,200	General Shoe Corp.	None	None
2(2)	12,000	New York Shipbuilding	None	None

—FOOTNOTES—

1 Excludes shares received in 2 for 1 split-up.
2 Excludes shares acquired through 3 for 1 split-up and those converted from preferred issue.
3 New shares represent conversion of preferred stock.
4 Additions received as 4% stock dividend.
4a New common received in exchange for $4 cumulative preferred.
5 21,950 shares converted from preferred.
6 Part purchased through rights.
7 Exchanged for prior preferred issue.
8 New additions in part represent 5% stock dividend and conversion from preferred.
9 2,674 shares received as 7% stock dividend.
10 Excludes stock received as 5% distribution.
11 2½% share dividend not included.
12 2% share distribution excluded.
13 4% capital declarations omitted.
14 68,450 shares of Standard of New Jersey received in exchange for 76,055 shares of Humble. Basis: 9 Jersey for 10 Humble.
15 Received from holdings of Texas Pacific Land Trust. Basis: 4 for 1.
16 9,610 shares purchased through rights. Basis: 1 for 10.
17 11,197 shares acquired with rights. Basis: 1 for 15.
18 28,320 shares bought through exercise of rights. Basis: 1 for 10.
19 Part purchased through rights.
20 9,500 shares received on conversion of bonds.

NOTE—This survey covers 64 investment companies, but purchases or sales of funds sponsored by the same management are treated as a unit. For example, the four companies sponsored by J. and W. Seligman are considered as having the weight of one manager. Individual portfolio changes in the Loomis-Sayles Mutual Fund are not surveyed but those of Overseas Securities, which does not appear in the companion table, are included.

SUMMARY

Excess of Net Portfolio Purchases or Sales of 64 Investment Companies

	Bought	Sold	Matched	Total
Open-End Companies:				
Balanced Funds	5	5	13	23
Stock Funds	15	4	11	30
Closed-End Companies	0	4	7	11
Totals	20	13	31	64

Continued from page 35

Electric Utilities Sold by Funds

other decrease in Atlantic Coast Line totaled 1,600 shares.

Metals Bought on Balance

St. Joseph Lead was the best liked of the non-ferrous metal shares, five managements acquiring 17,200 shares; a small block of 140 shares was sold. American Smelting, Magma (excluding its stock dividend) and Newmont Mining were each purchased by four trusts. Additions equaled 15,700, 25,099 and 3,200 shares, respectively. Two aluminum companies, Kaiser and Reynolds, were each bought by three managements. An interesting transaction was the sale by Boston Fund of Aluminium, Ltd. and the purchase of Aluminum Co. of America. Vanadium and Anaconda were each acquired by a pair of trusts. But another big copper producer, Phelps Dodge, was the least popular issue in the group, three funds eliminating and two more lightening a total of 13,840 shares. International Nickel was also sold on balance by four managements, but opinion was evenly divided on Kennecott.

Although purchases were made on over-all balance in the food group, transactions were fairly well distributed. Swift was the favorite issue, five trusts acquiring a total of 12,400 shares, one making an initial commitment. Three investment companies showed an interest in Armour common and two liked Wrigley. United Fruit, a trust favorite over a year ago, was eliminated from four portfolios and lightened in another. Sales equaled 8,300 shares; three small offsetting purchases totaled 800. Standard Brands also was sold on balance.

General Motors had the U. S. auto field to itself among fund managers during the period. Eight portfolio additions and one new purchase totaled 51,800 shares. Transactions in Chrysler were inconclusive, amounting to one purchase and two sales, although the latter equaled 49,100 shares. One initial commitment and two increases in holdings of Ford of Canada totaled 4,495 shares. Timken Roller Bearing was purchased by four funds, while two acquisitions each were made of Federal Mogul, Kelsey Hayes Wheel, Motor Products and Murray Corp.

Some Aircraft Liquidation

Seven managements sold the Chance-Vought stock they had received as a spin-off from United Aircraft. Profits were taken in Boeing, two portfolio eliminations and three decreases totaling 27,700 shares. Sperry was sold by four managements and Pan American World Airways was disposed of by two trusts. However, the latter was contrary to the general experience among air carriers during the quarter under review. Unusual interest was shown in American Airlines, a total of 200,600 shares being bought by eight managements, half of these making new commitments. Purchases of Fundamental Investors represented 120,000 of these shares. Eastern was also well bought, one-half dozen investment companies acquiring 23,000 shares; three of these made initial purchases. Neither was United Air Lines neglected, two portfolio additions and two new acquisitions amounting to 37,200 shares.

Less enthusiasm was shown for the natural gas issues than during the previous three months. El Paso was a slight favorite over the other stocks in the group, three trusts adding 18,400 shares to existing holdings. A couple of purchases each were made of Hugoton Production, International Utilities Corp. and Panhandle Eastern Pipe Line. Three additions were made to holdings of National Fuel Gas, a portion through the use of rights. Four sales of Chicago Corporation totaled 12,700 shares and two managements each sold Southern Production Co. and Western Natural Gas.

In the machinery and industrial equipment group, Caterpillar Tractor and Halliburton Oil Well Cementing were favorites, four funds acquiring 7,500 shares of the former and 45,500 shares of the latter. In each instance two

Continued on page 38

Continued from page 37

Electric Utilities Sold By Funds

of these trusts were making initial commitments. Also liked in this group were Worthington, Chain Belt, Ingersoll Rand and Thew Shovel. Two trusts each disposed of holdings in Bullard and Link Belt.

Champion Paper and Fibre and Lily Tulip Cup were the best-liked issues in the paper and pulp division, three funds purchasing a total of 6,000 shares of the former and 2,200 shares of Lily Tulip. Crown Zellerbach, Robert Gair and West Virginia Pulp and Paper were each purchased by six managements disposing of 18,767 shares. Partially offsetting were four comparatively small additions as well as the shares received in the 5% capital distribution. Marathon and Mead were also each sold by a couple of funds.

Steady Buying of Insurance Stocks

Insurance issues were bought on balance as contrasted with an even division of opinion in the previous quarter. Connecticut General Life and Lincoln National were acquired by three managements and Boston Insurance Co. and U. S. Fidelity and Guaranty each found two purchasers. Fireman's Fund Insurance was eliminated from three portfolios. C. I. T. Financial was better bought than in the September quarter, four trusts acquiring a total of 44,000 shares, one making an initial commitment. Beneficial Loan and Pacific Finance each were acquired by three managements while two trusts added shares of Commercial Credit and Industrial Acceptance. Marine Midland, as during the previous three months, was one of the favorite bank stocks, four trusts purchasing 51,950 shares. Transamerica was also liked by four managements and there were two acquisitions each of Chase, National City Bank of New York and Northwest Bancorporation.

Drug Products found fewer purchasers than earlier in the year. With extremely few exceptions there was little concentration either in additions or sales. Pfizer was acquired by five managements, purchases totaling 31,600 shares. Two funds also each bought Gillette and Procter and Gamble. Transactions in Merck were fairly evenly dividend. Selling practically dried up in the tobaccos, and two trusts liked American Tobacco on light volume. Deere and Harvester were both favored in the agricultural equipment group, in which the latter had been the lone favorite during the earlier September quarter. Case, however, met with liquidation, two managements eliminating it from their portfolios while a third lightened holdings.

Among the amusement shares, American Broadcasting-Paramount Theatres and Paramount Pictures, Inc. were each bought by three managements while two acquired Technicolor and Twentieth Century Fox. Radio and electronics interest centered on Radio Corp. with eight purchases totaling 23,900 shares. Philco was well liked, five acquisitions equaling 24,100 shares. Also bought on balance were Zenith, Beckman Instruments and Philip's Gloeilampenfabrieken. Profit-taking continued in General Electric with seven sales totaling 95,-300 shares. Also sold were Sylvania, Raytheon, Square "D" and Tecumseh Products. Opinion continued divided on Westinghouse Electric as during the September quarter.

Although over-all transactions in the chemicals were fairly well divided, purchases were concentrated in individual issues. Favorites were American Cyanamid and Union Carbide, six managements acquiring 31,200 shares of Cyanamid and 11,500 of Carbide. Monsanto was purchased by five trusts, Allied Chemical by four, Hooker Electrochemical by three and American Agricultural Chemical and Columbian Carbon each by two. Selling on balance was concentrated on Olin-Mathieson and Pittsburgh Coke and Chemical.

Building Issues Popular

Flintkote and American Radiator were the best liked building stocks as during the previous three months of 1954. Devoe and Raynolds and Bridgeport Brass were also each bought by two managements. Sold on balance were Carrier, Georgia Pacific Plywood and United States Gypsum. Two trusts each also lightened holdings of Armstrong Cork, MacMillan and Bloedel, Ltd., National Lead and Sherwin Williams.

Merchandisers Lose Popularity

Selling of the merchandise shares increased about 30% over that of the September 1954 quarter. Safeway was the least popular issue, five managements selling 12,800 shares, three completely eliminating the stock from their portfolios. Gimbel and Murphy were each sold by four funds while Montgomery Ward and Simpson's Ltd. were disposed of by two. Allied Stores was the favorite merchandiser, four trusts buying 4,100 shares. Sears Roebuck was liked by three managements (all of which made new commitments) and Marshall Field by two.

Textiles, which had been bought on light balance earlier in the year, were currently in disfavor. American Viscose was sold by seven funds, Celanese Corporation by four and Duplan by two. Opinion was fairly well divided on J. P. Stevens, three purchases totaling 20,900 shares offsetting four sales equaling 16,200 shares.

Business Man's Bookshelf

Agarian Reform—Paul L. Poirot—Foundation for Economic Education, Inc., Irvington-on-Hudson, New York (paper), single copy free—quantity prices on request.

Approaches to Economic Development—Norman S. Buchanan and Howard S. Ellis—The 20th Century Fund, 330 West 42nd Street, New York 36, N. Y. (cloth) $5.

Care for Children in Trouble—Summary of Report of the California Committee on Temporary Child Care—Public Affairs Pamphlets, 22 East 38th Street, New York 16, N. Y. (paper) 25c.

East Africa: Year Book & Guide 1955—Edited by A. Gordon-Brown—H. W. Wilson Company, 950 University Avenue, New York 52, N. Y. (cloth) $3.

Federal Tax System of the United States: A Survey of Law and Administration—Joseph P. Crockett—Columbia University Press, 2960 Broadway, New York 27, N. Y. (cloth) $4.75.

Fifth Weapon, The (Notes on the Kremlin's concept of total coordination of all weapons)—Robert S. Byfield—The Bookmailer, Box 101, New York 16, N. Y. (paper), $1.

How Much To Pay For Your Home—Frederick W. Jackson—The Dime Savings Bank of Brooklyn, 9 DeKalb Avenue, Brooklyn 1, N. Y.—free.

Ownership Of Tax Exempt Securities, The—George E. Lent—National Bureau of Economic Research, 261 Madison Ave., New York 16, N. Y. (paper), $1.50.

Profit Sharing in American Business—Edwin B. Flippo—Bureau of Business Research, College of Commerce and Administration, Ohio State University, Columbus, Ohio (cloth).

School Teachers' Salaries in Large Cities 1954-1955—The Tax Foundation, 30 Rockefeller Plaza, New York 20, N. Y. (paper), single copies without charge; quantity prices on request.

Southern Africa: Year Book & Guide (1955)—Edited by A. Gordon-Brown—H. W. Wilson Company, 950 University Avenue, New York 52, N. Y. (cloth) $3.

Spanish & English Dictionary—Dr. Edwin B. Williams—Henry Holt & Co., New York (cloth) $7.50 plain edges; $8.50 thumb-indexed.

Technological Change—Who Gets the Benefits—Prof. Clyde E. Dankert—Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H. (paper), copies on request.

Understanding The New York Stock Exchange—Booklet on the history and operations of the Exchange—New York Stock Exchange, New York 5, N. Y.

Lamborn Appointed By Godchaux Sugars

Appointment of Lamborn and Company, Inc., 99 Wall Street, New York City, as general brokers for Godchaux Sugars, Inc., in all territories where it does business, has been announced by Justin A. Godchaux, Vice-President in charge of sales for the sugar firm.

Lamborn and Company, Inc. maintain offices in New York, Philadelphia, Savannah, New Orleans, Chicago, Saginaw and Detroit, with associate brokers in many other cities.

At the same time, Mr. Godchaux announced that all present local Godchaux brokers will continue as associates.

Cashiers Association Elects New Officers

Sam Minsky, who is associated with Hardy & Co., has been elected President of the Cashiers Association of Wall Street Inc. Other officers elected are Howard W. Sumner of Halsey, Stuart & Co., First Vice-President; C. Russell Berger of G. A. Saxton & Co., Treasurer, and Joseph T. Cashman of D. A. Lomasney & Co., Secretary.

Continued from first page

As We See It

times. Our knowledge of the facts is insufficient for any such judgment even if there were no other difficulty. Neither are we attempting to advise the Administration as to what current program should be adopted. The existing situation is complex and includes certain imponderables.

Our Present Situation

We do not think it amiss, however, to ponder in print the position we find ourselves in at present as a result of our previous deviations from formerly well accepted principles of international custom. First of all, there is a *de facto* regime in China which, whatever the reason or whose-so-ever the fault, is firmly entrenched. So far as the ordinary man can see or surmise, there is little or no likelihood that it will be overthrown in the foreseeable future. It apparently has the full backing of powerful Soviet Russia which lies along its border for thousands of miles. By steadfastly refusing to acknowledge its existence and its apparently secure position we have acquired (we avoid the word earned) the deep resentment and settled enmity of that regime.

This Chinese government—that is what it is, of course—doubtless determined a good while ago to gobble up Korea. That little country, geographically an appendage attached to the mainland of Asia, has a long and troubled history. By what right Communist China is able to claim it as really Chinese territory we do not know, but in the history of such situations abstract justice never has been vital. After much vacillation we finally decided to halt the advance of Communism (or Peiping or the Kremlin, as you prefer) down this peninsula. We succeeded in doing so for the time being at least—at the price of much treasure and many American lives. But to what end? Who doubts that Northern Korea is by now inhabited mostly by Chinese and others acceptable to Peiping? Who doubts the intention of these patient and determined orientals to take the remainder of Korea when the time seems ripe?

At the moment it is the so-called "offshore islands" lying along the coast of the Chinese mainland that claim attention. The whole world regards them as Chinese, and the whole world, except the United States, apparently regards the Communist regime in China as the government of China. Our recent actions appear to concede this status for these islands, practically speaking, at least if they are not in actual use as stepping stones to an attack upon Formosa. But they have been evacuated, so far as they have been evacuated, only in the presence of very real Communist pressure. Unfortunately, our tacit consent to their occupation and control by Peiping may not, therefore, much reduce the hostility felt by that regime toward the United States.

Then there is the Island of Formosa itself. The whole world, including the United States, agrees that Formosa belongs to China. But who or what is China? For us China is Formosa—at present at least—and he would hardly be a realist who supposes for one moment that in the foreseeable future the forces on Formosa can land on the mainland and take any substantial part of continental China. It is unthinkable that we should find it to our interest to lend our man-power and treasure to any such venture. Without question we can deny Formosa to the Communists indefinitely, but to what end? Possibly some peaceful "settlement" of this issue can be found which will yield two Chinas—as it is said the British would like to see done—but the outlook certainly is not bright.

To Save Face

Whether either South Korea or Formosa really have the strategic military value often attributed to them—particularly Formosa—we should not undertake to say. The question is certainly debatable, and is debated in military circles. But it is certain that both have become involved in the psychology of the Far East. It would not be easy for us to yield either of them without losing what is known as "face" seriously in the Far East. We can not avoid the feeling that this embarrassing impasse could somehow have been avoided — as Britain has largely avoided it except for her entanglements with us—by a more forward looking and realistic policy toward the countries of the Far East. We have neither followed the rules of the game nor succeeded in setting up effective new rules of our own.

In still other ways we have been and still are scornful of traditions in this field of international relations, and, we suspect, are having to pay a penalty for it. It may be true that we must occupy and fortify bases within a few hundred miles of the Asiatic mainland in order to defend San Francisco, but we can think of no other country that has ever made such claims in the past—and it is more than doubtful if such claims would have been generally accepted had they been made. Policies of this sort in the past have invariably been part and parcel of imperialistic plans and ambitions. We hardly need be surprised therefore, if Asiatic countries—long victims of imperialism of the West — find it difficult to believe our protestations of imperialistic disinterestedness so long as we insist upon this type of defense of our coasts.

We sometimes wonder if we should not profit by sitting down and rethinking all these matters with the utmost care.

Continued from page 6

"Politics Is the Art Of the Possible"

once put into play to keep the boom in bounds and thus avoid an eventual collapse.

(1) Government spending was checked.

(2) The Federal Reserve System was allowed freedom to use its powers.

(3) Debt management sought to avoid further increases in bank credit.

The 3¼% bonds issue was part of this program.

The policies appeared to be effective. The inventory boom began to flatten off. The bulge in consumer credit was checked. Defense orders were brought under control.

A period of readjustment was inevitable. When it became really clear that the turn had come, the problem of fiscal and monetary policy was abruptly changed. The problem then was to cushion the force to the adjustment, to encourage private activity to take up the slack left by reduction in government spending and reductions in inventories. Therefore, the Federal Reserve System turned its money policy to one of active ease. Tax reductions were put into force.

On the side of debt management, the important thing was to offer no interference to the stimulating forces in the economy—in particular, building and business spending. This meant the need for a good market for mortgages and a good market for new security issues. To avoid competition with these markets, most of the financing in the summer of 1953 was done in short term issues.

These were the practical aspects of the situation. It was not a retreat from a long term objective but was an adjustment to a practical situation.

Gradually, beginning in September, 1953, the intermediate market opened up; and further steps were taken in distributing the debt in the 2- to 9- year maturity period, without any undesirable pressure on the availability of funds. On eight occasions in late 1953 and during 1954, the debt was extended, but always within the bank area.

This month, with a stronger business situation, it became clear that long bonds could be issued without doing damage to recovery. Hence, it was possible to move more boldly toward the fundamental objective, and the 3% 40-year bond was floated successfully.

During this whole period when the market for bonds was not freely open, we made steady progress toward a broader distribution of the debt by increased sales of Savings Bonds to individuals. To encourage sales, several changes have been made in the regulations. Of special interest to this audience is the action in making the E and H Bonds eligible for purchase by personal trust accounts beginning the first of January this year. We believe this step meets a substantial need without violating the principle of restricted ownership.

To these illustrations of the blending of long term objectives and practical short term requirements many more could be added.

In a quite different field, the farm program is a particularly striking case. It has as its objective the restoration of freer markets and the reduction in government intervention in supporting prices and regulating production. As a practical matter, this could only be done gradually, for both political and practical economic reasons. To have made the change all at once would have proved too much of a shock.

It is on just this kind of issue that Washington and New York and Chicago find it hard to understand each other's language. "Why don't they stop pussyfooting?" says the business man. Of such misunderstanding is bred the lack of agreement and dilution of influence of those who agree on high principles.

What can be done about it? Agreement would be easier if the leaders of business and the leaders of politics and all our other leaders lived in the same town and met each other in the daily course of events at lunch, at dinner, and at golf. We need the best substitute.

My principal suggestion is that business and banking as well as other important elements in our society give further attention to developing their constructive suggestions to government.

In this type of endeavor we are going through a wholesome revolution. The day was, not so long ago, when trade associations presented to the government a series of recommendations which were nothing more than a list of what the members of the association wanted from government in their selfish interest. This still happens now and again.

But, fortunately, we have been moving away from this futile piece of self-service. A number of business and banking groups are now developing policies that command respect for objectivity, realism, and devotion to the public interest.

I want to pay special tribute to the groups of bankers, investment bankers, and insurance executives who, several times a year, come to Washington and spend hours with us in discussing Treasury financing. Their counsel is invaluable, and, in addition, the meetings serve to bridge many gaps in understanding.

The success of the recent financing was due in no small measure to the extraordinary cooperation of bankers, dealers, and investment institutions. On several days, the turnover was $2½ billion in getting the $15 billion of new issues into the right hands.

The Federal Advisory Council to the Federal Reserve Board, the Advisory Council of the Department of Commerce, and the Advertising Council serve similar purposes and are most helpful.

Let no man say that these are just talk-fests. Ideas are the most potent force in the world. To be given the opportunity to share in the formation of ideas is to participate creatively in government at the most effective point.

Your own Association, through the recent series of reports on monetary policy and through the Arden House discussions, is supplementing the valuable work its Washington committees have been doing. Your Association's program of bringing state banking leaders to Washington each spring is also most welcome and useful. For this program, I wish to express the appreciation felt by us in the Treasury. You are giving us great encouragement in our difficult tasks, both in helping us solve our problems and in explaining them to your own members and others, thus making significant progress in the vital work of broadening the base of mutual understanding.

To avoid misinterpretation and keep the balance of the scales even, let me return to an earlier thought. We must never underrate the chances of attaining long term aims, even against heavy odds. In politics, it is all too easy to blot out the forest with trees. It is too easy to yield to the temptation to outbid the opposition at the sacrifice of principle.

A relentless determination to achieve great aims is just as necessary for progress as a wise pursuit of the "Art of the Possible."

To state it another way: "The reasonable man adapts himself to the world; the unreasonable one persists in trying to adapt the world to himself. Therefore, all progress depends on the unreasonable man."

We hope that our friends in banking will understand sympathetically our daily practical problems. We hope, also, with their greater detachment from these problems, they will steadily throw their influence in pursuit of the great underlying principles on which long term progress depends.

Elected Director

DALLAS, Texas — Milton McGreevy, Harris, Upham & Co., Kansas City, has been elected to the board of directors of Braniff International Airways, it was announced by Chas. E. Beard, President, following a meeting of the airline's directorate here.

Mr. McGreevy's return to the airline's board of directors follows an absence of 17 months due to the pressure of other business. He first was elected to the board of Mid-Continent Airlines in March, 1940, and continued to serve as a director of Braniff following the merger of the two airlines in August, 1952, until his resignation in September, 1953.

Hirsch Adds Two

Hirsch & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, announce that C. Wesley Lee has become associated with the firm's Bond Department and that G. V. Westernhagen has joined the firm as a registered representative.

Seaboard Securities

WASHINGTON, D. C. — Seaboard Securities Corporation is engaging in the securities business from offices in the Tower Building. Paul L. Badger is a principal of the firm.

Continued from page 3

The Impact of Postwar Experience on Trust Investments

prices would increase the burden of indebtedness and cause considerable difficulty both to public and private borrowers. Secondly, wage rates are high and costs of production are still increasing. As stated before, a decline in wage rates is not likely; hence costs of production are bound to remain high. Thirdly, the government is committed to a policy of full employment, economic expansion, and maintaining farm prices.

All these factors combined therefore — and many others can be mentioned—lead to the conclusion that the commodity price inflation which has taken place as a result of World War II and its aftermath is permanent in character. An appreciation in the purchasing power of the dollar, which naturally would help holders of fixed-income-bearing securities, is unlikely. On the contrary, the trend of commodity prices will in all probability continue to inch upward, thereby further slowly decreasing the purchasing power of the dollar.

This is a new development. History after World War II did not repeat itself. Since the end of World War II, we have witnessed the greatest boom and the greatest inflation. However, this boom and period of inflation as expressed in terms of commodity prices have not been followed by a period of depression and deflation. Naturally, the investment officer who is mindful not only of the need to maintain a trust fund intact in terms of money but also as far as possible preserve the purchasing power of the trust will have to take this development into account. It adds a new experience to his fund of knowledge.

Interest Rates

The movement of interest rates after World War II also did not repeat the performance of previous postwar periods. After World War I, for example, interest rates rose sharply, particularly during the initial period of the inflation and then declined only in slow stages. After World War II, interest rates remained at exceedingly low levels until 1951 when the accord between the Treasury and the Federal Reserve occurred and the pegging of government security prices was abandoned. After the accord in March, 1951, until the middle of 1953, money rates rose; but the rate of return even at the peak remained low compared with previous periods. The increase in money rates from 1951 to 1953 resulted primarily from a coincidence in that the demand for funds from both the public and private sector of the economy was very large. In spite of the fact that the economy during this period was operating in high gear, the defense expenditures of the Federal Government not only made it impossible to balance the budget but forced the Treasury to appear as an important borrower in the open market. Since inflationary pressures were present, the policies of both the Reserve authorities and the Treasury underwent a considerable change.

However, this policy change was only short-lived. As soon as business activity began to show signs of decreasing, the credit policy of the Reserve authorities and the debt management policy of the Treasury underwent a considerable change. Money rates in the second half of 1953 and in the first half of 1954 declined considerably and were lower than prior to the adoption of the credit restraint policies.

The Experience of 1953 and 1954

Developments in the money and capital markets in 1953-54 offer a valuable lesson to those interested in buying a fixed-income-bearing security. First, the credit policies of the Reserve authorities are guided primarily by the trend of business activity. Should inflationary pressures develop, one may expect the adoption of credit policies which will result in tighter money market conditions and somewhat higher rates of interest. The moment the forces of inflation give way and some elements of deflation appear, the monetary policies will undergo a change and money rates will become lower.

Experience during 1953-54 also clearly demonstrated that government securities do not have that liquidity which was generally attributed to such obligations up to the beginning of 1953, and they are subject to the same degree of fluctuation as other high grade bonds. While they remain the prime investment throughout the world and while there is absolutely no risk attached to them, they fluctuate like other money bonds with the money market. This factor has to be considered particularly by those who have looked upon medium and longer term government obligations as highly liquid assets which could at any time without any risk be converted into other types of securities, stocks or other bonds.

The Outlook for Money Rates

With the pegging of government securities definitely abandoned (and rightfully so) and with a flexible credit policy in force, money rates and bond prices will fluctuate perhaps more in the future than in the immediate past. The movement of interest rates, hence of bond prices, will be guided primarily by demand and supply factors, which will reflect the influence of business conditions and the credit and debt management policies of the monetary authorities.

