ESTABLISHED 1839

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 181 Number 5412 New York 7, N. Y., Thursday, March 17, 1955 Price 40 Cents a Copy

EDITORIAL

As We See It

As Senator Fulbright's "study" of the stock market continues from day to day, allusions to the 1929 debacle are repeatedly heard, and questions as to whether the situation that has now developed is or is not similar to that of the earlier year are frequently raised. What the sundry politicians are apparently concerned with (at least in public) is whether another "bust" of the 1929 variety is in the making—with all the consequences associated in the public mind with it. In much that is said on the subject there is an apparent implication that the collapse of stock prices in October, 1929, precipitated the great depression of the early 'Thirties and indeed was basically responsible for much of it. It seems almost certain that such is the assumption of a great many persons throughout the land, and that what is going on in Washington at this moment is strengthening this impression.

Yet this is clearly not the case, and widespread supposition that this interpretation of the events of that fateful year is correct could do, probably has done, and will continue to do serious harm. Economists and historians will probably continue almost indefinitely to argue among themselves about the direct, indirect and basic causes of the economic misfortunes of the great depression, but we can scarcely imagine any serious student of economic history defending a thesis to the effect that either the stock price level of early autumn, 1929, or the collapse of October of that year was among the basic causes of the disaster of the 1930's.

The record is clear beyond dispute. Between the end of the year 1920, and the end of 1929, more than 5,700 banks failed in this country, by

Continued on page 28

Stock Market Situation

By HOWARD F. VULTEE*

Vice-President, Marine Midland Corporation
Administrative Vice-President,
Marine Midland Trust Co., New York

Discussing background material relating to the stock market, Mr. Vultee lists as characteristics of past and present periods in the history of security markets: (1) Recklessness in 1928-29; (2) Disillusionment in 1929-32; (3) Safety in 1932-50; (4) Disillusionment in 1950-54; and (5) Renewed recklessness in 1954-55. Cites as a significant force in today's markets the increasing public awareness of our semi-managed economy and the public's confidence that a business "bust" is virtually impossible. Says government's "easy" money policy aided equity markets, and, in conclusion, views market pendulum turning in an opposite direction

I went to some pains at last year's forum to point out that we are not here to make predictions or to indulge in a guessing contest as to the future level of the equity markets. Rather, it will be our purpose to analyze many of the great forces at work as we did a year ago, at which time the analysis led the panel to the conclusion that stocks continue to represent good value and that the forces at work were so fundamentally strong that "it is only a question of time before the Dow-Jones Industrial Stock Average which currently stands at around 300 will be exploring the 400 zone." The panel further concluded that "the income return from common stocks will be very rewarding in the years ahead." The panel also stressed the view that the key to a really successful investment experience was in selection, not in whether one correctly judged the trend of the market as a whole.

Howard F. Vultee

With the Dow-Jones Averages now selling at around

*An address by Mr. Vultee at the Dean's Day Conference of the New York University Graduate School of Business Administration, New York City, March 14, 1955.

Continued on page 36

Some Economic Issues Today —Including Stock Prices

By NEIL H. JACOBY*

Dean, School of Business Administration
University of California, Los Angeles

Holding common stock prices are not over-valued when measured by basic criteria, though investors in "blue chips" may have looked too far into the future, a former member of the President's Council of Economic Advisers discusses, in addition to current speculative excesses, the problems of maintaining high level of employment and of contributing to the Free World's prosperity without damaging our own. Discusses problem of guarding against speculative excesses especially in the stock market, without curbing investment unwisely.

Let us consider some of the major economic issues that have recently emerged, or which appear likely to emerge within the next year or so. I shall not stop to analyze the current economic situation, or make a detailed forecast of events to come. I shall take it for granted that our country has resumed a general economic advance. Aggregate production, employment, and sales are in an ascending trend. The prospect is that this rising trend will continue in the coming months, and that 1955 as a whole will be a prosperous year. Those of you who wish to study the basis for this opinion will find it in the recent Economic Report of the President to the Congress.

Neil H. Jacoby

Although economic prosperity is in prospect, this does not mean that we can wisely relax our vigilant attitude toward the economy. Having within the past year negotiated a difficult and precarious turn-around from recession to expansion, by the skillful use of

Continued on page 36

*An address by Dean Jacoby, at the UCLA Business School Association, Los Angeles, Cal., Feb. 23, 1955.

PICTURES IN THIS ISSUE — Candid shots taken at the Annual Dinner of the New York Security Dealers Association at Hotel Biltmore appear on page 23-26 inclusive.

The Security I Like Best

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

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

HUBERT F. ATWATER
Wood, Walker & Co., New York City
Member New York Stock Exchange

Five Stocks for Growth

The investor's question is, "What do I do now?" He has gone through the experience of seeing his purchase of the 1949 to 1950 period double and triple in value and the original anticipated income of 6% on his money increase materially. He is now looking for a place to make a new investment with safety and is not interested in a short turn. The issues in the accompanying list have given a good performance in the immediate past and have well rewarded the stockholders. They can be bought today to afford an average yield of better than 3.80% or for about $9,200 one could buy 40 shares of each of these five companies and have an income of $350.


Hubert F. Atwater

Stock—	Recent Price	Annual Dividend
American Cyanamid	49	2.00
American Gas & Electric	41	1.80
General Electric	49	1.60
Pennsylvania Salt	47	1.85
Tennessee Corporation	44	1.50
	230	8.75

American Cyanamid reached $200 million volume in 1947, enjoyed a remarkable profit in the years 1950 and 1951 due to the introduction of a new drug and now is doing a volume of $100 million quarterly. Since 1951 Cyanamid has expanded into thermoplastics, titanium, synthetic fibers and other activities, often with concerns of international importance.

American Gas & Electric still remains one of the fastest growing electric generating enterprises adding 430,000 kw capacity in 1954 alone. Nearly as much will be required in 1955 and the end of the requirement of its territory is not in sight.

General Electric beside being the name of an entity is also a household word, it reaches and affects nearly everyone. Its president has stated that electric generating capacity would double in each succeeding decade and that General Electric would install in the next 10 years as much generating equipment as it had installed in the past 75.

Pennsylvania Salt will probably report earnings of $2.85 for 1954 and paid $1.85 last year. This statement is certainly unromantic and conveys no idea of the company's real accomplishments. It reduced debt from $5.3 million to $3.8 million, it charged $1.50 for depreciation for every dollar of reported net, it had sales of about $48 for each share of stock and the cash flow in 1954 is estimated at $6.95 per share.

Tennessee Corporation is an important producer of sulphuric acid, fertilizers and chemicals used in the manufacture of detergents. Substantial plant expansion has been financed out of earnings. There is no debt. A quarterly dividend of 37½ cents has been declared for the first quarter of 1955 which rate could be increased and the fact that the stock was split two for one last year indicates the possibility of a moderate stock dividend later in the year.

Each of these companies has an established place in the economy, has made provision for substantial future growth and is a leader in its field.

Such expansion as has taken place in the last few years has permitted these companies to keep pace with the demands of an increasing population but of equal importance has been the growth in the market for many products or devices which were unknown only a few years ago.

In this group we may find the type of investment for income and growth that the cautious investor is seeking.

MORTON GLOBUS
Market Analyst
Dreyfus & Co., New York City
Members New York Stock Exchange and American Stock Exchange

Textron-American, Inc.

To understand the potentialities of this new company one must understand the potentialities of its leader. Textron's dynamic and aggressive Royal Little who started with $10,000 borrowed capital in 1923 and on Feb. 24, 1955, wound up with control of a company which had over $161 million assets and a net worth of over $94 million. On that day Royal Little, Chairman of Textron Inc. accomplished what many thought was impossible — merger between his company, with a net worth of about $44 million and American Woolen and Robbins Mills with a net worth of over $89 million and total assets of $116 million.


Morton Globus

The resultant company, Textron-American, which ranks among the half-dozen biggest textile manufacturers, has produced an interesting situation.

Here is a company which has more than $30 million tax loss carryover and working capital of $52 million. Royal Little has announced his intention of purchasing profitable non-textile companies to take advantage of Textron-American's favorable tax position. This could result in greater profit and sales for its non-textile division which produced over $4 million profit last year and $40 million in sales. These divisions consist of Dalmo Victor, a leading manufacturer of radar antennae and related equipment, the M. B. Manufacturing Co., a leader in its specialized field of aircraft engine mounts and vibration elimination equipment and Burkart Manufacturing Co., which makes batting, padding and upholstery filling products sold to the automobile (80%) and to the furniture and mattress industries (20%).

Textron-American textile facilities today can produce a wide variety of fabrics ranging from woolens and worsteds, synthetic filament yarns comprising acetate rayon, viscose rayon and nylon rayon yarns which go into crepes, satins, taffetas and marquisettes and greige or finished combed and carded cotton cloth, and tricot knitted fabrics.

The earning potentiality of Textron-American is large. On a pro forma basis the combined companies would have shown sales of $335,570,000 and $340,-759,000 in 1947 and 1948 respectively, while net would have equalled $10.11 and $10.34 a common. It is true that these years were extraordinarily good textile years but at that time the companies did not have any non-textile properties which today are earning substantial profits and if Royal Little's plans are fulfilled these earnings should be augmented by additional earnings from further non-textile acquisitions.

Capitalization consists of $38,-070,000 principal amount of long-term debt; 652,219 shares of $1.25 preferred, convertible into common on a share-for-share basis 26,635 shares of a series "A" and 88,578 shares of a series "B" 4% preferred, par $100; and 2,889,014 common shares with a book value of $23.45.

Textron-American's two major problems are the elimination of the unprofitable units of American Woolen and integrating the three companies into one efficient organization. The former should be accomplished with the usual "Little" speed of dropping nonprofit making units and the latter was in the process of taking place even before the merger was accomplished by the setting up of Amerotron and Amwool, a joint sales and management organization and a joint factoring subsidiary respectively.

The merger should bring about a strengthened and well balanced enterprise equipped to compete successfully in the highly competitive textile industry. Textron-American's diversification in textiles is further emphasized by its diversification in non-textile companies.

It is important to note that the merged companies were non-competitive but complementary. Each operation should be aided materially by combination with the others, bringing to each the advantages of broadened product lines, more efficient merchandising, coordinated manufacture and material savings from elimination of duplicating and overlapping functions. Substantial savings should be made in the fields of engineering and research and lower unit costs for combined operations should be achieved through the centralization and unification of administrative, purchasing, planning, credit and related management functions now carried on separately by the three constituent corporations.

The textile industry is extremely cyclical. Losses of $4.46, $5.31 and $8.74 per share were shown on a pro forma basis in 1952, 1953, and 1954. Recently it was announced that Textron's Inc., textile properties were operating profitably. Prompt elimination of unprofitable units plus a cyclical upturn in the textile industry plus acquisition of additional profitable non-textile companies could result in some startling earning figures which would be exaggerated by the nonpayment of taxes because of the $30 million tax loss carryover.

Textron-American, whose common shares trade on the New York Stock Exchange at about 15, is highly speculative. However, if Royal Little is able to accomplish his plans, the purchaser of Textron-American shares could realize outstanding capital appreciation.

This Week's Forum Participants and Their Selections

Five Stocks for Growth—Hubert F. Atwater, of Wood, Walker & Co., New York City. (Page 2)

Textron-American, Inc. — Morton Globus, Market Analyst, Dreyfus & Co., New York City. (Page 2)

What Can Happen in The Months Ahead!

By MARCUS NADLER*
Professor of Finance, New York University

Dr. Nadler, though stating that a major depression, such as occurred in the 1930's, is not likely, reviews current conditions that can bring about a recession. Says potential weaknesses exist in the automobile and home building fields as well as in the equity market. Forecasts for the second half of 1955: (1) a decrease in auto output and other durable consumer goods; and (2) a decrease in building activity, notably home starts. Says if excesses in home building and the stock market are not checked, there will later be a more serious decline in business. Concludes, however, economy is strong and, on the whole, healthy, though weaknesses exist.

Experience since the end of the war has proved conclusively that a major depression of the type that occurred during the 1930's is not likely, partly because of the great economic and political changes that have taken place in the past two decades, partly because of the built-in stabilizers, and partly because government responsibility to prevent a sharp decline in business activity and large-scale unemployment is real and effective. At the same time, however, one cannot overlook the fact that a dynamic economy is bound to have its ups and downs, that so far no ways and means have been invented to eliminate cyclical fluctuations, and that these are bound to occur in the future even though the country is in the midst of a rather rapid secular growth.

Marcus Nadler

What are the facts? While the recovery that has taken place since the last quarter of 1954 is healthy and the underlying economic forces operating in the economy are sound, yet potential weaknesses exist in the automobile and home building fields and the equity market which could cause considerable difficulties later on. The output of automobiles is running at present at the annual rate of about 8,000,000 passenger cars. The volume of sales also is substantially larger than a year ago. Yet everyone knows that the current rate of output and of sales cannot be maintained. Everyone knows that serious labor disputes in the automobile industry may develop. Nobody, of course, knows what the outcome of such disputes may be. However, it is fair to assume that these disputes will result in an increase in wage and production costs. This in turn will lead, unless accompanied by an increase in efficiency, to a squeeze in the margin of profits or an increase in prices. A downturn in automobile production, which is quite likely to take place in the second half of the year, will have a far-reaching effect on a number of allied industries.

The Home Building Boom

The home building boom, unless checked, will continue for a while and is bound to end in a material decline later on. Building starts in December 1954 and in January 1955 were at an annual rate of 1,500,000. The reasons for the building boom are quite well known and are primarily the result of the Housing Act of 1954 and of the abundance of mortgage money. In trying to explain the continuance of the building boom, it is pointed out that upgrading of dwellings is taking place, that decentralization creates a new demand for homes, and that great inducements are being made by home builders to prospective buyers. Veterans can buy homes with no down payments and with a mortgage of 30 years.

The above factors are clear. However, at the same time, the fact cannot be overlooked that family formation in 1955 may not exceed 650,000, that the market for older homes has deteriorated, and that vacancies in many parts of the country are increasing. If the present building boom continues, it is bound to come to an end sometime toward the end of the year and a serious readjustment in home construction may take place either toward the end of 1955 or in 1956.

Stock Market Prices

The movement of equity prices injects an added element of uncertainty. It is not a question whether the prices of specific equities are too high or too low. What is dangerous is the fact that many individuals are being drawn into the equity market who have no business buying such securities. Also, tips of the character that prevailed in 1928-29 are becoming quite common. The volume of security loans is larger than indicated by the regularly published statistics and there are reports that many individuals are borrowing on their life insurance policies in order to buy equities. The fact is that the volume of policy loans has increased from $2,718 million in January 1953 to $3,075 million in November 1954. How large the volume of loans made by commercial banks on

Continued on page 32

*Excerpts from a talk by Dr. Nadler at the 2nd Annual Dean's Day Homecoming Conference of the New York University Graduate School of Business Administration, New York City, March 12, 1955.

INDEX

Articles and News

Articles About the Stock Market

Regular Features

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

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

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

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

Subscription Rates

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

Other Publications

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

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

Some Notes Bearing On Clevite Corporation

By IRA U. COBLEIGH
Enterprise Economist

A swift appraisal of a company, geared heavily to the motor trade, which has made considerable progress in product diversification, and broadening the base for future earning power.

In these vernal days of volatility and volume on our major stock exchanges, days when crinoline-minded Congressional comment by a cloistered economist from Cambridge (shilling, by a coincidence, a forthcoming book of his), can unwittingly initiate an $8 billion decline in share prices; in such days, I say, the part of prudence is to speak softly, and to confine security discussion to such issues as may not have been carried, in the late bullishness, to dangerous heights of price vulnerability. An issue rather fitting into such a description is the common stock chosen for today's brief and somewhat sketchy dissertation — **Clevite Corporation.**


Ira U. Cobleigh

Here is a company whose shares have definitely not been nudged to any dizzy market peak; a company whose sales fell off $11 million for 1954, and whose per share net dipped to $1.33 last year, against $1.77 in 1953. These considerable slippages now recorded, and the earnings trend during most of 1954, were not exactly calculated to cause any frantic bidding up in CGH common. But because they are now over and past, and because the management has taken certain steps auguring well for the longer range future, it may be that now is an appropriate time for some reappraisal of the values, present and prospective, inherent in this equity.

Clevite Corporation started out as a producer of automotive bushings and bearings and became a prosperous leader in that field. Six years ago, however, the management felt that greater diversification was requisite for sustained stability of earning power; and today Clevite operates through six separate divisions.

Of these, the oldest, Cleveland Graphite Bronze Company, carrying on the original business of the company, continues to be most important, accounting for over 60% of sales. This division turns out lined bearings, and was an early developer of thin wall bearings for cars, trucks, diesel and aviation engines. Motor trade is by far the largest, and Clevite has been a traditional supplier to Chrysler and Ford on new cars. The sales slowdown in Chrysler last year was a blow to earnings, but Chrysler sales have been turning up sharply in 1955. Other bearing and bushing customers include the aircraft, farm equipment, electrical and railway equipment business. Also included under Clevite Graphite Bronze operations is Clevite Service which handles most of the automotive replacement business which is growing substantially.

Harris Products Company division produces rubber bushings, vibration mountings, spring shackles, and rubber-and-metal bearings. This last item has gained new importance due to latest automotive engineering design for front-end suspension. Harris now supplies perhaps one-half of Ford's requirements rubber-and-metal front-end-suspension units; and some items for Chevrolet. Harris delivers around 5% of total company sales.

A division moving ahead in the magic field of electronics is **Brush Electronics Company**, producer of strange sounding items called piezoelectric crystals, magnetic reproducing and recording equipment, acoustic products for microphones, hearing aids, phonographs, and underwater sound detecting equipment. A high percentage of the Brush division is defense business for government account, including torpedoes and electronic control items. Brush turns in nearly 20% of Clevite sales.

There is also a transistor company, **Transistor Products, Ltd.**, acquired in 1953 which should work in harmony with Brush Electronics Division especially at the research level. Present products of this division include diodes and transistors.

Two other divisions remain to be cited: **Clevite Ltd.** to develop and expand the Canadian bushing and bearing market; and **Brush Laboratories** devoted primarily to product research.

This rather brief cataloging of company diversity will give you some idea of the fields entered, and the prospects in view. There is much corporate assimilation yet to be done in connection with some of these new acquisitions; and it may well take a little time before divisional earnings get big enough to expand stockholders' dividend checks. But cold appraisal would suggest that a company that could bulge total sales from $9 million to $70 million in 14 years (1939-53) will be able to translate a program of judicious expansion into fatter per share nets, in time.

Capitalization is rather balanced: $13 million in notes (serial 1955-71), 58,876 shares of 4½% preferred and 1,799,652 shares of common, listed NYSE and selling (when this was written) at 20¾. This outstanding stock total presents some flowering of stock dividends, a 2 for 1 split in 1935, 1947 and another (2 for 1) in 1953. The stock looks as though it would retain $1 regular as a dividend; and long view prospects suggest a capacity to increase cash distributions.

Stepping back to view the whole enterprise, we may perceive that Clevite has slowly worked away so that the automobile bearing business has dropped from 75% to somewhere around 50% of sales. Automobile business for Clevite should be much better this year than last; so larger divisional sales seem predictable. The electronic section has a chance to move ahead rapidly, and automotive replacements are moving ahead (as a percentage of company sales). Replacement business generally carries a higher percentage of profit than do new products.

Something should be said about balance sheet position — it's excellent. Since Dec. 31, 1947 net working capital has moved up steadily each year from $7.4 million (1947) to $11.3 million in 1950 and $31.4 million at the 1953 year-end. It's about that right now; and that's pretty good as Clevite has just completed its major expansion program involving capital outlays of $4.4 million in 1953, and $3.6 million in 1954. Inventories were trimmed during 1954 by $3¾ million. Altogether here's a financial house apparently in fine order.

Now Clevite is not a company likely to make a dramatic upsurge in earning power in the immediate future, but it is setting the stage whereby annual earnings of above $2.50 should be created, with a corresponding elevation in dividends. While we're on that subject, Clevite has been a pretty durable dispenser, paying cash dividends in every year since 1922 (plus stock dividends above noted) —a record many better known companies would no doubt envy. Over the years, corporate practice has been to distribute half of net and reinvest the other half; but the 1954 earnings slippage made the $1.15 in dividends paid about 85% of net.

From a main plant in Cleveland, and six others in the Middle West, plus one at St. Thomas, Ontario, Canada; and from licensees turning out bearings in Germany, England, Brazil and Australia, Clevite offers its wares over a broad section of the world.

Assuming continuance of the $1 dividend (and without allowance for any cash extra) the yield at 20¾ is almost 5%. Considering the long and successful business life of Clevite, its progressive management; its quite recent entry into promising new fields; its possible further expansion into perhaps titanium, artificial quartz, and automation electronics; its sound financing and entrenched balance sheet position; and its brightened sales outlook for 1955, some thought might be given to its common stock at current levels, well below the high, and only 2½ points above the low of the 1954-55 period.

And as a parting (and quite unrelated) remark, may I offer this slight reassurance to equity lovers and followers of the Senate Stock Market inquiry. Did Professor Galbraith know that 50% of the investments of the President and Fellows of Harvard College are in common stocks? And did he suggest to the supervising firm of investment counsel that these shares should be liquidated due to the hazardous altitude of the present market? Point of order, Mr. Chairman!

And, oh yes, CGH, which I started to talk about, is a common stock, listed on the New York Stock Exchange. A $12,000 commitment here would require 60% margin, $7,200. A $12,000 house can be bought on a 10% margin, $1,200. Are there any questions?

The State of Trade and Industry

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

Total industrial production for the country-at-large during the period ended on Wednesday of last week showed little change as cuts in some lines had the effect of cancelling gains in others. Over-all output, however, continued approximately 7% above the figure of a year ago.

The latest information on unemployment insurance claims reflected a healthier economy than existed a year ago. The week ended Feb. 19 marked the fourth consecutive week in which continued claims declined; they were 3% below the prior week and 17% below the same week in 1954. Initial claims in the week ended Feb. 26 (down 10% from the preceding week and 25% from the 1954 comparative) were at the lowest weekly level since October, 1953. Improvement in the textile, apparel, and construction industries contributed significantly to the low level of claims.

Industrial production in February climbed to the best level since October, 1953. Output of the nation's mines and factories ran at 135% of the 1947-49 average, the Federal Reserve Board stated. This was four points higher than the 131% pace set in January. It was nine points above the 126% rate of February, 1954. Production continued to rise in March, the board added, with steel output close to the record levels of early 1953.

Growing strength of the steel market is forcing more consumers to step up their pitch for mill position. Evidence is increasing that some are lower on inventory than they care to admit, "The Iron Age," national metalworking weekly, states this week. Meanwhile, the rising ingot rate indicates final March figures will be within sight of the 10,000,000-ton mark.

The spiraling trend of consumer buying has caught even some optimists off guard. A large Midwestern producer of farm equipment was shocked recently to find his inventory running low. He had based his steel buying pattern on a fairly optimistic prediction of 1955 sales. Further, his dealer stocks are not heavy.

Last-minute discoveries of this sort are having a cumulative effect on pressure for mill deliveries and the scramble to get orders on the books. Producers are being bombarded with requests to take third quarter business. Some are accepting, while others are holding out so as not to shortchange regular customers, declares this trade authority.

An illuminating tip-off that some mills are fighting a losing battle to maintain delivery promises is the increasing number of consumers complaining that deliveries are as much as 30 days behind schedule. A few mills are asking customers for permission to extend deliveries on some products, including plates.

The principal reason behind the big push for steel is the record-breaking pace of the automotive industry. The car-makers are pressuring the mills for deliveries. At the same time they are going after their parts suppliers, who in turn are compounding the problems of the steel companies, reports this trade weekly.

But despite all their efforts, the auto makers hav been running into spot shortages. This has forced them to buy small tonnages from other-than usual sources at premium prices.

While few actual deals have been made, interest in conversion is mounting. Conversion is a high-cost method of obtaining steel requirements. But it is the lesser of two evils when a consumer is confronted with the possibility of slowing his production lines or paying more to keep them running, "The Iron Aga" notes.

In the automotive industry, a two-pronged drive in both countries netted United States and Canadian vehicle producers their first 200,000-unit production last week since mid-year 1950.

Counted by "Ward's Automotive Reports" the past week were 203,209 combined car and truck completions, which is 5.4% above last week and only a shade under the all-time United States-Canadian record of 205,334 achieved June 19-24 in 1950.

United States producers last week, the statistical agency said, scheduled 193,314 car and truck units for a 5.2% increase over the prior week and only 1.5% under the all-time June 19-25 peak of 196,348 set in 1950.

Sparking the gain was a 6% increase by General Motors Corp. to a new all-time record and a pull-out from model changeover in Chevrolet truck production, other producers holding steady.

General Motors Corp. garnered 49.5% of the week's United States car output, followed by 25.3% by Ford Motor Co., 19% by Chrysler Corp., with the others taking 6.2%.

"Ward's," meantime, said passenger car output in Canada last week totaled 9,035 units to nudge the all-time high of 9,428 recorded Feb. 8-13 in 1954.

Ford of Canada, despite its recent 110-day strike, already is challenging Chrysler for the No. 2 spot in Canadian weekly passenger car output, while both General Motors and Chrysler persist at record rates.

Continued on page 33

Dealer-Broker Investment Recommendations & Literature

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

Area Resources—Booklet on opportunities for industry in the Utah area—Dept. M., Utah Power & Light Co., P. O. Box 899, Salt Lake City 10, Utah.

"Brick and Mortar" Securities—Analyses in brief of **Bing & Bing, Inc., Bush Terminal Buildings, City Investing Company, General Realty & Utilities Corporation, Hilton Hotels Corporation, Knott Hotels Corporation, Sheraton Corporation of America, Statler Delaware Corporation, Tishman Realty & Construction Co.** and **Webb & Knapp, Inc.**—Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y.

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

Financial Facts and Comment—Weekly bulletin available to institutional investors interested in keeping in touch with the Canadian Bond Market — Gardiner, Annett Limited, 330 Bay Street, Toronto 1, Ont., Canada.

Insurance Stocks—Operating results for 12 months ended Dec. 31, 1954—tabulation—Blair & Co. Incorporated, 44 Wall St., New York 5, N. Y.

Investing in the Electronic Age—brochure—Harris, Upham & Co., 14 Wall Street, New York 5, N. Y.

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

New Share Offerings on the Japanese Market—in the current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 4, 1-chome, Marunouchi, Chiyoda-ku, Tokyo, Japan.

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

Over-the-Counter Stock Charts—Graphic manual of over-the-counter market containing charts on 338 industrial stocks, 77

Continued on page 8

NSTA Notes

BALTIMORE SECURITY TRADERS ASSOCIATION

The Baltimore Security Traders Association will hold their Twentieth Annual Spring Outing May 13 at the Country Club of Maryland in Baltimore.

SAN FRANCISCO SECURITY TRADERS ASSOCIATION

Henry Perenon

The San Francisco Security Traders Association has elected the following officers for 1955: Henry Perenon, Henry F. Swift & Co., President; Rudolph T. Sandell, Shuman Agnew & Co., Vice-President; and Milton Reiner, Wells Fargo Bank, Secretary-Treasurer. Directors are Joseph Bellizi, Walston & Co.; William G. Faulkner, Wulff, Hansen & Co.; Leslie Howard, Brush, Slocumb & Co., and Walter Vicino, Blyth & Co., Inc., the retiring President.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League Standing as of March 10, 1955, are as follows:

Team	Points
1. Klein, Rappa, Farrell, Voccolli, Strauss, Cohen	24
2. Donadio, Hunter, Fredericks, Demaye, Saijas, Kelly	23
3. Mewing, Define, Gavin, Montanye, Bradley, Huff	20
4. Meyer, Murphy, Frankel, Swenson Dawson Smith, Kuehner	18
5. Growley, Alexander, Eiger, Valentine, Burian, Craig	16
6. Krisam, Clemence, Gronick, Stevenson, Weissman, McCloud	13
7. Serlen, Rogers, Krumholz, Wechsler, Gersten, Gold	12
8. Barker, Brown, Corby, Weseman, Whiting, Fitzpatrick	12
9. Leone, Nieman, O'Mara, Forbes, Greenberg, Murphy	12
10. Manson, Jacobs, Siegel, Topol, Frankel, Tisch	11
11. Bean, Meyer, Bies, Pollack, Leinhardt, Weiler	10
12. Kaiser, Hunt, Wermeister, Kullman, McGovan, O'Connor	8

200 POINT CLUB

"SKIPPY" CLEMENCE	269
ERNIE LEINHARDT	224
SAM GRONICK	222
ROY KLEIN	202
W. McGOVAN	200

Observations . . .

By A. WILFRED MAY

"JUST WHAT IS THIS INVESTIGATION ABOUT?"

WASHINGTON — "If not the market's price level, then just what is this investigation about?" came as an exasperated query from Committee member Capehart in another extended colloquy with Chairman Fulbright midst the Stock Market Hearings.

A. Wilfred May

This controversy over the central purpose of the "Study" recurrently interrupted the expert testimony of Reserve Board Chairman Martin, trying to concentrate on the intricacies of the relationship between credit, investment and the market. After citing the duties devolving on his agency under the Securities Exchange Act of 1934, to "prevent the excessive use of credit for the purchase or carrying of securities," to formulate regulations to permit adequate access to credit facilities for securities markets to perform their basic economic functions, to prevent the use of stock market credit from becoming excessive; and furthermore after emphasizing basically and specifically that "this responsibility of the Board of Governors relates to stock market credit and not to the price of stocks," Mr. Martin nevertheless was typically and persistently badgered for an "is-the-market-too-high?" opinion.

Chairman Fulbright nevertheless sticks to his guns in insisting that justification of the price level is not the concern of his Committee, and points to his Statement at the opening session of the hearings.

Senator Capehart, pointing out that the Fulbright disclaimer appeared on the second page of the Statement, with the first page's opening paragraphs concerning themselves with prices. And "incidentally," he mentioned that Mr. Fulbright himself had just occupied 20 minutes in questioning Mr. Martin on market prices along with credit. Mr. Capehart insisted that "if prices are not too high, then there's nothing to this investigation." In any event, whatever the original purpose, the Study has surely *developed* with pervasive price-forecasting consciousness.

False Impression of Exchange President

This construction unfortunately seems to be justified as the hearings have proceeded — with the press treatment strongly accentuating this impression on the receptive public. As an example, there has been the garbled account of the opening performance of Stock Exchange President Keith Funston, to whom was attributed in front-page headlines the assumption of market prescience. Actually, in his prepared testimony, Mr. Funston explicitly stated four times that while the Stock Exchange officially has no opinion on stock prices and that as an individual he is a poor judge thereof, he would say that their present level does not reflect manipulation or credit excess, or the presence of undue speculative activity. Mr. Funston, stressing his interest in investor education, persistently fenced off questions about the present height of stocks, collectively or individually.

Subsequently Senator Ives asked, "Do you think the market is too high?" to which Mr. Funston replied that he didn't know; but that perhaps professional analysts would have an answer after the lapse of a year. Then Senator Ives once more asked whether the witness was "afraid of a market crack in the near future." At this point, partly to anticipate questioning sure to come about his personal ownership of securities, Mr. Funston volunteered that he owns stocks himself, having bought them in January and February — in fact, was a steady buyer of stocks in line with the Exchange's Monthly Investment Plan habit. It was this statement picked completely out of the spirit and letter of context, that was publicly emblazoned as a top-level forecast.

Diversion

There are two angles of danger to this emphasis on price. In the first place, it distorts the serious intent of the Study, diverting attention and, effort from vital matters to be constructively explored and remedied; and in the second place, even the most authoritative appraisals and forecasts, as those of 1928, more often turn out to be hopelessly incorrect than right.

Senator Bush has pointed out the need for keeping the discussion relevant to further legislation.

Education Obstructed

Not only in its selective emphasis, but in its general treatment of the news as well has the reporting been destructive in adding to the public's confusion. In the case of one witness, a leading newspaper account represented him as advocating "the sale of undervalued issues"; and completely misconstrued a quite simple proposal for changing the capital gains tax. Neither the Committee nor the public seems to be getting the education. Nor is the Congress on the way to any remedial legislation, which Chairman Fulbright stressed over the weekend as the dual purposes of his Committee's doings!

Another abortive element to progress here is the questioning. It is generally pot-shotty, ranging over the widest scope of intricacies within the questioner's ten minutes allotted time; often persists with an axe-to-grind, sometimes political; and follows the interest of the questioner rather than the field of competence of the witness. For example, when they had the opportunity of eliciting knowledge from the dean of security analysts, Benjamin Graham, the committeemen asked him not one question about the quantitative criteria of value, as manifested by earnings and dividends ratios and other leading factors (regarding which he had submitted a report); and instead pressed for his opinion about such things as the pricing of automobiles. Seemed like the Atomic Energy Committee asking Professor Einstein whether Stan-the-Man Musial should play first base or the outfield.

Confusion via the Air

Sizably compounding the general confusion was last Sunday night's joint TV-Radio performance of Senator Capehart with Walter Winchell, demonstrating the public's tip-following proclivity — followed by the Senator's blame on the Committee's majority for bringing on the market's current decimation. And Mr. Winchell's own contribution was hardly less confusing in differentiating the nuances between tipping and his brand of news-dissemination. Shortly after he insisted "I only recommend U. S. Government bonds, which I have bought in bunches," there came over the air waves (although not in his column's report thereof), "Incidentally, if I were going to buy anything, I would buy Tri-Continental common stock. It's, I understand, a very healthy and wealthy company."

So—even the non-tipping Mr. Winchell is interested, if only academically, in market price.

Richards to Speak On Cotton Marketing

Frank A. Richards, Second Vice-President of the Chase National Bank, will speak Thursday, March 17, at New York University's School of Commerce, Accounts and Finance. His subject will be "The Marketing and Financing of Cotton in World Trade."

Mr. Richards, internationally known in the cotton trade, has handled commodity loans for Chase for the past 34 years.

Keller Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Frank L. Young II has become associated with Keller & Co., 53 State Street. Mr. Young who has been in the investment business in Boston for many years has recently been with Lyons & Shafto and Blair, Rollins & Co.

McCleary Now Has Wire To Bonner & Gregory

ST. PETERSBURG, Fla. — McCleary & Co., Incorporated, 556 Central Avenue, members of the New York Stock Exchange, announce that they now have a direct wire to Bonner & Gregory, New York.

Responsibilities of Financial Community Under the SEC Act

By RALPH H. DEMMLER*

Chairman, Securities and Exchange Commission

Chairman Demmler, in addressing New York security dealers, points out that though the laws require the SEC to exercise day-to-day responsibilities which fit into the general pattern of things, responsibilities are also allocated to others, such as the traders, investors and the public. Points out, though disclosure is the most fundamental responsibility of the SEC, unless the investor or his adviser takes the trouble to read and understand the information, the disclosure is wasted. Praises principle of self-regulation, and refers to the Fulbright study as an appraisal of how SEC and others are meeting their responsibilities.

To talk about the capital markets in general terms involves a risk of indulging in a recital of platitudes. To talk in any detail about the regulation of capital markets involves the risk of boring one's audience with technicalities interesting only to the speaker. Tonight I hope to steer a middle ground between the philosophical and the technical. I don't want to scare you away by my announcement of the subject but this speech could be entitled "Basic Concepts of Federal Securities Regulation." It might be given a more amiable sounding title, but I may as well prepare you for the worst.

Ralph H. Demmler

You who are in the securities business in New York or in any large center work under great pressure most of the time. In one capacity or another you are playing a part in the energetic, fast-moving, exciting, dynamic drama of capital formation. Your immediate tasks are always interesting. Your problems are challenging. They must be solved quickly and before one immediate problem is solved, another one comes along. You work hard. You probably play hard.

SEC Responsibilities

At the Commission we have a multiplicity of statutes to administer and a multiplicity of powers and duties under each statute. We have big problems and little problems every day. The time pressures are such that we always seem to be trying to bring two trains in on the same track simultaneously. We work hard too. It is only natural, therefore, that neither you nor we have or take the opportunity to do enough fundamental thinking about how our day-to-day activity and the exercise of our day-to-day responsibilities fit into the general pattern of things. We don't have or we don't take the time off to climb a mountain and look down on the scene of our activities.

I remind you that the part of the human race which happened to be engaged in the processes of issuing, selling and trading in securities in the 1920's was basically neither much better nor much worse than the part of the human race which today is engaged in the same processes. There did occur then, however, a gradual intensification of the zeal with which more and more people devised more and more means to turn some dollars into more dollars. The community lost its perspective. I don't need to recount what followed. It was a period of chastisement—economic chastisement, legal chastisement. In addition to the self-examination conducted during the leisure time for introspective and retrospective thinking—leisure afforded by the inactivity of the depression—there was the examination conducted on behalf of the government. That examination, conducted against an historic background of economic disaster, had elements of angry emotion in it. Many headaches would have been avoided had more sober thought been taken while the party was going on.

Today the capital markets are prosperous; the economy is prosperous. We are not looking back on a debacle. We are busy doing our respective parts in the conduct of a process of capital formation which is maintaining American economic life in a style to which it would like to become accustomed. I suggest that an objective analysis of your work and our work makes good sense. In other words, some precautionary measure, if one is required, taken after a physical check-up is always better than a successful major operation.

In spite of the fact that I said a little while ago that we don't get enough time for objective thinking, all of us do snatch a moment now and then and perhaps subconsciously our philosophy on a particular subject takes some definite shape. I would like to pass on to you tonight the results of some of my own thinking on the general scheme of securities regulation and to phrase those thoughts, not in terms of statutes, regulations, or details, but in terms of allocations of responsibility, allocation to the investing and trading public, allocation to securities dealers, brokers and underwriters, allocation to stock exchanges and associations of securities dealers, allocation to the Securities and Exchange Commission and allocation to the courts.

A lot of people have the idea that the Securities and Exchange Commission is a kind of guarantor that all is well in the operation of markets for securities. Not only that, I think there is a kind of unadmitted subconscious feeling, even on the part of those familiar with the business, that if the SEC does not move in to thwart a particular practice of doubtful integrity, the practice becomes *ipso facto* validated. Put another way, there may be somewhat of a feeling in the business that the disciplinary power of the SEC is a substitute for self-control. There is a feeling on the part of some members of the investing public that the Commission's processing of a registration statement or the Commission's registration of a broker or dealer eliminates the necessity of the investor's exercising intelligent standards of selection in the choice of his investments or his broker. The atrophy of a dealer's sense of responsibility for business conduct or the atrophy of an investor's appreciation of the necessity of exercising intelligent judgment in his investment decisions would be as disastrous to the American economy as an atrophy of the initiative which characterizes the nation's development.

In spite of the fact that there are elements of paternalism in the securities laws and in their administration — just as there are elements of paternalism in any other function of government—the securities laws themselves impose ultimate responsibility on both the organizations and individuals regulated by those laws and on the members of the public whom the laws seek to protect.

Disclosure

Let us examine more closely into this. Take first the subject of disclosure. Disclosure is perhaps the most fundamental obligation imposed by the various laws administered by the Commission. Who has the responsibility to make the disclosure and who has the responsibility to see that the investor benefits from it? To be sure the Commission examines statements of fact made in material filed with it but it does not and cannot vouch for the accuracy of that material. Administratively it calls attention to apparent misstatements or half-truths. Its staff suggests the subject matter of corrections, but the responsibility for the statements is that of the party making them. That is clear in the law and it is clear as a matter of common sense. Without an army-sized division of traveling auditors, the Commission could not truly verify the accuracy of the material filed with it. And what about the benefits from the disclosure? Disclosure is for the investor's benefit. Unless the investor or his adviser takes the trouble to read and understand the information made available to him, the disclosure is sweetness wasted on the desert air. In other words, the benefit of the law is realized to the full extent only by those who use the energy and wisdom to take advantage of those benefits. The Commission's function is to formulate standards for disclosure, to activate the disciplinary powers of the law against those who fail or refuse to make adequate disclosure, but the efficacy of the disclosure provisions of the law depends basically on the integrity of those who supply the information and the energy and enlightened self-interest of the investors for whom the information is supplied.

I mentioned that a basic concept in the securities laws is disclosure. Another basic concept is the old familiar one found in every legal code since those of the predecessors of Hammurabi, namely, outright prohibitions of illegal acts. The duty to avoid breaking the law is no different in the case of securities laws than in the case of any other kind of law. The prohibitions are different, of course, prohibitions of fraud, prohibitions of certain manipulative activities, prohibitions in the case of investment companies and holding company systems of certain types of transactions among affiliates and the like. But fundamentally the prohibitory provisions of the securities laws are like any other criminal law. Those who disobey them are subject to criminal penalties of fine or imprisonment. While the Commission has investigative powers and can impose certain limited disciplines, or more importantly refer the matter to the Department of Justice for prosecution, the general efficacy of these prohibitions depends upon the fact that generally speaking people do not break the criminal law. Upon a nation's respect for the law depends its national integrity.

Civil Liability Under SEC

There are also found in the securities laws provisions for civil liability. Most of these provisions are fixed by the terms of the statutes themselves—for example, the liability for misrepresentation in a registration statement or the liability for misstatements in an annual report filed by a listed company. Other liability provisions are found in Commission rules adopted under authority given in the statute.

Issuers and underwriters have been known to be impatient with their lawyers from time to time. Be tolerant of your legal adviser, gentlemen. He usually knows what he's talking about. He knows that getting a filing with the Commission made effective does not create any exemption from the civil liability imposed by the securities laws. That is a responsibility remaining on the party filing the document. It is a legal obligation, enforceable in the courts just like the obligation to respond in damages for negligence in an automobile smash-up.

These civil liabilities are enforceable in private litigation in the courts, not by the Commission. The Commission's intervention in such litigation is only in the exceptional case where a basic principle of statutory construction—important to the Commission's administration of the statutes — is involved.

The next concept in the securities laws is that involved in the Commission's rule-making power. The Commission has broad power to fill in details on many matters treated generally in the statutes. It can prescribe standards for disclosure, make regulations as to forms and procedures. It has powers under the Public Utility Holding Company Act and the Investment Company Act to pass upon many types of specific transactions. Most important perhaps are the Commission's powers to make rules and regulations which have the force of law. In other words, some of these prohibitions and some of the civil liabilities I spoke about a moment ago are imposed under rules which the Commission makes. For example, the Commission can prescribe by rule the types of manipulative practices which are criminal; it can prescribe rules to separate prohibited from permitted practices in stabilization; indirectly it can prescribe rules for the exchanges themselves and these rules can in turn provide what activities are permitted and what are prohibited for floor traders and specialists. Since rules relating to practices in the trading markets necessarily deal with many transactions and since they deal in that area where the line between what is unethical and what is illegal is sometimes indistinct, the securities business has a responsibility for compliance and enforcement. The discharge of this responsibility transcends in practical importance anything that could be accomplished by a regiment of Commission investigators.

Self-Regulation of the Securities Industry

The last observation brings me to another concept found in the securities laws, namely, that of according legal status to self-regulation. I am not going to talk about the NASD and its rules and its disciplinary proceedings and its inspections. Neither am I going to talk about the stock exchanges and their rules and their examinations and their disciplinary proceedings. What I am going to mention is the fact that the Congress in the Securities Exchange Act of 1934, as amended in 1938, recognized that in the securities business, self-regulation was of such importance that it should be given statutory recognition. Through that recognition vast power and responsibility were imposed on the exchanges and on the NASD. The Commission has reviewing functions, to be sure, but the basic responsibility is on the self-regulating private agencies whose peculiar status the Congress has recognized.

