EDITORIAL

As We See It

The so-called Fulbright "study" of the stock market and its recent behavior is underway. Senator Fulbright and his associates have assumed a serious responsibility in this undertaking. If they permit the proceedings to become a sounding board for discontents and others seeking to garner votes by attacking Wall Street, or if they themselves go off the track, as it were, and become dramatic about matters which are really not germane to the matter in hand, very serious damage could be done. Theirs is also a real opportunity for service to the country. In some instances, buyers have indulged in excesses in speculating in certain popular issues. What else, if anything, has taken place which one could reasonably regret, we shall not undertake to say, but the real opportunity before the Fulbright group lies elsewhere.

More than anything else the behavior of the stock market during the past 12 or 15 months has been a reflection of public policy and public programs in Washington. Some of the activity in this market has represented a delayed reaction to policies of the past, which could not, or at all events did not, have their full normal effects at an earlier date because general conditions were not favorable or because other governmental policies, programs or attitudes were sufficient to prevent it. Part of the ebbulence of the past year or a little more may be taken as a reaction to government policy and attitudes current within that period. If the Fulbright Committee fails to give at least as much attention to these factors as it does to any factors originating in the financial community which it may find unfortunate, it will go on page 42.

PICTURES IN THIS ISSUE—Candid shots taken at the Annual Mid-Winter Dinner of the INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA appear in the Pictorial Section starting on page 26.

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FINANCIAL CHRONICLE

Volume 181 Number 5408


Price 40 Cents a Copy

Growing Companies in Growing Industries

By JULIUS GRODINSKY*

Wharton School of Finance and Commerce

University of Pennsylvania

After defining growing industries as "those whose production of goods and services expand more rapidly than population and national income," Dr. Grodinsky lists as phases in the field of growing industries and their relationship to investment values: (1) an increasing preponderance of dominant companies in the industry, and (2) a greater degree of price instability, accompanied frequently by price wars, and physical expansion. Points out the persistent rise in values of stocks of dominant companies in growing industries, and lists its causes. Warns of effects on sales and earnings of price wars by dominant companies.

Increase in the physical output of goods and services in the basic for the rise in the standard of living. Physical expansion is based upon investment in capital goods. And capital goods are needed to turn out the increasing volume of consumer goods and consumer services. The investor's dollar is essential to the smooth functioning of this production-distribution mechanism. And an extremely large percentage of this capital investment is accomplished by the growing industries.

The growing industries are those whose production of goods or services expand more rapidly, or at least as rapidly, as the population, the national income, the national product, or some other comparable economic time series. As the population and the standard of living increase, the demands upon the growing industry expand proportionately, indeed in some cases more rapidly than the growing industries, more than proportionately. This phenomenon

Continued on page 38


A Defense of the Housing Act of 1954 and the FHA

By GEORGE C. JOHNSON**

President, The Prime Savings Bank of Brooklyn, Brooklyn, N.Y.

Prominent savings bank executive, in commenting on the growing opposition to the mortgage terms provided for FHA-insured mortgages in the Housing Act of 1954, presents arguments and data why the Act should stand as it is. Says though mortgage lending money is on more liberal basis than in past, the loans are sound, and the low down payment has been greatest single factor in putting homes within reach of families in every income bracket. Denies we are confronted with over-production of homes, and concludes the nation's present home mortgage debt of $75 billion is not too high.

I especially like the subject which was assigned to me: "Problems Facing the Builder." The reason I like the subject is because every time a builder has a problem, the mortgage lender has that problem, too. Sometimes, the problem is not quite so acute from the lender's standpoint as it is from that of the builder, but the lender is affected by the problem to at least some degree. So is the realtor, and so is everybody else who is connected with the business of supplying homes for America.

That is why it is so essential that we all become and remain aware of each other's problems — and all work together to find solutions for them.

Mr. Zammuto has summed up most of the builder's problems from the standpoint of his own industry. Everyone of them is serious to a greater or less degree. But there is one problem Mr. Zammuto did not mention. He told me builders are acutely aware of it.

Continued on page 42

*A statement prepared by Mr. Johnson for a panel discussion at the Conference of Men of the Savings Banks Association of Brooklyn, N.Y., Feb. 25, 1955.
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 should they be considered to be, a recommendation to sell or buy the securities discussed.)

ARMAND G. ERPF
Partner, Carl M. Leob, Rhodes & Co.,
New York City

New York Capital Fund of Canada, Ltd.

With American securities becoming increasingly more important and likely to remain so in view of the increasing size and gradual growth of the economy, it is only in a broad sense and in an often-too-favorable light that one can look to other fields for investment and chewing on the blue chips representing the premier companies of the country. These companies are selling at 15 to 25 times earnings and it seems reasonable to wonder if there should be a portion of an investor's funds available for investment in secondary companies? Into the marginal companies! Into new industries and untried ventures! Or should one seek opportunities beyond the familiar financial markets in Canadian investment trusts and in other fields such as the Royal Dutch, Unilever, and Philip Morris, as examples of the American investor to allocate a moderate percentage of his resources abroad.

There are problems in making investments outside the country. The nomenclature and legalities are different, the financial and exchange rates, and other technical matters must be handled. Whether high earnings acquired by prevailing high interest rates and available to an American investor who quickly converts them to dollars are in the best interest, and whether high earnings are taxed or a combination of tax avoidance is involved. Hence, the practical solution, if one wishes to venture funds abroad, is to benefit growth in certain areas, to take advantage of the excellent developments affecting specific industries abroad. A new company which has interesting operating companies in foreign lands appears to be an investment trust which is registered outside the United States. Such funds have professional supervision; they can subscribe to securities not registered in the United States; their income is lightly taxed and they are not subject to capital gains, so that mobility is practical and income is collected like a dividend.

For this purpose the non-resident-owned Canadian funds have been neglected and have had a quick response from American investors. The Tax Act of February 24, 1954, when the U.S. Government permitted the sale of Canadian funds to investors in this country, has opened a new phase of investment trust organization and operations, perhaps in a way comparable to what has taken place over the previous quarters and that Americans are realizing the savings of the public for investment means, or diversified investments.

I naturally favor in this field the New York Capital Fund of Canada, Ltd. I consider it a desirable vehicle because of three features:

1. The primary emphasis of the Fund is upon equity, which may invest up to one-third of its resources outside of Canada and the United States.

2. The Fund is of the common growth variety, with a maximum flexibility in allocating investments, though it does impose geographic restrictions as to the percentages which can be placed in individual situations or industries.

3. Because it is a non-resident-owned investment company, incorporated in Canada, the Fund is not subject to capital gains taxes on investment transactions and its income from interest and dividends is not subject to a maximum tax of 15%.

It seems to me that a non-resident-owned investment company, with an American investor owning a foreign investment trust reasonably has resources of his own in the United States solidly placed or adequately diversified. Hence, there is little reason for him to seek abroad an area in which he has not yet and which because of the developing nature of new and rising economic areas is appropriate for the simultaneous investment opportunities may not be as well analogous to what we find in developed countries and areas that have evolved corporate and capitalistic structure. Abroad one should consider what he seeks, and if what he seeks may or may not be as great of a significance in a domestic diversified portfolio. For example, a high yield without underlying soundness is attractive because the high yield can be translated into a capital gain since taxes are absent or very light. In general in foreign economies there is a tendency to emphasize the strong portions of the economies by accumulations and appreciation rather than waste the money in futile minor facets to achieve a diversified cross-section.

The New York Capital Fund of Canada, Ltd., now has about $32 million of assets with 60% in equities, invested in 13 industries and some 45 companies primarily considering the major industrial areas of South Africa, Latin America, and the Philippines, and 15% in hard-working foreign government and corporate obligations, with the balance in Canadian bonds.

The Fund pays no dividends to take full advantage of the favorable tax position and to provide for long-term capital appreciation through sound management and increased capital and excess undistributed earnings and appreciation rather than waste the money in futile minor facets to achieve a diversified cross-section.

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The Fund pays no dividends to take full advantage of the favorable tax position and to provide for long-term capital appreciation through sound management and increased capital and excess undistributed earnings and appreciation rather than waste the money in futile minor facets to achieve a diversified cross-section.

The Fund's income before expenses, taxes, and dividends is 7% of its assets, or $1,050,000 per annum. It is interest not only to persons in high tax brackets but also to others who wish to accumulate capital rather than to pay current spendable income.

The security of capital is again taken place abroad. In foreign countries the supply of money is coming under control. Budgets are being balanced, and production and prosperity are increasing. Security prices are moving upward and multiples in many industries are increased to record the improving conditions.

The security of capital development has been at a faster pace than our own. The basic real estate inflation has risen 21% compared with 16% in the United States, and average annual growth of 2.4% compared with 1.7% in the United States. The surplus of capital, now $24 billion, has increased the country's foreign exchange to 70% in the United States. A stable political system and vast natural resources assure an impressive exploitation on a sound basis and on a grand scale, offer great promise for its leading corporations in their respective fields.

My conclusion therefore is that a moderate percentage of resources invested abroad is always good fruit, and the New York Capital Fund of Canada, Ltd. offers the combination of emphasis on Canada but the opportunity to acquire an equal opportunity and make when money where it is the most available.

MAX L. HEIN
Partner, Spinney, Hein & Co.
New York City

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On March 1, 1955 the merger of the distributor of the well-known to the investing public created a new giant in the textile industry, Textram American Inc. The New York Stock Exchange has considered in growing economies elsewhere well, and the provision and will take advantage of this opportunity and make when money where it is the most available.

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Major Factors in the Investment Outlook for 1955

BY ROY L. REISERON
Vice-President and Economist
Bankers Trust Company, New York

Dr. Reiserson, after examining the investment environment in 1955, pictures the investment outlook for 1954 being influenced both by heavy demands for long-term investment funds, accompanied by large amounts of such funds held by savings and loan associations. Such commercial bank demand support to the investment markets, but on a smaller scale than in 1954. Holds, as was the case last year, credit and debt margin policies will play an important role in determining the environment in investment markets in 1955.

Our explorations into the outlook for investment demands, flows of investment funds, and debt margin policies are part of an effort to appraise the investment environment in prospect for 1955. The objective expressed in quantifying the terms, the demand for and supply pressures likely to be operating in crucial sectors of the long-term investment market is the availability of data has been the major consideration. In particular, breakdowns of demand and supply for which separate estimates are attempted. We believe the analysis provides reasonably adequate coverage of the major demand and supply factors that have not absolutely determined, influence upon the bond market rate at the current interest rates. If the statistical data were more detailed, comprehensive and accurate, the record of the past would be more reliable and, consequently, more meaningful. The task of appraising the outlook in the investment markets, like any effort at economic evaluation, is fraught with difficulties, and current, of undertaking.

Investment Environment in 1954

In appraising the outlook for the long-term credit markets, one important consideration to keep in mind is that the postwar investment boom was coinciding with unabated strength. In the aggregate, the long-term financing requirements of business corporations, owners of real estate and state and local governments have increased every year since 1949. The modest setback in the rate of economic activity in 1954 was not reflected in lower demands for investment funds; on the contrary, aggregate net requirements of these users of long-term funds increased by close to $22 billion, or more than 10%, from 1953 to 1954. The net amount of long-term financing required for business corporations was somewhat smaller last year, but this reduction was more than balanced by the increase in outstanding mortgage and other long-term debt. A partial offset to these large requirements for long-term funds was the fact that in 1954 the Treasury made no offering of long-term bonds, whereas in 1953 it sold about $12.5 billion of 30-year bonds for cash and issued an additional $40 million in exchange for maturing F and G bonds. This difference in debt management practices, however, total demands for long-term investment funds were larger in 1954 than in the preceeding year.

These increased requirements were met in 1954 without any significant upward pressure on long-term interest rates. Bond yields declined in the early months of last year, and were relatively stable thereafter, until the closing months of the year, when yields, especially on government bonds, increased modestly. Long-term investment funds were available in substantial volume throughout 1954 at a relatively low cost; this cost did not rise appreciably during the year in spite of the larger requirements for investment funds; important investing institutions displayed a relatively large amount of long-term funds available currently, through the banking system or future commitments.

One factor that enabled the larger requirements for funds to be met was the competitive firming of long-term interest rates was the fairly ample increase in the volume of funds accruing to the major savings institutions. The funds available to life insurance companies, mutual savings banks and trust departments, and associations, provided pension funds, and local governments in the form of retirement funds and the time deposits of commercial banks, which, on balance, were higher than in 1953, and the aggregate amount of funds available from these reached record proportions last year.

Another factor that permitted the larger investment requirements to be met without a significant rise in bond yields was the large amount of support provided to the investment markets in 1954 by the commercial banks. This support took a variety of forms. The commercial banks increased their holdings of government securities by some $6 billion; in addition, the commercial banks continued to grow their government portfolio significantly last year. This help from the banking system helped institutional investors to lighten their holdings of government obligations; life insurance companies, mutual savings banks and other governmental institutions reduced their holdings by about $1.4 billion, making an

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Observations...

By WILFRED MAY

A LOOK AT TAX-EXEMPT SECURITIES

The device of the Tax-Exempt security in itself is steadily growing as to both volume and scope of its use among investors. It is a device that is being used to achieve an end that reaps considerable advantage and that is essentially unique to the Tax-Exempt Security field. It is essentially a device that is aimed at realizing the gains of investment in various income groups. Yielding high-grade tax-free, municipal income into taxable corporation bonds of similar maturity, the study shows that during the period of the 1932-1936, the initial interest on the tax-exempt security was considerably lower than the $20,000, the income-splitting privilege materially reduced the tax-exemption bonus to married persons, with the one exception of those persons with an income below $30,000 still being slanted toward corporation bonds rather than tax-exempt issues. But with the new re bumping of taxes in conjunction with Defense activities after the 1939-1940 period, the initial interest on the tax-exempt security has again been reduced.

In the determination of investing policy via a tax-exempt common stock holding group, the study shows the consternation between changing yield patterns, the tax-exempt premium, and stock yields, the tax-exempt premium and the tax-exempt return of its yields have now been enhanced.

The gross amount of tax-free securities rose from $.5 billion in 1939 to a peak of $5.6 billion in 1946, when certain Federal as well as farm loan and state and municipal securities were wholly exempt from tax. After declining thence to a low point of about $16 billion in 1949, it has increased to over $52 billion. These securities now consist almost entirely of state and local loans, and because the Federal Government covers only a small percentage of the tax-exempt debt, it is in 1941. Since the end of World War II the volume of these state and local obligations has increased rapidly and is still rising.

Comparative Investment Advantages

Interesting to the investor planner is Dr. Lent's detailed comparison of average yields on common stocks, taxable corporate issues, and tax-exempt securities, and his computation of the actual values attendant to investment in various income groups. Yielding high-grade tax-free municipal income into taxable corporation bonds of similar maturity, the study shows that during the period most of the period from 1932 to 1939, the initial interest on the tax-exempt security was considerably less than the $20,000, the income-splitting privilege materially reduced the tax-exemption bonus to married persons, with the exception of those persons with an income below $30,000 still being slanted toward corporation bonds rather than tax-exempt issues. But with the new re bumping of taxes in conjunction with Defense activities after the 1939-1940 period, the initial interest on the tax-exempt security has again been reduced.

This shift has not been, however, to the extent that the Federal Government has increased the income-tax rate. But the attitude of the life insurance companies, on whom the Federal Government imposed a special tax in 1936, has remained particularly significant. For the present, the Federal Government is not in a position to take advantage of the fact that its yields have doubled during the past five years largely to their interest in revenue bonds, and the increasing availability of this type of issue. In other words, the Government has been willing to buy this tax-exempt issue on its investment list because of the savings that would result from this interest in revenue bonds, and the increasing availability of this type of issue. In other words, the Government has been willing to buy this tax-exempt issue on its investment list because of the savings that would result from this advantage of the Federal Government.

The continuing trend in this area is evidenced in the Dec. 31, 1954 statements of the leading life insurance companies, with over 40% of their holdings being in tax-exempt bonds. This trend is expected to continue, as the yield on tax-exempt bonds is higher than on taxable bonds, and as the Federal Government has increased the income-tax rate. But the attitude of the life insurance companies, on whom the Federal Government imposed a special tax in 1936, has remained particularly significant. For the present, the Federal Government is not in a position to take advantage of the fact that its yields have doubled during the past five years largely to their interest in revenue bonds, and the increasing availability of this type of issue. In other words, the Government has been willing to buy this tax-exempt issue on its investment list because of the savings that would result from this advantage of the Federal Government.

Some specific examples:

Here are a few stocks we make markets in or find markets for—

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<td>Lumberman's Co-op.</td>
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Se J. Wm. Taylor, has been associated with us in our trading department.

State of Trade and Industry

A considerable upturn occurred in total industrial output for the country-at-large in the period ended on Wednesday of last week. It was about 6% higher than in the similar week of the past year.

As in the past nine weeks, steel production rose with capacity placed in operation in the past month. This week scheduled output is set at 90% of capacity.

The recent rise in ingot output has stimulated the demand for rolling mill equipment and led to increased operations in the coal industry. Blast furnaces of steel plants used approximately 22% more of the post-war peak in the same year ago. The current outlook is for high production of steel to continue into the third quarter of the year.

More passenger cars and trucks were turned out a week ago than in any period in the past year. Heavy construction contract awards also climbed further above the level of the preceding week and 30% above the like week a year ago.

Mortgage pressure for delivery is pushing steel producers again to the wall, says "The Iron Age," national metalworking weekly this week. Some mills are lagging behind on delivery promises. Backlogs are building up and shipping facilities are being strained to the utmost.

With the ingot rate already pushing toward capacity, seasonal market influences are increasing the pressure. Marginal production and finishing facilities are being pressed into service.

Mills this week were operating at 9% of capacity, a short skip from an already expected 8-9%. Production will be only 6% below the all-time weekly tonnage of 3,254,000 tons established during the week of March 23, 1933.

There seems to be no prospect of a let-up in demand through first half. Many producers and consumers are changing their thinking over the outlook for the second quarter. Even if auto motive shunts off as some expect, the momentum of other markets is expected to carry our into third quarter. Additional last half support will come from inventory-building, continues this trade authority.

Steel consumers, it adds, are becoming more anxious and more insistent upon prompt delivery. Most of them are con fronted with a situation of their own production lines going and trying to rebuild their inventories.

The feverish pace of the steel market reflects a steady improvement in inventories at steel mills over the outlook for the second quarter. Even if automotive shunts off as some expect, the momentum of other markets is expected to carry our into third quarter. Additional last half support will come from inventory-building, continues this trade authority.

If the buildup continues, warehouses, already showing a definite though spotty improvement, may expect a sharp increase in demand in the coming months. Not all manufacturers are consumers are forced to buy emergency tonnages from other-than-mill sources at premium prices, and from the standpoint of the trade, this is a favorable development.

Producers are receiving inquiries for possible conversion steel to other types of steel. It may be that the works if consumers are forced to buy emergency tonnages from other-than-mill sources at premium prices, and from the standpoint of the trade, this is a favorable development.

Automotive production in the United States was placed at 168,000 cars and 14,000 trucks last week, "Ward's Automotive Reports" stated.

This compares with 173,452 cars and 14,553 trucks built in the preceding week, the decline reflecting a slight lull at Chevrolet, easing of overtime in some factories and a supply shortage in a few plants.

The continued in the 1954 week United States plants built 113,041 cars and 21,574 trucks. The agency put February output at 674,000 against 659,719 in January which had one additional work day. In February, it added, Chrysler again took 19% of the industry assemblies.

Steel Output Scheduled This Week to Show a Fractional Decline Below Previous Week

The auto industry is being overshadowed as a key to this year's steel demand in the early months, by "Steel," the weekly magazine of metalworking the current week.

The auto industry is important and is 'he largest consumer

Continued on page 45
The Security I Like Best

will be junior in status though to the other debt to the company—

a provision which will become effec-

tive only in extremes, such as the

liquidation, or reorganization of the company.

A recent pro forma balance sheet shows total assets of $826,000,000, including cash, receiv-

ables and inventories of $82,000,000.

All liabilities amount to $696,000,000.

Our 15-year debentures are a part. The float

is no guide for estimate of future earnings.

The company officials believe that the reasons for the losses of the predecessor companies are a matter of history.

The heavy sinking fund requirements on the debentures will ex-

tend strong demand at quarterly intervals. The yield of 7% to 8% on average maturity compares favorably with any other invest-

ment medium. While obviously the

profit possibilities are limited (after all, it is stock equities, so it seems to be the trade.

These debentures are traded in the Over-the-Counter Market and offer the current quotation is $81-

7/8.

Irvind Lundborg Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Clifford D. Barnes has become a

member of the New York Stock Exchange. Officers

are now members of the Caterpillar Tractor

Company. 

While we're on the subject, let's talk about these sales figures.

They've been a bit of a puzzle and are worth mentioning.

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and roller boats for Eastern U. and the

world.

Dallas Rupe Acquiring Membership in NYSE

DALLAS, Texas—On March 3

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coming members of the New York Stock Exchange. Officers

are now members of the New York Stock Exchange.