The experience of 1953-54 is therefore of considerable value to the trust officer. It indicates that when business begins to assume the character of a boom, it is time either to sell or to refrain from buying fixed-income-bearing securities. Only after the boom has passed its peak is it time to consider investment in fixed-income-bearing securities. The change in the credit policies of the Reserve authorities now in the making indicates that the policy of active ease has been abandoned and is being replaced by one of flexible neutrality. Should the boom in the equity market continue and should the supply of home mortgages continue as large as it has been in the immediate past, it is probable that the policy of flexible neutrality will give way to one of restraint which will lead to higher money rates and lower bond prices.

In the long run, however, and eliminating temporary cyclical fluctuations, the trend of money rates is not up, primarily because the supply of funds which will seek an outlet in fixed-income-bearing obligations — bonds and mortgages—is very large and is bound to increase in the future. The supply of such securities available to the market, while considerable, may not be equal to the demand unless the government, through its refunding operations, increases the supply of long term government obligations.

Equities

The movement of equity prices during the postwar period has also not performed according to previous standards. The equity market declined in 1946 to 1948 in spite of the fact that business activity in 1947 and 1948 was at a high level. During the period of readjustment in 1953-54, the equity market rose rather sharply in spite of the decline in business activity, the lowering of profit margins of some companies, and the increase in unemployment. The equity market was apparently influenced by factors other than business activity. The trust officer will have to give increasing weight in the future to these newer factors, particularly since equities promise to play an even more important role in trust investment than in the past. A reconsideration of the forces that influence the movement of equity prices, particularly those that cannot be quantitatively determined, such as the psychology of the people, will therefore have to take place.

Some of the newer forces affecting the equity market have already been discussed. The movement of equity prices in 1953-54 reflected the acceptance by investors of the fact that the inflation in the United States as a result of the war is permanent in character. Since equities represent tangible values, the belief of many investors that the increase in the dollar valuation of tangible properties underlying equities is permanent in character was bound to have an effect on equity prices.

The widespread belief that a major depression is not in the making in the United States and that the business pattern after World War II will differ from previous major postwar experience has also affected equity prices. Other contributing factors have been the maintenance of low money rates and the high capital gains tax rates. Hence, in the future the trust officer, in timing his equity purchases, will have to consider factors which in the past played only a minor role in the movement of equity prices.

Taxation

Developments in taxation after World War II also differed from those in the past. During every major war, taxes were increased; but the moment hostilities were over, Federal expenditures were drastically reduced, followed by a substantial reduction in tax rates. After World War II, the reduction in tax rates, as far as individuals are concerned, has been moderate indeed. The normal and surtax rates of corporations are at the highest level in history, and the only relief granted to corporations has been the removal of the excess profits tax. A material reduction of individual and corporate taxes in the near future is not likely. Defense expenditures will in all probability remain high; and foreign aid in one form or another will continue, possibly at a lower level. The expensive farm support program will be maintained. All these expenditures impose a burden on the Treasury and do not offer any immediate prospect of a material reduction of the tax burden.

This in turn means that tax-exempt securities are likely to play a more important role in trust investment even in smaller accounts. The supply of tax-exempt securities will be large for quite some time to come since the pent-up as well as the current demand for all kinds of public works is large and is still growing. The revenue bond will play an even more important role in the future than in the past. Because of the large supply of tax-exempt securities in prospect, the rate of interest they will carry, irrespective of the trend of interest rates, is likely to be satisfactory even to individuals who are in a lower income bracket.

International political developments after World War II also differ materially from any similar experience. After every major war in the past, the armies of the United States were disbanded and military expenditures were drastically reduced. After World War II, however, as a result of the aggressive attitude of international Communism and the outbreak of the Korean War, the United States was forced to spend billions of dollars on national defense at home and to strengthen the economies and military establishments of its allies. This does not seem to be a passing phase, and in all probability these large expenditures will continue in one form or another for an indefinite period of time. Hence, government expenditures for national defense will continue to play an important role in the economy of the country.

Economic Trends

The economy of the United States during the entire postwar period has been marked by great dynamism based on the growth of population, the huge expenditures on research which created new products and new methods of production, and by the large outlays by corporations for new plant and equipment. A dynamic economy means the creation of new values and the destruction of older ones. It leads to increased competition, to a large number of failures, and to an accentuation of the merger movement. In such an economy, management becomes of prime importance, since the quality of management, more than anything else, determines the success and failure of a company.

The dynamism of the American economy increases the burdens and responsibilities of the trust officer in some respects, but in others it makes his task easier. A growth economy tends to be more stable in character. It goes without saying that a free economy is bound to have its ups and downs; but in a growth economy, the swings tend to be more moderate. This development is likely to have a favorable effect on the dividend policy of some corporations and thus make the equities of such companies more attractive as trust investments. Similarly, the creation of larger economic units through mergers adds to the list of securities suitable for trust investment.

Conclusions

Trust investment management must be adapted to the rapidly changing economic, political, and social conditions. Traditions and practices which were considered sound and proven a generation or even a decade ago may not be suitable or advisable today. The basic principles, however, as regards trust investments, never change. They are preservation of principal, both as to the amount in terms of money and as far as possible as to purchasing power of the dollar. Those who steadfastly adhered to the principle that maintaining the *corpus* intact in terms of money is the sole function of trust fund management caused the beneficiary not only to lose half of the real value of the trust fund since 1940 but also affected adversely the trust fund income because of the low rates on prime fixed-income securities.

The real problems before the trust officer and his committee are:

(1) To strike a balance between fixed-income-bearing securities and equities.

(2) The selection of the industry groups and of individual company equities, which because of the dynamic changes in the American economy has become more complicated.

(3) Timing of purchases and sales of securities.

As regards bonds, this is not as difficult as in the case of equities since experience before the war as well as since the abandonment of the practice of pegging government securities has clearly demonstrated that the movement of interest rates is influenced primarily by business activity and by the supply and demand for capital. There is ample statistical information on both of these phases to enable the well informed officer to formulate an opinion.

As regards equities, the timing is extremely difficult and perhaps more so now than before because experience since the war has demonstrated that the equity market does not forecast business activity in general nor does the movement of equity prices always reflect prevailing business conditions or earnings of individual companies. Since equities are likely to play in the future an even more important role in trust investments than before, the trust officer will be compelled to consider not only the old and tested measuring rods but will also have to develop new ones based on the postwar economic and financial developments.

In some respects, these changes have made the task of the investment officer more difficult; in one important, perhaps the most important, aspect, they have made it easier.

(1) The economy has become more stable, and the wide swings in production and employment such as we experienced in the past are not anticipated. While a free dynamic economy is bound to have its ups and downs, a major depression of the proportion of the 1930's will be avoided.

(2) The economy of the country is sound, its productive capacity is great, efficiency and productivity are rising, the economic security of the people is high and increasing, living standards are rising, and the population is growing faster than was thought possible a few years ago.

(3) The forces of inflation have run their course, and there are no signs of serious deflationary pressures.

(4) The international political situation, while still abnormal, has improved; and the economic recovery of Western Europe has been remarkable indeed.

(5) The longer range outlook for the United States is favorable indeed. A $500 billion gross national product in 1965 is definitely within our potentialities.

(6) All these factors make it feasible to adopt longer range investment policies without fear of crises and violent fluctuations. It gives assurance that while securities are bound to fluctuate, a well managed company will find a growing market for its products, which will be reflected in its earnings.

Joins Adolph Thorsen

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Victor O. Langen has joined the staff of Adolph G. Thorsen, 735 North Water Street. Mr. Langen was previously with Bingham, Sheldon & Co. and Cruttenden & Co.

General Funds Co. Formed

PHILADELPHIA, Pa.—General Funds Co. has been formed with offices at 1518 Walnut Street to engage in a securities business. Max Fischer is a principal of the firm.

E. W. McWhood Opens

BLOOMFIELD, N. J. — Edward W. McWhood is conducting a securities business from offices at 49 Vernon Terrace.

Reynolds-Raynolds Co.

SALT LAKE CITY, Utah.—Reynolds-Raynolds Co. is engaging in a securities business from offices in the Judge Building.

Continued from page 5

The State of Trade and Industry

Private home starts in January totaled 87,800, against 89,600 in December and 65,100 in January, 1954.

Public housing starts, however, sank to only 200 in January, compared with 1,400 a month earlier and 1,300 a year earlier.

On a seasonally adjusted basis, private home starts in January ran at an annual rate of 1,424,000, which compares with an annual rate in December of 1,473,000.

Steel Output Scheduled This Week to Rise to 88.2% of Capacity

The second half ought to bring pretty good business to the steel market, despite what may happen in the auto industry, says "Steel," the weekly magazine of metalworking. It has been commonly assumed that the auto producers are trying to pack as much of their 1955 production in the first five months as possible. After that the remaining months are uncertain, continues this trade paper.

The steel ingot production rate is high enough now that it could lose several points and still be pretty good. In the week ended Feb. 13 the rate was 88% of capacity.

Annually, the auto industry uses about one-fifth of the nation's steel, but right now it's probably taking somewhat more than that. So, at least 17 points (and maybe a few more) of the current ingot rate stem from automotive demand. If you subtract those 17 points from the present rate, you have a 71-point rate, and that is several points higher than the rate in many weeks of last year. Of course, if the auto industry dropped completely out of the market for steel for a long time the effects would be so widespread that other steel consumers would need less steel, too, and the steel rate would drop by more than what the auto industry cut, declares this trade weekly.

It's not likely, however, that the auto industry would be out of the steel market for long. If anything, the auto industry would only reduce its take. If the auto industry were to cut its steel purchases by half, it would knock only nine or 10 points out of the current steel rate. That would leave a rate of around 78% of capacity.

It is possible there won't be much of a drop in the automotive industry's steel demand, since Harlow H. Curtice, President of General Motors Corp., states that "at no time have we had in mind to provide inventory against a possible work interruption."

Even if auto demand for steel slows down, there are other consuming groups that will make seasonal increases. Construction is one, "Steel" points out.

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 88.2% of capacity for the week beginning Feb. 14, 1955, equivalent to 2,129,000 tons of ingots and steel for castings as compared with 86.8% (revised) and 2,095,000 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 83.2% and production 2,080,000 tons. A year ago the actual weekly production was placed at 1,779,000 tons or 74.6%. 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 Shows Moderate Recession From the All-Time High Record of the Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 12, 1955, was estimated at 9,922,000,000 kwh., a decline from the all-time high record established in the previous week, according to the Edison Electric Institute.

This week's output reflects a loss of 125,000,000 kwh. below that of the previous week, when the actual output stood at 10,047,000,000 kwh., but an increase of 1,238,000,000 kwh., or 14.3% above the comparable 1954 week and 1,775,000,000 kwh. over the like week in 1953.

Car Loadings Drop 0.2% Below Prior Week

Loadings of revenue freight for the week ended Feb. 5, 1955, decreased 1,244 cars, or 0.2% below the preceding week, according to the Association of American Railroads.

Loadings for the week ended Feb. 5, 1955 totaled 640,735 cars, an increase of 16,350 cars or 2.6% above the corresponding 1954 week, but a decrease of 49,878 cars or 7.2% below the corresponding week in 1953.

U. S. Car Capacity Rises 1.3% Above Previous Record Set in June 12-17, 1950 Week

The automobile industry for the latest week, ended Feb. 11, 1955, according to "Ward's Automotive Reports" assembled an estimated 167,095 cars, compared with 164,265 (revised) in the previous week. The past week's production total of cars and trucks amounted to 181,919 units, a decrease below the preceding week's output of 771 units, states "Ward's." Current weekly car manufacture "Ward's" notes, is 1.3% above the previous record of 164,876 cars set during the June 12-17, 1950 week and 1.7% higher than the previous week's 164,265 completions.

Last week, the agency reported there were 14,822 trucks made in the United States. This compared with 18,425 in the previous week.

Business Failures Register Moderate Decline

Commercial and industrial failures declined to 238 in the week ended Feb. 10 from 264 in the preceding week, "Dun & Bradstreet, Inc.," reports. Although casualties were down moderately from the 277 which occurred last year, they exceeded the comparable 1953 toll of 200. Failures were 25% lower than the 1939 level of 318.

Failures with liabilities of $5,000 or more dipped to 207 from 224 in the previous week and 244 in the corresponding week of 1954. A decline also took place among small casualties, those involving liabilities under $5,000, which fell to 31 from 40, and were slightly below the year-ago toll of 33. Twenty-four concerns succumbed with liabilities in excess of $100,000, as against 21 last week.

Wholesale Food Price Index Breaks Sharply in Past Week

The "Dun & Bradstreet" wholesale food price index fell quite sharply last week to stand at $6.77 on Feb. 8, as against $6.85 the week before. The current number is the lowest since the first week of this year when it was $6.75. It compares with $7.09 on the corresponding date a year ago, or a drop of 4.5%.

The past week's dip reflected sharp declines in coffee and cocoa, as well as lower prices for flour, wheat, corn, rye, oats, barley, bellies, butter, sugar and hogs. Commodities showing advances in the week included hams, cottonseed oil, eggs, potatoes, raisins, currants, prunes, steers and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Receded Slightly The Past Week as Far Eastern Tension Diminished

The general commodity price level trended lower the past week as tension in the international situation lessened somewhat. The daily wholesale commodity price index, compiled by "Dun & Bradstreet, Inc.," finished at 278.73 on Feb. 8, down slightly from 280.08 a week earlier, and comparing with 276.45 a year ago.

Leading grain markets were dull with prices mostly lower. Demand for wheat was less active. The main depressing influence in the bread cereal, aside from political developments, was the receipt of moisture in the Southwest which is said to have greatly improved the condition of Winter wheat in many of the drought-stricken areas. Substantial export trade in wheat was reported with large quantities sold to Greece and Japan. Cash corn was fairly steady and although receipts declined sharply they were ample for the demand. Stocks of corn in all positions on Jan. 1, 1955 were reported at 2,799,000,000 bushels, the largest of record and 4% above a year ago. Sales of grain futures on the Chicago Board of Trade last week declined sharply to 160,353,000 bushels. This represented a daily average of 32,100,000 bushels, against 44,800,000 in the previous week, and 41,000,000 bushels a year ago.

The world sugar market developed a firmer tone as trading expanded sharply at mid-week.

Cocoa was under pressure in late trading and prices worked lower influenced largely by the sharp break in the coffee market. Warehouse stocks of cocoa at 94,323 bags, showed little change for the week and compared with 78,658 a year ago.

Brazil coffee prices dropped about 7 cents a pound during the week. The sharp break followed action over the week-end by Brazil to bring prices down to the world competitive level by increasing bonus payments to exporters.

Cotton prices held in a narrow range most of the week and trended downward toward the close. Bearish factors included profit-taking, hedge selling and liquidation influenced by a further drop in loan entries. Domestic mill demand was less active, while export sales continued in limited volume and consisted of numerous small lots for immediate and nearby shipment.

Reported sales of the staple in the 14 markets continued to decline and totaled 194,300 bales, against 314,100 bales in the preceding week.

CCC loan entries in the week ended Jan. 28 were reported at 43,400 bales, against 66,202 a week earlier. Repayments during the latest period were 20,400 bales, leaving loans outstanding on 1,880,700 bales of 1954 cotton, and on 4,999,800 bales of 1953 cotton as of Jan. 28.

Trade Volume Registered Slight Declines For Week And Year Ago Due to Light Shopping and Cold Weather Earlier in the Week

Heavy shopping in the latter part of the period ended on Wednesday of last week was insufficient to make up for very light sales accompanying cold weather earlier in the week. The dollar volume of trade was slightly below the level of both the preceding week and the corresponding period a year ago.

The total dollar volume of retail trade in the week was estimated by "Dun & Bradstreet, Inc.," to be 3% below to 1% above a year ago. Regional estimates varied from the comparable year-ago levels by the following percentages: East —4 to —8; New England and Midwest —2 to —6; Northwest —2 to +2; South +1 to +5; Pacific Coast +2 to +6; and Southwest +4 to +8.

Although total apparel sales were considerably lower than in the previous week, the demand for higher-priced Spring merchandise increased. Clearances of Winter clothing continued, and women's coats, suits and furs were among the more popular items.

Retailers of men's apparel reported greatly decreased trade and preparations for increasing Spring stocks.

Most buyers were unwilling to place heavy, long-term orders the past week, and the dollar volume of wholesale trade was moderately smaller than the week previous. Total commitments were considerably greater than a year ago.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Feb. 5, 1955, declined 1% from the like period last year. In the preceding week, Jan. 29, 1955, an increase of 2% (revised) was registered from that of the similar period in 1954, and for the four weeks ended Feb. 5, 1955, an increase of 7% was recorded. For the year 1954, a gain of 8% was registered above that of 1953.

Retail trade in New York last week showed improvement over the previous week with the advent of warmer weather. However, sales were only slightly higher than those of the like period a year ago.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Feb. 5, 1955, registered a decrease of 9% below the like period of last year. In the preceding week, Jan. 29, 1955, a decline of 1% (revised) was reported from that of the similar week in 1953; while for the four weeks ended Feb. 5, 1955, an increase of 1% was reported. For the year 1954 the index advanced 2% from that of 1953.

Woodward Adv. Dir. For NY Stock Exch.

The New York Stock Exchange has appointed Daniel H. Woodward, Jr. as director of advertising and sales promotion, effective Feb. 21, G. Keith, Funston, President, announced. He will report to Ruddick C. Lawrence, Vice-President in charge of Public Relations and Market Development. Mr. Woodward is resigning as advertising and sales promotion manager of Cone Mills, Inc., New York City, where he has been located since 1950.

At Cone Mills, Inc., Mr. Woodward was in charge of national and trade advertising, sales promotion and product and institutional publicity. Prior to that he was sales and promotion manager of Merry Mites, Incorporated, account executive at John A. Cairns Advertising Agency, and spent eight years with Macy's New York in merchandising, management and public relations capacities. He is a graduate of Dartmouth College and served in World War II as a Captain in the Air Force.

In his new duties he will direct the Exchange's enlarged national advertising program in 542 daily newspapers, national magazines and financial publications to broaden stock ownership on a sound basis. He will also concentrate on an expanded program to help Members and Member Firms of the New York Stock Exchange develop their advertising and sales promotion activities.

Dallas Power & Light Debentures Offered

Halsey, Stuart & Co. Inc. and associates on Feb. 15 offered $7,000,000 of Dallas Power & Light Co. 3¼% sinking fund debentures due Feb. 1, 1980, and accrued interest, to yield 3.125%. Award of the issue was won by the underwriting group at competitive sale on Feb. 14 on a bid of 101.70%.

Net proceeds from the sale of the debentures, together with proceeds from the earlier sale of 39,182 additional shares of common stock, and funds derived from the company's operations, will be used for the construction of new facilities and for other corporate purposes. The company estimates that its construction program for 1955 will result in expenditures of approximately $20,000,000.

The debentures will be redeemable at general redemption prices ranging from 105.15% to par, and at special redemption prices receding from 102.15% to par, plus accrued interest in each case.

Dallas Power & Light Co., a public utility company operating wholly within the State of Texas, is a subsidiary of Texas Utilities Co. The company is engaged in the generation, purchase, transmission, distribution and sale of electricity. Electric power and light service is supplied to the Greater Dallas area, and adjacent surrounding unincorporated areas, all in Dallas County. Population of the territory served is estimated by the company at 622,000.

For the year 1953, the company reported total operating revenues of $27,918,000 and net income of $4,989,000. In an unaudited report for the twelve months ended Nov. 30, 1954, total operating revenues were shown at $31,811,000 and net income at $6,162,000.

Also participating in the offering are: Courts & Co.; Stern Brothers & Co.; Dallas Union Securities Co.; Rotan, Mosle & Co.; Thomas & Co.

Continued from page 3

The Impact of Postwar Experience on Trust Investments

prices would increase the burden of indebtedness and cause considerable difficulty both to public and private borrowers. Secondly, wage rates are high and costs of production are still increasing. As stated before, a decline in wage rates is not likely; hence costs of production are bound to remain high. Thirdly, the government is committed to a policy of full employment, economic expansion, and maintaining farm prices.

All these factors combined therefore — and many others can be mentioned—lead to the conclusion that the commodity price inflation which has taken place as a result of World War II and its aftermath is permanent in character. An appreciation in the purchasing power of the dollar, which naturally would help holders of fixed-income-bearing securities, is unlikely. On the contrary, the trend of commodity prices will in all probability continue to inch upward, thereby further slowly decreasing the purchasing power of the dollar.

This is a new development. History after World War II did not repeat itself. Since the end of World War II, we have witnessed the greatest boom and the greatest inflation. However, this boom and period of inflation as expressed in terms of commodity prices have not been followed by a period of depression and deflation. Naturally, the investment officer who is mindful not only of the need to maintain a trust fund intact in terms of money but also as far as possible preserve the purchasing power of the trust will have to take this development into account. It adds a new experience to his fund of knowledge.

Interest Rates

The movement of interest rates after World War II also did not repeat the performance of previous postwar periods. After World War I, for example, interest rates rose sharply, particularly during the initial period of the inflation and then declined only in slow stages. After World War II, interest rates remained at exceedingly low levels until 1951 when the accord between the Treasury and the Federal Reserve occurred and the pegging of government security prices was abandoned. After the accord in March, 1951, until the middle of 1953, money rates rose; but the rate of return even at the peak remained low compared with previous periods. The increase in money rates from 1951 to 1953 resulted primarily from a coincidence in that the demand for funds from both the public and private sector of the economy was very large. In spite of the fact that the economy during this period was operating in high gear, the defense expenditures of the Federal Government not only made it impossible to balance the budget but forced the Treasury to appear as an important borrower in the open market. Since inflationary pressures were present, the policies of both the Reserve authorities and the Treasury underwent a considerable change.

However, this policy change was only short-lived. As soon as business activity began to show signs of decreasing, the credit policy of the Reserve authorities and the debt management policy of the Treasury underwent a considerable change. Money rates in the second half of 1953 and in the first half of 1954 declined considerably and were lower than prior to the adoption of the credit restraint policies.

The Experience of 1953 and 1954

Developments in the money and capital markets in 1953-54 offer a valuable lesson to those interested in buying a fixed-income-bearing security. First, the credit policies of the Reserve authorities are guided primarily by the trend of business activity. Should inflationary pressures develop, one may expect the adoption of credit policies which will result in tighter money market conditions and somewhat higher rates of interest. The moment the forces of inflation give way and some elements of deflation appear, the monetary policies will undergo a change and money rates will become lower.

Experience during 1953-54 also clearly demonstrated that government securities do not have that liquidity which was generally attributed to such obligations up to the beginning of 1953, and they are subject to the same degree of fluctuation as other high grade bonds. While they remain the prime investment throughout the world and while there is absolutely no risk attached to them, they fluctuate like other money bonds with the money market. This factor has to be considered particularly by those who have looked upon medium and longer term government obligations as highly liquid assets which could at any time without any risk be converted into other types of securities, stocks or other bonds.

The Outlook for Money Rates

With the pegging of government securities definitely abandoned (and rightfully so) and with a flexible credit policy in force, money rates and bond prices will fluctuate perhaps more in the future than in the immediate past. The movement of interest rates, hence of bond prices, will be guided primarily by demand and supply factors, which will reflect the influence of business conditions and the credit and debt management policies of the monetary authorities.

The experience of 1953-54 is therefore of considerable value to the trust officer. It indicates that when business begins to assume the character of a boom, it is time either to sell or to refrain from buying fixed-income-bearing securities. Only after the boom has passed its peak is it time to consider investment in fixed-income-bearing securities. The change in the credit policies of the Reserve authorities now in the making indicates that the policy of active ease has been abandoned and is being replaced by one of flexible neutrality. Should the boom in the equity market continue and should the supply of home mortgages continue as large as it has been in the immediate past, it is probable that the policy of flexible neutrality will give way to one of restraint which will lead to higher money rates and lower bond prices.

In the long run, however, and eliminating temporary cyclical fluctuations, the trend of money rates is not up, primarily because the supply of funds which will seek an outlet in fixed-income-bearing obligations — bonds and mortgages—is very large and is bound to increase in the future. The supply of such securities available to the market, while considerable, may not be equal to the demand unless the government, through its refunding operations, increases the supply of long term government obligations.

Equities

The movement of equity prices during the postwar period has also not performed according to previous standards. The equity market declined in 1946 to 1948 in spite of the fact that business activity in 1947 and 1948 was at a high level. During the period of readjustment in 1953-54, the equity market rose rather sharply in spite of the decline in business activity, the lowering of profit margins of some companies, and the increase in unemployment. The equity market was apparently influenced by factors other than business activity. The trust officer will have to give increasing weight in the future to these newer factors, particularly since equities promise to play an even more important role in trust investment than in the past. A reconsideration of the forces that influence the movement of equity prices, particularly those that cannot be quantitatively determined, such as the psychology of the people, will therefore have to take place.

Some of the newer forces affecting the equity market have already been discussed. The movement of equity prices in 1953-54 reflected the acceptance by investors of the fact that the inflation in the United States as a result of the war is permanent in character. Since equities represent tangible values, the belief of many investors that the increase in the dollar valuation of tangible properties underlying equities is permanent in character was bound to have an effect on equity prices.

The widespread belief that a major depression is not in the making in the United States and that the business pattern after World War II will differ from previous major postwar experience has also affected equity prices. Other contributing factors have been the maintenance of low money rates and the high capital gains tax rates. Hence, in the future the trust officer, in timing his equity purchases, will have to consider factors which in the past played only a minor role in the movement of equity prices.

Taxation

Developments in taxation after World War II also differed from those in the past. During every major war, taxes were increased; but the moment hostilities were over, Federal expenditures were drastically reduced, followed by a substantial reduction in tax rates. After World War II, the reduction in tax rates, as far as individuals are concerned, has been moderate indeed. The normal and surtax rates of corporations are at the highest level in history, and the only relief granted to corporations has been the removal of the excess profits tax. A material reduction of individual and corporate taxes in the near future is not likely. Defense expenditures will in all probability remain high; and foreign aid in one form or another will continue, possibly at a lower level. The expensive farm support program will be maintained. All these expenditures impose a burden on the Treasury and do not offer any immediate prospect of a material reduction of the tax burden.

This in turn means that tax-exempt securities are likely to play a more important role in trust investment even in smaller accounts. The supply of tax-exempt securities will be large for quite some time to come since the pent-up as well as the current demand for all kinds of public works is large and is still growing. The revenue bond will play an even more important role in the future than in the past. Because of the large supply of tax-exempt securities in prospect, the rate of interest they will carry, irrespective of the trend of interest rates, is likely to be satisfactory even to individuals who are in a lower income bracket.