I hope that this analysis of the securities laws in terms of allocations of responsibility has perhaps stimulated some thinking on your part as to the nature of your own individual responsibilities both legal and moral. I come back to the point from which I started, namely, that we become too much absorbed in our day-to-day tasks. We need to think, we need to gain and regain and gain again our perspective.

An inquiry into our trading markets is now in progress before the Senate Banking and Currency Committee. That inquiry will doubtless result in an appraisal of how you and how our Commission are meeting their respective responsibilities. It will doubtless result in an appraisal of the efficacy of the present Federal securities laws. In order to answer to your own satisfaction and to that of the Committee and of the people as to the discharge of our respective responsibilities, you should do, and we should do and even investors should do, some pretty sound thinking about what those responsibilities are. Only by clear, conscientious thinking, continuously done, can we have reasonable assurance that the capital markets will continue to serve, as they are serving, the American economy which, thank God, is still the greatest material human force in the world.

*An address by Commissioner Demmler at the Annual Dinner of the New York Security Dealers Association, New York City, March 11, 1955.

Trust Fund and Pension Plan Investments and the Stock Market

By JOHN J. McCLOY*

Chairman, Board of Directors, Chase National Bank

In presenting the factors which enter into the determination of the investment of personal and trust funds supervised by banks, and the extent to which the investment of such funds serves as a support of the stock market, Mr. McCloy lays down the investment principles followed by a leading bank in supervising such funds. Says it is difficult to generalize concerning investment of trust funds, but, as regards pension funds, he gives an estimate of 20% to 25% invested in common stocks. Holds foreign participation is not a factor in U. S. stock market, and is now less than in prewar days. Finds, however, close interrelationship between the United States economy and foreign economies.

It has been suggested that in this opening statement you would like particularly to hear something from me concerning the factors which enter into the determination of the investment of trust funds, personal funds and other funds over which the Chase National Bank has some supervision. He also indicated that you would like to have my views concerning the extent to which the investment of such funds serves as a support to the market, as well as the extent of foreign participation in the present market as compared to such participation in former markets. Finally he asked if I might comment briefly upon the interrelationship between the U. S. economy and foreign economies.

John J. McCloy

Let me take up each of these matters separately. First, as to the investment of funds. The Chase National Bank invests funds in the course of carrying out two separate and distinct functions: (1) the business of a bank of deposit; and (2) the performance of trust and investment advisory services. As a bank of deposit Chase maintains an investment portfolio which includes only certain types of securities that are permitted by laws and regulations pertaining to banks. These securities are marketable obligations in the form of bonds, notes, or debentures. For the most part they take the form of U. S. Government obligations; obligations of states and their political sub-divisions; obligations of various public agencies; and certain corporate obligations. In addition the bank holds certain foreign securities, chiefly as a result of its branch operations abroad. In general, the bank is not permitted by law to invest bank funds in common stocks. As a result of this limitation, and because of the character of control that is exercised over the investment of bank funds, I do not believe that a discussion of Chase's investment portfolio is relevant to your inquiry.

Rather I believe you will be more interested in security investments made by Chase in its capacity as a fiduciary. Chase serves in a fiduciary capacity with respect to personal trusts, estates, pension trusts, charitable and other trust relationships. In addition the bank acts as investment advisor to individuals, corporations, banks and nonprofit organizations. In this latter capacity the bank normally limits its services to those of an advisory nature.

In determining how the funds of a particular account might best be invested, the bank is guided by a number of considerations and principles. These may be summarized most conveniently under four general headings: namely (1) investment principles; (2) considerations peculiar to the particular account and its circumstances; (3) economic factors; and (4) tax considerations. The chief factors that are relevant to security investments under each of these headings are as follows:

I
Investment Principles

(a) Preservation of capital and the attainment of reasonable income are the primary investment objectives. In this connection, however, it should be pointed out that in pension trusts and in investment advisory accounts beneficiaries are interested in a combination of the principal and income, and as one consequence more attention can be given to capital growth in these accounts.

(b) A long range investment approach is adopted. Short-term factors that affect the market are not the basis on which investment decisions are taken.

(c) Investments are limited to securities of well-managed companies with proven records of earnings and dividends. Moreover, they are diversified as between industries, companies and types of securities.

II
Considerations Peculiar to the Particular Trust

(a) Limitations imposed by, or the latitude permitted by, the investment provisions of the particular trust in question.

(b) With respect to personal trusts, consideration is given to:

(1) Provisions of the trust which may relate to invasion of principal, revocation of the trust, or its termination.

(2) The age, citizenship, residence and tax bracket of the beneficiary.

(c) With respect to pension trusts consideration is also given to factors affecting the flow of funds, such as:

(1) The nature of the business involved and the stability of employment.

(2) Terms of the plans, including the existence or absence of employee contributions.

(3) A projection of expected retirements.

III
Economic Factors

(a) The level of and outlook for general business and corporate earnings.

(b) The relationship of stock prices to earnings and dividend yields.

(c) The relationship as between yields on stocks, bonds and mortgage investments.

(d) Government fiscal policies and their relation to the general price level.

IV
Tax Considerations

(a) The yield on tax exempt bonds versus other forms of investment.

(b) The capital gains tax as a factor in security sales.

As is apparent from this list of considerations and principles, it is impossible to lay down any simple rule-of-thumb measure or formula for guidance in the investment of trust and other funds. Each situation must be considered by itself. The result is that investments by our Trust Department cover the full range of types of marketable securities—common stocks, preferred stocks, and obligations of government and its sub-divisions, public authorities, corporations and the like — as well as other outlets.

This Committee of course is chiefly interested in common stocks, and the extent to which trust buying of such stocks might serve as a support to the market. In this regard, it is important to note that the only type of trust which we administer that now gives rise to a substantial volume of *new* cash that must be invested is the pension trust. New estates and new personal trusts generally come to us with investments already made. Moreover, most personal trusts which we already are supervising (as well as most investment accounts receiving our investment advice) are not expanding accounts in the sense that new funds are being added as a result of savings of income. Indeed special considerations sometimes arise in connection with such trusts that are unrelated to the level of stock prices and which require a net sale of securities. Likewise, securities are frequently sold when trusts are terminated. And in the administration of estates we normally find ourselves in the position of being a net seller in order to provide funds for estate taxes, expenses of administration, bequests and the like.

I mention these matters because they indicate that it is not possible to say categorically that a large institution administering many types of trust accounts will, on balance, be a net buyer of common stocks. As a matter of fact, the Chase National Bank, acting in its fiduciary capacities over the 16 months' period from Sept. 1, 1953, through Dec. 31, 1954, was a net seller of common stocks, on balance, by a small amount. While we were a net buyer of stocks in connection with pension trusts and many personal trusts, these net purchases were more than offset by sales in other personal trusts and estates that were dictated by special factors unrelated to the level of security prices.

Quite clearly, then, it is difficult to generalize concerning this matter of trust funds as administered by banks and their relation to the stock market — the more so because reliable figures are not available concerning the net increase in assets of various forms of trusts, and the composition of those assets. In spite of the lack of exact information, however, it seems probable from the experience of Chase and other institutions that one of the largest sources of *new* funds available for investment for trust purposes is arising in connection with pension trusts. A number of estimates have been made of the total assets held under various forms of private pension plans, and a rough figure used for working purposes is $20 billion as of the end of 1954. Of this, some $13 billion represented assets in pension funds managed by trustees, and the remainder included assets of pension funds handled by life insurance companies and others. The amount of new funds added in 1954 is believed to have been on the order of $3 billion, with pension trusts expanding $1.6 billion to $2 billion, and life insurance company and other pension funds growing by perhaps $1.2 billion.

With regard to investment of these pension funds, I shall speak only of pension trusts. By and large, managers of such trusts, including Chase, are interested in

Continued on page 30

*Statement by Mr. McCloy before the Committee on Banking and Currency, U. S. Senate, March 10, 1955.

Continued from page 5

Dealer-Broker Investment Recommendations & Literature

utilities, 45 banks, 44 insurance companies, two years of weekly prices, annual ranges from 1949, earnings, dividends, capitalizations, capsule description of each company's business, and 16-year chart of over-the-counter industrial average—yearly subscription (six up-dated bi-monthly editions), $45.00; single edition (March-April) $8.75—Over-the-Counter Publishing Co., 14-F Elm Street, Morristown, N. J.

Steel Industry in Japan—Analysis in "Monthly Stock Digest"—Nomura Securities Co., Ltd., 1-1 chome, Nihonbashi-Tori, Chuo-ku, Tokyo, Japan and 61 Broadway, New York 6, New York.

West Texas Oil Fields — Supplemental bulletin — Arthur Davidor, 419 Northwest 47th Street, Oklahoma City, Okla.

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

* * *

Arkansas Fuel Oil—Analysis—H. Hentz & Co., 60 Beaver St., New York 4, N. Y. Also available is a memorandum on **Oklahoma Mississippi River Products Line, Inc.**

Associated Dry Goods Corp. — Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are a list of favorably situated equities and a list of discount preferred stocks.

Bankers Trust Company—Analysis—The First Boston Corporation, 100 Broadway, New York 5, N. Y. Also available is an analysis of **First National City Bank of New York** and memoranda on the **Iron Ore Industry** and **Cleveland Cliffs Iron Co.**

Bonanza Oil & Mine—Report—L. D. Friedman & Co., Inc., 52 Broadway, New York 4, N. Y.

Bowater Paper Corporation, Ltd.—Comprehensive analysis—Model, Roland & Stone, 120 Broadway, New York 5, N. Y.

Bridgeport Brass Co. — Data—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are data on **Pittsburgh Steel Co., American Potash & Chemical Corp., Western Union Telegraph, Copper Securities, Steel Industry** and **Airline Earnings.**

Burry Biscuit Corporation—Bulletin—Bregman, Cummings, & Co., 100 Broadway, New York 5, N. Y.

Christiana Securities Co.—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Drewrys Limited — Bulletin — Gartley & Associates, Inc., 68 William Street, New York 5, N. Y.

Edgemont Mining & Uranium Corp.—Memoranda—Capper & Co., 80 Broad Street, New York 4, N. Y.

Christiana Securities Company—Detailed analytical brochure—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y.

Erie Railroad 5% Preferred vs. **Erie Railroad General Income 4½s of 2015**—Bulletin No. 187—Smith Barney & Co., 14 Wall Street, New York 5, N. Y.

General Dry Batteries Inc.—Data—Lewis & Stoehr, Inc., 80 Broad Street, New York 4, N. Y. Also available is information on **Baltimore Baseball Club.**

General Motors—Brief data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Chrysler, Duplan Corporation, Oliver Corporation,** and **Timken Roller Bearing.**

General Telephone Corporation—Analysis—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is analysis of **Railroad Bonds,** and a report on **American Steel Foundries.**

Glidden Company — Analysis — Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

Hattiesburg, Miss. Sewer Improvement, Extension & Repair Bonds—Bulletin—Arnold & Crane, National Bank of Commerce Building, New Orleans 12, La. Also available is a bulletin on **State of Louisiana Korean Combat Veteran's Bonds** and a list of **Louisiana Tax Exempt Bonds.**

Link Belt Co.—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Lucky D Uranium Mining Co.—Report—Hardy & Hardy, 11 Broadway, New York 4, N. Y.

Micromatic Hone Corporation — Bulletin — De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

National Life and Accident Insurance Company—Analysis—Equitable Securities Corporation, 322 Union Street, Nashville 3, Tenn.

National Vulcanized Fibre—Bulletin—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Pittsburgh Plate Glass Co.—Memorandum—McDonnell & Co., 120 Broadway, New York 5, N. Y.

Polaroid Corporation—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Safety Car Heating & Lighting Co.—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Sherritt Gordon Mines, Ltd.—Analysis—Walston & Co., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **Travelers Insurance Co.**

Southwestern Electric Service Co. — Analysis — Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Texas Company—Annual report—Secretary, The Texas Company, 135 East 42nd Street, New York 17, N. Y.

Western Light & Telephone Company—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available is an analysis of **American Hospital Supply Corporation.**

Spahr Links Stock Market Rise to Inflation

Executive Vice-President of the Economists' National Committee on Monetary Policy cites statement by Andrew D. White on French inflation as an old lesson as to speculation under a cheap currency.

A statement released on March 12 by Dr. Walter E. Spahr, Executive Vice-President of the Economists' National Committee on Monetary Policy, with respect to the stock market inquiry being conducted by the Fulbright Committee, is reproduced herewith:

Dr. Walter E. Spahr

"Pertinent to the Fulbright investigation of the behavior of our stock market are observations made by Andrew Dickson White, one-time President of Cornell University and distinguished author and diplomat, in his study of effects of unsound money and monetary policies in France 165 years ago. The experiences in that country then, as revealed by the following excerpts from White's book on 'Fiat Money Inflation in France,' should provide us all with some worthwhile considerations as to fundamentals.

"'The consequences of these overissues now began to be more painfully evident to the people at large. . . . Orators in the Legislative Assembly, clubs, local meetings and elsewhere now endeavored to enlighten people by assigning every reason for this depreciation save the true one.'

"'The artful plundering of the people at large was bad enough, but worse still was this growing corruption in official and legislative circles. Out of the speculating and gambling of the inflation period grew luxury, and, out of this, corruption. It grew as naturally as a fungus on a muck heap. It was first felt in business operations, but soon began to be seen in the legislative body and in journalism.'

"'Even worse than this was the breaking down of the morals of the country at large, resulting from the sudden building up of ostentatious wealth in a few large cities, and from the gambling, speculative spirit spreading from these to the small towns and rural districts. From this was developed an even more disgraceful result,—the decay of a true sense of national good faith. The patriotism . . . was gradually disintegrated by this same speculative, stock-jobbing habit fostered by the super-abundant currency. . . . There appeared, as another outgrowth of this disease, what has always been seen under similar circumstances. It is a result of previous, and a cause of future, evils. This outgrowth was a vast debtor class in the nation, directly interested in the depreciation of the currency in which they were to pay their debts . . . ; and these were speedily joined by a far more influential class;—by that class whose speculative tendencies had been stimulated by the abundance of paper money, and who had gone largely into debt, looking for a rise in nominal values . . .

"'This great debtor class, relying on the multitude who could be approached by superficial arguments, soon gained control. Strange as it might seem to those who have not watched the same causes at work at a previous period in France and at various times in other countries, while every issue of paper money really made matters worse, a superstition gained ground among the people at large that, if only enough paper money were issued and were more cunningly handled the poor would be made rich. Henceforth all opposition was futile.'

"'The evils which we have already seen arising from the earlier issues were now aggravated; but the most curious thing evolved out of all this chaos was a new **system of political economy.** In speeches, newspapers and pamphlets about this time, we begin to find it declared that, after all, a depreciated currency is a blessing; that gold and silver form an unsatisfactory standard for measuring values; that it is a good thing to have a currency that will not go out of the Kingdom . . . that thus shall manufacturers be encouraged . . .; that the laws of political economy however applicable in other times, are not applicable to this particular period . . .; that the whole state of present things, so far from being an evil is a blessing.'

"'. . . All thoughtful men in France . . . knew too well, from that ruinous experience, 70 years before, in John Law's time, the difficulties and dangers of a currency not well based and controlled. They had then learned how easy it is to issue it; how difficult it is to check its overissue; how seductively it leads to the absorption of the means of the workingmen and men of small fortunes; how heavily it falls on all those living on fixed incomes, salaries or wages; how securely it creates on the ruins of the prosperity of all men of meagre means a class of debauched speculators . . .; how it stimulates overproduction at first and leaves every industry flaccid afterward; how it breaks down thrift and develops political and social immorality.'

"But, says White, 'Oratory prevailed over science and experience.'"

W. T. Kennedy Opens

(Special to THE FINANCIAL CHRONICLE)

PEORIA, Ill.—Walter T. Kennedy is engaging in a securities business from offices at 705 Hamilton Boulevard.

Hayden, Stone Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Donald E. Waelter is now affiliated with Hayden, Stone & Co., 10 Post Office Square.

With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Thomas F. McCarthy has become connected with Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Curtis R. Erickson is now with Merrill Lynch, Pierce, Fenner & Beane, Wilcox Building.

Storer Ware Co. Formed

ROANOKE, Va. — Storer P. Ware, Jr., is engaging in a securities business from offices in the Boxley Building under the firm name of Storer Ware & Company.

Reed & Crane Branch

PROVIDENCE, R. I.—Reed & Crane has opened a branch office at 188 Benefit Street under the direction of Lloyd B. Averill.

Waddell & Reed Branch

MIAMI, Fla.—Waddell & Reed, Inc. has opened a branch office at 3031 Coral Way under the direction of George E. Swope.

Joins W. E. Conly

(Special to THE FINANCIAL CHRONICLE)

LONGMONT, Colo.—Charles C. Seidenstricker has joined the staff of William E. Conly, Jr., 518½ North Main Street.

Two With L. A. Huey

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Bernard C. Cowsert and Jay H. Jones are with L. A. Huey Co., U. S. National Bank Building.

Three With Inv. Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Maurice C. Brown, Louis J. Michaud and Winthrop B. Tewksbury have joined the staff of Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

Two With J. W. Hicks

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John L. Kennedy has become associated with J. W. Hicks & Co., Inc., Colorado Building.

COMING EVENTS
In Investment Field

March 18, 1955 (New York City)
Brokers Square Club of New York monthly meeting Masonic Temple Building, 71 West 23rd Street.

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

April 4-8, 1955 (Philadelphia, Pa.)
Institute of Investment Banking at University of Pennsylvania.

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

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

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

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

May 13, 1955 (Baltimore, Md.)
Baltimore Security Traders Association Annual Spring Outing at the Country Club of Maryland.

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

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

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

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

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

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

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

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

Chicago Analysts to Hear

CHICAGO, Ill.—N. W. Freeman, Senior Vice-President of Tennessee Gas Transmission Company will address the luncheon meeting of the Investment Analysts Society of Chicago to be held March 24 at 12:15 p.m. in the Georgian Room of Carson Pirie Scott & Co. Mr. Freeman will discuss new developments in the company.

The next regular meeting will be held April 14, Burlington Industries being the subject of discussion.

With Fairman, Harris

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Donald R. Dwyer has become associated with Fairman, Harris & Company, Inc., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. Dwyer was formerly in the trading department of Arthur M. Krensky & Co., Inc.

Industrial Technology at Basis Of Higher Securities Prices

By EUGENE G. STATTER*

President, New York Security Dealers Association
Partner, Hoit, Rose & Co., New York City

Mr. Statter, asserting public participation in the securities market is on largest scale in a quarter-century, ascribes it to recent great advances in science and industry, along with the return of confidence in our great system of free enterprise. Urges securities traders to redouble efforts to keep their activities on the highest level of public service, and points out "regulation of our industry that is genuinely in the public interest is also in our interest."

Since we last met here—all of us in the securities business, have enjoyed one of the most profitable periods in our history. Responding to the great advances made by science and industry in the last decade—the inspiring vistas of technical development unfolded by the Atomic Age, and to the return of confidence in our great system of free enterprise, security prices have enjoyed an almost uninterrupted advance to their present high levels.

Eugene G. Statter

Public participation in the market is unquestionably also on the largest scale in 25 years.

Under these circumstances, we cannot help thinking that all of us need to redouble our efforts to keep our activities on the highest level of public service. Human nature being what it is, we must expect to be on the receiving end for a large dose of criticism when, as and if, there should be a sustained break in the market. The more carefully we conduct our affairs now—the smaller the dose of criticism will be. All of us know that one successful speculative purchase by a customer frequently leads that customer to insist on buying other speculative issues. "Taking a flyer" becomes commonplace after several successes. To the extent that the public is buying highly speculative securities on its own initiative, no reasonable person can, or will, blame "Wall Street" for the subsequent losses.

To the extent that dealers like ourselves are retailing such securities whether the profit margin be an eighth or a full 5%, trouble could very well be in store for us.

Of one thing we may be sure—any efforts of ours to maintain the highest standards of business conduct will be enthusiastically seconded by the regulatory authorities. While none of us wishes the other fellow ill, we can't help but applaud, when shady operators on the fringe of the industry find themselves debarred from further misdealing. In taking steps to debar such operators, nevertheless, it seems unnecessary to send us all running to consult counsel on the effect of obiter dicta, which on their face, severely limit our time-honored right to act as merchants, performing a legitimate merchandising function at a legitimate profit.

It is likely that new and strange doctrines will be suggested from time to time, out of what seems to be inordinate zeal to protect the public interest. As dealers in securities, and as merchants both wholesale and retail, we all recognize our obligation and our true interest in being the servants of our customers. However, we cannot properly be considered the guardians of our customers, whether in spelling out the size of our profits, or in setting up burdensome and unnecessary safeguards for temporarily idle cash.

If at times we have some matters of this kind to debate with our good friends in Washington, we can be reassured by the knowledge, that both the regulated, and the regulators, now have the advantage of more than 20 years' experience of the regulatory process. Both parties now have a better understanding of the other's problems.

The officers and governors of the New York Security Dealers Association in particular, have always found courtesy and consideration in discussing our problems with members of the Commission—and its staff in Washington and in New York.

We have likewise maintained cordial relations with our friends of N. A. S. D., of the New York Stock Exchange and the American Exchange. Certainly, it is in the public interest, no less than in our own interest, that this cooperation among different segments of the industry, should be maintained and strengthened.

Any regulation of our industry that is genuinely in the public interest, is also in our interest, for we ourselves are also a part of that public. Under such regulation—with a spirit of cooperation in the industry—with increased public recognition of the vitally important role the securities industry plays in our national economic life—we can look forward with confidence to continued prosperity—as our country prospers.

*Remarks by Mr. Statter at the Twenty-ninth Annual Dinner of the New York Securities Dealers Association, New York City, March 11, 1955.

Arthur Sacco Partner In Cruttenden & Co.

CHICAGO, Ill.—Arthur C. Sacco has been admitted as a general partner in Cruttenden & Co., 209 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Arthur C. Sacco

Mr. Sacco joins W. W. Cruttenden, Jr. as the firm's second partner with a membership on the Midwest Stock Exchange. Through these partners, Cruttenden & Co. acts as floor brokers for several other organizations and are specialists in a number of stocks.

Two With R. B. Vance

(Special to THE FINANCIAL CHRONICLE)

JOLIET, Ill.—Harry J. Riegel and John H. Williamson have become affiliated with Richard B. Vance & Co. Inc., Morris Building.

Joins Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—John M. Cunningham has joined the staff of Daniel D. Weston & Co., 140 South Beverly Drive. He was formerly with Morgan & Co.

Federal Reserve Policy And the Stock Market

By WILLIAM McC. MARTIN, JR.*
Chairman, Board of Governors
The Federal Reserve System

In pointing out that the responsibility of the Federal Reserve Board relates to market credit and not to the price of stocks, Chairman Martin holds the Securities Exchange Act was not designed to restrict the natural operation of the stock market, but to rid it of manipulative practices and inadequate disclosure of information. Says exchanges serve the economy by providing a continuous securities market, and borrowing by pledge of securities is essential to business operations. Cites two-fold task of Federal Reserve is to permit adequate access to credit facilities for security markets, and to prevent the use of stock market credit from becoming excessive. Gives data on securities loans. Concludes margin requirements are not a cure-all for market excesses.

The Federal Reserve System has responsibility for regulating the general flow of credit and money with the objective of contributing to a healthy growing economy. In the Securities Exchange Act of 1934, the Board of Governors of the Federal Reserve System was given special responsibility for preventing the excessive use of credit for the purchase or carrying of securities.

W. McC. Martin, Jr.

Let me say at the outset that this responsibility of the Board of Governors relates to stock market credit and not to the price of stocks. The Congress rightly, in my judgment, did not place on the Board responsibility for trying to determine the level at which stocks should sell. Even if all credit were eliminated from the stock market, cash purchases could bid up the prices of stocks to high levels. Regulation can restrain the use of credit for stock market purposes, but it cannot serve as a guarantee against all speculative excesses.

When Congress was considering the Securities Exchange Act in 1934, the country was concerned with two major problems. One was to foster economic recovery and get the millions of unemployed re-employed. The other was to prevent recurrence of the situation which brought about the unemployment. An important factor in that situation was that stock purchases were pyramided on the basis of credit extended on very thin margins. As a result, a break in stock market prices, that in any event would have been severe, was magnified into a disastrous financial crash for the whole country.

The Securities Exchange Act was not formulated to restrict the natural operation of the stock market, but to rid the market of such evils as manipulative practices and inadequate disclosure of information vital to investors. Thus the market could better perform its basic investment functions. The margin requirement provision of the Act was not designed to deny the use of credit to the stock market; its explicit objective was to prevent the excessive use of credit. This legislation was designed to help create a healthier securities market as part of a strong, vigorous free enterprise economy.

Organized stock exchanges are designed to function so as to encourage growth in equity ownership rather than debt, with resulting benefit to the economy. For business to raise equity capital through the issuance of common stock, it is important to have active and orderly markets for stocks.

The Services of the Exchanges

The exchanges serve the economy by providing continuous, ready markets for securities that constitute an important proportion of the assets of many individuals and businesses. Individuals, to make purchases of goods or services, frequently have to sell or borrow on their securities to obtain the necessary cash. Furthermore, businessmen often sell their securities or pledge them as a basis for loans to meet payrolls or to obtain other capital. Sales or borrowing transactions of these kinds would be far more difficult without market centers where investors, traders, brokers, and dealers are brought together. Sales of new security issues by business corporations would also be more difficult if buyers did not know they could later dispose of such assets readily.

In my judgment, a properly functioning stock market is important to the attainment of a high standard of living and steady growth of employment opportunities for all the people. We could not today have our system of mass production and distribution if it were not possible for corporate enterprises to assemble through the securities markets varying amounts of individual savings into large aggregates of capital. A major distinction between highly developed and industrialized economies and underdeveloped economies is the lack in the latter of effective markets for mobilizing the individual savings of their people.

The Objectives of the Federal Reserve

The task of the Board, as I see it, is to formulate regulations with two principal objectives. One is to permit adequate access to credit facilities for security markets to perform their basic economic functions. The other is to prevent the use of stock market credit from becoming excessive. The latter helps to minimize the danger of pyramiding credit in a rising market and also reduces the danger of forced sales of securities from undermargined accounts in a falling market.

Regulation T applies to loans made by brokers and dealers in securities to their customers. It prescribes loan values — that is, sets margin requirements—on securities that are registered on a stock exchange. Except for specific exemptions, it altogether forbids brokers to make loans to customers to purchase or carry securities where no collateral is offered, or where the collateral offered consists of securities unregistered on a stock exchange. The securities exempted from this prohibition are obligations of the Federal, State, or local governments and some instrumentalities thereof. Only on these exempted securities are brokers permitted to establish their own loan values.

The loan values for the purchase or carrying of registered securities which have been imposed by this regulation have been consistently small by historical standards, i.e., margin requirements have been high. Most of the time under the regulation margin requirements have ranged between 40% and 75%, with one brief period of 100%. During the 'Twenties, margin requirements imposed by individual brokers were customarily 25% or less, with 10% margins not uncommon.

Over the life of Regulation T, loans on securities by brokers to their customers, as measured by customers' debit balances, have been as low as $500 million and as high as the present figure of $2.6 billion. From the autumn of 1953 through February of this year they rose from $1.6 billion to $2.6 billion, which is the highest figure since 1931 when the statistical series on customer borrowings from brokers began. Comparable figures for the 'Twenties are not available, but borrowings by brokers and dealers, which are generally smaller than brokers' loans to customers, ranged from $1.5 billion to $8.5 billion between 1923 and 1930. It is estimated that borrowings by brokers and dealers currently do not exceed $2½ billion, excluding those against U. S. Government securities.

In Regulation U, relating to security loans made by banks, the Board is faced with a different problem. First, the law reaches only to bank loans for the purpose of purchasing or carrying registered stocks. It exempts loans which are secured by bonds and those which are not for the purpose of purchasing or carrying registered securities. Second, the nature of the banking business itself makes the problem different.

Whereas brokers confine themselves largely to making loans for the purpose of purchasing or carrying securities, banks make loans against security collateral for a wide variety of purposes, personal as well as business. Banks also make loans on a wide variety of other collateral and on the general credit worthiness of financial standing and established character of borrowers, and the funds made available from these loans may, without knowledge of the banks, be used by customers for various purposes.

Basis of Regulation U

In view of this wide diversity of bank lending operations, the Board, in formulating Regulation U, has sought to avoid the effect of unduly burdening the extension of credit through the banks for all of these purposes. It is chiefly for these reasons of law and practice that the Board's margin regulations applicable to banks relate only to loans which are secured by registered or unregistered stocks and are used for the purpose of purchasing or carrying registered stocks.

From the beginning, the Board has realized that regulations applicable to this intricate lending process ran the risk of leaving loopholes through which bank credit might leak into stock market speculation. This was a calculated risk which was believed to be preferable to detailed rules that would impose a greater impediment to constructive financing than could be justified by avoidance of any leakage that could result from the existing regulation.

The amount of credit extended by banks to customers other than brokers and dealers for the stated purpose of purchasing or carrying securities (excluding U. S. Governments) is estimated to be about $1½ billion today, around three-fourths larger than in the late 'Thirties and no doubt much smaller than in the late 'Twenties. The amount of bank loans to brokers and dealers on such securities is estimated currently not to exceed $2½ billion. This amount is roughly three times as large as that in the late 'Thirties and about the same as that in the late 'Twenties, when brokers were obtaining a large part of their borrowing from nonbank sources. The volume of bank credit extended to brokers and dealers over much of the period of the regulation has fluctuated within a relatively narrow range, although it has generally followed an upward path since the end of 1948. From the autumn of 1953 to early this year, bank credit to brokers and dealers, which includes underwriting credit, rose about $1 billion. At no time since the regulations were adopted in the mid-thirties has the total amount of bank credit for the purpose of purchasing or carrying securities been a large proportion of commercial bank loans and investments.[1]

On the basis of a recent survey requested by this Committee and covering 211 banks in selected large cities which make most of the loans collateraled by securities, we estimate that early in February all member banks had outstanding $7.2 billion of loans on securities, including loans against U. S. Government securities. About $4.2 billion of this total were estimated to be loans made for the purpose of purchasing or carrying securities. Of purpose loans, almost $2.9 billion were to brokers and dealers and about $1.3 billion were to others. The remaining $3 billion represented all security loans made by banks to individuals and businesses for other purposes than the purchase or carrying of securities. Even though some leakage of bank credit into stock market uses may occur through the avenue of loans not designated for the purpose of purchasing or carrying securities, the relative amount of such leakage cannot be large in the aggregate.

A more likely and less discovered avenue of leakage of bank credit into stock market uses is through loans secured by collateral other than stocks or unsecured. This is a type of credit that could be used speculatively by "empire builders" in their attempts to acquire financial control of corporations. This kind of credit may not be large in relation to total bank credit, but it certainly could be important in individual cases. However, the problem of preventing an excessive flow of credit into the stock market through this avenue is an extremely difficult one with which to deal from a regulatory standpoint without interfering unduly with normal banking activities.

Although the volume of stock market credit since Regulations T and U were imposed has not been large by historical standards, a considerable percentage of total trading by the public has been based in part on credit. This does not mean that borrowed funds have financed a corresponding portion of stock trading. Margin customers have had to observe the margin requirements and to use their own funds for a large part of the financing. There is little doubt that the use of credit in stock transactions adds to total demand for securities but this is true of all use of credit. For example, use of instalment credit, which today totals in excess of $22 billion, has added to the demand for consumer durable goods. Similarly, residential mortgage credit, currently aggregating more than $75 billion, has added to the demand for housing.

It is important to look at the whole picture of credit outstanding in the economy in order to see in correct perspective the over $4 billion of direct stock market credit and the $3 billion of other security loans by banks. Total credit in the economy since the end of 1946 has increased from about $400 billion to around $600 billion. Of the increase of nearly $200 billion, about $80 billion was in business long-term and short-term credit, over $60 billion was in urban mortgage credit, $20 billion was in consumer credit, $20 billion in State and local government debt, and the balance was distributed among other sectors. The increase in loans for purchasing or carrying securities probably did not exceed $2 billion over this period.

What Is "Excessive Use of Credit"

As I have emphasized, the statute enjoins "excessive use of credit" in stock markets. It is difficult to define what constitutes "excessive use of credit" in stock markets, or for that matter in any field. It is largely a question of judgment and not merely a statistical computation. So far as stock markets are concerned, however, it seems to me that there are certain signs or symptoms of unhealthy tendencies when businessmen or the public generally become unduly preoccupied with stock markets and stock prices. An unsound speculative psychology may then develop that can have adverse effects throughout the economy.

Margin requirements are a comparatively new device in the arsenal of central banking. As I indicated at the outset, they are not and cannot be cure-alls for stock market excesses or abuses.

An inquiry such as this committee is conducting is useful and constructive. It sheds light on important aspects of the economy and its functioning. It enables the Congress to ascertain how regulatory measures are operating and whether they are adequate or need modification. Finally, it seems to me, it serves to remind us all that the underlying strength of the nation depends not only on wise laws and regulations but upon enlightened leadership and good morals in the market place.

*Statement by Chairman Martin before the Senate Committee on Banking and Currency, Washington, D. C., March 14, 1955.

1 Currently total loans and investments of all commercial banks amount to $156 billion, of which $70 billion represents loans and $36 billion investments.

Real Estate Income Plan

(Special to The Financial Chronicle)

CHICAGO, Ill. — The Real Estate Income Plan, Inc. has been formed with offices at 188 West Randolph Street to engage in a securities business. Officers are David R. Landau, President, Bernard S. Lauren, Vice-President, and Hyman J. Goynshor, Secretary and Treasurer.

With E. F. Hutton Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Louis A. Roselaar is with E. F. Hutton & Company, 623 South Spring Street.

Joins Richard Harrison

(Special to The Financial Chronicle)

SACRAMENTO, Calif. — Kay Hamatani has joined the staff of Richard A. Harrison, 2200 Sixteenth Street.

With Dempsey Tegeler

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Frank L. Cox, Jr., has become associated with Dempsey-Tegeler & Co., 407 North Eighth Street, members of the New York and Midwest Stock Exchanges.

Stock Market Rise—A Rebirth Of Confidence in Free Enterprise

By HON. GEORGE M. HUMPHREY*
Secretary of the Treasury

Secretary Humphrey stresses the importance of a healthy stock market to a growing economy, and holds "widespread ownership of American industry is to be encouraged." Says market place itself has done much to foster public understanding of its aims and accomplishments, and warns of the danger to the economy in destroying confidence in the future of investors, businessmen, and the great mass of the people.

George Humphrey

I am not here today to say that the market is either too high or too low. I gave up years ago trying to figure out the stock market. But I am glad to consider with you the importance of a healthy stock market to a growing economy.

A healthy stock market is one of the evidences of a strong and growing nation. The 4½ billion shares listed on the organized exchanges alone are impressive evidence of the effectiveness of markets throughout the country in meeting the needs of our dynamic economy. These 4½ billion shares represent investment by millions of savers throughout the country. Many millions of them own stocks directly. Many millions more have an interest in stock ownership through the pension plans where they work or through the financial institutions that handle their life insurance and other savings. Colleges, hospitals, religious and charitable institutions, scientific and other research centers, and many other endowed funds also rely heavily on stock ownership.

These billions of shares are truly shares in America. They represent the ownership of American business and property. They are the fountainhead of more and better jobs—the invested savings through which the inventive genius of America can find expression in the development of new products and methods.

Widespread ownership of American industry is to be encouraged. A dynamic economy is synonymous with increased emphasis on corporate financing through stock issuance rather than by going further and further into debt. And the success of new risk-taking enterprise is peculiarly dependent on equity financing. A healthy stock market is essential if the role of equity financing in corporate finance is to flourish.

The Role of Government

Your Committee's study presents an opportunity for increased public understanding of the market and its functions at a time when it is a matter of broad public interest. It is also an opportunity to define more clearly the government's place in relation to the stock market's operations. The role of government should be to do what it can to assist in making stock market activity contribute to, rather than detract from, the soundness of our financial structure.

This takes two forms. Both are important.

The first involves the supervisory responsibilities of the Securities and Exchange Commission. These are designed, as we all know, to insure fair and honest markets in securities transactions on the organized exchanges, through adequate public information on proposed new security issues, adequate periodic company reports, and the regulation of trading on these exchanges.

The second involves Federal Reserve Board regulation of margin requirements, in order to help supply sufficient credit but not excessive credit in stock market trading. These elements of government supervision, together with the contribution of government agencies in making available an increasing flow of valuable statistical information on matters affecting the securities markets, are of major importance.

Impact of Government Policy

Even more important to a healthy market, however, is governmental policy in assisting the achievement of a broad, sound financial base for economic development. Such a base must rest primarily on the continued stability of the dollar, with reasonably stable buying power. This means a budget that is under control and headed for balance. It means a public debt that is prudently managed. It means a tax system that is fair and equitable—one which minimizes tax barriers to the initiative of workers and investors alike. It means monetary and credit policies which will operate through the exercise of broad general powers rather than through a crushing maze of direct controls.

This is the way of confifidence in the future of America is built. Such confidence is the very lifeblood not only of a healthy stock market but of a vibrant growing economy. Government action at best can only assist to influence the broad direction of healthy markets — whether they are for stocks, for bonds, or for commodities. The real success of these efforts must rest squarely upon the people of the United States—as investors, as managers of business enterprise, or as brokers or stock exchange members.

The market place itself has done much to foster public understanding of its accomplishments and aims. Stock exchange studies are informative and useful. The function of enlightened investor services has assumed a new importance in stimulating constructive thinking.

A healthy stock market can be visualized as one in which prices bear an appropriate relationship to earnings and to asset values, where stock yields have a reasonable spread in comparison to those of corporate bonds, where margin trading remains on a conservative basis, and where turnover is sufficient to maintain a broad active market yet avoids excessive speculation.

The price rise that has taken place in the stock market during the last year and a half reflects many viewpoints of millions of people and conditions not only here at home but from abroad. It is in part the rebirth of confidence in the functioning of our free enterprise system.

It is also perhaps reflecting a new phenomenon in our national life that is growing daily. The small savings of millions of Americans are being invested in securities in greater amounts than ever before. This wider investment isn't just individual purchases in the market—it reflects the rapid growth or pension funds and other group investments. What it means is that millions of people working in industry today have $5 or $10 or some such amount deducted from each pay check for their future retirement, and a good share of that goes into stocks and bonds. They often do not realize it, but these small savings multiply into hundreds of millions of dollars of security purchasers, which is making millions of people investors in American industry who had never thought of doing it before. These purchasers are largely for long-term investment and so tend to continually work to lessen the floating supply of the securities they buy.

Margin Buying

We are watching attentively the conditions which the new higher level of the stock market is creating. Federal Reserve action in January in raising margin requirements was, we believe, a desirable thing. Buying on margin isn't nearly as impotrant as it used to be, but we want to be watchful to see that credit in the stock market—just like all other kinds of credit — doesn't exceed the reasonable demands. The Federal Reserve action simply served as a reminder that caution should be used in making commitments. The offering of the new Treasury 40-year bond in February may also have been helpful in offering an attractive alternative form of investment.

Cautions Committee

There is just one word of caution that I want to leave with you: Confidence—or lack of it—has more to do with conduct of investors, businessmen, and the great mass of the people generally than any single thing. If there is confidence in the future, in the stability of the economy, and in the maintenance of jobs, the American people continue to buy the things they need and the things they want. But most American families are in position today to buy more than the bare necessities of life. When they have confidence, they buy things that they do not absolutely need but things that they want. If they lose confidence, they postpone or cancel those purchases.

Businessmen either move forward with plant expansion—with the creation of new jobs—or they are cautious and restrained, based on confidence. And investors are perhaps more sensitive than any in governing their conduct in confidence they have or lack.

Confidence is a subtle thing. It is built slowly and can be easily shaken. It manifests itself in many ways. A crowd leaving a theatre at the close of a play will walk out in orderly fashion in short order. But if as the curtain goes down someone calls "fire," terror can reign and great injury result.

It has been said many times that this inquiry is a friendly study, with the best of intentions, and only to obtain more knowledge. More knowledge is always a good thing. But as criticism of the government and suggestions for restrictive actions have been made from day to day before the Committee and in the public press, with discussion of restrictive action that the government might or might not engage in, they can easily contribute to a questioning of confidence and uncertainty as to what the future may hold.

A feeling of condifence in the future has been strong and has moved up on a broad front for the past several months. Business activity has been expanding and this month that we are in today may well be one of the highest months of activity we have ever had in our history. We are on sound economic ground, based on sound economic principles, and there is no reason why we should not go forward unless confidence is badly injured or destroyed.

*Stateemnt by Sec'y Humphrey before the Senate Committee on Banking and Currency, Washington, D. C., March 15, 1955.

Lloyd Arnold Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—John C. McCarthy has become connected with Lloyd Arnold & Company, 404 North Camden Drive. He was formerly with Douglass & Co.

A. K. Choate Joins C. N. Burt & Co.

DALLAS, Tex. — A. K. Choate has become associated with C. N. Burt & Company, Kirby Building, as corporate manager, supervising stock and underwriting. Mr. Choate was formerly representative for Axe Securities Corporation in the Southwest.

Leo Youngs Joins D. B. Fisher Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Leo N. Youngs has become associated with D. B. Fisher Company, Buhl Building. Mr. Youngs was formerly with Carr & Company in the trading department.

Joins A. G. Edwards

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Lawrence D. Fitter has been added to the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

Newhard, Cook Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Frank H. Hamilton has become affiliated with Newhard, Cook & Co., Fourth and Olive, members of the New York and Midwest Stock Exchanges.

With Reinholdt Gardner

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Sam O. Haldeman is now connected with Reinholdt & Gardner, 400 Locust St., members of the New York and Midwest Stock Exchanges.

Now With White & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Olin W. Shell is with White & Company, Mississippi Valley Building, members of the Midwest Stock Exchange.

Facts About Universal Training-Compulsory Reserve Proposal

By JOHN M. SWOMLEY, JR
Director, National Council Against Conscription

Mr. Swomley discusses proposed Universal Military Training and Compulsory Reserve as submitted by President Eisenhower and now pending in Congress. Points out reserve units would not be immediately ready for war duty, but would require re-training, and therefore, questions the advisability of expending billions of dollars and mllions of man-hours in universal and reserve training that would have to be repeated and could be of no use to those who were deferred as essential workers.

Congress will soon have to decide upon a new and radical proposal to build a five million man compulsory reserve in peacetime. It is new and radical for America, though it is a very old system upon which Germany, Japan, France and Poland relied prior to their defeat in World War II.

John M. Swomley, Jr.

The plan submitted to Congress by the Pentagon would require every veteran of two years military service to spend six years in the Reserves and every veteran of six months training to spend nine and a half years in the Reserves.

This is a conscript program though boys may volunteer for a particular branch of the armed forces or the reserves if they do so before they are drafted. A limited number, to be fixed each year by the President, may enlist between 17 and 19 in the Army for six months followed by 9½ years in the National Guard. Under this program no physically and mentally fit boy would escape 8 to 10 years of enforced military service.

The reason for this new proposal, according to General Eisenhower, is to have "forces trained for every emergency, should an aggressor be so criminally unwise as to attempt an atomic attack."

On the surface this might seem to have some merit. Three million boys in a Ready Reserve and two million in a Standby Reserve, all of whom have been trained in advance for any war that might break out.