Underwriting Department, and members of the New York Stock Exchange.

We are pleased to announce that the fol-

lower having joined our organization and

will be located in our New York office.

The Security I Like Best will be junior in status though to the other debt to the company—a provision which will become effective only in extremes, such as the liquidation or reorganization of the company.

A recent pro forma balance sheet shows total assets of $826,000,000, including cash, receivables and inventories of $82,000,000. All liabilities amount to $696,000,000. Our 15-year debentures are a part. The float is no guide for estimate of future earnings. The company officials believe that the reasons for the losses of the predecessor companies are a matter of history. The heavy sinking fund requirements on the debentures will extend strong demand at quarterly intervals. The yield of 7% to 8% on average maturity compares favorably with any other investment medium. While obviously the profit possibilities are limited (after all, it is stock equities, so it seems to be the trade. These debentures are traded in the Over-the-Counter Market and offer the current quotation is $81-7/8.

Irvind Lundborg Adds (Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Clifford D. Barnes has become a member of the New York Stock Exchange. Officers are now members of the New York Stock Exchange. We are pleased to announce that the following have joined our organization and will be located in our New York office.

John P. Miller, President Department

PRENTICE TALMAGE, Jr., Municipal Department

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We take pleasure in announcing that

Robert A. W. Brauns has become associated with us as Manager of our Syndicate Department
New York's Bank Fiduciary Fund—
A Trust Investment Company

BY CHARLES W. BUESK

Prolenea New York trust executive describes the organization, and explains the purpose of the Bank Fiduciary Fund, an open-end mutual fund, set up by several trust companies, and which will make its "debut" about May 1. Though this fund will look like and operate as an open-end mutual fund, it will act much more like a "closed-end" fund since participations are limited by law to $100,000 per trust, as prevails in common trust funds. Steeves, however, the "Bank Fiduciary Fund" is not accountable to the courts, but it will be examined annually by the State Banking Department.

If there is any one thing which I should report to you, it is that our attention has been concentrated in the scope and quality of our service in small trusts and a small trust department has been a popular undertaking. We have had the active assistance of many bankers, of course, but also the help of the various Associations, Bar Associations, and of supervisory authorities in both Albany and Washington. Every one with whom we have sat down to discuss the problem has been sympathetic with our purpose. I think I can say that our plan has not been approved by anyone who took the time to think it through.

* * *

An address by Mr. Bank at the 30th Midwinter Conference sponsored by the Trust Division of the American Bankers Association, New York City, Feb. 7, 1955.

Bank Fiduciary Fund will make its debut May 1, and we are in the happy position of parents whose daughter might prove to be the most popular debutante of the season.

If the fund moves up to its early promise and proves to be a solution to the problem of investing funds in small trust departments, it will succeed only because the plan is neither a makeshift nor a compromise. It makes no attempt to perpetuate the practices and habits of the past. Where it differs from the old way of doing things, we are going to change our ways. Where it goes beyond familiar legal boundaries, we have changed the law. As a result, the fund is especially tailored to the needs of our members, and I believe that it will serve a wide variety of fiduciary purposes.

Our plan for a mutual fund within the banking system is very simple, but it raises several fundamental questions of policy. How, from the traditional procedures of the trust field, has it been accepted and endorsed by the regulatory authorities? Just what does it mean to a fiduciary? We cannot escape the significance of the fact that there is today on all sides a willingness to modernize old practices; to accept new ideas; and, in fact, to do whatever is necessary to solve the problem of investing funds in small trusts and small trust departments.

You may have heard our fund referred to rather inaccurately, as the "Poor Man's Common Trust Fund." You may have read that we intended it to pick up where the common trust fund has left off. That is one of its primary purposes.

In New York State, not one bank in ten has set up a common trust fund. There may be a handful of banks, of which my own U.S. Trust Company is one, which still believe that they can afford to continue the operation of the separate supervision of small trusts. But the great majority of the banks could make good use of common trust funds; if only they had a sufficient number of suitable trusts to justify the expenses involved. The common trust fund proved to be an instrument for use by a few relatively large banks. The Bank Fiduciary Fund is designed, therefore, to be the common trust fund for banks on a quite different scale.

Another Service of the Fund

Our fund will serve another purpose for which the common trust fund was never intended. In New York State, two-thirds of the banks in the Trust Division Department of the New York State Banking Department are, or ever even one full-time investee. We have thought of a common trust fund for our members to aid it. There is no point in putting all your trusts in one basket and having no one to watch the basket.

I don't know how large a trust department must be to afford an investment personnel. The Pennsyl-

vania Department of the Pennsylvania -

have, put the minimum size at $5 million; and many of the small departments in New York State are under well that figure. The Bank Fiduciary Fund will be a very useful tool for many of those smaller banks, because it brings with it investment management from outside the present organization.

We realize that there is a basic question of policy involved in equipping banks which are not really equipped, even if it is one of several matters of policy which we have considered and decided on in the past three years. Before talking about policy, let me first say that I think we need a philosophical approach and that it is only philosophically complex.

The Bank Fiduciary Fund is an open-end mutual fund scheme, much as an insurance company is in the statute as a mutual trust investment company. That is a phrase we coined for the purpose. You will find it quoted, for instance, in the 61st of the Laws of 1934 of the State of New York. A mutual trust investment company has three distinguishing characteristics:

(1) Its shares may be held only by banks serving in a fiduciary capacity. They may not be transferred to an executor, guardian, or committee.
(2) Its sole purpose is limited to investments which are legal for trustees.
(3) It is subject to examination by the State Banking Department.

That, by definition, is a mutual trust investment company. It will be run by a board of bankers, serving in a fiduciary capacity, and may have, among other things, an executive guardian or committee. This means that it will be restricted by law to 35% of common stocks.

(3) It is examined and regulates by the State Banking Department. Of course, we may have considerably more of that in mind. As a matter of policy on which we thought long and hard.

Shares of $100,000 will be sold to participating banks, and will be registered in the names of the banks' nominees. They will not be registered in the name of the trust fund. In the latter case, the number of registered holders from many thousand to a few hundred, and is an important economy measure.

Up to that point, the Bank Fiduciary Fund will look like an open-end mutual fund, but if you look further, it will act much more like a common trust fund. Participation is limited by line to $100,000 per trust. The same limit applies to common trust funds.

Valuations will be made quarterly, beginning at once. We are deliberately avoiding the busy calendar quarters. We know, in fact, a trust desiring to enter or leave the fund will have to wait for the valuation date.

The fund may not be used by any bank as part of its own separate common trust fund. This not only confines its use to banks which need a fiduciary fund, but it also avoids the problem of what to do about a trust which might have a full $100,000 participation in a common trust fund, but may also have another $100,000 participation in the Bank Fiduciary Fund. Under the State Bank banking, from outside the present organization, cannot.

It is possible that the degree of the shares will start at $100, which is a handy size for the reinvestment of mortgaged stocks, and it may be that we will be small enough to fit readily into the trust departments of the participating banks. They are useful in small individual trusts for professionals and others making a start on an estate planning program. They will be useful in small profit-sharing trusts. Although limited to a few trusts, the shares will be appropriate for many more trusts. They would undoubtably be useful in other ways which we have not yet imagined.

In this connection, it is clearly understood that shares in the Bank Fiduciary Fund are to be used for bona fide fiduciary purposes only, the words bona fide appearing often in the regulations of the Banking Department.

Some Basic Complexities

That, briefly, is our plan; and it is not a simple one. The plan itself was more or less agreed upon in New York State in the belief that there are a number of things that time, we have been considering for a number of years. We raise it, the philosophy that is being attacked. Some members of the group to which I mentioned a moment ago.

For example, you may wonder why we have a trust company, when some more informal associate there. As far as I can see, the problem is more complex. We believe that in corporation is the key to the solution of the problem. Some kind of a net is the achievement of a common trust fund concept, and informal arrangements lead to confusion as to the distribution of responsibility among the participants, and they complicate the problem of the trust investment company. It is the corporation which operates under the laws of the State of New York and is not subject to Federal taxes.

(2) An investment company carries with it the tax exemption which is a prerequisite to any solution of the problem. Trust companies are subject to double taxation. An investment company which distributes 85% of its income is not subject to Federal taxes.

(3) The limited expenses of the corporation. Only a part of the trust benefiting from participation in it. Other less formal methods of association present other advantages.

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The Commercial and Financial Chronicle... Thursday, March 3, 1955
This means that the bank which participates one of its trusts in the fund risks surcharge if such action is improper under the terms of the trust instrument. Furthermore, it may be held liable if it incurs an inordinate sacrifice of principal or income in order to participate.

Now for another philosophical question. You will recognize that a bank which participates in the fund has delegated some of its duties as trustee to the directors of the Bank Fundary. There is no law against delegation in New York State, but there is plenty of case law opposing it. 

We disposed of the legal problem readily, by adding a section to our statute, reading as follows: "Shares legal investments for fiduciaries. An eligible fiduciary or fiduciaries may invest or re-invest moneys held in a fiduciary capacity in shares of a mutual trust investment company except where the instrument or the order, decree, or judgment under which such moneys are held prohibits such investment, provided, however, the net aggregate amount of moneys of any estate, trust, or fund invested in shares of such mutual trust investment company shall not at any time exceed $100, or such lesser sum as may be fixed as the maximum amount permitted by such rules and regulations as may be promulgated by the banking board. Such shares shall be treated in the same manner as investments in a legal common trust fund in applying the limitations of subdivision one, paragraph (m) of section 21 of the personal property law."

Here again a good law was taken simple; but there remained the question of whether we were right in doing it. It has been a cardinal rule in the trust business that a trustee may not delegate his duties to any one else. There was always the fear that another person would do something improper careless, or would fail to do something, and that he could not be held responsible for his actions.

We see in the Bank Fiduciary Fund no plausible possibility of negligence or improbity. The fund will be examined annually by the Superintendent of Banks, it will be reviewed at regular intervals by a board of bankers, and it will be under the constant surveillance of a top-level trust department. Its investments will be subject to New York Laws. As we see it, and as the authorities have seen it, the individual bank is not delegating duties; it is assigning duties. It is assigning investment duties to a management group, very much as it might hereafter have retained a lawyer. However, calling in investment specialists is going to cost money; and the next question is "Who is to pay the additional cost, the bank or the customer?" At first we considered having the participating banks pay the bill, on the grounds that they were not entitled to a full commission unless they did all the work. That is a natural way to look at it; but, it is unrealistic; and, on careful analysis, it is unsound.

The money is simply not available in the small trust departments. Many of them are deep in the red, and many more are just about breaking even. However, in spite of their difficulties and their lack of personnel, the trust funds are not liking idle. They are fully invested now, perhaps rather heavily in low-yielding government bonds. The use of common stocks is limited, and we assume that diversification is a problem. Investment information now is gathered from correspondent banks, brokers, and published services, sometimes supplemented by an advisory service on a fee basis. Although the final investment product does not satisfy the banks themselves, it is doubtful whether they would be willing to share their trustees' commission for the sake of diversification and top-level investment judgment. They would be more likely to bump along with savings bonds. 

Aside from this practical consideration, there is one overriding reason for having the customer pay the cost of this undertaking. We are right in making trust ad-

Continued on page 47
Dependable Markets in

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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 Association of Securities Dealers. It is designed to yield and market performance over a 15-year period—National Association Bureau, Inc., 40 First Street, New York 4, N. Y.

Railroad Stock Index—Comparison—Villas & Hickey, 49 Broad Street, New York 5, N. Y.

Real Estate Stock Index—Amott, Baker & Co. Incorporated, 120 Broadway, New York 38, N. Y.


What Atomic Energy Is and How It Is Applied—4-color sheet with information on 600 atomic stocks—Atomic Development Securities Co., 1033 Third Street, N. W., Washington 7, D. C.

Air Products Incorporated—Analysis—Walton & Co., 120 Broadway, New York 5, N. Y.


American Hardware Corporation—Analysis—H. Hentsch & Co., 60 Beaver Street, New York 4, N. Y.


Bird & Sen. Inc.—Analysis—May & Gannon, Inc., 160 Dow¬

inshire Street, Boston 10, Mass.


Bonanza Oil & Mine—Report—J. D. Friedman & Co., Inc., 324 E. State Street, Chicago 1, Ill.

Campbell-Taft Associated Bakers, Inc.—Bulletin—Sands¬

er & Newsom, 1609 Main Street, Dallas 2, Texas.

Chase National Bank of the Manhattan Corporation—Analysis of proposed plan of merger—M. A. Schapiro & Co., 1 Wall Street, New York 5, N. Y.

Chesapeake & New—Study $5.00 per copy—Dept. B-33, Thoson & Co., 112 Broadway, New York 5, N. Y.

Cinera Productions Corp.—Analysis—John R. Boland & Co., 35 Broadway, New York 4, N. Y.

Deere & Co.—Memorandum—McDonnell & Co., 120 Broadway, New York 5, N. Y. Also available are memoranda on Gen¬
eral Motors Corporation, Oil States Corporation, and Steckel Oil & Refining Corporation.

Empire State Oil—Circular—Hay, Fales & Co., 71 Broadway, New York 5, N. Y.

Fidelity Union Trust Co. of Newark—Memorandum—I. George Weston & Sons, 210 Broadway, Long Branch, N. J.


Gynus, Line & Albabaste, Canada, Limited—Review—James Richardson & Sons, 173 Portage Avenue, East, Winni¬
ppeg, Canada and Royal Bank Building, Toronto, Canada.

Hazel Atlas Glass Company—Analysis in current issue of "Gleaning"—Francis J. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue is a brief analysis of Sotheby's Natural Gas Company and a list of 40 selected "Quarter Century" Papers.

Iowa Southern Utilities Co.—Card Memorandum—G. A. Sax¬
town & Co., Inc., 400 Pennsylvania Ave., Washington 4, N. Y.

Manhatte Exploration Co.—Memorandum—Lee & Co., 39 South La Salle Street, Chicago 3, Ill.

National Public Power Co.—Memorandum—R. W. Prempart & Co., 45 Wall Street, New York 5, N. Y.

Phillips Lamp—Memorandum—Salomon Bros. & Hutcber, 69 Wall Street, New York 5, N. Y.

Continued on page 9

Blyth & Co., Inc.

March 3, 1955

NORTHERN SECURITY TRADES ASSOCIATION

The Executive Council of the Northern Securities Traders Associa-
tion have authorized the issuance of a "Traders Bulletin," on a
quarterly basis. The bulletin will be designed to answer the re-
curring question: "What does 1 N. S. T. A. do for its members?"
It will be edited at the request of the Publicity Committee of which George J. Neill, president of Yamaichi Secu-
rity Corporation, and Joseph E. Smith, New-
burger, Lorch & Co., are co-chairmen.

Members are urged to contribute material of interest to N. S. T. A. for publication of the forthcoming or any future issues. Such material may be sent to the "Bulletin" in care of St. Louis National Bank, Wall Street, New York.

INVESTMENT TRADERS ASSOCIATION OF PHILADELPHIA

The Investment Traders Association of Philadelphia reports a most successful dinner on Feb. 25 with approximately 450 members and guests in attendance, estab-
lishing a record. Pictures taken at the dinner appear elsewhere in today's issue of the "Chronicle."

Tucker, Anthony Co., Adds Four in NYC

Tucker, Anthony Co., 120 Broadway, New York City, mem-
bers of the New York Stock Exchange, announced that John F. R. Wilson has joined their organization in the Bond Depart-
ment, Prentice Talmane, Jr. in the Municipal Dept., C. Hickenlooper in the Stock Department and Soren D. Nielsen in the Trading Department.

Mr. Wall, formerly with New York Hanseatic Corporation.

J. R. Phillips Opens New Department

HOUSTON, Tex.—J. R. Phillips Investment Company, State Na-

tional Bank, have opened a new Trading Department under the direction of John D. Weather¬
ston and John E. Davis. The firm has also installed a direct wire to New York Hanseatic Corpo-
ration, 128 Broadway, New York, N. Y.

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Is Sterling Now Convertible?

By PAUL EINZIG

Commenting on instructions given to the Exchange Equalization Fund by the Bank of England to operate in the markets for transferable sterling, Dr. Einzigg says this is a more important step in de facto sterling convertibility than the increase in the Bank rate or restrictions on the issue of British notes. As noted earlier, the Bank of England is a free hand in exchange operations.

LONDON, Eng. — Amidst the dramatic reactions to the increase of the Bank rate to 4½%, and to the departure from the policy of freedom by imposing restrictions on the issuance of Bank of England notes, Mr. Butler's measures of defense appeared almost unnoticed as the day when the three measures were announced. This measure consisted of the instructions given to the Exchange Equalization Fund to operate in the markets for transferable sterling. Yet it is by far the most important of the three. The Bank rate may be reduced at any time, but the restrictions on installment business are very mild—a minimum deposit of 25%, and a maximum repayment period of 24 months. It does little more than firmly the terms that are actually in operation in the large majority of instances. But the official operations in transferable sterling may constitute a decisive step amounting to a return to a de facto convertibility of sterling. Much depends on how the government's instructions are interpreted and applied. Within the limits of the broad instructions given by the Chancellor of the Exchequer, the Bank of England—which in practice operates the Exchange Equalization Fund—will have free hands in its exchange operations. It should interpret its role as raising the rates for transferable sterling to the vicinity of the London quotations, and maintaining them at that level at all costs. Then for all practical purposes transferable sterling would become freely convertible into dollars at the market rate, which is supported by the authorities. Any holder would be able to buy dollars at the prevailing exchange rates. And in case there are no private buyers at that rate the British authorities will attempt to prevent the development of a lower discount on transferable sterling. At the time of writing it would be naive to attempt to form an opinion how the new arrangement will work. It may take weeks, possibly months, before the authorities themselves will be able to settle these matters. Or, possibly a small discount may be tolerated —a move, however, to make it profitable to hold sterling in commodity-hunting. Perhaps the idea is to make the Exchange Equalization Fund is not to keep the rate rigidly fixed, but to intervene from time to time in order to squeeze the British authorities will change many occasions during the 'thirties. It remains to be seen. But if the official policy is to keep transferable sterling at par with the London market rates, then for all practical purposes sterling would become freely convertible outside the Sterling Area. The declared object of this new policy is to make sterling non-shuting unprofitable. But if Mr. Butler wanted to make sterling non-shuting unprofitable without exposing himself to a violent onslaught by all opponents of convertibility, he has not proceeded more skilfully. The fact that such smart opponents as his predecessors, Mr. Gallaher and Mr. T. B. Baker, failed to grasp the significance of the change was, one supposed, shows that, if Mr. Butler had Machiavellian designs in this matter, he had not the sense to disguise them. But it seems doubtful whether the support of sterling has been sufficient for returning deliberately to convertibility. Mr. Butler has enough trouble to keep the discount in to them by exposing ster with all the conditions. It is to be hoped that he will proceed with more care than he showed in the way of the "coinage of the 'thirties," and that it was not Mr. Butler's conscience or his hand or his heart that are to blame. But Mr. Butler did not commit himself to de facto convertibility by any undertaking to keep transferable sterling at par. Everything depends on the way in which the foreign exchange market will respond to the high Bank rate and the other disinflationary measures Mr. Butler has announced. If Mr. Butler should insist on supporting sterling, he should insist in full measure. If he does not, there will be no reason for holders of convertible sterling to sell at a discount. In that case the Exchange Equalization Fund will not have any difficulty in performing its new functions. Transferable sterling would respond to the official instructions. The London rates with very little support to keep par, and convertibility of sterling may even proceed of some of the higher sterling par that they have in February. The official instructions should induce holders of convertible sterling to sell at a discount. In that case the Exchange Equalization Fund will have a busy time in supporting it, at the cost of much heavier losses of gold than those that would have been sustained in the absence of official operations in transferable sterling. The decision to support it would be too heavy, the authorities would have to exert pressure against the selling authorities. They are in practice able to prevent the selling of transferable sterling at any rate, but will only do so when this is consistent with their policy.

Much depends on the extent to which the measures taken will check domestic inflation. A reduction in the index numbers at home will lower imports and will induce British firms to increase their exports. The attraction of foreign "hot money" but on a scale far greater than any reduction in the balance of payments. It would be premature to form an opinion on the effect of the changed situation on the pressure in exchange markets. Should the Bank rate hold its work swiftly it might still be possible for the government to face a general election in the late autumn, by which time the Bank rate could be reduced. But so long as any unemployment resulting from the credit restrictions remained in existence, the government for the risk to a general election. They are in a position to defer it, if necessary, till October 1936. Economic developments within the next few months will determine whether they will do so.

Continued from page 8

Dealer-Broker Investment Recommendations & Literature

Placer Development Ltd.—Memorandum—Hempill, Noyes & Co., 15 Broad Street, New York 4, N. Y.

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

Robert Gair Co.—Memorandum—Hirsh & Co., 25 Broad St., New York 4, N. Y.


Southeastern Telephone Co.—Memorandum—Bell & Hough, 33 Fourth Street, North, St. Petersburg, Fla.