International political developments after World War II also differ materially from any similar experience. After every major war in the past, the armies of the United States were disbanded and military expenditures were drastically reduced. After World War II, however, as a result of the aggressive attitude of international Communism and the outbreak of the Korean War, the United States was forced to spend billions of dollars on national defense at home and to strengthen the economies and military establishments of its allies. This does not seem to be a passing phase, and in all probability these large expenditures will continue in one form or another for an indefinite period of time. Hence, government expenditures for national defense will continue to play an important role in the economy of the country.

Economic Trends

The economy of the United States during the entire postwar period has been marked by great dynamism based on the growth of population, the huge expenditures on research which created new products and new methods of production, and by the large outlays by corporations for new plant and equipment. A dynamic economy means the creation of new values and the destruction of older ones. It leads to increased competition, to a large number of failures, and to an accentuation of the merger movement. In such an economy, management becomes of prime importance, since the quality of management, more than anything else, determines the success and failure of a company.

The dynamism of the American economy increases the burdens and responsibilities of the trust officer in some respects, but in others it makes his task easier. A growth economy tends to be more stable in character. It goes without saying that a free economy is bound to have its ups and downs; but in a growth economy, the swings tend to be more moderate. This development is likely to have a favorable effect on the dividend policy of some corporations and thus make the equities of such companies more attractive as trust investments. Similarly, the creation of larger economic units through mergers adds to the list of securities suitable for trust investment.

Conclusions

Trust investment management must be adapted to the rapidly changing economic, political, and social conditions. Traditions and practices which were considered sound and proven a generation or even a decade ago may not be suitable or advisable today. The basic principles, however, as regards trust investments, never change. They are preservation of principal, both as to the amount in terms of money and as far as possible as to purchasing power of the dollar. Those who steadfastly adhered to the principle that maintaining the *corpus* intact in terms of money is the sole function of trust fund management caused the beneficiary not only to lose half of the real value of the trust fund since 1940 but also affected adversely the trust fund income because of the low rates on prime fixed-income securities.

The real problems before the trust officer and his committee are:

(1) To strike a balance between fixed-income-bearing securities and equities.

(2) The selection of the industry groups and of individual company equities, which because of the dynamic changes in the American economy has become more complicated.

(3) Timing of purchases and sales of securities.

As regards bonds, this is not as difficult as in the case of equities since experience before the war as well as since the abandonment of the practice of pegging government securities has clearly demonstrated that the movement of interest rates is influenced primarily by business activity and by the supply and demand for capital. There is ample statistical information on both of these phases to enable the well informed officer to formulate an opinion.

As regards equities, the timing is extremely difficult and perhaps more so now than before because experience since the war has demonstrated that the equity market does not forecast business activity in general nor does the movement of equity prices always reflect prevailing business conditions or earnings of individual companies. Since equities are likely to play in the future an even more important role in trust investments than before, the trust officer will be compelled to consider not only the old and tested measuring rods but will also have to develop new ones based on the postwar economic and financial developments.

In some respects, these changes have made the task of the investment officer more difficult; in one important, perhaps the most important, aspect, they have made it easier.

(1) The economy has become more stable, and the wide swings in production and employment such as we experienced in the past are not anticipated. While a free dynamic economy is bound to have its ups and downs, a major depression of the proportion of the 1930's will be avoided.

(2) The economy of the country is sound, its productive capacity is great, efficiency and productivity are rising, the economic security of the people is high and increasing, living standards are rising, and the population is growing faster than was thought possible a few years ago.

(3) The forces of inflation have run their course, and there are no signs of serious deflationary pressures.

(4) The international political situation, while still abnormal, has improved; and the economic recovery of Western Europe has been remarkable indeed.

(5) The longer range outlook for the United States is favorable indeed. A $500 billion gross national product in 1965 is definitely within our potentialities.

(6) All these factors make it feasible to adopt longer range investment policies without fear of crises and violent fluctuations. It gives assurance that while securities are bound to fluctuate, a well managed company will find a growing market for its products, which will be reflected in its earnings.

Joins Adolph Thorsen

(Special to The Financial Chronicle)

MILWAUKEE, Wis.—Victor O. Langen has joined the staff of Adolph G. Thorsen, 735 North Water Street. Mr. Langen was previously with Bingham, Sheldon & Co. and Cruttenden & Co.

General Funds Co. Formed

PHILADELPHIA, Pa.—General Funds Co. has been formed with offices at 1518 Walnut Street to engage in a securities business. Max Fischer is a principal of the firm.

E. W. McWhood Opens

BLOOMFIELD, N. J. — Edward W. McWhood is conducting a securities business from offices at 49 Vernon Terrace.

Reynolds-Raynolds Co.

SALT LAKE CITY, Utah.—Reynolds-Raynolds Co. is engaging in a securities business from offices in the Judge Building.

Continued from page 5

The State of Trade and Industry

Private home starts in January totaled 87,800, against 89,600 in December and 65,100 in January, 1954.

Public housing starts, however, sank to only 200 in January, compared with 1,400 a month earlier and 1,300 a year earlier.

On a seasonally adjusted basis, private home starts in January ran at an annual rate of 1,424,000, which compares with an annual rate in December of 1,473,000.

Steel Output Scheduled This Week to Rise to 88.2% of Capacity

The second half ought to bring pretty good business to the steel market, despite what may happen in the auto industry, says "Steel," the weekly magazine of metalworking. It has been commonly assumed that the auto producers are trying to pack as much of their 1955 production in the first five months as possible. After that the remaining months are uncertain, continues this trade paper.

The steel ingot production rate is high enough now that it could lose several points and still be pretty good. In the week ended Feb. 13 the rate was 88% of capacity.

Annually, the auto industry uses about one-fifth of the nation's steel, but right now it's probably taking somewhat more than that. So, at least 17 points (and maybe a few more) of the current ingot rate stem from automotive demand. If you subtract those 17 points from the present rate, you have a 71-point rate, and that is several points higher than the rate in many weeks of last year. Of course, if the auto industry dropped completely out of the market for steel for a long time the effects would be so widespread that other steel consumers would need less steel, too, and the steel rate would drop by more than what the auto industry cut, declares this trade weekly.

It's not likely, however, that the auto industry would be out of the steel market for long. If anything, the auto industry would only reduce its take. If the auto industry were to cut its steel purchases by half, it would knock only nine or 10 points out of the current steel rate. That would leave a rate of around 78% of capacity.

It is possible there won't be much of a drop in the automotive industry's steel demand, since Harlow H. Curtice, President of General Motors Corp., states that "at no time have we had in mind to provide inventory against a possible work interruption."

Even if auto demand for steel slows down, there are other consuming groups that will make seasonal increases. Construction is one, "Steel" points out.

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 88.2% of capacity for the week beginning Feb. 14, 1955, equivalent to 2,129,000 tons of ingots and steel for castings as compared with 86.8% (revised) and 2,095,000 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 83.2% and production 2,080,000 tons. A year ago the actual weekly production was placed at 1,779,000 tons or 74.6%. 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 Shows Moderate Recession From the All-Time High Record of the Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 12, 1955, was estimated at 9,922,000,000 kwh., a decline from the all-time high record established in the previous week, according to the Edison Electric Institute.

This week's output reflects a loss of 125,000,000 kwh. below that of the previous week, when the actual output stood at 10,047,000,000 kwh., but an increase of 1,238,000,000 kwh., or 14.3% above the comparable 1954 week and 1,775,000,000 kwh. over the like week in 1953.

Car Loadings Drop 0.2% Below Prior Week

Loadings of revenue freight for the week ended Feb. 5, 1955, decreased 1,244 cars, or 0.2% below the preceding week, according to the Association of American Railroads.

Loadings for the week ended Feb. 5, 1955 totaled 640,735 cars, an increase of 16,350 cars or 2.6% above the corresponding 1954 week, but a decrease of 49,878 cars or 7.2% below the corresponding week in 1953.

U. S. Car Capacity Rises 1.3% Above Previous Record Set in June 12-17, 1950 Week

The automobile industry for the latest week, ended Feb. 11, 1955, according to "Ward's Automotive Reports" assembled an estimated 167,095 cars, compared with 164,265 (revised) in the previous week. The past week's production total of cars and trucks amounted to 181,919 units, a decrease below the preceding week's output of 771 units, states "Ward's." Current weekly car manufacture "Ward's" notes, is 1.3% above the previous record of 164,876 cars set during the June 12-17, 1950 week and 1.7% higher than the previous week's 164,265 completions.

Last week, the agency reported there were 14,822 trucks made in the United States. This compared with 18,425 in the previous week.

Business Failures Register Moderate Decline

Commercial and industrial failures declined to 238 in the week ended Feb. 10 from 264 in the preceding week, "Dun & Bradstreet, Inc.," reports. Although casualties were down moderately from the 277 which occurred last year, they exceeded the comparable 1953 toll of 200. Failures were 25% lower than the 1939 level of 318.

Failures with liabilities of $5,000 or more dipped to 207 from 224 in the previous week and 244 in the corresponding week of 1954. A decline also took place among small casualties, those involving liabilities under $5,000, which fell to 31 from 40, and were slightly below the year-ago toll of 33. Twenty-four concerns succumbed with liabilities in excess of $100,000, as against 21 last week.

Wholesale Food Price Index Breaks Sharply in Past Week

The "Dun & Bradstreet" wholesale food price index fell quite sharply last week to stand at $6.77 on Feb. 8, as against $6.85 the week before. The current number is the lowest since the first week of this year when it was $6.75. It compares with $7.09 on the corresponding date a year ago, or a drop of 4.5%.

The past week's dip reflected sharp declines in coffee and cocoa, as well as lower prices for flour, wheat, corn, rye, oats, barley, bellies, butter, sugar and hogs. Commodities showing advances in the week included hams, cottonseed oil, eggs, potatoes, raisins, currants, prunes, steers and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Receded Slightly The Past Week as Far Eastern Tension Diminished

The general commodity price level trended lower the past week as tension in the international situation lessened somewhat. The daily wholesale commodity price index, compiled by "Dun & Bradstreet, Inc.," finished at 278.73 on Feb. 8, down slightly from 280.08 a week earlier, and comparing with 276.45 a year ago.

Leading grain markets were dull with prices mostly lower. Demand for wheat was less active. The main depressing influence in the bread cereal, aside from political developments, was the receipt of moisture in the Southwest which is said to have greatly improved the condition of Winter wheat in many of the drought-stricken areas. Substantial export trade in wheat was reported with large quantities sold to Greece and Japan. Cash corn was fairly steady and although receipts declined sharply they were ample for the demand. Stocks of corn in all positions on Jan. 1, 1955 were reported at 2,799,000,000 bushels, the largest of record and 4% above a year ago. Sales of grain futures on the Chicago Board of Trade last week declined sharply to 160,353,000 bushels. This represented a daily average of 32,100,000 bushels, against 44,800,000 in the previous week, and 41,000,000 bushels a year ago.

The world sugar market developed a firmer tone as trading expanded sharply at mid-week.

Cocoa was under pressure in late trading and prices worked lower influenced largely by the sharp break in the coffee market. Warehouse stocks of cocoa at 94,323 bags, showed little change for the week and compared with 78,658 a year ago.

Brazil coffee prices dropped about 7 cents a pound during the week. The sharp break followed action over the week-end by Brazil to bring prices down to the world competitive level by increasing bonus payments to exporters.

Cotton prices held in a narrow range most of the week and trended downward toward the close. Bearish factors included profit-taking, hedge selling and liquidation influenced by a further drop in loan entries. Domestic mill demand was less active, while export sales continued in limited volume and consisted of numerous small lots for immediate and nearby shipment.

Reported sales of the staple in the 14 markets continued to decline and totaled 194,300 bales, against 314,100 bales in the preceding week.

CCC loan entries in the week ended Jan. 28 were reported at 43,400 bales, against 66,202 a week earlier. Repayments during the latest period were 20,400 bales, leaving loans outstanding on 1,880,700 bales of 1954 cotton, and on 4,999,800 bales of 1953 cotton as of Jan. 28.

Trade Volume Registered Slight Declines For Week And Year Ago Due to Light Shopping and Cold Weather Earlier in the Week

Heavy shopping in the latter part of the period ended on Wednesday of last week was insufficient to make up for very light sales accompanying cold weather earlier in the week. The dollar volume of trade was slightly below the level of both the preceding week and the corresponding period a year ago.

The total dollar volume of retail trade in the week was estimated by "Dun & Bradstreet, Inc.," to be 3% below to 1% above a year ago. Regional estimates varied from the comparable year-ago levels by the following percentages: East —4 to —8; New England and Midwest —2 to —6; Northwest —2 to +2; South +1 to +5; Pacific Coast +2 to +6; and Southwest +4 to +8.

Although total apparel sales were considerably lower than in the previous week, the demand for higher-priced Spring merchandise increased. Clearances of Winter clothing continued, and women's coats, suits and furs were among the more popular items.

Retailers of men's apparel reported greatly decreased trade and preparations for increasing Spring stocks.

Most buyers were unwilling to place heavy, long-term orders the past week, and the dollar volume of wholesale trade was moderately smaller than the week previous. Total commitments were considerably greater than a year ago.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Feb. 5, 1955, declined 1% from the like period last year. In the preceding week, Jan. 29, 1955, an increase of 2% (revised) was registered from that of the similar period in 1954, and for the four weeks ended Feb. 5, 1955, an increase of 7% was recorded. For the year 1954, a gain of 8% was registered above that of 1953.

Retail trade in New York last week showed improvement over the previous week with the advent of warmer weather. However, sales were only slightly higher than those of the like period a year ago.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended Feb. 5, 1955, registered a decrease of 9% below the like period of last year. In the preceding week, Jan. 29, 1955, a decline of 1% (revised) was reported from that of the similar week in 1953; while for the four weeks ended Feb. 5, 1955, an increase of 1% was reported. For the year 1954 the index advanced 2% from that of 1953.

Woodward Adv. Dir. For NY Stock Exch.

The New York Stock Exchange has appointed Daniel H. Woodward, Jr. as director of advertising and sales promotion, effective Feb. 21, G. Keith Funston, President, announced. He will report to Ruddick C. Lawrence, Vice-President in charge of Public Relations and Market Development. Mr. Woodward is resigning as advertising and sales promotion manager of Cone Mills, Inc., New York City, where he has been located since 1950.

At Cone Mills, Inc., Mr. Woodward was in charge of national and trade advertising, sales promotion and product and institutional publicity. Prior to that he was sales and promotion manager of Merry Mites, Incorporated, account executive at John A. Cairns Advertising Agency, and spent eight years with Macy's New York in merchandising, management and public relations capacities. He is a graduate of Dartmouth College and served in World War II as a Captain in the Air Force.

In his new duties he will direct the Exchange's enlarged national advertising program in 542 daily newspapers, national magazines and financial publications to broaden stock ownership on a sound basis. He will also concentrate on an expanded program to help Members and Member Firms of the New York Stock Exchange develop their advertising and sales promotion activities.

Dallas Power & Light Debentures Offered

Halsey, Stuart & Co. Inc. and associates on Feb. 15 offered $7,000,000 of Dallas Power & Light Co. 3¼% sinking fund debentures due Feb. 1, 1980, at 102.15% and accrued interest, to yield 3.125%. Award of the issue was won by the underwriting group at competitive sale on Feb. 14 on a bid of 101.70%.

Net proceeds from the sale of the debentures, together with proceeds from the earlier sale of 39,182 additional shares of common stock, and funds derived from the company's operations, will be used for the construction of new facilities and for other corporate purposes. The company estimates that its construction program for 1955 will result in expenditures of approximately $20,000,000.

The debentures will be redeemable at general redemption prices ranging from 105.15% to par, and at special redemption prices receding from 102.15% to par, plus accrued interest in each case.

Dallas Power & Light Co., a public utility company operating wholly within the State of Texas, is a subsidiary of Texas Utilities Co. The company is engaged in the generation, purchase, transmission, distribution and sale of electricity. Electric power and light service is supplied to the Greater Dallas area, and adjacent surrounding unincorporated areas, all in Dallas County. Population of the territory served is estimated by the company at 622,000.

For the year 1953, the company reported total operating revenues of $27,918,000 and net income of $4,989,000. In an unaudited report for the twelve months ended Nov. 30, 1954, total operating revenues were shown at $31,811,000 and net income at $6,162,000.

Also participating in the offering are: Courts & Co.; Stern Brothers & Co.; Dallas Union Securities Co.; Rotan, Mosle & Co.; Thomas & Co.

Continued from first page

Technology—Our One Indispensable Weapon

power" which its workers command. And today, America's workers — outnumbered as they are—still possess the greatest lifting power in the world.

That is our salvation. It is the one great advantage that we have; and we must, I think, preserve it at all costs; for our native ability to design, to build and to use the world's most productive machines, provides, today, our last, best hope of enjoying a peaceful tomorrow!

But recently, I have been much disturbed—as you, no doubt, have also been—by the sudden appearance, in this country, of a great propaganda campaign which is clearly calculated to discourage and retard the technological progress on which our freedom, and the safety of our homes, depend. This campaign is based wholly on the psychology of fear. It is designed to frighten our people into the belief that the new machines which are being developed now, will destroy the jobs of thousands of workers and leave them destitute. And unless I am badly mistaken—as I sincerely hope I am—this propaganda is proving effective both in the ranks and in the leadership of Labor.

Now there is nothing new, of course, about a man's fear of machines. It has existed throughout the ages. Nearly three centuries ago, an inventor in Danzig built a loom that could weave six webs at once, and the authorities promptly suppressed it in order to protect the poor. But the "poor" were not appeased. They wanted no more such machines. So they seized the hapless inventor and drowned him in a nearby creek.

Then at the outset of the so-called industrial revolution in England, mobs of angry workers broke into the mills and tried to destroy the new automatic machinery which they feared would leave them jobless. And in those days, of course, such fears were entirely understandable. Since a machine did the work of many men, it was only natural to suppose that it would destroy the livelihood of an equal number of men. But it didn't, as we know.

Today, from our vantage point in history, we can look back upon those early times and read the truth: That it was the machine alone which enabled England to support her rapidly-growing population and provide it with a rising standard of living. In countries like India and China, where mechanization did not occur, the standard of living fell far below subsistence levels, and the population was decimated by starvation and disease.

The Value of Machines and Tools

So machines and tools have proved, beyond doubt, to be the greatest single source of man's material welfare; but this fear of them has persisted, right down to the present day; and some of you will recall that about 25 or 30 years ago, such fears were widely prevalent here in the United States.

In those days, one of the popular plays on Broadway was a thing called "R. U. R." and it brought the word "robot" into our language. That word frightened us for quite a while. Technological unemployment became the subject of national debate—both in and out of Washington. An economic school of thought, known as "Technocracy," enjoyed widespread publicity. And later on, a gentleman who is still a member of the United States Senate, publicly declared that "Science and invention are to blame for the present unemployment in America!"

But the American people refused to accept this fatal philosophy of fear; and this was fortunate indeed, because most military experts now agree, I believe, that the decisive battles of World War II were fought and won on the production lines of American industry. They were won because American investors continued courageously to pour their savings into the best available tools of production; and because American Labor had the wisdom and the skill to use those facilities to the greatest possible advantage.

Yet today, the same old blind, unreasoning fear of machines is reappearing among us; and the most curious thing about this new campaign of propaganda is that we are being frightened—not by the advance of technology itself—but once again by a strange new word that few of us understand. This time, the word is "automation" instead of "robot"; but it means just about the same thing.

Among the engineers who coined it, the word automation is merely a term which conveniently describes certain mechanical controls and processes. There is nothing frightening about it; nor is there anything basically new about the mechanical principles to which it applies.

But to thousands of our people, who do not understand its meaning, it suggests a brand new class of machines — different from any which we have ever had before—and so superior to man himself that, ultimately, they may rise, like Frankenstein's monster, to destroy us all. Thus the word alone is enough to conjure up visions of a wholly-automatic factory where machines with super-brains will grind out products, 168 hours a week, without any human payroll whatever.

And these fears, of course, are just plain silly. There are no such factories and no such machines; nor will there ever be, either in my time or yours! But propaganda is a powerful thing; and it is growing louder.

The Fear of Automation

A recent headline in a New York newspaper says: "Automation Putting Humans in Outfield." And statements from some of our Labor Leaders are even more alarming. They demand that the Government set up a vast welfare program to relieve the suffering that they think automation will bring. They also declare that automation must be offset by a guaranteed annual wage, which would presumably impose heavy penalties on the installation of labor-saving devices and thus retard all technological progress in America.

So "automation" has become a menacing word—a kind of modern bogey-man with which to frighten our people. And as I say, it is proving effective. A few months ago, the Public Opinion Index took a poll among more than a thousand factory workers, and asked them two questions: first, did they favor the use of more new and "improved" machines. They did, but about three to one. Then they were asked how they felt about more "automation." But they opposed that, three to two!

Yet the two things, of course, are really indentical. There is nothing new about automation except the word itself. The facts of automation—and the mechanics of it—are older than our own American Republic.

Back in 1784—before our Constitutional Government was established — a man named Oliver Evans went out to the banks of Red Clay Creek near Philadelphia, and built a flour mill that was just about as automatic as any mill can be. A system of conveyors, run by water power, picked up the grain, carried it through all the grinding operations, and delivered the finished flour. But when an auto manufacturer in Detroit builds a plant which handles engine blocks in exactly the same manner, we think it's something new, and it worries us.

Nowadays, too, we marvel at the modern business machine which writes checks and keeps records through the use of punch-cards. And on our production lines are other wonderful machnes which are automatically controlled by a punched paper tape. But is this really new? Oh, not at all.

More than 150 years ago, a Frenchman named Jacquard built an automatic loom which wove all kinds of complicated patterns in accordance with instructions that were also punched in paper. And that invention was not suppressed by the authorities. Eleven thousand such looms were set up in France alone!

Then there is still another form of automation which is described in the jargon of my fellow Engineers by such mystifying words as "servomechanisms" and the "feedback principle." But we've had all those alarming things right in our own homes ever since we first installed a thermostat to regulate the furnace! We've even had "automated" music in the form of the player-piano; and as George Gobel would say: "You can't hardly find them no more, these days!"

So let's face it. This thing called automation is simply evolution—not revolution. It is only another little step in the slow and plodding progress of man towards a richer, fuller life, and a better, freer world.

Over the centuries man has accomplished an amazing industrial miracle. He has surrounded himself with luxuries, and greatly lengthened his hours of leisure; but no machine that he ever devised has made us humans obsolete.

Suppose we think for a moment of the three outstanding examples of automation that we have seen in our lifetime:

The Dial Telephone

The first one that comes to mind, probably, is the dial telephone. We would naturally assume that it must have thrown thousands of telephone operators out of work; and some of the current propaganda on the subject would seem to confirm that assumption completely. But what are the facts?

Well the latest Federal Census, taken in 1950, shows that the number of telephone operators, in this country, increased by 159,000—or 79%—in the previous 10 years. And still the Telephone Company keeps on advertising for more!

Then next we come to business machines and these fabulous new electronic brains that we've seen on television. Surely we don't need accountants any more. But still the Census shows that the number of accountants and auditors increased 71% in this same 10-year period.

And how about these so-called automatic factories in Detroit, where the word "automation" was thought up? Are the automobile workers losing out? Well, not by a long shot. Their number doubled in 14 years. Automobile mechanics and repairmen have increased 75%. And for every new job in the auto industry it is estimated that five new jobs are created in allied fields which supply the raw materials and components that go into the manufacture and equipment of new cars.

But this, of course, is not always the case in every industry and every occupation. Dislocations do occur in some instances, and men do have to change from one job to another. That has been true in farming for nearly 40 years. With the falling demand for coal, employment in the mines has also dropped off substantially, and there is recent evidence of a mild decline in oil refining, for example.

Now where are these men to go? Has "automation" made it tougher for them than it used to be? Let's look at the picture as a whole and see for ourselves just what really has happened in the last 15 years or so—say from 1939 through 1953. Well, here are the facts:

The Increase in Employment

During this period the population of the United States has increased 22%. But the total number of jobs has grown by 35%—or more than half again as much. And in the field of manufacturing itself—where automation has advanced most rapidly—employment has gone up 73%, or more than three times as fast as the population.

The record clearly shows moreover, that this rapid increase in employment has occurred chiefly because of mechanization—not in spite of it! The building of machines themselves—plus their installation, maintenance, and the construction of new factories to house them—has opened up thousands of job opportunities that never existed before.

Employment in the field of electrical machinery, for example, has more than trebled during this period. In other machinery it has increased by 150%. And in the specialized field of automation itself, the mere manufacture of the necessary instruments of measurement and control has mushroomed into a $3 billion business which already employs as many men as the auto industry did in the middle 1930's.

But that is only the beginning. As mechanization has enlarged the output and the purchasing power of our people, it has also multiplied enormously their demand for services. So they, in their turn, employ more doctors and dentists, more engineers and scientists, and more teachers and clergymen. They send out more of their laundry, and they eat more often in restaurants. Even the fact that they have more leisure time, has created more jobs for others. Employment in tourist courts and camps has more than tripled. Theatres, movies, amusement parks and similar establishments provide 75% more jobs than formerly. The purchase of books has doubled, and expenditures for home music have trebled. And so it goes. Employment in the service industries alone has risen by more than two million during these 14 years. And that is a jump of 65%.

The same thing has happened, too, in the general field of trade. As the volume of production has increased, it has taken more workers to sell and to handle these goods. And thus six million new jobs have been opened up by the growing employment demands of department stores, shops, offices, builders, bankers, utilities, bus lines, trucking companies, and others in this category.

And finally, of course, our advance in technology, has created whole new industries, and vast new fields of opportunity, in television, antibiotics, air conditioning, many new branches of electronics, and now, in atomic energy—just to mention a few. So with each passing year, and with every new invention, our people have a wider choice of jobs; and today, it is reported that there are more than 40,000 different ways whereby Americans can earn a living!