A more careful look, writes Hanson Baldwin, the New York "Times" military analyst, reveals that "The Reserves are not and never can be, even with the New Look, an M-Day force completely equipped and trained for action at any moment.[1]

Would Reserve Units Need Retraining?

If after six months or two years in the Army, a young man is placed in the Reserves he would be involved a night a week in drill and 17 to 30 days each summer in military camp. He would probably be in school or working and would not be either in physical condition for war or abreast of new weapons and tactics. If called up he would still need retraining before he could be put into combat organization. General J. Lawton Collins, Army Chief of Staff, pointed this up in connection with the Korean War, by writing Senator J. Allen Frear of Delaware a letter which contained these sentences:[2]

"I can assure you, however, that no troops will be shipped with these divisions (to Japan) who have not completed their required 14 weeks of individual basic training or intensive refresher training for those men who have had prior service in the Army, including a previous full course of basic training. After long experience, it has been found that this length of training is sufficient to make certain that each soldier may become fully qualified with his weapons and trained to take care of himself in the field."

When men are sent into combat in groups such as battalions, regiments, divisions, they must have not only their basic training but training as a group. Without such training the men are virtually helpless, as the following excerpt from an Army Ground Forces study shows:[3].

"The substitution of one tank battalion for another in an infantry division appears on paper as a matter of no great moment. To the persons concerned it is little short of catastrophic."

Unit training takes time and is not performed by U.M.T. Such training must be given to troops after they have been mobilized into the units in which they will fight. As an Army account points out:[4].

"Under ideal conditions, mobilization would synchronize on the one hand with the production of equipment, so that troops would not be organized faster than weapons became available for training or combat, and on the other hand with general strategic plans so that troops would be ready in the necessary types and numbers, organized, trained and equipped as operational requirements developed. It was wasteful of manpower to induct men before equipment was available for training, or to train them too long before they were required in operations."

When the Army called up Reserve units for service in Korea they had to be retrained despite their previous training. A report in the Feb. 11, 1951 New York "Times" said:

"If developments overseas compel the Army to send National Guard divisions abroad now they probably will get noncombat assignments. They are not ready yet for fighting and may not be before Spring or early Summer. This includes the four divisions brought into Federal service last September. . . . The reason is that it takes time to train and equip a division to operate as a complete coordinated military entity. This does not mean that the Guardsmen were by any means raw recruits. On the contrary they were familiar with their weapons and other equipment and, as individuals, well trained soldiers, but they had worked only in small units. They were far from ready to go into the field to operate in corps or armies."

General Mark Clark said "that it should take about seven months to bring National Guard units to operational readiness and from seven to nine months to fully train the Organized Reserve Corps units," according to a report in the Oct. 26, 1950 New York "Times."

This summary of the inadequacy of Reserve units reveals that those who have had their Universal Military Training or service, and who are thereafter placed in the Reserves would, after being called back to the Army, have to undergo lengthy and extensive training before they were ready for war.

Even if we could make the unwarranted assumption that boys were fully trained and ready for combat after having had UMT and some Reserve experience, there would still be need for specific training for the kind of warfare into which units were to be sent.

The soldiers fighting in Korea in the early days of that war were Regular Army men, who presumably had received training beyond anything contemplated by UMT and subsequent Reserve duty. Yet observers of these men in action revealed that they were not ready. Joseph Fromm, regional editor in the Far East for the "U. S. News," wrote: "I would say that the American soldiers who went in from Japan were not in very good shape. There is a feeling they were not properly trained . . ."[5] General J. F. C. Fuller, Britain's ablest military analyst, put it this way: "What's wrong in Korea is something different. You just cannot expect soldiers to be at their best when they are not properly trained for the task they are expected to do. . . . The Americans

Continued on page 28

1 *New York Times*, June 26, 1954.
2 March 14, 1951.
3 Army Ground Forces Study, in *Infantry Journal*, September 1949.
4 Mobilization of the Ground Army, page 195 of volume entitled U. S. Army in World War II, Army Ground Forces.
5 *United States News*, Aug. 18, 1950.

From Washington Ahead of the News

By CARLISLE BARGERON

The ladling out of billions of dollars around the world by this government since World War II has been determined by many things other than the ostensible purpose of saving the "Free World" from Communism—such as, for example, the desire of American businessmen to get rid of their surplus goods. But the amount to be spent in the future on foreign aid, specifically for the fiscal year beginning next July 1, will be determined in no small degree by the resourcefulness of Harold Stassen, Ye Childe Harold, as he is referred to generally in Washington political circles, by virtue of his having held claim for so long to the leadership of American youth. At the 1948 Republican Presidential Convention in Philadelphia his publicity man paid a group of teenagers to follow him around squealing like Sinatra fans. American youth demanded Stassen, they chorused.

Carlisle Bargeron

The anti-spenders have been pressing down on Harold ever since the Foreign Operations Administration was created and he was placed in charge. Foreign aid was taken from the State Department by the Eisenhower Administration and given to Harold. Secretary of State Dulles was glad to get rid of it. Harold proceeded to build up a staff of 7,000 employees. The determination of the anti-spenders in Congress, notably Senator George, has been to let him have his fling but not renew the life of his FOA after June 30. A reduced foreign aid program then, if everything goes according to schedule, is to be turned over to other governmental agencies, some of it possibly to the Commerce Department under the very conservative Sinclair Weeks. Under this plan, Stassen would likely land with the State Department as an assistant secretary but not as the ruler of the foreign aid empire he now has.

But this omits his resourcefulness. With apparently all of the Washington government influences against him except Dulles, he is far from being downed. Every time Secretary of the Treasury Humphrey goes to the Capitol or has to leave the city he figuratively tells his aids to keep an eye on Stassen and his new ideas of how to continue giving away money abroad.

With Europe pretty much saturated with American aid and it becoming increasingly difficult for the most expert spenders to justify further giving away there, Stassen has turned to Asia.

Several weeks ago, Secretary Humphrey was attending one of those international conferences at Rio when Stassen announced a Marshall Plan for Asia. Humphrey was in the act of telling the Latin Americans that the foreign aid monkey shines had to stop when he got word of Stassen's pronouncement and his jaws almost locked. He hastened to see President Eisenhower on his return to Washington and the Marshall Plan for Asia was squelched.

Harold presently took off for a 30,000 mile tour of Asia and he has just returned with another idea which he says he has sold to the President, not on the scale he would like, but sort of a get your foot in the door proposition. This would be a $200 million "grant and loan" program to help the Asian countries to deal with each other, not only improving the lot of these countries but also taking the pressure off them to sell to this country and, therefore, lessen the demands in this country for tariff protection. A lot of problems facing the Administration would, in fact, be solved, Harold says in his disingenuous way.

The sum involved is not much; indeed, it is only about one-fifth of what he would like to get. And the $200 million, in the manner in which Harold says the President has accepted it, would come out of the $1½ billion which the President has requested in next fiscal year's budget for foreign economic aid, as distinguished from direct military aid of $2 billion.

But what Harold considers as his accomplishment is that this $200 million would be a separate fund, administered by a separate agency, and presumably an agency under his direction. It would be nothing like the spending domain he now has, but it would be his own little project, and my guess is that it would hold pretty much all of his present staff.

As of this writing, Secretary Humphrey hasn't publicly reacted to this latest idea of Stassen's and there has been no public comment in Congress. But he is not so popular on Capitol Hill. In his rather brilliant career after becoming Governor of Minnesota at the age of 30, he has stepped on a lot of toes.

With Blair in Chicago

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Richard C. Rasmussen is now associated with Blair & Co. Incorporated, 105 South La Salle Street. Mr. Rasmussen was formerly with North American Securities Co., of San Francisco.

Joins Eastman, Dillon

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Robert M. Barnes has become affiliated with Eastman, Dillon & Co., 135 South La Salle Street. He was formerly with White, Weld & Co. and Lazard Freres & Co.

Waldron Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Everett E. Berg has become affiliated with Waldron & Company, Russ Building. He was formerly with Coombs & Co. of Los Angeles, Inc.

Joins Wilson, Johnson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — John W. Morgan, Jr. is now with Wilson, Johnson & Higgins, 300 Montgomery Street, members of the San Francisco Stock Exchange.

We Can Expect a Sustained Housing Demand

By GEORGE CLINE SMITH*
Economist, F. W. Dodge Corporation

Construction economist, asserting the demand for new single-family homes will remain strong despite the current reduced level of new household formation, estimates contract awards for single-family homes are running 60% ahead of last year. Holds, though there may be some tapering off of new construction, the demand for housing will remain strong, because: (1) it is cheaper to own than to rent a home; (2) the increase in age of population means a higher percentage of home ownership; (3) the current high birth rate will result later in more families, and (4) the shorter work-week makes "a house-and-yard" more attractive. Denies there is a speculative boom as in the 1920's.

Last year the nation had something of a business slide. It was a rather peculiar affair which began in the best business year in our history and plunged us all the way down to the second best. During this reluctant recession, the construction industry went merrily along setting new record after new record. Nearly every analyst who has given this strange state of affairs a backward glance has credited construction with having prevented the slide from being worse than it was; and most also say that the industry played a vital part in converting the downturn into an upturn. This isn't at all unreasonable, because construction, running at about $50 billion a year, is by far our largest processing industry; and what happens in construction can't help but fan out through the rest of the economy like ripples in a pond.

Dr. George C. Smith

Now that the general recovery is a fact, however, there are those who, with perhaps a touch of ingratitude, look on construction as a budding delinquent. Things are just too good to suit them.

I have long felt that economists would do well to study more psychology and less higher mathematics. There's a mental quirk known as "acrophobia" which may explain something of the state of mind may of us are experiencing now.

The dictionary defines acrophobia as "morbid fear of high places." Most people experience the disease at one time or another, atop ladders or high buildings. By extension, we might reason that there is also such a thing as economic acrophobia, a morbid fear of high levels of business activity.

Acrophobia in many people can be cured if they are convinced of the solidity and safety of the structure holding them up—so it might be well for us to take a detached look at the structure underlying our present level of construction.

Is There a Building Boom?

All too often lately we have heard our present construction prosperity referred to as "the building boom." I think this catch phrase, for all its alliterative attraction, is a mistake. To me, a boom is a speculative overexpansion which is followed by a bust—the sort of thing that happened in the 1920's.

If we compare what every one will agree was such a boom, in the peak years of 1926 and 1927, we find a world of difference from the present situation. It is true that in dollar terms, we are building about three times as much as we did then. But the dollar is a rubber yardstick, and it is a far smaller thing now than it was in the 1920's. That's the first big difference.

The second difference is that the country has grown enormously in the past 30 years, and a bigger country just naturally ought to build more.

A third difference is that public construction, which is nonspeculative, is a bigger share of the total than it was in the 1920's.

To draw a fair comparison, we can take private construction outlays, the area most subject to possible speculative dangers, deflate these outlays by using an index of construction costs, and then adjust for the growth of the country by putting them on a per capita basis.

If we do this, we will have a comparison of private construction per capita in constant dollars; and having done it, we find that today's volume of private construction is approximately three-fourths as high as the 1926 peak.

As a check on this line of thought, we could also compare private construction spending with the total output of the economy, which is commonly known as Gross National Product or GNP. In the peak years of the 1920's private construction was equivalent to about 13% of GNP; in 1954 it was barely 7%.

In short, to the question, "How long can this construction boom last?" I would have to reply, "What boom?"

"Are We Building Enough?"

The real question is, "Are we building enough?" There's considerable evidence that in at least some lines, like schools and highways, we aren't coming close to meeting current needs, not to mention accumulated backlogs.

The foundation of the construction industry is the demand for building. To judge whether that foundation is solid or not, we must begin at the beginning with the question, "Why do we build?"

We are all familiar with the common division of manufactured items into consumer goods and producer goods. I believe that exactly the same distinction can be made for most types of construction, although the concept may seem a little unfamiliar at first.

Some buildings are truly end products. They themselves satisfy a need. They are used directly by the ultimate consumer. Homes provide shelter; schools provide education; churches fill a spiritual need; hospitals provide physical care. These and similar buildings I would call consumer types.

Other buildings are part of the productive process. They are used in making and distributing other goods and services that are desired by people. Factories, utilities, stores, and offices are, therefore, producer buildings, rather than consumer buildings.

But whether the demand for a building is direct, as in the case of a home providing shelter directly to a family, or indirect, as in the case of an automobile factory to produce a car desired by the same family, there is one basic underlying fact: the demand for buildings rests upon (1) people; and (2) their incomes (modified by their decisions as to what portion of their incomes they will allocate to saving or to spending on various things). You could almost summarize the whole thing in a mathematical formula: construction demand is the product of the number of people times the purchasing power they are able and willing to put into construction.

This simple formula doesn't make construction forecasting easy, but it does help to explain the brass tacks of the industry. If we take refuge in the old phrase that has gotten many an economists out of a tight spot, all other things being equal, more people with more money will mean more construction. This seems absurdly obvious, but it is surprising how often any of us—myself included — can overlook this simple fact.

Applying the formula to the question of what's ahead for construction, we can come up with the first part — people — very handily.

This country is growing, in absolute numbers, faster than it ever has before. Last year set a new record for babies born; and when deaths and immigration are taken into account, 1954 also was a record year for net increase in population.

Our population is now climbing at a rate of about 2,800,000 persons a year. I wonder if we realize just how many people that is. At the current rate, we are adding the equivalent of the entire Chicago metropolitan area, suburbs and all, every two years.

During this present decade of the 1950's, the population of the United States will rise by about 24 million. That is equivalent to annexing the entire population of Canada and Cuba, with a good bit of Central America thrown in, in 10 short years.

Imagine, if you will, the size of the market we are adding: Chicago every two years, Canada and Cuba every 10. That's a market for the consumer types of construction, directly, because these people must be housed and cared for and taught; and since these new citizens will demand more and better goods (and so will the other 163 million of us already here) there will be a market for factories, stores, utilities and other types of producers' construction.

So much for people. How about the second factor, money?

The People Have Money For Homes

That, too, is fairly simple. In spite of last year's peculiar recession—which dropped us all the way from the best year in our history to the second best—the take-home pay of the public remained high. (That's an understatement. Actually, disposable personal income of Americans in that recession year was $253 billion — a new all time record.) Every bit of evidence at present points to another new record for this year.

With incomes and population growth at an all time high last year, we shouldn't wonder that 1954 was also a peak year for construction. New records will almost certainly be set for all three of these highly important economic factors again in 1955.

So far we have been talking about construction in general; and what happens to the whole won't necessarily be true of any one of its parts, at least in the short run. The construction industry may be compared to a large manufacturing concern putting out a variety of products. Like the manufacturer, construction has a product-mix which it varies in response to changes in demand. There have been some significant changes in product-mix in the past few years, and more changes are in store.

Of all the construction products, I imagine that residential buildings are of most interest to this audience; and certainly, housing is coming in for a good share of scrutiny in the press and elsewhere right now. I'm afraid that we often tend to assume that housing is construction, neglecting the fact that the largest part of the industry is nonresidential; nonetheless, residential building is about a third of the total and is of particular importance at this time and place.

We all know that residential building is at an extremely high rate. But, before discussing the implications of this situation, I want to call your attention to a couple of important housing facts which might otherwise be overlooked in the general excitement over the volume of activity.

As every one is well aware, 1950 was the peak housing year in terms of units started. This year we will probably set a new record — but the composition of the housing output this year will be radically different.

The Emphasis Is On Single Family Houses

First, all the emphasis in the residential field today is on single-family homes. It is hardly an overstatement to say that the bottom has dropped out of the multi-family field in recent months. During most of the postwar period, according to our Dodge contract award figures, multiple dwellings have accounted for some 25 to 30% of all residential floor area built. But in the past year, this figure has dropped to 9%; and the trend is even more evident in the early reports for 1955.

It will be worth exploring, for a moment, the reason for the sharp shift toward one-family homes—which is also a shift toward home ownership instead of renting.

Obviously, financial considerations are important. Prosperity, high incomes, and relatively easy credit have made it possible for more people to own homes than ever before. At least some of the stimulus to the current rash of housing starts can be traced directly to the more liberal terms provided by the Housing Act of 1954. This audience knows, far better than I, the financial facts back of the housing market.

But ability to buy—whether it is based on cash position or credit availability, or both — is just a permissive factor. Simply being able to buy something isn't enough — there must be reasons why people buy. If prosperity alone were sufficient, the market for raccoon coats and tandem bicycles should be booming now. But people today don't want raccoon coats and tandem bicycles.

In our preoccupation with the financial situation—a permissive, but noncausal factor—we often overlook important changes taking place in the basic background demand for housing, which explain much of the current emphasis on single-family, owner-occupied homes.

Renting vs. Owning

Unquestionably, the most important of these changes has been in the relative cost of renting versus owning. Studies made a few months ago by the Bureau of Labor Statistics reveal that the monthly out-of-pocket costs of home ownership are lower than rentals on similar property in most large cities. This study ignored the fact that a large share of monthly mortgage payments goes into equity; and when this factor is added in, the cash advantage of owning over renting becomes even more pronounced. High income tax rates play an important part in this situation, especially in the middle and upper income groups where tax-deductibility is a sizable offset to interest charges and property taxes.

Another change often overlooked is the age factor. The highest proportion of home ownership is found in the older age groups, and the aged make up the fastest growing segment of the population, percentagewise. It is apparent that the spread of amortized mortgages has had a lot to do with the higher proportion of home ownership among older people. The improved financial position of the aged, with the spread of pension plans and the establishment of social security, also plays a part.

At the other end of the age scale, we can find another important reason back of the emphasis on single-family homes. A family with children is much more likely to want and be willing to invest in a single-family home than a childless family; and the more children a family has, the more likely this is to be true. The four million children born last year, setting a new record, explain much of the single-family housing demand. Families are also becoming noticeably larger than they have been in recent decades.

I suspect that the growth of

Continued on page 32

*An address by Dr. Smith before the Annual Savings and Mortgage Conference of the American Bankers Association, New York City, March 9, 1955.

Our Interest in Europe's Welfare

By R. GORDON WASSON*
Vice-President, J. P. Morgan & Co. Incorporated

Executive of prominent New York banking firm, in discussing our foreign trade situation, points out we are partners with Europe when it comes to world-shaking scientific and technological events of recent times. Reviews economic situation in Western Europe, and holds Europe no longer needs our aid. Pleads for wider disclosure by Western Nations of data on their trade with the Soviet bloc, and cites advantages to the West in the exchange of non-strategic goods with these Communist-dominated nations. Favors President's program of gradual tariff reductions.

All tariff discussions are steeped, it seems to me, in a wry humor. Most of us are old enough to remember the days when people worked up a fine lather of righteous indignation about the immorality of dumping. Now we ourselves are disposed to dump our surplus stocks abroad, with not the faintest twinges of conscience at our own immorality. Just a few weeks ago we were all set to dump our butter, regardless of the anguished cries of our friends in Denmark and New Zealand. Then came the happy announcement out of Washington that by spending a few cents more per pound, we could convert it all into something called ghee, a delicacy much esteemed in India! The dispatches were bubbling with glee at the discovery of ghee, and now we are all on tiptoe of expectancy to learn whether our brand of ghee pleases the customers. If only it does, we shall be spared the painful necessity of cutting the throats of our excellent friends in Denmark and New Zealand.

R. Gordon Wasson

But I am not going to talk to you directly about customs duties and trade restrictions. However much you may disagree among yourselves on details, you all know about them far more than I do. Before I finish my brief talk I shall have made clear my stand on these important matters, but I am going to get there by a somewhat unusual road.

The Revolution in Our Life

By an effort of the imagination I will ask you to remove yourselves in time from the generation in which we are all living, and to view this world of ours in the perspective of history. What is it that makes this age different from every age of human history that has preceded it? The answer, I think, is obvious: we are using the methods of science to learn more and more about this material world of ours, we are using that newly acquired knowledge to command the energies of this universe, we are releasing mankind from the slavery of unremitting toil to which in the past he was always condemned. Is that the whole story? No, it is not. For reasons that remain obscure, this revolution in the life of our race broke out some centuries ago in that tiny appendage of the Eurasian land mass that we call Europe, and Europe along with Europe's descendants in our own country has remained the powerhouse of this revolution down to the present moment. Let me explain what I mean.

When you and I were in school, we studied the industrial revolution as a major event that took place in the 18th and 19th centuries. How mistaken our teachers were! With ever quickening pace, the scientific upheaval rushes on all around us. New sources of power and new technological discoveries are changing our environment almost faster than the eye can follow. In the application of these discoveries we Americans are in the vanguard, and for this there are several obvious reasons. Our vast natural resources are readily accessible. Our labor force is more mobile than in Europe, where the workman is tied by strong traditional bonds not merely to his own little country but even to the parish where he was born. Perhaps our labor-leaders in many instances are more enlightened in perceiving the folly of featherbedding, and our anti-trust laws discourage those combinations of employers that slow down technological progress.

Furthermore, our taxes by favoring the extractive industries and allowing accelerated amortization of plant facilities stimulate innovations, stimulate the realization of drawing-board plans. Between the two wars we in America were increasing our man-hour output by a shade more than 2% per annum. Since the second World War this has jumped to 3.7%, a pace that if maintained will spell an economic expansion of staggering reach. The rate of increase in Europe is lagging behind ours; it is only about 1½%.

But let us not take all the credit to ourselves for this differential. The reason lies in the social structure of the Old World, certainly not in any inherent incapacity. Many of us talk, a little smugly, of the American way. But let us not forget that our cultural heritage, our ways of thinking and feeling, are the progeny of Europe, whence all of our ancestors came. The industrial revolution was born in Europe. In every aspect of cultural activity Europe for centuries has been a veritable powerhouse, and it still is. We in America in our top-level work in all these fields are doing well, better indeed than many Europeans realize. But if we are honest with ourselves, we must concede our heavy indebtedness, up to this very day, to the top-level thinking that goes on in Europe.

Just as an illustration, I remind you that when we in America undertook the momentous experiment of atomic fission, the half dozen top-flight scientists engaged on that enterprise were borrowed from Europe. Our research laboratories, our university faculties, at the top-level, are richly fertilized by the presence among us of first class brains trained in Europe. What I am saying is a commonplace in that rarefied atmosphere where the pioneering brains of our time are probing the unknown. Let those of us who spend our days in the lowlier atmosphere of the marketplace never forget this.

Europe and We Are Partners

In the long perspective of history, Europe and we are partners when it comes to the world-shaking scientific and technological events of recent times. It is of the utmost importance for us Americans that our partners be self-supporting and prosperous. To the everlasting credit of our country, it will always be said that at the end of the war 10 years ago, we lent a helping hand to Europe in the moment of her desperate need. But our aid would have been futire if Europe's own recuperative powers had not been strong and healthy.

Excluding for this discussion the hostility shown toward us by Russia and China, the big question in the world today is whether the deep dislocations that continue to be caused by our industrial progress can be kept under civilized political control; whether we can keep our economics going at a high level of output and employment.

So far as our own country is concerned, we have been successful in this endeavor for the first postwar decade. The pessimists up to now have been wrong.

Some of you may recall the alarming diagnosis of our prospects made in 1944 by a famous European economist, Gunnar Myrdal, the Swedish socialist. He understood our situation so well that he predicted with impressive self-confidence our catastrophic collapse, an event that nothing could long postpone. So sure was he of his prophetic gift that he got his country to enter into a vast credit arrangement with Soviet Russia, as a hedge against the repercussions of our disintegration. Well, long ago Sweden ceased to turn to Myrdal for advice.

More recently, in 1953, the British economist Colin Clark, in the columns of "The Manchester Guardian," drew world-wide attention by his gloomy prophecies about our near future. In Europe it was believed that a slump here would be multiplied many fold in its repercussions there. As things turned out, our recession was mild and Europe, contrary to expectations, entered upon a phase of unexpected prosperity. Indeed, and this is a fact of major importance for you who are interested in imports and exports, Europe's purchases in our country last year were an important stabilizing influence in our threatened economy. Our investment in Europe's recovery was paying us dividends. Last year when our economy was slowing up, it was certainly true that no foreign market was unimportant.

I do not cite the European economists with their pessimistic forecasts in any spirit of condescension. A wise man profits by his critics' observations. Messrs. Myrdal and Clark placed us in their debt by checking any tendency on our part toward over-confidence. We Americans are chronic optimists, a pleasant but grievous weakness.

We Should Have Neither Deflation or Inflation

Yes, our country today is vibrant with vitality—new ideas and processes, and Europe is also. But do we have the knowledge and skill to keep our economies on an even keel? We can take it for granted that technological progress will hurry on. The big question is the political and administrative one. In the deepest sense this is the great experiment of our time. It is vital for us and the world that our economy continue to function well, with private enterprise enjoying at the same time the rewards of successful initiative. We must avoid the devastating constriction of deflation and the sweet corruption of inflation. We possess certain delicate instrumentalities to help us in this effort: the manipulation of our debt and budget and taxes, the various money and credit controls.

But the powers themselves are not sufficient. They must be exercised with consummate art, an art one cannot learn from books, for

Continued on page 30

*An address by Mr. Wasson before the Export Managers Club, New York City, March 15, 1955.

Connecticut Brevities

J. P. Stevens & Co., Inc. has made an offer to purchase all of the outstanding common stock of **Cheney Brothers** at the rate of $20 cash per share. There are 239,115 shares of Cheney. Stevens has indicated that tender of at least 50% of the stock will be required to complete the transaction and that if control is acquired, the present management of Cheney will be continued. No change in its operations is contemplated unless future study or business conditions indicate that such change is desirable. Cheney, which is one of the oldest textile companies in the country, and its subsidiary **Pioneer Parachute** produce silk and synthetic fabrics; velvets, upholstery and other pile fabrics, curtain fabrics, glass fabrics, yarns and parachutes.

The International Silver Company has recently purchased the majority of the capital stock of **Times Wire & Cable Co., Inc. of New York**, which has developed and produces specialized coaxial cables used by the electronic industry for transmission of high frequency signals. Manufacturing operations of Times Wire will be moved to Wallingford where they will be expanded under the supervision of its present management. Times Wire will be operated as a subsidiary of International.

The Bassick Company whose main operations are located in Bridgeport has purchased the former **Republic Metals Corporation** plant in Bridgeport and as a result will move one of its production departments from New Haven back to Bridgeport. Above 75 employees are involved. The company now has four plants in Bridgeport with a total of about 450,000 square feet of floor space. Further expansion is planned.

A recent report of the **F. W. Dodge Corporation**, whose real estate reporting services in the real estate and construction fields cover the 37 states east of the Mississippi River and are the standard for the industry, indicated industrial building contract awards in 1954 for the 37-state area were down 25% below the 1953 level, while Connecticut showed a 101% increase for the period.

North & Judd Manufacturing Company, New Britain, producer of buckles and related hardware specialties has purchased the spot and spot-setting machine business of **Milford Rivet & Machine Company** of Milford, Conn. In this connection the term "spot" refers to a metal ornament applied to leather, plastic or fabric. North & Judd will manufacture the Milford machines for its own use and for other manufactures using metal spots.

The Tilo Roofing Company, Inc. is presently constructing a $100,000 addition to its main plant at Stratford. The company, which manufactures home roofing and siding materials, maintain distribution offices in 12 northeastern states.

The proposed sale of **The New Britain Broadcasting Company**, owner of radio station WKNB-AM and ultra-high frequency WKNB-TV, has been announced. The presently outstanding 41,126 shares of capital stock will be purchased by **National Broadcasting Company**, subsidiary of Radio Corporation of America, at an approximate price of $14.50 per share. NBC has announced that it plans to move the transmission facilities from Rattlesnake Mountain in Farmington to Mount Higby in Middletown—at a total estimated cost of about $500,000. The office and studios of WKNB are located in West Hartford.

Fuller Offers Asso. Food Stores Shares

S. D. Fuller & Co. is offering for public sale today (March 17) 400,000 shares of Associated Food Stores, Inc. capital stock at $5 per share.

The company, incorporated Oct. 29, 1954, owns a modern warehouse in Jamaica, Long Island, New York, having approximately 200,000 square feet of space for storing and distributing foods, meats, frozen foods, canned foods, dairy products, fruits and vegetables sold in food supermarkets. The company has entered into a contract to fill the transmitted orders of Associated Food Stores Cooperative, Inc., a cooperative corporation with 264 member stores, located in Manhattan, Queens, Kings, Nassau, Suffolk, Bronx and Westchester counties.

The proceeds of this financing will be used by the company in part for carrying larger inventories to service existing and additional stores; for additional working capital or for reduction of bank loans. Cooperative stores and predecessors have increased from 18 in 1942 to 264 in 1954 and annual sales have risen from $236,000 to $18,240,000.

Pursuant to the contract entered into between Associated and the Cooperative, the Cooperative is obliged to transmit to Associated all orders received from its member stores.

The company has granted to the Cooperative options to purchase 280,200 shares of capital stock of Associated Food Stores, Inc., at prices ranging from $4.50 to $5 per share at any time before Dec. 31, 1960.

Joins W. E. Hutton

(Special to The Financial Chronicle)

DAYTON, Ohio — Theodore F. Floridis is now connected with W. E. Hutton & Co., 42 North Main Street.

2 With Remmele-Johannes

(Special to The Financial Chronicle)

DAYTON, Ohio—Omer M. Minnich, Jr., and Mrs. Florence G. Payne have joined the staff of Remmele-Johannes & Co., 1126 Oakland Avenue. Both were formerly with Slayton & Company, Inc.

Joins Gibbs & Co.

(Special to The Financial Chronicle)

WORCESTER, Mass. — Azad Misakian has become affiliated with Gibbs & Co., 407 Main St.

THE TEXAS COMPANY

Reports for 1954

Highlights

FINANCIAL	1954	1953
Net income	$226,140,761	$192,600,078
Net income per share	8.24	7.01
Cash dividends paid	102,971,238	93,434,516
Cash dividends paid per share	3.75	3.40
Working capital (end of year)	474,193,629	484,710,549
Additions to properties, plant, and equipment	291,541,092	229,957,129
OPERATING	Barrels per Day	
Gross crude oil and condensate produced	443,337	433,137
Crude oil and condensate delivered by pipe lines	553,028	566,290
Refinery runs	559,532	543,210
Product sales	570,400	569,865

Consolidated Balance Sheet — December 31

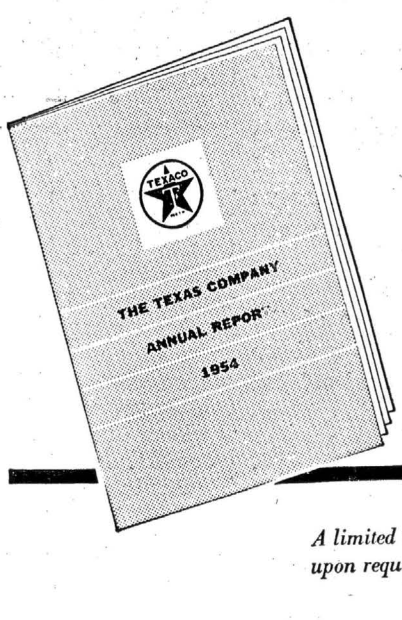
ASSETS

CURRENT ASSETS:	1954	1953
Cash and securities	$ 246,382,362	$ 240,872,357
Accounts and notes receivable	161,570,501	137,641,925
Inventories	234,157,603	253,234,834
Total current assets	$ 642,110,466	$ 631,749,116
INVESTMENTS AND ADVANCES	$ 129,627,399	$ 130,607,973
PROPERTIES, PLANT, AND EQUIPMENT—AT COST:		
Gross	$2,237,157,552	$2,008,507,919
Less—Depreciation, depletion, and amortization	1,099,679,178	990,269,839
Net properties, plant, and equipment	$1,137,478,374	$1,018,238,080
DEFERRED CHARGES	$ 36,292,464	$ 24,886,328
	$1,945,508,703	$1,805,481,497

LIABILITIES

CURRENT LIABILITIES:	1954	1953
Notes, contracts, and accounts payable and accrued liabilities	$ 163,259,102	$ 137,002,340
Estimated Federal income taxes (less U. S. Treasury obligations held for payment thereof: 1954—$50,000,000; 1953—$62,000,000)	4,657,735	10,036,227
Total current liabilities	$ 167,916,837	$ 147,038,567
LONG-TERM DEBT	$ 214,903,949	$ 219,527,543
RESERVES	$ 9,570,189	$ 10,896,054
MINORITY INTEREST	$ 25,695,832	$ 23,766,960
STOCKHOLDERS' EQUITY:		
Par value of capital stock issued—27,595,248 shares, $25 each	$ 689,881,200	$ 689,881,200
Undistributed earnings employed in the business	837,540,696	714,371,173
Total stockholders' equity	$1,527,421,896	$1,404,252,373
	$1,945,508,703	$1,805,481,497

Consolidated Income Statement



GROSS INCOME:	1954	1953
Sales and services	$1,574,369,713	$1,558,814,244
Dividends, interest, and other income	121,425,721	72,836,455
	$1,695,795,434	$1,631,650,699
OPERATING AND OTHER CHARGES:		
Costs, operating, selling, and general expenses	$1,178,320,296	$1,145,040,752
Taxes (other than income)	51,167,709	48,809,509
Dry hole costs	28,915,616	31,548,693
Depreciation, depletion, amortization, and leases surrendered	160,988,444	151,375,379
Interest charges	6,738,852	6,695,979
Provision for income taxes	40,100,000	52,400,000
Minority interest in net income of a Canadian subsidiary	3,423,756	3,180,309
	$1,469,654,673	$1,439,050,621
NET INCOME FOR THE YEAR	$ 226,140,761	$ 192,600,078

A limited number of copies of the Company's Annual Report are available upon request to the Secretary, 135 East 42nd Street, New York 17, N. Y.

Lessons of the 1929 Stock Market Boom and the Present Situation

By JOHN KENNETH GALBRAITH*
Professor of Economics, Harvard University

Harvard economist discusses nature of a speculative boom, and describes the 1929 experience and its consequences. Applies what he contends to be lessons from that episode to present stock market conditions. Says solution lies more in prevention than control, and holds the Federal Reserve in 1928 and 1929 could have curbed the boom. Decries proposed repeal or amendment of the Capital Gains Tax, and urges the government and the exchanges issue reiterated warnings about the dangers of runaway speculation. Admits, however, there are now new controls, among which is the Federal Reserve's power to raise margin requirements, and these may keep speculation in rein.

In this statement I dwell first on the nature of the speculative boom and then on the 1929 experience and its consequences. Thereafter I apply some of the lessons from that period to the present situation. I deal finally with some of the present-day problems of prevention and control of speculation.

J. K. Galbraith

The concern over the behavior of the stock market which has led to this investigation is, in the last analysis, a concern over speculation. Speculation, in turn, is the purchase, possession, or sale of an asset with a view not to use of income but with a view to realizing a capital gain.

A certain moral obloquy has always attached to the speculator, especially if he is unsuccessful. However, I assume that it is economic consequences and not public morals with which this Committee is primarily concerned. It is not speculation as an isolated act, but the speculative episode or boom which is of importance.

The economic consequences of a speculative boom are twofold. There is a distortion of economic values during the period of speculation itself. Attention ceases to be on making goods and becomes centered on making money. Under extreme circumstances all else is forgotten. An observer noted that at the height of the frenzy that has come to be known as the South Sea Bubble, "Statesmen forgot their Politics, Lawyers the Bar, Merchants their Traffic, Physicians their Patients, Tradesmen their Shops, Debtors of Quality their Creditors, Divines the Pulpit, and even the Women themselves their Pride and Vanity!"[1]

The more serious consequences are from the breaking of the speculative bubble. Economic activity is likely to be adversely affected. The livelihood of people to whom the market is a distant and remote phenomenon may suffer. These are matters to which I shall return.

The great speculative episodes of the past have all had certain features in common. All — the stock market boom of 1928-29, the Florida and boom of the mid-twenties, the Iowa land boom following World War I, the various railroad and land booms of the last century, the classic Mississippi and South Sea Bubbles—have, in the beginning, been grounded on some element of reality. Industrial activity was rising in the late 'twenties as were corporate earnings. Taxes were being reduced. This was the reality behind the 1928-29 stock market boom. The Florida climate, on which the Florida boom was based, is very good most of the time. John Law, visiting Louisiana and the lower Mississippi after 238 years would find much to substantiate the brilliant prospects which were painted to French investors in 1717.

However, it is also a feature—the critical feature—of the speculative episode that, after a time, the market loses touch with reality. Speculation acquires a dynamic of its own. The factors behind the original revaluation of the asset are no longer important. What becomes important is the single fact that prices are rising. Because they are rising and money can be made, more and more people are encouraged to try and get a share in the capital gains. By doing so they keep prices going up. The original cause of the price rise eventually becomes the merest excuse for optimism. People use it — the promise of a New Era, the superior qualities of Florida sunshine, a sound and conservative or middle-of-the-road Administration—but only to explain the capital gains they are making or hope to make.

The boom will continue as long as the supply of new people with new money lasts. Temporary setbacks may actually encourage more people to come in to the market on the assumption that they are picking up bargains. The end may in practice be attributed to various causes—the 1926 hurricanes were thought to have ended the Florida boom, and many have suggested that the failure of Clarence Hatry, the English promoter, precipitated the crash of 1929. In fact, the end always comes for the same fundamental reason. The supply of new buyers has become inadequate to keep prices going up. The man who is seeking capital gains has no interest in a stable market. When prices level out he sells. Others then sell to avoid losses. Prices break. Because of the helter-skelter rush to get out the bust is always a good deal more violent than the boom.

Such is the pure model of the speculative orgy. There are other commonplace features. Since the speculator is interested only in capital gains, he finds it onerous to have to put up the whole purchase price. Accordingly, he will seek some way of trading in the assets which gives him the capital gain but avoids putting up the capital. In land speculation this is usually accomplished by trading in binders or on the basis of down payments. In the stock market the purpose is served by margin trading. It follows that the extent of use of these devices in the case of the stock market the volume of brokers' loans—is a valuable index of the amount of speculation.

The mood which speculation engenders is also much the same in different episodes. It is not so much one in which people are fooled as one in which they insist on fooling themselves. One result is that any suggestion that values are unreal—that things are less than wonderful — is fiercely resisted. Reassurance—explanations as to why things are sound—soon partakes of the proportions of a minor industry. Support is gained from those who speak with most knowledge and authority. Shortly before the 1929 crash, Professsor Irving Fisher of Yale University, a notable figure in American economic thought, reached his memorable conclusion that stocks were on a new high plateau. At about the same time, Mr. Charles E. Mitchell, the then highly influential Chairman of the National City Bank, declared that the "industrial condition of the United States is absolutely sound." He explained that too much attention was being paid to the volume of brokers' loans. There were hundreds of other such statements. All were received with approval. By contrast, Paul M. Warburg, a conservative banker and a lone voice of dissent, was bitterly assailed when he criticized the current orgy of "unrestrained speculation" and predicted that, were it not stopped, there would be a collapse and depression.

It need hardly be suggested that this tendency toward reassurance poses an interesting problem for a Committee such as this. The assertion that all is well can, under some circumstances, be a valuable index of the opposite.

The 1929 Experience

Measured against any previous experience, at least since the South Sea Bubble, the securities speculation of 1928 and 1929 was one of remarkable magnitude. Prices of industrial securities on the New York Stock Exchange approximately doubled between the beginning of 1927 and the beginning of 1929. They increased by another third in the first eight months of 1929. There was extensive public interest and a substantial public participation. However, it is not accurate to suggest that everyone was playing the market. Member firm of 29 exchanges reported themselves as having 1,548,707 customers in 1929, of which 1,371,920 were with member firms of the New York Stock Exchange. An estimated 600,000 accounts were for margin trading. During the early months of 1929, when participation was assumed to be growing by leaps and bounds, the number of margin accounts increased by only a little over 50,000.[2] Securities speculation, even at its most extreme, is very much a minority enterprise.

There is no doubt, however, as to the preoccupation with speculative gains. During 1929 the investment trusts marketed an estimated \$3 billion[3] worth of securities and by the time of the crash new companies were being organized at the rate of approximately one day. The interest in these enterprises was almost exclusively in their promise of capital appreciation.

The volume of brokers' loans, in this period, was an especially valuable index of the extent of the speculative interest. The rate on brokers' loans during 1929 varied from a minimum of 5% to a maximum (briefly) of 20%. A man would hardly pay these rates to enjoy yields on stock which, by the autumn, averaged a little over 3% on representative industrials.[4] The person who held securities on margin on this interest cost and dividend return was obviously in-

Continued on page 37

*A statement by Prof. Galbraith before the Senate Banking and Currency Committee, Washington, March 8, 1955.

1 Quoted by Viscount Erleigh, "The South Sea Bubble" (New York; Putnam, 1933), p. 11.

2 Data are from Securities and Exchange Commission, "Stock Exchange Practices, Report." 1934. Pp. 9, 10.

3 Securities and Exchange Commission, "Investment Trusts and Investment Companies," Part III, Chapter I, pp. 3, 4.

4 Chase National Bank, "Business in Brief," January 1955.

THE MARKET . . . AND YOU

By WALLACE STREETE

The week-old selling in the stock market reached a climax this week when industrials were given their hardest drubbing in nearly five years. But the list had enough vitality to bounce back sharply without even coming close to a test of the year's low posted in mid-January. The wide swings made for nervous trading subsequently with the question still moot whether any real support level had been met.

* * *

Some rather widespread misconceptions arose out of the week's initial session which, for a time, looked like it might be one of the worst one-day affairs since the industrial average lost \$16 on Nov. 11, 1929. The phrase "worst decline since 1929" set up some rather exaggerated fears that even inspired a somewhat apologetic tone from the Senate committee conducting the study of the market. Actually 1929's worst one day was on Oct. 29 when the industrial loss came to \$30, a far more drastic slash than the \$9.72 trim of this week.

* * *

Technical Omens

The technical omens so far in the correction are far from comforting. Volume continues to dry up rather drastically on rallies and the breadth of the list contracts rather readily when the tone is stronger. On the bright side is that the correction of roughly 7% from the all-time industrial high of two weeks ago is still within comfortable limits, with even a bit of room on the downside before the technicians would start to get concerned.

* * *

The cumulative effect of the selling did post some marks that carried back to the outbreak of War II for comparison. By contrast, the January setback that seemed vicious at the time and came to around a 5% correction in the industrials was moderate in the light of this week's work. And the rebound from the lows of that month meant new highs for all the averages in a little less than seven weeks.

* * *

Aircrafts and some of the defense issues were well up in the van on both selloff and rally, Bendix Aviation, Newport News Ship, Douglas Air, United Aircraft and General Dynamics among the wider moving issues.

Steels, except for Bethlehem, were a shade more prominent on losing ground than on regaining it. Among the market analysts fears are expressed that any widespread tieup of the auto industry through a guaranteed annual wage strike would be reflected quickly in steel mill operations. It has kept the traders, at least, a bit cautious over new commitments.

* * *

Strong Spots

Non-ferrous metals, however, were able to do well once the pressure was off. Cerro de Pasco, Kennecott Copper, International Nickel, Reynolds Metals and Magma Copper were able to recoup their losses in good style and appear among the leading issues in sparking rebounds. American Machine & Metals was something of an oddity in that it was able to post some consecutive new highs right through the selling.

* * *

Cement issues, while showing good ability to rebound with the rest of them, nevertheless, have worked well below their recent highs for the most. General Portland Cement, which was split recently, has been holding in the lower bracket of its rather narrow range of less than 15 points built up since the change in capitalization. But it was back with the wide-moving issues with all the earmarks of enlarging its range one way or the other shortly.