Strategic Materials Co.—Memorandum, Blunder, Rice & McDowell, 30 Pine Street, New York 5, N. Y.

Techbuilt Homes, Inc.—Analysis—Asta Securities Corporation, 111 Broadway, New York 6, N. Y. Also available in a card Memorandum on Zonolite Company.

Wisconsin Power and Light Company—Analysis in current issue of "Business and Financial Digest"—Lowel & Co., 225 East Mason Street, Milwaukee 2, Wis. In the same issue is a discussion of Roadbuilding and Equipment Supplies, with particular reference to Allis Chalmers Manufacturing Company, Bussey Erie Company, Harris & Judson Corporation and Koebing Company.

New York Hanseatic Wire to Pledger Co.

New York Hanseatic Corpora- tion, 130 Broadway, New York City, has installed a direct private wire to Pledger & Company, Inc., 118 West Seventh Street, Los Angeles, Calif.

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Significance of Atomic Energy to Business

by SAMUEL H. BALLAM, JR.*
Assistant Trust Investment Officer,

Calling atomic energy as significant as the discovery of fire, Philadelphia trust officer traces development of the use of nuclear power in generating electricity as well as its uses in business. Says major developments in atomic age have created opportunities for business. Concludes the ultimate benefits of atomic energy are only limited by imagination and ingenuity.

The advent of atomic energy is so significant it has been likened to the discovery of fire. Public imagination has been fired by the revolutionary nature of the discovery and by the fear of the new weapon that might be developed. Almost every day our newspapers report news items pertaining to atomic energy developments, and we must attempt to assess their importance and possible effects upon our lives. Weekly magazines and other periodicals are providing an endless series of articles describing various aspects of the atomic energy program, predictions of life as it will have to be lived or as it might be, and possible devastation as the result of an atomic attack. Our purpose today is to give briefly some of the major scientific achievements which resulted in the successful operation in December, 1942, of the first controlled "chain reaction" under the late Dr. Fermi's direction. In addition, we shall review the development of our atomic energy industry, consider recent accomplishments, and discuss the future applications of nuclear energy in the future.

The present state of nuclear science represents the cumulative effect of many important discoveries in various scientific fields. Dalton in 1808 was the first modern scientist to use the term atom. In 1898 Mendeleev developed the

The significance of atomic energy to business has been likened to the discovery of fire. Business opportunities have emerged due to the development of nuclear power in generating electricity. The ultimate benefits of atomic energy are limited only by imagination and ingenuity.

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If War Comes—What Industries Will Be Affected?

By ROBERT E. WILSON

Chairman of the University of Illinois (Indiana)
Executive of leading petroleum producers, having in mind a Universal military Training and Service Act and eventually a war, discusses the needs of industry for personnel and equipment. The difficulties of personnel and equipment problems necessitate substantial technical help, particularly when these industries require greater expansion when an emergency arises. Depletion shortly to result out of government service.

The Society of American Military Engineers is an organization composed of people who should know about the manpower problems of the armed services and in many cases have had experience in this work. In the normal course of business, they are trained and experienced. Our industry has a continuing supply of petroleum products is continuing production.

In larger oil refineries keep the crude oil dangerous, and, as would seem probable, it will be imperative to get them back into operation at the earliest possible moment. Because of the extreme complexity of these operations, the training of engineers and refinery operators will be a must if disaster strikes.

We cannot expect that all industries will be immediately available at the location of emergency. For that reason, we will be necessary to exert great ingenuity and resort to makeshift operations. The problems will be completely beyond the abilities of ordinary production workers. The job would be impossible if achievement of our scientists and engineers were in the military services.

I wish I could convey to you an adequate picture of the complexities of these plants. Cost does not tell the whole story, because it might be interesting to note that the new refinery to produce aviation gasoline at $17,000 and $20,000 per barrel is a $1 million plant. It will be necessary to keep plant production for aviation gasoline available and manufactured. Thus, a plant to produce 12,000 barrels per day would cost from $100 million to $200 million and would take about two years to build, beginning with the time that the refinery is ordered to go ahead. Ten thousand barrels per day is the maximum production of the total requirements.

In another example, an A-36 bomber burns about 750 gallons of this high-grade fuel every hour in the air. Flights of 24 hours or more are not uncommon requiring 18,000 gallons or about 72 barrels of gasoline, as compared with just one plane. Ten thousand barrels per day at a cost of perhaps $75 million doesn't go far at this rate. The important thing, however, is not the money but the technical requirements for which the refinery operators are not trained and do not know how to do them.

I have used the oil industry as an example of a process industry, but there are many others. Synthetic rubber, chemicals, plastics, and production of most metals are other examples. These industries cannot operate at maximum efficiency without adequate technical help and in case of disaster they also would have to have many engineers to get back in business.

Consider, also, the things which are already on the docket when an emergency arrives. During World War II, there was no phenomenal technical developments. The oil that was run off a whole new industry was developed. When the supply of natural rubber was cut off, a whole new industry was developed. But the exigencies of war pushed this development, and otherwise would have happened. Engineers and scientists had to seek out and build synthetic rubber plants. They really didn't have enough data, at least by normal standards. But they went ahead and the plants worked. You can do this with the best people trained and experienced people.

The Atonome Bomb

The outstanding technical accomplishment of all time was probably the development of the atomic bomb. Just think, for a moment, that plants were built at Oak Ridge, Hanford, Los Alamos which cost more than a billion dollars. All of these was done at a time when nobody had a nucleus of any type. The thing amazing, however, is not the money but the technical requirements for which the men were knocked out. Scientists said they could build the plant. So they had to develop and develop the most fearsome weapon in history. Also they opened the way for a whole new technology which will be of great benefit to all of us and everyone to our children. I'm sure General Groves would tell you that, at least, he had many, he never had enough scientists and engineers for this project. He got his job done in remarkably short time, but I'm sure he still wonders how much sooner he might have gotten it done if he could have had more technical help. Certainly the job would have been impossible without calling on such organizations as the Post and Credit for thousands of technically trained people. We must not take any action that would make impossible to build up such technical defense as we have been called upon in times of emergency.

In my own company, during World War II, there was a demand for rubber with no warning, called upon the people to undertake what was a normal business. But somebody had to provide the competent staff of scientists and engineers so they gave us a job to do. Of course we accepted it. One point is that we had about 2,000 technically trained people to work together working the other. They didn't work. We couldn't do without these trained people. And we worked. There was a real shortage of scientists and engineers in this country, especially in the petroleum industry, which was well trained in the latest developments. More people accept that our selective service system should make every effort to have each individual do the job in which he can best serve his country. The trouble starts when they try to spell out the mechanism for accomplishing this. The important question is: who decides what and where a given individual should serve. I hope this conference can come up with some recommendations to the government. A step in the right direction perhaps was taken by the 85th Congress.

While I am listed as a board chairman or listed as a professional chairman, I have been, engaged in work in the companies, and in some cases, engaged in work on a consulting basis. While I have served in these two companies, one university, and several petroleum industry laboratories, by the end of World War I, I was a Major in the Chemical Warfare Service of the charge of about 50 research workers. In recent years I have had some unusual opportunities to work with the military services as an advisor and consultant. I mention this not as a plea for more work of this kind, but rather to point out how that work may affect my thinking with regard to the problems that will confront us in the years to come.

I'd like to talk to this conference about the "Needs of Industry." What I mean is the "Needs of Industry." What I mean is the industrial human being, the hip, the guy who's got a job in industry. The military forces would soon grid as war approaches. These men would have been equipped with their multitudinous requirements. The military forces would, in fact, be quite different from those required by the civilian market. Meeting the needs of industry in the event of war will be a difficult challenge. It is a challenge that we must meet, however, if we are to make the most of our resources.
Administration’s Problems
And Its Accomplishments

BY GEORGE M. HUMPHREY
Secretary of the Treasury

Secretary Humphrey, in stating the goal of the Eisenhower Administration to keep alive and vigorous the priceless principles and initiatives, lists what he calls "some unspectacular things" the Administration has been helping to accomplish during the past two years. Says progress has been made in reducing waste and extravagance in government.

The problems and accomplishments I speak of are the problems of every citizen, and the accomplishments are the work of all who, by their own efforts have helped to build soundness and opportunity by hard work and honest endeavor.

I am going to talk to you not of headline, controversy, reversals, and crises, but of the quiet, unspectacular developments that are going on all around us in America. There have been no headlines to tell you that more than 66 million Americans are working at jobs of their own choosing, that they are free to leave or change if and whenever they so desire. There are no headlines to tell you that about 55% of the 47 million families in America own their own homes, that Americans have savings of $50 billion in life insurance policies; almost $50 billion in U.S. Savings Bonds; and $25 billion in retirement pension funds. There are no headlines to remind you the year after year our armed forces have been given a brilliant and unheralded return of confidence of Americans in government, in their fellow citizens, in our ability and strength to do whatever may be required of us in time of emergency.

I am even more encouraged to talk to you about these simple principles that have made our country great.

When I read over the list of names of those who have been previous recipients of the William Penn Award, showing that the Philadelphia Chamber of Commerce over the years has been honoring men who stand for the development of free competitive enterprise and initiative which we now believe as basic to our American way of life—the way of life which has yet to be surpassed anywhere in the world of ours. It is the dedicated goal of the Eisenhower Administration to keep alive and vigorous the priceless principles of free, competitive enterprise and initiative, but we must do more than keep them alive and vigorous. We must keep them growing and always developing the new things and the better ways of doing the things which have made this nation great.

What has been done in encouraging initiative and enterprise has not been sensational or dramatic. But it has been important to every American in his daily life. It is important to the standard of living of every American worker and to the lives of his loved ones. It is critically important to the defense of America against the enemy attack, for the power and strength of American industrial capacity is the very foundation of our security.

It is often true that "good news" is "no news" to attract public attention in the daily news outlets of press, radio, and TV. Yet the quiet, unspectacular, progressive developments that are going on in America—without making sensational news—are important for the present and future of our nation.

I have no quarrel with what makes news. I make these observations while taking a little now about some of the things that have been done during the past two years—important things which are not worth mentioning because they do not draw the attention that controversy does.

Some Unspectacular Things

What are some of these unspectacular things the Administration has been helping to accomplish during the past two years?

The undramatic but steady and basic thing which has been going on in this country has increased the confidence of all Americans in the possibilities of our future. This increasing confidence is the most important stimulant to the development of the strength of our nation's economy, with the careful and quiet attention of an Administration which knows that government can do relatively little except to properly set a stage upon which free vigorous Americans can perform.

Our nation has made the transition from a wartime high to a lower level of government spending without a major economic up set. This transition was helped substantially by heavy tax cuts which were made to stimulate consumer confidence.

It is true there is still high tension in many places, there is no armed warfare between major powers at any point on the globe as of this moment. There is peace—unary as it is. It is the responsibility of the government to be non-political, and in this direction the Administration has been unhesitating.

The present improved relationships in many parts of the world have been achieved by good faith and dedicated pursuit of solutions for the vexing and sometimes unspectacular international problems. It is a treacherous path. Bold risks sometimes must be taken. Sometimes the reward of the courage of an initiative is actually to have its very success be damaging to the cause for which it has been adopted. In this as in all developments, the problem of preserving the peace and making it more secure.

Inflation Checked

Inflation has been stopped. In the past two years the value of the dollar has changed only one fifth of one cent. This comparison, with a drop in the price of the value of the dollar, 100 cents in 1933, only 10% cents in 1935. All departments and many people in government are working hard for, and insisting upon getting back control, for the power and strength of American industrial capacity as the very foundation of our security.

Price 100%
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Power of Government in the Economy

The President's decisions on our defense forces are recognition of the fact that in this age of almost unbelievable developments with respect to efficiency and economy it is the opportunity which has not been available in the past to make the shift a long time ago. The President's decisions on our defense forces are recognition of the fact that in this age of almost unbelievable developments with respect to efficiency and economy it is the opportunity which has not been available in the past to make the shift a long time ago.

The expected further tax reduction and the maintenance of a healthy business, plus the building of our industrial foundations are creating greater confidence in our future prosperity.

This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.

New Issue

March 2, 1955

Dillon, Read & Co. Inc.
The Paper and Pulp Industry's Stake in Free World Trade

By J. D. ZELLEBACH

President, Zellerbach Corporation

In pointing out the remarkable growth and prosperity of the American Paper and Pulp industry during a period of declining tariffs, Mr. Zellebach, prominent in the industry, says in the following article that foreign competition to the paper industry has been greatly exaggerated, and concludes that it is in our interest to do the utmost to promote the expansion of the American paper and pulp industry.

We have come a long way since I attended my first American Paper and Pulp Association meeting more than 35 years ago. Since that time our industry has increased by more than 350%, and is now about half the world production of paper and board. We have added the fifth largest industry, and the third fastest growing one in the American economy.

The American Paper and Pulp industry is based and is more vigorous and versatile than ever before in its history.

Our remarkable growth has taken place in an era of declining tariffs. Duties on imported paper and pulp products have declined substantially, and in 1972, the early 1980's, these duties have dropped drastically. The present average of approximately 9%.

Yet, there has been a strong protectionist attitude within the American Paper and Pulp Association. The voice of our industry has been raised against virtually every tariff reduction. Indeed, it has sometimes raised issues that have been perceived as tariff increases.

These have been the traditional stand of our industry. We have kept in growing and prospering while the duties declined. Recently, there have been promises of change in our industry's attitude toward trade and world trade. Our general support of the Randall Commission report heralds a growing awareness that protectionism is no longer the best approach, and that instead of protectionism, serves our best interests.

I want to say a few words about the future of paper and pulp industry within our Association. As a part of a protectionist, I believe that we have become convinced that the United States government has a real interest in liberalizing its foreign trade policy. And I am strongly supporting President Eisenhower's recommendations, such as the Trade Agreement Act, the GATT and the General Agreement on Tariffs and Trade, and the Kennedy Round, which grew out of the Randall Commission report. It seems to me that the United States government should support rather than oppose the recommendations of the Congress, which grew out of the Randall Commission report. I believe that the recommendations of the Congress, which grew out of the Randall Commission report, should be adopted, and that we should adopt the recommendations of the Congress, which grew out of the Randall Commission report. I believe that the recommendations of the Congress, which grew out of the Randall Commission report, should be adopted, and that we should adopt the recommendations of the Congress, which grew out of the Randall Commission report.

We have a foreign policy stake in free world trade. The American Paper and Pulp industry is one of the leading manufacturers in the world, and we are involved in almost every country in the world.

Our Foreign Policy Stake in Free World Trade

All of us have a foreign policy stake in free world trade, and we are involved in almost every country in the world. We have a stake in the world economy, and we have a stake in the world economy.

The responsibility for leadership in this free world's great economic potential rests on our shoulders. We must lead because we alone have the political and economic power to set the course—and because, our present trade restrictions are hindering the economic development of our allies. Our tariff barriers are preventing our allies from fully utilizing their economic resources. We are giving them a chance to produce and sell in the world's largest market, the United States. Our import quotas have much the same effect, especially in the agricultural field. The Buy American Act secures an unfair advantage for non-importing the United States government. We are not producing goods that are needed in the United States. The United States government—buying from non-importing the United States government—buying from non-importing the United States government—buying from non-importing the United States government—buying from non-importing the United States government—buying from non-importing the United States government.
Puerto Rico’s Achievements in Economic Development

BY GUILLERMO RODRIGUEZ
President, Government Development Bank for Puerto Rico

Leading Puerto Rican banker discusses aims and accomplishments of what is called “Operation Bootstrap” in that island. Describes activities of Puerto Rico’s Economic Development Administration and other governmental agencies assisting in the movement. Lists legislation creating a favorable investment climate in Puerto Rico, and concludes the Commonwealth of Puerto Rico maintains an “open door” policy to stimulate private initiative and attract both capital and technical skill.

Certain facts will help put in relief the development of Puerto Rico’s economy in recent years. Net income per capita rose from 1932 to $43 in 1940 to $143 in 1954; gross product of the economy from $377 million to $1,372,000,000; total wages and salaries from $71 million to $567 million; business profits from $70 million to $115 million in 1954; bank resources from $93 to $393 million; external trade from $200 million to $850 million; and government revenues rose from $35 million to $347 million in that same period. Other indicators show similar progress. As to industrial development progress, 252 new industrial plants offer definite promise of the eventual solution of our economic problems.

For four centuries Puerto Rico developed under Spanish sovereignty. During those years efforts were directed toward making Puerto Rico a part of the Spanish Empire. The end result was that Puerto Rico was left dependent on Spain for the necessities of life. Only a few years ago, Puerto Rico was considered to be a haven for criminals and a flourishing center for rum and tobacco. Under the Spanish sovereignty the guidance of the line was all Puerto Rico possessed. For the best part, Puerto Rico was a misfit community.

The early Spanish government left little impression. It was not until the British showed the people how to utilize the island’s resources that better conditions were established. As a result, the people of Puerto Rico followed the British manner of exploiting their resources and, under British sovereignty, prospered;

Then, in 1898, the United States took over Puerto Rico. The government set up a new administration. It was a time when Puerto Rico was on the verge of anarchy and the Administration had a difficult task to perform. But it was able to do the job. In 1948, the people of Puerto Rico were able to hold an election and by their votes, established the Commonwealth of Puerto Rico. President José P. Borinquen, a man of vision and courage, was chosen as Governor of the island. Under his able leadership, Puerto Rico has made great strides forward.

In 1954, the people of Puerto Rico established the Government Development Bank for Puerto Rico. The Bank was chartered to attract capital and stimulate the industrial development of Puerto Rico. The Bank has a capital and surplus of $500 million and a 45 year life.

The Bank is now the most important institution in Puerto Rico. It has made an indelible mark on the economic development of the island. The Bank was established to provide the necessary capital needed to develop Puerto Rico. It has provided the capital for the growth and expansion of the island. The Bank has played a vital role in the development of Puerto Rico.

In conclusion, the Bank has been a tremendous asset to Puerto Rico. It has been a catalyst in the economic development of the island. The Bank has provided the capital needed to develop Puerto Rico. It has been a source of economic growth and expansion for the island. In short, the Bank has been a vital part of the economic development of Puerto Rico.

This advertisement is neither an offer to sell nor a solicitation to buy any of these securities. The offering is made only by the Offering Brochure.

NEW ISSUE

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*An address by Mr. Rodriguez at the Federal Reserve Bank of New York, during the last American Investment Conference, New Orleans, La., March 13, 1955.

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W. Edward Tague
Barrett Herrick Co.

Barrett Herrick & Co., Inc., 35 Wall Street, New York City, have announced that W. Edward Tague has joined the firm to assist in the underwriting department and wholesale dealer relationships.

Frank Thorne joins Darwin H. Clark Co.

LOS ANGELES, Calif.—Frank Thorne, prominent technical writer and authority on advertising production, has joined the staff of Darwin H. Clark Co., 1149 West Sixth Street, advertising as a writer and production manager. For the past five years, he has been advertising manager of Bakers Oil Tool, Inc. of Los Angeles and Houston. Mr. Thorne, who speaks five languages, has written many articles on petroleum, including "The History of California Oil" for the American Petroleum Institute Quarterly and a similar article for the 50th Anniversary Issue of "Western Writing." He has been with the United California Bank Commerical Writers and was chief administrative assistant of the Fifth District Region with headquarters in Santa Barbara, California. In this capacity, he was in charge of all administrative work in connection with approximately $150,000,000 of construction, including Camp San Luis Obispo, Camp Cook, Hoff General Hospital and Santa Maria Military Air Base. He knows printing processes and is an expert in his field in an apprenticeship in his father's printing plant in Los Angeles.

Joins Davidson Stff

WASHINGTON: (Special to The Financial News.)—Frederick L. Terry, FRESNO, Calif.—John M. Kutsis is now affiliated with Davidson Bros. & Co., 222 West Street. He was previously with Tokyo Securities Company.

With Mutual Fund Assoc.

SAN FRANCISCO, Calif.—Paul L. Gerber has become connected with Mutual Fund Associates, 444 Montgomery Street.

 Lynne E. Gochenour Lynne W. Gochenour, partner of田纳西邦公司, moved away on Feb. 17.

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Edward L. Beck
c/o Chronicle 25 Park Pl. N. Y. 7
Stocks Follow Bond Prices
BY B. BARRET GRIFFITH and BRUCE ELLSWORTH

The stock market is mutually independent. These conclusions are generally accepted, but may be overlooked at times. The rising trend in interest rates during the last several months raises a question as to whether or not interest rates and bond prices are giving an indication of a turn in stocks.

The accompanying chart shows the trend of yields on three month Treasury bills, long-term Treasury bills, and high-grade corporate bonds from January 1 to September 1, 1954. The yields are charted inversely to reflect changes in price. From the chart, we note that yields on Treasury bills declined from 3.8% in January 1954 to about 3.6% in June 1954. Since then the yield has advanced to about 3.7% and moved erratically since then. Long-term Treasury bonds have declined in price, increased in yield, since last July. Lower quality corporate bonds advanced slightly in price until early in December, while common stocks continued in a strong upward price trend, declining yields, through the end of January. Throughout 1954, yield and price relationships between the highest grade investment mediums and lower quality issues have followed customary patterns. The question is whether or not the price trends for Treasury bills last summer, Treasury bonds about a year later, and lower quality corporate bonds indicate the end of a long-term decline in yields since 1954.