But suppose, for example, that all technological progress in the auto industry had stopped back in 1908, and that we were to try to build a 1955 car, at today's wages, with the tools and machines we used then. Such a car, if it could be produced at all, would cost well in excess of $65,000! How many cars would there be on the road? And how many roads would we have? How many jobs would there be in Detroit, and in the oil fields, and in the tire-making industry—or even in our steel mills for that matter? Why, millions of our workers would be idle, and America would rank among the so-called backward nations of the world—provided, of course, that we had been able to survive at all as a free and independent people.

So the time has come, I think, to nail this vicious propaganda for the miserable fraud that it is. The facts show that only through the widest possible use of new and better machines can we hope to achieve the fullest measure of employment and a higher standard of living.

Wages Advanced More Than Profits

And while we are at this business of nailing, let's tackle another dangerous deception that the busy propagandists are perpetrating these days: That is the charge that the greedy owners of industry have grabbed the lion's share of the fruits of technology, while the workers have been robbed of the rightful rewards of their mounting, mechanized production.

Now fortunately, the true facts of this matter are readily available in a study which was made by Allen W. Rucker, and published by the Eddy-Rucker-Nickels Company of Cambridge, Mass. This study covers the 33-year period from 1914 to 1947—a whole generation during which the two great wars of this country were fought, and when American industry was undoubtedly making some of the most important and fundamental technological progress in its history. Moreover, Mr. Rucker's analysis is based entirely on the United States Census of Manufacturers and other official Government reports; so I do not suppose that anyone will challenge the authenticity of the facts which he presents. And this is what they show:

They show that on a man-hour basis, over this entire period, the output of the men and machines, in American manufacturing, as a whole, increased by 161%: that the real wages of the workers, measured in terms of purchasing power, increased 157%; and that the relative prices of manufactured products, measured in terms of hourly wages, declined 61%.

In its findings, therefore, the report states that the real wages of the worker have advanced "at almost exactly the same rate as the improvement in productivity." It adds that under the American System of Manufacturing, the advance in such wages "depends wholly upon advances in productivity." And it declares in conclusion, that the manufacturing industry on the whole has passed on to its customers and employees "virtually all the 'savings' from increased productivity" — that rarely, and only temporarily, have the owners retained any gains whatever from this source.

And in further support of Mr. Rucker's statements, I should like to call your attention to one additional fact which is not contained in his report: That back in 1914, the share of the national income which went to the owners of business in the form of dividends was about 6%; but in 1947, their share amounted only to about 3%. So over this 33-year period, the owners who put up the money for all the machines that made increased production possible, found that their slice of our total economic pie had been cut approximately in half.

It may well be asked, of course, why industry continues to spend billions of dollars upon the development and purchase of improved machines if its owners receive no direct gains from these expenditures. And the answer to that, as we know, is all bound up in one simple and compelling word: "competition."

A Business Bust Be Kept Modern

When any business in America fails to keep its plants modern, and thus allows its more-efficient competitors to undersell its products in the market place, then that business is on the way out. Unless it can recover its lost ground quickly, it is through. The money that its owners have invested in it will be largely wiped out—and so, of course, will the jobs of all of its employees. So in a very important sense, technological improvement is simp'y the process by which we protect not only the investment of the owners, but also the job security of every industrial worker.

Now, there are many other phases of this challenging question that I should like to discuss here tonight, if time permitted, but happily for all of us, perhaps, it doesn't.

I should like to have talked about the responsibility of management in anticipating, and in dealing with, any dislocations which may result from the installation of new, automatic machines. I know, however, that you are thoroughly alert to these responsibilities—that you have met them with great success and consideration in the past, and that you will continue to do so in the future—especially since most experts agree, I believe, that the dislocations themselves will be no more numerous in the next 20 years than they have been in the last 20.

I also wish I might have discussed the similar responsibility on the part of our workers to prepare themselves for upgrading into the better, more-highly-skilled jobs that will be open to them as technological progress continues.

Beyond that too, I should like to urge the responsible and enlightened leaders of Labor to combat, by every means at their command, this false campaign of propaganda which threatens to destroy not only the economic welfare of their membership, but also the very security of our nation.

March of Industrial Progress Will Go On

But since our time together is limited, I shall merely point out that—whether we like it or not—the march of industrial progress will always go on. We can, perhaps, delay it—to our grave national peril — but we cannot ever stop it; for it is an absolute law of nature that every living thing must grow and change so long as life itself continues. That is true of men, and it is true of nations. And the day that our economy stops growing and changing is the day that our nation will have started to die.

So I shall conclude my argument here by quoting the words of two famous Americans, who came from differing walks of life, but who knew and understood this question thoroughly.

One of these men was a great Labor Leader who was often my adversary, but always, I think, my friend. His name was Philip Murray, and standing before a convention of the CIO, not many months before his unfortunate death, he said:

"I do not know of a single, solitary instance where a great technological gain has taken place in the United States of America that it has actually thrown people out of work. I do not know of it—I am not aware of it—because the industrial revolution that has taken place in the United States in the past 25 years has brought into the employment field an additional 20 million people."

That statement, of course, was both wise and true; and I earnestly hope it will always live on, in the hearts and the minds of American Labor.

And as for my other quotation, it comes from a man who spent much of his life on the management side of the fence. His name was Wendell Willkie; and during the autumn of 1940—not many months before Pearl Harbor—he stumped the length and the breadth of this land, repeating a every whistle-stop his solemn and prophetic warning:

"Only the productive can be strong; and only the strong can be free!"

That statment was never truer or more timely than it is today. Pray God, that our people may never forget it!

Continued from page 5

Observations . . .

100% acceptance of the exchange offers at that time. It provides some interesting comparisons with the standing of Merritt-Chapman when Wolfson became a director in 1949.

	12/31/49 (Actual)	*9/30/54 (Pro forma)
	—In Thousands—	
Cash and marketable securities	$3,564	$18,792
Due from customers and others	9,457	39,841
Inventories	325	74,547
Prepaid insurance and taxes	130	2,117
Total Current Assets	$13,476	$135,297
Less: Bank loans	None	$19,263
Accounts and notes payable	$4,694	28,585
Billings on contracts (less costs incur.)	2,542	----
Est'd. Fed. and foreign income taxes	515	9,298
Total Current Liabilities	$7,751	$57,146
Working Capital	$5,725	$78,151
Land, bldgs., plant & equip., net book value	2,799	53,290
Other assets (or liabilities)	(346)	2,894
Total assets less liabilities	$8,178	$137,335
Provided by:		
Long-term debt	None	$11,374
Shareholders:		
Preferred	834	----
Common	7,344	125,961
	$8,178	$137,335

*These figures do not reflect $14 million loan agreement entered into by Merritt on Nov. 10, 1954, nor do they include 82,474 shares issued after Sept. 30 for Canadian subsidiaries.

The proposed new acquisitions represent a further step in the diversification program which has been under way at Merritt-Chapman & Scott. In 1949 it was a moderate-sized heavy construction and marine salvage company, confining its operations to the United States. Now it has interests in several fields, is active in many parts of the world and is far less sensitive to cyclical influences. Several acquisitions have contributed to this growth. They include: FitzSimons & Connell Dredge & Dock Company, a Chicago heavy construction firm; C. A. Pitts General Contracter Limited of Toronto; Milton Steel Products of Milton, Pa.; Newport Steel Corporation and its subsidiary, Utah Radio products Company; Shoup Voting Machine Corporation; Marion Power Shovel Company and The Osgood Company.

Expanding Construction Business

Along with broadening its earnings base through acquisitions, Merritt-Chapman & Scott has been steadily increasing its construction business. In 1949, when the Wolfson management came in, gross revenues were $38,979,081 and net income amounted to $1,032,753, of which $976,596 was available to the common stock (after preferred dividends). In the following year, gross revenues remained at about the same level, but net after taxes had been brought up to $3,007,475. By 1953, gross revenues reached $70,509,235 (not including costs under cost-plus-fixed-fee contracts); net income was $3,494,688, a new record for the 94-year-old company. It is expected that the earnings of the construction division will be even higher for 1954. The increase will not be reflected in the company's consolidated net income, however, since it will be offset by losses in the steel operations.

Three stock dividends have been paid under the Wolfson management; 40% on Oct. 16, 1950; 5% in December, 1951, and 25% in January, 1954. Cash dividends paid since Jan. 1, 1950 were equivalent to $8.79 a share, adjusted for stock dividends.

New York Shipbuilding Corporation

Louis Wolfson and his associates obtained control of New York Shipbuilding in January, 1953. (This is also one of the companies now covered by the Merritt proposal for acquisition as stated above.) At that time (1952) the company had just shown an operating loss of $194,804 on gross billings of $68,380,274. The new management was able to show net income of $3,217,757 in 1953, although gross billings were down $2.6 million.

On the strength of the 1953 showing, the management resumed dividend payments, none of which had been made since 1950. A stock distribution of 50% was made early in 1954. In addition, two cash payments of $1 each were made in March and September, making total cash dividends for the year equivalent to $3 a share on the old stock.

Prior to the advent of the Wolfson group, New York Ship had two classes of stock, non-voting Participating Shares and voting Founders Shares. Insistent on equal rights for all shareholders, Wolfson, who with his family and friends owned the majority of the voting stock, went before the Board of Governors of the New York Stock Exchange last spring and asked to reclassify all shares into one common stock issue, with equal voting rights. He said he wished to surrender control, and to rely on the approval and confidence of all shareholders.

Like Merritt-Chapman & Scott, New York Shipbuilding has been diversifying its business. Third largest builder of ships in the country, its chief output of vessels is for the government although efforts now are being made to interest private operators too. The company has been providing a cushion against the constant fluctuations in ship building by making its metal working facilities available for the production of heavy weldments, tanks, pressure vessels and a wide variety of other products for industry.

Important further diversification was provided in April, 1954, when Nesco, Inc. was merged into New York Ship. Nesco is a leading manufacturer of household electrical appliances, galvanized and lithographed tin housewares, kerosene heaters, and commercial drums.

In October, 1954, New York Ship acquired the outstanding preferred stock of Highway Trailer Company of Edgerton, Wis., on a share-exchange basis. On Jan. 10, 1955 an additional one-for-five exchange offer was made for Highway Trailer common stock; more than 83% of outstanding Highway common shares were exchanged under this offer. Highway is a manufacturer of various types of truck trailers and allied products. The company also makes a line of telephone and power line construction equipment and other items for telephone and utility companies.

Consolidated earnings of New York Ship for the nine months ended September, 1954 (including NESCO from April 23) were $3,849,679 before taxes. This was substantially ahead of the comparative earnings figure for 1953 when no tax payment was required. (Net income after taxes for the 1954 period was $1,981,679.)

In June, 1954, New York Ship acquired controlling interest in Devoe & Raynolds through its purchase of 80,945 shares of that company's class B common stock. Devoe & Raynolds, well-known for the quality of its paints and varnishes, is also very active in the development of resins and chemicals.

Capital Transit

In another area the Wolfson group contends that it has placed Capital Transit in an enviable position. When Mr. Wolfson purchased control in September, 1949, there were outstanding $9 million in 4% First Mortgage Bonds, maturing in 1964. These bonds were reduced each year beginning with 1950, and the balance paid off in 1954. Capital is now in a unique position in its industry, in that it has no funded debt and the 960,000 shares of common stock represent the sole equity.

The Wolfson management has resulted in substantial improvement in earnings. For the year 1949, net income was $492,997; in 1950, the first year under the new management, this figure was increased by more than 120% to $1,104,640. A glance at the company's operating statistics shows that earnings were maintained above or close to the million dollar level through 1953.

Years Ended Dec. 31	Operating Revenue	Operating Expense	Net Income	*Earned per Share	Funded Debt
1949	$28,042,520	$23,144,402	$492,997	$0.51	$9,000,000
1950	27,375,794	21,243,806	1,104,640	1.15	8,000,000
1951	28,765,577	21,743,563	1,431,668	1.49	7,000,000
1952	29,139,745	22,987,962	1,059,322	1.10	5,700,000
1953	28,441,638	22,779,347	960,258	1.00	4,700,000
					None

*Based on 960,000 shares now outstanding.

While 1954 figures are not yet available, it is understood that earnings, although under the 1953 level, still are considerably higher than the 1949 rate. Chiefly responsible for the decline from 1953 is that a wage increase and other employee benefits put into effect on July 1, 1954 were not compensated for by any fare increase. It is interesting that the Capital management has been able to maintain a satisfactory earnings record despite the fact that, in common with other transit lines, the company has been affected by shrinking passenger traffic.

As income rose and the company emerged from debt, the Wolfson management felt that shareholders were entitled to a higher return than the $2 rate (old shares) in effect in 1949. The rate was raised to $3 annually in 1950; 1951 payments were equal to $4 on the old stock. The stock was split four-for-one in November, 1951, and regular dividends on the new shares totaled $1.40 the following year. A $1.60 annual rate was in effect in 1953 but, by agreement with the Public Utilities Commission, this was reduced to $1.20 in 1954 and it is indicated that this $1.20 rate will continue. This is almost two and a half times the 1949 rate.

An extra dividend of $2.50 a share on the new stock was paid in 1952. Payment was made out of earnings retained in prior years, which it was felt were not necessary for the company's operations.

Far-Flung Enterprises

In 1954 Capital placed its non-transit properties in a separate corporation, known as Continental Enterprises, Inc. This corporation now owns a financially successful amusement park, and two large pieces of real estate. Shares in the new company were distributed on a share-for-share basis, tax-free, to the stockholders of Capital; these shares have recently sold in the over-the-counter market for 2¼.

The number of miles of service per passenger, provides a good measurement of the quality of street car and bus service. Capital has increased this figure by 6% in the last five years—in 1949 11.02 miles were operated for each 100 passengers carried; in 1953 11.69 miles were so operated.

For four of the last five years, Capital has received the top national award in its class for maintenance efficiency, and has been cited every year for its outstanding safety record. It has one of the most modern fleets in the country, consisting of more than 1,300 vehicles. To maintain its high standards, the company purchased 97 new buses in 1952, and 107 more in 1953. Total cost of the new equipment was $3.6 million, which was paid in cash.

While the Wolfson management has been solicitous for the stockholders' right to a fair return, the record substantiates the

Continued on page 44

Continued from page 43

Observations

new management's claim of conscientiously fulfilling its obligation to continue the enterprise as a model operating company.

Employee Morale

If shareholders have reason to be well satisfied with Wolfson management, it appears that employees of the companies have almost fared equally well. Inquiries at Merritt-Chapman & Scott reveal that working conditions are good and employee morale is high. Salary levels generally are higher than they were in 1949, with typical increases averaging between 30 and 40%. In the opinion of William Denny, Executive Vice-President, the company's progress under Mr. Wolfson has been marked by expansion and growth; he added, "the prospects for the future are excellent and I feel that my personal future could not be better enhanced with any other organization."

A similar situation exists at Capital Transit where salary increases have ranged from 20% to more than 100%. In line with the habitual kudos from his executives, J. P. Ecker, a Vice-President who has been in the company's employ for more than 25 years, has stated that the Wolfson management has succeeded in integrating the company's operations to the best interests of the community and the employees. "Along with this," he adds, "there has been an improvement in the morale of all the employees, practically all of whom I direct." The same attitude is shared by another Vice-President, E. Cleveland Giddings, who has been connected with transit companies for 25 years, and says: "In all that time I have never seen greater consideration and approval for work well done than that experienced since Mr. Wolfson became Chairman of the Board of Capital Transit. It has been a rewarding and satisfactory experience to work with him." Mr. Ralph T. Powell, Secretary of the company, has spent 26 years with Capital and one of its predecessors; he states: "I have felt certain that while I did a worthwhile job I would be properly rewarded and well treated." Miss Augusta Uhl, with Capital since 1927 and administrative assistant since 1945, has summed up the general employee attitude by saying: "From the beginning, Mr. Wolfson has made me feel that I was working with him instead of for him, and that my work was important and helpful. The association has been extremely pleasant and stimulating."

Robert L. Purcell, Executive Vice-President of Nesco when Wolfson bought into the company, has stated that he has turned down several offers from other companies, some of them at substantially more than the salary he was then receiving.

Frank Bloomenstiel, also with NESCO when Wolfson came in and now Secretary of New York Shipbuilding, adds: "What I particularly like about Wolfson is that he delegates authority. When he gives you a job to do, he lets you do it. Of course, he'll chop your ears off if you don't come through, but if you have faith in yourself you want it that way."

That Liquidating Charge

In some quarters, Wolfson has been accused of being a liquidator. But actually there has been no liquidation of any publicly-owned corporation under the Wolfson management, and none seems contemplated. The interest of the Wolfson group appears to lie more in making money over the long term by providing efficient management than in realizing quick profits through liquidation. One example of Louis Wolfson's personal concern for Merritt-Chapman & Scott was his arranging to have U. S. Wolfson Brothers (a privately-owned family enterprise) sign an Agreement of Indemnity covering an $18 million bid submitted by Merritt at a time when that company was not able to secure the necessary bond itself. It is also reported by a reliable source that Wolfson recently turned down an offer for his interest in Capital Transit, which would have meant a very substantial profit.

It appears that the only liquidations with which Wolfson has been connected were two Florida shipyard properties, both privately owned, which were disposed off back in 1949. Both were wartime emergency operations, and their postwar fate was no different from that of many other such facilities in various parts of the country. A recent tabulation shows that 53 out of 121 shipyards operating in 1945 have since been closed; while three others are now devoted to repair work only.

Ironically enough, instead of rushing into liquidation, Wolfson kept the Tampa Shipbuilding Company operating for two and one-half years after he purchased it. The property was sold to him in 1946 by prominent Tampa citizens who saw that liquidation was inevitable and felt that they did not want to appear responsible for the closing of the Yard and the attendant unemployment. More efficient control and operating economics enabled Wolfson to bid competitively on postwar shipping orders, mostly for foreign governments. When these contracts were completed, the property was disposed off profitably.

The other shipyard in which Wolfson had an interest was the St. John's Shipyard, purchased from the Maritime Commission. Other companies in which he was active had been selling supplies to this Yard for some time; accordingly, he was thoroughly familiar with the property and was able to estimate its value so closely that his was the winning bid when it was sold by the government for liquidation purposes.

Far from being liquidation-minded, Wolfson has stated publicly that in his opinion "liquidation of any going concern is a reflection on management, which may be considered responsible for the failure of the business." He has also said, however, that he would definitely dissolve a business if he believed it imperative for the protection of stockholders' interest.

Meanwhile, it would seem that the records of Merritt, Capital and New York Ship indicate a sound building for the future. Income has been increased; trade positions and the quality of services and products have been improved; earnings bases have been broadened; shareholders and employees have been accorded more equitable treatment.

Will the Wolfson policies be equally productive when applied to Montgomery Ward, should he succeed in ousting Mr. Avery and obtaining control of that company?

THE INVESTOR RECORD SPELLED-OUT

MERRITT-CHAPMAN & SCOTT CORPORATION
(Listed: New York Stock Exchange)

Louis E. Wolfson was elected Director on May 6, 1949

The approximate price on May 6, 1949 was $20 per share (equivalent to 10⅞ after the stock dividends), so the purchaser would have received 500 shares for his original investment of $10,000. The return on and value of this investment to Dec. 31, 1954 are shown in the following table.

Dividends paid during calendar years:	Shares purchased plus stock dividend shares	Cash Dividend per share	Cash Dividend Income
1949 (after May 6)	500	$0.80	$400
1950	500	1.80	900
1950 (40% stock dividend)	200	---	----
1950	700	1.20	840
1951	700	1.70	1,190
1951 (5% stock dividend)	35	---	----
1952	735	2.00	1,470
1953	735	2.50	1,837
1954 (25% stock dividend)	184	---	----
1954	919	2.00	1,838
Dividend Income			$8,475
Value of 919 shares at closing price of 24⅛, Dec. 31, 1954			22,170
Value of investment plus cash dividends			$30,645
Percentage gain on initial $10,000 investment			206%

NEW YORK SHIPBUILDING CORPORATION
(Listed: New York Stock Exchange)

The Wolfson interests obtained control on Jan. 30, 1953

The approximate price on Jan. 30, 1953 was $20 per share (equivalent to $13.33 after the stock distribution), so the purchaser would have received 500 shares for his original investment of $10,000. The return on and value of this investment to Dec. 31, 1954 are shown in the following table.

Dividends paid during calendar years:	Shares purchased plus stock distribution	Cash Dividend per share	Cash Dividend Income
1953 (after Jan. 30)	500	---	----
1954 (50% stock distribution)	250	---	----
1954	750	$2.00	$1,500
Value of 750 shares at closing price of 23¼, Dec. 31, 1954			17,437
Value of investment plus cash dividends			$18,937
Percentage gain on initial $10,000 investment			89%

CAPITAL TRANSIT COMPANY
(Listed American Stock Exchange)

The Wolfson interests purchased control Sept. 12, 1949

The approximate price on Sept. 12, 1949 was $20 per share (equivalent to $5 after the four-for-one stock split), so the purchaser would have received 500 shares for his original investment of $10,000. The return on and value of this investment to Dec. 31, 1954 are shown in the following table.

Dividends paid during calendar years:	Shares purchased plus new shares through stock split	Cash Dividend per share	Cash Dividend Income
1949 (after Sept. 12)	500	$0.50	$250
1950	500	3.00	1,500
1951	500	3.00	1,500
1951 (stock split, 4-for-1)	1,500	---	----
1951	2,000	.25	500
1952	2,000	3.90	7,800
1953	2,000	1.20	2,400
1954	2,000	*1.40	2,800

*Also one share Continental Enterprises in May.

Dividend income		$16,750
Value of 2,000 shares at closing price Dec. 31, 1954:		
Capital Transit Company	10⅝	21,250
Continental Enterprises (unlisted)	2¼ (bid)	4,500
Value of investment plus cash dividends		$42,500
Percentage gain on initial $10,000 investment		325%

* * *

To Mr. A. Wilfred May:

In accordance with your request, we have compared the figures appearing in your column, "CORPORATE GLADIATORS—A Look at the Wolfson Record" with those appearing in published annual reports, current prospectuses filed with the Securities and Exchange Commission, published financial periodicals, and find that such figures have been accurately reproduced.

Yours very truly,

[Signed] PRICE WATERHOUSE & CO.

New York City, Feb. 15, 1955.

Continued from page 7

Why We Need Honest And Sound Currency

ly concoctions of economic pedants and can be controlled by a government responsive to popular concepts of what is said to be "practical politics"; that there are good grounds for believing that a special Providence protects the people of the United States from the penalties for error; that there are no demonstrable reasons for supposing that evil days can overtake us until they arrive; and that since they have not yet arrived we can, and should, continue with confidence on the course we are now pursuing.

The Dangers and Evils in Our System of Irredeemable Currency

What, precisely, are the dangers and evils in our system of irredeemable currency, and why should we be rescued from it?

(1) Though there are varieties of irredeemable currency, there is no category of money as evil as irredeemable currency. Paper is paper; gold is gold; and a paper promise is no better than the ability and willingness of the promisor to fulfill his promise. Irredeemable currency can depreciate in value to any depth; a redeemable currency cannot. Irredeemable currency is man's monument to his abuse of better currencies. It leads to depreciation in the purchasing power of the monetary unit and/or, to severe economic maladjustments and, finally, economic collapse. The greatest depreciation in the purchasing power of our dollar occurred under an irredeemable currency; our longest economic depression came while we were using an irredeemable currency.

(2) An irredeemable currency is an instrument of government totalitarianism. Wherever one sees government dictatorship, there one also sees irredeemable currency. It is one of the means by which a government can gain and maintain control of a people. It is apparently the one device, by which a government can obtain such control, that elicits almost universal approval of the people once they are subjected to its taste and effects.

(3) The existence of an irredeemable currency is evidence of either fiscal or moral bankruptcy on the part of the government. Its use in this country might well be labled "The Shame of the Government of the United States."

(4) Its use involves a double standard of morals in respect to responsibility for promises to pay: one for our government and Federal Reserve banks, another for our people. The former are excused from redeeming their bills of credit—except when presented by non-enemy foreign central banks and governments. The latter are bound by our body of contract law; they are required to redeem their promises to pay or face our courts.

(5) When a people permit the use of irredeemable currency they forfeit control over the government's use of the public purse. This is illustrated by the spending orgy of our government since 1932.

(6) The infliction of an irredeemable currency on our people deprived them of a valuable and far-reaching property in gold, a right in a commodity having the quality of most universal acceptability. Possession of that right and preservation of human liberty have been natural and inseparable companions.

(7) Our system of irredeemable currency rests upon dishonesty because our United States government is not fiscally bankrupt and because, while it declares that our standard monetary unit is a gold

dollar weighing 15 5/21 grains, 9/10 fine, it forces irredeemable bills of credit on our people and prohibits the use domestically of standard gold money. This element of dishonesty in our currency system is generally ignored or brushed aside in official circles. A fairly typical attitude in respect to this manifestation of dishonesty was revealed by the president of one of our Federal Reserve banks who said in 1949: "I perceive no moral problem involved in this question of gold convertibility."

(8) Our system deprives our people of the right to convert the various types of our dollars into the standard dollar and to choose the kind most appropriate for their varying needs.

(9) It reduces our people to the level of those in a second- or third-class nation whose people are not accustomed to a gold standard or cannot afford it, and who resort to the use, domestically, of a money made of cheap materials, reserving the use of gold for the settlement of international obligations.

(10) It discriminates against our people in favor of a selected list of foreign central banks and governments whose demands for our gold are much more erratic, and often much higher, than domestic demands. For example, in 1931, foreign demands reached a monthly level of 15.83% of our gold stock. Domestic demands reached the low monthly level of 1.44%. For the ten-year period, 1923-1932, the common top monthly percentage of domestic withdrawals was approximately 3%.

Since Jan. 31, 1934, non-enemy foreign central banks and governments have had the right to convert their dollar claims into gold. In 1950, they took $1,743,300,000 of our gold; in 1953, they took $1,161,000,000. Our people, during the years since Jan. 31, 1934, have been compelled to sit on the sidelines with their irredeemable paper and over-valued silver, unable to utilize their usual 3% or less of our gold stock. 3% of our $21,714,000,000 of gold stock (as of Jan. 19) amounts to $651,000,000. The surplus gold certificate reserves in our Federal Reserve banks on that date amounted to over $9,568,000,000.