* * *

One of the more depressing performances was that put on by American Telephone. In sharp contrast with its normally aloof and slow-moving style, it took to dipping a bit drastically with one day's peak decline approaching five points. That would have been about half a yearly range in 1953 or 1952. It hasn't been since the dour year of 1946 that this issue has swung over as wide a range as the 30 points covered in 1954-55 trading.

* * *

Chemicals Retreat

As a group the chemicals were far from encouraging for their followers. They tended to sag badly and recuperative power for most was weak. DuPont, which has been swaying wider than most others in the division, managed some moments of fair recovery but was still working its way downhill overall. Allied Chemical, Monsanto and Spencer Chemical also beat a slow retreat overall. One of the better acting was American Potash which was able to toy with its high with far more success than the others in this section.

* * *

Oils were in better fettle for a change. Royal Dutch, particularly, with the help of some concentrated attention from the market analysts, was able to make the list of new highs on some spirited demand. Some price increases that had the promise of providing a pattern gave good lifts to other members of the division including Texas Gulf Producing, New Jersey Standard and Richfield. Socony was under pressure at times that seemed a bit more urgent than warranted by the general market.

* * *

Automotive issues reflected mostly the concern over what promises to be a bitter wrangle as the unions begin their campaign for a guaranteed annual wage. Although they followed the general course of the market to a restricted degree, the overall picture was one of backing and filling pending developments.

* * *

Electronic and television issues turned in a performance that was largely meaningless. General Electric and Westinghouse went through mild gyrations that added up to little either way. Despite some wider swings by Zenith Radio depending on the market path, the performances lacked conviction although generally the issue has held pretty close to its high throughout.

* * *

A rather fat price increase in silver brought International Silver to the limelight and it was able when the going was good to turn in one of the better performances with at least one gain running to a handful of points. International Salt and Warren Foundry were among other specialties able to put a good show on occasion.

* * *

The rail pattern was influenced considerably by the swings of the industrials although their performance was definitely mild. Pennsylvania Railroad continues to rank high in overall activity although the continued widespread demand produced little decisive pricewise. Baltimore & Ohio was one of the better acting of the Eastern roads while Southern Rail was a bit more prominent on strength among the better-grade carriers.

* * *

Utilities Relatively Stable

Utilities receded dutifully when selling was rampant but it was something of a lackadaisical performance in the main with the top grade issues holding in what at best had the appearances of being a trading range. Detroit Edison had some periods of mild trouble while Panhandle Pipe Line resisted the selling and was able to step out well once it was over.

* * *

One of the most marked changes brought on by the waves of buffeting the list has been getting was a drastic decline in the daily new highs which were running a hundred or more since February. On the week's worst selling wave this was down to a meager five and for the first time in many weeks the new lows took over the lead with 25.

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

Chapman With Sutro

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Benjamin C. Chapman has joined the staff of Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Chapman has recently been with Hooker & Fay and prior thereto conducted his own investment business in San Bruno, Calif.

Central States IBA Awards Diplomas

Diplomas are being presented today, March 17, to 24 graduates of the thirteenth training course in investment banking offered by the Central States Group, Investment Bankers Association of America, in cooperation with Northwestern University's School of Commerce.

The presentation is being made by Walter A. Schmidt, Schmidt, Poole, Roberts & Parke, Philadelphia, President of the Association, at the Conference of the Central States Group in the Drake Hotel. The graduates are all employes of member firms of the Group. Carl W. Jackson of William Blair & Company is Chairman of the Education Committee of the Group.

Three With Reynolds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — William M. Bingham, Leland H. Delano and Melvin J. Inman are now with Reynolds & Co., 425 Montgomery Street. Mr. Delano was formerly with Henry F. Swift & Co.

With California Investors

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Harry Zumar is now with California Investors, 3924 Wilshire Boulevard.

Coombs & Co. Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—George A. Clark is with Coombs & Company of Los Angeles, Inc., 602 West Sixth Street.

100% Margin and Stock Market Risks

By CHARLES GILBERT
Department of Economics
New York University School of Commerce

Dr. Gilbert, in examining both the quantitative effects of margin buying and the real element of risk in stock transactions, concludes: (1) there appears to be no direct connection between stock market fluctuations and margin requirements; and (2) the amount of margin buying is but a small fraction of total stock values. Asserts so long as people look to future with confidence, prices will be high.

During the past two weeks we have been witnessing a series of hearings before the Senate Banking and Finance Committee concerning the recent rise in stock prices. Running through a great deal of the testimony is a thread of thought that (1) there are strong elements of danger in the recent rise and current height of security prices, and (2) an increase in the margin requirements to 100% would do a great deal to remedy this "dangerous" situation. It is my contention that neither of these observations is necessarily valid, and that stock market risks like other business risks cannot be banished by legislation. An examination of both the quantitative effects of margin buying and the real element of risk in stock transactions brings out several interesting conclusions.

Charles Gilbert

(1) There appears to be no direct connection between the changes in either margin requirements or debit balances and the movement of stock prices.

The proposal for increasing margin requirements must of necessity carry with it an assumption that changes in margin requirements or debit balances create desired changes in stock market prices. We are fortunate in having historical data from which the past effects of similar changes can be determined.

As shown in Table I, since Feb. 4, 1945, there have been seven changes in margin requirements, excluding the recent change on Jan. 5, 1955. Four of these changes were increases and three were decreases. During the four periods of increased margin requirements, stock prices (SEC composite index) declined during only one period and advanced during the remaining three. During the three periods of decreased margin requirements, stock prices advanced during two periods and declined during one. Assuming that margin requirements were increased at a time when prices were considered too high and decreased when considered too low, in only three out of the seven changes were the desired results obtained. It would seem from historical data, that the effect of changes in margin requirements on stock prices is inconclusive.

Additional data regarding the correlation between debit balances and stock prices point to a similar conclusion. Between June, 1943 and June, 1953, out of 20 six-month periods there were seven during which stock prices and debit balances moved in opposite directions. During four periods (June-December, 1943, December, 1946-June, 1947, December, 1948-June, 1949, December, 1952-June, 1953) stock prices decreased while debit balances increased. During three periods (June-December, 1945, December, 1945-June, 1946, December, 1950-June, 1951) stock prices advanced while debit balances declined. These data again lend doubt as to whether increased stock prices must be accompanied by increased debit balances.

(2) The amount of borrowing to finance stock purchases is but a small part of total stock values.

The demand for stocks (as for many other things) depends primarily on the expectations of the buyers concerning future stock prices plus their ability to command the necessary money or credit to make the purchases. While purchasing power is always a limiting factor, it is the future price expectation which outweighs all other demand determinants. The degree to which the extension of credit influences buying can readily be measured by comparing the ratio of margined securities to those owned outright.

On Jan. 31, 1955, debit balances of all member brokers amounted to $2,558 million. This seemingly large sum, however, represented only 1.5% of the value of all listed securities on the New York Stock Exchange on that date. Ninety-eight and five-tenths percent of the listed securities were owned outright. This ratio of 1.5% has not increased significantly from the 1.3% in June, 1951. A 1.5% ratio of debt to ownership does not seem to be a perilous position.

(3) The recent increase and the amount of stock market credit is far below recent increases and amounts of other types of credit.

Compared with other sectors of credit extension, the height of security loans and their increase over the past few years points to the irrefutable fact that this type of credit extension is far lower than other types both in magnitude and growth. (Table II)

Between December, 1951 and December, 1954, as shown in Table II, debit balances of member firms increased by $1,137 million. During the same period real estate credit increased by $31,400 million and consumer credit by $8,657 million. During this recent period borrowing to finance automobile purchases was almost four times as great, and borrowing to finance 1-4 family homes more than 24 times as great as borrowing to purchase stocks. At the end of the period real estate credit was 46 times greater than stock market credit. Consumer credit was more than 12 times greater. There is more than four times as much money owed on second-hand automobiles than is owed on security purchases. If there is a danger signal in outstanding debt, the stock market would not appear to be the place to look for it.

(4) There can be no objective determination of a dangerous situation insofar as stock market activity is concerned.

To evaluate whether or not the stock market is in a "dangerous" position it is necessary to arrive at some objective agreement on what constitutes a "dangerous" position. There are two elements of risk in every speculative transaction. The risk taken by the buyer of a possible price decline, and the seller's risk of a possible price increase. In the first case the buyer would then possess an asset of less value than its purchase price. In the second case the seller would possess an asset of less value than the one he relinquished. The risk of loss is always taken by both parties to the transaction and it is impossible to protect both buyer and seller.

People buy and sell stocks for many reasons. Whatever these reasons may be, it is safe to assume that stocks are bought because they are at that time more desirable to the buyer than either the purchase price or some other asset. On the other hand stocks are sold because they money or some other asset is at the time more desirable to the seller than the stocks. Obviously both buyer and seller are exchanging what each believes to be a less valuable asset for a more valuable asset, and each considers his new position less dangerous than his old position. Only by hindsight could any judgment be made as to which new position involved the greater risk.

Where then is the danger? The feeling seems to be that the danger of a rising market lies in the possibility of a decline in stock prices after so long a period of advance. If a rising market is for that reason a dangerous one, the humorous conclusion might be drawn that a falling market is equally dangerous because of a possible rise which was dangerous in the first place. Needless to say, this sort of circular reasoning leads us nowhere.

In the final analysis each individual must evaluate his own risk and judge the degree of danger.

It is understandable that memories of the past carry their emotional overtones into current thinking. It is understandable that comparisons with the past be drawn. But history does not repeat itself unless men repeat history. Whether current stock prices are too high or too low are questions which can be answered only in the future. There is, however, sufficient evidence to indicate that a change in margin requirements cannot be depended on to change either the course or the height of stock prices. It should be remembered that stock prices are results rather than causes. Their height is determined by individual expectations of the future of American industry. So long as people look to the future with confidence, the price of the future will be high.

TABLE I

Period	Margin	S.E.C. Index	Increase or Decrease— Margin	Increase or Decrease— S.E.C. Index
Feb. 5, 1945-July 4, 1945	50%	118.5 - 128.3	Increase	Increase
July 5, 1945-Jan. 20, 1946	75	128.3 - 156.2	Increase	Increase
Jan. 21, 1946-Jan. 31, 1947	100	156.2 - 136.3	Increase	Decrease
Feb. 1, 1947-Mar. 29, 1949	75	136.6 - 124.7	Decrease	Decrease
Mar. 30, 1949-Jan. 16, 1951	50	124.7 - 175.6	Decrease	Increase
Jan. 17, 1951-Feb. 20, 1953	75	175.6 - 200.8	Increase	Increase
Feb. 20, 1953-Jan. 4, 1955	50	200.8 - 274.3	Decrease	Increase

TABLE II
Selected Debt Increases
(millions of dollars)

Type of Credit—	Dec., 1951	Dec., 1954	Increase
Debit Balances	$1,292	$2,429	$1,137
Real Estate (total)	82,200	113,600	31,400
1-4 family houses	51,900	75,600	27,700
Farm dwellings	6,600	8,200	1,600
Consumer Credit	21,468	30,125	8,647
Automobile Credit	6,242	10,396	4,158

Halsey, Stuart Group Offers Utility Bonds

Halsey, Stuart & Co. Inc. heads a syndicate which yesterday (March 16) offered $10,000,000 of Kansas Gas & Electric Co. first mortgage bonds, 3⅜% series due March 1, 1985, at 102% and accrued interest, to yield 3.27%. The group won award of the issue at competitive sale on March 15 on a bid of 101.35999%.

Net proceeds from the sale of the bonds and from the concurrent sale of 60,000 shares of preferred stock, will be used by the company for the construction of electric facilities, to repay any bank loans incurred in connection with the construction program and for other corporate purposes.

The bonds will be redeemable at general redemption prices ranging from 102% to par, and at special redemption prices running from 105% to par, plus accrued interest in each case.

Kansas Gas & Electric Co. supplies electric service in an area approximating the southeastern quarter of the State of Kansas. The company's service is retailed in 143 communities having in 1954 an aggregate estimated population of 437,000, approximately one-third of the population of Kansas. In addition, electric service is supplied at wholesale to 12 communities and to the Kansas Power and Light Company for its Parsons Division of 14 communities.

For the year 1954, the company had total operating revenues of $24,636,000 and net income of $4,696,000.

Joins Dempsey-Tegeler

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — William H. Mansfield has joined the staff of Dempsey-Tegeler & Co., 407 North Eighth Street, members of the New York and Midwest Stock Exchanges.

A. G. Edwards Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Joseph Hickey has been added to the staff of A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

With Semple, Jacobs

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Loren W. Sloan has become associated with Semple, Jacobs & Co., Inc., 711 St. Charles Street, members of the New York and Midwest Stock Exchanges. He was formerly with Cruttenden & Co.

Willard A. Lynch

Willard A. Lynch, partner in W. C. Langley & Co., New York City, passed away March 9 at the age of 61.

Stock Market Averages

By ROGER W. BABSON

Mr. Babson, contending the Fulbright Committee has displayed ignorance and inability to intelligently discuss stock market procedure, points out errors in the comparison of the "Dow Industrial Averages of 1929" with the current period. Defends stock specialists as protectors of the public who buy and sell stocks, and calls education and publicity the best protection to investors.

Roger W. Babson

Certainly, the Fulbright Committee has displayed ignorance and inability to intelligently discuss Stock Market procedure by the foolish questions they have asked.

They seemed utterly at sea when discussing the "Dow Industrial Average" and comparing same with the highs of 1929. As most readers know, this average is made up of 30 stocks, —closing on March 3 at the following prices:

Allied Chemical & Dye	100
American Can	41½
American Smelt. & Ref.	46¾
American Tel. & Tel.	185⅞
American Tobacco	65⅞
Bethlehem Steel	128¾
Chrysler Corp.	70¾
Corn Products Refining	87⅜
duPont de Nemours	173¾
Eastman Kodak	73
General Electric	51¾
General Foods	77½
General Motors	96½
Goodyear Tire & Rubber	56
International Harvester	38½
International Nickel	65½
Johns-Manville	89⅞
Loew's, Inc.	19⅝
National Distillers	22⅜
National Steel	65¾
Procter & Gamble	101¼
Sears, Roebuck	85¼
Standard Oil of Calif.	79⅝
Standard Oil of N. J.	114½
Texas Company	93⅝
Union Carbide & Carbon	85⅜
United Aircraft	82¾
U. S. Steel	79⅛
Westinghouse Electric	79¾
Woolworth (F. W.) Co.	51⅜

The Committee members worked with pencil and paper trying to get an average which checked with the Dow-Jones Average for that day. They could not make it check; thence, they "smelled some monkey business by Wall Street." They forgot entirely that prices must be adjusted to stock dividends, split-ups, and other changes in the number of shares.

Simple Illustrations

For instance, take a stock such as General Motors which last split two for one. In order to give the new quotation after the split a fair comparison, the new quotation must be adjusted for splits, stock dividends, etc. All this would be simple were it not for the fact that some of the 1929 stocks have been dropped from the Average.

Furthermore, there have been mergers which required higher mathematics to make the correct adjustments. These were made in order to be fair. It is very wrong for any member of the Fulbright Committee to suggest juggling. In fact, of the 1929 Dow-Jones List of 30 stocks only 17 remain in the present list of 30 stocks. Incidentally, it is rather interesting that the "Wall Street Journal"—owned by the Dow-Jones Company—apparently desires to sidestep this entire Average problem.

Other Averages

There are other important "Averages" such as the New York "Times" Averages. Their Industrial Average is made up of 25 stocks; but the comparison may easily be checked. If the New York "Times" Average goes up, the Dow-Jones Industrial Average usually also goes up, but by a varying amount. Other leading newspapers have separate Averages; but if plotted, they all will be nearly parallel in movement.

The Boston Stock Exchange broadcasts the "Babson Averages" each Monday through Friday at noon and after the close of the market. The real value of these Averages is not to compare with 1929; but to compare with "yesterday" or a "week or month ago." Now just a word regarding "Specialists," which seemed to trouble the Committee.

Specialists Described

In fact, the "Specialist" is the protector of the public who buy and sell stocks. He is charged by the New York Stock Exchange with a very specific and extremely responsible duty, namely that of "making a market" in one or more issues. To do this he must often risk his own funds by buying a stock in a falling market at a higher price than the public will pay at any given moment. In a rising market, the specialist is expected to sell stock from his own account at a lower price than the public is willing to sell. This prevents wide gyrations in the market price of any given stock, and protects a hurried seller from being "clipped" by being forced to accept a low price for his stock. Conversely, an anxious buyer is protected against paying too high a price at any given time.

About one-quarter of all New York Stock Exchange members act as specialists. One specialist may handle a number of stocks, but, in the case of very active issues, there may be a number of specialists handling the same issue. The Exchange has rigid rules governing the market experience and financial standing of specialists. The specialist must assume full responsibility for all orders to buy or sell turned over to him, maintaining a fair and orderly market in the stocks in which he specializes. His personal interests in the market must at all times be subordinated to the best interests of his customers. He cannot buy for his own account until he has executed all public orders held by him at the given price. In a nutshell, the specialist is a very important wheel in the Exchange's machinery — absolutely necessary to its smooth functioning. And I repeat, he is there to protect the buying and selling public.

The $64 Question

This is what can be done to help the innocent investor not to get hooked by tips. The simplest protection would probably be to confine the investments of all dispensers of tips—see Financial Supplement of New York "Times" —to U. S. Government Bonds or bank accounts only. Yet, this would not prevent Winchell from passing out tips, as he now claims that he has no direct or indirect interest in any stock which he recommends.

Forty years serving Stock Exchanges makes me believe that the best protection is education and **publicity.** Some have suggested that the specialists' books of unfilled orders be made public for a time in advance of execution. This would not, however, be possible in rapidly moving trading such as takes place on the floor of the Exchange. Furthermore, a true picture would be most difficult to obtain as orders on the books can be pulled out any time. Thus, the specialists' books shift with the varying attitudes of the public. Perhaps it might help if investors who buy and sell in small lots were required to put limits on their orders. All in all, however, I conclude that the real question is one of educating the buyers and the sellers of stocks.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Maurice E. Breen is now with Mutual Fund Associates, 444 Montgomery Street.

Three With Sutro & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Gerald G. Gibbs, Richard L. Heisel and Samuel K. Troxel have been added to the staff of Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Joins E. E. Henkle

(Special to THE FINANCIAL CHRONICLE)

LINCOLN, Neb.—Oscar H. Schmocker is now with E. E Henkle Investment Company, Federal Securities Building.

Two With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Stephen T. Kuflewski and Robbins P. Schafer are now with Merrill Lynch, Pierce, Fenner & Beane, Dixie Terminal Building.

Economic Lullaby vs. Economic Reality

By PAUL H. NYSTROM*
Professor of Marketing—Emeritus, Columbia University

Though agreeing with the forecasts that business will continue good for some months to come, Dr. Nystrom holds these forecasts do not tell the whole story of the business outlook. Contends the high rate of automobile production is not expected to continue through the year, and there is prospect of serious labor disturbances in the industry. Holds, also, it is a serious question whether high rate of residence construction will be maintained, and a prospect of further inflation is in the offing, if current higher wage demands are met.

There is, at the present time, fairly general agreement both among businessmen and economists that, barring serious international complications, the business outlook for the remainder of this year, and probably for the next two or three years to come, will continue at a high level. Any projection of ordinary available business statistics at the present time strongly supports this view.

Paul H. Nystrom

Auto production and sales are running very high, almost up to the peak of 1950.

Residential housing starts are at a peak.

Inventories are not out of line. Goods bought with good selection are safe investments. Prices are more likely to go up, than down.

Population is increasing. There has been a gain of over 2,500,000 in the past 12 months and over 13,400,000 since 1945.

Consumer income and expenditures are at record levels, a little ahead of last year.

Large capital expenditures for new plants, shopping centers, new equipment, modernization, etc., are sure to come.

Extraordinary expenditures for schools, roads, hospitals and increased employment of teachers, nurses and building trades workers are inevitable.

Growing expenditures for food, home furnishings, appliances travel, recreation, and services of all kinds are in prospect.

Savings are running at the normal rate of 5 to 7% of consumers' disposable income.

As always, business may be expected to vary from place to place and by kinds of goods. In spite of the present high general level of business activity for the country as a whole, there are some areas in which incomes and sales are subnormal. A young lady in one of my classes once said: "It is surprising how many there are below the average!"

Also, there are always variations in business activity by lines of goods. For example, in the department stores, during December, there were splendid increases over the same month in 1953 in the sales of toys and sporting goods, in books and stationery (probably greeting cards), in men's furnishings, including shirts, underwear, ties, hats, etc., in women's and children's accessories and in girls' wear.

But the sales were far below December, 1953, in such merchandise as piece goods, women's and misses' coats and suits, major house appliances, domestic floor coverings and millinery.

Finally, there are always variations in business from concern to concern, depending upon the skill of its management and the productiveness of its employees. This factor is so important that it is worth-while noting that there has never been a business depression so deep in this country, that there have not been some concerns whose sales and profits have increased, even when things were at their worst.

With these exceptions noted, we may again repeat the likelihood that general business will continue at high levels for several months to come. The facts and their conclusions are common knowledge. They are very agreeable and soothing. These ideas, in substance, are what you now find in practically all of the business forecasting services. This may properly be called "Economic Lullaby."

Some Economic Realities

Now for some "Economic Realities." Unfortunately, the forecasts just made do not tell the whole story of the business outlook. There is, I regret to say, more to it. The additions are, in some respects, not so smooth and hypnotic as the indicators already mentioned.

First, when you leave here and get back to your jobs you are likely to find that no single difficulty has been lessened by what you have heard here today, or what you have ever heard about the good business outlook. Your work is likely to be as tough as ever. There is something called competition in full operation. There are several others after the same thing that you are after. The race is to the swift and to the smart. So don't let the economic lullaby lull you too much or you may come in for a rude awakening.

The present high rate of automobile production is not expected to continue through this year. There is the prospect of serious labor disturbances in the industry. This may cut production sharply. But even if there is no strike, or more than the usual slow-downs, it is expected that auto production will begin to decline this spring and fall off considerably during the second half year. Nor, is there any likelihood, even in the minds of the experts of the auto industry, that 1956 will be an outstanding year for the production and sale of cars.

There is also a serious question about whether the present high rate of residence construction will continue throughout the entire year. Housing starts, as of the present, are running at twice the rate of the number of marriages, that is, of prospective households.

A down-turn in either or both of these would affect the production and sale of many kinds of raw materials, such as steel, rubber, textiles and building materials, as well as of employment. The repercussions of these declines may eventually affect all kinds of business. The rapid expansions and plans for further expansions in the communities that turn out these goods and the raw materials out of which they are made will be only the first effect. Any important changes in these multi-billion dollar businesses will make differences that will deserve attention.

The Threat of Further Inflation

The prospects for further inflation, whether it will come this year, or some time later, definitely hangs heavily over the people of this nation. I need only enumerate some of the underlying causes.

There is, as we all know, the unbalanced Federal budget. Each year, whether we have peace or a war, the nation winds up with further deficits. The increases in government obligations are used by the banks as reserves with which to extend their loans, in terms of "bills of credit," commonly called money. The volume of paper money, however, if not carefully restricted, may easily expand beyond the danger point. It is a lot easier to print a thousand dollars in 20 dollar paper bills than to dig that amount of gold and then mint it into $20 pieces. As the paper money increases, there is the likelihood that it will depreciate in value. Under this nation's present monetary system, based on irredeemable paper money, there is a constant danger of overissues. A mistake in judgment, even if unintentional, on the part of a very few individuals, within this or any other Administration, may start further inflation. The inflation, if it comes, may be swift or gradual. My guess is that it will be gradual. The end result from gradual inflation, if permitted, will be precisely the same as if the flood gates were thrown wide open. There is no escape from the evils of inflation. On this subject history has repeated itself many times in such examples as the wreckage of France by the paper currency of John Law, and by the assignats during the French Revolution.

This country had its share of evils from unsecured paper money, during the Revolution, from Continental currency. The Confederacy of the South had their bad experience with paper money in 1861-1865. The Germans wrecked the foundations of their nation and prepared the road for a Hitler by the inflation of 1920-23. The French, Italian and Chilean Governments are playing dangerously with inflations at the present time.

Inflation, that is, rising prices, may result, not merely from too much paper money, but also from rising costs of production. This cause of inflation is relatively new in our history. We began to take lessons in this cause of inflation about 20 years ago.

Labor costs, which constitute the major portion of total business costs, have been and are now being increased both by union demands and by wage-fixing laws. The news is full of the prospects of union demands. Bills have been introduced at both Federal and state levels to increase minimum wage rates, increase social security and unemployment compensation.

When wage costs are increased, management usually makes every effort possible to keep unit costs from going up. It does this by inventing economies of every kind in production and distribution. But there are a great many cases where it does not seem possible to keep the unit costs down. What happens then?

Higher Prices in the Offing?

When business is faced by an increase in costs that cannot be reduced by internal economies within the concern, then the increased costs can be met in only one way, namely, by raising prices. If union demands or wage-fixing laws are applied to all businesses, then competition, so far as these increases are concerned, ceases. If, as may well be the case, the increase in prices results in a declining demand for the goods, then the unit costs may go still higher. These are the characteristics of the "wage-price squeeze" with which you are all familiar.

Economists, businessmen and labor leaders, in my opinion, have given insufficient consideration to this problem. For example, the effects of a wage-price squeeze have too frequently been considered merely in connection with a given commodity, or a single concern, rather than to the whole economy. Let us consider the effects of the wage-price squeeze on an entire industry such as manufacturing taken as a whole. From 1939 down to January, 1955, average factory wage rates per man-hour increased from 63.3c to $1.84, a gain of over 185%. In the same period of time, productivity per man-hour, in spite of all economies and improvements of production, including automation, increased but 34%.

As a result of this wide difference between wage rate increases and productivity increases since 1939, prices of manufactured products have gone up. They have more than doubled. It may be clear as crystal that if labor cost increases are not accompanied by at least equal increases in man-hour productivity, then prices must go up, or production must cease.

The Federal monetary policies during World War II and the early 1950's helped to raise prices twice as high as they were in 1939, but the increases in wage rates, unaccompanied by similar increases in productivity, were also clearly responsible for the higher prices that we are paying today.

The effects of an inflation caused by a wage-price squeeze are not only insidious, but very far-reaching, not only in the number of people affected but also in point of time. The full effects of the wage and price increases of World War II and the Korean War, for example, have not yet been fully discounted. There are millions of people whose costs of living have gone up, but whose earnings have not kept up with the levels established by the several rounds of wage inflation started during the years since 1939. Among them are school teachers, firemen, policemen, sanitation workers, government clerical workers, and most white collar workers. All owners of government bonds, of life insurance and of savings in every form bearing the dollar sign are now suffering the effects of the economic events that began to take place years ago.

Higher Wage Demands

We are now faced by further demands for "More" from the privileged classes, the members of unions that are in control of strategic industries. If they get what they are demanding, or even any part of it, then the movement for higher wages will spread to other industries and finally to all. If industry can not increase man-hour productivity at the same rate, then prices must again rise. The value of the dollar will go down still more. In time, this will damage the purchasing power of all of the people of the country still more.

In recent months I have had occasion to study the financial histories of certain European countries, particularly of Spain. I have learned a great deal. Among other things, I have discovered some very startling parallels with what is happening here.

Back in the 16th century, Spain was the greatest nation in the world, as the United States is now. It had power, wealth, prestige and influence. During that century the Spanish Government, not knowing any better, permitted an inflation to get started which within a hundred years became a holocaust, an inflation which went down in history as "The Price Revolution." The effects were completely disastrous. Spain fell from her high position among the nations of the world to the very botton of bankruptcy, ruin and beggardom. There were, of course, other causes of the downfall of Spain besides the inflation, but the inflation was the main cause. In spite of all of the efforts that have since been made to raise the Spanish economy, it has never fully recovered.

When the Spanish inflation had reached its peak and when the turn came, Spain was on the road to ruin with nothing to prevent its descent. Industries failed. Agriculture declined. Farms were abandoned. Those who had any means fled from the country. The most populous cities lost half, or more, of their populations. Spanish shipping all but disappeared from the oceans. There was starvation, disease and death on every hand. What business remained was done with small copper coins. All silver and gold had disappeared. Some of the situations may today be considered almost laughable in a ghastly way. There were times when the king didn't dare to call out even a military escort or parade for fear that the soldiers, whose pay was up to five years in arrears, might riot. In 1700 there wasn't enough money in the entire Spanish treasury to pay for the funeral of King Charles II.

As a result of the national decline and crash following the inflation, Spain, for several centuries, became a sitting duck for every kind of attack, both from within and from without. This country, at one time one of the most populous, productive and happiest of nations in the world, with the highest culture, the best schools, the greatest universities, the largest libraries, the finest architecture and outstanding leadership in every form of art, by mere ignorance, carelessness, or lack of stamina in dealing with the dangers of inflation, finally became but a hollow shell.

So much for Spain. Now let us talk about the United States. This nation is now enjoying the prestige, whatever that may mean, of world leadership. We think that we know a great deal more about the causes and cures of inflation than the Spanish statesmen and economists did. We even think we have a number of built-in devices in our national economy which, many believe, will permit us to play with a certain amount of inflation and, at the same time, prevent breeching our economic walls.

One of the reasons why the inflation in Spain ruined the country was that there were too many kings, politicians, counsellors, legislators, businessmen, labor leaders and economists, who placed their personal interests above the interests of their country. There were a great many Spaniards who wanted inflation and enjoyed it while on the way up into the blue. Businessmen and laborers wallowed in the waves of rising prices and increasing wage rates. The pathetically small minority who would and did sacrifice their interests for the welfare of the country were overwhelmed.

One of the lessons from history is that the number of persons who will think beyond their own immediate interests and for the welfare of the country and its economy in a case such as inflation is very small. This is as true for this country today as it was for Spain back in the 16th century. During the early months of World War II, Churchill in one of his most felicitous expressions paid a great tribute to the totally inadequate, but exceedingly courageous defense of England by its Royal Air Force. "Never have so many owed so much to so few." In the history of defenders against inflation, Churchill's statement holds

*An address by Dr. Nystrom at a Dinner given in his honor by the Officers of the Limited Variety Stores Association and other organizations on completion of 21 years as President of the Limited Variety Stores Association, New York City, March 10, 1955.

equally and eternally true. Entire nations are constantly indebted to the very few far-thinking businessmen, economists and statesmen who strive incessantly, on the one hand, to prevent the flames of inflation and, on the other, to prevent the envelopment of depression, of national decline and ultimate oblivion.

Inflation is like a smoldering fire, only much more dangerous, ready to spread at every opportunity given it. It is not something to play with. The wisest policy is to prevent its getting started. If it has already started, as it has in this country, the difficulties are greater. The remedy is to stop it—stop it cold. But this takes both determination, hard effort and stamina. If it isn't stopped, it will, in time, get out of hand and carry us all to economic destruction. There are no other alternatives. You can't have a little harmless inflation any more than you can have a little pregnancy that will not run its course. My hope is that you, along with others, will be the few who will undertake this opposition to inflation. If you do, and if you succeed, as I hope you will, it will be to you that this country will owe its economic preservation.

Phila. Secs. Ass'n Appoints Committees

PHILADELPHIA, Pa.—Robert E. Daffron, Jr. of Harrison & Co., President of the Philadelphia Securities Association, announced the appointment of various committees of the Association to serve for the ensuing year.

The membership committee is headed by James T. Gies of Smith, Barney & Co. as Chairman. Other members are: Leighton H. McIlvaine, Goldman, Sachs & Co. and Lawrence M. Stevens, Hemphill, Noyes & Co.

The arrangements committee consists of: John P. McCoy, A. J. Sailer & Co., Chairman; George A. Bailey, Jr., George A. Bailey & Co.; Russell M. Ergood, Jr., Stroud & Co.; C. Budd Heisler, Central-Penn National Bank; Lawrence B. Illoway, Aspden, Robinson & Co.; John A. Nigro, Jr., Hallowell, Sulzberger & Co.; William T. Poole, Schmidt, Poole, Roberts & Parke; Charles A. Reckner, F. P. Ristine & Co.; Frank Lester Smith, Wurts, Dulles & Co.; Edward B. Stokes, Stokes & Co.; Edmund L. C. Swan, Hornblower & Weeks; Daniel J. Taylor, Woodcock, Hess & Co.; William A. Webb, DeHaven & Townsend, Crouter & Bodine; Spencer D. Wright, III, Wright, Wood & Co., and Stuart M. Wyeth, Stone & Webster Securities Corp.

The public relations committee is headed by E. Howard York, III, Doremus-Eshleman Co. as Chairman. Program committee: William A. Lacock, E. W. Clark & Co., Chairman; C. A. Dorsey, First Boston Corp.; Frank M. Long, The Donner Corp. and Albert A. R. Wenzel, Hornblower & Weeks. Directory: Henry McK. Baggs, Pennsylvania Co. for Banking & Trusts, Chairman; John D. Foster, Studley, Shupert & Co. and C. Budd Heisler.

Joins Leo Schoenbrun

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Dean C. Brackenbury has become affiliated with Leo Schoenbrun, 1385 Westwood Boulevard.

Joins Barth in L. A.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Leo R. Frey has been added to the staff of J. Barth & Co., 210 West Seventh Street.

Stock Market, Consumer Credit, Building: Excesses We Face in 1955

By JOSEPH A. KAISER*

Chairman, Group Five Savings Bank Association
President, Williamsburgh Savings Bank, Brooklyn, N. Y.

Savings banker discusses data regarding stock market prices, consumer credit and building as "excesses which should create some concern to those who have the continuance of the normal growth of our economy at heart." Says much is being done as a corrective, and lists the tightening monetary policy and the likelihood of renewal of Regulation "W" to keep consumer credit within bounds. Sees home building increasing more rapidly than family formation, and warns there are soft spots developing in apartment rentals. Urges situation be watched.

A year ago or so Colin Clark, the noted English economist, viewed with alarm the minor recession of 1953 and indicated the possibility of its mushrooming into full scale proportion in 1954. Thereupon everyone began prophesying that, at best, 1954 would be an inferior year.


Joseph A. Kaiser

We all know what actually happened. 1954 turned out to be one of the most prosperous years in United States history. Now along comes 1955 and all the prophets are hard at work trying to show this time that all signs point to prosperity again beyond precedent. Prehaps a little honest skepticism can be excused in the face of all this uniform optimism. Anyway, let's take a look at some of the figures.

In the first place, the stock market, as everyone knows, has had a very rapid rise. On Jan. 1, 1954, the Dow-Jones average was 280.9 as compared to 413 on March 1st of the current year. This exceptional advance in the prices of stocks was enough to excite concern on the part of the Federal Reserve authorities who proceeded to increase the margin requirements from 50 to 60%. It is entirely reasonable to predict, I think, that still higher prices might well provoke additional margin restrictions if it were thought inflationary tendencies in the market were getting out of hand.

Consumer credit is another aspect of our national economy which is fast achieving peak proportions. On March 31, 1954, the total amount outstanding from consumer credit sources stood at $27.833 billion and in nine months to Dec. 31, 1954, it increased to $30.125 billion. Some of this increase can be attributed to the added ease with which automobiles are being financed today. But any such astronomical figures are meaningless, except as they reflect the rapidity of the increase over a relatively short space of time, and of course raise the very important question as to how far such increase can go and how long can it continue.

The statistics for the building business should be as familiar to this audience as they are to me. As you well know, 1,200,000 dwellings were erected in 1954. The calculations for 1955 are 1,500,000 units representing an increase of 300,000. Can we term this healthy, normal growth?

Thus, it is apparent we are confronted with what might be termed three excesses — in the stock market, in consumer credit, and in building. It is only too apparent that these excesses should create some concern to those who have the continuance of the normal growth of our economy at heart.

What can be done about it? In my opinion, much is being done about it right now. For one thing, a change in the monetary policy has taken place from one of active ease to almost a tightening influence. As an example, Victory $2\frac{1}{2}\%$ bonds at this writing are now selling at about $96\frac{1}{2}$ and any management would think twice before sustaining such a large loss as would result from converting government bonds into mortgages. Furthermore, rumors persist that a possible reduction in the interest rate of VA guaranteed and FHA insured mortgages may be in the wind. A move of such magnitude would certainly go a long way toward appeasing the appetite of investors for government backed mortgage loans. It is within the realms of possibility that consumer credit might be kept within bounds by invoking Regulation "W" again, or some modification of it. And so it goes.

No one wants to hurt business but government may want to keep business from too great an inflationary expansion. In order to do this, government may resort to the use of the monetary and financial brakes which it has in its power to use. For this reason, I think, the excesses which I have mentioned are being watched very carefully and, if they continue, it is entirely possible that appropriate steps may be taken to curb them.

I certainly do not want to leave you with the impression that I consider business, and more particularly the mortgage business, to be on its last legs. On the contrary, I believe that, if properly controlled, it could go on to greater heights than is now anticipated of it. Thus, if 1955 can be slowed down to a period of normal prosperity and shorn of the inflationary tendencies of which I have spoken, there will be less reason to fear what still lies in store for us all in 1956.

Has Building Reached Saturation Point?

With respect to the question of how soon may we expect the saturation point to be reached in multi-family apartment house construction, and what effect will it have on existing apartment building values, I will merely state a few facts that have come to my attention and let nature take its course. For instance, nation-wide statistics reveal that for every new family formation in 1954, two new dwellings were constructed—a ratio of two to one. If predictions hold true for 1955, this ratio may equal or exceed two and one-half to one, or five new dwellings for every two new family formations.

As against this anticipated rise in housing, please note the steady decline in marriages from a peak of 1.7 million in 1950 to possibly 1.4 million as expected in 1955. Since newlyweds make up one of the largest segments of our society seeking apartments, it is no wonder that the number of vacant apartments has been slowly rising. Here are the national figures:

There were 31 apartments vacant out of each 1,000 in 1953 and 41 apartments vacant out of every 1,000 in 1954. Moreover, vacancy percentages are still climbing.

If further proof were needed of approaching saturation, listen to this. In 1953, there was a 5.7% rise in rents throughout the nation; in 1954, this rise was cut to 1.4%. In 1955, the experts agree that the rent rise is expected to end; all of which would seem to prove that, during the current year, apartment house construction would almost, if not entirely, catch up with demand.

Moreover, it has been reported to me that in various localities around the perimeter of the New York metropolitan area soft spots have begun to develop here and there. Concessions have been granted, and vacancies are more common in certain classifications of the less desirable or the more costly types of apartments. For many years now, it has been a recognized fact that most people who rent apartments do so from choice rather than compulsion. The day of the 20% or more down payment on a one-family dwelling is a thing of the past. When one can buy a house for little more than it costs to move into it, most everyone has a free selection of home ownership or apartment rental. Therefore, an over-supply in apartments is immediately perceptible since there is a limited number of those who desire, but are not compelled, to occupy them. In consequence, if over-supply continues long, the older, less convenient, or the outmoded apartment buildings begin to suffer.

As yet, I think, there is no immediate cause for serious alarm, but the situation should be closely watched during the coming year, since increased vacancies and loss of rent would mean, of course, a reduction in values.

*Statement by Mr. Kaiser in a panel discussion sponsored by the New York State Society of Real Estate Appraisers, New York City, March 11, 1955.

Thackara, Grant Branch

DUNEDIN, Florida — Thackara, Grant and Company have opened a branch office at 743 Broadway. George Patterson has become associated with the firm at that office. (It had previously been reported in the "Chronicle" that Mr. Patterson had joined the firm in Ft. Lauderdale.)

A. G. Becker & Co. Names L. R. Kahn V.-P.

Lawrence R. Kahn has been appointed Vice-President in charge of research for A. G. Becker & Co., Inc., it was announced here today. He formerly was manager of the investment research department at E. F. Hutton & Company.


Lawrence R. Kahn

Mr. Kahn will be located in the New York office of A. G. Becker, which has its headquarters in Chicago and offices in principal cities throughout the country. A native of New York City, Mr. Kahn now resides in New Rochelle, New York. He received a Bachelor of Literature degree and his Masters degree from Columbia University.

Before entering the securities business, Mr. Kahn had been assistant general merchandising manager and economist at Bloomingdale's, New York, and merchandising manager at Oppenheim Collins & Co.

With Kerr & Bell

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Allen G. Browne has joined the staff of Kerr & Bell, 210 West Seventh Street, members of the Los Angeles Stock Exchange.

Ogilvie Opens Office

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Norman Ogilvie is engaging in a securities business from offices at 436 14th Street.

A. P. Schleder Opens

(Special to THE FINANCIAL CHRONICLE)

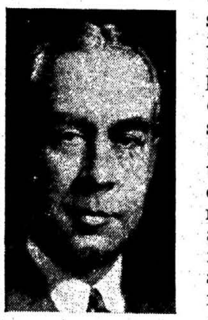
TARZANA, Calif. — A. P. Schleder is conducting a securities business from offices at 19301 Ventura Boulevard.

Mutual Funds—A Stabilizing Factor in the Securities Market

By DORSEY RICHARDSON*
Chairman, Executive Committee
National Association of Investment Companies

Spokesman for Investment Companies defends these organizations as a contribution to the growth of the economy and a stabilizing factor in the nation's securities markets. Gives data showing investment companies' securities transactions are less than 5% of total stock exchange transactions, and denies any likelihood that redemption or liquidation of mutual funds would cause a stock market collapse. Stresses investment companies as a medium for sound diversified investment.

I share the widely held belief that broad public ownership of common stocks is desirable to the continued economic growth of our country so long as the individuals investing have adequate cash resources, insurance protection in case of premature death, and are able, financially and temperamentally, to accept the risks that common stock ownership involves.



Dorsey Richardson

Need for Professional Management

Very few people are sophisticated investors. They do not have the background knowledge, the skills, the information resources and facilities, or the time necessary to wise selection and management of their own investment portfolios. For them, professional advice or supervision is essential.

An investment company can take the combined investment funds of thousands of investors and provide full-time professional investment management effectively and in an economical manner. It provides constant and continuous supervision and analysis of securities, making changes in its investments necessary to adjust to changing conditions.

Need for Diversification

The holder of just one share of an investment company is in effect, an owner of a fractional share of as many as 50, 100, or more business and industrial corporations. For the widely diversified investment company, using the combined funds of its shareholders, spreads its investments across a large number of issues so that any loss in a single issue or a group of issues can have only a minor effect on the overall investment results.

To the individual investor, then, an investment company offers these two basic, significant services — full-time professional management and wide diversification of investments.

Regulation of Investment Companies

I should like to emphasize that the investment companies are generally satisfied with the laws and regulations under which they operate. As this Committee or its predecessor in 1940 was well aware the business itself was a cooperative partner 15 years ago in drafting and in urging enactment of the Investment Company Act of 1940. Since that time, through the National Association of Investment Companies, it has worked with the Securities and Exchange Commission in its adoption and revision of all the important rules, regulations and forms which implement and give effect to the intent of the Congress as expressed in the Act itself.

Investment companies live in the proverbial "gold-fish bowl," with full disclosure of all pertinent information. It is gratifying to report that the companies often go beyond the required degree of disclosure, both as to frequency of reports and the contents thereof.