Because the Federal Reserve is the primary controlling influence in the money market under present conditions, it is important to review their actions. Recently, officials have been quoted as indicating that the Board favors money ease over its former policy of active money ease. When the Federal Reserve moved to active money ease in 1954, it sold about $700 million of banks from the Federal Reserve Banks and purchased three-month bills at about $350 million. Obviously, bond yields would decline out of this monetary policy. When the situation changed, bond yields would increase. It is the time because the money situation encouraged banks to liquidate investments off their investment accounts to the Reserve Banks. Since early 1953 the situation has reversed itself. Active money ease has resulted in excess reserve for banks and the nation's banks over and above the bank's borrowings from the Reserve Banks. From May, 1953 to December, 1954 holdings of U.S. Government securities by Federal Reserve Weekly Reporting Banks have increased by about $8 billion. There is now no pressure on banks to liquidate overall investments. However, there is incentive for banks to buy more bonds if the Federal Reserve does not further increase the supply of money and credit. Consequently, bond yields will be lower in the future. In fact, the money supply has indicated bond buying competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomeration of mortgage and money lending competition for it in the form of loans to reviving business and the conglomerate.

Edward Williams Now With Kormendi & Co.

The Federal Reserve has moved to temporary offices at 66 Broadway to permanent headquarters at 70 Pine Street, New York City. Mr. Williams, a veteran of many years in the securities business, was previously with Drake & Co., a New York City bond broker. Prior thereto, he was associated with H. M. Byllsboe & Company, Inc. and Kidder, Peabody & Co., where he managed the municipal bond department.

With Marache, Dolfinyme

LOS ANGELES, Calif.—James C. Flanigan has been associated with Marache, Dolfinyme & Co., 624 South Spring Street, members of the Los Angeles Stock Exchange, since 1950, but he has previously with First California Investment Company of California.

Holt & Collins Adds

SAN FRANCISCO, Calif.—Richard I. Cottrell has become associated with Holt & Collins, Russ Building, members of the San Francisco Stock Exchange. Mr. Cottrell was previously with Merrill Lynch, Pierce, Fenner & Beane.
The Market... and You

By WALLACE STREETE

Stocks were back dodging with their highs again this week, but the enthusiasm was somewhat restrained and it was pretty much left to the rails to pave the way into strange territory by nudging the reading to a quarter century high. Industrials had a little trouble with the old mark of a couple of weeks ago, which was the highest in history. They all but made it one day, only to miss by a few cents finally when enough selling elsewhere shaded their gains a bit.

Aircrafts were the four note with enough stop-loss orders around so that every once in awhile the group has a sinking spell that looks drastic for a bit. But usually recovery sets in somewhat quickly to minimize the damage. At least temporarily, however, the uninterrupted upward flights are a thing of the past.

General Dynamics, no newcomer to erratic action and wide swings, sagged rather badly on occasion but steadied without too much delay. Because of its erratic habits recently, the issue is somewhat further under its high than the others, a matter of around 30 points.

Rails Favored

The rails with the help of good January earnings reports showed more sustained demand than has been the rule all year so far. Not only the quality issues, with Delaware & Hudson a bit more prominent in this section, but even the long-favored on Eastern roads—Central, Pennsylvania, and Baltimore & Ohio — were favored by somewhat persistent demand. Pennsylvania, particularly, has been heavily traded and has the distinction of having shown weekly volume of around a third of a million shares three times so far this year.

Steel was in somewhat of a steady favor, too. And again it is based on solid fundamentals, particularly the high level of activities for the first quarter, which is largely due to the volume output of the automakers. Bethlehem Steel was a major factor with strength, a share of the same woven around the guessing game of whether it will eventually be able to combine with Youngstown Sheet. Armco Steel, which has been doing somewhat better than the industry generally, has reflected it marketwise although Armco is in the odd position of knowing that its first quarter statement will not make as favorable a comparison as some of the others because it also operated at a better rate in the first quarter last year than the industry as a whole. Some of the specialty companies, including Granite City and Superior Steel, were also able to stand out this week.

The split prospects were still sought and featured in some wide moves. Reynolds, particularly, was able to turn in some spectacular moves that aren't wholly justified by its good but not sensational earnings report. The stock added up a couple of nine-point gains net in a couple of split sessions.

Bluest Steel Chip

Superior Oil was another sensation, its even wilder moves dimmed only slightly by its far higher price bracket. The issue crossed the $1,000 mark for the first time in its history with a rush this week, the level reached on one day's gain of more than 90 points plus an additional 40-odd of points the next day. It succeeded in working to a current position as the highest-priced issue on the New York Stock Exchange where Coca-Cola International has long held sway. Coca-Cola International, however, has come on and on, and is currently bid around $900 after having traded at a peak of $1,332 in 1948.

American Telephone, despite all the company denials and the fact that no immedi¬ate decision can be taken in any split, continued to be a red-hot split topic. The stock pushed to its best reading since the peak of the 1946 bull market swing, a fraction over $200, with only a bit more than a dozen points to go to equal that price. That Telephone has been behind the market for some measurements for a long time is generally agreed in the Street. But its spirited advance as of late is even the multi-million-dollar air defense network contract awarded its Western Electric subsidiary should its majority opinion is concerned.

Western Union has something of a feature in the other communications issues and on a January earnings report that showed better results than the first two months of last year combined it added a handful of points which is not particularly encouraging for this issue. Incidentally, there was once a minority school around that showed similarly predicted.

W. T. & T. Union had enough potential merit to sell at a better price than American Telephone. It left a fully achieved standing half as high as the famous Bell issue commanded this week, which is quite a contrast since it has sold rather poor market performance years back.

Some rather dormant issues of recent weeks were in the limelight on gains, not the least being the stately, Sencill, Biscuits, U. S. Freight, Warren Foundry and U. S. Playing Card—an as sort list.

Oils Inductive

Oils have been having troubles building up widespread popularity for some time with occasional flareups on rumors of various deals able moment.

The most recently and is as Texas Gulf Producing, Deep Rock Oil, Richfield and Pacific Western Oil. For. The oil group as a whole its large di¬vision, however, little decisive action was the pattern. Parti¬tions showed up in the first place and its old favorites, like Amarantha, ran out of steam somewhat quickly and backing and filling set again.

Consolidation patterns also seem apparent in the electric utility and cement issues, the electrical manufacturing shares, the motors in view of their impending labor troubles and the chemicals. Tob¬acco were another group that found little incentive to do much, even though Tobacco derived a mild lift out of a good earnings report that was a little better than a merely temporary phenomen¬on.

Utilities in their quiet way were able to outperform the industrials despite some indica¬tions that institutional in¬vestors had turned a bit sour on them as new commitments. Some of the natural gas shares did a bit better on a h i n t that the industry might re-examine its regula¬tory reins and the utility average posted a modern-day high, best since 1939, in the 15 days far below the 1929 peak when the averages of the come¬nents were largely the old-time utility representatives.

The wide-moving member of this group, Panhandle Eastern Pipe Line, continued to sup¬ply the larger daily changes but without anything decisive about it and well below its peak for the last 14 months. A feature of the article do not necessarily at any time coincides with those of the Chronicle. They are prepared by our author only.

Wm. J. McGregor Now

With Taylor & Co.

CHICAGO, Ill.—Effective as of March 1st, Mr. William J. McGregor became associated with the firm of Taylor & Co., 105 South La Salle Street, members of the Midwest Exchange of Stock Brokers in this city. His latest noted position being with Glor, For¬rester, as far as this group is the National Security Traders Asso¬ciation.

Before you make another investment... REA D H A R V A R D B U S I N E S S R E V I E W's IMPORTANT NEW STUDY OF GROWTH STOCKS

This pioneering research report may change your investment outlook.

BOSTON, Mass.—In an article appearing in the New York Times, Robert L. Anderson, of the Piedmont Finan¬cial Company, analyzed the perform¬ances of growth stocks, income stocks—two groups of investments, as they were in March of this month. The study, described in the article, "An Investment Report," has been used by many investors to formulate their plans for the coming year.

Robert L. Anderson, the author of the article, stated that the study was based on a comparison of the two groups, and that some striking conclusions were drawn as to investment yields and capital appre¬ciation.

In his carefully researched article entitled, "Unequalized Potential in Growth Stocks," Mr. Anderson de¬scribed the differences between the two groups, pointing out how they can be recognized and that they should be taken into account.

If you have money to invest in the stock market—or you are considering it for your business—be sure to read "Unequalized Potential in Growth Stocks," the March-April issue of H A R V A R D B U S I N E S S R E V I E W.

ALSO IN THIS ISSUE

Robert W. Anderson's exclusive re¬port is just one of the important articles in the new issue of the Harvard Business Review. Others—all writ¬ten by Harvard faculty members—include: PLANT LOCATION—1960... How and When to RESTRICT THE U.S. EXPORTS... ...in the current year... and the year 1960... HOW TO MAXIMIZE YOUR RETIREMENT... Make Your Retirement Plan Work—actual examples... BOSTON, Mass. 1960... A PROGRAM FOR... How to Keep Your Business... \n
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We Cannot Take Economic Stability for Granted!

BY FRASER B. WILDE

Chairman, President, Committee, CED
President, Connecticut General Life Insurance Company

Spokesman for the Committee on Economic Development, though approving in general the President's Economic Report, cautioned against the assumption that the country has "paid its debt." Gives as reasons for non-compliance:

(1) The question whether in 1953-54 there were strong forces making for a depression; (2) the belief that the Committee's report "shows that no two economic adjustments are the same"; and (3) the statement that whatever help can be given business is to stimulate confidence and encourage a favorable climate for it.

The 1953-54 Economic Outlook

To a large extent the propositions contained in the Report are accorded with Committee on Economic Development policies. We share the Economic Report's enthusiasm for the success of the policies that guided the economy in 1953 and 1954. A year ago in testimony before the CED Committee, Mr. Wilde of the econ-

We believe with the report that the reproduction of business capacity, relating to existing and prospective limits—should be reviewed, with an eye to relaxing unemployment barriers to local investment when circumstances clearly call for action. Similarly the Federal debt limit should not be allowed to prevent the government from pursuing an orderly decontrol program from carrying out an effective anti-recession policy. Government needs to meet the economic changes in our country, and

Breech to Address Financial Writers

ERNST R. BREECH, first board chairman of the Ford Motor Credit Corporation, will be the guest speaker at a dinner of bankers in tax exempt bonds. Breech, who retired recently after 28 years with the Bankers Life, has been with several investment dealers and banks in New York and New City, and is at present a Trustee of the Board of Investment of the Dedham Institution for Savings.

Ruth Bloor Opens

BUFFALO, N.Y. — RUTH BLOOR—New York's famous Mrs. Gerry, is determined to do all she can to help a growing and successful economy, the greatest of all stimulants and encouragers of a favorable climate. Firms can be just as real and just as important as other firms in our search for growth and stability. In conclusion, we plan to have a statement on the subject ready before April 1. The report's recommendations involving changes in the tax rates imposed on corporate income from foreign sources are generally consistent with our position that the tax system should encourage foreign investment and expansion of American businesses, with no position on the specific proposals contained in the report. 

The CED plan, for example, represents a gradual and selective reduction in tariff rates, while the general lines proposed by the President are on the other hand by far more favorable to large-scale foreign investments. A final word on that of course is that the CED committee is not concerned with the customs purposes.

First, we note that all of the things that government can do to help a growing and successful economy, the greatest of all stimulants and encouragers of a favorable climate. Firms can be just as real and just as important as other firms in our search for growth and stability. In conclusion, we plan to have a statement on the subject ready before April 1. The report's recommendations involving changes in the tax rates imposed on corporate income from foreign sources are generally consistent with our position that the tax system should encourage foreign investment and expansion of American businesses, with no position on the specific proposals contained in the report. 

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Should the U. S. Strike First in Use of Force?

By ROGER W. DABSON

Mr. Dabson, referring to a new book, entitled "Influence of Force in Foreign Relations," points to mistakes of delays in the past, and outlines actions to avoid these mistakes in future. Here he says if we are in World War III in 1956, President Eisenhower would be certain of re-election. Sees World War III avoided, year, at least.

In view of the latest news from Russia, businessmen and investors are much excited regarding the new book published by D. Van Nostrand Co., Inc., New York City, entitled "Influence of Force in Foreign Relations." As the author, Cap¬ inet, in W. D., is a neighbor of mine and re¬ cently visited his home, I may be permitted to mention thereon some thoughts which I should like to add to the views on the importance of avoiding the use of force through my correspondence with the New York Times.

Eleven of the Misadventures

The title of Captain Pulston's book was not in the least surprising to me. Twenty years ago, when I was visiting my home in Wellston, Minnesota, I asked her what she thought of these "misadventures" for which the Democratic Administrations were recorded as causing. She very truly an¬ swered: "Well, notwithstanding the failure of the party called 'misadventures,' we won two wars, didn't we? Mr. Roosevelt..." Of course she now should write a book on the "Misadventures of Strokes" which won these two wars.

Personally I believe that, although a fearless critic, Captain Pulston is eminently fair in his judgments. He emphasizes mis¬ takes made by Republican statesmen such as a few years ago. Here I would say, Captain Pulston, President Roosevelt was a states¬ man-like, but unhedged, appeal to European leaders to undergo a "peace without victory." Simi¬

lately, Pulston has pointed to mis¬ takes made by military as well as diplomatic leaders. For example, civil proofs showing the undue subordination of the trained military to untrained civilians. Pole¬ ticians, between 1909 and 1941, and the realization of the faulty character of the army and the dis¬ tinctly unimportant position of the navy in foreign affairs, led to the formation of the Wehrmacht and thus to the error in August 1939 of the question whether or not we could go to war.

What Should U. S. Do Now?

Businessmen and investors want to know what Captain Pulston thinks we should do now. This, of course, will not be a simple task. However, if we could make an attempt to bring about a peaceful solution to the current dispute, we could avoid the current danger. This, of course, is not an easy task. It will require the cooperation of all nations involved in the dispute.

Should the President do a "strike" in 1954 and 1955, then President Roosevelt would do a "strike" in 1941. If a "strike" in 1941 is performed, then a "strike" in 1954 and 1955 is performed. Consequently, if a "strike" in 1954 and 1955 is performed, then a "strike" in 1941 is performed.

The future of the world depends on whether or not the United Nations will intervene. If the United Nations intervenes, then the world will be saved. If the United Nations does not intervene, then the world will be destroyed.

New Issue

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50,000 SHARES OF COMMON STOCK

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American Scientific, Inc. is engaged in the sale, manu¬ facture, and distribution of scientific products, equip¬ ment and apparatus. It has obtained an exclusive license for photofinishing, a trademark right in the trade mark "of the right to manufacture and sell Flavettes, tablets for tobacco, which is a device for the use of those who smoke and curbing the appetite. The Company also acts as sales representative for certain scientific instruments manufactured by the United States and by various foreign companies. The Company's Net Income and negative cash flow, however, are unlikely to change in the near future.

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McCoy & Willard

Investment Securities

30 Federal Street, Boston, Mass. Tel. HUbard 2-3790

Please send me a copy of the Offering Circular relating to the Common Stock (par value 80 00 per share of American Scientific, Inc., (par value $1.00 Per Share)

W. B. Harding Director

William Ballard Harding has been elected to the board of di¬ rectors of the company, which has been incorporated as a corporation under the laws of the State of New York. It is engaged in the sale of scientific products, equipment and apparatus. The company's principal business is the sale of scientific instruments.

First Bank Stock

Offering Underwritten

First Bank Stock Corp., is offering 261,000 shares of its common stock (par $1) to stockholders of record on Nov. 30, 1955. The price of the common stock will be $8.50 a share. The company's capital stock was reported to be $32,933 at the end of the year, and it will be $32,933 at the end of the year. The company's capital stock was reported to be $32,933 at the end of the year, and it will be $32,933 at the end of the year. The company's capital stock was reported to be $32,933 at the end of the year, and it will be $32,933 at the end of the year.

Net income for the year ended Dec. 31, 1955, was $21,077, which is equal to income in excess of the corporation's capital stock. The number of active share¬ holders, based on the general nature of the fund's capital stock, was reported to be $21,077 at the end of the year, and it will be $21,077 at the end of the year. The company's capital stock was reported to be $32,933 at the end of the year, and it will be $32,933 at the end of the year. The company's capital stock was reported to be $32,933 at the end of the year, and it will be $32,933 at the end of the year.
The true level of unemploy-
ment, for example, is maximum, but unem-
ployment or temporary layoffs, a full
there is no significant im-
provement in the current economic situa-
tion.

In recent months, there has been a seasonal adjustment, the true level of unemploy-
ment in January 1954 was about 3,700,000.

Moreover, a large part of the labor force was shift from more productive and high-
paid service industries to less pro-
ductive and less paid work, which is a burden on the whole economy. In fact, unem-
ployment was fairly stable in 1954, but non-
farm employment was increased by about 1.6 million, and manufac-
turing employment was increased by about 1.7 million.

Combining manufacturing, min-
ning, and construction, production in the fourth quarter of 1954 was not higher than in the fourth quar-
ter of 1953, but employment was down about 1.5 million, or more than 5%. With all that, unem-
ployment was also down 1.5 million, or more than 5%. Hard-core unemploy-
ment is bound to increase again in 1955 unless the economy expands more rapidly, we do not see any sign of new economic activity.

The new era of growth and produc-
tivity just beginning, the Council of Economic Advisers believes, is likely to affect the entire economy. This optimism is based on the expectation that the economy will grow at a rate of about 5% a year in the future, which is much higher than the 1950s.

The true level of unemploy-
ment, for example, is maximum, but unem-
In economic terms, the Council of Economic Advisers believes that the true level of unemploy-
ment is higher than the official statistics show. In fact, the true level of unemploy-
ment is estimated to be about 9% of the labor force.

The Council of Economic Advis-
ers, in its Economic Report, has painted a picture of an economy that is growing at a rapid rate. The report says that the economy is growing at a rate of about 5% a year, which is much higher than the 1950s.

The true level of unemploy-
ment, for example, is maximum, but unem-
ployment of all kinds of workers, including those who are temporarily laid off, is higher than the official statistics show. In fact, the true level of unemploy-
ment is estimated to be about 9% of the labor force.
**The SEC and Proxy Contests**

**BY SINCLAIR ARMSTRONG**

Member, Securities and Exchange Commission

Mr. Armstrong, in covering his topic of proxy contests under the reasonable provision for solicitation, revealed the statutory basis for these rules and the extent of their application. Says problems of constitutional guaranties are involved in proxy contests, and declaims advantage taken by companies for the press and for its propaganda. Hold publication of preliminary letters, advertisements, and prepared announcements issued in advance of proxy solicitation. The Federal reserve bank of St. Louis, and should be filed with the Commission. Explains SEC's method of enforcing proxy rules and lists seven categories of "malicious statements."

When I addressed the Chicago Chapter of the American Institute of Corporate Secretaries in January a year ago, I am sure you would be interested in the progress report. In the past year, the SEC has been made in the revision and simplification of these rules, and at the same time, in my opinion, the continued emphasis on the administration of the Securities Acts, regulations under the Securities Acts.

The Commission's Annual Report to the Congress for the fiscal years 1953 to 1954 is now released within the last day or so. It is here that we should see the rule revision program as it has gone along. There is a rule revision program that has gone along. Accordingly, rather than deal with rule revisions today, I thought it would be pertinent and timely to discuss one of the important and most difficult types of problems that arises under the Securities Acts. Our conceptions of the Commission and its place in the administration of the Securities Acts will develop as we go forward; we shall discuss the administration of the Securities Acts.

The SEC's approaches to the problems of proxy solicitation are set forth in the Commission's annual report. The report, which is available to the public, is a tentative statement of its views and findings. It is included, however, to provide a ready-made reference to the discussion in the present paper. The report is also available to the public.

Last year, that is the 1954 proxy season, there were 30 proxy solicitation meetings conducted by us. These meetings were held under our rules, and it is estimated that approximately 50,000,000 people, or 50 percent of the United States population, participated in the meetings. Others, fought with equal vigor as to what is the best way to attract the attention of the people. They have found that the best way to attract the attention of the people is to hold meetings. The SEC publishes a list of meetings conducted by us. These meetings are held under our rules, and it is estimated that approximately 50,000,000 people, or 50 percent of the United States population, participated in the meetings.

We have come to the conclusion that the SEC's proxy rules were to be the most difficult single question to the SEC in the administration of the proxy [**SEC**] rules. The report on solicitation by proxy for shareholders' meetings. If past practice is a useful guide, the next few years will be a lively period for us for some time to come.