(11) Under our system, the reserves in our Federal Reserve banks are usable only by foreign central banks and governments, although these reserves are set up against all notes and deposits of Federal Reserve banks most of which are held domestically. In so far as domestic claims are concerned, these reserves are not usable except among the Reserve banks and the government. No portion of them may enter domestic circulation.

(12) Our system of irredeemable currency puts our people in the same class as enemy nations and their central banks which, like our people, are not permitted to convert their dollar claims into gold. This state of affairs raises the question of whether our government considers the people of this nation its enemy and whether it is not in fact at war with our people. Various statements have been made by Treasury and Federal Reserve officials to the effect that our people cannot be trusted with a redeemable currency, that if they had it they might injure the Federal Reserve banks or Treasury or both.

(13) As an irredeemable currency, except for a selected list of central banks and governments, our dollar circulates abroad with diminished honor. The paper dollar or bank deposit goes at a discount in various markets because it is not maintained on a parity with gold at the statutory rate of $35 per fine ounce through freedom of redemption. Our dollars are therefore subjected to multiple quotations because one is no longer as good as another as should be the case were they all redeemable in gold at a fixed rate.

Multiple quotations for a nation's money are impediments in foreign exchange; and international trade is crippled by such impediments. We, at least, could have avoided adding to the chaos which prevails because of the use of irredeemable currencies throughout a world that is demoralized in the field of money.

The Benefits to Be Had from a Redeemable Currency

What are the benefits to be had from a redeemable currency?

(1) It is the best type of money known to man. It is honest. It has integrity in itself and its existence indicates integrity on the part of government officials and central banks in so far as the nature of the people's money is concerned.

(2) Redeemable bills of credit cannot depreciate in terms of gold, and a redeemable currency contains great limitations on the extent to which it can depreciate in purchasing power in terms of goods and services.

(3) Under such a system all types of dollars are freely convertible into one another and every individual can choose the variety that best meets his needs or desires. Such a currency would provide the maximum of convenience for our people.

(4) With the right to own gold restored to our people, every individual, including the smallest saver, is provided with the safest means, known to man, to guard the value of his savings. He can invest in a commodity of universal acceptability if he is seeking the maximum of safety.

(5) A redeemable currency is a basic and inseparable instrument in the preservation of human freedom from oppressive government.

(6) The existence of a redeemable currency assures the people that they have ultimate control of the public purse.

(7) Such a currency invites or forces economy on the part of government; and it provides the atmosphere conducive to the balancing of government budgets. During the 21 fiscal years, 1934-1954, under an irredeemable currency, the Federal budget yielded a surplus in only three years—1947, 1948, and 1951. During the preceding 21 fiscal years, 1912-1932 (with 1933 eliminated because of its dual nature in respect to the existence of redeemable and irredeemable currency), the budget yielded a surplus 14 times.

(8) A redeemable currency would reestablish one common standard of honesty in respect to the obligation to redeem bills of credit. Our government and Federal Reserve officials would be held to the same standard of obligation that is applied to all other people in this nation. Privilege without corresponding responsibility for Treasury and Federal Reserve officials has no proper place in this country.

(9) A redeemable currency would raise our people from the level of those in a second- or third-class nation who choose, or are compelled, to use a money made of cheap materials the volume of which can be expanded easily by a corrupt government.

(10) It would eliminate the discrimination against our people and in favor of a select list of foreign central banks and governments.

(11) It would make the reserves of the Federal Reserve banks and Treasury usable by our people, not merely by a select list of foreign central banks and governments.

(12) It would remove our people from the same category in which our government places the enemies of this nation. It would eliminate from serious consideration the justifiable question as to whether our government considers our people its enemy and whether it is in fact at war with our people.

(13) It would restore to our people the device without which human freedom cannot long be preserved. A redeemable currency and the growth and preservation of human freedom from government oppression have been natural companions in human history.

(14) Were our currency redeemable, any variety of our dollar could travel over the face of the globe without discount in terms of gold and, therefore, with the maximum of honor. It could be expected that multiple quotations for the dollar would disappear and that a great encouragement would be given to foreign trade and to other nations to resume redemption at the earliest opportunity.

(15) We should expect to see a growth of well-grounded confidence in our future, a sounder variety of business expansion, more saving, more investment, a better market for government securities outside banks.

Problems of credit control would still be with us. But our machinery of credit control would no longer be operating like a locomotive without automatic brakes. A redeemable currency provides an ultimate brake on man's recklessness in the use of credit. No nation is safe when its money managers can operate free from the restrictions on human foolishness which a redeemable currency can, and ultimately does, supply. A gold standard exists because men are fallible and when they recognize that fact. Its absence reveals fiscal bankruptcy, or the desire of government and central bank officials to be free of restraints under which they must operate if the people are to have an honest and sound currency and are to preserve their freedom from government oppression.

With facts such as these available to our lawmakers and leading citizens, why are not our people rescued from an irredeemable currency? The answer would seem to be that while we have had the misfortune to become the victims of a deadly drug we have also suffered from an additional misfortune: we have not had in our government a sufficient number of good students of this drug and of people's reactions to it to be relieved of it.

Such relief, if it is to be had, can be expected to come without general public demand for it. Manifesting all the major characteristics of the confirmed drug addict, we marshal all the arguments against relinquishing our monetary drug which the human mind can devise. These arguments are natural consequences of the fears which an irredeemable currency generates. These fears and these arguments are a measure of our economic illiteracy and of the degree of danger in which we are now living.

The statesman would act because of his wisdom and integrity, not because the mass of people would understand or applaud his program. The applause could be expected to come only after he had acted and after the people began to realize the great benefits flowing from such statesmanship. Secretary of the Treasury John Sherman was berated and booed in 1878 before the institution of redemption on Jan. 2, 1879. After redemption was made effective, he was wined, dined, and painted, and a year later his name was placed in nomination for the Presidency. He went down in history as one of the greatest statesmen of his day—as indeed he was.

What of the Future?

The answer to the question, What of our future?, is a relatively simple one if we may rely upon past experience for guidance: (1) We can continue on our course which we should expect to end either in a business collapse arising from the growth of serious economic maladjustments which an irredeemable currency fosters, or in some sort of revolution following a progressive decline in the purchasing power of our money. Once a nation embarks on the course we are pursuing, the pressures for its continuation — for progressive depression of our dollar—become endless. There is a universal effort in business circles to keep selling prices above costs in order to be able to continue in business. Such pressures are observable all around us as we note the race between costs and selling prices. (2) We may yet have the good fortune to be rescued, before catastrophe overtakes us, by a statesman, or statesmen, who understand the nature and implications of an irredeemable currency.

The Urgent Need

It should be obvious, if the preceding observations are accurate, that the urgent need of the people of this nation is for such a statesman to emerge. Responsible men and women, who understand the seriousness of this issue, should do all within their power to find him and to help him. It would seem reasonable to suppose that 5,000 men, devoted to that task, could succeed. This would be an undertaking of supreme importance; its sole purpose would be to save this nation from serious distress, possibly revolution, in the face of the fact that either possibility is generally regarded today as highly improbable.

Wise men do not consent to let nature take its course when the lessons of the past teach clearly that what we should expect is either of two undesirable probabilities. There would appear to be 5,000 men and women in this nation who understand these lessons and who have the qualities necessary to find and to support in an effective manner the Senator, Representative, Secretary of the Treasury, or President, who, like the good physician, will conduct the fight necessary to remove our drug of irredeemable currency and to provide our people with an honest and sound money. Until such men and women can formulate a workable program, they can at least support and uphold the hands of the members of the Economists' National Committee on Monetary Policy who have been fighting for an honest and sound money for 22 years and who as technicians in the field of money could be counted upon to aid such a group in every possible way.

Each of us needs to examine himself with the utmost care to determine whether he understands the nature of an honest and sound currency; whether an irredeemable currency can be an honest and sound currency; whether, if he decides in the negative, as he should, he proposes to do nothing to help to save this nation from the consequences which should be expected to await us because we are disposed to defy the lessons which non-socialist monetary economists recognize as valid.

Every informed, concerned, and patriotic man can do his best—he can do something—to help save this nation from what history teaches us we should expect unless we change our course to the proper one. He can write or visit with his Congressman and Senators, or Secretary of the Treasury, or the President. He can write letters to editors of newspapers and magazines. He can speak and write when and where he can. He can help organize what he hopes may be an effective bloc of patriotic men and women.

Representative Robert Hale of Maine and Representative Edgar Hiestand of California have, each, introduced two gold standard bills in this Congress. Senator Bridges has stated that he intends to reintroduce his gold standard bill on which hearings were held in March-April, 1954. Representative Daniel Reed of New York has faithfully introduced a gold standard bill in each session of Congress during the last several years, and it seems reasonable to suppose that his bill will be introduced again. Still others are expected to introduce such bills.

These men deserve letters of approval. Chairman J. W. Fulbright of the Banking and Currency Committee of the Senate and Chairman Brent Spence of the Banking and Currency Committee of the House should be urged to hold hearings on these bills, and Secretary of the Treasury, George M. Humphrey, and the President should be urged to support them.

Each one of us can make himself helpful or non-helpful as he chooses. That choice should reveal to him and to others his character and capacity as an intelligent and responsible citizen. A stand in behalf of a redeemable currency requires that men and women be correctly informed and sufficiently strong not to be shaken by the tide around them. That tide is running strong these days; and it seems to be gaining in momentum. The pro-irredeemable currency people have revealed a new confidence in their hold on our government since the last election. The nature of the witnesses they are calling in to support their theories should send chills up the backs of our people. But of course the general public do not understand what is taking place.

Though the movements toward Socialism in this country are many and complex, the fact deserves emphasis that each citizen can line up for or against socialization of this nation by simply supporting or opposing the use of irredeemable currency.

No nation can be socialized if the people have a redeemable currency. No person is justified in insisting that he opposes socialization of the United States if he advocates or acquiesces in the use of an irredeemable currency. Apparently every identified Communist and Socialist, and every other advocate of a governmentally-managed economy, in and out of our government, opposes a redeemable currency. Wherever one looks and finds a government dictatorship, there he finds an irredeemable currency. But that fact, which should be thoroughly obvious to our people, seems not to be comprehended.

The people of the United States are marching along on a broad front toward Socialism, as though in a trance. Our economic illiteracy and proneness to become victims of a mania would appear to have been established beyond any reasonable doubt.

This madness causes our people to take it for granted that our government is to be our manager; and not only that, it is to manage the major affairs of the people of great areas of the world. We call such meddling in the affairs of others our new leadership in the world. Our Treasury is to be used, and our people are to be taxed, for the benefit of a multitude of areas and peoples outside our national boundaries. Our currency must therefore be irredeemable paper, it is assumed, so it can expand as the desires of our government to spend dictate. Our officials no longer deal seriously with the question of lack of honesty in our currency. They simply tell our people over and over, like the hypnotizer, that our currency is sound, as though repeated assertion can make it so. Such is the state of madness in which we are living.

Every thoughtful citizen needs consciously to choose the ground on which he will stand. The great majority of our people, as in other nations, can be expected to float with the tide. Every person who has considered the evidence and argument produced here should be able to decide whether he will oppose or aid socialization in this country. All he need do is to decide whether he will oppose or aid the use of irredeemable currency in this nation.

Continued from page 14

Canada's Program of Atomic Energy Use

significant achievement of the past two years.

Our target of a kilowatt cost between five and seven mills requires that certain conditions be met. First, the cost of the moderator and the uranium fuel must not be excessive. We see no difficulty on this score. Second, we must achieve an efficient utilization of the natural uranium fuel which is entered to the reactor. In order to do this, the uranium fuel elements must undergo long irradiation. In this respect we have already established some records with the NRX reactor. We must also be able to re-cycle the plutonium and depleted uranium which are extracted from the irradiated fuel elements. Finally, the power reactor must be capable of producing the kind of temperatures in a coolant which will permit the production of steam. These several conditions will give you some indication of the wide range of engineering problems which must be solved. I will mention a few of these.

The reactor materials, especially the sheathing for the uranium fuel, must be resistant to high temperatures and corrosion, and at the same time must have the optimum neutron-capture characteristics. Sheathing materials now in use in the NRX reactor will not perform satisfactorily at temperatures in excess of 250° F. A cheap and efficient chemical process must be found for extracting plutonium, depleted uranium, and fission products from the irradiated fuel elements. While the generating equipment in the power reactor can be designed along conventional lines, the handling of the coolant in the reactor and the production of steam from the coolant will require a broad programme of engineering development in such fields as heat transfer, fluid flow, and steam cycles. As we have reason to know at Chalk River, a reactor can get out of control in a matter of seconds. Consequently, adequate instrumentation and control mechanisms are a prime necessity.

Amongest other things, the advantage of an atomic power station, as compared with a conventional thermal power station, is the low annual fuel bill. However, the capital cost of an atomic station will undoubtedly exceed the capital cost of a conventional thermal station. Experience to date indicates that capital costs must be reduced very greatly, if the benefits of lower fuel costs are not to be offset entirely by capital charges.

How are we going about solving these problems?

First, it seemed obvious that at some stage we should apply the nuclear technology which we have developed at Chalk River since 1947. We know of no better way of doing this than by designing and building a power reactor using existing nuclear data. Early in 1954 a power reactor feasibility study was started at Chalk River. The objective of this study was to determine an outline specification for a small power reactor with an electric output of somewhere between 5,000 and 10,000 kilowatts, and to prepare a rough estimate of its cost.

As a result of the study, it has now been decided to design and construct a small or prototype power reactor. Proposals have been invited from a group of companies which have available the necessary design and development experience and shop capacity. The prime contractor will be responsible for designing and building the reactor and for mechanical performance. The contractor will also be expected to make some contribution to the cost of the project. The nuclear data will be supplied by Chalk River. Since it is unlikely that any single company can provide the full range of engineering resources needed for the job, it is expected that other companies with engineering experience in special fields will be employed by the prime contractor. In this way the participation of industry will be on the broadest possible scale.

While final specifications have not been determined, it is probable that the reactor will be designed to produce steam sufficient to generate 20,000 kilowatts electric. It will use heavy water as a moderator and possibly also as a primary coolant. The heavy water will be pressurized and will raise steam from ordinary water in a heat exchanger. The nuclear fuel will be, in the main, natural uranium, but some separated plutonium may also be used as a fuel in order to reduce the physical size of the reactor. The uranium fuel will be in the form of metal rods or tubes clad in zirconium alloy. It is not expected that this reactor will produce power at competitive costs but it will produce the kind of design, operating and cost experience which will permit a scale-up to a large and economic power reactor. The detailed design of the reactor will begin in the second quarter of 1955, with a view to the completion of construction early in 1958.

We would like to have one of the utilities join with us in the small reactor project. We envisage an arrangement whereby the utility would provide the power plant and site, and would undertake to purchase steam from the reactor at some agreed price. The reactor and the power plant would be operated by the utility and the power generated would be fed to an existing power system.

At Chalk River we will continue and expand the present program of research and development. Its main objective will be a preliminary design study for a large power reactor capable of producing 100,000 kilowatts electric. This will involve research on reactor cores, the testing of fuel systems and materials in the NRX and NRU reactors — which are ideally suited for this purpose— and engineering development. It is our hope that a large part of the engineering development will be undertaken by industry.

The second economic factor which must be considered in planning the power reactor program is the future power demand in Canada, the resources which will be available to meet the demand, and their probable cost. Early in 1954 an Advisory Committee, consisting of representatives of the various power corporations and provincial power commissions, was appointed. This committee serves as the medium by which those in the power business may be kept abreast of our progress and at the same time may assist us in giving the correct economic evaluation to the program.

While I wish to make it clear that I accept the sole responsibility for the forecast which I shall give you, I wish to acknowledge the assistance we have received from the members of the committee in compiling the statistics on which the forecast is based. These statistics show that the annual increase in power demand for the country as a whole will be at the rate of 5½% for the period 1955-1960, 5% for the period 1960-1965, and 4½% for the period 1965-1975. Such an increase will require a total installed capacity of approximately 40 million kilowatts by 1975 as against the present installed capacity of 15 million kilowatts. They also show that the average national cost of power to all consumers is now 0.69c per kilowatt hour.

I need hardly point out that these figures require careful interpretation. First, the estimated percentage of increase over the next 20 years varies considerably from region to region. In the first five-year period, 1955-1960, the estimated average annual increase is as high as 8% in some regions and as low as 4% in others. Similarly, with the figures for the present national average cost, regional costs vary from a high of 3.97c per kilowatt hour to a low of 0.5c per kilowatt hour. The wide variation of conditions from region to region also must be taken into account in any attempt to make an appraisal of the power sources, and their cost, which will be available to meet the future demand. In some regions there are large resources of economic hydro-power which are as yet untapped. In other regions thermal fuels are available in abundance, and at a low cost.

Therefore, in assessing the probable role of atomic power in meeting the future power demand, we must look at those regions where hydro-power is unavailable or can only be made available with extremely high transmission costs, or where conventional thermal fuels are not available or, if available, at a high cost. It so happens that southern Ontario is such a region.

The rate of growth in the demand for power in southern Ontario for the past 30 years has been approximately 5.7% per annum. It seems reasonable to assume that this rate of growth will continue during the next 20 years, unless we are prepared to put a limit on the future development of this region—a proposition which will hardly be entertained by this audience. This rate of growth represents a doubling in demand every 12½ years. On this basis, the estimated power demand in southern Ontario in 1975 would be about 9,500,000 kilowatts. On the completion of the St. Lawrence development in 1959 there will be approximately 4,600,000 kilowatts of capacity, leaving approximately 5,000,000 kilowatts of capacity to be provided between 1960 and 1975. With the completion of the St. Lawrence development, large-scale hydro resources in southern Ontario will have been fully developed.

The major portion of this 5,000,000 kilowatts will, therefore, have to be met from thermal installations or from large blocks of hydro power which may be available elsewhere at competitive costs. Bearing in mind that Ontario has no indigenous supplies of conventional thermal fuels and that power from untapped hydro resources in other parts of the country must be transmitted for very great distances, we believe that atomic power can meet southern Ontario's future needs.

I have used the example of southern Ontario since it is of particular interest to this audience. Where similar conditions exist in other parts of Canada, atomic power will be available to supply the deficiency of competitive power from other sources.

The plans for the third stage of the program which I have just described reflect our thinking as to the respective roles of the government and industry in the atomic energy program. The government got into this business during the war years. This, in itself, gave the government the dominant position. Likewise, in the period of transition when the military objective was still paramount, it was to be expected that the full burden of the effort would still be carried by the government.

However, as we enter upon the third stage of the program, some modification of policy is desirable. That we have been able in Canada to carry out a research and development program of a quality quite comparable with that in the United States and in the United Kingdom, is an achievement of which we can all be proud. But let us recognize that this has been done at considerable cost. The projected program will also be costly. It is my view that the continued expenditure of large amounts of government money should have some justification beyond enhancing Canada's reputation in international scientific circles. That justification I see in the probability that atomic power will meet the demand for additional power in those areas of Canada which have exhausted their hydro resources and where the cost of conventional thermal fuels is excessive. I see it also in the creation of a new industry in Canada which will be capable of supplying the commercial market for reactors, reactor components and materials, and reactor fuels, here and abroad.

Because of this, I believe the time has come when industry and the utilities should accept some share of the responsibility for the power reactor program. As I see it, the future role of Chalk River will be to maintain a research and development center which will permit Canada to hold her position in this new field. It will be the role of industry and the utilities to apply the results of this research and development effort. While the program at Chalk River for the present will be concentrated on the small reactor project and the preliminary design study for a large reactor, we will co-operate fully with any company which is interested in pursuing a different line of approach. In this connection I might suggest the design of a small package reactor for use in the North. The proposed partnership of government and business is not peculiar to Canada. A similar trend is now under way in the United States and in the United Kingdom.

Over the years that I have been in Ottawa I have had occasion to read many resolutions concerning the relations of government and industry which are passed from time to time by Boards of Trade throughout Canada. Underlying most of these resolutions is the principle—with which I wholly concur — that private enterprise should be allowed the maximum freedom in developing our country. A corollary of this principle must be the willingness of private enterprise to risk capital in new fields. I know of no field which more neatly satisfies this condition than the industrial application of atomic energy.

Continued from page 14

Uranium and Its Commercial Future

40 million kilowatts of installed generating capacity will be operating with uranium as fuel. Most central station electric plants built after the year 1975 will be so fueled. These conclusions are supported by the views of outstanding authorities in both the electric and the atomic energy industries.

A power plant that is to be fueled with uranium must load its reactor with a full fuel supply at the very start of operations. It must also have an extra supply for its chemical or recycling system. Once in operation in the generation of electricity it uses up fissionable material which must be replaced. How fast such uranium in the inventory is used up depends on whether or not the reactor being used is of one type or another.

The Probable Increase in Uranium Output

We will have to be mining per year more than a half million tons of average grade ore prior to the year 1960 in order to furnish the initial inventory of uranium for the uranium fueled power plants that will be in course of construction by that time. For the new atom powered plants that are built thereafter, as well as to replenish the uranium fuel that is used up in the old plants during operations, the scale of production of ore will have to increase steadily. I expect ore production, for these purposes alone, will have to be close to 1 million tons a year by 1965 and well over 3 million tons a year within three to five years thereafter. The scale of increase thereafter will have to be enormous because most power plants built after the year 1975 will be uranium fueled. By 1975 I believe more than 17 million tons of ore will have to have been mined for the single purpose of fuel for public utility power plants in production and under construction.

It would take a mill capacity of approximately 3,000 tons per day starting right now to have that much ore milled in time for the cumulative requirement prior to the year 1975.

This is one reason why I do not fear that we will get too much reserve of uranium ore in this country. Rather I think that the industrial uses for uranium will develop so fast that the danger is that we will be faced with a national shortage of uranium for industrial uses alone, even if there were no military requirements to meet. We have built our present industrial growth on fuel—mostly oil and its products. Where would we have gotten in this respect if we had developed only a few billion barrels of total oil reserves rather than many billions we have produced and in reserve, oil that we are using up at the rate of about 6 million barrels a day, and are replenishing through new prospecting and development? We should get ourselves in a position to meet all our domestic needs for uranium with plenty to spare for export in the form of finished fissionable product, reactors and the like.

Neither do I fear that the price of uranium to the miner will drop when the year 1962 arrives. It is more likely to go up. The cost of the finished product will drop because the art of milling and refining will develop rapidly. But the market for the product will also increase rapidly and payment to the miner for his ore is only a comparatively small part of the cost of the final product of pure usuable uranium. There may be a need, because of increasing demand, to get uranium out of ore not now of mineable grades. This will require an increase in price or other like special inducements. Nevertheless I believe the government's assured price should, at an early date, be extended beyond 1962 to avoid possibility of a fear of the future on the prospector's part and consequent falling off of prospecting and new discoveries. Such falling off would be bad for our over-all economy.

Thorium has not yet reached its place in the scheme of things. I think it will. Because thorium can be made fissionable in part, just as uranium 238 can be made fissionable, I think as the years roll by we may need to supplement our uranium supplies with thorium.

Non-Fuel Uses of Uranium

I have been speaking up to the present moment only about uranium as fuel for generation of electricity. Uranium produces heat and so long as heat for any purpose can be produced by uranium cheaper than it can with conventional fuels, uranium will be so used. I am not now referring to heat for home units or perhaps even for office building units, but I have in mind, among other things, central heating stations. For example, my apartment in New York City right now receives its steam heat from a central public utility plant which is located quite a distance away from the apartment.

This all has a decided bearing on the commercial prospects for uranium over the next decade or two.

But uranium for its heat value is only a part of its commercial future.

The commercial potentials of uranium lie not alone or perhaps in the long run even principally in its heat and consequent power producing capacities. The atomic radiation products are finding use in manifold growing ways in industry, agriculture and medicine. The breakup of a uranium 235 atom is so violent that, in addition to the fission fragments, neutrons and gamma rays are emitted. The fission fragments are themselves new born atoms of other elements and are highly radioactive. With them we will get atom radiation products. While most of these radiations presently represent a poisonous waste, they can and will be applied to useful purposes.

Considerable progress is being made in the way of the sterilization and preservation of food. A new food processing industry is likely to develop around uranium fission byproducts. The life of fresh meat on the shelf can be increased by 500% by radiation. It is indicated that pork can have its trichinosis removed in a similar way.

In the plastics field the characteristics of plastic can be altered and greatly improved by radioactive treatment. Polythylene, for example, is the plastic used to make squeezable bottles which melt or creep at temperatures needed for sterilization. Irradiated polythylene is right now a commercial product.

Uranium and the radioactive products of fission are permitting the fabrication of new important metal alloys. The oil companies are already using radioactive material in well logging and in oil research. When different kinds of oil products are being sent through the same pipeline, the interface between such products in their flow is already being accurately indicated by radioactive isotopes with resulting economies. There are presently more than 1,000 industrial firms using isotopes for measuring devices. With a decreasing cost of uranium fueled electricity there will be an increasing demand from heavy power users in the electro-metallurgical and electro-chemical industries. The new metal titanium —so important in aircraft manufacture — uses twice as much electricity per pound of product as aluminum. When the problem of shielding against the radioactive emanations at not too great a cost has been solved, we will have atomic powered boats and long range airplanes. Interestingly enough, uranium metal itself provides shielding like lead against the radioactive rays and uses only about one-eighth the volume of space used by lead. It will therefore be used for shielding when the cost is less or when space occupied by shielding is economically important.

And in the field of medicine radioactive products of the splitting atom are increasing in use by the day, in the study of biological processes and in the diagnosis and treatment of disease in many forms. I give as examples radioactive iodine in connection with diseases of the thyroid and in certain heart ailments, radioactive phosphorus for treatment of certain blood diseases, and radioactive rays in the treatment of cancer. There are nearly 1,000 institutional users of radioactive isotopes for medical purposes. I am Chairman of the Lovelace Foundation for Medical Education and Research located in Albuquerque, New Mexico. We have an associated medical clinic and we already have the radioactive cobalt bomb successfully at work. And within the past month we looked at and are considering means of buying a small sized nuclear reactor which North American Aviation Company has perfected for hospital use. It gives off a whole department store like assortment of radiations and products that can be screened out from each other and used individually for particular needs. Uranium may have cancer well on the run.