Growth of the Industry

The Investment Company Act of 1940 marked the beginning of the period of susbtantial expansion in the investment company business. Assets of all members have increased from $1 billion at the end of 1940 to $7.3 billion at the end of 1954. Of this $6.2 billion increase, roughly 50%, $3.13 billion, resulted from market appreciation during the 14 year period. The remaining 50% represents net new purchases by investors.

Closed-end company assets increased during the 1940-1954 period from $614 million to $1.2 billion. In this same period their outstanding capital was reduced by a net amount of $236 million.

Open-end company assets grew from $448 million at the end of 1940 to $6.1 billion on Dec. 31, 1954. During this period, new capital aggregating $3.31 billion resulted from purchase of additional shares by investors.

Who Owns Investment Company Shares

It is estimated that the ownership of open-end (mutual fund) investment company shares on Dec. 31, 1954 was aproximately as indicated below:

	Individual Accounts	Institutional Accts.	Total Accounts
Number	1,635,000 (96%)	68,000 (4%)	1,703,000 (100%)
Value (millions)	$5,376 (88%)	$733 (12%)	$6,109 (100%)
Avg. Account Size	$3,288	$10,779	$3,587

Mutual Funds As a Factor on the New York Stock Exchange

On Dec. 31, 1954, total value of common and preferred stocks listed on the N. Y. Stock Exchange was $169 billion. Total assets of the 115 open-end investment companies then represented by the N. A. I. C. amounted to $6.1 billion. Of this $308.7 million was in cash, U. S. Governments and short-term obligations; $4.9 billion was in common stocks; $445.5 million was in preferred stocks; and $439.2 million was in bonds.

A December, 1952 survey indicated, however, that 71% of the total assets of open-end companies was invested in common and preferred stocks traded on the New York Stock Exchange. Applying this ratio, the open-end investment companies on Dec. 31, 1954 held about $4.3 billion in stocks listed on the N. Y. Stock Exchange, or 2.56% of the total value of shares listed on that Exchange.

I think it especially important to bear in mind when considering investment company portfolio activity, that the name "investment company" has a special significance. For our business provides an investment outlet for those having genuine investment objectives. It is a long-term proposition, with portfolio managers looking constantly for investment quality securities with long-term growth and income potential.

Purchases and Sales of New York Stock Exchange Equities

Analysis of the portfolio activity of open-end companies gives indication of the limited extent to which investment companies influence market price levels—an influence which, if significant, would seem to be in the direction of stability.

In the 15-month period (Oct. 1, 1953-Dec. 31, 1954) open-end investment companies accounted for 4.4% of the total dollar volume of stock purchases on the Big Board. Securities sales by the funds amounted to 3.1% of total selling volume.

Portfolio Policy of Companies

It may be said as a general description that any company, in keeping with its published statement of investment objectives, with available cash, buys when an issue, having been scrutinized with the utmost care, becomes available at a price which seems to represent a sound investment purchase. And, in general, a company will sell when an issue seems to have lost the investment quality that initially prompted its purchase, or when funds from the sale of one issue can, in management's judgment, be more favorably invested elsewhere.

I should, perhaps, point out the obvious fact that a given security can change in character and price to such an extent over a period of months or years that it ceases to be an investment consistent with the announced investment objective of an investment company. It is entirely possible during a period when one investment company is disposing of an issue which has ceased to have qualities consistent with its investment objectives, another investment company may be acquiring the same issue because it has taken on qualities which make it a desirable vehicle for achievement of that company's particular objective . . . this approach (careful analysis by specialists) to portfolio managements is the antithesis of the speculative approach.

From the standpoint of degree of risk of their own issues, investment company shares vary. The element of risk is pointed out in the prospectus. Depending on their objectives, the issues of some companies are of the most conservative investment quality, while other companies more aggressively pursue capital growth or high income. In fact, among the 147 members are companies which by virtue of their announced investment policies, offer the investor many gradations in degree of risk and potential reward.

Redemptions of Mutual Fund Shares as a Force on Market Price Levels

The Committee requested my "opinion of the often heard statement that a collapse of the market could either be initiated or accentuated by large redemptions of open-end investment company shares."

We are especially pleased to respond to this question because it provides an opportunity to make available data which indicates, most certainly, that this is an instance in which there is a vast gap between theory and fact.

The thesis that redemptions by

Continued on page 35

*Extracts from a statement by Mr. Richardson before the Senate Banking and Currency Committee, Washington, D. C., March 16, 1955.

Railroad Securities

Southern Railway

One of the roads whose securities continue to attract an expanding investment following is Southern Railway. Confidence, and enthusiasm, for this property which had been growing for two years or more got a further important lift from the operating performance turned in last year. One particularly impressive factor was that the highly satisfactory common share earnings of $8.96 in 1954, compared with $11.63 a year earlier, were achieved without any sacrifice to the physical condition of the properties. Gross revenues in 1954 were a little more than $24 million lower than in 1953 but maintenance of way outlays were reduced only about $500,000, a portion of which was due to lower retirement charges, a non-cash item. It is true that maintenance of equipment outlays were cut by roundly $5 million (about 13%) but this was a natural development in view of the lesser utilization of the equipment with the volume of business off. The company still ended 1954 with equipment condition good.

While maintenance policies continued on a liberal basis the management again demonstrated stringent control over transportation costs. Through complete dieselization and one of the most comprehensive yard improvement programs ever undertaken by any railroad, Southern by 1953 had been able to reduce its transportation ratio down to 30.7%. This compared with the industry average of 36.3% and the road's own ratio of above 38% as recently as 1948-1949. It was not possible to preserve this low ratio with the decline in traffic last year, particularly as there was no incentive to curtail service with a risk of losing business to competitive transportation agencies. The 1954 transportation ratio of 31.9%, up only 1.2 points from 1953, represented a highly creditable performance under the circumstances. Final results were also considerably influenced on the favorable side by a cut of $8 million in accruals for Federal income taxes.

On top of last year's encouraging showing, the road got off to a flying start in 1955. Gross revenues were up 5.6% and net income increased nearly 60%. Common share earnings came to $0.86 compared with $0.50 in January 1954. This sharp increase, moreover, was accomplished without any benefit of taxes. As a matter of fact, Federal income taxes in the current period amounted to $2,050,000 or more double the accrual of $900,000 for the like month last year. Maintenance outlays have been curtailed, presumably reflecting completion of important roadway improvement projects. The most impressive aspect of the January 1955 report was that despite the rise in gross revenues the actual transportation costs were lower. The ratio was cut to 30.8% compared with 33.6% in January 1954. The business outlook continues encouraging and further year-to-year earnings gains should be witnessed in future months. Thus it is felt by many analysts that 1955 earnings might well top the record $11.63 of 1953.

On a long term basis the traffic outlook is still viewed as most promising, reflecting pronounced growth characteristics of the territory served. The limit so far as increased operating efficiency is concerned has obviously not as yet been reached. Further economies with respect to maintenance of way are foreshadowed by recent announcement of a record large order of $2.5 million of machines for track laying, replacing ties, etc. Thus, there is considerable confidence among railroad analysts that the trend toward higher earnings will continue so far ahead as can now be visualized. As a final consideration leading to confidence in the investment status of the stock it is generally anticipated that next year the company will retire some $60 million of maturing bonds, mostly carrying high coupons, out of treasury cash. This would materially improve the debt structure of the road and through reducing annual fixed charges would add further to common stock earning power.

Geo. R. Styskal With J. G. White & Co., Inc.

J. G. White & Company, Incorporated, 37 Wall Street, New York City, investment firm, announced that George R. Styskal has joined the municipal bond department of the firm.

George R. Styskal

Mr. Styskal has been with the municipal bond department at Guaranty Trust Company of New York for the past four years and was fomerly with The National City Bank of New York.

Reed & Sloan Co. Formed in Dallas

DALLAS, Tex.—Reed & Sloan Company has been formed with offices in the Adolphus Tower to deal in listed and unlisted capital gains situations. Officers are Harry Reed, President; Jos. Spiritas, Vice-President; and Archie Sloan, Secretary - Treasurer. Mr. Reed was formerly vice-president of Dallas Rupe & Son.

Now J. Logan & Co.

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — The firm name of Standard Investment Co. of California has been changed to J. Logan & Co. Officers of the firm, which is located at 721 East Union Street, are James H. Logan, President; Marvin M. Hersh, Vice-President and Assistant Secretary; Mildred Logan, Secretary and Treasurer.

Four With Inv. Planning

PITTSBURGH, Pa.—Herbert A. Asdal, Elmer L. Drown, George W. Kilzer and William H. Rodgers are now affiliated with Investors Planning Corporation of Pennsylvania, 417 Grant Street.

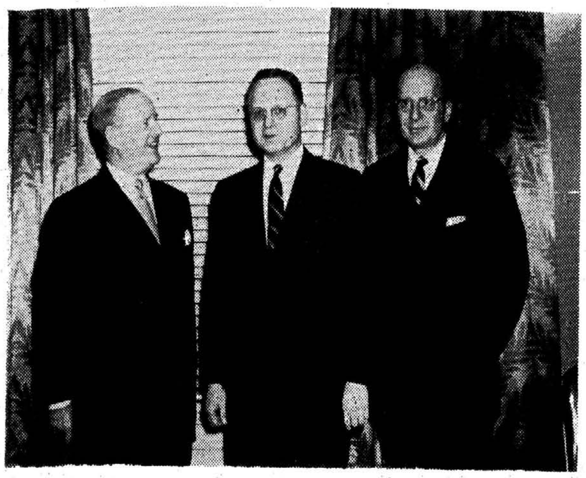
Preston, Watt Partner

PITTSBURGH, Fla.—Wilson B. Tiernan became a partner in Preston, Watt & Schoyer, People's Bank Bldg., members of the Pittsburgh Stock Exchange, March 1.

First Guaranty Co. Opens

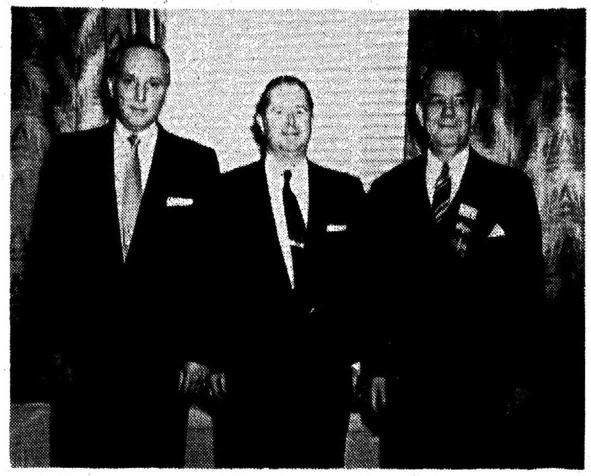
DALLAS, Texas — First Guaranty Company, Inc. has been formed with offices in the Davis Building to engage in a securities business. Ruggles N. Palmer is a principal of the firm.

New York Security Dealers Association

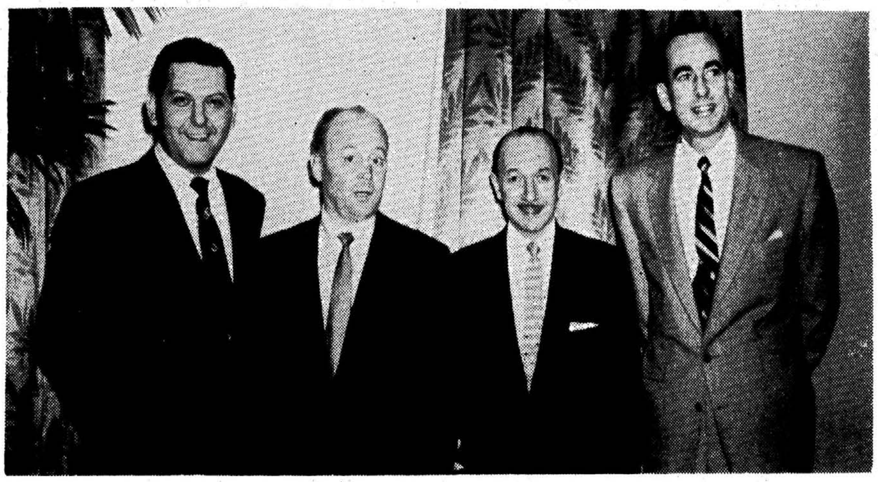


Frank Dunne, *Dunne & Co.;* Ralph H. Demmler, Chairman, Securities & Exchange Commission, Washington, D. C.; Eugene G. Statter, *Hoit, Rose & Company,* President of the New York Security Dealers Association

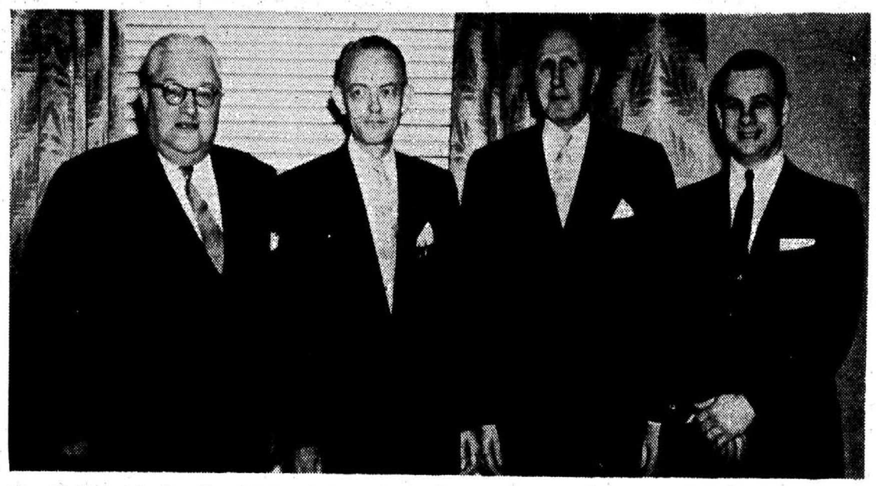
Edwin L. Beck, *Commercial & Financial Chronicle;* Robert C. Otto, *Chemical Corn Exchange Bank*



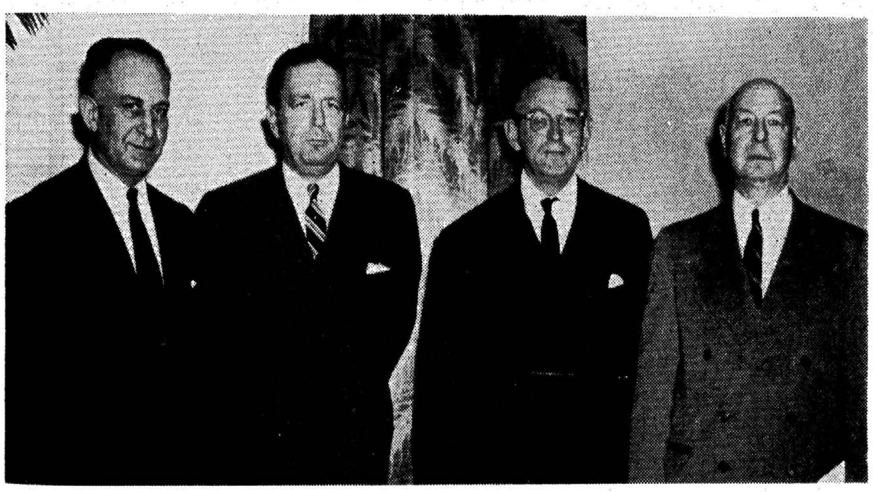
Adrian Frankel, *Ungerleider & Company;* John J. Mann, Chairman of the Board of Governors of the American Stock Exchange; John J. O'Kane, Jr., *John J. O'Kane, Jr. & Co.*



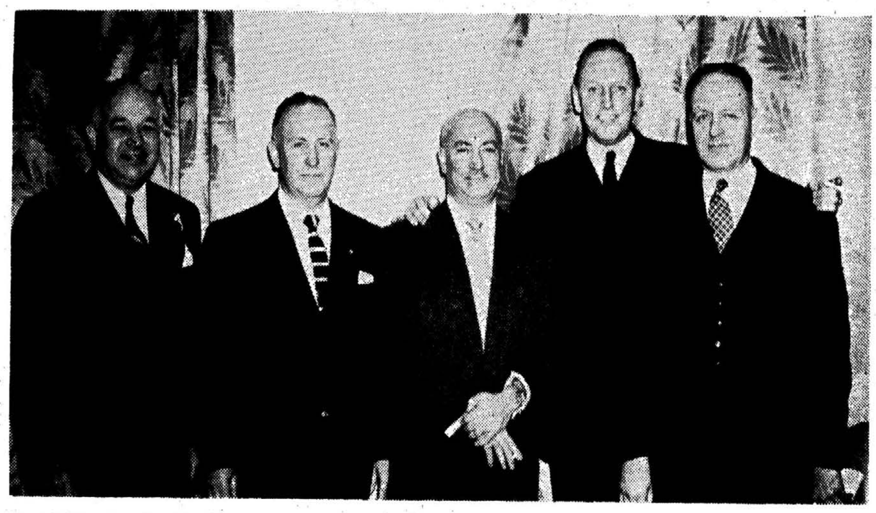
Arthur Weigner, *Lehman Brothers;* Milton Pinkus, *Troster, Singer & Co.;* Maurice Hart, *New York Hanseatic Corporation;* Charles Offerman, *Troster, Singer & Co.*



Harold B. Smith, *Pershing & Co.;* John M. Hudson, *Thayer, Baker & Co.,* Philadelphia; Stanley L. Roggenburg, *Roggenburg & Co.;* Ed Christian, *Stroud & Company, Incorporated,* Philadelphia



Max Furman, Assistant Attorney General of U. S.; Harold W. Scott, Chairman of the Board, New York Stock Exchange; Harold H. Cook, *Spencer Trask & Co.,* Chairman of District No. 13 of the N. A. S. D.; Harry R. Amott, *Amott, Baker & Co., Incorporated*

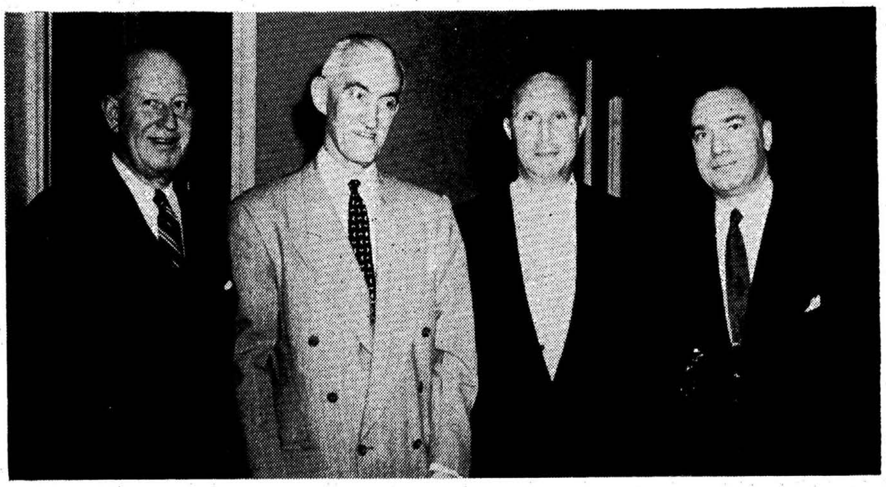


David Morris, *David Morris & Co.;* Harold J. Williams, *Boenning & Co.,* Philadelphia; Abner Goldstone, guest; Francis J. Purcell, Securities & Exchange Commission; Col. Oliver J. Troster, *Troster, Singer & Co.*

Sal Rappa, *F. S. Moseley & Co.;* Reg Knapp, *Wertheim & Co.;* Henry Gersten, *Oscar Gruss & Son;* Douglas C. Alexander, *Joseph J. Lann Securities, Inc.;* Murrey L. Barysh, *Ernst & Co.;* Charles M. Kaiser, *Grady, Berwald & Co., Inc.;* J. C. Blockey, *Harris, Upham & Co.* (all are members of the STANY Glee Club)

Paul R. Rowen, Commissioner, Securities & Exchange Commission, Washington, D. C.; Edward T. McCormick, President of American Stock Exchange; Bill Moran, Securities & Exchange Commission; Arthur Kaye, guest

29th Annual Dinner March 11, 1955



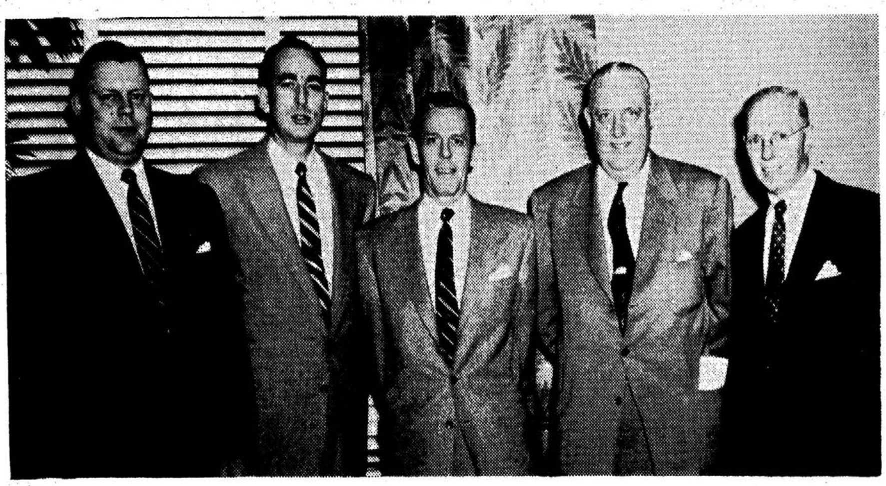
Lester Gannon, *Peter Morgan & Co.;* "Duke" Hunter, *Wellington Hunter Associates,* Jersey City, N. J.; S. B. Cantor, *S. B. Cantor Co.;* Irving Stein, *Greene and Company*

Elbridge H. Smith, *Stryker & Brown;* Irving A. Greene, *Greene and Company;* Frederick L. Bock, *John J. O'Kane, Jr. & Co.*

Walter F. Tellier, *Tellier & Co.,* Jersey City, N. J.; G. Everett Parks, *Hunter Securities Corporation*

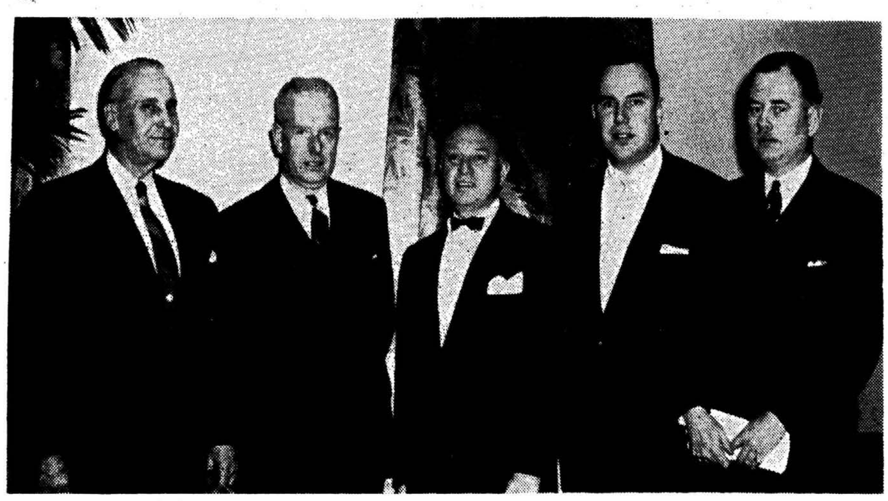
Frank Dunne, Jr., *Merrill Lynch, Pierce, Fenner & Beane;* John R. Dunne (guest)

Frank Koller, *General Investing Corp.;* Ralph DePasquale, *General Investing Corp.;* C. Stanley Duggan, *General Investing Corp.*



Walt Filkins, *Troster, Singer & Co.;* Charles Offerman, *Troster, Singer & Co.;* Bert Pike, *Troster, Singer & Co.;* Frank Keenan, *Central National Bank,* Yonkers, N. Y.; Clarence Nelson, *Baker, Weeks & Co.*

Daniel J. Riesner, President National Republican Club
Charles E. Stoltz, *C. E. Stoltz & Co.;* Robert Wallace, *Troster, Singer & Co.;* Harry Orloff, *Troster, Singer & Co.*



William J. Clancy, *Mabon & Co.;* F. H. Oliphant, *A. M. Kidder & Co.;* Sam Weinberg, *S. Weinberg & Co.;* Ely Batkin, *Batkin & Co.;* Hanns E. Kuehner, *Joyce, Kuehner & Co.*

A. Maurits Johnson, *G. H. Walker & Co.,* Bridgeport, Conn.; Sam Englander, *Englander & Co.;* Jack Germain, *Eastern Securities, Inc.;* Herb Gesell, *Kugel, Stone & Co., Inc.*

At the Hotel Biltmore

Robert M. Topol, *Greene and Company;* Sid Holtzman, *Joseph McManus & Co.;* Gene Brady, *Joseph McManus & Co.;* Jim Hansen, *Joseph McManus & Co.*

Charles R. Clausen, *Hoit, Rose & Company;* Kimball Herrick, *Barrett Herrick & Co., Inc.;* Frederick L. Chapman, *Barrett Herrick & Co., Inc.*

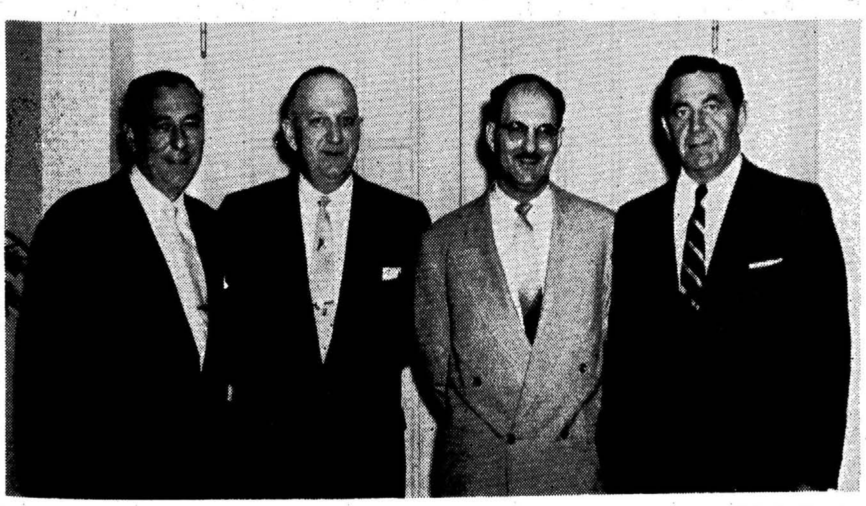
Walter Nester, *M. A. Schapiro & Co., Inc.;* W. G. Conary, *G. H. Walker & Co.,* Providence, R. I.; Herman Frankel, *Singer, Bean & Mackie, Inc.*

Hans Ben, *New York Haseatic Corporation;* Ted Young, *New York Hanseatic Corporation;* Harry Pollack, *Leone & Pollack*

George E. Rieber, Secretary, National Association of Securities Dealers; Larry Wren, *Allen & Company;* Don Hall, *Hoit, Rose & Company*

George A. Searight; George W. Tidd, guest; Leslie F. Tarbell, *Syle and Company;* W. F. Moss, *National Quotation Bureau*

Lou Walker, *National Quotation Bureau, Inc.;* Harry Casper, *John J. O'Kane, Jr. & Co.;* Nat Krumholz, *Siegel & Co.;* Julius Golden, *Greene and Company*



Herbert Singer, *Singer, Beane & Mackie, Inc.;* Hoy Meyer, *Joseph Faroll & Co.;* Phil J. Chasin, *Trust Company of North America;* Irving L. Feltman, *Mitchell & Company*

Joseph A. Monahan, Frank R. Walsh, Ken Howard, Lawrence P. Sheehan, and Dan Simone, all of *J. A. Hogle & Co.*

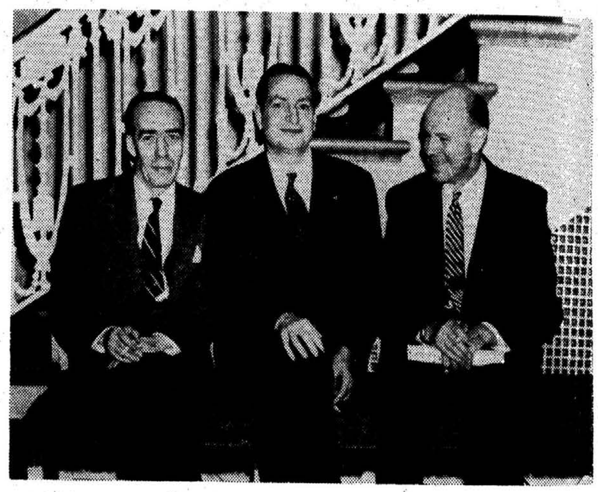
Record Attendance by Members and Guests

Edward J. Enright, Executive Secretary of *New York Security Dealers Association* (seated); Mel S. Wien, *M. S. Wien & Co.*, Jersey City, N. J.

Charles H. Dowd, *Hodson & Company, Inc.*; George J. Springer, *Hodson & Company, Inc.*; Roy R. Larson, *H. D. Knox & Co., Inc.*; Edward W. Schaefer, *H. D. Knox & Co., Inc.*

Herb Singer, Jules Bean and Robert A. Mackie, *Singer, Bean & Mackie, Inc.*

Abner Goldstone; Lou Walker, *National Quotation Bureau, Inc.*



Tom C. Darrie, *P. W. Brooks & Co., Inc.*; Eddie Moynahan, *Eastern Securities, Inc.*; Peter Burnett, *Minot, Kendall & Co., Inc.*, Boston

Wallace H. Fulton, National Association of Securities Dealers, Washington, D. C.; Carl Stolle, *G. A. Saxton & Co., Inc.*; John J. Kelly, National Association of Securities Dealers

John D. Ohlandt, Jr., *New York Hanseatic Corporation*; Ann Bennett; Eugene G. Statter, *Hoit, Rose & Company*; Harry Smolin

Charles A. Bodie, *Stein Bros. & Boyce*, Baltimore; John J. O'Kane, Jr., *John J. O'Kane, Jr. & Co.*; Chairman of Entertainment Committee; Ed Christian, *Stroud and Company, Incorporated*, Philadelphia, President of Investment Traders Association of Philadelphia; Shepard Alexander, *Hamershlag, Borg & Co.*; Harry Fromkes, President, *Lawyers Mortgage & Title Co.*

Frank J. Ronan, *New York Hanseatic Corporation*; Andy Riggio, *Walston & Co.*; Sam Milt, *New York Hanseatic Corporation*; George Leone, *Leone & Pollack*

Solution of the British Instalment Selling Problem

By PAUL EINZIG

Dr. Einzig points out that although there is disagreement in Britain regarding the good or evil of instalment selling, almost everybody agrees its long range expansion is taking place at the wrong time. Says solution by which it would be possible to secure advantages of instalment selling expansion without its disadvantages, is to impose a special tax on instalment sales during boom periods.

LONDON, Eng.—The problem of the expansion of instalment selling is at last receiving the attention it deserves. Hardly a day passes without reference to it in the Press, in Parliament, or in Chairmen's speeches at shareholders' meetings. Politicians, economists and businessmen are divided into two camps, according to whether they approve or disapprove of the "hire-purchase boom." Those in favor include business firms which benefit by it directly, expansionist economists, and some Conservative politicians anxious to ensure an atmosphere of boom in election year. Those against it include most bankers, businessmen who are liable to be affected by general credit restrictions adopted to check the expansion, Socialist politicians who fear that, as in 1929, the "bust" that is to follow the boom would occur during their term of office, and anti-expansionist economists.

Dr. Paul Einzig

Almost everybody agrees on one point—that the long-range expansion of instalment selling in Britain is taking place at the wrong moment. It is deplored that the system should have failed to attain maturity before the war when there were some 1½ million unemployed to absorb, and that this major trend should be taking place during a period when there is over-full employment. The inflationary effects of instalment selling expansion is causing much concern. Many thinking people are much more worried, however, by the dangerous situation that will arise when the volume of instalment business has reached truly gigantic proportions. In the absence of statistics, the outstanding amount is estimated variously between £200 million and £450 million. Even the latter figure might easily double or treble before saturation point is reached. The danger lies in the possibility of a sudden decline from that level during a period of business depression. Such a decline would greatly exaggerate the deflationary spiral.

The solution which is advocated by most opponents of instalment selling expansion is to prevent it either by general credit restrictions on conventional lines, or by selective control measures directed specifically against this type of business. For the sake of avoiding the risk of accentuating the slump, these people would gladly renounce the advantages of business expansion that could be achieved through a prolonged expansion of instalment business. "Safety first" has become a popular slogan in many quarters.

There is, however, a solution by which it would be possible to secure the advantages of instalment selling expansion without having to fear its disadvantages. Under existing conditions the system tends to exaggerate the upward and downward trends of business cycles. But this need not necessarily be so. The remedy lies in our hands. Human brain can invent a method by which instalment selling could be enlisted among the "counter-cyclical" devices.

In 1944 the Swedish Committee for Postwar Economic Planning elaborated a proposal under which the purchase of durable goods by families should be subsidized by the government to the extent of 50% during periods of depression. In this form the proposal would flavor too much of discredited "New Deal" in the United States and of almost equally discredited "Welfare State" in Britain to be palatable for a Republican or Conservative Administration. It would seem to be just another consumer subsidy at the expense of the long-suffering taxpayer.

Under the Swedish system there would be nothing to prevent an unduly rapid expansion of the instalment system during a boom, to a level at which it would be difficult and costly to try to maintain the volume of business with the aid of subsidies. What is needed is a solution which would operate in both ways, and which would slow down the boom in instalment business.

This dual end could be achieved by imposing a special tax on all instalment contracts during periods of exaggerated expansion. The proceeds would be paid into a special fund, out of which purchasers of durable goods on instalment payments could be subsidized during a period of depression. This system would have the following advantages:

(1) It would discourage instalment business when its expansion is considered inopportune.

(2) By mopping up and immobilizing consumers' purchasing power it would produce a disinflationary effect.

(3) It would enable the authorities to subsidize instalment business during a depression.

(4) This subsidy would cost nothing to the taxpayer.

(5) The release of immobilized purchasing power during a depression would produce a deflationary effect.

(6) By stabilizing conditions in the industries concerned it would enable them to plan their investment well ahead.

There would of course be many points of detail which would have to be considered. What is the maximum tax which instalment business could bear? Should the same tax be applied to all goods? Should the tax be varied according to the degree of the boom? What categories of consumers should benefit by the subsidy? Should the special fund have powers to borrow under Treasury guarantee during prolonged depressions? What should be the terms of the subsidy? All these are tricky problems, but not incapable of solution once the basic principles of the suggestion are accepted.

Joins Waddell & Reed

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert F. Love has become associated with Waddell & Reed, Inc. Mr. Love was previously with Irving Lundborg & Co. and prior thereto was San Mateo manager for Neergaard, Miller & Co.

Public Utility Securities

By OWEN ELY

Utilities Paying Tax-Free Dividends

As a result of security purchases during the 1920's, certain holding companies such as Electric Bond & Share, United Corporation, Standard Power & Light, International Hydro-Electric, and Central Public Utility have substantial book losses in their balance sheets (as reported to the Treasury Department), which can be realized to the extent required for dividend purposes by partial sale with later re-purchase. Some of these companies, particularly Electric Bond & Share and United Corporation, are understood to have adequate book losses to insure tax-free dividends for many years. Electric Bond & Share is currently paying dividends in stock of United Gas Corporation, but is expected to initiate cash payments toward the end of 1955. All of the utilities mentioned are in the process of transition to investment companies.

There are also a considerable number of utility operating companies which last year paid partially tax-exempt dividends, as per the accompanying table. Many of these companies were formerly in holding company systems, and at that time made heavy charges for depreciation over a period of years in their reports to the Treasury Department, thus exhausting their earned surplus. Some of these utilities are now charging five-year accelerated amortization of "defense" plant which may result in decreased net earnings as reported to the Treasury (but not as reported to stockholders). This combination of lack of earned surplus and low current earnings means that (so far as the Treasury Department is concerned) dividends are being paid partly out of capital.

Five-year amortization of defense plant is now well under way and in some cases may not last more than two or three years longer (the amounts vary from year to year because the amortization is by individual new units). However, the new tax code of 1954 permits certain new methods of rapid amortization to go into effect on new plant, without the necessity of obtaining special authorization. While it is not clear as yet to what extent the utility companies will avail themselves of this new privilege, it is possible that such use may extend indefinitely the present situation for some companies with respect to partially tax-free dividends.

The accompanying table is intended to be illustrative rather than factual. Because of accounting and legal technicalities, it is safer to depend upon official notices to stockholders from the individual companies, or other releases of an official character.

It is difficult to comment on tax-free dividends as a market factor. Where payment of such a dividend seems assured for many years, as with United Corporation, it is probably a factor in explaining the yield of about 4% on that stock. Obviously, stocks of this kind are of particular interest to investors in the higher tax brackets. However, it should be pointed out that so-called tax-free income may eventually become subject to a capital gains tax, since it is necessary to mark down the cost of these stocks on the investor's tax books by the amount of all tax-free dividends received.

UTILITIES PAYING "TAX-FREE" DIVIDENDS IN 1954

	Total Dividends Paid	Estimated Tax-Free *Portion	Approximate Percentage Tax-Free
California Oregon Power	$1.60	$.98	61
California Water Service	2.20	.57	26
Central Hudson Gas & Electric	.70	.39	56
Central Louisiana Electric	1.15	.53	46
Central Public Utility	.80	.80	100
Detroit Edison	1.60	.51	32
Electric Bond & Share	**1.26	1.26	100
Equitable Gas	1.40	.33	24
Hartford Electric Light	2.75	.97	35
Illinois Power	2.20	.55	25
Kansas-Nebraska Natural Gas	1.20	.36	30
Lowell Electric Light	3.30	1.23	37
Mystic Valley Gas	1.20	.11	9
New England Tel. & Tel.	8.00	.08	1
Pacific Power & Light	.93	.32	34
Pittsburgh Railways	.30	.30	100
Portland Gas & Coke Co.	.90	.54	60
Scranton-Springbrook Water Service	.90	.23	25
So. Berkshire Power & Electric	1.80	1.40	78
Southwestern Public Service	1.32	.74	56
Standard Power & Light	.70	.70	100
Suburban Electric	4.35	1.76	41
Tacoma Transit	1.25	1.25	100
United Corporation	.27	.27	100
Utica Transit	.75	.75	100
Washington Water Power	1.63	1.41	87
West Virginia Water Service	1.40	.53	38
Weymouth Light & Power	3.20	1.27	40
Worcester County Electric	3.35	2.02	60

*The figures have been rounded to the nearest penny.
**Cash value of United Gas Corp. stock distributed.

Business Man's Bookshelf

Manual of Excellent Management: 1955 Edition—American Institute of Management, 125 East 38th Street, New York 16, N. Y. (cloth), $20.

Mutual Savings Banks of the United States (Director—National Association of Mutual Savings Banks, 60 East 42nd Street, New York 17, N. Y. (paper), $1.

Over the Counter Stock Charts—graphic manual of over-the-counter market containing charts on 338 industrial stocks, 77 utilities, 45 banks, 44 insurance companies, two years of weekly prices, annual ranges from 1949, earnings, dividends, capitalization, capsule description of each company's business, and 16-year charts of over-the-counter industrial average—yearly subscription (6 up-dated bi-monthly editions), $45; single edition (March-April) $8.75—Over-the-Counter Publishing Co., 14-F Elm Street, Morristown, N. J.

Population and Labor-Force Trends—Council for Technological Advancement, 120 South La Salle Street, Chicago 3, Ill. (paper), single copies free, additional copies, 25¢ each (quantity prices on request).

Pricing and Price Defferentials on Over the Counter Markets—Irwin Friend, Morris Hamburg and Stanley Schor—University of Philadelphia Press, 3457 Walnut Street, Philadelphia 4, Pa. (paper), $1.25.

Study of Saving in the United States—in two volumes—Raymond W. Goldsmith—Princeton University Press, Princeton, N. J. (cloth), $30 (for both volumes).

To Make a Free World: An Exploration of a New Foreign Policy—Stephen Raushenbush and Dewey Anderson—Public Affairs Institute, 312 Pennsylvania Avenue, S. E., Washington 3, D. C. (paper), 25¢.

Trends in Technology and Employment—Council for Technological Advancement, 120 South La Salle Street, Chicago 3, Ill. (paper), single copies free, additional copies 25¢ each (quantity prices on request).

Security Planning Opens

Security Planning Corporation is engaging in a securities business from offices at 10 East 40th Street, New York City. Boaz L. Brandmarker is a principal of the firm.

Continued from first page

As We See It

far the most of them before the market began to hestitate in 1929. Deposits of almost $1,625,000,000 were involved in these failures, more than a third of which were never recovered by the depositors. More than 5,000 of these failures occurred before the beginning of 1929, and the loss of deposits by the customers of these banks reached nearly half a billion dollars. Nearly 1,000 banks failed in 1926 alone with the loss to depositors of some $83,000,000. Of course, in all cases depositors had to wait a long time to get even what they ultimately salvaged from the wrecks.

In 1928 nonfarm real estate foreclosures numbered some 116,000. They had been 91,000 in 1927. It was not until 1933 that they reached a peak of 252,400. The Federal Reserve index of industrial production, after adjustment for seasonal variations, reached a peak in July, 1929. It managed to stay at that level in August of that year, but was definitely and unmistakably lower before the market began to show real signs of distress in October. Output of durable manufactures reached a peak in July, 1929, and was down substantially before the middle of October. The story is about the same in the case of the output of all manufactures. Output of iron and steel topped out in July, too. Various branches of business, such, for example, as transportation equipment, factory sales of automobiles, the production and smelting of nonferrous metals, cement output, brick production, nondurable manufactures such as textiles, textile fabric production, cotton consumption, wool textiles, as well as a good many others turned down quite appreciably at an even earlier date. Wholesale prices, as is well known, had been declining slowly since 1926.

It is to repeat the already familiar facts of economic history to assert that the bank failures of the '20's prior to the collapse of the stock market in the fall of 1929 stemmed more than anything else perhaps from the depressed state of agriculture throughout virtually all of the nation. In very large measure this unfortunate status of the farmer traced itself back to the policies of the Federal Government during World War I, when various steps had been taken to prop the price of wheat and other commodities, professedly as a means of assuring maximum production. Rabid land speculation resulted, of course, and much land was misused. When the inevitable aftermath of such policies came in the post-World War I years, something close to disaster emerged which could not fail to permeate a large part of the economic system.

When the affairs of failed banks were studied in detail in later years, it became clear that in the latter part of the 'Twenties at least another development had taken place which cost bank depositors a pretty penny. It was not loans to stock speculators, but unwise investment in bonds and in non-farm mortgage loans that did the damage. In the later 'Twenties we had had our spree of financing undeveloped countries, and the banks of the country had proved far from immune to the bond salesmen who pointed out the high coupon rates on these issues. The fact that these issues went into default one after the other was but remotely related to the stock market.

Those who lived through the terrible years of the earlier 'Thirties are not likely to need to be reminded of the tragic consequences of the loose, easy going, and sometimes actually fraudulent issuance and distribution of nonfarm mortgages. Who has not personally known the fate of some poor trusting soul who put his life savings into "guaranteed" mortgages or mortgage participation certificates of that dark era! Can any one possibly believe that these economic crimes could have failed to exact their penalties even if there had never had been any collapse in the stock market? To ask such a question is to answer it.