As you will recall the Commission's proxy rules have been substantially overhauled in the fall of 1958. Further amendments, clarifying the disclosure of the principal arguments for, and against, the shareholder proxy rule, were made in 1959. The SEC is in favor of proxy voting, 1953, effective in January and February 1954.

In the summer of 1954 the Commission, in reviewing the proxy solicitations that had taken place the year ending June 30, 1953, concluded that there had been no widespread abuse of proxy for solicitation of proxies by proxy contests. The SEC is in favor of proxy voting, 1953, effective in January and February 1954.

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how are they **ALLIED?**

There's only one fundamental answer to that question:

Each picture you see portrays some aspect of Allied Chemical . . . suggests the broad range of its products, its plants, and progress made during the year by seven integrated divisions with 30,000 employees.

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National Aniline's brand new center at Hopewell, Va., for the production of Allied Chemical Nylon, Plaskon nylon resins and other new chemicals.

* A 100% increase in General Chemical's output of Genetrons — the organic fluorines that make aerosol propellants, refrigerants.

The addition of Mutual Chemical Company — the country's oldest and yet most modern when it comes to chrome chemicals.

* Barrett's exceptionally pure phenol and its parade of plastics for other industries.

Hydrogen peroxide, the upcoming product of the Solvay Process Division.

* Improved A-C Polyethylene through Semet-Solvay Division's discoveries.

Further expansion at Hopewell, Va., and other locations by Nitrogen Division — already the world's foremost supplier of fixed nitrogen.

And the new research facilities which provide every division with its own modern laboratory and research staff.

**AND FINANCIAL HIGHLIGHTS?**

- Total sales and other income — $538 million
- Net earnings — $43 million — $1.80 a share
- Total expenditures — new plants and equipment — $94 million
- Research & Development — $35 million
- Dividends quarterly for 34 years — $3.00 a year in 1954 — to approximately 29,000 stockholders

There's more in the report.
If you have an interest in Chemicals — or a company that makes them — write for our Annual Report.

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“Chemicals Vital To American Progress”

Barrett General Chemical Nitrogen
National Aniline Semet-Solvay
Mutual Chemical Solvay Process
"Opportunity Unlimited!"

By W. Randolph Burgess

Under Secretary of the Treasury for Monetary Affairs

Prominent Treasury official, in calling attention to the Eisenhower Administration's aim to maintain our free enterprise system, has proposed a defense and sound honest money on which the people of the country can rely. Lays down as principles for achieving and maintaining sound money: (1) a budget under control; (2) a central banking system; and (3) the management of the public debt in the interest of monetary stability.

The federal budget deficit has been reduced by $12 billion. The deficit has been reduced from $9.3 to about $3 billion. At the same time, the American people have been reduced by $71 billion.

The current proposal for a $29 billion defense and employment bill violates the basic principles I have mentioned. This proposal will require $10 billion more in defense and $10 billion more to meet the requirements of our social security and unemployment programs. This proposal requires additional increases in the annual budget deficit, which has already reached $12 billion.

The central banking system, which is the heart of the monetary system, has been freed from political interference and allowed to carry out the objectives of the American people, monetary policies dictated by the Federal Reserve System.

The great public debt of $7.8 trillion is being managed with the objective of gradually spreading it over time and stabilizing it widely in the hands of the people. The view that the public debt has been lengthened; the Federal Reserve has been stimulated.

In these three ways, we have proceeded to the full speed ahead in our progress toward assuring the stability of the American dollar. For two years now, the cost of living has been rising. The deficits of the American Federation of Labor put it recently, according to a report by the Department of Labor, at $20 million.

"Unionized workers have been lucky in the past few years in the "recession year" of 1954 than in any other postwar year. Higher wages and steadier employment took the place of the increasing purchasing power. This was true even though the average pay rate was lower in the last two years than in the preceding year, by comparison with the increases in the cost of living. The average wage earner got the full benefit of his increased purchasing power. In other years inflation jolted up much of his gains.

Again let me say that these principles are not new. They have been the foundation principles of the American tradition established at the very beginning of the republic by our forefathers and perpetuated by the great men of all parties. We are the beneficiaries of the country. These principles of sound money are nothing new, but sound money is the coin of the realm, which serves as a medium of exchange and a store of value.

The proposal for the establishment of the Federal Reserve System was an act of courage in the present." The writer concludes: "If we are to succeed in maintaining these principles, we must apply them all up and down the line in every aspect of our political and economic life. As a representative of the American people and the States Treasury, I wish to tell you briefly and simply what we are doing to reduce the federal budget deficit."

R. A. W. Braus With

McDonald & Co., members of the New York and American Stock Exchanges, have announced the formation of a new firm associated with the firm as manager of the syndicate department. Donald McDonald, a graduate of Harvard University's Business School, previously was associated with St. Vincent's Island Co., Ltd., in New York.

Colonial Trust Company of New York which Arthur B. Kleeinan is President, has set, Feb. 25, as the record date for determining shareholders who will be entitled to subscribe to a new stock offering to the Bank for approval at the meeting of stockholders on Feb. 17. Each present shareholder will receive one new share for every two shares owned, or $50, one of the 20,000 new shares for each share owned, which the bank holds. The new stock issue was approved by shareholders at a special meeting held on Feb. 14. At present, the bank has 40,000 shares outstanding.

Clemence, Powell With

Eastern Securities, Inc., 120 Broadway, New York City, announce that Vincent Powell and Edwin Clenence are now associated with the firm in the trading department.

At a regular meeting of the National Bank of New York, held March 17, Vice-Presidents E. H. Killian, Jr., and S. H. Alden, and Assistant Vice-Presidents E. W. H. P. C. G. N. W. N. Hatcher, Lucius B. Tippett and W. L. W. V. Wayland were appointed Assistant Vice-Presidents. W. E. F. O'Connor was appointed Assistant Cashier.

Mr. Dodson, formerly Petroleum Marketing, Inc., and Petroleum Department of the Bank's South Eastern Division, Domestic Division; Mr. Hatcher, formerly an official in the London Office of the Bank, is appointed to the European Department of the Overseas Division at Houston, Texas, formerly Manager of the Bank's Havana Branch, and Mr. Wheeler, formerly Assistant Cashier, and officer of the Bank's District of the Overseas Division.

Mr. Rice is appointed to the National City Bank of New York, Branch, 692, 300,000 shares outstanding.

The Board of Directors of Bankers Trust Company and the Public National Bank and Trust Company of New York, announced on Feb. 23, formally approved the proposed plan of merger, and voted to submit the plan to the stockholders of both institutions, it was announced Feb. 24. The plan calls for the merger of the two banks and the conversion of shares of Bankers Trust Company into National City Bank shares as of Mar. 1, 1953. The name of the National City Bank will become The First National Bank of New York, and the First National Bank's corporate seal will remain unchanged.

The number of shares of First National Bank Co., Citicorp Inc. in the shareholders of both banks will increase by 1,020,000 shares of New York City Bank shares as of March 1, 1953. The name of the First National Bank of New York will become The First National Bank of New York, and the First National Bank's corporate seal will remain unchanged.

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Street. He joined the bank in 1931 and was appointed a Vice-President in 1932.

The appointment of William J. Mullen as a Vice-President of Manufacturers Trust Company on Jan. 28, was made known the increase having become effective. The capital was enlarged both as a result of a stock dividend of $294,000, and the sale of $1,000 of new stock.

According to the New York "Tribune," on Feb. 17, W. Paul Stimson, President of the National State Bank of Newark, N. J., and Carl K. Withers, President of Lincoln National Bank, also of that city, announced that day that an arrangement had been effected, subject to approval by the board of directors of National State and the shareholders of Lincoln and the Comptroller of the Currency, for the acquisition by National State of the property and assets of Lincoln at approximately $74 per share. There are 30,000 shares of Lincoln stock outstanding. The paper from which we quote went on to say in part:

Mr. Withers stated that the arrangement has been approved by the board of directors of Lincoln. When the other required approvals are obtained, National State will operate as branches the offices presently operated by Lincoln and will assume the latter's deposit and other obligations and Lincoln will be liquidated.

The announcement today confirmed a story in yesterday's "New York Times," which reported that a merger of the two institutions was imminent. Confirmation of the story came 24 hours after a day's exclusive of one of the banks' new regulations under way but no details had been worked out.

The bid price for Lincoln stock was $84.50 per share yesterday and rose today to $85 but the stock was offered for sale at either price. A third bid amounted to a book value of $61.18 at the end of 1954.

As of Jan. 1, Lincoln had deposits of $48,360,304 and assets of $54,537,241. Both totals dropped slightly from the 1953 figures, but the bank reported profits of $7.62 per share for 1954, $2.02 above the 1953 profit per share.

Absorption of Lincoln by National State would continue National State's program of expansion begun in 1952. Other major acquisitions in the period since then were the former Menasha & Newark Trust Co. and the former Orange First National Bank.

The transaction would end Lincoln's history of 33 years, with its main office always at Broad and Howard streets.

Preliminary agreements look toward a merger of the First National Bank of Bloomfield and Trust Company of Paterson, N. J., with the First National Bank and Trust Company of Paterson, also of that city, as a result of a stock dividend of $9.34 per share, effective Jan. 1, 1955.

As a result of a stock dividend of $210,000, the Board of Directors of the First National Bank of Bloomfield, N. J., increased its capital, effective Feb. 16, from $1,300,000 to $1,500,000.

The First Merchants National Bank & Trust Company of Lafayette, Ind., increased its capital effective Jan. 18, from $500,000 to $625,000 as a result of a stock dividend of $125,000.

A stock dividend of $500,000 has resulted in increasing the capital of the Fort Wayne National Bank of Fort Wayne, Ind., from $1,250,000 to $1,750,000, effective Feb. 7.

The Northwestern National Bank of Minneapolis, Minn., now (as of Jan. 18) has a capital of $10,000,000; the amount having been increased from $5,000,000 by a stock dividend of $5,000,000.

The First National Bank of Wausau, Minn., now has a capital of $250,000 compared with $250,000 previously, a stock dividend of $100,000 having increased it to its present figure on Jan. 19.

A Leapfrog Telephone System for the Armed Forces

The Bell System now is producing for the military a telephone system that will go anywhere communications are needed. When water or rough terrain prevents the stringing of wire, it takes to the air. Thus vital contact for our Armed Forces—no matter where they may be located—is assured.

When Signal Corps men encounter geographical obstacles, they now can easily erect a portable antenna. This connects land lines by radio links, which leapfrog the trouble area.

This rugged communications system was developed for the U. S. Signal Corps by the Bell Telephone Laboratories. It has a 100-mile range and can carry as many as 12 voices at once.

Uninterrupted flow of information is an important tactical weapon for today's Armed Forces. The Bell System works closely with the nation's military forces in developing and providing the most complete and modern communications in the world.

BELL TELEPHONE SYSTEM

AMPLIFIERS like this can be used on a pole or the ground and even work under water. Although the system is lighter and more portable than any used previously, transmission quality is unimpaired.

NO OBSTACLE too great, Signal Corps men turn on a new military communications system combining land lines and radio. Map shows how radio is used to jump across a swamp and a deep ravine, both difficult to cross quickly by land line.
Railroad Securities

Pre-Tax Profit Margins: 1954 vs. 1953

Two weeks ago we carried in this section a table showing the pre-tax profit margins of a number of major Class I carriers for 1954 and 1953, showing the lowest margins for the last two years. We showed the 1954 results for Class I carriers in the East, Midwest, West, and Southern regions as 45.8%, 48.8%, 46.5%, and 46.0%, respectively, and the 1953 results as 48.8%, 51.0%, 48.8%, and 48.8%. The margin noted for the West was 46.5%, the highest for the group covered in the table.

While the profit margin, which measures the relative cost of actually moving and handling the traffic or railcar capacity provided, is not the only determinant of operating profits of the individual road, there are, also, maintenance outlays, traffic solicitation costs, general expenses, and net credits or debits of hire and equipment. These and the individual roads’ operating policies are reflected in the margins shown.

A second table showing the pre-tax profit margins for 1954 and 1953, for the 25 Class I carriers, is presented in the section on the next page. For the Class I carriers as a whole, the 1954 margin rate slipped to 47.5%, the highest for the group covered in the table.

The table indicates that the cost of providing railcar capacity has increased significantly during the past few years, and the trend is expected to continue. The average operating ratio of the Class I carriers in 1953 was 80.5%, compared with 82.5% in 1954. The average operating ratio for all Class I carriers in 1954 was 82.5%, compared with 84.5% in 1953.

Pre-Tax Profit Margins

<table>
<thead>
<tr>
<th>Railroad</th>
<th>1954</th>
<th>1953</th>
</tr>
</thead>
<tbody>
<tr>
<td>Virginia</td>
<td>14.2%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Kansas City Southern</td>
<td>25.8%</td>
<td>22.5%</td>
</tr>
<tr>
<td>Detroit &amp; Toledo</td>
<td>21.8%</td>
<td>23.7%</td>
</tr>
<tr>
<td>St. Louis Southwestern</td>
<td>26.4%</td>
<td>26.9%</td>
</tr>
<tr>
<td>Northern Pacific</td>
<td>21.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Western Maryland</td>
<td>21.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Southern Railway</td>
<td>21.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Missouri Pacific &amp; St.</td>
<td>21.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Chesapeake &amp; Ohio</td>
<td>21.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Southern Pacific</td>
<td>21.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Texas &amp; Pacific</td>
<td>21.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>Central &amp; New Mexico</td>
<td>16.5%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Louisville &amp; Nashville</td>
<td>14.8%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Gulf, Mobile &amp; Ohio</td>
<td>14.8%</td>
<td>14.8%</td>
</tr>
<tr>
<td>Illinois Central</td>
<td>14.3%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Western Pacific</td>
<td>14.2%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Great Northern</td>
<td>14.1%</td>
<td>14.1%</td>
</tr>
<tr>
<td>New York &amp; Texas &amp; West</td>
<td>13.9%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Reading Company</td>
<td>12.1%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Union Pacific</td>
<td>13.1%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Chicago &amp; North Pacific</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>St. Louis-San Francisco</td>
<td>11.8%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Class I Railroads</td>
<td>11.8%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Missouri Pacific</td>
<td>7.7%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Pacific Northern</td>
<td>10.9%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Western Pacific</td>
<td>10.9%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Southern Pacific</td>
<td>12.9%</td>
<td>12.9%</td>
</tr>
<tr>
<td>Chicago &amp; Eastern Illinois</td>
<td>8.8%</td>
<td>14.0%</td>
</tr>
<tr>
<td>Boston &amp; Albany</td>
<td>9.9%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Atlantic Coast Line</td>
<td>7.7%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Minneapolis, St. Paul &amp; St. Marie</td>
<td>7.2%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Chicago &amp; North Central</td>
<td>7.2%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Delaware, Lackawanna &amp; Western</td>
<td>14.4%</td>
<td>14.4%</td>
</tr>
<tr>
<td>Lehigh Valley</td>
<td>11.4%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Erie</td>
<td>5.8%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Philadelphia</td>
<td>5.8%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Chicago, Milwaukee, St.</td>
<td>5.7%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Paul &amp; Pacific</td>
<td>5.7%</td>
<td>6.1%</td>
</tr>
<tr>
<td>New York Central</td>
<td>4.9%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Chicago &amp; North Western</td>
<td>4.4%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

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Underwriting Offer

Maryland Casualty Co., Baltimore, Md., and 31 other stocks of Class I carriers, has been named by the Underwriting Committee of the Underwriting Group as a suitable nominee to continue as an underwriting security business.

Kansas Gas & Electric Company

Kansas Gas & Electric Company, the largest retail gas utility in the state, has announced that it has added 1,000 new gas customers in the last three months. This is a significant increase, considering the company’s steady growth in recent years.

The company has also announced that it plans to expand its service area in the coming months, with a focus on increasing its customer base in rural and underserved areas. This expansion is expected to bring new jobs and economic opportunities to the region.

The company’s success in serving its customers is due to its commitment to providing reliable and affordable gas service. It has invested in state-of-the-art technology and infrastructure to ensure that its customers have access to safe and efficient gas service.

Kansas Gas & Electric Company operates in the heart of the state and serves more than 1 million customers. It is a leader in the industry, with a reputation for excellence in customer service and environmental stewardship.

The company has a strong focus on sustainability and is committed to reducing its carbon footprint. It has made significant investments in renewable energy, including solar and wind power, and is constantly looking for new ways to reduce its environmental impact.

The company’s success is due to the dedication and hard work of its employees, who are committed to providing the highest level of service to its customers. The company is proud to be a part of the communities it serves and is committed to making a positive difference in the lives of its customers.

With these investments in mind, Kansas Gas & Electric Company is well-positioned to continue its growth and success in the years to come.
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LETTER TO THE EDITOR:

Issues Take with "Chronicile" Editorial


Editor, Commercial and Financial Chronicle

The editorial in your Feb. 17, 1950 number so annoyed me with its bungling of a number of important concepts that I felt compelled to write this letter.

Your paragraph, as it appears on page 39, where you state, "We have now approached the point where defense expenditures are so large that the U.S. has the ability to defend itself against all possible threats. This, however, is not a sufficient basis for reducing our military appropriations." That paragraph is grossly worded, as even a cursory reading of the editorial will show.

As a bank officer of some standing, I can assure you that there is no American company that would not have been willing to sell arms to the Chinese Communists if it could have been made clear that the United States was not going to help the Chinese.

Your paragraph, as it appears on page 39, where you state, "We have now approached the point where defense expenditures are so large that the U.S. has the ability to defend itself against all possible threats. This, however, is not a sufficient basis for reducing our military appropriations." That paragraph is grossly worded, as even a cursory reading of the editorial will show.

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Growing Companies in Growing Industries

non unanimously the steady rise of investment values in a dynamic economy.

There are many fascinating phases in the field of growing indi-

The Federal Reserve Bank of St. Louis digitized for FRASER

companies are expanding, many are preparing for the shock of the decline in selling prices. A price break to cover the cost of large inventories of finished goods is not possible. There is, however, a new wave of buyouts, reorganized by economists, trade ob-

The logical conclusion is that a significant ob-

Rise in Stock Values of Dominant Companies

The persistent rise in stock market-

The premiums paid by price instability and relatively high earnings in the market are not being paid to all stocks of the dominant companies in the growing industries, the so-

The underpinnings of this method are well

Generally, the break-even point can be limited to the point where the only expenses are to maintain the business and to maintain the plant. In the latter, the business is not exactly a break-even. This is a business that is being carried on by the owner for a living or a hobby. In the former, the business is being carried on by the owner for the sake of the business. It is a business that is being carried on by the owner for the sake of the business.

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lowlace under the pending legis-
lation. The volume of paper
ought to be slightly reduced —but
some imports represent only a negligibl
and the increase is disguised at or below
output. Indeed, I doubt that even the
the differences on paper and paper prod-
utations on domestic paper production.

I think we should recognize that
foreign competition might well have
reasonable. In general, for-
egling, the tendency is toward
greater efficiency, higher quality and
international competition. A pro-
ple of this is what happened in the
newsprint industry, where reduction
is cited to show the injury caused by
tariff reduction. I suggest that
there are three other conclusions
that can be drawn from the
newsprint situation.
The first conclusion is that
protective adjustments from
foreign competition may not dif-
ferent from competitive adjust-
ments. Indeed, it may even be
sary. The newsprint industry has
labor trouble sooner or later with
foreign competitors —such as those
hoped for in the United States
Southern States. This happen-
even though a strike has happened and is
still happening in domestic competitive
adjustments in writing and other papers,
which have tariff protection. And it
flow of competitive adjustments on
newspaper and wood pulp produ-
tion has been expanding be-
cause of this we can conclude that
competition can meet foreign com-
titute a danger to existing producers
have a made a deliberate and
nut—without benefit of tariff—and
this is the economic freedom we
advocate.
The second conclusion is that
growing competition in
newspaper stimulated us to
improve and diversify our products. In
newsprint, we are forcing a
serves the same purpose as
doing away with tariffs. The
most effective use of our hu-
man and material resources is
movement of labor, capital and
thinking. A high degree of
devour to increase the
and reduce costs, under the stimulus of
at work and investing in
dynamic element in the
growth and development of our
price system. Our economy—and
own industry—is convic-
tively demonstrated its
flexibility and adaptability in
adjusting to the new competition,
including those occasioned by
ariff reduction. Perhaps no in-
dustry in America has faced more
ence to industrial competition than
the paper industry faced in the
newspaper situation. Yet we
per-
csive and progressive—and
we diversified—and we grew.
We grew with the period far stronger and more
vigorously than did the
both of our industry and of our
universe.
The third conclusion is that an
expanding economy is good for all of
us. Indeed, this is the
t is bad for all of us.
The removal of tariffs from the
World War I did not immediately create
tive differences. The
home procedures were suppressed
by the volume of goods
exported. In the world
because of expanding mar-
ions in 1926 was 29% higher than
year before and 1926 was
removed. The real differences
come not so much from foreign
competition as from subsequent
depression and sharply contract-
prices. The newsprint industry was
being hurt—and not only in news-
print. Kraft paper, despite tariff
gains, was not protected. Kraft
paper is the kind of paper
repercussions which
out the price of
The big question
we now? Can we recapture a large share
of the American market by
ably higher prices?
The newsprint industry is
most important to our
than it was before. Yet in the
market for newsprint,
ents. As a result, many
prices may have been
off workers, increase prices, etc.
industry would suffer along
with the heightening of the
situation, because we

All this adds up to the
fact that the future of the
industry depends upon the
American economy. The
American economy will
the growth of our industry.
The more Ameri-
market for newsprint and
export to many foreign
in the Southern States. This
happening even though a
has happened and is still
in domestic competitive
adjustments in writing and other
papers, which have tariff protection.
And it is logical to conclude that
flow of competitive adjustments on
newspaper and wood pulp produ-
tion has been expanding be-
cause of this competition.
Competition can meet foreign com-
titute a danger to existing producers
have a made a deliberate and
nut—without benefit of tariff—and
this is the economic freedom we
advocate.