To date all of us have looked at uranium principally for its blast possibilities in bombs and other weapons. Presently we are looking at it principally for its heat and power possibilities, with the radioactive emanations considered as costly waste to be disposed of as a part of the cost of the heat recovered. This waste is fast becoming a valuable by-product, and if I don't miss my guess, the time will arrive when these present byproducts of the fissioning of the atom will be the things of important value and the heat may be but a valuable by-product.

The uranium horizons seem to me almost unlimited.

In much of what I have said above, "breeding" has not been taken into account. With the development of breeding, the economic consequences of uranium can be multiplied times over. Already projects are well in course of careful study whereby a large reactor can switch from production of heat and power to the production of plutonium, or vice versa, at will. Such a reactor can carry the electric load on the system when needed and, during off peak periods, can renew its own fuel supply through production of plutonium which, when not needed in the same plant, can be commercially sold elsewhere or used for military purposes.

Also I have spoken only about our domestic situation.

Uranium as fuel will be about as cheap in all parts of the world as here because the transportation costs of the fuel will be negligible. England is already building atomic power plants and must import here uranium fuel for such plants. Japan is now at the point with respect to the cost of conventional fuels where her added power facilities should be fueled by heat from nuclear energy. Argentina, with short domestic supply of oil and coal, is definitely in that category now. In the many countries where food refrigeration has not been developed as it has in our country, the by-product radioactive isotopes in their application to foods will improve living conditions immensely. And those same isotopes will be at use helping the sick in hospitals all over the world.

We, with increasing raw material supplies in the form of ore and with the advanced techniques regarding reactors, processes and use for isotopes, have a great opportunity not only in our own trade position with the world but also to help the world to a higher standard of living. President Eisenhower saw this and acted. I believe he will be marked in history as the man in high office who started the widespread use of nuclear energy for peaceful purposes rather than as the leader of the allied forces which drove Hitler's armies back from the shores of Europe. He, a soldier, led the way in turning the sword into a ploughshare.

Effect of Uranium Fuel on Electric Power Industry

Will these commercial applications of uranium hurt the electric power industry? No. That industry is always trying to reduce its costs so as to give cheap, efficient public service. Low generating costs will be a boon to it. Not a single plant based on water power or conventional fuels will be discarded. They will work usefully throughout their physical lives. It is the new increasing demand that will be met with uranium as fuel.

Does this spell the doom of the oil industry? Decidedly not. Only a very small part of the crude oil produced is used in central power plants. Such fuel oil is largely the by-product of refining. Oil is getting more costly to find and that which is being found is becoming more valuable for its chemical products. Uranium in certain of the fuel fields will supplement oil as the years roll by and will thereafter carry on the burden that would otherwise be intolerable for the oil industry and for our economy generally.

I expect to live to see not only central station atomic power plants on land but also atomic powered planes in the air and atomic powered freight and passenger ships at sea, even though I may not live to see, as an economical means of transport, an atomic powered automobile or an economical atomic dry battery.

Is it any wonder that I look upon the "four corners" as the crossroads between a good yesterday and a wonderful tomorrow and that I see blessed with abundance the States that meet up at said four corners?

Is it any wonder that Atlas Corporation acquired as a going concern a uranium mine so full of potentials, located as it is in the heart of the Colorado Plateau? And, having some primary knowledge of what is going on in the hearts of the atoms buried away in the rock of that mine, is it any wonder that I named that mine "Hidden Splendor"?

Continued from page 10

News About Banks and Bankers

Westchester County National Bank in Peekskill and The Crestwood National Bank in Tuckahoe will be about $129,000,000.

* * *

Samuel N. Comly, Executive Vice-President of Russell Burdsall and Ward Bolt and Nut Company in Port Chester, was elected a director of **The County Trust Company of White Plains, N. Y.**, at a board meeting on Feb. 9, according to an announcement by Andrew Wilson, Chairman. In addition, boards of associate directors were elected for the communities of Tarrytown, Ardsley and Katonah and one new associate director was added to the Ossining board. According to Mr. Wilson's statement the 5% stock dividend already approved by stockholders at the annual meeting last month will be paid to stockholders of record at the close of business on Feb. 16. The certificates will be mailed promptly after that date. A regular quarterly dividend of 12½ cents per share on the capital stock of The County Trust Company was also declared, and will be paid April 15, to stockholders of record at the close of business on March 16. Joseph E. Hughes, President, reported that the earnings last month were the best for any January in the history of the bank. The new member of County Trust's board, Mr. Comly, entered the employ of Russell Burdsall and Ward soon after his graduation from Princeton in 1919.

* * *

The First National Bank in Yonkers, N. Y., reports a capital as of Jan. 19 of $750,000, increased from $300,000 by a stock dividend of $450,000.

* * *

A step preliminary to the addition of approximately $5,000,000 to the capital funds of the **Marine Trust Company of Western New York** was taken on Feb. 10 with the mailing of a notice to the bank's stockholders of a sepcial meeting to be held in Buffalo on Feb. 21, to vote upon the proposal recommended by the Board of Directors. Under the proposal the stockholders would be entitled to subscribe to 85,000 new shares of capital stock on the basis of one new share for each 9.1 shares held on Feb. 21. Marine Midland Corporation, the owner of over 98.5% of the outstanding shares, has agreed to purchase any unsubscribed shares at the subscription price of $59 per share. Stockholders of record Feb. 7 will be entitled to vote at the meeting. When completed it is the intention of management to add $1,700,000 to capital, $2,600,000 to surplus and the balance of $715,000 to undivided profits. Outstanding shares will be increased from 771,200 to 856,200 and the book capital funds of the bank will then be in excess of $46,000,000.

* * *

An increase in the capital of the **Canal National Bank of Portland, Maine,** is announced by the Comptroller of the Currency; previously $1,125,000 the capital as of Jan. 14, was raised to $1,187,500 by a stock dividend of $62,500.

* * *

The Phillipsburg National Bank & Trust Company of Phillipsburg, N. J., now (as of Jan. 17) has a capital of $300,000, the amount having been increased from $200,000 as a result of a stock dividend of $100,000.

* * *

At the annual meeting of the stockholders of **Tradesmens Land Title Bank and Trust Company, of Philadelphia**, on Feb. 14, the change of name to **Tradesmens Bank and Trust Company** was approved. All directors were re-elected. Reference to the proposed change in the name of the company appeared in our issue of Jan. 27, page 530.

* * *

Four new Vice-Presidents were included in a list of 27 executive promotions approved on Feb. 14 at the annual organization meeting of the board of directors of **The Pennsylvania Company for Banking and Trusts of Philadelphia.** They are J. Melber Clarke, Theodore S. Halteman and Vaughn R. Jackson, former Assistant Vice-Presidents, and Anthony J. McFadden, former Trust Officer. The board also announced the retirement of Richard E. Hanson, Vice-President in the Commercial Department, who has been associated with the company since 1926. Re-elected were William Fulton Kurtz, Chairman and Chief Executive Officer; William L. Day, President and Chief Administrative Officer, and William F. Kelly, Executive Vice-President.

Promoted to Assistant Vice-Presidents were Rudolph A. Biborosch, A. Roy Hall, J. Lawrence Keyser and Hiram G. Rheiner, from Assistant Treasurer; Victor W. Bean and Esther Jackson Krewson, from Assistant Secretary; Roger L. Hubbert, Harry D. Livingston and G. Ellwood Williams, from Trust Officer, and Henry McK. Baggs, from Trust Investment Officer. Thomas E. Longden was advanced from Assistant Trust Investment Officer to Trust Investment Officer and John J. Carroll was elected an Assistant Secretary.

Eleven new Assistant Treasurers were elected. They are Stuart B. Andrews, James J. Gallagher, John D. Hildebrandt, Daniel B. Kelly, Edward H. Kohlmeyer, George L. Lambert, Victor A. Leszczynski, I. Earl Lind, Jr., Danield A. Morris, Jr., Joseph Smith and Edward J. Wilhelm. At the annual meeting of stockholders held earlier, Isaac W. Roberts, Charles G. Berwind, David H. Harshaw, Morris Wolf and Albert J. Nesbitt were re-elected directors of the company.

* * *

The Second National Bank of Uniontown at Uniontown, Pa., has changed its name as of Jan. 21 to the **Gallatin National Bank, Uniontown**, according to the Jan. 24 Bulletin of the Comptroller of the Currency.

* * *

The Commercial National Bank of Peoria, Ill., has added $500,000 to its capital through a stock dividend, as a result of which the bank's capital is now $2,500,000, compared with $2,000,000 previously.

* * *

A capital of $1,000,000 is now, as of Dec. 8, reported by **The First National Bank of Appleton, Wis.**, the increase from the previous amount, viz. $750,000 having been brought about by a stock dividend of $250,000.

* * *

A stock dividend of $250,000 effective Jan. 17, has brought about an enlargement in the capital of the **Waukesha National Bank of Waukesha, Wis., from $750,000** to $1,000,000.

* * *

As of Dec. 7 the **Industrial National Bank of Miami, Florida,** doubled its capital, increasing it from $450,000 to $900,000 as a result of the sale of $450,000 of new stock.

* * *

The First National Bank of Birmingham, Ala., as of Jan. 12, reported a capital of $9,000,000 increased from $7,370,000 by a stock dividend of $1,630,000. Incident to the increase in the capital, it was noted in our issue of Dec. 2, page 2261, that the **First National Bank at Bessemer, Ala.**, capital $200,000 was merged with the **First National Bank of Birmingham** on Nov. 2.

* * *

The capital of the **Colorado National Bank of Denver, Colo.**, became $3,000,000 on Jan. 18, as a result of a stock dividend of $1,500,000. Previously the bank's capital had stood at $1,500,000.

* * *

The Royal Bank of Canada (head office Montreal) announced on Feb. 9, that A. F. Mayne has been appointed Associate General Manager, a new position, and that R. W. Shannon has been appointed Assistant General Manager. As Associate General Manager Mr. Mayne, heretofore an Assistant General Manager, will be responsible for the management of the bank's operations in the foreign field. Mr. Shannon, who has been a General Inspector, will have jurisdiction over non-domestic business. The bank stated that the creation of the new post of Associate General Manager serves to emphasize the increasing importance of the Royal Bank's organization outside Canada. Of the bank's more than 800 branches, over 700 are in the foreign field.

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. 20	§83.2	*86.8	83.2	74.6
Equivalent to—					
Steel ingots and castings (net tons)	Feb. 20	§2,129,000	*2,095,000	2,008,000	1,779,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Feb. 4	6,721,250	6,677,450	6,574,400	6,271,250
Crude runs to stills—daily average (bbls.)	Feb. 4	¶7,418,000	7,402,000	7,389,000	6,879,000
Gasoline output (bbls.)	Feb. 4	24,208,000	24,546,000	25,392,000	23,787,000
Kerosene output (bbls.)	Feb. 4	2,707,000	2,724,000	2,844,000	2,573,000
Distillate fuel oil output (bbls.)	Feb. 4	12,539,000	11,920,000	12,444,000	10,934,000
Residual fuel oil output (bbls.)	Feb. 4	8,452,000	8,369,000	8,876,000	8,549,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Feb. 4	171,331,000	169,612,000	160,956,000	170,056,000
Kerosene (bbls.) at	Feb. 4	23,200,000	24,532,000	28,465,000	20,671,000
Distillate fuel oil (bbls.) at	Feb. 4	82,001,000	89,032,000	105,132,000	78,014,000
Residual fuel oil (bbls.) at	Feb. 4	47,770,000	48,537,000	52,065,000	45,885,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Feb. 5	640,735	641,979	602,203	624,385
Revenue freight received from connections (no. of cars)	Feb. 5	625,133	609,286	565,545	611,993
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Feb. 10	$298,933,000	$279,861,000	$364,734,000	$196,885,000
Private construction	Feb. 10	152,424,000	182,713,000	249,096,000	132,020,000
Public construction	Feb. 10	146,509,000	97,148,000	115,638,000	64,865,000
State and municipal	Feb. 10	119,801,000	66,705,000	87,817,000	48,227,000
Federal	Feb. 10	26,708,000	30,443,000	27,821,000	16,638,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Feb. 5	8,700,000	8,835,000	8,510,000	7,835,000
Pennsylvania anthracite (tons)	Feb. 5	609,000	608,000	489,000	651,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Feb. 5	85	*87	106	86
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Feb. 12	9,922,000	‡10,047,000	9,928,000	8,684,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Feb. 10	238	264	200	277
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Feb. 8	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	Feb. 8	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Feb. 8	$35.83	$35.50	$34.33	$26.67
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Feb. 9	32.700c	32.700c	29.700c	29.675c
Export refinery at	Feb. 9	35.300c	34.800c	31.525c	29.175c
Straits tin (New York) at	Feb. 9	91.750c	90.250c	86.250c	85.000c
Lead (New York) at	Feb. 9	15.000c	15.000c	15.000c	13.000c
Lead (St. Louis) at	Feb. 9	14.800c	14.800c	14.800c	12.800c
Zinc (East St. Louis) at	Feb. 9	11.500c	11.500c	11.500c	9.500c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Feb. 15	97.13	97.55	97.81	98.56
Average corporate	Feb. 15	109.60	109.97	110.34	108.88
Aaa	Feb. 15	113.31	113.70	114.66	114.46
Aa	Feb. 15	111.07	111.44	112.00	111.07
A	Feb. 15	109.97	110.15	110.34	108.52
Baa	Feb. 15	104.66	104.83	105.00	102.30
Railroad Group	Feb. 15	107.80	108.16	108.52	106.74
Public Utilities Group	Feb. 15	110.34	110.70	111.07	109.06
Industrials Group	Feb. 15	110.88	111.07	111.62	111.07
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Feb. 15	2.71	2.68	2.65	2.60
Average corporate	Feb. 15	3.19	3.17	3.15	3.23
Aaa	Feb. 15	2.99	2.97	2.92	2.93
Aa	Feb. 15	3.11	3.09	3.06	3.11
A	Feb. 15	3.17	3.16	3.15	3.25
Baa	Feb. 15	3.47	3.46	3.45	3.61
Railroad Group	Feb. 15	3.29	3.27	3.25	3.35
Public Utilities Group	Feb. 15	3.15	3.13	3.11	3.22
Industrials Group	Feb. 15	3.12	3.11	3.08	3.11
MOODY'S COMMODITY INDEX	Feb. 15	407.8	412.3	414.4	422.0
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Feb. 5	350,995	244,391	249,382	275,060
Production (tons)	Feb. 5	259,402	257,931	204,172	228,571
Percentage of activity	Feb. 5	94	94	86	89
Unfilled orders (tons) at end of period	Feb. 5	450,660	354,462	406,002	377,082
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Feb. 11	106.54	106.75	106.61	107.05
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. 29	1,675,172	1,393,114	1,444,572	1,004,092
Dollar value	Jan. 29	$90,292,919	$71,651,552	$68,068,161	$44,438,780
Odd-lot purchases by dealers (customers' sales)—					
Number of shares—Total sales	Jan. 29	1,433,599	1,281,172	1,529,630	940,833
Customers' short sales	Jan. 29	10,961	8,923	8,065	10,348
Customers' other sales	Jan. 29	1,422,637	1,272,249	1,520,965	930,485
Dollar value	Jan. 29	$69,607,364	$60,721,770	$65,728,335	$39,698,255
Round-lot sales by dealers—					
Number of shares—Total sales	Jan. 29	356,670	353,220	535,360	296,150
Short sales	Jan. 29				
Other sales	Jan. 29	356,670	353,220	535,360	296,150
Round-lot purchases by dealers—					
Number of shares	Jan. 29	615,250	485,050	394,450	354,870
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. 22	495,640	640,780	550,440	350,460
Other sales	Jan. 22	14,173,920	17,858,980	14,514,540	9,172,770
Total sales	Jan. 22	14,669,560	18,499,760	15,064,980	9,523,230
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Jan. 22	1,930,550	2,092,850	1,612,870	961,350
Short sales	Jan. 22	245,280	354,000	250,440	179,710
Other sales	Jan. 22	1,572,450	2,029,440	1,285,780	816,220
Total sales	Jan. 22	1,817,730	2,383,440	1,536,220	995,930
Other transactions initiated on the floor—					
Total purchases	Jan. 22	463,410	634,980	505,160	305,350
Short sales	Jan. 22	29,900	38,300	23,500	16,500
Other sales	Jan. 22	436,020	634,250	429,010	321,960
Total sales	Jan. 22	465,920	672,550	452,510	338,460
Other transactions initiated off the floor—					
Total purchases	Jan. 22	557,455	692,995	622,661	349,882
Short sales	Jan. 22	61,370	74,020	99,200	38,030
Other sales	Jan. 22	702,799	1,054,116	630,982	457,065
Total sales	Jan. 22	764,169	1,128,136	730,182	495,095
Total round-lot transactions for account of members—					
Total purchases	Jan. 22	2,951,415	3,420,825	2,740,691	1,616,582
Short sales	Jan. 22	336,550	466,320	373,140	234,240
Other sales	Jan. 22	2,711,269	3,717,806	2,345,772	1,595,245
Total sales	Jan. 22	3,047,819	4,184,126	2,718,912	1,829,485
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Feb. 8	110.3	*110.4	110.1	110.5
Farm products	Feb. 8	93.4	*93.8	92.7	98.2
Processed foods	Feb. 8	103.2	103.2	103.7	104.7
Meats	Feb. 8	84.9	85.0	86.5	91.1
All commodities other than farm and foods	Feb. 8	115.5	*115.4	115.1	114.4

*Revised figure. ¶Includes 720,000 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
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of November	121,252	125,089	105,636
Stocks of aluminum (short tons) end of Nov.	28,367	35,740	30,052
AMERICAN GAS ASSOCIATION—For month of December:			
Total gas (M therms)	6,475,003	5,307,012	5,670,200
Natural gas sales (M therms)	6,125,948	5,035,333	5,367,900
Manufactured gas sales (M therms)	51,145	44,688	59,100
Mixed gas sales (M therms)	297,910	229,986	243,200
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of January	8,838,000	*8,287,073	7,951,486
Shipments of steel products (net tons)—Month of December	5,448,649	5,240,209	5,684,920
AMERICAN PETROLEUM INSTITUTE—Month of November:			
Total domestic production (barrels of 42 gallons each)	212,101,000	211,687,000	208,846,000
Domestic crude oil output (barrels)	190,367,000	190,198,000	188,315,000
Natural gasoline output (barrels)	21,686,000	21,446,000	20,493,000
Benzol output (barrels)	48,000	43,000	38,000
Crude oil imports (barrels)	19,082,000	19,893,000	19,444,000
Refined products imports (barrels)	14,040,000	13,112,000	14,147,000
Indicated consumption domestic and export (barrels)	258,727,000	241,337,000	243,510,000
Increase all stock (barrels)	13,504,000	3,355,000	1,073,000
AMERICAN ZINC INSTITUTE INC.—Month of January:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	86,106	*85,164	78,561
Shipments (tons of 2,000 pounds)	93,202	*95,523	60,692
Stocks at end of period (tons)	117,181	*124,277	198,712
Unfilled orders at end of period (tons)	57,421	45,862	26,378
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of November (millions of dollars):			
Manufacturing	$43,811	*$43,841	$46,909
Wholesale	11,718	*11,727	11,930
Retail	22,116	21,996	22,437
Total	$77,645	*$77,564	$81,276
COAL OUTPUT (BUREAU OF MINES)—Month of January:			
Bituminous coal and lignite (net tons)	36,090,000	37,825,000	33,640,000
Pennsylvania anthracite (net tons)	2,359,000	2,816,000	2,680,000
COKE (BUREAU OF MINES)—Month of Dec.:			
Production (net tons)	5,610,564	*5,230,237	6,104,900
Oven coke (net tons)	5,569,683	*5,197,510	5,825,200
Beehive coke (net tons)	40,881	32,727	279,700
Oven coke stock at end of month (net tons)	2,794,178	*2,804,116	2,666,486
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of December:			
Cotton Seed—			
Received at mills (tons)	437,653	1,141,803	809,922
Crushed (tons)	608,688	659,109	717,999
Stocks (tons) Dec. 31	2,320,716	2,441,751	2,864,727
Crude Oil—			
Stocks (pounds) Dec. 31	146,394,000	144,267,000	148,742,000
Produced (pounds)	196,923,000	215,781,000	232,230,000
Shipped (pounds)	168,333,000	171,510,000	224,117,000
Refined Oil—			
Stocks (pounds) Dec. 31	667,621,000	712,619,000	1,109,455,000
Produced (pounds)	157,682,000	161,193,000	200,423,000
Consumption (pounds)	146,167,000	156,937,000	136,286,000
Cake and Meal—			
Stocks (tons) Dec. 31	245,510	251,547	109,700
Produced (tons)	294,034	320,340	340,919
Shipped (tons)	300,071	312,215	394,241
Hulls—			
Stocks (tons) Dec. 31	80,279	86,053	51,678
Produced (tons)	133,135	138,233	161,318
Shipped (tons)	138,909	138,337	162,467
Linters (running bales)—			
Stocks Dec. 31	317,827	252,057	190,376
Produced	195,564	214,379	221,348
Shipped	129,794	161,371	225,040
Hull Fiber (1,000-lb. bales)—			
Stocks Dec. 31	1,618	1,230	964
Produced	1,627	1,739	1,877
Shipped	1,239	1,771	2,010
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks Dec. 31	7,965	6,362	7,777
Produced	3,378	3,583	3,088
Shipped	1,775	2,102	2,537
DEPARTMENT STORE SALES (FEDERAL RESERVE SYSTEM—1947-49 Average=100)—Month of December:			
Adjusted for seasonal variations	117	114	107
Without seasonal adjustment	200	*137	83
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of November (000's omitted)	35,392,450	35,107,798	31,919,120
Revenue from ultimate customers—month of November	$620,306,000	$618,364,000	$571,296,000
Number of ultimate customers at Nov. 30	51,114,619	51,032,028	49,795,031
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of December:			
Contracts closed (tonnage)—estimated	196,767	*195,550	204,227
Shipments (tonnage)—estimated	223,533	*228,704	266,926
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of December:			
Gas-fired furnace shipments (units)	55,800	71,700	33,500
Gas conversion burner shipments (units)	7,700	14,200	8,400
Gas operated boiler shipments (units)	3,900	6,800	3,100
Domestic gas range shipments (units)	143,200	170,500	134,400
Gas water heater shipments (units)	170,700	185,200	141,900
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of Jan.:			
Industrials (125)	4.10	4.09	5.28
Railroads (25)	4.96	4.89	6.98
Utilities (not incl. Amer. Tel. & Tel) (24)	4.56	4.50	5.11
Banks (15)	4.14	4.09	4.61
Insurance (10)	2.58	2.52	3.20
Average (200)	4.22	4.20	5.33
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of December:			
Total number of vehicles	766,012	587,785	484,707
Number of passenger cars	669,778	498,248	389,628
Number of motor trucks	95,812	89,232	94,655
Number of motor coaches	422	305	424
NEW CAPITAL ISSUES IN GREAT BRITAIN—MIDLAND BANK LTD.—Month of January	£4,840,000	£16,529,000	£3,345,000
ZINC OXIDE (BUREAU OF MINES)—Month of December:			
Production (short tons)	12,782	*11,800	13,790
Shipments (short tons)	11,615	11,953	12,256
Stocks at end of month (short tons)	15,923	*14,756	29,903

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

★ Allison Steel Manufacturing Co., Phoenix, Ariz. (3/4)
Feb. 11 filed 100,000 shares of common stock (par $5) and 50,000 shares of 75-cent cumulative convertible preferred stock (par $10). **Price** — To be supplied by amendment. **Proceeds**—To purchase certain assets of Allison Steel Mfg. Co., machinery, tools and equipment, and for working capital and other corporate purposes. **Underwriter**—Lee Higginson Corp., Chicago, Ill.

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 Automobile Insurance Co.
Feb. 16 filed 250,000 shares of capital stock (par $2) to be offered for subscription by stockholders at the rate of one new share for each six shares held. **Price**—To be supplied by amendment. **Proceeds**—To provide company and its wholly-owned subsidiaries, American Automobile Fire Insurance Co. and Associated Indemnity Corp., with additional capital funds. **Underwriter**—Kidder, Peabody & Co., New York.

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 Potash & Chemical Corp.
Feb. 16 filed $7,000,000 of convertible subordinated debentures due 1970. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for expansion and working capital. **Underwriters** — Lehman Brothers and Glore, Forgan & Co., both of New York.

American Scientific, Inc.
Feb. 2 (letter of notification) 50,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To pay current indebtedness and for working capital. **Business**—To manufacture and sell scientific products, equipment and apparatus. **Office**—67 Wall St., New York, N. Y. **Underwriter** — McCoy & Willard, Boston, Mass.

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 Uranium Exploitation Corp.
Jan. 31 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—17 Academy St., Newark, N. J. **Underwriter**—Richard & Co., same city.

American Water Works Co., Inc.
Jan. 13 filed 540,894 shares of common stock (par $5) being offered for subscription by comon stockholders at the rate of one new share for each five shares held as of 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**—$9.50 per share. **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.

Atlantic City Electric Co. (3/9)
Feb. 4 filed $10,000,000 of first mortgage bonds due March 1, 1985. **Proceeds**—To retire bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; White, Weld & Co.; Equitable Securities Corp.; Blair & Co. Incorporated; The First Boston Corp. and Drexel & Co. (jointly); Lehman Brothers; Salomon Bros. & Hutzler; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—To be received up to 11 a.m. (EST) on March 9.

★ Barry Controls Inc., Watertown, Mass. (3/2)
Feb. 11 filed 100,000 shares of common stock (par $1), of which 50,000 shares are for the account of the company and 50,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To discharge mortgage indebtedness; to restore funds used in recent purchase of adjoining land; for working capital and other general corporate purposes. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

★ Best American Life Insurance Co., Mesa, Ariz.
Feb. 11 filed 800,000 shares of class A common stock (par $1) to be offered to present and future holders of its life insurance policies with stock purchase rights; 75,000 shares of class B common stock (par $1) to be offered to present and future life insurance salesmen, district managers and state managers; and 455,208 double option coupons with and attached to policies of whole life insurance, to be offered to the general public. **Proceeds**—To build up capital and surplus of company to permit to qualify as a full legal reserve company and expand into other states.