Of course, a good many things happened in the stock market during 1929 and the years immediately preceding which no man in his right senses would for a moment try to defend. We have no reason to believe that anything like them is occurring now or has occurred—despite some excesses which most thoughtful elements in the market undoubtedly regret as much as any one else. But let us not fall into the error of supposing that the economic sins committed in the stock market in the late 'Twenties are to be held accountable for all, or even the major part of, what took place in the half decade or more after the crash in 1929. The market excesses of that day were but another reflection of the spirit, the temper, and the mores of those years. Many other economic transgressions took place which were even more damaging to the economic system.

We deceive ourselves if we assume that we can prevent economic trouble in the future by shackling the stock market now. To suppose such a thing would greatly enhance the danger of neglecting other factors in the current situation which are reaching a definitely dangerous stage. Let us, rather, re-examine our mortgage situation, the state of things on our farms, our extravagant rate of increasing governmental debt—and the attitude of government toward all this. It would be better insurance against "another 1929," than attacking the stock market.

Continued from page 12

Facts About Universal Training-Compulsory Reserve Proposal

weren't prepared, weren't readied for the task and terrain with which they are now having to deal in Korea."[6] This means that troops trained for tropical warfare or just for general war, as in Europe, would be of little use in the cold weather and mountainous terrain of Korea.

Would universal military training have been essentially different from and better than Regular Army training so as to have rendered UMT graduates ready for Korea when Regular Army units were not ready? The answer is no. Since Regular Army units were not ready and needed extensive retraining for the specific terrain and situation in Korea, it is obvious that UMT boys could not have been used for "swift augmentation" of the fighting forces in Korea.

If it is argued that another war would be atomic and hence permit no time for reserves to be retrained, then there would probably also be no time to mobilize, transport and deploy reserves, however well-trained they might be. In a war in which the world's major cities and ports would be destroyed quickly and in which the decisive military stage would be over in a relatively short time, the fighting would have to be done by regular forces in existence at the time.

Brig. Gen. Thomas R. Phillips (USA Ret.), the military analyst of the St. Louis "Post Dispatch," in an article in the October, 1954 "Bulletin of the Atomic Scientists," wrote:

". . . The important question is whether large numbers of troops can be landed in Europe in the face of the destruction of ports. A port is such an easy target and can be hit in so many ways—aerial mining, submarine mining, or torpedoes—all atomic. It seems quite unlikely that great reinforcements will ever again flow from the United States to Europe. Thus, a war in Europe will have to be fought mainly by the forces already in Europe."

Amphibious landings in the face of atom or hydrogen bombs would be similarly impossible.

What Is the Function of the Reserves?

In view of the need for extensive retraining of reservists in time of war, it is important to discuss the function of the Reserves. In general there are two approaches to the problem of Reserve organization—the European system and the traditional American system.

The European system of Reserves is built on the concept of universal service in peacetime with reservists being called up by classes and fitted into units with whom they previously trained. This system originated in the days before modern industry played such a crucial part in warfare. As a result the European system placed its major emphasis on mass armies and called up men with little or no concern as to their role in industrial or agricultural production.

In the United States, on the other hand, industrial production came first because we relied on all kinds of mechanized warfare, required large-scale transport facilities to get to battle fronts, and in general had a large and more complex economy. Consequently, Selective Service rather than universal service was used, thus permitting essential workers to stay on the production or transportation job. Under such a system universal training was foolish and wasteful because millions would never be called away from their essential work.

Instead, a Reserve establishment under the American system existed to provide any additional partially trained volunteer manpower who could be called up without Selective Service. Their numbers were small enough not to disrupt the economy until more men could be adequately trained and equipped. The Reserves were thus the nucleus for the expanding Army and were also used as training cadres for men drafted under Selective Service. Always in wartime America, it has been easier and quicker to draft and train troops than to gear the industrial machine to the kind of production required to produce the weapons. As the Commander of Army Ground Forces pointed out in 1942: "A good stock of troops are ready now and rarin' to go but are delayed by two bottlenecks, shipping and equipment. No matter how fast ships, guns and tanks are supplied from now on, there will be troops trained and ready for them."[7]

Even in the Air Force where the training is far more technical, men were trained faster than their weapons were produced. General H. H. Arnold pointed out that "You can, however, train personnel faster than you can build equipment."[8]

The present proposal for UMT is an attempt to marry the European pattern of Universal Service to the American system of Selective Service. At no point does the President or the Army speak of foregoing Selective Service. They dare not risk injuring the complicated industrial and transportation set-up on which war depends. Thus, boys who had military training or service and were in the Reserves would be deferred if essential to industry and called up if not.

Why then, should billions of dollars and millions of man-hours be wasted in universal and reserve training that would have to be repeated and could be of no use to those who were deferred as essential workers?

All of this waste in time, manpower and money would be made because the Pentagon has created "the important objective of equity of military obligation." This is simply a phrase to express the military dogma that "a period of military training for every young man is of intrinsic benefit to the nation, even if a percentage of those trained cannot qualify. . ."[9]

The Pentagon proposed to compel all these people to undergo military training and service and then screen them so that those with critical civilian skills would not be called into military service. There must thus be maintained within the military establishment a system of screening and selection to determine who is and who is not essential to the entire national economy. Those whom the military deem essential to the civilian economy would be eliminated from the Ready Reserve and put into a Standby Reserve whose "availability for service will be determined by the Selective Service system based on allocation of critical skills between military service and essential civilian activities."[10]

There would thus be two selective service systems in operation.

Not only does this put the national economy in time of emergency virtually under military control, it is a terribly wasteful system.

The proposed program would conscript everyone for some form of military training or service even though in time of emergency only a portion of those put in the Reserves could be used without jeopardizing the nation's economy.

Some Financial Implications

It is not only wasteful in terms of training men who will never be used in military service in wartime, but year after year such a program would impose serious burdens on industry and the economy. Private industry would have to pay the wages of three million men engaged in 17 to 30 days summer military training each year, as well as hire replacements for them during that period.

Taxpayers would have to pay for armories, drill pay, and up-to-date equipment for three million reservists each year in addition to the expense of a regular military establishment of several million.

Teen-age boys would have to look forward to eight to 10 long years under the military heel, never knowing whether they will be called up by the President for some war in Korea, Indo-China, or another part of the world.

This proposal is before the American people not because of necessity but because of an Army dogma that everyone should be conscripted, whether or not needed, and whether or not used. This is the essence of militarism, that every boy must be raised to be a soldier and that all of society must be subordinated to military security.

6 *Ibid*, Aug. 25, 1950.

7 As quoted in "What You Should Know About the Army Ground Forces" by Col. Joseph E. Greene.

8 Testimony before War Department subcommittee of House Appropriations Committee, June 6, 1945.

9 National Security Training Commission Report, October 1951, p. 26.

10 *Army Navy Air Force Register*, Dec. 25, 1954.

New S. F. Exch. Member

SAN FRANCISCO, Calif.—Ronald E. Kaehler, President of the San Francisco Stock Exchange, announced the election of George J. Otto to membership in the Exchange. Mr. Otto, a general partner of Irving Lundborg & Co., acquired the membership by transfer from Harry E. Jonas, also a general partner of that firm.

With Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Harold A. Cohen, Morris M. Blumenthal and Leonard Krupnick have become associated with Daniel D. Weston & Co., 140 South Beverly Drive. Mr. Blumenthal was previously with Samuel B. Franklin & Co.; Mr. Krupnick with Slayton & Company, Inc.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

The directors of **J. Henry Schroder Banking Corporation** and **Schroeder Trust Company of New York** announced on March 15 the election of Phillips S. Trenbath as a Vice-President. Prior to joining the Schroeder banks, Mr. Trenbath was associated with the law firm of Donovan, Leisure, Newton & Irvine. A graduate of Haverford College and Harvard Law School Mr. Trenbath served in the U. S. Navy during World War II and in 1951 and 1952 was Assistant General Counsel of the National Production Authority.

Phillips S. Trenbath

* * *

The appointment of Miss Virginia L. Kraus as an Assistant Secretary of **Manufacturers Trust Company of New York** was announced on March 14 by Horace C. Flanigan, President. Miss Kraus joined the bank in November, 1941 and was assigned to the Fifth Avenue Office as a stenographer. Later she worked as a Secretary to one of the Vice-Presidents at the 57th Street Office. In September, 1953, Miss Kraus was appointed an Assistant Branch Manager of the 570 Lexington Avenue Office and at present she is assigned to the Fifth Avenue Office, 510 Fifth Avenue. Manufacturers Trust Company now has a total of 18 women officers.

* * *

The New York Trust Company of 100 Broadway, New York City announces the opening of another midtown office, on March 14, covering street floor, mezzanine and basement space in the Bartholomew Building at 205 East 42nd Street, just east of Third Avenue near United Nations. The office offers complete banking and trust facilities, with particular attention to the requirements of the businesses and individuals. This brings to a total of five the offices of The New York Trust Company in the midtown area.

* * *

Melville P. Chamberlain and G. Homer Williams, former Assistant Vice-Presidents, have been elected Vice-Presidents of **Chemical Corn Exchange Bank of New York**, it was announced on March 11 by N. Baxter Jackson, Chairman. Mr. Chamberlain, who joined the bank in 1936, is head of the bank's Wall Street loan Division at 30 Broad Street. Mr. Williams, who began his banking career in 1927, does specialized credit work in the bank's main office at 165 Broadway.

* * *

Judge Simon H. Rifkind has been elected a director of **The Sterling National Bank & Trust Company of New York**, it was announced on March 10. Judge Rifkind, a member of the law firm of Paul, Weiss, Rifkind, Wharton & Garrison, was United States District Court Judge in New York from 1941 to 1950. From 1930 to 1941 he was a partner of the late Senator Robert F. Wagner in the law firm of Wagner, Quillinan & Rifkind. In 1945 Judge Rifkind was appointed an advisor to Dwight D. Eisenhower on problems of displaced persons. He is a member of the Board of Higher Education, New York City.

* * *

The body of Arnold N. Tschudy, (53 years of age), Vice-President of **Bank of America of Los Angeles, Calif.**, who died unexpectedly on March 12, was sent to his home in New York by air on Monday, March 14 from Palm Springs, Calif., where his death occurred. Mr. Tschudy had been in charge of the bank's **New York office** since 1950. He had just completed a week's visit at the San Francisco headquarters, conferring with President S. Clark Beise and other senior management officers of the institution. He was on his way eastward, pausing for the week-end at Palm Springs, when he was suddenly stricken. He had not previously been ill. Mr. Tschudy was a native of Billings, Mont., where he graduated from high school, then attended the University of Montana and the University of Washington. Then he moved to California and attended the University of California in Berkeley, graduating in 1925. In 1926 he joined General Motors Acceptance Corp. and served that concern in managerial capacities in overseas fields, including Japan and Brazil. In the latter country he served as President of the American Chamber of Commerce in Sao Paulo. During the war years he served as director of the office of inter-American affairs, for which he was honored by the Brazilian Government. After the war he was appointed Executive Vice-President of the council for inter-American Coperation in New York. He assumed charge of Bank of America's operations in New York in 1950.

* * *

J. W. Hopper, President of **The Lincoln Savings Bank of Brooklyn, N. Y.**, announced this week the election of Michael J. Burke as Executive Vice-President of the bank. The action was taken at the March meeting of the Board of Trustees. Mr. Burke has been continuously associated with financial institutions engaged in the mortgage business in the New York area since 1926. Before going with The Lincoln in 1949 as Vice-President and Mortgage Officer, he was a Vice-President of the Manufacturers Trust Co., in charge of its Real Estate and Mortgage department. In 1953, The Lincoln's Board of Trustees elected Mr. Burke a trustee. He is presently a director of the Brooklyn Real Estate Board and Vice-President of the Savings Banks Mortgage and Real Estate Forum. In addition, he holds membership in the Long Island Home Builders Institute, the Mortgage Bankers Association of America and the Mortgage Bankers Association of New York. Mr. Burke also serves on the committee on mortgages and real estate of the Savings Banks Association of the State of New York and the Mortgage and Real Estate Committee of the New York Real Estate Board.

* * *

Chester A. Allen, President, announced the election of Julian D. Fairchild to the Board of Trustees of **Kings County Trust Company, Brooklyn, N. Y.**

Mr. Fairchild is the grandson of Julian D. Fairchild and the son of Julian P. Fairchild, who were the second and third to serve as Presidents of the Trust Company.

* * *

Frederick Sundermann of Scarsdale, N. Y., has joined **National Bank of Westchester, of White Plains, N. Y.**, as Assistant Vice-President, Ralph T. Tyner, Jr., President has announced. Mr. Sundermann, who has been Assistant Treasurer of **Manufacturers Trust Company, New York**, in the New Business and Correspondent Bank Department, will specialize in business development activities at National Bank of Westchester. Before joining Manufacturers Trust Co. in 1952, Mr. Sundermann was Cashier of The First National Bank & Trust Company of Tuckahoe (presently consolidated with National Bank of Westchester). He joined the Tuckahoe bank in 1936.

* * *

At the close of the Annual Meeting of the Board of Trustees of the **Peoples Savings Bank of Yonkers, N. Y.** held on March 9, Albert B. Losel, President and Anton G. Kleine, Treasurer retired. After the meeting the Trustees and the officers of the bank adjourned to the Hudson River Country Club, Yonkers, where an informal beef steak party was tendered to Mr. Losel and Mr. Kliene. Each was also presented an appropriate set of resolutions. Mr. Losel started an account in the bank 64 years ago on July 6, 1891 and this is now the second oldest active account in the bank. He had been employed by the bank for over 54 years, the last 11 years as President. Mr. Losel will continue as Trustee of the bank.

He has been active in the affairs of the Savings Bank Association of the State of New York and the National Association of Mutual Savings Banks, having been President of the Officers Forum of Group IV—Chairman of Group IV—President of the Westchester Division of Group IV. He was one of the original members of the studying bankers from which was formed the American Institute of Banking.

Mr. Kleine began his employment at the Peoples Savings Bank in 1911 and became successively Auditor, Assistant Secretary and finally Treasurer in 1944. He has been Secretary and also Treasurer of the Westchester Division of Group IV of the Savings Banks Association of the State of New York.

Mr. Losel was succeeded as President by John F. Ewald who has been Vice-President since 1947. Carhart V. Francis continued as Secretary and was also elected Vice-President in place of Mr. Ewald. He was also elected a Trustee of the Bank. Emil L. Knesnik who has been Assistant Treasurer since 1947 was appointed Treasurer succeeding Mr. Kleine. Stephen N. Slota, formerly Auditor, was appointed Controller. James C. Fulton was re-elected Second Vice-President and Edwin J. Newman continued as Assistant Vice-President. Also continued are Anthony J. Mei and Francis A. Holmes, Assistant Secretaries, and John A. Wallace, Counsel, George R. Sankey and David R. Christie were appointed Assistant Treasurers.

* * *

The Second National Bank of New Haven, Conn., now has a capital of $1,500,000 compared with $1,000,000 previously, the sale of new stock to the amount of $500,000 having brought about the increased figure, effective March 3.

* * *

T. Philip Reitinger, President of **The Montclair Savings Bank, of Montclair, N. J.**, announces that at the March meeting of the Board of Managers two promotions were made in the officers' staff. Paul A. Pearson, who has been Assistant Secretary of the bank has been advanced to the position of Secretary, and Miss Louise Fulton, who has been Bookkeeping

Continued on page 47

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

The first days of March brought the announcement of the fourth merger involving leading New York City banks within six months. First we had word of Chemical Bank & Trust Co. taking over Corn Exchange Bank Trust. Chemical was organized in 1827 as a chemical manufacturer, but it also had certain banking powers in its charter and was soon operating principally as a bank, although the chemical activities continued, successfully, for a number of years. Corn Exchange dated from 1853, when it was organized to provide banking facilities for the grain trade.

Then came announcement of the Chase-Manhattan consolidation in late 1954. Chase, established in 1877, took the name of Lincoln's Secretary of Treasury. It has for some years ranked as the country's third largest bank, and the second in size in New York. Bank of Manhattan dates back to 1799, and is the second oldest New York City banking institution. This merger will give Chase first position among the New York banks.

Following this was word of Bankers Trust taking over Public National Bank & Trust. Bankers, organized in 1903, operated for some years as a trust company for banks and bankers solely; but it later altered this set-up and has for a number of years been doing a general banking and trust business. Public National is, as our city's banks go, one of the more recently established institutions, dating from 1908.

And now comes the purchase of First National Bank by National City Bank. First was also a Civil War period bank, while National City traces its history back to the War of 1812. It has for some time occupied the premier position among the New York banks so far as total resources and deposits are concerned. National City owns beneficially for its shareholders the outstanding stock of City Bank Farmers Trust Co. (the old Farmers Loan & Trust Co.), which handles the personal trust operations, contributing some $12,700,000 in 1954 to consolidated gross income.

First National confined its activities to large accounts, and derived the major portion of its income from holdings of government and state and municipal bonds. Indeed investments had been exceedingly profitable for this bank before security affiliates were outlawed in the early 1930's, as its security company contributed the bulk of the banks dividend payments for a number of years.

Numerous reasons have been advanced for the numerous mergers around the country in the past few years. One of the more widely accepted thoughts has been that the acquiring banks have in many instances gone after established branch systems. With the cheap money rates that have ruled for several decades, bank earnings suffered, and many institutions set out to establish branches to bring in the smaller accounts. As it became apparent that the costs of establishing new branches was becoming prohibitive and that the new locations could not be gotten onto a paying basis for some years, the acquiring banks began to negotiate to take over existing outlets. In recent years several New York banks have taken over smaller outlying banks to build up their branch systems, but the recent moves have been made with an eye to covering the territory thoroughly in order to be able to compete as business moves out to a city's periphery.

Another reason arises from the growth in the country's business activities. Banks are permitted to lend to a single borrower only 10% of capital and surplus. Where mergers are effected by an exchange of stock (e.g., Chemical-Corn; Chase-Manhattan, Bankers-Public), the capital funds, and hence the lending limitation, are increased.

It has been said facetiously that the only way a bank is able today to get help is to take over another bank. But probably there is more to it that is serious than the jocose. Today the bank personnel officers report a somewhat lower rate of job turn-over by bank employees than has been the case in recent years. Further, there has been something of a dearth of officer trainees, for bank jobs no longer had about them the aura of other days before the politicians put the banks in the pariah classification. In any case the mergers will relieve an important part of the personnel problem for the banks as there will be available more seasoned employees among whom the turn-over rate is lower than in the junior-clerk classification.

For the greater part, the recently announced mergers will not bring about too much duplication of accounts.

These mergers—and this applies to those involving the smaller banks—have proved the correctness of one of the contentions of the bank stock analysts, namely, that the large metropolitan banks have built up large undisclosed equities over and above published book values. Book values are the basis for mergers; but when a merged bank is taken over at a price considerably above acknowledged book value it is a clear indication that the statement equity has been understated.

With Hamlin & Lunt

Hamlin & Lunt, dealers in investment securities, announce that Ruth Gordon is now associated with the firm in the New York office at 2 Wall Street.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—William D. Sydnor has been added to the staff of Mutual Fund Associates, 444 Montgomery Street.

Continued from page 7

Trust Fund and Pension Plan Investments and the Stock Market

common stocks, but only as one form of investment. It should be added, however, that there are exceptions to this rule, and some pension trusts exclude common stocks. Estimates of the net new investment in common stocks by all pension trusts in 1954 range as high as $400 million. If one accepts this as a maximum figure, then the proportion of all pension trust funds that went into common stocks in 1954 was approximately 20% to 25%. While this is not a small amount in absolute terms, it is only a small fraction of the value of stock traded on the exchange. As a matter of fact, it is not much greater than the current new issue of common stock by General Motors, which amounts to $329,000,000.

It is our own judgment that common stock purchases for pension trusts, or indeed for trusts generally, are not a major factor in the determination of common stock prices. Buying for trusts is of course an element in the total demand, and it cannot be overlooked. But as Chase's own experience in 1954 demonstrated, the over-all impact is compounded of many considerations that make trustees sellers as well as buyers, and in total their activity is only one element among many that enters into the demand for and supply of stocks.

We believe the conclusion that trust purchases are not a major factor in the determination of stock prices is valid even after account is taken of the fact that trusts are not interested in all common stocks. The fact is that buying for trust purposes is spread over a wider range of stocks than is sometimes recognized. To refer to our own experience again, in the period of Sept. 1, 1953 to Dec. 31, 1954, Chase spread its common stock purchases over almost 200 separate issues. And of the funds invested, only 35% went into the so-called "Favorite Fifty," which is a compilation made by Vickers Brothers of the 50 stocks most popular with professional management. In other words, our trust investments are spread broadly over many companies and most industries.

Extent of Foreign Participation In the U. S. Stock Market

Foreign participation does not appear to be a major factor in the U. S. stock market, and its influence since World War II has probably been less than in prewar days.

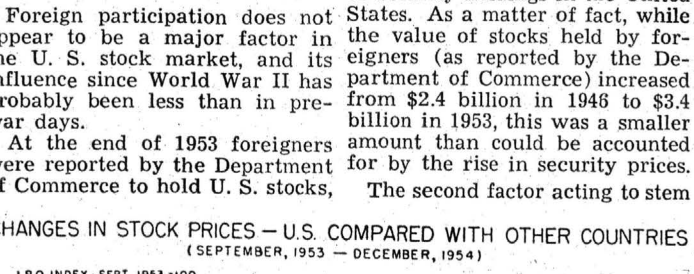
At the end of 1953 foreigners were reported by the Department of Commerce to hold U. S. stocks, common and preferred, valued at $3.4 billion. This was equal to only 2.9% of the total value at the time of all stocks listed on the New York Stock Exchange. Moreover, *net* purchases by foreigners during 1954, as reported by the U. S. Treasury Department (which compiles statistics for both purchase and sale of securities for account of foreigners) were not large—$76 million from January through October, the latest period for which figures are available. The turnover of securities owned by foreigners during this time was relatively heavy, with total gross purchases amounting to $812 million, or about 4.4% (in value terms) of the sale of all stocks on the New York Stock Exchange. However, these purchases for foreign accounts were largely offset by sales.

An impact of even more modest dimensions is apparent for 1946. In that year foreigners were net sellers of securities in an amount totaling $65 million. Their aggregate sales for the entire year amounted to only $432 million, or 2.8% of the value of all sales on the New York Stock Exchange. Precise information relating to stock purchases and sales by foreigners prior to World War II is not available, since the statistics then published lumped both stocks and bonds together. It appears probable, however, that the volume of stock activity was somewhat greater than in postwar years. In 1937, for example, net purchase of stocks *and* bonds by foreigners amounted to $245 million. However, since the bulk of foreign security holdings at the time was in stocks, rather than bonds, it may be assumed that a large proportion of the net addition consisted of stocks.

The failure of foreigners to participate more actively in U. S. markets during the postwar period is due to several factors. Perhaps the most important has been the existence in many countries — particularly in Western Europe — of stringent exchange controls. These controls are an inevitable result of the dislocation in trade and balance of payments that followed the war. They have made it very difficult for foreigners in many countries to add to their dollar balances or security holdings in the United States. As a matter of fact, while the value of stocks held by foreigners (as reported by the Department of Commerce) increased from $2.4 billion in 1946 to $3.4 billion in 1953, this was a smaller amount than could be accounted for by the rise in security prices.

The second factor acting to stem the flow of foreign capital into securities in the United States has been the rise which has occurred in security markets elsewhere. A comparison of the advance in stock prices in various countries of Western Europe with that in the United States for the period Sept. 1, 1953 to Dec. 31, 1954 is shown in the accompanying chart attached at the end of this statement. As may be seen, the advance in Western Germany and France was even greater than in the United States, while the rise in the United Kingdom was roughly equivalent to ours. In general the increases throughout much of Western Europe reflected both an improvement in general economic conditions and a renewed confidence in the outlook for business, stemming partly from the revival in the United States.

CHANGES IN STOCK PRICES — U.S. COMPARED WITH OTHER COUNTRIES
(SEPTEMBER, 1953 — DECEMBER, 1954)



Interrelationship Between the United States Economy and Foreign Economies

The economy of the United States is tied to that of the rest of the free world in a myriad of ways—through trade, finance, investment and the common need to achieve an economic base of growing strength for mutual defense.

Our own economy could not operate at a maximum efficiency without access to the raw materials and markets of other lands.

For example, we now are net importers of about 10% of our raw materials, and it has been estimated that the proportion will increase to at least 20% by 1975. We are growing increasingly dependent on outside supplies of iron ore, copper, bauxite and petroleum, as well as other products which are basic to us.

Likewise many of our own industries look to foreign markets to provide an essential portion of their demand. Such is the case with many types of machinery and equipment, and farm products like cotton and tobacco. In total, our shipments to other lands in 1954 amounted to $15 billion (including military aid) — an amount greater than the decline in production due to the recession of 1954.

All in all, the United States supplies about 20% of the imports of other nations — and it consumes about 15% of their total exports. While the healthy functioning of the economies of other nations is of considerable significance to us, it is probable that a high level of activity in the United States (coupled with an enlightened trade policy) is of even greater importance to the rest of the world. That is because we loom so large in the scale of things. Some idea of our relative strength is given by the fact that we produce about 60% of the free world's steel; consume two-thirds of its oil, and generate more than half of its electricity. The free world is heavily dependent on the United States as an essential source of supply for both civilian and military sources, as a source of capital and technical skill, and finally as a market.

It is this latter factor—the importance of the United States as a market for the rest of the world —that has figured prominently in many discussions of economic interrelationships in the past. Yet experience these past two years has required some re-evaluation of this factor. It was commonly thought that even a minor recession in the United States would set in train a downward spiral in the economies of other nations which they could not avoid. Yet this did not prove to be the case in 1953-54. While production in the United States fell off by as much as 10%, output in Western Europe followed an independent and contrary trend. It rose by 7%. Moreover, even though U. S. purchases from other countries fell by 6%, the buying of such countries from us increased almost 3%. It was the strength in demand from Western Europe that took up the slack in raw material markets and did so much to hold prices stable. Here, then, was a contradiction in terms of what many had been led to expect.

Looking back with the benefit of hindsight, it is apparent that a combination of factors, some of them unique, acted to bring this about. First, the countries of Western Europe in 1953 and 1954 achieved a measure of stability in their internal finances and their balance of payment relationships that had not been present before. The disrupting effects of inflation were, on the whole, no longer active. Controls over consumer buying were released and the shackles were removed from trade with other areas (except the dollar area, and here, too, they were loosened). Then again, it early became apparent that the downturn in the United States would not be of major proportions. And finally, a feeling that we might be heading toward a more stable political relationship with the Soviet Union made itself felt—or at least a feeling that we were not heading into a new and catastrophic war. All these were factors that inspired greater confidence on the part of both business and consumers. And it led to the unleashing of a further pent-up demand — one that could be met in part by the expanded facilities of production which Europe had been busily creating since the end of the war.

Yet I feel it would be a serious mistake to assume from the favorable experience of the past year that Europe and the rest of the world can isolate themselves from adverse developments in the United States. It is true that they probably can weather minor downturns in U. S. business activity without drastic consequences. But even in this regard the role of our government during 1954 in continuing to provide the rest of the world an extra lift in the way of supplies and financial aid must not be overlooked. We continued to make available to other countries about $4 billion in economic aid and extraordinary expenditures abroad, not to mention another $2.3 billion in outright military aid. Without this help the story in 1954 might well have been different. And if the United States were to head into a major slump, it seems most likely that it would have serious repercussions not only in Europe and Latin America, but in other sensitive areas of the world as well.

The fact is that even as the free world grows stronger, it grows more interdependent. We need the help of other lands for raw materials, markets and mutual defense; and they need the support of our economy if they are to achieve stability and a satisfactory rate of economic progress. As I understand the President's foreign economic policy, it is directed to the creation of a framework within which the nations of the free world may all work together in the harmonizing of these mutual economic interests.

Continued from page 14

Our Interest in Europe's Welfare

it is an art that, in some measure, we must master as we go along. In George Humphrey and Randolph Burgess and Marion Folsom we have excellent men in the Treasury, and Bill Martin and his colleagues know their business in the Federal Reserve. Then there are the President's economic advisers, headed by that remarkable man, Arthur F. Burns. Many of you have doubtless read his recent Economic Report, in which in eloquent and understandable language he and his colleagues set forth the philosophy for the economic administration of a great country like ours, a country in rapid development, where we all agree that individual initiative should be given rein. Burns does not minimize the difficulties, the unsolved problems, the unforeseen possibilities. He conveys a vivid impression of the portentous issues at stake, and leaves on me, for one, a feeling of deep respect for the integrity and intelligence of those who are carrying the awful burden of these problems in Washington today.

If America's full decade of prosperity has been impressive, equally impressive has been Western Europe's recovery from the war. Utterly prostrate only ten years ago, Western Europe is today a patient emerging from convalescence. Perhaps we do well not to be over confident: after all, the wise physician keeps his eye on his discharged patient for a little while, on the alert for a relapse. But the fact is that all of Western Europe, with local exceptions, is doing well.

The British Situation

The British situation, after reaching a high level of prosperity, has taken a dip in recent months and the authorities have had recourse to rather sharp corrective measures. Here is a useful reminder of how delicate is the equilibrium between inflation and deflation, and let us hope that the orthodox corrections will suffice to restore the balance. How wise, in retrospect, it was that the British declined to rush back to convertibility a few months ago! Clearly it is better for a key currency to await the rising tide of healthy economic trends and then float off gently and easily into convertibility, than for it to slide down the ways prematurely into waters too shallow to carry a ship of so deep a draft.

Today in every country we face the adjustment between internal stability at a high level of employment, and external stability as measured by exchange rates. No where is the problem more sharply posed than in the United Kingdom, and an understanding world will certainly refrain from offering back-seat advice on this exceedingly delicate and all-important problem.

It is well not to forget how far along the road to recovery Great Britain has traveled. Ten years ago we were constantly hearing about the dead weight of Britain's frozen sterling balances. Those immense sums owed to others seemed an insurmountable roadblock. Where are they today? By imperceptible stages they have faded from our consciousness. This is not because the U. K. has liquidated these payables. Quite the contrary. In 1945 the famous sterling balances amounted to roughly three billion sterling. Now, believe it or not, they approach four billion! In the course of a decade the debts that were a nightmarish incubus have become the working balances of a trading world left in London. Great Britain has more than doubled its gold and gold exchange holdings, has reset its obligations to the rest of the world to suit the conditions of peacetime trade, and has increased its sales of goods and sesrvices from £1.5 billion yearly to almost £4 billion. The world-wide rise in prices has contributed also to easing the load. The problem of the sterling balances, which once seemed to defy solution, has faded away with the passage of healing time.

In France, the currency has

been stable these three years, since the Pinay Government. There has been an extraordinary recovery in national production, which promises to accelerate over the next few years. In recent months gold has actually come out of hoarding in substantial amounts—sure proof of a return of national confidence. A tide of economic rejuvenation has set in, which many persons, even well informed persons, do not yet recognize. The French at last realize that the condition of recovery is that there be no return to inflation. If the rotation of Cabinets has been disconcerting, this has served to remind us of an important fact about France that we are apt to overlook, the excellence of the higher echelons of her civil service, skilled and devoted men able to minimize the hazards of the painful political uncertainty.

Perhaps Italy is still on the sick list, her unemployment persisting as a major preoccupation; but even in Italy the past decade has seen immense improvement, far beyond expectations; and the industrious and intelligent Italian people are now working on a plan for national rehabilitation that is full of promise. As for Western Germany, her recovery has been the most surprising of all. The great influx of refugees from the East, at first regarded as a terrifying problem, turned out to be a blessing in disguise, as those millions of uprooted people supplied Germany with the manpower needed to rebuild a powerful economy.

The Netherlands emerged from the war stripped of her colonies and utterly discouraged. Today that brave little country is thriving, with even some over-employment. As for Belgium, thanks in part to the courageous financial policies instituted by Camille Gutt and Governor Frere at the end of the war and in part to the dollars derived from the Congo, this little nation was from the first a focus of health in the post-war Europe, a pace-maker toward prosperity.

Europe No Longer Needs Aid

If Europe has really emerged from convalescence, our economic relations with the Old World may undergo a change. Europe no longer needs aid, and this gives to Europe, both economically and politically, an independence that I for one think is wholesome. We must not expect these ancient peoples to agree always with our outlook on world affairs. Then there are financial implications of a European recovery. Let us hope that Europe is on the eve of a great industrial advance, encouraged by the falling trade barriers among the various countries and sparked by the immense opportunities for modernizing plant facilities and increasing man-hour output. Any such program will call for the investment of huge sums, and if the Europeans have confidence in themselves, this could mean some withdrawal from America of sums that Europeans have long invested here, an outflow for which our monetary authorities are doubtless prepared.

The recovery of Europe disturbs some of my compatriots because of the competition that Europe will offer in the market of South America and elsewhere. For my part, I think competition is a wholesome influence in stimulating technological progress and I have confidence in our ability to survive it. But there is one danger that is serious: we all know how unwholesome are sales made on credit terms that are too long and easy. Too often they turn out in the end to have been gifts. Too often such sales encourage the launching of unwise projects. Some years ago there started in Europe a movement to pool information about credit facilities underlying export sale. Last September, the President of the International Bank for Reconstruction and Development, Eugene Black, reiterated the need for such a service in his annual report. Since then nine European countries out of the 10 that matter have agreed in principle, and the 10th will probably adhere soon. This is all excellent news, so far as it goes.

Information on East-West Trade

There is another sphere where I believe a pooling of information would be wholesome. I speak of the so-called East-West trade, trade between the West and the Soviet Union with its satellites. With all deference to those who disagree with me, those who oppose such trade in non-strategic goods seem to me not to have considered its advantages for the West. I favor such trade in non-strategic goods, where credit facilities are not being extended to the Soviet. I favor it because it strengthens the West. Those who oppose it talk as though we were discussing grants-in-aid to the Soviet Union, as though the benefits from commerce are a one-way street. But if we and Western Europe sell to the Soviet we shall also buy from her in equal measure, and the commercial benefits are a stand-off, while there is the additional advantage for us that we shall be penetrating the Iron Curtain. Let us never forget that the Iron Curtain was lowered by the Soviet Government to isolate the Soviet peoples from the West, and it is to our advantage to normalize personal contacts with Eastern Europe. Some are even suggesting seriously that the West should attempt to place an embargo on Soviet gold, as though there is some way of ticketing the precious metal that comes out of Soviet vaults for identification as it slips through channels of world commerce!

There is one respect, however, in which trade with the Soviet differs from ordinary trade. It is directed from the Kremlin and could be manipulated for political purposes, with one country played off against another. For this reason I should like to see an agreement among the Western nations to pool and publish an abundance of information about all trade transactions with the Soviet, but on the understanding that, subject to the qualifications I have mentioned, the more of such trade in non-strategic goods the better!

And this leads me to my final point. The strength of Western Europe and ourselves is our only insurace against the threat of our malignant foes in the Soviet Union. Our exports to Europe and the rest of the world contribute much to the strength of our economy, just as our purchases in Europe strengthen our friends and allies. In an expanding economy such as now prevails, the pain necessarily incident to the reduction of tariff schedules is greatly eased and adjustments are tolerable. For my part, I think that our Senators can well take advantage of the present phase of our economic evolution to adopt our President's gently graduated program for tariff reduction. Certainly that measure, wisely administered, will cause our nation no serious hurt, and it will make a significant contribution to our national defense.

Two With H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—William J. Carmichael and A. J. Warkentine have become affiliated with H. L. Jamieson Co., Inc., Russ Building.

Curran Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Sylvester O. Eckstein has been added to the staff of The Curran Company, 4336 Fourth Avenue.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The government market, in spite of its thinness and professional tinge, has been able to show a somewhat improved tone and to absorb what is being termed a "fair amount" of selling that comes about through switches which are being made out of Treasury obligations. To be sure, there are swops which are being made out of other fixed income issues into government securities but, according to reports, the purchases of Treasury obligations in these switch operations have not been as large as the sales of these same securities in the other exchanges which are being made.

The short-term government market continues to be in good shape and, until there is some change in policy of the monetary authorities, the demand for these securities will continue to be sizable. There has been some scale buying appearing now and then in the intermediate and long-term governments, but the size of these commitments is still limited. No change in this policy is indicated in the immediate future.

All Markets Affected by Credit Policy

The credit limiting operation of the monetary authorities is having an influence upon other segments of the money market, aside from Treasury obligations. It is evident that the higher yields which are being registered in corporate and tax free obligations are the direct results of the efforts by the powers that be, to raise the level of interest rates in an attempt to counteract the acion of certain economic forces which are not considered to have a favorable effect upon the economy as a whole. To be sure, the level from which the yield on all fixed income obligations is measured is the return on government securities, and the spread between the Treasury issues and the other securities usually widens when the pressure is on the money markets and decreases or lessens when conditions are easy in the money markets.

Long Treasury 3s in Demand

Even though there has been a widening of the spread between the yield in government obligations and non-government securities, it is believed in some quarters of the money markets that this spread will increase with the non-government issues going to higher yields in comparison with the return on government obligations. There are reports also of not a few instances in which non-government issues have been sold and the proceeds put to work in selected issues of government securities. The long-term Trasury 3% bond has been the important issue as far as the reinvestment of these funds are concerned. Pension funds as well as other free institutional investors have been among the prominent ones in this operation.

Treasuries in Reverse Swops

In spite of the switches which are being made from the non-Treasury issues into certain government obligations, there are also many cases in which losses have been taken in government securities with the resultant monies being put to work principally in new issues of non-government bonds. The kind of swop from the lower yielding government obligations into the higher yielding new issues of non-government has gained something of a following and will most likely continue for a while, at least, as long as the spread between these two types of securities appears to be large enough to warrant the switch into the non-government issues.

Higher Yields Dominant Factor

The fact that switches are being made from certain government issues into non-Treasury obligations affording a better return than is available in the government securities, is being helped by the realization that the government obligations fluctuate just as widely as non-government issues. Accordingly, the feeling seems to be why not take advantage of the current situation and improve income by going into the higher yielding fixed income non-Treasury obligations. When money market conditions change for the better, the non-government obligations follow the trend of Treasury issues, which means that the higher yielding non-government obligations will have a comparable recovery in price, which is not an unfavorable development as far as the owners of the latter securities are concerned.

Change in Monetary Policy Possible

Although the pressure is still on the money markets, and it is believed in some quarters that it will increase in intensity before there is an improvement in money conditions as a whole, it seems as though the statement of Allan A. Sproul, President of the Federal Reserve Bank of New York, in the annual report of the Bank, indicates some question about the outlook for business in the latter half of 1955. If there should be a change in the trend of economic conditions by or after mid-year, and there are many money market specialists who hold to this opinion, there appears to be no question but what there will be important changes in the monetary policies of the powers that be. The correction of the maladjustments or excesses in the economy would bring about immediate alterations in the program which has been in operation in the money markets.

Brown Bros. Harriman Appoint Three

The private banking firm of Brown Brothers Harriman & Co., 59 Wall Street, New York City, members of the New York Stock Exchange, announces the appointment of three new assistant managers. They are James A. Harper, Fred L. Heyes, and Frank W. Hoch. Mr. Harper came to the bank in 1948 and is in the commercial banking department. Mr. Heyes, with the bank since 1946, is in the domestic bank division of the investment advisory department, and Mr. Hoch, who came with the bank in 1947, is in the foreign investment department.

Oscar Miller Joins E. F. Hutton & Co.

E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange, have announced that Oscar Maxwell Miller has become associated with them as head of their Investment Research Department.

Mr. Miller, widely known in investment research circles, was formerly with General American Investors, Co., Inc. as a security analyst and served as Secretary and later Treasurer. Subsequently, he headed investment research operations in the brokerage field.

Secs. Inv. Co. Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Securities Investment Company has been formed with offices at 1650 California Street to engage in a securities business. Officers are Robert Hayutin, President; Bernice Hayutin, Vice-President; Gerald M. Quiet, Secretary.

Six With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Dorothy V. Armstrong, Ray B. Brown, Raymond W. Cordtz, Burdett R. Harrison, Arthur J. O'Donnell and Robert R. Rawlings are now connected with California Investors, 3924 Wilshire Boulevard.

Sidney Cheldin Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Sidney Cheldin is conducting a securities business from offices at 1560 Industrial Street.

Govs. of Ass'n of Stock Exch. Firms Will Convene in Pittsburgh

PITTSBURGH, Pa.—The Board of Governors of the Association of Stock Exchange Firms will convene at the William Penn Hotel in this city on March 23 for its annual spring meeting. Sessions will conclude on March 25. John J. Sullivan, senior partner

John J. Sullivan

C. McK. Lynch, Jr.

G. Keith Funston

of Bosworth, Sullivan & Co., Denver, current President of the Association, will preside at the business sessions.

Charles McK. Lynch, Jr., partner of Moore, Leonard & Lynch, Regional Governor of the Association, is supervising the arrangements. Of the 35 members of the Board representing the securities industry from 19 leading cities, 31 are expected to attend.

On the evening of March 23 the Board will be guests of a number of companies whose securities are listed on the New York Stock Exchange at a dinner at the Duquesne Club which will be attended by leading businessmen and financiers of Pittsburgh. G. Keith Funston, President of that Exchange, will make the principal address of the evening.

This will be the first time the Board as a group has met in Pittsburgh since 1947 at which time Joseph M. Scribner, senior partner of Singer, Deane & Scribner, was the Regional Governor. He served as President of the Association in the 1950-51 year and is now a Governor of the New York Stock Exchange.

Established in 1913 and reorganized in 1941 on a national basis, the Association of Stock Exchange Firms has behind it over 40 years of constructive work as an effective trade body for member firms and individual members of the New York Stock Exchange, representing a large majority of those doing business with the public. It does not duplicate the work of that Exchange but supplements it in the best interests of the investing public and of the listed securities industry.

Continued from page 3

What Can Happen in The Months Ahead!

paid-up life insurance is, it is not possible to estimate, nor is it possible to state for what purpose the loans were made. It is probable that at least part of the proceeds of the loans were used for the purchase of equities.

What about the future? It is much easier to predict economic developments during the first than during the second half of 1955. The recovery which set in during the late fall of 1954 will continue at least for several months.

(1) In the first place, the momentum of the recovery is strong and the trend is to the accumulation of inventories in anticipation of higher wages and higher prices.

(2) Construction contracts awarded are high.

(3) The seasonal upswing in agriculture and outdoor activity usually takes place during the second quarter of the year. The output of automobiles will continue large for the next few months. Wages will continue to rise, thus increasing disposable personal income and the demand for goods and services.

A Prediction for Second Half of 1955

The real question is what business activity will look like in the second half of 1955. The answer to this question will depend primarily on whether the building boom and the boom in the equity market continue unchecked. If excesses in these two areas are curbed, then the outlook for the second half of 1955 looks somewhat as follows:

(1) The output of automobiles and of other durable consumer goods will decrease. This is bound to take place irrespective of whether or not there is a strike in the automobile industry.

(2) Building activity, notably home starts, will decrease. These two developments in themselves will have an impact on the economy of the country as a whole and bring about a moderate reduction in the level of industrial activity which will be reflected in the Index of Industrial Production published by the Federal Reserve Board. The decline, in the general level of business activity under these circumstances will, however, not go very far since industrial and heavy construction will remain at a high level. The volume of public works, notably roads, schools, and others, is bound to increase considerably and the consumer demand for goods and services will not be seriously affected by a moderate decline in business activity. Moreover, a decline in business activity under the conditions described above is bound to result in a change in the credit and debt management policies of the monetary and Treasury authorities. By the fall the readjustment may be practically over and the upward trend in business activity resumed.