The basic part of an insurance company's
business is its underwriting operations.
It holds in trust certain funds such as
the unearned premium and other reserves,
and it is these reserves that are put to
work in the securities markets to
increase them. Furthermore, these two
reserves are paid by rates on
premium writings and income from investments.

Another interesting point is
profitability of these funds. If
as our insurance in
are increased, and as the free
world becomes more competitive,
activity. Fundamentally,
the American insurance industry
the free world economic
sion. It seems to me that this is
in our interest—as an industry—
and promote the expansion of the
American economy
within an expanding world
The free world trade
more to and with expansion.
rest of the world trade will
ten to contribute to the
strengthening of the
Those
ties which all of us
are involved in and that
to the danger
is the underwriting
lent Eisenhower said last year.
As we are in our trade policy
may fall in with
standard of living,
economy, and the solidarity
the free world—all or
involved.

The basis for assigning this equity in the change
in the premium reserve is that in a general sense the
company's existing
business could be reinsured or could be
run to termination in order to show
amount of recovery to the shareholder.

The combination of the statutory underwriting
result plus (or minus) another
factor enters into most authorities' calculations of
underwriting earnings. This is an
in the change in the unearned
premium reserve for the period under consideration.
By combining these two ratios the
combined loss and expense ratio
is determined, and this
dicator from 0% (very good)
and the
larly, the percentage
and the total
nancial year; in which
are sustained.

The statutory underwriting profit (or loss) another
factor enters into most authorities' calculations of
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The SEC and Proxy Contests

Although the Commission has proposed new proxy rules for the Securities Exchange Act of 1934 and the Commission's proxy rules under that statute, the problem involves some constitutional guarantees, such as the right to vote and the right to association, that have been invoked in a contest for corporate control. The SEC and the staff have made some changes in the proposed rules to allow for the orderly conduct of proxy contests.
control
diminished

1. Delineate the main issues and policies discussed in the document.
2. Identify the key stakeholders and their roles.
3. Summarize the main conclusions or recommendations.

The government market is working its time out, in the credit limiting program of the monetary authorities. The comprehensive nature of the program has been an important factor in keeping the flow of credit under control. To date, the program has been successful in reducing the demand for credit. However, it is important to note that the effectiveness of the program depends on the cooperation of all financial institutions.

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A Defense of the Housing Act of 1954 and the FHA

but that he prefers I discuss it, since it is so clearly related to mortgage finance.

The following opposition to the FHA in some quarters—and particularly the opposition to the FHA-insured mortgages in the

I am becoming quite concerned with recent articles in newspapers and magazines to the effect that present financing for homes is too

It is very true that mortgage lending today is on a far more liberal basis than at any time, but the past, these loans are sound.

We cannot look forward to a return to an era of tight money.

At any rate, I prefer to express what is essentially a political point of view, for which I do not care to make apologies.


government has a duty to see that there is as much home ownership as possible, and to make sure that it is done in a manner which is

No Over-Production of Housing

that brings us up to a very important topic: that of over-production of housing. It is perhaps a topic which we should all be looking

in the area in which members of the Group Five Savings Banks Association operate, very, very

Continued from page 1

As We See It

neglect an opportunity for service of the kind which has not been given very long ago.

First of all, let these gentlemen inquire earnestly and dispassionately into the possible effect of our Federal system on the fashion in which they are studying.

It has all along been evident, of course, that demand for common shares has regularly exceeded supply since September, 1929, and that has been a great system demand. But it is a normal little more in the supply. To the origin of

enlarged demand we shall turn in later paragraphs. But, first, what has supply been adequate or inadequate to the demand? Why is not higher and raising prices brought out greater supplies of common stocks? There are two aspects of this subject, each of which needs to be con-

sidered as they are studying.

It is a fact of course that despite the enlarged volume of trading on the New York Stock Exchange, only a small fraction of the common stock actually existing in this country has ever at any time found its way to the trading floor. Prices which stock authorities think definitely out of line in some cases have by and large failed to bring these other shares into the market. Some of these shares held by the general public are doubtless in the hands of individuals or enterprisers which have particularistic reasons, but it is not disposing them more or less regardless of price—desire for control, for example. At the same time, who can doubt that many other owners of such shares are quite free of such restraints as these?

Why?

Why have they not taken advantage of the prices that have been available for a number of months? It can hardly be because they would not be able to buy other invest-

ments to give them a better yield and better prospects of ultimate appreciation. This stock market boom is not that in is, it has been selective and last. Many stocks, all of them well known to investment specialists, some of quite favorably known, have taken little part in the buying. In some cases or two, or even in point of fact, have not taken at all. The trouble is, or one serious trouble is, that, thanks to the capital gains tax, it is inordinately expensive to shift from one stock to another when substantial profit has accrued. The result, or one of them, is that certain stocks have moved into exceptionally high ground, and attracted the attention of

Senator Fulbright, and others in Washington who may not be more than vaguely aware of the very large number of issues which have not risen at all or at most have risen very little.

Such seems to be the inevitable price of the capital gains tax as it now stands. Senator Fulbright and his associates would be seriously derelict if they fail to take the question of the capital gains tax into consideration, and to inquire into whether it is not time, in this type of disruption of the normal working of our eco-

nomic system.

Again, why is it that the high prices that are being paid for some issues of common stocks have not persuaded corporations to raise funds they need (and many of them have been in need of funds) by the sale of more common stock, where the supply to the market? There has on the whole been a dearth of such new common stock issues, all things considered. There are doubtless several reasons for that, buying for speculation or in hopes of back-

porations, but who can doubt that the corporate income tax with its penalty on dividend payments, and indeed upon earnings on common stock, as compared with interest on obligations, is a major cause of this state of affairs?

The Fulbright Committee must ask themselves whether this type of tax on corporations is worth the price it has exacted, and should ask their colleagues, both in the Senate and in the House, to look into the matter—some, of course, also the matter of finding or developing an alternative means of raising essential revenues.

Other Points

There are other vital points where study of the stock market boom, and ultimate distinction itself. Let Senator Fulbright and his associates ask them- selves what they as managers of large pension and other trust funds would do or would have done if faced by these facts:

(1) When the stock market boom got under way in September, 1935, the best grade corporate bonds (Moody's AAA) were yielding slightly more than 3%. That rate has fairly steadily declined since that date, although some rise in the past two or three months finally brought it back to 2.93% in January of this year.

(2) In September, 1935, Moody's list of 200 common stocks was yielding 5.73%. By January 5, 1935, their yields had moved downward considerably, but these issues still yielded nearly 4.4%.

To provide background for their deliberations, the Fulbright Committee might turn to some earlier records. In the year 1929, Moody's AAA bonds averaged a 4.73% yield. That figure moved up to a little over 5% in 1932.

In March, 1933, the yields, which at the prices prevailing in 1929 were yielding only 2.47%, were by the time we entered World War II yielding 8.13%.

Stimulated by a popular belief that the Eisenhowe

Continued from first page


dung Administration is less unfriendly to business, stock prices are reflecting a basically inflationary buying sentiment which has continued back to 1932. This is a fact for Senator Fulbright and the others to ponder.

The Importance of Liberal Mortgage Credit

Liberal mortgage credit, soundly applied on the basis of a borrower's ability to meet his obligations, is one of the strongest props of our economic system.

It is very true that mortgage lending today is on a far more liberal basis than at any time, but the past, these loans are sound.

The long-term self-mortgage, lending money to buy homes, is recognized by some of us as a basic part of our economy.

What a number of us say we have liberal mortgage lending terms use the argument that the present rate of family for-

mations is not large enough to hold the market for a million-plus homes a year.

Naturally, formations of new families do not get any automatic reac-

fect on the demand for homes. However, they do tend to do so by putting on the demand for homes. However, they do tend to accentuate certain conditions, such as one of the reasons we have to consider the way the mortgage market is formed, the way the mortgage market is formed, generally

Continued from page 1

LOUISVILLE AND NASHVILLE RAILROAD COMPANY

By: W. J. McDonald, Vice-President.

Date: February 16, 1935.
few homes are built on speculation. A builder wants to buy, or can afford to buy, to be left with an inventory of unsold units. The general practice of development builders in this area is to erect about 150 to 200 homes each year and then sell 20 to 25 homes from these developments. New contracts are written only after purchase contracts are signed for about 20 to 25 homes, does the builder have a commission. Perhaps speculative building has been a large part of the housing picture in some parts of the country, but it is very rarely found on Long Island. The large-scale operations of builders is largely replaced the speculative building.

While I am upon this subject of whether or not we are likely to overbuild, I would like to emphasize my belief that the market itself regulates this building volume. There is a certain and sure test. If people do not want homes, cannot afford them, they will not buy, and builders will not build.

Also, the supply and demand for material and labor as a brake on production. For example, suppose we look at just one key material—wood and other construction and other construction is rising so fast that the cost of the wood, which is where is the cement to come from? To have enough productive capacity?

We Have No Housing Boom

The word "boom" has recently been very carelessly in connection with present housing activity—merely a term applying to a rate of one million plus dwelling units for each of the past six years. I do not think we have a boom, in the sense that we have experienced before. Instead, it is a natural expansion of the industry that is the product of a fantastically-increasing population, with incomes to afford more housing.

Can you call it a boom when we experience a depression such as the one we are experiencing now? The 1955 total construction expenditures are $24.2 billion. At today's valuation of the dollar, the 1925-29 annual volume of construction was $24.2 billion. Does the difference between $24.2 billion and $24.2 billion constitute a boom? I think not, not when you consider that population has increased since the 1920s from 118 million to 162 million.

I also disagree with the theory of alarmists that the nation's present home mortgage debt of about $71 billion is expected to exceed the national income for 1954. In 1950, the $17.3 billion mortgage debt was only 52% of the national income. But of equal, or perhaps greater, concern is the fact that there is a much lower base for carrying a mortgage debt and that the national income was the case 15 years ago. The debt is distributed among a far greater number of persons. From 1940 to 1950, the number of families that had the mortgage debt more than doubled. Furthermore, the mortgage debt in 1950 was only 60% of the income of the families that had to meet the mortgage payments. Whereas, as in 1940, the debt was 166%, it now amounts to 242%. But in terms of household income, families to meet the mortgage payments. What kind of reasoning is that? Is it not a delusion to suppose that our own home buying public. I want to reiterate that statement here today with all the force at my disposal.

Any effort to eliminate the FHA and VA regulations is satisfactory. I believe that the FHA and VA regulations are satisfactory and economically sound. True, there have been some minor deficiencies in processing. But, the increased automation and the training of personnel probably will not solve all the problems. Meanwhile, the mortgage department in my own bank still has a very small gimmick of light in this respect.

A related subject in this discussion is the future trends. There, again, is a basic economic brake on the housing developments. We made a study of sales and building operations at the end of January on builders in the SF area we are financing. This covered some 11,000 homes. We found that sales were good in 82% of the cases, fair in 14%, and poor in only 4%. This indicates, in itself, that demand is still strong from the home-buying middle and that apparently builders are really merchandising their product. I might add that in almost every case where sales were regarded as poor, we found that the conclusion, or was a very small operation. I do not want to be too pessimistic.

A highly important builders' problem is the matter of costs. It is the difference between the real market prices or the cost of the finished product to the builder and the prices offered to the builders. We have the tools with which to determine that cost when necessary.

In conclusion, I want to reiterate my belief that the mortgage lending industry, the building industry, and the real estate industry are all part of a team. It is through such a team that the real estate industry, as the agents of those who have invested funds in these industries, should work as a unity to make the conditions the health of the real estate industry.

JAMES O'Reilly Opens

JACKSONVILLE, Fla. — James O'Reilly, Jr., chairman of the management board of the Barnett Bank of Jacksonville, and a former Jacksonville mayor, was recently elected to the board of the Barnett Bank. O'Reilly, a native of New York City, is a member of the board of directors of the Barnett Bank. He is also a director of the Barnett Bank of Jacksonville and a member of the board of directors of the Barnett Bank of Jacksonville. He is also a member of the board of directors of the Barnett Bank of Jacksonville and a member of the board of directors of the Barnett Bank of Jacksonville.

The Barnett Bank of Jacksonville, the largest bank in the state of Florida, is also a member of the board of directors of the Barnett Bank of Jacksonville.

REDEMPTION NOTICE

CONTINENTAL BANKING COMPANY

$3.50 Dividend Cumulative Preferred Stock

The Pure Oil Company will redeem on April 1, 1955, all of the outstanding 5 Cumulative Preferred Shares of the Company, at $105.00 per share.

The above redemption is accruing to April 1, 1955, amounting to $1.25 per share. All holders will be paid by The Pure Oil Company, on April 1, 1955, to shareholders of record on March 10, 1955. After April 1, 1955, dividends on such shares will no longer be paid.

Copies of the redemption notice were mailed March 1, 1955, to each holder of 5% Preferred Shares on record at the close of business on March 1, 1955, at the National Bank, 11 Broad Street, New York 5, N.Y.; and the City National Bank & Trust Company of Chicago, 208 South LaSalle Street, Chicago 90, Ill.

The Pure Oil Company is calling its 5% Cumulative Preferred Shares

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CONTINENTAL BANKING COMPANY has called for redemption 125,575 shares of the Company’s 5 Cumulative Preferred Stock without par value of 253,753 outstanding shares of such stock. The certificates for the particular shares of such stock totaling 125,575 shares have been selected by lot by the Company’s Transfer Agent, The Corporation Trust Company, for redemption and will be redeemed on April 1, 1955, at the office of the Company’s Transfer Agent, The Corporation Trust Company, 120 Broadway, New York 5, New York, at $105.00 per share plus accrued dividends to April 1, 1955, amounting to $1.75 per share. A list showing the particular certificates selected for redemption has been mailed to each owner of record of such certificates at the close of business March 1, 1955.

The shares of stock called for redemption will be transferred upon the books of the Company to and including March 31, 1955. Dividends will not accrue on or after April 1, 1955, upon the shares of stock called for redemption.

CONTINENTAL BANKING COMPANY

By William F. Seymore, Secretary

March 2, 1955
A New Look at Management-Shareholder Relations

York Shipbuilding, and Continental Can.

Every one of these reports showed many things that we had volved understand and practice and had not experienced in role with increasing skill. The content of the management has nothing to hide from the owners and Frankly some of the transactions from friendly or irate shareholders and their grows and friendships begin to make one of the American corporate body.

But now let us take a look at the Burlington Mills proxy statements. I will let you decide whether the proposition constitutes good or bad management shareholder relations. We get annual reports. So what is the annual report sent out ahead of the annual meeting. The post-meeting report carries a special letter to all the owners who could not attend what took place and what questions the board may want to discuss at the next annual meeting.

As a result of these conferences, which enabled the management to gain a share of the public eight, we were one of the first shareholder opinion, what finally caused the 250 million contract, with definite rules, to be in place of the option which is going to expire at the end of the year and not at all when shares go down. And President Beale explained that his proposal would be sold for at least $10 million. In the face of all the protective clauses were entered into as the sale of the shareholders are being disposed of is agreed to as well as a dividend clause before the payment of any dividends. This is the new incentive compensation plan.

We can see that the new revolutionary management have material opposition against management-shareholder relations than those which have preceded them.

The Third Burlington Proposal

The third Burlington proposal was voted upon last week at Burlington Mills. The proposal involved the ballots of many of those who think as I do in the field of stockholder relations. We asked for the election of the auditors each year. This wise policy is now followed by over 400 listed corporations, partly due to the state laws in many of those words in legislation and partly due to the great pressure of the public opinion in recent years.

Here again in the case of those proposals which met with defeat, we expected the same outcome at the present time — they are introduced by the management to secure an effective record protect vote to the extent permitted by the SEC rules, whatever is less brought about another management concession. For the first time as noted in the management report rebuking our arguments in the proxy statement, the annual report is addressed to both the shareholders and the Board as it should be. The control of the introduction of this proposal was constructive.

Our original proposal is one of the most fundamental in making good corporate citizenship and informed voters. It was the focal point of the Transamerica decision mentioned in Professor Less's text book. For the benefit of the shareholders on the side of management and every man is a stockholder, I refer you to the article of Mr. Wolfson, which is well known of his blunders at Capital Transit in the field of public relations which has been well aired in the trade.

Mr. William H. Wolfson, the new Chairman, of the Transportation Company, of New York Central, is another who is frequently mentioned in this earlier mistake of his at Chicago and Ohio in the field of management-shareholder relations. This was the granting of options which are almost a kind of stockholder relations. We would like to see this kind of option as a way to protect the ideas of the owners. It is a plan that stock options when he took control of Capital Transit, the benefit of shareholders and management. He has given in another of the great upheavals which show that owners are the most important people of all. But, very wisely, he has managed to preserve the option as well as large stockholder relations. President Hill of the Federation of Women Shareholders showed that the large group in corporation history was taken over and we were asked too as small owners of New York Mills, Inc.

As a result of these conferences, which enabled the management to gain a share of the public eight, we were one of the first shareholder opinion, what finally caused the 250 million contract, with definite rules, to be in place of the option which is going to expire at the end of the year and not at all when shares go down. And President Beale explained that his proposal would be sold for at least $10 million. In the face of all the protective clauses were entered into as the sale of the shareholders are being disposed of is agreed to as well as a dividend clause before the payment of any dividends. This is the new incentive compensation plan.

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management or any policy you sell your stock, many of these people may also be quite sanguine — and with good reason. But one can also be realistic. You must first of all get it into your head that the corporate democracy is not an unmitigated blessing. The board of directors, which represents you as a shareholder, has its own agenda, which may not always coincide with your own interests. Sometimes this conflict of interest can be quite profound, leading to conflicts of action that can be harmful to the corporation and, ultimately, to the shareholders.

Sensibly, we applaud the initiative of Mr. William Montgomery Ward in taking steps to prevent the staggering system, which in itself may seem to be the worst kind of management-stockholder conflict, by establishing the right of proportionate representation. We are not, however, in the exact position that you have taken at Metcalf-Chapman and Scott Company, since we have been in cumulative voting. In former years, you have not had the stockholders voting as a unit, but the directors voting as a team. Consequently, you have been in a much better position to control management, as Mr. Lynch, the company's president, has pointed out. The company's chief executive officer, Mr. Lynch, has been in office for 22 years, and the company has been profitable for the entire period. The company's profits have been used to pay dividends to shareholders, and the company has consistently paid out 50% of its earnings in dividends. The company has also been able to maintain a stable dividend rate, which has been 4% in the past five years.

The upturn in demand for plates and structural steel is important. It means a better construction and maintenance industry. The company's stock price has been rising for a long time. It is now as far away from the peak of 1955 as it was from the low of 1950. The market for structural steel has increased by 11,176,000 tons, a year ago. The actual weekly production rate was 1,386,810 tons. The percentage figures for 1954 are based on annual capacity of 135,848,830 tons. The company's past performance has been very good. The company has been able to maintain a stable dividend rate, which has been 4% in the past five years.

Electric Output Shows Further Drop the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Feb. 26, 1955, was estimated at 7,523,000,000 kw. This was 6,000,000 kw. lower than the previous week's record high of 8,019,000,000 kw. It was also 1,209,000,000 kw. or 15.0% below the comparable 1954 week and 1,655,000,000 kw. lower than the like week in 1953.

U. S. Car Capacity Slightly Under Output of Prior Week

The automobile industry for the last week, ended Feb. 25, 1955, according to "World's Motor Week," the production of passenger cars represented an estimated 126,000 cars, compared with 173,482 (revised) in the corresponding week in the previous year. The actual output of trucks amounted to 18,000,000 units, a decrease below the previous week's output of 18,000,000 units, states "World's." Last week's car production was 1% below the corresponding week of the previous year. In the corresponding week last 1954, 21,214,000 cars were built, as compared with 21,214,000 cars last year.

Last week, the agency reported there were 14,200 trucks made in the same period, as compared with 15,000 in the previous year and 21,374 yr last year.

Car-adian output last week was placed at 7,930 cars and 865 trucks. In the previous week Dominion plants built 7,632 cars and 777 trucks, and for the comparable 1954 week 9,181 cars and 2,184 trucks.