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.

Bingham-Herbrand Corp., Fremont, Ohio
Feb. 2 (letter of notification) 3,000 shares of common stock (par $1). **Price**—At the market (estimated at $10 per share). **Proceeds**—To selling stockholder. **Underwriter**—Wm. J. Mericka & Co., Inc., Cleveland, Ohio.

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. (2/21)
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.

Continued on page 50

NEW ISSUE CALENDAR

February 21 (Monday)
British Western America Uranium Corp.___Common
(S. D. Fuller & Co. and Vermilyea Brothers) $298,400
Plastics Molded Arts Corp.___Common
(Milton D. Blauner & Co., Inc.; Hallowell, Sulzberger & Co.; and Baruch Brothers & Co., Inc.) $300,000

February 23 (Wednesday)
General Homes, Inc.___Common
(S. D. Fuller & Co.) $1,500,000
Texas Electric Service Co.___Bonds
(Bids 11:30 a.m. EST) $17,000,000

February 24 (Thursday)
Carolina Power & Light Co.___Preferred & Common
(Merrill Lynch, Pierce, Fenner & Beane and R. S. Dickson & Co., Inc.) 50,000 pfd. shs. and 505,000 common shs.
Continental Baking Co.___Debentures
(Wertheim & Co. and Lehman Brothers) $13,000,000
Rochester Gas & Electric Corp.___Bonds
(Bids 11 a.m. EST) $10,000,000
Sheraton Corp. of America___Debentures
(Paine, Webber, Jackson & Curtis; Lehman Brothers; Hemphill, Noyes & Co.; and Hamlin & Lunt) $10,000,000
South Georgia Natural Gas Co.___Common
(Shields & Co.) 157,500 shares

February 25 (Friday)
Maryland Casualty Co.___Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) 296,050 shares
South Carolina Electric & Gas Co.___Common
(Offering to stockholders—underwritten by Kidder, Peabody & Co.) 210,053 shares

February 28 (Monday)
First Bank Stock Corp.___Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) 361,922 shares
Ready-Made Buildings, Inc.___Common
(Aetna Securities Corp.) $300,000

March 1 (Tuesday)
Calumet & Hecla, Inc.___Preferred
(White, Weld & Co.) 50,000 shares
Central & South West Corp.___Common
(Bids 10:30 a.m. CST) 600,000 shares
Continental Electric Equipment Co.___Common
(Offering to stockholders—no underwriting) $162,094
May Department Stores Co.___Debentures
(Goldman, Sachs & Co. and Lehman Brothers) $25,000,000
New England Telephone & Telegraph Co.___Common
(Offering to stockholders—no underwriting) 511,205 shares
Reliance Electric & Engineering Co.___Common
(Blyth & Co., Inc.) 50,000 shares

March 2 (Wednesday)
Barry Controls, Inc.___Common
(Paine, Webber, Jackson & Curtis) 100,000 shares
Chesapeake & Colorado Uranium Corp.___Common
(Peter Morgan & Co.) $750,000
Crampton Manufacturing Co.___Bonds
(Lee Higginson Corp. and P. W. Brooks & Co., Inc.) $1,750,000
Crampton Manufacturing Co.___Common
(Baker, Simonds & Co.) 150,000 shares
Granco Products, Inc.___Common
(John R. Boland & Co., Inc.) $300,000
Union Oil Co. of California___Debentures
(Dillon, Read & Co. Inc.) $60,000,000
Pacific Gas & Electric Co.___Bonds
(Bids to be invited) $50,000,000
United States Ceramic Tile Co.___Common
(Granbery, Marache & Co.) 70,000 shares

March 3 (Thursday)
Glatfelter (P. H.) Co.___Preferred
(The First Boston Corp.) $2,000,000
Glatfelter (P. H.) Co.___Common
(Offering to stockholders—underwritten by The First Boston Corp.) 125,000 shares

March 4 (Friday)
Allison Steel Manufacturing Co.___Preferred
(Lee Higginson Corp.) $500,000
Allison Steel Manufacturing Co.___Common
(Lee Higginson Corp.) 100,000 Shares

March 7 (Monday)
Atlantic Steel Co.___Common
(Courts & Co.) 200,000 shares

March 8 (Tuesday)
Haris-Seybold Co. ___Common
(Kidder, Peabody & Co. and McDonald & Co.) 125,000 shs.
Southern Nevada Power Co.___Preferred
(Hornblower & Weeks; William R. Staats & Co.; and First California Co.) $2,250,000
Trav-Ler Radio Corp.___Debentures
(Straus, Blosser & McDowell) about $1,500,000

March 9 (Wednesday)
Atlantic City Electric Co.___Bonds
(Bids 11 a.m. EST) $10,000,000

March 15 (Tuesday)
General Motors Acceptance Corp.___Debentures
(Morgan Stanley & Co.) about $250,000,000
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

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 49

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.

Calumet & Hecla, Inc. (3/1)
Feb. 7 filed 50,000 shares of $4.75 cumulative preferred stock, series A (no par). **Price** — To be supplied by amendment. **Proceeds**—For expansion program. **Underwriter**—White, Weld & Co., New York.

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.

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. (2/24)
Feb. 2 filed 50,000 shares of cumulative serial preferred stock (no par) and 505,000 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**—Merrill Lynch, Pierce, Fenner & Beane, New York, and R. S. Dickson & Co., Inc., Charlotte, N. C.

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**—To be received up to 10:30 a.m. (CST) on March 1 at 20 No. Wacker Drive, Chicago 6, Ill.

● **Chesapeake & Colorado Uranium Corp. (3/2)**
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.

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.

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 set for 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 Mines, 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 Baking Co. (2/24)
Feb. 3 filed $13,000,000 of 25-year subordinated debentures due March 1, 1980 (convertible into common stock on or before Feb. 28, 1965). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to redeem at $105 per share 125,575 of the 253,575 outstanding shares of $5.50 cumulative preferred stock. **Underwriters**—Wertheim & Co. and Lehman Brothers, both of New York.

Continental Electric Equipment Co. (3/1)
Jan. 28 (letter of notification) 8,645 shares of common stock (no par) to be offered for subscription by stockholders of record March 1, 1955 on the basis of one new share for each five shares held; rights to expire on April 15. **Price** — $18.75 per share. **Proceeds** — For working capital. **Office** — 1 Green Hills Place, Cincinnati, O. **Underwriter**—None.

CorpAmerica, Inc., Wilmington, Del.
Feb. 2 (letter of notification) 2,272 shares of non-voting class A common stock. **Price**—$22 per share. **Proceeds**—For general corporate purposes. **Office** — 1901 West 4th St., Wilmington, Del., **Underwriter**—None.

★ **Crampton Manufacturing Co. (3/2)**
Feb. 8 filed $1,750,000 5½% first mortgage bonds due 1975 (with detachable 10-year common stock purchase warrants attached). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans, for expansion and working capital. **Underwriters**—Lee Higginson Corp. and P. W. Brooks & Co., Inc., both of New York.

★ **Crampton Manufacturing Co. (3/2)**
Feb. 8 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriter** — Baker, Simonds & Co., Detroit, Mich.

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.

★ **Dean & Co., San Antonio, Texas**
Feb. 10 (letter of notification) $150,000 of 5% sinking fund debentures, second series, due Feb. 1, 1965. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To finance new business, including loans on automobiles, etc. **Office**—800 Broadway, San Antonio, Texas. **Underwriter**—The First Trust Co. of Lincoln, Neb.

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.

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.

★ **Dynaseal Lighting Corp., Cambridge, Mass.**
Feb. 7 (letter of notification) 57,000 shares of cumulative convertible preferred stock (par $4) and 28,500 shares of common stock (par one cent) to be offered in units of one share of preferred stock and one-half share of common stock. **Price**—$5 per unit. **Proceeds**—For product development, inventory and working capital. **Office**—5 Hadley Street, Cambridge, Mass. **Underwriter**—Paul D. Sheeline & Co., Boston, Mass.

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 Balanced Fund, Boston, Mass.**
Feb. 11 field 2,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

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.

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.

● **First Bank Stock Corp. (2/28)**
Feb. 4 filed 361,922 shares of capital stock (par $10) to be offered for subscription by stockholders of record Feb. 24, 1955 at the rate of one new share for each eight shares held; rights to expire March 14. **Price**—To be supplied by amendment. **Proceeds** — For investments in stocks of banking affiliates. **Underwriter**—Blyth & Co., Inc., New York, and San Francisco.

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.

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.

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. (2/23)**
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.
Jan. 20 filed 4,380,683 shares of common stock (par $5) being 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**—$75 per share. **Proceeeds** — 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 52,356 shares of class A stock (par $1), 11,106 shares of class B stock (par $1) and 786 shares of common stock (par $1) being offered for subscription by holders of the respective shares at the rate of one new share for each 20 shares of such stock held as of record Feb. 8; rights to expire on March 1. **Prices**—For class A and B stock, $150 per share; and for class C stock, $134.06 per share. **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 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 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.

★ **Glatfelter (P. H.) Co., Spring Grove, Pa. (3/3)**
Feb. 9 filed 40,000 shares of cumulative preferred stock, series of 1955 (par $50). **Price** — To be supplied by amendment. **Proceeds**—Together with other funds, to be used for expansion program. **Underwriter**—The First Boston Corp., New York.

★ **Glatfelter (P. H.) Co., Spring Grove, Pa. (3/3)**
Feb. 9 filed 125,000 shares of common stock (par $10) to be offered for subscription by common stockholders of record March 1, 1955 on the basis of one new share for each 1.76 shares then held; rights to expire on March 16. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used for expansion program. **Underwriter**—The First Boston Corp., New York.

Globe Metallurgical Corp.
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. **Offering**—Temporarily postponed.

● **Granco Products, Inc. (N. Y.) (3/2)**
Feb. 4 (letter of notification) 120,000 shares of common stock (par 50 cents). **Price**—$2.50 per share. **Proceeds**—For machinery and equipment, further development and research, and working capital. **Business**—Electronic, electrical and electro-mechaniacl products. **Office**—c/o Henry Fogel, President, 36-17 20th Ave., Long Island City, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York.

★ **Group Securities, Inc. (N. J.)**
Feb. 8 filed (amendment) an additional 2,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Gulf States Utilities Co.
May 14, 1954 filed 160,800 shares of preferred stock (par $100). **Proceeds**—To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Gulf States Utilities Co.
May 14, 1954 filed $24,000,00 first mortgage bonds due June 1, 1984. **Proceeds**—To redeem $10,000,000 of 3⅜% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983, and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York. N. Y.. but offering has been postponed.

● **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 525,000 shares outstanding. **Offering**—Date expected to be set later in February.

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.

★ **Holly Uranium Corp., New York**
Feb. 10 filed 900,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—To exercise certain options on properties in Utah and New Mexico. **Underwriter**—Barrett Herrick & Co., Inc. and Franklin, Meyer & Barnett, both of New York.

★ **Indian Creek Uranium & Oil Corp.**
Feb. 7 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining and oil activities. **Office**—2320 South Main Street, Salt Lake City, Utah. **Underwriter**—None.

★ **Insurance Securities Inc., Oakland, Calif.**
Feb. 10 filed (amendment) an additional 23 units, $1,000 each, of single payment plans, series U, and 30,000 units, $1,200 each, of accumulative plans, series E, 10-year participating agreements.

Investment Corp. of America
Aug. 30 (letter of notification) 3,799 shares of cumulative preferred stock (no par) and 3,799 shares of common stock (no par). **Price**—For preferred, $20 per share, and for common, $2 per share. **Proceeds**—For working capital. **Office**—3603 Broadway, San Antonio, Tex. **Underwriter**—Interior Securities, Inc., San Antonio, Tex.

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 109, 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 Gas & Electric Co. (3/15)**
Feb. 11 filed $10,000,000 of 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.; 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)**
Feb. 11 filed 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for construction program. **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.

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.

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
Jan. 20 filed 420,623 shares of capital stock (par $1) being ofered for subscription by stockholders of record 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**—$43.25 per share. **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.

★ **Lucky Lake Uranium, Inc., Salt Lake City, Utah**
Feb. 9 (letter of notification) 8,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining expenses. **Office**—201 Boston Building, Salt Lake City, Utah. **Underwriter**—Kastler Brokerage Co., same city.

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 notification) 2,995,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Mid-Coninent Securities, Inc., the same city.

★ **Manhattan Bond Fund, Inc., Elizabeth, N. J.**
Feb. 9 filed (amendment) an additional 1,000,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Marble Canyon Uranium, Inc.
Feb. 4 (letter of notification) 20,900,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—587 — 11th Ave., Salt Lake City, Utah. **Underwriter**—Potter Investment Co., same city.

★ **Marine Midland Corp., Buffalo, N. Y.**
Feb. 15 filed 64,000 shares of common stock (par $5) to be offered in exchange for all of the outstanding stock of Bank of Gowanda at the rate of eight shares of Marine Midland common for each Bank of Gowanda share held of record March 4, 1955. **Underwriter**—None.

● **Maryland Casualty Co., Baltimore, Md. (2/25)**
Feb. 3 filed 296,050 shares of common stock (par $1) to be offered for subscription by common stockholders of record Feb. 24 on the basis of one new share for each six shares held; rights to expire March 10. **Price**—To be supplied by amendment. **Proceeds** — To retire 213,748 shares of $2.10 preferred stock at $52.50 per share; and for working capital. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane.

● **May Department Stores Co. (3/1)**
Feb. 9 filed $25,000,000 of sinking fund debentures due March 1, 1980. **Price** — To be supplied by amendment. **Proceeds** — For working capital and for current and future expansion projects. **Underwriters** — Goldman, Sachs & Co. and Lehman Brothers, both of New York.

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. **Dealer-Manager**—A. C. Allyn & Co., Inc. for Devoe & Raynolds exchange.

★ **Mesa Petroleum Co., Inc., Wichita, Kans.**
Feb. 9 (letter of notification) 75,000 shares of common stock (no par). **Price**—$4 per share. **Proceeds**—To complete wells already drilled on properties owned by company; and to drill additional wells. **Office**—303 Insurance Building, Wichita, Kans. **Underwriter**—Albert C. Schenkosky, same address.

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.

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.

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.

Mother Lode Uranium Co.
Jan. 28 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (two cents per share). **Proceeds**—For mining operations. **Office**—470 South 13th East, Salt Lake City, Utah. **Underwriter**—M. C. Leonard and Associates, 602 Tribune Bldg., Salt Lake City, Utah.

● **New England Telephone & Telegraph Co. (3/1)**
Feb. 4 filed 511,205 shares of capital stock to be offered for subscription by stockholders of record March 1, 1955 at the rate of one new share for each five shares held; rights to expire on March 31. **Price**—At par ($100 per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent, which owns 1,769,035 shares (69.21%) of the outstanding stock. **Underwriter**—None.

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 Silver Belle Mining Co., Inc., Almira, Wash.
Sept. 8 (letter of notification) 500,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Underwriters**—Percy Dale Lanphere and R. E. Nelson & Co., both of Spokane, Wash.

★ **New York Capital Fund of Canada, Ltd., Toronto, Can.**
Feb. 9 filed (amendment) an additional 35,000 shares of common stock (par $1). **Price**—At market. **Proceeds**—For investment.

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

Continued on page 52

Continued from page 51

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.

North American Television Productions, Inc.
Feb. 3 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For production of films, working capital, etc. **Business**—Production and distribution of motion pictures for television, theatrical, and non-theatrical exhibitions. **Office**—222 East 46th St., New York, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc. and Baruch Brothers & Co., Inc., both of New York.

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.

★ **Pacific Gas & Electric Co. (3/2)**
Feb. 14 filed $50,000,000 of first and refunding mortgage bonds, series Y, due Dec. 1, 1987. **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 to be received on March 2.

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.

★ **Petroleum Reserves, Inc., New York**
Feb. 14 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 $750 principal amount of debentures, 10 shares of preferred stock and 100 shares of common stock. **Price**—To be supplied amendment. **Proceeds**—For acquisition of producing oil and gas properties. **Underwriter**—Smith, Barney & Co., New York.

Phaostron Co., South Pasadena, Calif.
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.

Plastics Molded Arts Corp. (2/21)
Feb. 4 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—To acquire stock of Abell Chair & Novelty Co., Inc. and for general corporate purposes. **Business**—Manufacture of plastic products by the injection molding process. **Office**—12-01 44th Ave., Long Island City, N. Y. **Underwriters**—Milton D. Blauner & Co., Inc., New York; Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., New York.

● **Porter-Cable Machine Co.**
Jan. 27 (letter of notification) 24,000 shares of common stock (par $10) to be offered for subscription by common stockholders of record Jan. 21 on the basis of one new share for each 7½ shares held. **Price**—To stockholders, $11.50 per share; to public, $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.

Rare Earth Mining Corp. of Canada, Ltd.
Nov. 18 amendment (Regulation "D") 242,850 shares of common stock. **Price**—$1 per share. **Proceeds** — For general corporate purposes. **Underwriter** — James Anthony Securities Co., New York.

★ **Ready-Made Buildings, Inc., Pittsburg, Kan. (2/28)**
Feb. 8 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To purchase building sites, equipment and inventory, and for working capital. **Office** — 405 Globe Bldg., Pittsburg, Kansas. **Underwriter**—Aetna Securities Corp., New York.

● **Reliance Electric & Engineering Co. (3/2)**
Feb. 8 filed 50,000 shares of common stock (par $5) **Price**—To be supplied by amendment. **Proceeds**—To Reeves Pulley Co., who with its subsidiary is selling their operating assets for 80,000 shares of Reliance stock and cash. **Office** — Cleveland, Ohio. **Underwriter** — Blyth & Co., Inc., New York and San Francisco.

★ **Ribbon Copies Corp. of America, Washington, D. C.**
Feb. 9 (letter of notification) 250,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—To exercise option agreement and to manufacture a stock of patented typewriter attachments. **Office**—1411 Pennsylvania Avenue, N. W., Washington, D. C. **Underwriter**—None.

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.

Rochester Gas & Electric Corp. (2/24)
Feb. 3 filed $10,000,000 first mortgage bonds, series O, due 1985. **Proceeds**—For construction program, including the discharge of $9,200,000 short term obligations. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Stroud & Co., Inc. (jointly); Shields & Co.; Union Securities Corp., Equitable Securities Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and Smith, Barney & Co. (jointly). **Bids**—To be received up to 11 a.m. (EST) on Feb. 24.

Rowland Products, Inc., Berlin, Conn.
Jan. 28 (letter of notification) 5,727 shares of common stock to be offered for subscription by stockholders of record Feb. 1, 1955 at the rate of one new share for each two shares held; rights to expire on March 4, 1955. **Price**—At par ($25 per share). **Proceeds** — For purchase of machinery and equipment. **Office**—Fairview Place, Berlin, Conn. **Underwriter**—None.

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.

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 Francisco Brewing Corp.**
Feb. 3 (letter of notification) 6,500 shares of common stock (par $10), represented by voting trust certificates. **Price**—$42.50 per share. **Proceeds**—To Estate of Anna M. Lurmann. **Office**—470-10th St., San Francisco, Calif. **Underwriter**—Blyth & Co., Inc., same city.

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.

Sheraton Corp of America (2/24)
Feb. 4 filed $10,000,000 of 4¾% convertible debentures due March 1, 1967. **Price**—To be supplied by amendment. **Proceeds**—To be used principally to reduce short term bank loans. **Underwriters**—Paine, Webber, Jackson & Curtis; White, Weld & Co.; Lehman Brothers; Hemphill, Noyes & Co.; and Hamlin & Lunt.

Shumway Uranium Mining Corp.
Jan. 28 (letter of notification) 200,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—64 East 4th South St., Salt Lake City, Utah. **Underwriter**—Doxey Investment Co., same city.

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. **Offering**—Expected today (Feb. 17).

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.

● **South Carolina Electric & Gas Co. (2/25)**
Feb. 2 filed 210,053 shares of common stock (par $4.50) to be offered for subscription by common stockholders of record Feb. 24 on the basis of one new share for each 15 shares held (with an oversubscription privilege); rights to expire on March 10. **Price**—To be supplied by amendment. **Proceeds**—For new construction program and to furnish a portion of additional equity capital required by South Carolina Generating Co., a subsidiary. **Underwriter**—Kidder, Peabody & Co., New York.

South Georgia Natural Gas Co. (2/24)
Feb. 4 filed 157,500 shares of common stock (par $1). **Price** — $6 per share. **Proceeds** — Together with other funds, to construct and operate a pipe line system. **Office**—Birmingham, Ala. **Underwriter** — Shields & Co., New York.

● **Southeastern Public Service Co.**
Jan. 24 (letter of notification) 28,000 shares of common stock (par 10 cents) being 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.

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.

★ **Stein, Roe & Farnham, Inc., Chicago, Ill.**
Feb. 10 filed (amendment) an additional 99,498 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

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.

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**—To be received up to 11:30 a.m. (EST) on Feb. 23 at Room 2033, Two Rector St., New York 6, N. Y.

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.

Thunderbolt Uranium Corp., Salt Lake City, Utah
Jan. 31 (letter of notification) 22,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds** For mining expenses. **Office**—2507 South State St., Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., same city.

Tip Top Uranium & Oil, Inc., Denver, Colo.
Feb. 1 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—1122 Mile High Center, Denver 2, Colo. **Underwriter**—Robert W. Wilson, 1717 East Colfax Ave., Denver, Colo.

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., 1627 K St., N. W., 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.

★ **Union Oil Co. of California (3/2)**
Feb. 10 filed $60,000,000 of convertible debentures due 1975 (subordinate). **Price**—To be supplied by amendment. **Proceeds**—To prepay $10,000,000 of promissory notes and $5,000,000 of 3.70% purchase money obligations (the latter at 103.45%); to redeem at $102.50 per share all of the outstanding $3.75 cumulative preferred shares, series A; for exploration and development of oil and gas properties and for other property additions; and for general corporate purposes. **Underwriter**—Dillon, Read & Co. Inc., New York.

★ **United Canadian Uranium Corp.**
Feb. 7 (letter of notification) 1,188,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—701 Ernest and Cranmer Building, Denver 2, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., same city.

● **United States Ceramic Tile Co. (3/2)**
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.

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.

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 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.

White Canyon Mining Co., Dove Creek, Colo.
Feb. 4 filed 3,000,000 shares of common stock (par 33⅓ cents). **Price**—$1 per share. **Proceeds**—To repay loans and advances; for capital acquisitions; and for expenditures and working capital. **Underwriters**—Joseph McManus & Co., New York; and A. P. Kibbe & Co., Salt Lake City, Utah.

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.

★ **Woodley-Garson, Inc., Salt Lake City, Utah**
Feb. 7 (letter of notification) 4,960,240 shares of common stock (par five cents) to be offered in exchange for oil and gas leases. **Proceeds**—None. **Underwriters**—Wallace H. Gardner, Spanish Fork, Utah; Frank B. Matheson, 1446 E. 9th Street, South Salt Lake City, Utah; and Charles S. Woodward, 1028 S. 10th Street East, Salt Lake City, Utah.

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.

★ **Zapata Off-Shore Co., Houston, Texas**
Feb. 14 filed 315,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—for equipment and working capital. **Underwriter**—To be named by amendment (may be Underwood, Neuhaus & Co., Houston, Texas).

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.

★ **American Telephone & Telegraph Co.**
Feb. 16 directors voted to recommend to stockholders that they authorize a new issue of not to exceed $650,000,000 convertible debentures at their annual meeting to be held on April 20. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably on the basis of $100 of debentures for each eight shares of stock held). **Underwriter**—None.

★ **Atlantic Coast Line RR.**
Feb. 7 directors approved a proposal to issue $13,474,000 of a new series of general mortgage 3½% bonds, series X, due Aug. 1, 2002. **Purpose**—To reimburse treasury, in part, for capital expenditures already made. **Underwriter**—None. Bonds are to be held in company's treasury subject to further order of the Interstate Commerce Commission. It is not proposed to sell or otherwise dispose of the series X bonds at this time, nor is it intended that these bonds will ever be issued as such, except possibly in pledge.

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.

● **Baltimore & Ohio RR.**
Feb. 10 company received ICC exemption from competitive bidding of up to $345,000,000 of new securities. **Proceeds**—For refunding. **Underwriter**—Feb. 16, Howard E. Simpson, President, announced Glore, Forgan & Co., Halsey, Stuart & Co. Inc. and Alex. Brown & Sons have been engaged to continue studies and formulate plans looking towards a simplification of the railroad's debt structure and a reduction in over-all interest costs.

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.

Catalin Corp. of America
Feb. 2 it was reported that company plans to offer publicly 50,000 shares of convertible preferred stock (par $20). **Registration**—Expected late in February. **Underwriter**—Fulton, Reid & Co., Cleveland, Ohio.

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).

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.

Continued on page 54

Continued from page 53

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.

Detroit Edison Co.
Jan. 21 it was announced stockholders on May 2 will vote on authorizing about $60,000,000 of convertible debentures. Previous offer of convertible debentures was made to stockholders without underwriting.

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.

Flo-Mix Fertilizers Corp., Houma, La.
Feb. 7 it was reported company plans early registration of 585,000 shares of common stock. **Price**—Expected at $5 per share. **Business**—Distributes fertilizers and mechanical applicators for their use. **Underwriter**—Charles W. Tschirn, Delta Bldg., New Orleans, La.

★ General Motors Acceptance Corp. (3/15-16)
Feb. 10, Charles G. Stradella, President, announced that the corporation has under consideration a public offering of around $250,000,000 debentures. **Proceeds**—For working capital to finance installment sales of cars and trucks and other products. **Underwriter**—Morgan Stanley & Co., New York. **Offering**—Expected about mid-March.

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.
Feb. 15, the stockholders approved a proposal to increase the 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.

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.

• Harris-Seybold Co., Cleveland, Ohio (3/8)
Feb. 4 it was announced stockholders on March 4 will vote on authorizing a public offering of 125,000 shares of common stock (par $1). **Proceeds**—For expansion and working capital. **Underwriter**—Kidder, Peabody & Co., New York and McDonald & Co., Cleveland, Ohio.