If, however, excesses in home construction and in the equity market are not checked and the booms in these areas are permitted to run their natural course, then the decline in business activity when it occurs is bound to be much more serious than would otherwise have been the case. One may also expect that with continued excesses in building activity and in the equity market the credit policies of the Reserve authorities will become much more rigid and affect not only the building industry but also all margin borrowers as well as marginal concerns.

If not checked, the boom in building and in the equity market may come to an end toward the end of the year and set in motion forces which could not be readily rectified through indirect controls such as credit and debt management policies. Nobody, of course, can predict with any degree of accuracy whether the excesses will be checked in time because human psychology in this respect plays a very important role. We do know, however, that if a larger decline in business activity sets in, brought about by a serious setback in equity prices and by a material decline in home building, it will bring massive intervention on the part of the government. It will take some time, however, before these measures take effect.

In a dynamic economy with a high standard of living where the optional demand plays a very important role, fluctuations in production and in distribution are bound to take place. While the statistical information that is available is of great help to those who endeavor to ascertain what the future may hold in store for us, yet such data alone cannot give a clue as to what the ultimate consumer may do or what his reaction to a given economic development may be.

Elements of Weakness Exist

Looked at purely from the statistical point of view, the economy of the country is strong and current recovery is on the whole healthy. However, it is evident also that certain elements of weaknesses have appeared. Moreover, it is quite clear that the automobile industry is borrowing at present from the future. The main problem is whether the exuberance in home building and in the equity market can be controlled and checked. If it can, then the decline that may take place in 1955 is likely to be only seasonal in character followed by a recovery in the fall which will carry on through 1956. If, on the other hand, the excesses are permitted to run their course, and particularly if they cannot be checked, then the United States may be confronted with a third postwar readjustment which may be even more serious in character than the ones which we witnessed in 1948-49 and 1953-54. The monetary authorities are fully aware of these excesses and steps have already been taken to curb them.

Landau Co. Formed

Theodore A. Landau has formed Landau Co. with offices at 11 Broadway, New York City to engage in a securities business.

Mutual Fund Assoc. Adds

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Walfred C. Dick has become connected with Mutual Fund Associates, 1903 Capitol Avenue.

Joins Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Edgar C. Button has been added to the staff of Mutual Fund Associates, 1736 Franklin Street.

Two With H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edward M. Gaugl and Charles H. Keyser have joined the staaff of H. L. Jamieson Co., Inc., Russ Building.

John R. MacKinney

John R. MacKinney passed away March 8 at the age of 54. A former member of the New York Stock Exchange, Mr. MacKinney was active as an investment counselor.

Benjamin H. Roth

Benjamin H. Roth, member of the New York Stock Exchange, passed away Feb. 20.

Continued from page 13

We Can Expect a Sustained Housing Demand

home entertainment and the contagious virus of the do-it-yourself movement explain much of the demand for single-family homes. The shorter work-week and the growth of leisure time play their part. To entertain at home, to make and do things at home means emphasis on houses, and particularly on owner-occupied houses.

In addition to this trend toward one-family homes, a second important change has been toward bigger houses. It has been estimated that the average floor area of houses has jumped 5% since 1951; and the Veterans Administration has reported a substantial increase in the proportion of G. I. homes in the over-$10,000 bracket. Back of this trend are probably two factors—availability of financing and the pressure of more children per family.

We are building houses at a tremendous clip. Nonfarm dwelling units have been started in the past few months at annual rates up to almost a million and a half a year. Our Dodge contract award figures for January and February indicate that these high levels will continue at least for a few months.

Some Tapering Off May Be Expected

Can we sustain this rate indefinitely? I rather doubt it. I would expect some tapering off in the rate of starts and contracts later this year.

But will that be disastrous? I doubt that, too. There may be periods and places where housing will remain unoccupied longer than the builders or owners would like. But, in general, and over the long run, the demand for housing in this country will remain strong.

Much is heard about the fact that new household formations today equal only about half the number of new housing units started. A household, by definition, equals one occupied dwelling unit; thus, the argument runs, if we build a million new units, and only form half a million new households, half a million new dwelling units will remain unoccupied.

This just isn't so, because much of the demand for new housing comes from old households—the ones with growing numbers of children or with rising incomes or accumulated savings. Obviously, if we add to our stock of homes more than we add to households, there will be vacancies, but not necessarily in the new housing.

In this connection, we must keep in mind two facts: first, a substantial number of dwelling units are destroyed each year, although we have practically no statistics on how many; and second, a sizable number of those which are not destroyed are so substandard that they should be torn down. Vacancies in this type of housing would be highly desirable. If we built as many as 300,000 units a year for replacement only, we would replace our present stock of housing only once in 150 years—and obviously, a lot of our housing isn't built to last that long.

Now it is true that net new household formation is at a low ebb right now. This reflects the low point in births reached in the depression some 22 years ago. From here on, we can expect a gradual rise in household formations for a few years, and beginning about 1961, a tremendous upsurge to heights never before known. During this coming five-year period, I would expect housing demand to be sustained, not at a million and a half a year, but certainly well over a million, by all of the factors I have mentioned.

I would expect to find some local problems, some temporary gluts and vacancies, especially in rental properties in some localities. I would expect credit to remain available on relatively easy terms, with bankers exercising due prudence in accordance with the conditions they see in their own areas. But I don't believe, and I can't find any other construction economist who believes, that we are facing a boom-and-bust situation in housing so long as the rest of the economy remains prosperous—as it apparently will remain.

Certainly, the construction industry will contribute its share to the general prosperity in 1955.

School building, which now accounts for nearly a third of all nonresidential building, will set new records this year and in years to come. The number of children in every grade will continue to increase at least through 1960. The children who will enter school in the next five years are already born, so this isn't mere speculation.

Other community buildings which, like schools, follow the trends of growth and movement of population, will behave in a similar fashion. These include hospitals, churches, public buildings, and social and recreational facilities. Never underestimate the importance of this group. In 1954, for the first time, these community buildings (including schools) totaled more than half of all nonresidential, exceeding industrial and commercial building combined.

Public utilities will respond to the same demand factors.

Commercial and industrial buildings, being producer types, are bound to respond to the demand pressures of a growing and more prosperous population. There is one important footnote, however. During and after the Korean War, industrial facilities apparently reached a temporary saturation point; they were the only major construction category (other than apartments) to show a drop in the record year of 1954. Industrial plans indicate a continued drop this year, to a relatively low point. But, with demand pressures increasing, this type of building should begin to show an upturn before long. Commercial buildings respond more directly to population growth and movement, and should set a new record in 1955.

Highway needs are obvious. The number of cars has approximately doubled in the past 10 years; our highways are woefully far behind. Probably for as far as we can see into the future, we will witness high levels of highway building.

Obviously, we don't want to let this rosy outlook carry us beyond our depth. We must keep our eyes open and our brains alert.

I have heard of a school teacher who, in the course of a tour of the west, was taken by a native guide to see a particularly stupendous canyon. As she stood on the edge of a sheer precipice, she shivered (probably from acrophobia) and said to the native, "This cliff looks awfully dangerous. Shouldn't somebody put up a warning sign?"

"Well, ma'am," said the native, "we did have a sign up for a couple of years, but nobody fell over, so we took it down!"

We will do well to keep the warning signs tacked in place. The construction industry is healthy, but a regular physical check-up never did any one any harm.

You, as bankers, have a unique role to play in this regular check-up. The basic demand for building is good, and promises to stay that way. What problems appear will very likely be of a local nature, and they will often be temporary. Your position at the cross-roads of local finance will enable you to do much to spot and control these problems before they develop.

Those who have faith in our competitive enterprise system hold to the belief that the sum total of informed individual judgments equals sound economic policy. Seldom has there been a better opportunity to prove that this faith is justified.

Continued from page 4

The State of Trade and Industry

United States assembly plants scheduling Saturday work the past week included divisions of General Motors, Chrysler and Ford Motor Co. plus Studebaker.

"Ward's" said American Motors continues to press Studebaker-Packard Corp. in weekly passenger car production.

Some United States plant next week will complete the 2,000,000th passenger car or truck since Jan. 1, 1955.

Steel Production Scheduled This Week at 92.5% of Capacity

Steel production is so good that weekly tonnage is only a shade under the record, says "Steel," the weekly magazine of metalworking, the current week.

A rise of 4.5 points in the national rate would yield a tonnage equal to the record of 2,324,000 net tons made in the week ended March 29, 1953. To match it, the operating rate would have to be 96% of capacity.

All this year the rate has climbed. It rose another point in the week ended March 13 and registered 91.5%.

A new record in weekly tonnage could be set in 1955 at a lower percentage of operations than in 1953. The reason, states this trade journal is bigger capacity now. In setting the weekly record of 2,324,000 tons in 1953, the industry had to operate at 103.1% of capacity. Then its weekly capacity was 2,254,459 net tons. Now, it is 2,413,278 net tons.

The 91.5% rate in the week ended March 13 yielded 2,208,000 net tons of steel for ingots and castings.

A year ago, the national steelmaking rate was only 70% of capacity. What's causing steel demand to be so high now? Three things: good business in the metal consuming industries, completion of inventory reductions and some rebuilding of metal inventories, "Steel" observes.

Steel consumption was not so low as steel production last year. Consumers were using more steel than they were buying; and living to a great extent off their inventories.

Many people attribute a lot of the boom in steel demand to the high output of automobiles, declares this trade magazine. Ordinarily, the auto industry takes about 20% of the finished steel made. When the figures become available, they probably will show that the auto industry took close to 25% of the first quarter's mill shipments of finished steel. You will also hear that this high rate of auto output feeds other industries. Even so, the auto industry cannot take all the credit for the boom in demand, concludes "Steel."

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 92.5% of capacity for the week beginning March 14, 1955, equivalent to 2,232,000 tons of ingots and steel for castings as compared with 92.9% (revised) and 2,241,000 tons a week ago.

The industry's ingot production rate for the weeks in 1955 is based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

For the like week a month ago the rate was 89.1% and production 2,150,000 tons. A year ago the actual weekly production was placed at 1,613,000 tons or 67.6%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Electric Output Eases Slightly the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 12, 1955, was estimated at 9,726,000,000 kwh., according to the Edison Electric Institute.

This week's output declined 1,000,000 kwh. below that of the previous week, when the actual output stood at 9,727,000,000 kwh., but increased 1,207,000,000 kwh., or 14.2% above the comparable 1954 week and 1,588,000,000 kwh. over the like week in 1953.

Car Loadings Rise 3.7% in Post-Holiday Week

Loadings of revenue freight for the week ended Mar. 5, 1955, increased 23,522 cars, or 3.7% above the preceding holiday week, according to the Association of American Railroads.

Loadings for the week ended Mar. 5, 1955, totaled 658,975 cars, an increase of 68,399 cars, or 11.6% above the corresponding 1954 week, but a decrease of 25,889 cars, or 3.8% below the corresponding week in 1953.

U. S. Automotive Capacity Shows a Gain of 5.4% Above Preceding Week

The automobile industry for the latest week ended Mar. 11, 1955, according to "Ward's Automotive Reports" assembled an estimated 172,432 cars, compared with 167,811 (revised) in the previous week. The past week's production total of cars and trucks amounted to 193,314 units, an increase above the preceding week's output of 9,566 units, or 5.4%, states "Ward's." Last week's car output slightly exceeded that of the previous week, "Ward's" notes. In the corresponding week last year 110,592 cars and 22,081 trucks were assembled.

Last week, the agency reported there were 20,882 trucks made in the United States. This compared with 15,937 in the previous week and 22,081 a year ago.

Canadian output last week was placed at 9,035 cars and 860 trucks. In the previous week Dominion plants built 8,369 cars and 775 trucks, and for the comparable 1954 week 8,715 cars and 2,090 trucks.

Business Failures Show Slight Increase

Commercial and industrial failures rose to 257 in the week ended Mar. 10 from 222 in the preceding week, Dun & Bradstreet, Inc., reports. At the highest level in five weeks, casualties were up moderately from the 229 occurring a year ago and exceeded considerably the 1953 toll of 165. However, mortality continued 10% below the pre-war level of 286 in the similar week of 1939.

Failures involving liabilities of $5,000 or more increased to 217 from 183 last week and were higher than in the comparable week of 1954 when 201 of this size occurred. Meanwhile, small casualties, those with liabilities under $5,000, edged up to 40 from 39 and also exceeded their toll of 28 a year ago. Liabilities above $100,000 were incurred by 20 of the failing concerns as compared with 12 in the previous week.

The upturn was concentrated in retailing where casualties climbed to 143 from 114 and in commercial service where they jumped to 19 from 7. On the other hand, the toll among manufacturers dipped slightly to 43 from 46 and among wholesalers to 27 from 30. Construction held steady at 25. Mortality equalled or exceeded the 1954 level in all industry and trade groups except manufacturing; the most notable upturn from a year ago appeared in retail trade.

Wholesale Food Price Index Registers New Low for Year

Moving downward for the sixth successive week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell sharply to $6.55 on Mar. 8, from $6.63 a week earlier. This marked a new low for the year, and the lowest level since Nov. 24, 1953, when it stood at $6.53. The current figure compares with $7.25 at this time a year ago or a drop of 9.7%.

Moving higher in wholesale cost last week were oats, eggs and lambs, while declines were listed for flour, wheat, corn, rye, barley, bellies, lard, sugar, tea, cocoa, steers and hogs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Declined to Lowest Level Since Early August

Reflecting the general weakness in leading commodities, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., fell to the lowest level since early August during the past week. The index closed at 273.33 on Mar. 8, as compared with 274.82 a week earlier and with 277.81 at this time last year.

Grain markets continued to weaken as the limited demand failed to absorb offerings.

Prices firmed up somewhat and made modest recoveries around mid-week but renewed liquidation in closing sessions caused a further sharp setback and values generally closed substantially below a week ago with most future deliveries selling at new lows for the season.

Export trade in both wheat and corn remained in limited volume. The condition of the Winter wheat crop was said to be good except for some dry sections of the Southwest. Average daily purchases of grain and soybean futures on the Chicago Board of Trade last week were somewhat smaller and totalled 55,900,000 bushels, against 60,100,000 a week previous and 67,100,000 in the corresponding week a year ago.

With most bakers and jobbers holding ample balances to draw on, domestic flour bookings remained small last week.

The lagging demand for flour was attributed to the weakness in grain markets, large wheat stocks and slow export business in wheat and flour.

Cocoa values were sharply lower for the week. Depressing factors included sharp declines in the London market, limited manufacturer interest in the spot market and reports of lower asking prices by the British Marketing Board. Warehouse stocks of cocoa were reported at 134,925 bags, up moderately over the previous week and the same date a year ago.

Coffee prices were steadier under the demand stimulated to some extent by the United States Department of Commerce report showing inventory of coffee held in first hands in the United States at the year-end at 2,144,000 bags, or considerably less than the trade had expected. Both the refined and raw sugar markets were dull with prices trending easier. Lard prices moved downward under liquidation induced by lower hog values and increased production of lard. Live hog prices, under heavy market receipts, dipped to the lowest levels since 1950.

Spot cotton prices declined steadily the past week under persistent selling pressure.

The weakness was attributed to heavy liquidation by speculative as well as foreign interests, slow domestic and export demand, lagging business in textiles and reports of increased raw cotton production in Mexico and Pakistan.

Activity in the 14 spot markets increased with sales totaling 151,800 bales, against 137,100 the week before. CCC loan entries during the week ended Feb. 25 dropped slightly to 15,400 bales, from 16,500 a week earlier. Loan repayments on 1954 cotton during the same week were 29,200 bales, compared with 30,100 the preceding week. CCC stocks of all cotton held on Feb. 25 totaled about 8,579,000 bales, against 8,338,800 on the same date a year ago.

Trade Volume in Latest Week Registered Moderate Rise Over Previous Week and Like Period a Year Ago

Warmer weather in many parts of the country brought shoppers out of their homes and into the stores during the period ended on Wednesday of last week. Retail sales were moderately higher than in both the preceding week and the corresponding priod a year ago.

The amount of trade in the Midwest was unusually large as compared with last year, when snow storms crippled retail activity there.

The total dollar volume of retail sales in the week was estimated by Dun & Bradstreet, Inc., to be 2% to 6% above a year ago. Regional estimates varied from the corresponding 1954 levels by the following percentages: New England —1 to —5; Northwest 0 to —4; Pacific Coast —2 to +2; South +2 to +6; East +3 to +7; Southwest +4 to +8 and Midwest +5 to +9.

Although new automobiles continued to sell in much greater numbers than a year ago, there was a slight decrease from the prior week.

More dealers offered new models at below list prices and granted large trade-in allowances. Used car buying improved, as did purchases of gasoline and parts.

The demand for home furnishings fluctuated considerably the past week. Living room furniture, curtains and draperies were generally among the more popular items. Sales of television sets increased in some areas. Drastically reduced air conditioners sold well in the East, South and Midwest.

In the wholesale trade improved buying of apparel and household goods was offset by decreased trade in textiles and food the past week. No change was reported from the preceding week in the dollar volume of wholesale transactions. Seasonal influences accounted for the uneven activity, but over-all buying was considerably higher than a year ago.

Department store sales on a country wide basis as taken from the Federal Reserve Board's index for the week ended March 5, 1955, advanced 15% from the like period last year. In the preceding week, Feb. 26, 1955, a rise of 3% (revised) was registered from that of the similar period of 1954, while for the four weeks ended March 5, 1955, an increase of 6% was recorded. For the period Jan. 1, 1955 to March 5, 1955, a gain of 7% was registered above that of 1954.

Retail trade volume in New York City the past week advanced about 7% over that of the corresponding period of last year due to favorable weather and pre-Easter shopping.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended March 5, 1955, rose 4% above that of the like period of last year. In the preceding week, Feb. 26, 1955, no change was recorded. The same was true for the four weeks ending March 5, 1955. For the period Jan. 1, 1955 to March 5, 1955 the index advanced 1% from that of 1954.

With Townsend, Dabney

(Special to THE FINANCIAL CHRONICLE)

LAWRENCE, Mass.—Leo J. Seman has become associated with Townsend, Dabney & Tyson, 301 Essex Street.

Hanrahan Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — George V. Uihlein, Jr., is now connected with Hanrahan & Co., 332 Main Street, members of the Boston Stock Exchange.

Joins Parcells Staff

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Henry A. Beck is now with Charles A. Parcells & Co., Penobscot Building, members of the Detroit and Midwest Stock Exchanges.

With Goffe & Carkener

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Richard R. Jackman has become associated with Goffe & Carkener Inc., Board of Trade Building, members of the Midwest Stock Exchange.

Joins Moors & Cabot

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William V. Ellis, Jr., is now with Moors & Cabot, 111 Devonshire Street, members of the New York and Boston Stock Exchanges.

Mutual Funds

By ROBERT R. RICH

Equitable Securities Group Offers Atomic Development Fund Shares

A nationwide underwriting group of over 150 firms headed by Equitable Securities Corp. is offering publicly over the next 30 days 1,250,000 shares of capital stock of Atomic Development Mutual Fund, Inc. Purchase price of the shares, to be determined twice daily, will be asset value plus a selling commission, currently about $15.04 per share.

As of March 8, 1955, Atomic Development Securities Co., the fund's distributor, suspended all sales of shares in the Fund except for periodic purchase plans until the expiration of the underwriting agreement.

Atomic Development Mutual Fund first offered shares publicly in December, 1953. The Fund may invest in government securities and securities of companies participating in activities resulting from atomic science. Two general types of companies are invested in by the Fund: (1) Companies participating directly in some field integrally related to modern atomic science and research, such as mining and processing uranium; and (2) Companies established in other fields of endeavor which are acquiring know-how in nuclear or atomic fields.

It is the policy of the Fund to restrict investments in the latter category to not more than 40% of the total invested in non-government securities.

Merle Thorpe, Jr. is Chairman of the Fund, and Newton I. Steers, Jr. is President. Both are partners in Atomic Development Securities Co.

Net assets of the fund have grown from approximately $100,000 in December 1953, to $19,854,643, or $13.91 per share, on Mar. 1, 1955.

DIF Reports Quarter's Gain

DIVERSIFIED INVESTMENT FUNDS, Inc., today reported an increase in its net assets to $52,583,946, on Feb. 28, at the close of the first quarter of the fiscal year. Net assets on Nov. 30, 1954, at the end of the Fund's business year, were $47,857,797.

Diversified Investment Fund is a mutual fund offering a complete program for investment income, with holdings in bonds, preferred stocks and common stocks.

Net asset value per share increased from $8.37 on Nov. 30 to $9.02 on Feb. 28, an increase of 7.8%.

During the quarter just ended, important changes in Diversified Investment Fund's portfolio included the addition of American Water Works, 5½% preferred stock; Tide Water Associated Oil, $1.20 preferred; Virginian Railway, 6% preferred; and common stocks of Boston & Albany Railroad, American Brake Shoe (Company) and Chesapeake & Ohio Railway.

Eliminated from the portfolio were common stocks of Philco Corporation, International Paper Company, Goodyear Tire & Rubber Company, and Nickel Plate Railway, $6 preferred.

MANHATTAN Bond Fund, Inc., a mutual fund investing only in bonds, has just issued its 1955 Prospectus. Dealers or investors desiring copies should write Hugh W. Long & Company, Inc., Elizabeth, N. J.

Net assets of Manhattan Bond Fund as of Feb. 25, were $25,684,000. There were 11,642 shareholders.

World Bank Lends To Investment Co.

A quasi-investment company organized by private investors in India, the United Kingdom and the United States — Industrial Credit & Investment Corp., Ltd.— has received a loan of $10,000,000 from the International Bank for Reconstruction and Development.

The investment company, with these new assets and others, will purchase shares in Indian industrial companies; underwrite new issues of securities; guarantee loans by other investors, and help Indian industry to obtain managerial, technical and administrative advice and assistance.

As quickly as possible, the company will sell its holdings to other investors thus enlarging the capital market and freeing its own assets for new commitments.

The corporation was formed after the outgrowth of discussions last year in India by George D. Woods, Chairman of First Boston Corp., and Robert H. Craft, Executive Vice-President of American Securities Corp.

NET ASSET VALUE of The Stein Roe & Farnham Fund now amounts to $11,727,528.97, equivalent to $29.09 on each of the 403,146 shares presently outstanding. This compares with a net asset value of $7,787,985.36, or $24.12 per share, on the 322,873 shares outstanding March 10, 1954.

TOTAL NET assets of Chemical Fund, Inc. approximated $81,223,000 as of March 10, 1955, equal to $27.53 per share compared with aggregate net assets of approximately $59,648,000, equal to $20.83 per share on the same date a year ago.

Plan Investment Company Based on Latin American Assets

By CHARLES BROPHY

The American investment company industry may soon count among its members a closed-end American-capitalized investment company which will invest its assets in new and going businesses in Mexico, Central America and South America.

Negotiations are being carried on in New York by Rudolf S. Hecht, conceiver of the company, and leading investment bankers and specialists. A search for competent investment management personnel is now under way.

The new company, which is expected to be titled the "Western Hemisphere Investment Trust," or "Inter-American Investment Trust," will match American dollar capital with local South American capital in varying ratios. "From 10 to 40%," Mr. Hecht cited as an example.

Latin Americans cheered at the Inter-American Investment Conference two weeks ago when Mr. Hecht floated a trial balloon by suggesting a pool or several pools of private American investment capital to be put into an investment company for the financing of South American businesses.

Mr. Hecht, past President of the American Bankers Association, Chairman and founder of the Mississippi Shipping Co. and retired Chairman and President of the New Orleans Hibernia Bank & Trust Co., is Chairman of International House in New Orleans, which co-sponsored the conference with "Time-Life-International."

The conference was held upon the suggestion of President Eisenhower's International Development Advisory Board.

Mr. Hecht, who envisioned an optimum size for the company of between $100,000,000 and $250,000,000, said the raising of capital did not present a problem. "The critical factor," he stated, "is the assembling of investment management for the company."

The first offering of the closed-end investment company's shares is expected to be between $10,000,000 and $15,000,000. A greater amount of capital at one time, Mr. Hecht explained, would be difficult to move into desirable investment positions within a reasonable amount of time.

As it is, the company may well invest in seasoned securities of Latin American industries while investments meeting the company's standards are found.

It is now believed that the first offering of the company's securities will be a public one, but Mr. Hecht said it was also possible that an initial sale of shares might be privately subscribed by a relatively few substantial investors.

The investment objective of the company will be the production of capital gains — an objective suited, Mr. Hecht said, for the sophisticated investor, and not for the "average investor."

Mr. Hecht thought American investors, overly-concerned with the political instability of certai[n] Latin-American countries, th[e] pressing problem of currency in[-] flation and the braking effects o[f] exchange control, were overlook[-] ing the relatively greater invest[-] ment opportunities and gains t[o] be found "South of the Border."

In his discussions of these prob[-] lems, he drew a parallel betwee[n] the "over-discounting" of a[n] American industry or a commo[n] stock and the "over-discounting" of a South American nation tem[-] porarily faced with a weaker cur[-] rency and an adverse balance o[f] trade.

Listing of the company's share[s] on a national exchange has no[t] yet been considered, he reported.

Mr. Hecht returned to New Or[-] leans this week, stating definit[e] progress had been made in bring[-] ing "interested people" in New York into agreement.

He is associated with the Cor[-] dell Hull Foundation for Interna[-] tional Education, and in 1948 wo[n] the Thomas F. Cunningham awar[d] for outstanding service to the bet[-] terment of Latin American rela[-] tions.

RECORD February sales of $6,209,056 were reported by Television-Electronics Fund. These gross sales compare with $1,119,259 in the corresponding mont[h] last year.

Gross sales for the first fou[r] months of the Fund's fiscal yea[r] (which began Nov. 1, 1954) wer[e] also at an all-time high of $22,198,664 or more than four time[s] the sales of $4,252,191 in the sam[e] period of 1954.

Television-Electronics Fund total net assets on Feb. 28, las[t] were $87,421,938, equal to $11.2[?] a share on the 7,751,402 share[s] outstanding on that date.

Personal Progress

Emory T. Nunneley, Jr., o[f] Washington, D. C., has bee[n] elected to the office of Genera[l] Counsel of Investors Diversifie[d] Services, Inc., it was announce[d] by Willis I. Norton, Vice-Pres[-] ident-Law Emeritus of that com[-] pany.

Mr. Nunneley since 1946 ha[s] been the General Counsel of th[e] Civil Aeronautics Board, and pri[or] to his first association with tha[t] Board in 1940, was associated fo[r] a number of years with the New York law firm of Root, Clar[k,] Buckner and Ballantine.

It was also announced that Joh[n] W. McCartin, who has occupie[d] the position of General Couns[el] for the company since May 195[?] has been elected Vice-Presiden[t-] Law. He will succeed Mr. Norto[n] who, until recently, occupied th[e] position. Mr. Norton will con[-] tinue his long association with th[e] company as Vice-President-La[w] Emeritus.

oston Fund ains 20%

OTAL net assets of Boston Fund, of the largest mutual funds in country, increased by $21,528,- during the fiscal year ended n. 31, 1955 to reach $121,457,845 that date, according to the nd's 23rd annual report just blished.

Exclusive of capital gains dis- butions, the net asset value per are increased to $29.34 from 4.05 at the beginning of the ar. A capital gain distribution 66 cents a share was paid to areholders of record last Jan. 31. year ago a similar distribution 27 cents a share was paid. Divi- nds per share from investment ome totaled 93 cents against 87 nts for the previous year. The 39,171 shares outstanding last n. 31 constituted a new high. A ar earlier the figure was 09,420.

Henry T. Vance, President of e Fund, observes that, "Early 1954, your management placed eater emphasis on the Fund's ldings of common stocks and creased bond holdings accord- gly. This change added to the crease in per share net asset lue (24% including the capital ins distribution) and resulted an improvement in income."

The report includes a number of arts and a table which shows t 27.1% of net assets at the cal year-end was in fixed in- me securities and cash, with 9% in common stocks repre- nting 17 different industry clas- ications. Also included is a tion with photographs of the nd's directors and members of advisory committee, with brief servations by each of them, re- ing to various phases of opera- n and management.

United Utah Uranium

SALT LAKE CITY, Utah — ited Utah Uranium Brokerage mpany is engaging in a secu- ies business from offices in the ason Building. Joe Doctorman a principal in the firm.

Continued from page 22

Mutual Funds—A Stabilizing Factor in the Securities Market

mutual fund shareholders and that the companies themselves might produce instability in market price levels involves a number of assumptions. The validity of some of these is open to serious question. Others are simply not supported by fact.

(1) The thesis incorrectly assumes that mutual fund shareholders regard their shares as a speculative holding for quick profit, not as a long-range investment to meet long-range objectives. It also implies incorrectly that fund shares could be subject to forced liquidation in the manner of margin-held individual securities. It is a fact that by Federal Reserve regulation, mutual fund shares are not eligible for margin accounts. . . .

(2) This thesis ignores the fact that investment companies have, as an institution, a liquid cash position equal to roughly 5% of industry assets—money that can be used consistent with investment policy, to meet redemptions, if they should arise, without immediate sale of any portfolio security.

(3) The thesis also overlooks the fact that throughout the history of the open-end investment company business sales of new shares have been a continuing source of new cash to the companies—cash that could be used to meet redemptions.

(4) The thesis ignores the fact that investment company holdings are widely diversified among many different securities and any liquidations would involve selective and orderly disposition of relatively small blocks of various securities. . . .

(5) It also ignores the fact that it would be an unlikely coincidence if two or more companies should decide to liquidate the same issues at the same time, due to the wide differences between companies in investment objectives, policies, and market judgment. This becomes even more unlikely when one considers the extremely wide diversification of investment between companies. For example, the 59 investment companies which are subject to the New York State franchise tax alone held, in 1954, the securities of 1,535 different issuer corporations and even more different issues, since many investment companies held different issues of the same corporation. Though the data are not available, I suspect that the nation's investment companies may hold as many as 2,500 different stocks, preferred stocks, and bond issues.

(6) Another factor overlooked is that the powers of the SEC offer considerable protection should some unlikely, unforeseeable event or force set off a catastrophe in the market. Should this occur, the SEC would undoubtedly order the securities markets closed. In such a situation, open-end investment company redemptions would be suspended.

(7) This theory . . . implies that the mutual funds create listed securities in addition to those previously available in the market place. This simply is not so. A mutual fund owns securities which would otherwise be owned by individual investors or other institutions. Thus, even if in contradiction to all previous experience, a high percentage of mutual fund shareholders should simultaneously decide to redeem their holdings, no more stocks would be brought to the securities market for sale than would be the case if all the mutual funds' holdings were in the hands of individual investors. The effect on the market would, in fact, probably be a more orderly effect.

This question of an accelerated rate of redemptions has been raised before, once following the market break in June, 1950, at the outbreak of the Korean War. At that time a study was prepared by the Association which conclusively proved that during the period of the break, mutual fund purchases of portfolio securities substantially exceeded sales. With equal conclusiveness it proved that investor purchases of mutual fund shares were considerably in excess of share redemptions at the time. . . .

At hearings before the Senate Banking and Currency Committee in 1940 on the bills introduced to regulate investment companies, the manager of an investment company referred to a theory advanced by an SEC witness of a possible "run" on investment companies, and testified:

"There is nothing in the 16-year record of the open-end trusts that gives the slightest reason for the belief that 'runs' on them would take place. There were no such runs in 1929 or the early thirties during the heaviest security liquidations that ever occurred in this country. There were no such runs during the violent market decline of 1937. The shares of an open-end company are not a bank deposit. It is conceivable that all the depositors of a bank might decide at the same time that it was wise for them to withdraw their funds. But it is inconceivable that all the holders of an open-end trust would simultaneously decide to liquidate their investment. The very market action that would cause some holders to liquidate would cause others to hold or increase their investment."

The effect of mutual fund shareholders and of company portfolio practices in times of general market liquidation has, thus far, been diametrically opposed to the assumption by some people that mutual fund shareholders would initiate a redemption "run," forcing the investment companies to make substantial portfolio liquidations and, by this action, contribute to further lowering of market levels.

In every year for which data are available, sales of new mutual fund shares have exceeded redemptions, providing net additional cash for investment. Even in periods—especially in periods of general market liquidations—the mutual funds have had new money availablbe for purchase of portfolio securities and have been buyers on balance.

Conclusions

The nation's investment companies are growing along with the rest of the economy. The growth of the business in the past 15 years is a factor of strength in our economy, acting as a stabilizing factor in the nation's securities market.

In the years to come, the investment companies will prove, I believe, an even more popular medium for investment by men, women and institutions who seek carefully managed, widely diversified participation in the growth of our nation's economy. The antithesis of speculation, the investment companies are making a genuine contribution to long-range family financial planning, and to the economically and socially desirable democratization of the ownership of business and industry.

Securities Salesman's Corner

By JOHN DUTTON

Concerning Pigeons

The other day a Senator who is conducting a "friendly study" of the stock market was quoted as asking whether or not it was right for the Stock Exchange to "lure" people into buying stocks. I think it is! I've been "luring" people into buying stocks since 1925—that's the way I've made my living. If I would have sold cheese, lawnmowers, bubble gum, or insurance, I'd have "lured" my prospects into buying what I was selling just as diligently as I "lured" them into buying stocks. Now Senator, let's be friendly, you promise not to send for me to appear as a witness before your committee and I'll tell you a nice little story.

One nice thing about this country of ours is that no one gets sore if you agree with them, if you like them and tell them so, or if you compliment them and take an interest in their affairs. I guess there have been more stocks sold to people because someone liked some fellow who told him to buy Silver Plated Door Knob convertible preferred than for any other reason. The American people are a trusting, likable, easy going population who buy billions of dollars worth of everything from patent medicines to gilt plated automobiles because they have been "lured" into it. They don't look under the hood—they don't look at the prospectus—they trust the firm and the man who sells them.

I think it is most important that in any business (including the stock business, of course) that the seller does not abuse the buyer's confidence. If you want those you "lure" into becoming one of your customers to stick with you then you must treat him right. But you can't sell him the second time UNLESS YOU SELL HIM THE FIRST TIME. "Lure him, lasso him, cajole him, entice him, but get him to sign on the line"; it's an old American custom, whatever you call it. The reason we have a great market for our domestic production is not what Europe buys, or Asia, or Africa, it's because we have learned the art of selling people what we make, right here at home in these United States.

I heard this story last week. A very successful man was asked the secret of his wide association of friendships in all walks of life. His frank answer was that he talked about things that interested the person with whom he was talking. He put himself in the background and he discussed the other man's interests. He put it this way. If he met a man for the first time and they started to speak and the other fellow asked him, "Do you like pigeons?", he would answer, "Do you?". If the other fellow said "yes" he would reply, "I am crazy about them." Call it anything you wish but this world of ours is made up of people, not saints. We all have our ways, our idiosyncrasies, and our pet foibles—but one thing we all have in common—our ego!

You are not going to sell securities unless you make them attractive. A 6% return is twice that of 3%. This great, growing country offers untold opportunities to investors in American business firms for growth of their capital that a static investment in dollars will never provide. True enough, the stock market will go up and down, but in a free America not restricted by the will of short-sighted politicians, let us hope that we will be able to continue to "lure" millions more of our people into becoming shareholders in American business, so that we can keep this country "free" for our children.

"Come on and buy them—they have been going down again. The lower they go the more you can get for your money." That's the kind of advertisements we ought to be able to write after the market has had a substantial decline. Come on little pigeons, let's get our share of America!

Talking Calm Sense!

Senator Capehart asked the General (Wood), who is one of the trustees (of the Sears, Roebuck & Co.'s pension fund), if he believed the stock market was too high or too low.

Gen. R. E. Wood

Homer E. Capehart

"I wish I knew," General Wood replied. "I think that the stock market depends on the country and the country is growing."

"Do you think," the Senator asked, "that the rise in prices is due to scarcity of stock?"

"I should say so," the witness said. "Conditions are different from those in 1929. More people are buying for cash. But I don't know about the market. If we don't have a war and if we continue to prosper, the market may not be too high."

"Then," Senator Fulbright asked, "why don't you buy some stock with that $90,000,000?"

"It may not be too high," General Wood said, "but I don't want to risk the employees' money at this level." — Colloquy in course of Senator Fulbright's "study" of the stock market.

These seem to us to be sensible answers by a sensible man. Would there were more like General Wood!

Continued from first page

Some Economic Issues Today—Including Stock Prices

economic policies, we are relieved. The tendency now is to let economic affairs take their course. But economic ills are best dealt with by prophylactic measures taken to prevent trouble before it appears, rather than by therapeutic measures improvised in the midst of difficulties. It is well to look ahead for points of possible trouble, and to place ourselves in a position to avoid or minimize it.

In the limited time at my disposal, let us focus attention on the following impending three economic issues:

First, how can employment be maintained at a high level in the face of rapid technological progress?

Second, how can we guard against speculative excesses, especially in the stock market, without curbing investment unwisely?

Third, how can the foreign economic policy of the United States contribute most to our own prosperity and that of the Free World?

I

Employment and Technological Progress

There are many who fear that the fast pace of technological development in the American economy poses a serious problem of unemployment, now and in the future. As more specialized and automatic machinery and equipment replaces the repetitive work of human hands, workers will be displaced from their jobs. The "automation" of factories, and of offices and commercial establishments as well, may mean that production can be enlarged while employment is falling. When Metropolitan Life Insurance Co. installs a punch-card system of recording payments of insurance premiums that replaces several thousand clerks, or when Lockheed Aircraft Corp. installs an electronic "brain" which replaces dozens of machine computers, or when Sun Oil Company builds a $20 million petroleum refinery whose operation is so automatic it can be run by 20 men, we see instances of technological displacement of manpower. Is our economy resilient and flexible enough to adjust to these changes? Will it open up enough new employment opportunities to absorb those who are technologically displaced, along with new entrants into the work force?

I do not minimize the importance of the problem of adjustment to technological change, especially when there is good evidence that the rate of change is rising as a result of stepped-up research and development activities in our universities, in government, and in industry. Between $4 and $5 billion a year is now being spent on scientific research and development in the United States, whereas only about $1.5 billion was spent annually a decade ago. It is reasonable to believe that this is accelerating the development of new processes and methods of production, and is making the productive process ever more automatic and efficient.

Nevertheless, the problem of generating sufficient new job opportunities to prevent unemployment from becoming troublesome can be solved. It is necessary to recognize two facts: In the first place, "automation" is not a new economic development, but simply a continuation—perhaps at a quickened pace—of the age-old process of increasing productivity through the provision of more and better tools to our workers in factories, offices and stores. Our success in making necessary readjustments in the past encourages us to believe we can have equal success in the future. A recent study made for the Council of Economic Advisers indicated that businessmen in a number of industries materially affected by new developments thought their employment rise over the next six years would be almost as large as their increases in output.

In the second place, the amount of unemployment caused by the installation of new machinery is commonly exaggerated, because of failure to take into account the increased employment opportunities created by the designing, manufacturing, installation, and servicing of the new machinery. Suppose a new automatic machine does the work of 10 production workers, who lose their jobs as a result of its installation. But this machine may require an addition to the work force of eight or nine men in the machinery-making industry or in the occupations of installing and repairing equipment. Looking at the economy as a whole, therefore, productivity does not rise as rapidly as it appears to increase, if we focus our attention narrowly upon a manufacturing industry that is directly affected.

Nevertheless, a wise economic policy should recognize the changes in our society that technological advances are producing. Work opportunities are increasing very rapidly in the design, engineering, and manufacturing of machinery and equipment. These operations call for a higher level of education and skill than ordinary production processes, especially in the physical sciences, engineering, and management professions. We should improve vocational guidance to young people, in order that they may prepare for these opportunities. We need to improve our Federal-State employment services in order that the movement of workers to better job opportunities can be more efficient. Liberalization of unemployment compensation laws could also help to eliminate personal hardships as a result of technological change. Imaginative measures are needed to make our economy even more flexible and dynamic, because this is the road to economic progress. If we take these measures, I have no doubt that technological change will not bring chronic unemployment.

II

Stock Market Speculation and Real Investment

A second possible source of danger ahead is speculative excesses in our financial markets, particularly in the stock market. The history of the late Twenties teaches us that when the prices of corporate securities cease to be based upon a rational evaluation by investors of basic-value-making factors, and come to reflect merely the uniformed guesses as to what someone else will pay for stocks later, the market is vulnerable to a catastrophic decline. Such a collapse of values can, in turn, cause business concerns to cancel investment plans and can have an adverse effect upon consumer expenditures. Thus it can produce a spiral of deflation. Clearly, we must, if possible, prevent speculative exuberance from going to such lengths.

I should make it clear that I am speaking of possible future developments; not of the current stock market. Despite the dramatic climb of the past year and a half, which has carried the broad index of stock prices up by about 50%, common stocks in general are not now overvalued when judged by such basic criteria as (1) relation of market values of shares to current replacement cost of the net assets behind them, or (2) the historical relation of stock prices to earnings per share, or (3) the historic relation of dividend yields of stocks to interest yields of high-grade bonds. Nevertheless, there are some disturbing indications. Institutional investors are looking an inordinate distance into the future for growth in earnings and dividends to justify the present market prices of some of the so-called "blue chips" which they favor. There is evidence of a widening public participation in trading in lower-priced shares. Reported stock market loans have been increasing, and there is probably a rising volume of unreported credit supporting the market. The unusual length and extent of the upswing in the market—without any substantial interruption—has generated widespread confidence and optimism which could carry it much further into a danger zone of vulnerability. The red light is not yet flashing. But the amber light is on.

Most movements in the financial markets of a free economy are self-correcting, and call for no action by government. There are occasions, however, when government should intervene to accelerate or to reinforce corrective price movements. Our government did this last December when margin requirements were raised from 50% to 60% by the Federal Reserve authorities. This intervention was followed by a temporary set-back of stock prices; but the advance was shortly resumed. It would, of course, be possible for the authorities to make a further increase in margin requirements—perhaps even to 100%—if circumstances warranted. However, this action would not eliminate credit from the stock market, because there are many ways in which businessmen and investors can borrow on the security of other assets in order to finance the purchase of stocks, if they are eager enough to buy them.

The only way of assuring that credit to purchase stocks is becoming more expensive and difficult to obtain is to adopt restrictive general monetary policies. This course of action may, however, involve a dilemma. General credit restriction may succeed in curbing runaway stock prices, but at the expense of making credit so difficult to obtain by state and local governments, and business enterprise for necessary investment purposes that investment demand falls off with consequent unemployment and loss of production. Indeed, this was the very dilemma in which the Federal Reserve authorities found themselves in 1928. As you recall, they resolved in favor of "accommodating" commerce and industry with ample credit. Let us hope that the lessons of experience will keep us from future speculative excesses, and that it will not be necessary for our monetary authorities to have to make this kind of "Hobson's choice."

III

Foreign Economic Policy

The third major economic problem area which requires our most thoughtful attention is foreign economic policy. This is an immense subject; but one may, I believe, state the basic facts and issues rather simply. The era of European postwar reconstruction has ended; further American aid to fill the so-called "dollar gap" is neither needed nor wanted. With the gradual removal of restrictions on international trade and payments, the spotlight is now shifting to the revival of large-scale international investment as the No. I international economic problem. In this connection, the ways in which the U. S. can constructively assist the economically backward countries in their economic development is a vexatious problem.