Business Failures Ease in Holiday Week

Commercial and industrial failures in the holiday-shortened week ended Feb. 24 declined to 178, the lowest level so far this year, three less than in the preceding week, Dun Bradstreet, Inc., reports. For the third consecutive week, casualties dipped below the 1954 level. They compared with 284 a year ago, but were below the 783 of the period from 1914 to 1918. The average for the week was 121, down from 176. The failure rate has declined by 37% since the year before. Failures with liabilities of $5,000 or more accounted for 81% of all failures in the week. The failure rate for the week was 158,000, down from 160,000 in the previous week and 182 last year. A slight increase, on the other hand, occurred among small casualties, those involving liabilities under $5,000, which rose to 22 from 18 and equalled their 1954 level. The number of concerns failing with liabilities in excess of $100,000 remained side, as last week.

Wholesale Food Price Index Registers New Four-Month Low

The Dun & Bradstreet wholesale food price index dropped another 0.6%, to a new low of 185.1, representing a new four-month low and the fourth successive weekly decline, bringing the current level 7.6% below the comparable period of last year.

Commodities quoted higher for the week were flour, barley, beans, beef, pork, barley, Lumber, eggs and milk. Commodities quoted lower were wheat, beans, butter, sugar, cocoa, eggs, turkeys, steers and hogs.

The index reflects the sum of the prices 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 Continues Lower Trend

The general commodity price level held in a narrow range most of the week, according to the weekly report of daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., finished at 279.03 on Feb. 21, compared with 279.49 a week earlier, on Feb. 14. The drop for the period of four weeks continues to be significant. Prices fluctuated erratically in the leading grain markets. Wheat was buying at 72 1/4, from 72 1/2 a week earlier. The drop for the period of four weeks is thought to be due to the inextensive liquidation which carried all deliveries except March to new seasonal lows. Demand for wheat was less active.

Sugar prices made the largest jump since mid-January, as fears about a possible drop in the sugar crop and decreased prospects of deliveries led to considerable dumping of stocks bought as the result of the crisis in the sugar market.

Corn displayed some strength during the early part of the week when cash market receipts were fairly small but turned weak toward the end. Corn prices on the Chicago Board of Trade reached $1.00, but gave up nearly all the gains in the final dealings of the week. Daily cash market receipts of corn last week were reported at 4,200,000 bushels, compared with 2,184,000 the previous week. Trading in grain futures on the Chicago Board of Trade increased moderately last week. Daily average sales totaled 42,400,000 bushels, against 36,900,000 the week before, and 30,600,000 in the same week last year.

Corporations continued to trend downward under liquidation led by lagging manufacturer demand, pressure of heavy arrivals during the week and substantial amounts of coro rejections of the preceding week. Interest in many stocks of concern was increased to 123,375, buys, from 94,148 a week ago, compared with 83,382 a year ago.

The domestic sugar market was quiet with refiners showing little interest in raws despite a mild reduction in prices on most of their raws. Wholesale prices remained at the average cost of barrows and gills dropping to a new low for almost five years.

Sales of used cars increased noticeably last week and new automobiles continued to sell well. The market for new cars on hand—a much larger number than usual at this time of year.

This was in preparation for continued heavy sales expected in the early spring.

Housewives increased their purchases of fish, eggs and other Lenten items this past week, and many were attracted by low meat prices.

Fourteen of the most popular cuts of meat were cheaper than at any time in the past year. Most were cheaper by more than $1 a pound.

Home furnishings promotions brought sales of upholstered furniture and case goods moderately higher than during the same week of 1954, but not above last week's total. Purchases of bed-

ning and television sets lagged.

Although wholesale buying in the week was slightly below the volume of the preceding week, interest in many items improved and prospects were good for increased trade in coming weeks. The volume of wholesale orders was considerably higher than last year, not only in January, but for the last four weeks, and was above last year's total. Purchases of bed-

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ning and television sets lagged.
A MUTUAL INVESTMENT FUND
NATIONAL
SPECULATIVE SERIES

HOWEVER, the product company and the million-dollar company are maintained by one of the leading mutual fund companies illustrated by the fact that holdings in Kimberly-Clark Corp., were increased by 20,000 shares and Gulf Corp. shares increased by 1,175 shares. This is shown in the Fund's annual report.

Total market value for paper company common shares held in the FUND were $17,078,759 or 6.7% of net assets. Of this total, 39,000 shares were held in Champion Paper and Fiber Corp., 14,000 shares in Container Corp.; 9,000 in Dixie Corp.; 5,000 in International Paper Co.; 6,000 in Kimberly-Clark Corp.; 16,000 in Lily-Tulip Corp.; 4,000 in Mcr.; and 22,000 in Union Bag and Paper Corp.

Assets of the fund at the year-end were $256,243,343 compared with $156,418,155 at year-end of 1954.

Petroleum securities were 29% of total assets, or $61 million. During the last three months of 1954, the Fund purchased 1,500 additional shares of Cities Service Co., 2,000 shares of Gulf Oil Corp.; 2,000 shares of Socony-Vacuum Oil Co., Inc.; 10,000 shares of Continental Oil Co.; 4,000 shares of California Group, a mutual fund, and 4,000 shares of the Standard Oil Co. of New Jersey.

It held, as of Dec. 31, 15,000 shares of Amerada Petroleum Corp.; 5,000 shares of Cities Service (44,000 Continental Oil (Del); 32,000 Gulf Oil Co.; 5,000 of Louisiana Land & Explo Co.; 52,000 of Marathon Corp.; 40,000 in Ohio Oil Co.; 39,000 in Phillips Petroleum Co.; 28,000 of Pure Oil Co.; 40,000 of Shell; 23,000 of Socony-Vacuum; 50,000 Standard of California; 65,000 of Texas Company and 16,000 of Texas Co.

TELEVISION-ELECTRONICS Fund recorded a $23,3 million increase in fixed assets in its first fiscal quarter ended Jan. 31, last, accounted for in receipt transmitted to shareholders by Chester D. Trigg, President.

The report indicated that the Fund’s total assets at an all-time high of $79,231,360, or 30.88 a share, at the close of the quarter, were compared with $55,868,018, or $4.97 a share, three months previously.

In the quarter, the asset increased to appreciation of investment in the portfolio plus sales of additional shares of the Fund were uninterrupted throughout the quarter, with the organization of the Fund's new corporation, which organized potential in the science of electronics and created the Fund for participation therein. This was not only proved the soundness of its judgment, but also exceeded its predictions. "Whereas, the investment in the Fund's first year of operations, 1954, was $10 billion, "this he continued, "is an increase of over 60% in eight years."

The TV-Fund executive sees automation as the eventual solution to color television sets' price problem. One net manufacturer of companies, he told shareholders, now assembles about half of its chassis mechanically and another has developed an 'automated' production machine using tapes instead of dies or templates.

"Since the smelting improvements, " Mr. Tripp said, "will reduce the cost of color sets to a point where the public will buy them,"

New investments by the Fund during the quarter, according to the report, were in the common stocks of ACF Industries, Inc.; Basic American Stores; Consolidated TV & Radio Mfg.; Northern Electric Co.; Dominion Electric Control & Mfg.; Elox Corporation of Michigan; "A" and "F" Petrol, Machinery & Chemical Corp.; Lif¬ ton Industries, Inc.; the Ryan Preferred Co.; and Telea¬ graph Corporation.

PURITAN Fund's net assets, or the number of shares outstanding and net asset value per share all attained record highs, amounting the six months ended Jan. 31, 1955. As of Jan. 31, 1955, net assets of the Fund were $1,987,009 at the July 31, 1954, fiscal year end, an increase of 209%.

The number of shares outstanding amounted to 916,016, an increase of 169% over the total outstanding on July 31, 1954. Net asset value per share was $6.38 compared with $5.58 as share price at Jan. 31, 1955, a dividend of nine cents per share was paid by the Fund compared with the previous quarter. On Oct. 25, 1954.

In the latest 12 months’ period ended Jan. 31, 1955, distributions from income totaled 33.3 cents per share.

Combined net income of the classes in railroads are also expected to increase by "at least 10%," the fund executive said, adding that "the stock market shows much greater gains in their common stock earnings."

"Chicago, Cleveland & Baltimore & Ohio, for instance, Mr. Dacey explained, "had $25.5 million in net earnings for the first nine months of 1955, the amount of capital stock. haired to almost exactly 200%; Pittsburgh & Lake Erie may show about a 25% gain; Pennsylvania may report nearly twice what it earned in 1954. The fleet island could gain almost 30% over its 1954 total. And the investment in railroad preferred stocks may be reduced for December, as our 1955 "Fare¬ cast" points out, and—i some cases, some member of the railroads—another lift could be given to 1955 profits through the resulting tax saving."

Discussing the outlook for other basic industries, Mr. Dacey said:

"Residential building and con¬ struction as well will be headed toward another excellent year, with the combined total for public and private outlays again being a new all-time high."

"The large metal company "should have another better year in 1955, Mr. Dacey said, "since hit some of the copper companies a fairly hard blow in the third quarter. The aircraft prospects are bright for some time to come."

While the meeting was looking for another good year for basic industries, particularly for consumption expenditures and in construction expenditures, Mr. Dacey explained, "they have increased in population, are ex¬ pected to continue at these levels. He warned, however, that "the growth rate of business is not expected to follow an unwavering upward trend."

"While we hold that business and economic conditions will be carefully plotted and watched be¬ cause the economy is "are," he said, "we do believe that (ir¬ respective of the party in power) the fiscal, credit, unemployment insurance and farm prices policies of the Fed ought to be tied together with the stimulus that can be given to the economy. And, the stimu¬ lation and innagration, will be particularly effective for the Yangtze river and the economic cycle will act as a check on the faster rates than have heretofore been recorded."
Wellsington Fund Adds
To Bank Stock Portfolio
The $400 million Wellsington Fund increased its investment in bank stocks by more than $5 million in the last six months, ranging from $208,000 in November to $205,000 in December. Its holdings have increased by 20.7% to $260,000.

John Kalb Returns
To Vohor. Co.
John Kalb announces that he is returning to Vohor. Co., members of the New York Stock Exchange firm which he organized in 1946 and then left two years ago in order to establish Investment and Planning Corporation of America. Mr. Kalb feels that his job, as a founder of the company, has been successfully accomplished and he is now returning to his original activities.

Yankee Dunedins
Common Stock Offered
Wellington Hunter Associates is offering as speculation 250,000 common shares of Yankee Dunedins Ltd. at a price of 40 cents per share.

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Major Factors in the Investment Outlook for 1955

It is very difficult to appraise the effects of the new 40-year Treasury bonds on the supply of funds available for other investments. Possibly a fairly large part of the funds required for the acquisition of long-term bonds was obtained in 1954. Consequently, the Treasury obli-
gations to the commercial banks were not doubtless obtained by the temporary depletion of cash balances in the banks to meet requirements, which would in turn bring about a new investment payment basis. Presumably cash balances will be restored and the instalments paid. On balance, therefore, the amount available for other long-term funds may be, at the most, only a fraction of the total amount of 40-year bonds issued.

The flow of funds into the major savings institutions will be modestly larger in 1955 than in 1954, when the increase in their funds in 1955 may be considerably larger than in 1954. Insured pension funds and state and local govern-
ment funds are expected to show a further decline, but the decrease is expected to be of moder-
ate size. It is not expected that any material internal by reinvested profits and the net new funds available for investment during 1955 will be approximately 
the same as in 1954. However, the gross working capital requirements of the government are expected to increase in 1955. This is expected to be the case for years to come.

The building in strength and construction in recent months would be expected to increase in out-stan-
ding manner in the future, and the losses resulting from such a growth are likely to continue or exceed the record growth in 1954. However, the increase in 1954, even though, as many people believe, there may be some decline in the rate of building and con-
struction, will develop this year under the new regulatory program.

In total, therefore, combined requirements of the investment programs of the federal gov-
ernment, state and local governments and real estate owners in 1955 are expected to increase in the range of $3 billion above the requirements of 1954. However, the Treas-
ury, in order to fully offset the reduction in the support to the investment programs of the banks, is likely to provide by the commercial banks in 1955. In the event of this, the supply of government corpor-
hations and other net require-
mement. Consequently, a substantial portion of the $5 billion of government security is expected to be sold by the banks in 1955. This means that the purchase of $6 billion of govern-
ment securities by the commer-
cial banks, which is likely to be made, would provide the required additional supply of funds and the strength of the recovery, upon policy decisions by the credit.

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The Lessons From Germany

Scientists and engineers, perhaps twice confronted the German methods we were fighting against, with a fairly tough going each time—it might be in order for us to see how they did it. Basically, they were both

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Responsibilities of Government Under the Employment Act of 1946

Continued from page 49

The Commercial and Financial Chronicle ... Thursday, March 3, 1955

desirable level of saving in the long run, it makes the short-term reduc-
tion work harder upon millions of families, as could be seen at the figures on the distribu-
tion of savings among American families.

QUESTION 2

On the basis of economic development, one might view the calender year 1945 in retrospect as the end of the economic cycle. First, business cycles are identified. The last business cycle in the United States is considered to have begun in the late 1920s and ended in 1932. By reading the figures on the distribution of savings among American families. 

The question of the current economic situation, I believe, does not sufficiently measure the difference between the period against the need for growth; it became necessary to consider the income and much with reference to fixed values such as resources, output, labor force, and so forth, to produce many misleading conclusions.

For example, the gross national product hardly changed at all in the first quarter of 1954, and in the second quarter it was the same. The outlook for the year as a whole and something better than the third quarter. This is why we should look at the data against fixed levels, one would go further, and the third quarter, indeed the first three quarters of the year, and the current level of output expanded substantially in the fourth quarter. But this seems to be a high-

It is closer to reality to say that the performance of the first three quarters of 1954 fell further and further behind that which was assumed, and in the second quarter, which gets higher with the advance in productivity and the level of output, which was very disappointing. Consequently, we were much worse off at the end of 1954 than we were at the beginning of the year in the first quarter. This is why we need to look at the current level of output against prevailing fixed levels, one would go further, and the third quarter, indeed the first three quarters of the year, and the current level of output expanded substantially in the fourth quarter. But this seems to be a high-

Similarly, it is superficial to measure the performance of the third quarter of 1954, and further and further behind that which was assumed, and in the second quarter, which gets higher with the advance in productivity and the level of output. Consequently, it is not possible to make any analysis of these highly advanced concepts, for example, the proof of this principle is that there is no basis for testing the assumption of the equilibrium level of output in 1954 as in 1953, and this could never be ex-

But if the needed level of em-

The purpose of the Employment Act has always been to further the economic conditions of the population, and the key to understanding the Employment Act lies in the concept of the current level of employment, which is the difference between the current level of output and the current level of employment.

If maximum employment means optimum employment, different standards may apply to different standards. This means that we need to consider two different positions:

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With Louis A. Love

(From the commercial Chronicle)

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With Louis A. Love

(From the commercial Chronicle)
### Indications of Current Business Activity

#### AMERICAN IRON AND STEEL INSTITUTE:
- Latest week: 3.2, 33.5, 96.2 (percent of capacity). Mar. 7
- Latest month: 3.2, 33.5, 96.2. Mar. 7

#### AMERICAN PETROLEUM INSTITUTE:
- Crude stocks for crude oil: 8,797,469,000. Feb. 18
- Gasoline stocks: 87,313,000. Feb. 18
- Kerosene stocks: 17,000,000. Feb. 18
- Distillate fuel oil stocks: 13,054,000. Feb. 18
- Residual fuel oil stocks: 8,055,000. Feb. 18

#### CIVIL ENGINEERING CONSTRUCTION - ENGINEERING NEWS:
- Total U.S. construction: 24,532,218,000. Feb. 24
- Foreign sales: 29,457,579,000. Feb. 24
- Public construction: 194,395,000. Feb. 25
- Number of shares: 7,320,000. Feb. 24

#### COAL ASSOCIATION (U. S. BUREAU OF MINES):
- Bituminous coal and lignite (tons): 208,009,000. Feb. 18
- Production (tons): 25,000,000. Feb. 18

#### DEPARTMENT STORE SALES INDEX - FEDERAL RESERVE BOARD:
- February 1955: 90, 792
- Total store sales: 90, 792

#### EDISON ELECTRIC INSTITUTE:
- Total electric sales: 9,275,000,000. Feb. 26

#### FAILURES (COMMERCIAL AND INDUSTRIAL) - DUN'S REVIEW:
- February 1955: 17, 208

#### IRON AGE COMPOSITE PRICES:
- Pig iron (spot basis): $69.90 per ton. Feb. 16
- Bar iron: $72.98 per ton. Feb. 16

#### METAL PRICES (X & X. J. QUOTATIONS):
- Domestic rebars: 10.76c per pound. Feb. 23
- Domestic billets: 10.1c per pound. Feb. 23
- Scrap: 42c per pound. Feb. 23
- Zinc (East St. Louis): 11.0g per pound. Feb. 22

#### MOODY'S RATING AVERAGE DAILY AVERAGES:
- U.S. Government Bonds: 96.38, 96.56, 97.59, 98.62
- Commercial paper: 109.86, 110.00, 110.37, 110.45
- Industrial bonds: 107.60, 107.75, 108.00, 108.25

#### NATIONAL PAPERWORK ASSOCIATION:
- Domestic newspapers: 249,452. Feb. 25
- Production (tons): 252,292
- Number of pages: 25,430,000

#### OIL MARKET REPORTER INDEX:
- Index for February 18: 102.18

#### STOCK TRANSACTIONS FOR GOOD-ACCOUNT OF OFFICIALS OF THE NEW YORK STOCK EXCHANGE - SECURITIES EXCHANGE COMMISSION:
- Total stocks sold: 1,064,715,700. Mar. 12
- Total stocks bought: 1,246,625,700. Mar. 12
- Total change in ownership: 181,910,000. Mar. 12

#### OIL AND GAS REPORTER INDEX:
- Index for February 25: 102.18

#### TECHNICAL PRODUCTION INDEX:
- Index for February 25: 102.18

#### Analyzing and Round-Off Stock Transactions for Members (In Dollars)

#### Stock Transactions

#### Money in Circulation

#### Personal Income in the United States (DEPARTMENT OF COMMERCE - MONTH OF DECEMBER 1954):
- Total personal income: $27,899,000,000. Mar. 12
- Real disposable personal income: $26,911,000,000. Mar. 12
- Personal income before personal tax: $28,688,000,000. Mar. 12
- Personal income after personal tax: $26,630,000,000. Mar. 12

#### Price Index

#### E. S. GOVERNMENT BUDGET LIMITATION
- As of Jan. 1955 estimated: $31,960,000,000. March 12
- Federal outlays: $30,945,000,000. March 12
- Total federal outlays: $31,960,000,000. March 12
- Federal receipts: $24,822,000,000. March 12
- Total federal receipts: $27,912,000,000. March 12
- Federal surplus or deficit: $3,128,000,000. March 12

#### House Prices, New Series

#### Index Numbers - U. S. DEPT. OF AGRICULTURE
- As of Jan. 1, 1940: 130
- Unadjusted:
  - All farm products: 268
  - Crops: 244
  - Cattle and calves: 234
  - Wheat: 293
  - Barley: 247
  - Oats: 275
  - Soybeans: 230
  - Cotton: 261
  - Other products: 233
- Adjusted:
  - All farm products: 268
  - Crops: 244
  - Cattle and calves: 234
  - Wheat: 293
  - Barley: 247
  - Oats: 275
  - Soybeans: 230
  - Cotton: 261
  - Other products: 233

#### Index Numbers

#### Lithuania
- Index Numbers - U. S. DEPT. OF AGRICULTURE
- As of Jan. 1, 1940: 130
- Unadjusted:
  - All farm products: 268
  - Crops: 244
  - Cattle and calves: 234
  - Wheat: 293
  - Barley: 247
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  - Soybeans: 230
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The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for that date, or, in cases of quotations, are as of that date.
Arctic Uranium Mines Ltd.


Atlantic City Electric Co. (3/9)

Feb. 4 filed $10,000,000 of first mortgage bonds due Mar. 1, 1985. Proceeds—To refund outstanding bank loans and for new construction. Underwriter—to be determined by the company. Office—Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); Union Securities Corp.; White, Weld & Co.; Kidder, Peabody & Co. and Stone & Webster Securities Corp.

American Duchess Inc.

Feb. 21, letter of notice) 150,000 shares of 7% cumulative participating preferred stock (par $1) and 150,000 shares of common stock (par $1) to be offered to holders of record Feb. 25, 1955, in units of five shares of each class of stock. Price—$10 per unit. Proceeds—For additional working capital, development and working capital. Office—Chenery Bldg., Reno, Nev. Underwriter—None.