★ Horseshoe Bend Uranium, Inc.
Feb. 1 it was announced that company plans to issue and sell 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For exploration and development expenses. **Underwriters**—James Anthony Securities Corp., New York; Lawrence A. Hays Co., Rochester, N. Y.; and Ned J. Bowman Co., Salt Lake City, Utah.

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.

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.

★ Kin-Ark Oil Co.
Feb. 9 it was reported company plans to issue and sell 500,000 shares of common stock. **Price**—$2.75 per share. **Underwriter**—Van Alstyne, Noel & Co., New York. **Registration**—Expected in about 10 days. **Offering**—May be late in March.

★ Maine Central RR.
Feb. 14, E. Spencer Miller, President, said consideration is being given to the issuance of enough bonds to permit calling of the outstanding $1,500,000 5% first divisional lien bonds, which were sold in 1952 through Blair & Co., Incorporated, New York, and Coffin & Burr, Inc., Boston, Mass. He also stated that the company has not given up the idea of refunding the $17,000,000 5⅛% first mortgage and collateral trust bonds due 1978. Probable bidders for new bonds may include Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; Coffin & Burr, Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Glore, Forgan & Co.

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 Public Service Co.
Feb. 14 it was reported company stockholders will vote March 12 on increasing common stock from 530,000 shares to 2,000,000 shares to provide for a 3-for-1 split-up, and additional stock for future issuance. **Underwriter**—May be Kidder, Peabody & Co., New York.

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.

★ Murphy (G. C.) Co., McKeesport, Pa.
Feb. 8 it was announced stockholders will on April 12 vote on a proposal to increase the authorized limit of indebtedness from $3,000,000 to $20,000,000. **Proceeds**—For expansion program. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York, handled preferred stock financing in 1942.

New Orleans Public Service Inc.
Feb. 4 it was announced that company plans this year to issue some first mortgage bonds due 1985. **Underwriter**—To be determined by competitive bidding. **Probable** bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blair & Co. Incorporated; The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); and Lehman Brothers.

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.

Northwest Plastics, Inc.
Feb. 7 it was reported company plans to issue and sell in near future 17,500 shares of common stock, plus 8,316 shares reserved for conversion of outstanding debentures which may soon be called for redemption. **Underwriters**—May be Irving J. Rice & Co., St. Paul, Minn.; and M. H. Bishop & Co., Minneapolis, Minn.

Norway (Kingdom of)
Feb. 3 it was reported this country may sell between $30,000,000 and $40,000,000 of bonds in the Spring (probably in April). **Underwriters**—May be Kuhn, Loeb & Co., Harriman Ripley & Co. Inc., Lazard Freres & Co. and Smith, Barney & Co.

• Pacific Northwest Pipe Line Corp.
Feb. 11, Federal Power Commission approved the company's plan to offer publicly $17,220,000 of 6% interim notes due May 1, 1956 (convertible into preferred stock at maturity) and 287,000 shares of common stock (par $1) in units of $60 principal amount of notes and one share of stock. **Price**—$70 per unit. **Proceeds**—Together with other funds, to finance construction of a 1,400-mile natural gas pipe line between Ingancio, Colo., and Sumas, Wash., on the Canadian border. In addition, 1,549, 100 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. **Registration**—Expected late in February or early in March.

Pan American Sulphur Co.
Feb. 3 it was reported company is considering offer late in March of $4,500,000 subordinated convertible debentures (first to stockholders). **Underwriter**—Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York.

People's Finance Corp., Denver, Colo.
Jan. 31 it was reported company plans to issue and sell about $500,000 of 6% convertible preferred stock. **Proceeds**—For expansion. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill. **Offering**—Expected in April.

Public Service Co. of Oklahoma
Nov. 11 it was reported that company plans to issue an sell 100,000 shares of new preferred stock (par $100 **Underwriter**—To be determined by competitive biddin Probable bidders: Harriman Ripley & Co. Inc. an Central Republic Co. Inc. (jointly); Smith, Barney Co.; Kuhn, Loeb & Co.; Glore. Forgan & Co. **Offering**-Expected in April or May, 1955.

Southern Co. (11/9)
Dec. 30 it was announced company plans to issue an sell to the public 500,000 additional shares of commo stock (par $5). **Proceeds**—To repay bank loans and fo investment in additional stock of subsidiary companie **Underwriter**—To be determined by competitive bid ding. Probable bidders: The First Boston Corp., Laden burg, Thalman & Co., Carl M. Loeb, Rhoades & Co. an Wertheim & Co. (jointly); Blyth & Co., Inc., Bea Stearns & Co. and Dean Witter & Co. (jointly); Unio Securities Corp. and Equitable Securities Corp. (jointly Lehman Brothers; Morgan Stanley & Co.; Kidder, Pea body & Co., and Merrill Lynch, Pierce, Fenner & Bean **Bids**—Tentatively scheduled for Nov. 9. **Registration**—Not expected until Oct. 12.

Southern Nevada Power Co. (3/8-15)
Nov. 12 it was announced company plans to issue 75,00 shares of convertible preferred stock (par $30). **Underwriters**—Hornblower & Weeks, William R. Staats & Co and First California Co.

Southwestern Gas & Electric Co.
Jan. 17 it was reported company is planning to issu and sell $6,000,000 of cumulative preferred stock (pa $100). **Proceeds**—To prepay bank loans and for construc ion program. **Underwriters**—To be determined by com- petitive bididng. Probable bidders: White, Weld & Co and Kidder, Peabody & Co. (jointly); Lehman Brothers Merrill Lynch, Pierce, Fenner & Beane and Unior Securities Corp. (jointly); W. C. Langley & Co.; Harri man Ripley & Co. Inc. **Offering**—Expected in April o May, 1955.

Storer Broadcasting Co.
Feb. 7 it was announced company plans to publicly offe 262,750 shares of common stock. **Proceeds**—To reduc long-term debt and to redeem 15,000 shares of 7% preferred stock (par $100). **Underwriter**—Reynolds & Co. New York.

Texas Eastern Transmission Corp.
Jan. 12, it was reported that company plans to issue and sell this year $20,000,000 of preferred stock anc $15,000,000 of common stock. **Underwriter**—Dillon, Reac & 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 wil be sold later this year (may be done privately). **Underwriter**—White, Weld & Co. and Stone & Webster Securities Corp.

• Trav-Ler Radio Corp (3/8-9)
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.

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.

Western Light & Telephone Co., Inc.
Nov. 24 it was announced company plans to issue and sell $3,000,000 first mortgage bonds due 1985 and about 40,000 additional shares of common stock (the latter to stockholders on a 1-for-10 basis). **Proceeds**—For construction program. **Underwriters**—May be Dean Witter & Co. and The First Trust Co. of Lincoln, Neb. Bonds may be sold publicly or privately, depending on market conditions.

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.

Our Reporter's Report

Aside from the General Motors Corp. stock offering in which virtually the entire investment banking fraternity is participating, underwriters at the moment have little to keep them busy but they are looking ahead to better days.

Just now, as one observer puts it, "the whole market has a General Motors complex." Bankers scarcely will be finished with the "standby" on General Motors' 4,380,683 share project than they will find themselves engaged in marketing another large issue under much the same banner.

General Motors Acceptance Corp., has disclosed it is negotiating with bankers looking toward the flotation of a new issue of debentures which may run to $250,000,000 to provide working capital for financing sales of automobiles.

Since it has not yet reached the stage where it is ready to put the prospective issue into registration with the Securities and Exchange Commission, chances are it will be along toward mid-March before this prospect reaches market.

Meantime "rights" to subscribe to the General Motors stock offering are due to expire at the close on March 7, so that underwriters seemingly will get something of a breathing-spell in which to tie-up any loose ends in the final stages of this record-making piece of business.

Next Week's Calendar

By way of speeding things up a bit in the corporate issue field bankers will have the opportunity next week to bid for two moderate-sized public utility offerings.

On Wednesday the Texas Electric Service Co. will open bids for $17,000,000 of new bonds and the following day Rochester Gas & Electric Co. has $10,000,000 of bonds up for bids.

Issues of this size are usually the center of keen competition when put up for sale, and the current occasion apparently will find such to be the case.

March Holds Promise

The month of March promises to get away to a good start what with two large offerings being readied for market in the first week.

Pacific Gas & Electric Co. on March 2 will consider bids for an issue of $50,000,000 of bonds to finance construction and add to working funds.

The same day, Union Oil Co. of California via the negotiated route, will be marketing an issue of $60,000,000 of 20-year convertible subordinated debentures. This financing will provide funds for retirement of the $3.75 preferred stock and will cover needs for other corporate purposes.

Mixed Reception

The current week's offerings encountered a somewhat mixed reception, what with one issue reportedly moving out well while a second was a bit on the laggard side.

Dallas Power & Light Co.'s $7,000,000 of 25-year bonds, brought out at a price of 102.15 to yield 3.125% were reported about a third sold after the first two days.

Meantime Kansas City Power & Light Co.'s $16,000,000 of 30-year first mortgage bonds, offered at 102.52 to yield 3.12% appeared to do better. This issue was about two-thirds sold and still moving.

Associates Investment Notes Sold Privately

Salomon Bros. & Hutzler have negotiated the private placement at par of $25,000,000 3¼% promissory notes due Feb. 15, 1970 and $12,000,000 3¾% subordinated notes due Oct. 1, 1968, of Associates Investment Co.

Proceeds from the private placement of the notes will be used by the company initially to reduce its short-term borrowings, and for the financing of its anticipated expansion during 1955.

Tellier Offers Green Mtn. Uranium Shares

Tellier & Co., Jersey City, N. J., are publicly offering 2,000,000 shares of common stock (par one cent) of Green Mountain Uranium Mines, Inc. at 15 cents per share as a speculation.

The net proceeds are to be used to pay for exploration and development and acquisition of additional properties.

The corporation was incorporated in Delaware on Sept. 22, 1954. It is duly qualified to do business in the State of Colorado.

The business of the company is the exploration, development and operation of uranium mining properties. The company is now in the exploratory stage.

The company holds by assignment 4,226.48 acres under leases from the States of Colorado and Utah. Of the above leases, 3,263.48 acres are in Colorado, and 960 acres are in Utah.

The leases in Colorado are located in San Miguel and Park Counties, and those in Utah in the Green River Mining District in Grand County.

Form Atkinson-Kays Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—J. Warren Kays and Irene Atkinson Kays have formed Atkinson-Kays Company with offices at 1255 West Manchester Avenue to conduct a securities business.

Howard McCarry Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Howard McCarry is conducting a securities business from offices at 12300 West Pico Boulevard.

K. L. Provost Opens

(Special to THE FINANCIAL CHRONICLE)

SANTA ANA, Calif.—Kenneth L. Provost is engaging in a securities business from offices at 801 West Seventeenth Street.

Oscar Stein Reopens

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Oscar Stein is again acting as an individual dealer from offices at 8681 Wilshire Boulevard. He has recently been with Investors Realty Fund.

A. L. Tuma Opens

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — A. Laurence Tuma has opened offices at 4612 North Van Ness Boulevard, to engage in a securities business.

With Tellier & Co.

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo. — Edward S. Bannerman is now connected with Tellier & Co. of Jersey City, N. J.

With San Jose Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

SAN JOSE, Calif.—William N. Wentworth has became connected with San Jose Investment Co., Inc., 476 Park Avenue. He was formerly with Mutual Fund Associates.

National City Bank Syndicate Awarded Baltimore Co. Bonds

The National City Bank of New York and associates were the successful bidders on Feb. 16 for an issue of $10,000,000 Baltimore County, Maryland, Metropolitan District bonds, due March 1, 1958 to 1995. The group bid 100.02 for a combination of 5s, 2½s, 2.60s, 2.70s, ¼s and 1/10s, representing a net interest cost of 2.4191%.

Of the total issue, $8,416,000 of 5%, 2½%, 2.60% and 2.70% bonds maturing 1958 to 1989, inclusive, are being reoffered at prices scaled to yield from 1.25% to 2.70%. The balance of $1,584,000 of ¼% and 1/10% bonds, due 1990 to 1995, are not being reoffered.

Other members of the offering group include: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Mercantile-Safe Deposit and Trust Company; The Northern Trust Company; Chemical Corn Exchange Bank; Continental Illinois National Bank and Trust Company of Chicago; The Philadelphia National Bank; Blair & Co. Incorporated; Equitable Securities Corporation; Baker, Watts & Co.; Stein Bros. & Boyce; W. E. Hutton & Co.; Francis I. duPont & Co.; Roosevelt & Cross Incorporated; Laidlaw & Co.; Andrews & Wells, Inc.; King, Quirk & Co. Incorporated; Robert Winthrop & Co.; William Blair & Company; F. W. Craigie & Co.; Scott, Horner & Mason, Inc.; Folger, Nolan-W. B. Hibbs & Co. Inc.

Ferrell & Ferrell Adds

(Special to THE FINANCIAL CHRONICLE)

GRAND JUNCTION, Colo. — Jan P. L. Augustin has become connected with Ferrell & Ferrell, 411½ Main Street.

With Coombs & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Kneeland E. Fuller is with Coombs & Co. of Los Angeles, Inc., 602 West Sixth Street.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Robert J. Nash has joined the staff of Hamilton Management Corporation, 445 Grant Street.

Two With J. Barth

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Leroy H. Hines and Emanuel Rapoport are now with J. Barth & Co., 404 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

DIVIDEND NOTICES

J. I. Case Company
(Incorporated)

Racine, Wis., February 14, 1955

A dividend of $1.75 per share upon the outstanding Preferred Stock of this Company has been declared payable April 1, 1955, to holders of record at the close of business March 12, 1955. No dividend action was taken on the Common Stock.

WM. B. PETERS, Secretary-Treasurer.

BRIGGS & STRATTON CORPORATION

BRIGGS & STRATTON

DIVIDEND

The Board of Directors has declared a quarterly dividend of sixty cents (60c) per share on the capital stock (without par value) of the Corporation, payable March 15, 1955, to stockholders of record February 25, 1955.

L. G. REGNER, Secretary-Treasurer.

Milwaukee, Wis.
February 15, 1955

AMERICAN Cyanamid COMPANY

PREFERRED DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of eighty-seven and one-half cents (87½¢) per share on the outstanding shares of the Company's 3½% Cumulative Preferred Stock, Series B, and a quarterly dividend of ninety-three and three-quarter cents (93¾¢) per share on the outstanding shares of the Company's 3¾% Cumulative Preferred Stock, Series C, payable April 1, 1955, to the holders of such stock of record at the close of business March 3, 1955.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of fifty cents (50c) per share on the outstanding shares of the Common Stock of the Company, payable March 25, 1955, to the holders of such stock of record at the close of business March 3, 1955.

R. S. KYLE, *Secretary*

New York, February 15, 1955.

DIVIDEND NOTICES

GREEN BAY & WESTERN RAILROAD COMPANY

The Board of Directors 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

DREWRYS

A quarterly dividend of forty (40) cents per share for the first quarter of 1955 has been declared on the common stock, payable March 10, 1955 to stockholders of record at the close of business on February 25, 1955.

Drewrys Limited U. S. A., Inc.
South Bend, Indiana

T. E. JEANNERET,
Secretary and Treasurer

NORFOLK SOUTHERN RAILWAY COMPANY

NORFOLK SOUTHERN NS RAILWAY CO.

Common Dividend

The Board of Directors of Norfolk Southern Railway Company have declared a dividend of thirty cents (30¢) per share on the common stock of said Company, payable on March 15, 1955, to stockholders of record at the close of business March 1, 1955.

J. RAYMOND PRITCHARD, *President*

Public Service Electric and Gas Company

NEWARK, N. J.

QUARTERLY DIVIDENDS

Dividends of $1.02 a share on the 4.08% Cumulative Preferred Stock, $1.04½ a share on the 4.18% Cumulative Preferred Stock, 35 cents a share on the $1.40 Dividend Preference Common Stock, and 40 cents a share on the Common Stock, have been declared for the quarter ending March 31, 1955, all payable on or before March 31, 1955 to holders of record at the close of business on March 1, 1955.

F. MILTON LUDLOW
Secretary

NJ PUBLIC SERVICE
CROSSROADS OF THE EAST

DIVIDEND NOTICES

LOEW'S INCORPORATED

February 16, 1955

The Board of Directors has declared a quarterly dividend of 25c per share on the outstanding Common Stock of the Company, payable on March 31, 1955, to stockholders of record at the close of business on March 15, 1955. Checks will be mailed.

CHARLES C. MOSKOWITZ
Vice Pres. & Treasurer

TEXAS GULF SULPHUR COMPANY

The Board of Directors has declared a dividend of 50 cents per share on the 10,020,000 shares of the Company's capital stock outstanding and entitled to receive dividends, payable March 15, 1955, to stockholders of record at the close of business February 24, 1955.

E. F. VANDERSTUCKEN, JR.,
Secretary.

REYNOLDS METALS COMPANY

Reynolds Metals Building
Richmond 19, Virginia

COMMON DIVIDEND

A dividend of twenty-five cents (25¢) a share on the outstanding common stock has been declared payable April 1, 1955, to holders of record at the close of business March 21, 1955.

The transfer books will not be closed. Checks will be mailed by Bank of the Manhattan Company.

ALLYN DILLARD, *Secretary*

Dated, February 9, 1955

MRS. WAGNER'S PIES

WAGNER BAKING CORPORATION

The Board of Directors has declared the regular quarterly dividend of $1.75 per share on the 7% Preferred Stock payable April 1, 1955, to stockholders of record March 18, 1955.

J. V. STEVENS,
Secretary.

SAFEWAY STORES INCORPORATED

Common and Preferred Stock Dividends

The Board of Directors of Safeway Stores, Incorporated, on Feb. 8, 1955, declared the following quarterly dividends:

60¢ per share on the $5.00 par value Common Stock.

$1.00 per share on the 4% Preferred Stock.

$1.07½ per share on the 4.30% Convertible Preferred Stock.

Common Stock dividends and dividends on the 4% Preferred Stock and 4.30% Convertible Preferred Stock are payable April 1, 1955 to Stockholders of record at the close of business March 16, 1955.

MILTON L. SELBY, *Secretary*
February 8, 1955

Washington ... And You

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

WASHINGTON, D. C.—It is perhaps not beyond the range of possibility that a good con artist who happened to get hold of the assets bequeathed in trust to a child could loot the whole trust whilst keeping the child amused with baubles.

One of the fascinating phenomena of this Capital of the United States in the year 1955 is the starry-eyed wonder with which the organized business world is watching a bauble—the bill to end government competition with business.

Senator John A. McClellan (D., Ark.), the Chairman of the Senate Government Operations Committee, has introduced a bill declaring it to be national policy to eliminate government from the field of business-type operations. This bill is similar to one which failed last year. It would establish a court of complaint in the Commerce Department to hear grievances from businessmen who aver that they are suffering from government competition.

This bill realistically exempts any present "government-in-business" operation approved by law. Thus it confines the operation of the proposed legislation to comparatively small things and totally exempts the big things, such as TVA and all the other power empires.

As Senator McClellan states, "it's a matter of serious business concern when government agencies make ice cream, sleeping bags, fertilizer, helium, false teeth, maps, lumber, rubber, paint, aluminum, blueprints, and furniture."

So it is. Few people would give the Senator an argument on that one, for they see little sense in the government making paint or rope or clothespins, or even bras for the Waves and Wacs.

But government in business does make good sense for the tens of thousands of hands the government hires in its business enterprises. These people get high wages. They don't need to worry about whether the government "company" is an efficiently run enterprise or not. There is no question of meeting payrolls, for the Congressional appropriation takes care of that. There are easy hours, nice vacations, and sick leave. It's nice to be removed from the competitive race for life.

For every one thousand employees on a Federal business enterprise, there are usually two Senators and at least one House member who will buck the McClellan bill. The thing couldn't pass last year even when the Republicans nominally controlled the Congress.

Organized Business Backs It

Nevertheless, organized business is backing this with all its might. Some 100 trade associations have formed a Committee to back the McClellan bill. So distinguished an organization as the Chamber of Commerce of the United States is at the forefront of the fight. Practically every trade association representing any kind of a business which faces government competition has joined in the fray. This is the current penultimate ambition of organized business, the McClellan bill.

If the biggest danger faced by business was subsidized competition from the variegated business enterprises of government, a good many people would applaud organized business for making its most united effort in a field to stop the encroachment—even roll back the encroachment—of government.

The Hand in The Pocket

On the other hand, organized business has apparently totally failed to grasp what the Eisenhower Administration wants—which is to keep its 52% majority ownership of the profits of business whilst at the same time, dipping its hands into the accumulated savings of the nation by an apparently harmless and inexpensive system of loan guarantees for farmers, home buyers, hospital bonds, school bonds, road bonds, and numerous other things.

While the government is earnestly engaged in providing for all the fancied needs of the people, it is developing techniques for diverting to the use of government, more and more of the pool of the nation's capital without which private business in the future will be unable either to renew capital, or expand.

Government Understands

Just as a crooked trust man might understand that it is cheap to buy a few articles in the five-and-dime to keep the beneficiary of the trust amused while the trustee is using the assets of the trust for enterprises of his own, the Federal Administration understands what is important.

Those who dominate the present Administration well understand that he who controls the purse controls business, and it may be expected that President Eisenhower will demonstrate to the 100 trade associations that he is the true friend of business and will back the McClellan bill. The President's approval has already been foreshadowed by an order issued by the Budget Director, Rowland Hughes, which seems to make every governmental enterprise step up to the bar and make a justification for its continuation, or face possible extinction.

Support of the McClellan bill bauble will be a cheap price for the Administration to pay if it can keep the attention of organized business diverted from the revolutionary financial implications of the Eisenhower program. So long as organized business is kept happy over the McClellan bill bauble, it can get enacted on the statute books the vast new governmental enterprises which, once authorized by law, even if for only a token part of their ultimate annual costs, inevitably will be woven into the fabric of huge vested interests in Treasury spending.

Then in the future business will be foreclosed from ever bringing about a release from confiscatory taxation and greater confiscatory monetary inflation. For, as you may have heard when some silly guys backed Taft, "you can't turn back the clock, you know."

It is beside the point that the bauble will break before nightfall, for the Opposition will say that this is "giving away" things that belong to the people, and the McClellan bill hasn't a prayer for passing with or without Eisenhower's support.

Vets Loans Will Continue High

President Eisenhower, by terminating a national emergency, cut off future entitlements of war service men to the benefit of the "GI Bill of Rights" law.

Foremost among these benefits was for the insurance by the Veterans Administration of home mortgage loans.

Nevertheless, it probably will as a matter of practical fact not happen before the grandson of any present father grows up, that the VA loans will in fact stop, and then only if the United States avoids action in any future UN demonstrations, wars, or what not.

The "cut off" or "first cut off" for entitlement of veterans of the War to Make the World Safe for Communism was July, 1947, BUT, the Act provides that for 10 years thereafter, the entitlement to home mortgage guarantees will remain.

The Jan. 31 "cut off" on Korean vets actually will not cut off the entitlement until Jan. 31, 1957.

There are more than 6.8 million identifiable Korean war veterans, only a small portion of which have had VA loan guarantees as yet.

Of the War II veterans, some 12 million have not yet got guaranteed home mortgage loans. Furthermore, bills are pending to extend this loan guarantee entitlement into future years, and they will undoubtedly pass, year after year on to the end of Federal finance by prestidigitation.

Incidentally, by the end of this fiscal year the Federal government will have disbursed approximately $500 million in direct Treasury loans to veterans. Mr. Eisenhower proposed that $100 million be made available for such loans in fiscal 1956—$50 million less than in the current year. Congress will correct that inequality by putting the figure again at $150 million.

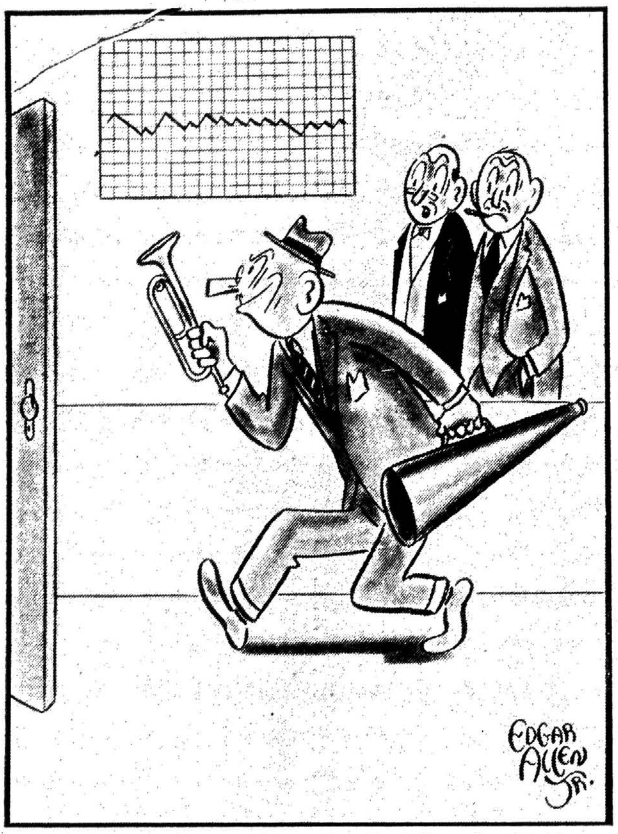
That Independent FR

Once upon a time the Federal Reserve System was look upon as an important and independent arm of the Federal establishment, ranking with major departments.

At the present time the members of the Board of Governors of Federal Reserve System draw an annual salary of $16,000. This compares with a salary of $18,000 for several of President Eisenhower's aides, including his press Secretary, from $17,500 to $25,000 for various U. S.-paid representatives on UN and other world-saving UN agencies, $17,500 for two Under Secretaries of the Treasury, and $22,500 for the Secretary of the Treasury and other Cabinet members.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"Notice how some people are really determined to have their say at the stockholder's meeting?"

Willard C. Connor Opens

(Special to The Financial Chronicle)

UPLAND, Calif. — Willard C. Connor is engaging in a securities business from offices at 240 East Ninth Street.