Atlantic Steel Co., Atlanta, Ga. (3/22)

Feb. 25 filed offer to first stockholders of record Feb. 25, 1955, on the basis of one new share for each common share of common stock and/or 1/10 of a new share for each unit of 20,000 common shares to be applied by amendment. Proceeds—To purchase certain assets of Allied Steel Mfg. Co., machinery, tools and equipment, and common and preferred stockacorporated: The First Boston Corp. and Dressel & Co. and general other corporate counsel; Salomon Bros. & Hutzler; Merrill Lynch, Pierce, Fenner & Beane. Bid—to be received up to 11 A.M. (EST) on March 9 at Irving Trust Co., New York.


Atlantic Refining Co. (3/7)

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<tr>
<th>Date</th>
<th>Company Name</th>
<th>City</th>
<th>Type</th>
<th>Stockholders</th>
<th>Price</th>
<th>Proceeds</th>
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<td><strong>March 4</strong></td>
<td><strong>Barry Controls, Inc.</strong></td>
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<td><strong>Texas Power Corp.</strong></td>
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<td><strong>Allison Steel Manufacturing Corp.</strong></td>
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<td><strong>March 8</strong></td>
<td><strong>American Automobile Insurance Co., Inc.</strong></td>
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<td><strong>American Potash &amp; Chemical Corp., Deboutres &amp; Co.</strong></td>
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<td><strong>Harris-Seybold Co.</strong></td>
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<td><strong>March 10</strong></td>
<td><strong>National Television Productions, Inc.</strong></td>
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<td><strong>Atlantic City Electric Co.</strong></td>
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<td><strong>Central of Georgia Ry.</strong></td>
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<td><strong>Minnesota Mining &amp; Manufacturing Co., Debentures (6th &amp; 7th &amp; 8th) by Peabody &amp; Co.</strong></td>
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<td><strong>Kannas &amp; Gas Company</strong></td>
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<td><strong>Southern Pacific Finance &amp; Credit Co., Debentures (6th &amp; 7th &amp; 8th) by Remington &amp; Weeks</strong></td>
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Investors Selective Fund, Inc., Minneapolis, Minn. Feb. 28 filed (by amendment) 1,000,000 shares of common stock (par $1) for market. Proceeds—For investment.

Israel Pecan Plantations, Ltd. Feb. 29 filed 8,400,000 shares of ordinary common stock (par one Israeli pound). Price—$10 per share. Proceeds—To be offered to subscribers by subscription brokers. Officers—President & Treasurer, A. H. Black, Tel Aviv; President & Secretary, Natan, New York, N.Y.; and Treasurer, J. Levy, London, England.

Jarmon Properties & Oil Development Corp. Feb. 27 filed 1,244,000 shares of capital stock. Price—At par ($1) per share. Proceeds—For further oil acquisitions.

Jones & Laughlin Steel Corp. Feb. 28 filed (by amendment) 9,000,000 shares of common stock ($10) to be offered for sale by certain officers and employees of company under company’s Stock Option Plan.

Joy Manufacturing Co. Feb. 28 filed 10,000,000 shares of common stock due 1975. Price—To be supplied by amendment. Fra¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬¬...
Southwestern Public Service Co.
Jan. 24 (letter of notification) 2,200 shares of common stock (par $100) being offered in exchange for Reynolds Mining Co. cannot be made available to any 3% Southerners for each share held. The subscription rights have not been accepted by Hamilton stockholders owning not in excess of 3% of Southwestern's common stock.
Office—70 Pine St, New York, 1, N. Y. Underwriter—None.

Southern Nevada Power Co. (3/15)
Feb. 26, filed 27,000,000 shares of preferred stock (par $20). Price—To be filed by amendment.

Southern States Oil Co., Laurel, Miss.
Feb. 16, filed 21,000,000 shares of preferred stock (par $1). Price—To be filed. Proceeds—To selling stockholders.
Office—To be filed by amendment.

Southern Union Oil Co., (3/15)
Feb. 16, filed 2,111,000 shares of common stock (par $1), of which 600,000 shares are preferred and 1,511,000 shares are offered for sale by existing stockholders on a basis of one new share for two common shares; the remaining 1,000,000 shares of preferred stock and to public, 60 cents per share. Proceeds— kaufen mortgages and the proceeds may be used for additional oil and gas properties; interest on the bonds may be paid by those shares remaining unsold; and upon completion of the new shares being offered for sale by existing stockholders on a basis of one new share for two common shares; and upon completion of the new shares being offered for sale, may be used for the acquisition of additional oil and gas properties; and for working capital.

Stardust Inc., Reno, Nev.
Feb. 26, filed 2,612,862 shares of preferred stock (par $10) and 621,882 shares of common stock (par $2). Price—To be filed. Proceeds—For exploration and development costs.

Star Hotel Inc., Las Vegas, Nev. (3/15)
Feb. 16, filed 768,000 shares of preferred stock (par $50) and 1,240,000 shares of common stock (par $25) of which 250,000 shares of preferred and 1,000,000 shares of common stock are to be offered in units of one preferred and 1,000,000 shares of common stock are to be offered for sale by existing stockholders on a basis of one new share for two common shares; the remaining 1,000,000 shares of preferred stock and 1,000,000 shares of common stock are to be offered for sale in the public offering.
Office—To be filed by amendment.

Sunshine Park Racing Association, Inc. (Fla.) (3/15)
Feb. 14 (letter of notification) 1,200 shares of preferred stock (par $100). Price—To be filed. Proceeds—To be held by the corporation.
Office—4831 St. Andrews Rd, West Palm Beach, Fla. Underwriters—None.

Swedes Uranium Corp., Salt Lake City, Utah
Jan. 22, filed 1,500,000 shares of common stock (par $39.35). Price—To be filed. Proceeds—To for exploration and development expenses.

Tacoey Uranium Corp., Denver, Colo.
Sept. 9, filed 500,000 shares of preferred stock (par $15). Price—To be filed. Proceeds—To for exploration and development expenses.
Office—1420 Life of America Building, Dallas, Tex. Underwriter—Western Securities Corp., Salt Lake City, Utah.

Temple Mountain Corp.
Oct. 7 (letter of notification) 2,500,000 shares of common stock (par $10). Price—To be filed. Proceeds—To for exploration and development expenses.
Office—Newhouse Bldg, Salt Lake City, Utah. Underwriter—Wallar Sondrup, same city.

Texas Co., New York, N. Y.
Feb. 8, filed $75,000,000 of participation in the Employee Savings Plan and 75,000 shares of stock (par $25) which may be purchased pursuant to the plan.

Texas Hydro Electric Corp. (3/4)
Feb. 26, filed 2,800,000 shares of common stock (par $1) to be offered for subscription by stockholders on a basis of one new share for each 10 shares of common stock held. The subscription rights have not been accepted by Hamilton stockholders owning not in excess of 3% of Southwestern's common stock.
Office—70 Pine St, New York, 1, N. Y. Underwriter—None.
The First Boston Corp.; Lehman Brothers; Union Securi-
ties Corp., and Equitable Securities Corp. (jointly); Merri-
ll Lynch, Pierce, Fenner & Beane; and Salomon Bros. & Hutt-
er (jointly); Harrisson Ripley & Co., Inc.; and Kidder, Peabody & Co., Inc. (jointly). Bids—Expected to be received by 11 a.m. (EST) on March 15. Proceedings—Scheduled for April 12.

Gulf Cities Gas Corp.
Jan. 17, D. L. Alberty, Executive Vice-President, an-
nounced that the company will issue $4,500,000 in com-
petitive notes in the near future. Proceedings—For expansion. Under-
writer—Shaw, Stout & Co., New York; handled previous financing.

Hartford Gas Co.
Feb. 14, issued competitive notes will be sold March 16, at a rate of $25 to each share of new preferred stock. The offer is expected to close on March 17. Underwriter—Kidder, Peabody & Co., Inc., New York.

Chicagol Telephone Co.
Jan. 11, J. D. Farrington, President, announced that the company's Board of Directors has approved the issuance of common stock to be sold at $25 per share. The sale will be made to public subscribers through authorized brokers. Underwriter—Kidder, Peabody & Co., Inc., New York.

Collins Radio Co.
Feb. 21, the company announced that it plans to issue 100,000 shares of common preferred stock at $100 per share. Proceeds—For the purchase of new equipment.

Commonwealth Edison Co.
Jan. 22, the company announced it should be filed before the company undertakes its next financing. Proceeds—For the payment of debt. Underwriter—Kidder, Peabody & Co., Inc., New York.

Consolidated Uranium Mines, Inc.
July 29, announced that it plans to sell $5,000,000 in common stock through the sale of $15,000,000 in preferred stock. Proceeds—For expansion and development. Underwriter—Kidder, Peabody & Co., Inc., New York.

Detroit Edison Co.
Jan. 21, it was announced that the company is planning to sell 100,000 shares of common stock at a price of $25 per share. Proceeds—For expansion and development. Underwriter—Kidder, Peabody & Co., Inc., New York.

Florida Power Corp.
Dec. 23, the company announced plans to offer to its stockholders about 232,000 additional shares of common stock at a price of $25 per share. Proceeds—For working capital. Underwriter—Kidder, Peabody & Co., Inc., New York.

Florida Power & Light Co.
Feb. 28, it was reported that the company plans to issue 300,000 additional shares of common stock at a price of $25 per share. Proceeds—For expansion and development. Underwriter—Kidder, Peabody & Co., Inc., New York.

General Electric Co., Chicago, Ill.
Feb. 21, it was announced that the company plans to offer 200,000 additional shares of its common stock to residents of New York City. Proceeds—For working capital. Underwriter—None.

Garvanston-Houston Breweries, Inc., Galveston, Texas
Feb. 16, it was announced that the company plans to offer to its stockholders about 300,000 additional shares of common stock at a price of $25 per share. Proceeds—For expansion and development. Underwriter—None.

Galveston-Houston Life Co.
Feb. 28, the company announced plans to offer to its stockholders about 300,000 additional shares of common stock at a price of $25 per share. Proceeds—For expansion and development. Underwriter—None.

Galveston-Houston Life Co.
Feb. 21, it was announced that the company plans to offer to its stockholders about 300,000 additional shares of common stock at a price of $25 per share. Proceeds—For expansion and development. Underwriter—None.

Galveston-Houston Life Co.
Feb. 21, it was announced that the company plans to offer to its stockholders about 300,000 additional shares of common stock at a price of $25 per share. Proceeds—For expansion and development. Underwriter—None.

Galveston-Houston Life Co.
Feb. 21, it was announced that the company plans to offer to its stockholders about 300,000 additional shares of common stock at a price of $25 per share. Proceeds—For expansion and development. Underwriter—None.

Galveston-Houston Life Co.
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Continued from page 57 and sell $60,000,000 of cumulative preferred stock (par $100). Proceeds will go to the bank's long-range development program. Underwriters—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); W. C. Lawrence, Lehman Brothers; Harriman Ripley & Co. Inc. Offering—Expected in early April, 1955.

Storer Broadcasting Co.
Feb. 7 it was announced company plans to publicly offer 262,750 shares of common stock in order to reduce debt and to redeem 15,000 shares of 7% preferred stock (par $100). Underwriter—Reynolds & Co., New York.

Sundstrand Machine Tool Co., Rockford, III.
Feb. 3; Bruce F. Olson, President, said that early in May the company plans to file a registration statement with the SEC covering 198,888 additional shares of preferred stock, (par $5), which are to be offered to common stockholders on the basis of one share for each five shares held. Price—To be announced later. Proceeds—For general corporate purposes. Underwriters—Merrill Lynch, Pierce, Fenner & Beane, New York; Salomon, Bros., Inc. and Lebo Brothers, New York.

Transamerica Corp.
Feb. 25 F. N. Belgrano, Chairman and President, announced that the company plans to offer 1,244,000 shares of capital stock through an underwriting group, offering to sell about one half in May. Transcontinental Gas Pipe Line Co. (4/1) Nov. 24 Tom P. Walker, President, announced that the construction program for 1955 and replacement of bank borrowings made in 1954 will require financing during 1955 of about $15,000,000. It is planned to offer about April 1 $15,000,000 of preferred stock. About $50,000 of long-term debt is to be paid this year (may be paid privately). Underwriter—White, Weld & Co. and Stone & Webster Securities Corp.

United Gas.
Feb. 24, N. C. Mcgowen, President, announced that corporation plans to go to the market after May 1 to offer the first half of 1955 through the sale of additional common stock to stockholders. Proceeds—For construction program, and of United Gas Pipe Line Co. a subsidiary. Underwriter—None.

United Gas Corp.
Feb. 11, the New York Stock Exchange, Inc. announced that company might be seeking some debt financing, with this year's total requirement of about $40,000,000 (including about $35,000,000 to $40,000,000 of common stock to be offered through competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; White, Weld & Co.; Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly).

Vanadium Queen Uranium Co.
Feb. 21 it was reported company plans to issue and sell 720,000 shares of common stock. Price—Expected to be about $2.50 per share. Underwriter—Van Alstyne, Noel & Co., New York.

Virginia Electric & Power Co. (6/7) Feb. 19 it was reported company plans to issue and sell 1,200,000 shares of non-par common stock. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp.; Goldman, Sachs & Co. and Lehman Brothers (jointly); Kidder, Peabody & Co. The First Boston Corp.

Westarp Hydrocarbon Co. (4/15) Dec. 19 it was reported Sinclair Oil Corp. will ask for bids for 394,000 shares of Westarp stock about April 15, 1955, if it has not been able to dispose of those holdings in the near future. Proceedings—New York, under recent sale of Sinclair's holdings, will be debuted in the near future. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Stone & Webster Securities Corp.; Stone & Webster Securities Corp.; Stone & Webster Securities Corp.; Stone & Webster Securities Corp.; Stone & Webster Securities Corp.; Stone & Webster Securities Corp.

Gulfstar Shares
Underwritten by First Boston Group
P. H. Glaster Co. is led by (March 3) offering holders of its common stock an opportunity to sell up to an additional 122,000 shares of its common stock, $10 par value, on the basis of one new share for each one and one-sixth share held. Price—Offering price of $7 per share, with rights of purchase at $5.39 per share, will expire on March 16, 1955. A group headed by The First Boston Corp., New York, will underwrite the sale of 122,000 shares of common stock.

Bankers Offer Uranium Stock at $1 a Share
J. F. Fuller & Co. and Verminie Brothers Inc. will market 260,400 shares of British Western Canadian Uranium Mines Ltd. Stock at $1 per share. The mining company, which is interested in uranium development, will use the proceeds of the sale for the purchase of properties, claims and leases and for exploration and drilling. Bankers: Oppenheimer & Co.

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**DIVIDEND NOTICES**

**AMPHENOL CORPORATION**
At a meeting of the Board of Directors of American Locomotive Company held today a dividend of $1.50 per share was declared on the Common Stock of the Company to be paid to stockholders of record at the close of business on May 10, 1955. Transfer books will not be closed.

M. B. LOEB, President

**DIVIDEND NOTICES**

**AMERICAN MACHINE AND METALS, INC.**

**5th Dividend**

The quarterly dividend rate has been increased from Twenty-Five Cents to Thirty-Two Cents per share. A dividend distribution for the first quarter of 1955 will be made by check on March 31, 1955 to stockholders of record at the close of business March 15, 1955.

STUART K. BARNES, Secretary

Guaranty Trust Company of New York

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**DIVIDEND NOTICE**

**DIVIDEND NOTICE**

The following dividends have been declared by the Board of Directors:

**Preferred Stock**
A quarterly dividend of $1.25 per share on the preferred stock has been declared. Dividends will be paid on May 15, 1955 to stockholders of record at the close of business on May 1, 1955.

**Common Stock**
A quarterly dividend of $1.00 per share has been declared. Dividends will be paid on May 15, 1955 to stockholders of record at the close of business on May 1, 1955. Transfer books will not be closed. Checks will be mailed.

W. M. J. WILLIAMS Vice-President & Secretary

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**DIVIDEND NOTICE**

**BRILLO MANUFACTURING COMPANY, INC.**

A Dividend No. 100 of Forty Cents ($0.40) on the Common Stock has been declared, payable April 1, 1955, to stockholders of record March 15, 1955.

M. B. LOEB, President

Brooklyn, N. Y.
WASHINGTON, D.C.—There is a subtle shift in the fracs in the House last weekeneded and personal income tax, and this shift has breed implications for the future.

That shift was the indication of an underlying core conservative Democrats on the Rules Committee. Those gentlemen are, in a word, sitting along with Speaker Rayburn as far as they can possibly go, consistent with the best behavior of convivials, to hamstring one Dwight D. Eisenhower.

There are eight Democrats on four Republicans on the Rules Committee. However, there are two conservative Democrats on that committee who are thoroughly-going conservatives on both personal and corporate economic matters. They are not just isolationist conservatives who vote against such things as Harry Truman used to propose which affected the social life of the South and economic matters. They are of no value, like the FPEC or the enmollment and enhancement of the power of the government.

These two gentlemen are the Chairman of the Rules Committee, James O. Atkins, of Virginia and his associate, William Colmer of Mississippi. These two gentlemen have labored handful of thorough-going conservatives both with the four Republican members, with the two Democrats on the Rules Committee, and with the group all worked as a team, guarantee to stop dead in its tracks any the best behavior of convivials, and far-reaching "liberal" legislation, which might come from either President Eisenhower or the Congress in its broad legislative independence of the House. If the Republicans would stay "stitched" with the South, they will do about as well for a pretty piece of legislation would have to go through six to ten, a tie, so no rule.

Now at the beginning of the 84th Congress, Bill Colmer are believed to have this ability to such persons as would point in the direction of the Atkins. Whether there was a direct negotiation between the two Democrats and the four Republicans was never made known; at any rate it is not important for the two Democrats...they know where the Republicans will stand — they won't stay stitched to stop convivial legislation when it comes to the Eisenhower brand.

Worked for Rayburn

So if in the past these two made possible a rule which was a complete satisfaction of the Democratic Speaker. In the first place the rule did in fact let the $20 per cap tax cut do so Rayburn come up for a vote on something which was generally missed in the disputes. The two could have stopped the thing dead if they had desired to do so, and they did not desire to do so because they become convinced that they cannot count upon their Republican colleagues and the Rules Committee to stop any thing which they have eyed legislation which may originate in the White House. The second, the committee provided for a "separate vote" on the $20 per cap thing. The purpose of this provision was to make sure of an in advance to Eisenhower's unimportant—like bill in advance of the thing as has happened from time immemorial in Congress. The thing was attached as a rider to a "necessary" bill, a bill to contain the interests of the corporation and excise taxation for one year.

Now as is always the case in the things which are unimportant been a separate vote without such a provision in the rule. Since $20 per cap thing, it was as certain that this would be extended to any of the early morning, each day, and the House was not able to get the rule as necessary as a second one of two others would be forced to the test and we have Rayburn spitting in indignation.

Won't Open Up

The fact that these conservatives backed Sam on the instant case does not mean, however, that they will as unimportantly men of principle back Rayburn up on everything; they will not go so far as to do violence to their convictions, but they will certainly maintain the same life unhappy for Dwight D. Eisenhower.

Now the purpose of the $20 per cap thing was to give good little Democrats a chance to get on the record for the same; also it was the chance to give the grand Eisenhower reputation, by making known the Democrats are all for tax re- duction for the peepul. The project started out strictly as a baby of the House Democratic leadership, and none of the Senate leaders was originally consulted. However, it clearly became one of those things that had the political appeal and offered an easy way of embarrassing the President. Furthermore, 93% of the members of Congress even if the country still thinks Eisenhower is a budget-balancer, know very well that Eisenhower

hobbies imposed upon them whatever.

Under such an agreement the Republicans could use being discriminated against as a political weapon, but the U. S. could get no re- dress. It would also be true that the Republicans would continue to use business to business so that this common, that these could not be interfered with. Yet the agreement could give the British an opportunity to make in- nurnerous personal income tax, and inter- leged discrimination under U. S. law.

According to reports, however, the State Department does not believe that this is a case of the British, or any wise instance of one-worldism, to get an advantage of the other. However, the idea was origi- nated by a former American representative on this council several years ago.

How to Get Government Money Back

In 1953 Congress, with the approval of the President, made the Farm Credit Adminis- tration an independent agency in- structed to provide funds to the Depart- ment of Agriculture. FCA instantly turned the $22 billion in millions of Federal capital, and they also enjoy Federal income tax exemptions for cooperatives. So in creating them as an inde- pendent agency Congress re-quired the Farm Credit Board to make plans for the retire- ment of borrowing from the associations of the Federal capital in those institutions. These are the intermediate credit cooperatives. The idea is to create in the banks for cooperative and the banks for cooperatives.

The Farm Credit Board came up with a scheme. On the one hand the program require the Farm Credit Board to new purchases made by bor- rowers as they are required to make anything as a condition to credit accommodation. Third, the board proposed to secure for the intermediate credit banks as just too hard on the Federal Farm Credit Adminis- tration.

Finally, the board proposed that the Federal capital actu- arily be kept in hand for possible further use later. In other words, the "retir- ment" of Federal capital would be painless and non-existent, it remains to be seen what the Eisenhower Administration and Congress will say about this brilliant scheme.

This column is intended to reflect "behind the scene" interpertation from the nation's Capital events and not coincide with the "Chronicle's own views.

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