Meanwhile, the current year 1955 is a year of decision. The President has recommended to Congress a foreign economic program, resulting from the studies of the Randall Commission, which calls for a gradual and selective reduction of U. S. tariffs in return for reciprocal concessions from other countries. He has requested a three-year-renewal of the Reciprocal Trade Agreements Act, and for preferential tax treatment of income from investment aboard. Whether the Free World will continue to make progress toward freer international trade and payments will depend in considerable measure upon the decisions that our Congress will make this year on these questions.

In my opinion, the United States has a vital interest in promoting a more active flow of trade, payments and investment throughout the Free World. Our national security as well as our economic welfare depends upon binding to us other nations, with free political and economic ideals, in a mutually beneficial economic intercourse. The alternative is to let them slip under the influence of the Communist bloc. Our own interest clearly calls for a policy that will extend into the international field those principles of competitive enterprise which have brought our own people prosperity with freedom. Against the Communist ideology of the omnipotent state, owning all means of production and dominating all economic activity, the United States holds forth the ideals of personal freedom, private property, individual enterprise, and open markets.

To give these ideals wider application in the contemporary world will require us to assume some inconveniences and some burdens of readjustment. It will require us to devise well-conceived plans for the economic development of backward countries which are an attractive alternative to the Soviet plan of state action with ruthless suppression of individual rights. And it will require us to do all we can, through preferential tax rates, liberal credit, and other means, to expand U. S. investment abroad. We are far from having come to grips with all aspects of these problems yet. The Council on Foreign Economic Policy, under the direction of Presidential Assistant Joseph Dodge, is now grappling with them. With widening public understanding of the vital national interests that are at stake, and continued strong personal support by President Eisenhower of liberal international economic policies, I have great hope that we shall resolve these issues satisfactorily.

Continued from first page

The Stock Market Situation

415 after an uninterrupted rise of roughly 18 months, a fresh appraisal seems most appropriate. I shall, therefore, as I did last year, present some thoughts as background material for the observations of our guest speakers.

As to the Economy

I suggest that we view the last two-year period as a transition from an over-stimulated, scarcity, non-competitive inflationary economy to something more normal, to an economy based on abundance and competition. In the background were the cushioning and supporting elements inherent in the great changes in the financial, economic, political and social structure of the country.

Because of the fundamental nature of the factors causing the transition a sharp rise in business activity has seemed unlikely and intense competition seemed to be the main characteristic of the period ahead, assuming, of course, no great change in the cold war.

The Equity Markets

Bernard M. Baruch, in a foreword to a most enlightening book, "Extraordinary Popular Delusions and the Madness of Crowds" by Mackay, observed ". . . I never see a brilliant economic thesis expounded, the mathematics of price movements, that I do not recall Schiller's dictum: 'Anyone taken as an individual is tolerably sensible and reasonable—as a member of a crowd he at once becomes a blockhead.' "

In discussing the great speculative excesses of the world, the book's author observes "In reading the history of nations, we find that, like individuals, they have their seasons of excitement and recklessness . . . Men think in herds but only recover their senses slowly."

I'm impressed by the sequence that is revealed in the history of the security markets. Recklessness in 1928-29, Disillusionment in 1929-32, Safety in 1932-50, Disillusionment in 1950-54 and again Recklessness in 1954-55.

Perhaps these two observations and the sequence listed hold the key to the future of the stock market. I would like to add that the forces that lead to great abnormalities or excesses are never the work of a month or a year but usually are in the making for many years. The present situation in the common stock market has been ever so long in the making and reflects many complex forces that have taken years to build up to their present status. I shall endeavor to very briefly trace these developments as, in my opinion, they help one in understanding the present position of the stock market and lead to a fuller appreciation of the various possibilities in the current situation.

I

Current Significance of 1929-32

First let me develop the important place that 1929-32 has in the present picture. It is perhaps trite but nevertheless important to this discussion to note that the tragedy and disillusionment of the 1929-32 period was long remembered by investors, too long. The American public was not permitted to forget this tragic era so it could not take its normal place in history and gradually fade from memory. This combined with a political atmosphere that was considered by many as anti-business, kept investment confidence at an extremely low ebb for many years, actually until the last year or two. This found reflection in high yields and low price-earnings ratios and the prices of equities were so depressed that it led me to observe several years ago that "American industry is worth more dead than alive."

Remembering the bitter lessons of 1929-32, the general public wanted no part of common stocks as investments, preferring to have their funds in riskless investments such as fixed income securities (mainly U. S. Government bonds) and in savings banks, life insurance, etc., little realizing or understanding the forces that were at work which by 1952 were going to reduce the value of this type of investment by up to 50% due to the loss in purchasing power of the dollar, the inflation.

During this period when the public was not allowed to forget 1929-32, they were to see the owners of businesses, real estate and common stocks having quite a different investment experience. Business activity, corporate earnings and dividends rose steadily as did the value of the properties and prices of common stocks year after year.

Simultaneously the public was to see more and more evidence that professional investing groups such as pension funds, investment trusts, college endowments, life insurance companies, etc. were increasingly interested in common stocks. They were to see state legislatures permit legal trusts, life insurance companies and savings banks to invest a portion of their funds in common stocks, recognizing the starvation wages from bonds and the toll being taken on the purchasing power values of fixed income investments by the inflation.

It is therefore understandable why the public began to scratch its collective head and at long last awakened to what has been going on in the field of investments over the last 20 years, the wonderful record turned in by com. stocks vs. the shrinkage in the income from and in the purchasing power value of the "riskless" types of investment.

One need not go further than to contemplate the speculative possibilities inherent in this background should an awakened public get, as Mackay said, "Recklessness," particularly if this new recklessness should be combined with several other factors I shall now examine.

II

Understanding and Confidence

Another force of great significance in today's markets is the increasing public awareness of the nature of our semi-managed economy and the public's growing confidence, based on the record of the last two years in particular, that a business "bust" is virtually impossible and that a relatively high level of business activity and therefore of corporate earnings and dividends is reasonably assured; also, the public's confidence in the near term future is turning to unbridled optimism for the longer future, perhaps reflecting the bombardment of such views by government and business leaders. The change in Administration two years ago bringing a more understanding and friendly environment to business unquestionably played a big part in this awakening.

III

Another Dilemma of the Easy Money Policy

We cannot ignore the important influence that the government's easy money policy has had on the equity markets. For many years the easy money policy has exerted a tremendous influence on equity prices as has the increased supply of money and credit. With government and corporate bonds and preferred stocks giving but a modest yield and only a nominal yield after income taxes to many, investors have been forced to look increasingly to the more favorable returns continuously available from common stocks. Still others, because of high income tax rates, have been forced to become "capital gain investors," concentrating on common stocks.

It is well to remember that easy money is like water, it will find an outlet and it certainly has a major influence on equity prices, and, sooner or later, it encourages speculation if the environment is right.

IV

Law of Supply and Demand Enters

At some point the supply of common stocks and the supply of money seeking common stocks becomes quite significant. It must be remembered that the supply of money potentially available for investment in common stocks has been rapidly increasing for many years while the supply of common stocks of investment caliber has increased insignificantly. Very few of our great industrial companies have done any equity financing, most of their expansion being met from retained earnings and depreciation or through borrowings.

The demand for high quality stocks has far outreached the supply notwithstanding the fact that the public, with its great pool of liquid savings, is still largely on the sidelines. If the public appetite should be aroused, one can readily appreciate the likely effect on the equity markets.

V

Investing Other People's Money

The savings habit of the people throws further light on the present situation in combination with the other factors discussed. A goodly portion of the nation's savings now finds its way to institutional type investors such as pension funds, investment trusts, life insurance companies, etc. These professional investors invest quite differently from an uninformed public, concentrating their buying in a relatively few better known issues, further reducing the supply of these desirable names.

Should the public start investing more actively for itself, it has a most obvious significance to the subject of this discussion.

VI

Taxes Freeze the Supply of Stocks

Taxes are playing an increasing role in the market place. The combination of high income taxes and capital gains taxes have had the inexorable effect of freezing a greater and greater segment of the market including the better known investment issues, particularly those with recognized growth characteristics. The importance of a shrinking supply of equities in a period of growing public participations holds interesting possibilities.

* * *

The Pendulum Is Swinging

It is these forces that I have discussed at such length that in combination are having so profound an effect on the equity markets and which have led some people to feel that a period of real speculative excesses is in the making and that under the impact of these forces serious overvaluation of equities will result.

Obviously public participation is increasing as is the tendency to buy a "quotation" or a price on the expectation that someone else will come along and take the "quotation" off your hands at a still higher price. This is in contrast to the buying of values that has been the backbone of the markets in recent years.

For years we have been going through a period of revaluation of securities. The period of undervaluation is undoubtedly passed. The period of fair values is probably well advanced, and we are either in or are entering the period of over-valuation. In other words, the pendulum after being over on one side for a very long time, now seems to be swinging past the center but considering the extreme level from which it has come, it seems possible that the swing may go much too far in its present direction. Time alone will tell but it would be unrealistic not to recognize that the pendulum is swinging.

Last year, my analysis permitted me to conclude "It is only a question of time before the Dow-Jones Industrial Stock Average which currently stands at around 300 will be exploring the 400 zone."

There is quite a different picture today and no such definite conclusion is possible from a similar analysis.

Today's analysis reveals:

(a) That speculation and public participation is rapidly increasing.

(b) The tremendous speculative potential in the present situation.

(c) The risk of owning and buying equities has multiplied.

(d) Yields from common stocks are no longer particularly rewarding.

(e) Psychological factors now dominate.

(f) Federal action is likely if speculation increases.

Over the years, the heart of successful investing is the measurement of risk against probable benefits (capital gain and/or income). Therefore, it seems appropriate to observe that as compared with 15, 10 or even 1 year ago when the risk factor was small and the potential benefits large, currently (a) the risk factor is many times greater and the potential gain many times less, and (b) the income return is low, actually being close to bond and mortgage yields and in poor relationship after taxes to tax exempt yields.

In conclusion, it seems to me fair to observe that this period is more exciting but less rewarding (risk considered) than when real values were available and when one did not have to correctly appraise the unpredictable course of mass emotion. The pace is stepping up, and it will be increasingly difficult to keep one's balance and that healthy degree of skepticism, that can be so rewarding when, as Mackay observed, "They have their seasons of recklessness."

Pacific Finance Debs. Placed on Market

An underwriting group headed jointly by Blyth & Co., Inc. and Hornblower & Weeks offered publicly yesterday (March 16) an issue of $14,000,000 Pacific Finance Corp. capital debentures, 4½% series due 1967, priced at 99.125% to yield approximately 4.60% to maturity.

Approximately $9,600,000 of the proceeds of the issue will be used to redeem all of the company's outstanding 5½% capital debentures due 1973. The balance will be added to working capital and may initially be applied to the reduction of short-term notes payable.

The debentures, which are subordinated to all other borrowed funds, are redeemable at regular redemption prices ranging from 102.25% to March 1, 1956 to par after March 1, 1965; at special redemption prices scaled from 104.50% to the principal amount; and for the sinking fund at par.

The company, with headquarters in Los Angeles, Calif., is primarily engaged, directly or through subsidiaries, in automobile sales financing, direct lending to consumers on automobiles and other personal property, and the writing of automobile insurance in connection with financing activities. Pacific Finance, believed to be the fifth largest auto finance company in the United States, operates 218 branch offices in 18 states.

Total income increased from $17,153,073 in 1950 to $38,926,313 in 1954. Over the same period net income went from $2,178,825 in 1950 to $3,806,594 last year.

Continued from page 16

Lessons of the 1929 Stock Market Boom and the Present Situation

terested only in speculative gain. At the beginning of 1927 the total of brokers' demand loans was $2.5 billion. By Jan. 1, 1928, it had reached $3.5 billion; on Jan. 1, 1929, it was $5.7 billion.[5] By autumn it was some $8 billion. More than half of the latter was provided by non-banking corporations and by individuals who were attracted by the high rates in the call market. Funds to finance margin trading were attracted to New York from all over the world.

The Effect of the Crash

Between Oct. 22 and Nov. 13, the value of industrial shares fell by between a third and a half. (The Dow-Jones industrials dropped from 327 to 199.) Railroad stocks fell less and the new investment trust securities much more. Many of the latter, for all practical purposes, became unsalable. Previously during the boom there had been bad breaks in the market—especially during March, 1929 when there was a brief money crisis—but the market in each instance recovered. There were short rallies during the days of the crash each of which led to widespread hope that the worst was over. In each case, however, the recovery was followed by a further slump. The levels at which the market steadied in mid-November were, of course, far above those reached later in the depression.

There was a strong tendency at the time, and one that is still reflected in economic literature, to minimize the general economic significance of the stock market misfortunes. The crash was held to have followed, rather than preceded, the general downturn in business, and it was also said to have had relatively little effect on business. Beginning in the early summer of 1929 there was, in fact, a modest decline in business activity, and a leading student has gone so far as to say that the crash in the autumn "Reflected, in the main, the change that was already apparent in the industrial situation."[6] After the crash occurred, almost everyone, President Hoover included, stressed that the stock market was one thing, business something else, and that, despite the unheaval in the market, business could and would remain "fundamentally sound."

These views do not stand scrutiny. The stock market crash was an event of original and grave importance. The decline in general economic activity between June and October of 1929 was slight. Indeed, until the crash occurred, it was generally assumed that business was very good. Only after the crash did all the important indexes turn down—and in earnest.

Possibly it was the softening of business activity which damaged confidence, dried up the supply of new customers, and so broke the bubble. But sooner or later something would have broken it anyway.

Nor was the stock market crash without its effect on the economy. The effect was also real and serious. The financial markets are integrally a part of the economy. They affect the rest of the economy just as they are affected by it. The fiction that they are merely a mirror reflecting passively the passing scene is fiction and does not do justice to the importance of the market.

In the case of 1929 at least four important and serious consequences must be attributed to the crash, as follows:

(1) **A sharp reduction in consumer spending.** The stock market crash, as was widely pointed out at the time, had little effect on he life or spending habits of the great mass of consumers. However, it was capable of affecting in marked degree the outlay of the well-to-do. It brought an end to spending from stock market gains. Loses in the market forced a retrenchment in spending from other income. And in 1929 expenditures by consumers in the higher income brackets accounted for a substantial share of total outlays — the 5% of the population with the highest incomes then disposed of approximately one-third of all personal income.[7] It is reasonable to think of a reduction in spending of three or four billions —out of a total disposable income of $82.5 billion—as the result of the crash.

(2) **A sharp reduction in business investment.** The crash had a general effect on confidence and a direct effect on the ability of corporations to raise funds through new issues. This was magnified by the holding company and investment trust structure. These latter were often paying interest on upstream bonds from the dividends of operating companies. To avoid insolvency they were forced to retrench drastically on both current and investment spending. In numerous cases there fragile corporate structures collapsed anyway following the crash, forcing further retrenchment.

(3) **The value of bank assets was drastically reduced and the vulnerability of banks to failure was thereby enhanced.** Bank failures, of course, had a further depressing effect on both personal and business spending.

(4) **The market crash disrupted the foreign balance of payments.** This, in the years preceding, has been kept precariously in balance by private foreign lending. With the crash this lending came to an end. Foreign countries were forced to curtail their imports from the United States with a further depressing effect on markets for wheat, cotton, tobacco, and other export crops.

In summary, there should be no doubt that the stock market collapse in the autumn of 1929—or more precisely the speculation in 1928 and 1929 and the ensuing collapse—contributed significantly to the severity of the Great Depression. It would be a part of wisdom, in the future, to avoid risking a similar cycle of speculation and collapse.

The Present Danger

Testimony before this Committee, if it is representative of opinion at large, will take two strongly contrasting lines. There will almost certainly be some who will suggest that things have changed greatly since 1929. The economy is much sounder now than then. The recent rise in the stock market is firmly grounded in values. In any case, controls are now available to curb any tendency to speculative extravagance. Accordingly, things can safely be left alone. The Committee may also hear some pessi-

Continued on page 38

[5] New York Stock Exchange, "Yearbook, 1929-30."

[6] Thomas Wilson, "Fluctuations in Income and Employment." (Pitman, 1942)" Page. 143.

[7] Selma Goldsmith, George Jaszi, Hyman Kaitz, and Maurice Eiebenberg, "Size Distribution of Income since the Mid-Thirties," "The Review of Economics and Statistics," February 1954.

Continued from page 37

Lessons of the 1929 Stock Market Boom and the Present Situation

mists — they are had to come by and should be cherished — who will dismiss all this as skillful rationalization. They will say: "It is 1929 all over again."

In my own view there is much truth in both positions—and also considerable error. The recent boom in the stock market does differ in important respects from that of 1928 and 1929. The underlying economic position also differs. So does the structure of public restraints. On the other hand, there are resemblances which are certainly interesting and possibly disturbing. And the fundamental problem of containing a speculative orgy, once it is well launched, remains essentially unsolved.

The scale of the 1929 speculation was greater than anything we have yet witnessed. This was in the setting of a far smaller economy. Comparisons of the averages of share prices over so long a period are largely meaningless. However, the extent of popular interest in the market in 1929 was almost certainly greater than of late. The volume of trading then was much higher. In 1928, 920 million shares were traded on the New York Stock Exchange, and in 1929, 1,125 million shares as compared with only 573 million last year. By 1929 five million share days on the New York Stock Exchange were commonplace. There have been only one or two such days in recent times. In 1929 there were also a great surge of activity on the out-of-town exchanges and on the (then) Curb Exchange. Compared with the $8 billion of brokers' loans in the late days of the 1929 boom, the total of late has been around $1.6 billion. However, the amount has been rising and it seems possible that there is now more borrowing outside the market on securities collateral than in earlier periods. So far there has been no close parallel to the investment trust and holding company promotions of Goldman, Sachs, American Founders, Insull, and Associated Gas & Electric. The Securities and Exchange Commission aided, without doubt, by a more mature business sense on the part of the Exchanges, members, and dealers, has prevented the wholesale market rigging and fervent salesmanship of the earlier period.

The economy is also less brittle than in 1929. This has two consequences. It is less vulnerable to a general slump which would affect the market. And equally important, the conomy is less subjct to damage from disturbance emanating from the market. The measures which have made the economy less vulnerable to cyclical disturbance — ranging from social security to a better tax system—are familiar. Indeed, a certain propensity to self-congratulation in these matters may have made them too familiar. I shall not deal with them here. A word is in order on the lessened susceptibility of the economy to disruptive news from the stock market.

The most important source of strength, in this respect, is the leveling up of personal incomes which has occurred in the last quarter century. Between 1929 and 1948 the share of total personal income going to the 5% of the population with the highest incomes dropped from nearly a third to less than a fifth. Although total of these payments increased, the share of rent, interest, and dividends in total income dropped from just over 15% to just under 9% of the total.[8] High-bracket expenditure in general, and expenditure by dividend recipients in particular, is especially vulnerable to stock market movements. The vulnerable expenditure is now considerably less important than 25 years ago.

The corporate structure, in the absence of vast holding company and investment trust promotions, is also almost certainly less vulnerable now than in 1929. The banking structure, as the result of sad experience, firmer and more flexible banking laws, and particularly the result of deposit insurance, is also much stronger.

Finally, there are the new controls and the chance that they will keep speculation in rein. These measures include the policing of trading and the prevention of market manipulation, provision for full disclosure on new promotions, prevention of holding company pyramiding, and others. Most important, since 1929 there has been a general strengthening of both the moral and legal authority of the Federal Reserve System. And there is the power of the latter, under the Securities and Exchange Act of 1934 to specify margin requirements and, if necessary, to raise them to a 100%.

The Remaining Dangers

These are formidable safeguards. It seems probable that, during the course of these hearings, the Committee will be well impressed by their might. Yet there are reasons why the Committee—and even more the representatives of the financial community whose reputation and livelihood is immediately involved — should beware of equanimity. Equanimity, it will be evident, is the endemic disease of the boom.

We had a bad speculative outbreak once before with most disagreeable consequences. Obviously what has happened before —more than once before—can happen again. Another crash, even a mild one, would not add to the public reputation of Wall Street.

Within the last few months, it is commonly agreed, there has been a influx of newcomers into the market. Market discussion has turned increasingly on the prospect for capital gains. As a result prices have been rising and yields declining.

In the 16 months ending last Dec. 31, the prices of industrial shares as measured by the Dow Jones averages increased by 54% as compared with 78% in the 16 months preceding the 1929 crash. Average dividend yields were down to 3.99% at last year's high as compared with 3.15% at the 1929 high.[9] (Because of more conservative dividend policies in recent times the ratio of prices to earnings remains rather more favorable than in 1929.) The stocks comprising the Dow Jones industrial average have recently been selling at one and six-tenths times the book values of the companies. That is more than in any recent period except 1929—when prices reached 1.9 times book value—and 1936-37 when, following a long period of deflation of book values, stocks sold at 1.8 times book.[10] As in the 'twenties, and in other periods of great speculative optimism, we are having a sizable wave of mergers. Some remarkably fanciful explanations are beginning to appear to explain the recent rise in values and to reinforce hopes for more. It would be an exaggeration to say that there has yet been any wholesale escape from reality such as occurred in 1929. But enough has happened to indicate that we haven't yet lost our considerable capacity for self-delusion.

8 Goldsmith, et al, cited above.
9 Chase National Bank, previously cited.
10 *Ibid.* After Dow-Jones and Co.

The Problem of Prevention

Without doubt it is the sovereign privilege of the free citizen to loss his money precisely as he pleases. In any case, if he does not loss it in the stock market, he will probably be trimmed in real estate, at the races, or in a uranium mine. The problem of speculation is not a problem of the individual speculator and certainly not one of how to protect him from the fruits of his own avarice. The problem is purely one of minimizing the social consequences of speculation.

The solution lies much more in prevention than in control — a point of considerable practical importance at the moment. Even after a speculative rampage gets well under way it can still be stopped. Although there is a legend to the contrary, the government and the Federal Reserve System, with the powers then available to them, could have brought the boom to an end at any time in 1928 and 1929. A stern statement that values had reached nonsensical levels, that the volume of brokers' loans was indefensible, that the current speculation was against all public policy, and that unremitting moral pressure would be placed on banks that loaned money for speculative purposes would probably have been sufficient. A request to Congress to investigate and recommend legislation would also have had a signal effect. The occupational disease of the speculator is acute uneasiness. In March of 1929 the mere news that the Federal Reserve Board was holding extraordinary meetings in Washington—presumably to discuss the market although no statement or action ever materialized—was sufficient to cause wholesale liquidation.

There are two difficulties in taking action after a speculative boom is well under way. Such action must contend with the process of reassurance which, as noted, is the normal concomitant of the boom and which insists that all is well. In our society, moreover, we do not assume complete prescience on the part of public officials, an assumption that seems to accord tolerably well with the facts. Accordingly, some responsible officials will always be carried away by the assurances and will thus be opposed to action. In his memoirs, Mr. Hoover recalls that shortly before leaving the White House in 1929, President Coolidge expressed the view that conditions were "absolutely sound" and that stocks were "cheap at current prices."[11] Obviously this belief did not predispose Mr. Coolidge to any very strenous steps to halt the boom.

More important, once a boom is well started, it cannot be arrested. It can only be collapsed. Had the Federal Reserve System in 1929 taken the steps mentioned above, the market would not have levelled off. It would have fallen —precipitately. No one would have been in doubt as to who was to blame. The responsibility would have been squarely on the Federal Reserve. Accordingly, there was a very strong tendency to postpone action. This postponement, of course, meant a worse crash later on. But this had the virtue of being later on—and a few weeks more of life seems precious at such times. Moreover, the authorship of the eventual crash would not be so devastatingly clear. This temptation to temporize and delay, it will again be recalled, comes at a time when a great many people are assuring themselves and the world at large that everything is entirely sound.

11 "The Memoirs of Herbert Hoover: The Great Depression, 1929-41." (New York, Macmillan, 1952) p. 5.

This atmosphere, and not the particular instruments of prevention and control, is the crucial aspect of the problem posed by speculation. The prime need is to act early rather than late. The fact that the present boom may be in only a relatively incipient stage should not, accordingly, be a reason for advocating inaction. If it weren't incipient nothing much would or could be done.

Should there be a resumption of the upward movement of the past year in the weeks or months ahead, the Federal Reserve should be pressed to put trading on a cash basis by raising margin requirements to a 100%. This is a rather elementary precaution. It was taken between January, 1946 and February, 1947 when the danger of speculative boom in the market was far less than at present. When the market has been stable (or declining) for a substantial period, margin, trading should again be allowed. This is not to encourage margin trading. Rather it is to prevent substitute borrowing from developing outside the market.

One purpose of the foregoing step is to make wholly unambiguous the intention of the government to hold securities speculation in check. The government should make this position clear in every other possible way. There should be specific and reiterated warning about the danger of runaway speculation to the economy and the participant, and specific and reiterated urging to people to buy good bonds. If speculative tendencies persist, more drastic measures invoking the tax power should be contemplated. Those who react with horror to such suggestions should also react to the alternatives which presumably, is an eventual bust.

The exchanges and their members have, perhaps, the most to lose from a new succession of boom and bust. The American people have a way of looking for someone on whom they can blame their misfortunes. Wall Street, as a *deus ex machina*, has always been much esteemed. In light of this history, it may not be too much to hope—though it might be — that the financial community would take the lead in resisting a new outbreak of speculation.

Thus the New York Stock Exchange, for some years, has been endeavoring to widen the public interest in the ownership of securities. It might now extend its activities to include education in the principles of sound ownership. This would include stern warnings on the dangers that await the amateur speculator, reminders of past misfortunes, and of the tendency of markets that have gone up spectacularly to come down the same way. Stock exchange firms which take a long-term view of their situation and whose members recall the miseries of 20 and 25 years ago — should be alert to discourage a resurgence of popular speculative activity. Perhaps there might be some organized effort to encourage people to buy—if they must buy—with a view to earnings.

There should, also, be a keen suspicion of whatever are the currently fashionable remedies. As with clothes and cars, ideas on financial policy have a marked style factor. For some time there has been much faith in what could be accomplished, in the control of speculation, by monetary policy. Should it be needed, a moderate (or severe) tightening of money rates would get things under control. The 1929 experience is not reassuring. Rates on the call market ranged from 5 to 20%. This, naturally enough, did not deter speculators who are getting up to 200 or 300% retu in capital gains. Efforts to enfor a high market rate may have h some effect in depressing or nary, non-speculative business a tivity which is more sensitive such costs. That this occurred w the current view of the Fede Reserve Board and of Mr. Hoov

Very recently the notion th the capital gains tax is respo sible for high values and at le incipient speculation has been vogue. The capital gains tax h "locked in" the securities in th present ownership. This, in tu has created a shortage of stoc A repeal or reduction of the ca tal gains tax would release th securities and bring down t market. One of the most engagi aspects of economics is t tendency for proposals for ec nomic reform to culminate in su gestions for tax reduction.

Perhaps there is a case agai the taxing of capital gains. immobilize property because the tax cost of selling it does n at first glance, seem desirab However, tax consideration ent into most modern transactions a recent investigations of the N York Stock Exchange have, as t Committee will be aware, c doubt on the extent to whi higher-bracket investors are a fected by tax considerations.

In any case, the effect of t reform on the supply of securit and their price should probab be regarded with a measure amiable skepticism. Those w argue that the capital gains h locked in stocks and made th scarce assume that the pres owners yearn, when they sell, hold government securities cash. Perhaps they yearn to o other shares with, as they belie better prospects for appreciati or earnings. If this is so, wh they sell they will be right ba in the market as buyers. To r peal the capital gains tax wou also make available for the pu chase of securities funds now p in taxes. Presumably some peop now out of the market, would attracted in by the prospect tax-free gains. In short, repeal is presumed, would bring m sellers. It would as plausibly, a perhaps more plausibly, br more buyers.

It is interesting to recall t early in 1929 there were sugg tions that the country was r ning out of common stocks. T were not locked in; in those mer unsophisticated days it was mer said that there weren't enough go around. In October this d trine was proved in error. Sto became suddenly, miraculous and most disastrously abundan

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. Richard W. Denner has beco associated with Harris, Upham Co., 137 El Camino Drive. Denner was previously with Hentz & Co. and prior the with A. W. Morris & Co.

Daniels With Merrill Lyn

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—B nard Daniels has become asso ated with Merrill Lynch, Pie Fenner & Beane, 454 North Ca den Drive. Mr. Daniels was f merly Secretary and Treasurer Cantor, Fitzgerald & Co., Inc.

Daniel Reeves Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. George Rosenzweig has beco affiliated with Daniel Reeves Co., 398 South Beverly Dr members of the New York Los Angeles Stock Exchanges.

Henry Goldman, Jr.

Henry Goldman, Jr., partner Gale, Bishop & Co., New Y City, passed away March 9 at age of 58.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Mar. 20	§92.5	*92.9	89.1	67.6
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 20	§2,232,000	*2,241,000	2,150,000	1,613,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 4	6,806,200	6,789,450	6,721,250	6,432,900
Crude runs to stills—daily average (bbls.)	Mar. 4	¶7,462,000	7,673,000	7,418,000	6,951,000
Gasoline output (bbls.)	Mar. 4	24,553,000	25,349,000	24,208,000	23,365,000
Kerosene output (bbls.)	Mar. 4	2,434,000	2,550,000	2,707,000	2,851,000
Distillate fuel oil output (bbls.)	Mar. 4	12,784,000	12,904,000	12,539,000	10,536,000
Residual fuel oil output (bbls.)	Mar. 4	8,263,000	8,909,000	8,452,000	8,195,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 4	182,343,000	181,310,000	171,331,000	177,563,000
Kerosene (bbls.) at	Mar. 4	18,873,000	18,791,000	23,200,000	19,512,000
Distillate fuel oil (bbls.) at	Mar. 4	65,932,000	68,731,000	*81,815,000	67,564,000
Residual fuel oil (bbls.) at	Mar. 4	44,298,000	45,652,000	*47,530,000	46,065,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 5	658,975	635,453	640,735	590,576
Revenue freight received from connections (no. of cars)	Mar. 5	646,870	639,573	625,133	585,610
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 10	$358,229,000	$373,194,000	$298,933,000	$245,541,000
Private construction	Mar. 10	238,691,000	225,019,000	152,424,000	166,121,000
Public construction	Mar. 10	119,538,000	148,175,000	146,509,000	79,420,000
State and municipal	Mar. 10	91,549,000	124,565,000	119,801,000	69,319,000
Federal	Mar. 10	27,989,000	23,610,000	26,708,000	10,101,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 5	7,740,000	*8,800,000	8,700,000	6,420,000
Pennsylvania anthracite (tons)	Mar. 5	399,000	568,000	609,000	406,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 5	98	*93	86	85
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 12	9,726,000	9,727,000	9,922,000	8,519,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 10	257	222	238	229
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 8	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	Mar. 8	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Mar. 8	$37.58	$36.75	$35.83	$23.50
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 9	32.700c	32.700c	32.700c	29.700c
Export refinery at	Mar. 9	35.700c	36.025c	35.300c	29.025c
Straits tin (New York) at	Mar. 9	91.250c	91.000c	91.750c	90.000c
Lead (New York) at	Mar. 9	15.000c	15.000c	15.000c	12.750c
Lead (St. Louis) at	Mar. 9	14.800c	14.800c	14.800c	12.550c
Zinc (East St. Louis) at	Mar. 9	11.500c	11.500c	11.500c	9.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 15	97.79	97.18	97.13	100.06
Average corporate	Mar. 15	109.24	109.24	109.60	110.52
Aaa	Mar. 15	112.56	112.37	113.31	115.82
Aa	Mar. 15	110.52	110.70	111.07	112.56
A	Mar. 15	109.60	109.60	109.97	110.34
Baa	Mar. 15	104.31	104.31	104.66	103.97
Railroad Group	Mar. 15	107.44	107.27	107.80	108.70
Public Utilities Group	Mar. 15	109.97	109.97	110.34	110.70
Industrials Group	Mar. 15	110.34	110.34	110.88	112.19
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 15	2.66	2.71	2.71	2.49
Average corporate	Mar. 15	3.21	3.21	3.19	3.14
Aaa	Mar. 15	3.03	3.04	2.99	2.86
Aa	Mar. 15	3.14	3.13	3.11	3.03
A	Mar. 15	3.19	3.19	3.17	3.15
Baa	Mar. 15	3.49	3.49	3.47	3.51
Railroad Group	Mar. 15	3.31	3.32	3.29	3.24
Public Utilities Group	Mar. 15	3.17	3.17	3.15	3.13
Industrials Group	Mar. 15	3.15	3.15	3.12	3.05
MOODY'S COMMODITY INDEX	Mar. 15	395.0	390.5	407.8	428.6
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 5	406,459	229,112	350,995	304,917
Production (tons)	Mar. 5	266,804	259,007	259,402	223,579
Percentage of activity	Mar. 5	96	95	94	88
Unfilled orders (tons) at end of period	Mar. 5	523,368	387,743	450,660	401,043
OIL, PAINT AND DRUG REPORTER PRICE INDEX— 1949 AVERAGE = 100	Mar. 11	107.45	107.08	106.54	108.00
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)†—					
Number of shares	Feb. 26	1,214,148	1,680,153	1,675,172	645,030
Dollar value	Feb. 26	$59,853,652	$88,042,721	$90,292,919	$29,757,573
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Feb. 26	1,055,167	1,459,995	1,433,599	656,574
Customers' short sales	Feb. 26	5,289	8,967	10,962	7,441
Customers' other sales	Feb. 26	1,049,878	1,451,028	1,422,637	649,133
Dollar value	Feb. 26	$49,958,364	$70,281,214	$69,607,364	$27,259,465
Round-lot sales by dealers—					
Number of shares—Total sales	Feb. 26	259,590	402,070	356,670	214,450
Short sales	Feb. 26	------	------	------	------
Other sales	Feb. 26	259,590	402,070	356,670	214,450
Round-lot purchases by dealers—					
Number of shares	Feb. 26	436,680	594,220	615,250	219,670
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total Round-lot sales—					
Short sales	Feb. 19	753,120	645,250	495,640	411,270
Other sales	Feb. 19	17,615,050	17,468,910	14,173,920	8,722,360
Total sales	Feb. 19	18,368,170	18,114,160	14,669,560	9,133,630
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 19	1,922,740	1,862,810	1,930,550	876,550
Short sales	Feb. 19	417,030	355,610	245,280	194,920
Other sales	Feb. 19	1,540,190	1,645,230	1,572,450	737,790
Total sales	Feb. 19	1,957,220	2,000,840	1,817,730	932,710
Other transactions initiated on the floor—					
Total purchases	Feb. 10	294,500	294,470	463,410	227,820
Short sales	Feb. 10	29,100	15,000	29,900	18,700
Other sales	Feb. 15	355,700	308,650	436,020	233,320
Total sales	Feb. 19	384,800	323,650	465,920	252,020
Other transactions initiated off the floor—					
Total purchases	Feb. 10	647,580	643,323	557,455	342,375
Short sales	Feb. 10	114,430	112,040	61,370	41,390
Other sales	Feb. 19	932,066	1,039,232	702,799	384,070
Total sales	Feb. 10	1,046,496	1,151,272	764,169	425,460
Total round-lot transactions for account of members—					
Total purchases	Feb. 19	2,864,820	2,800,603	2,951,415	1,446,745
Short sales	Feb. 19	560,560	482,650	336,550	255,010
Other sales	Feb. 10	2,827,956	2,993,112	2,711,269	1,355,180
Total sales	Feb. 19	3,388,516	3,475,762	3,047,819	1,610,190
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 8	110.0	110.1	110.3	110.6
Farm products	Mar. 8	92.6	92.8	93.4	99.0
Processed foods	Mar. 8	102.2	102.7	103.2	104.6
Meats	Mar. 8	81.3	83.7	84.9	91.6
All commodities other than farm and foods	Mar. 8	115.3	115.3	115.5	114.4

*Revised figure. ¶Includes 662,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 tons.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
AMERICAN GAS ASSOCIATION—For month of January:			
Total gas (M therms)	7,212,254	6,475,003	6,556,291
Natural gas sales (M therms)	6,820,366	6,125,948	6,161,548
Manufactured gas sales (M therms)	57,021	51,145	79,063
Mixed gas sales (M therms)	334,867	297,910	315,680
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of February	8,503,000	*8,837,736	7,083,237
Shipments of steel products (net tons)—Month of January	6,009,953	5,448,649	5,727,600
AMERICAN ZINC INSTITUTE INC.—Month of February:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	78,969	*86,076	68,020
Shipments (tons of 2,000 pounds)	99,964	93,202	66,738
Stocks at end of period (tons)	96,156	*117,151	199,994
Unfilled orders at end of period (tons)	54,527	57,421	28,943
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of February (in millions):			
Total new construction	$2,636	$2,787	$2,346
Private construction	1,986	2,061	1,637
Residential building (nonfarm)	1,034	1,111	758
New dwelling units	950	1,020	675
Additions and alterations	63	70	61
Nonhousekeeping	21	21	22
Nonresidential building (nonfarm)	547	541	474
Industrial	184	185	176
Commercial	197	188	157
Warehouses, office and loft buildings	83	85	73
Stores, restaurants and garages	114	103	84
Other nonresidential building	166	168	141
Religious	53	55	41
Educational	39	42	38
Social and recreational	18	18	16
Hospital and institutional	29	28	26
Miscellaneous	27	25	20
Farm construction	97	93	106
Public utilities	294	302	292
Railroad	20	22	25
Telephone and telegraph	47	47	45
Other public utilities	227	233	222
All other private	14	14	7
Public construction	650	726	709
Residential building	22	23	34
Nonresidential building	312	330	345
Industrial	77	88	138
Educational	170	175	150
Hospital and institutional	23	24	23
Other nonresidential building	42	43	34
Military facilities	76	82	69
Highways	110	145	125
Sewer and water	70	77	69
Miscellaneous public service enterprises	10	12	12
Conservation and development	40	47	45
All other public	10	10	10
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS—U. S. DEPT. OF COMMERCE — Month of January (000's omitted)	$721,000	$1,941,000	$689,500
COAL OUTPUT (BUREAU OF MINES)—Month of February:			
Bituminous coal lignite (net tons)	35,100,000	36,090,000	29,932,000
Pennsylvania anthracite (net tons)	2,441,000	*2,333,000	2,354,000
COKE (BUREAU OF MINES)—Month of Jan.:			
Production (net tons)	5,798,887	5,610,564	5,798,261
Oven coke (net tons)	5,738,399	5,569,683	5,634,080
Beehive coke (net tons)	60,488	40,881	164,181
Oven coke stock at end of month (net tons)	2,747,638	2,794,178	2,751,009
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of December (000's omitted)	37,092,518	35,392,450	33,039,679
Revenue from ultimate customers—month of December	$644,528,000	$620,306,000	$589,705,000
Number of ultimate customers at Dec. 31	51,214,559	51,114,619	49,899,065
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of January:			
All manufacturing (production workers)	12,526,000	*12,686,000	13,002,000
Durable goods	7,200,000	*7,265,000	7,616,000
Nondurable goods	5,328,000	*5,421,000	5,386,000
Employment Indexes (1947-49 Avge.=100)—			
All manufacturing	101.3	*102.6	105.1
Payroll Indexes (1947-49 Average=100)—			
All manufacturing	141.5	*144.0	140.8
Estimated number of employees in manufacturing industries—			
All manufacturing	15,932,000	*16,095,000	16,434,000
Durable goods	9,135,000	*9,201,000	9,591,000
Nondurable goods	6,797,000	*6,895,000	6,843,000
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of January:			
Gas-fired furnace shipments (units)	46,800	55,800	31,000
Gas conversion burner shipments (units)	5,200	7,700	8,800
Gas operated boiler shipments (units)	3,200	3,900	2,900
Domestic gas range shipments (units)	155,100	143,200	137,000
Gas water heater shipments (units)	198,300	170,700	164,400
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of Feb.:			
Industrials (125)	4.14	4.10	5.29
Railroads (25)	4.79	4.96	6.92
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.40	4.56	5.09
Banks (15)	4.06	4.14	4.77
Insurance (10)	2.51	2.58	3.08
Average (200)	4.21	4.22	5.32
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of February:			
Total number of vehicles	738,549	*752,024	529,847
Number of passenger cars	676,060	*659,500	443,279
Number of motor trucks and buses	62,489	*92,524	86,568
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of January:			
Total operating revenues	$752,741,347	$798,023,255	$749,825,835
Total operating expenses	590,002,298	628,344,458	626,806,085
Operating ratio	78.38	78.74	83.59
Taxes	$74,547,270	$39,598,059	$71,488,503
Net railway operating income before charges	68,660,196	109,108,110	32,545,876
Net income after charges (estimated)	52,000,000	119,000,000	20,000,000
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of Feb. 28	$278,208,902	$278,462,873	$274,858,550
General fund balance	5,410,512	4,728,388	4,988,045
Net debt	$272,798,390	$273,734,485	$269,870,505
Computed annual rate	2.311%	2.298%	2.416%

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Allied Uranium Mines, Inc., Salt Lake City, Utah
Feb. 17 (letter of notification) 299,700 shares of common stock (par one cent). **Price** — $1 per share. **Proceeds**—For mining expenses. **Office**—701 Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—H. J. Cooney & Co., New York.

Amcrete Corp., Briarcliff, N. Y.
Dec. 6 (letter of notification) 7,500 shares of 6% participating preferred stock. **Price** — At par ($10 per share). **Proceeds**—For working capital. **Business**—Distributor of prefabricated concrete wall panels and buttresses made of steel reinforced dense concrete, etc. **Underwriter**—None.

★ **American Asbestos Co., Ltd.**
Feb. 17 (Regulation "D") 600,000 shares of common stock (par $1). **Price** — 50 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Maine Investment Co., Ltd.

American Automobile Insurance Co.
Feb. 16 filed 250,000 shares of capital stock (par $2) being offered for subscription by stockholders at the rate of one new share for each six shares held March 8; rights to expire March 23. Unsubscribed stock, up to 15,000 shares, will be offered to employees. **Price** — $30 per share. **Proceeds**—To provide company and its wholly-owned subsidiaries, American Automobile Fire Insurance Co. and Associated Indemnity Corp., with additional capital funds. **Underwriter**—Kidder, Peabody & Co., New York.

American International Minerals Corp.
Feb. 25 filed 460,000 shares of common stock (par 10¢). **Price**—$1 per share. **Proceeds**—For exploration and development of mining properties of subsidiary and for working capital, etc. **Office**—Dover, Del. **Underwriter**—Vickers Bros., New York. **Offering**—Expected in about five weeks.

★ **American Locomotive Co. (3/28-4/1)**
March 11 filed $25,000,000 sinking fund debentures due March 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to redeem $18,700,000 of 7% cumulative preferred stock (par $100) at $115 per share and prepay $10,000,000 loan from Metropolitan Life Insurance Co. **Underwriter**—Smith, Barney & Co., New York.

Arctic Uranium Mines Ltd.
Oct. 28 (Regulation "D") 1,500,000 shares of common stock (no par value). **Price**—20 cents per share. **Proceeds**—For general corporate purposes. **Office** — 411 Childs Bldg., Winnipeg, Manitoba, Canada. **Underwriter**—De Gaetano Securities Corp., New York.

Arkansas-Missouri Power Co.
March 3 filed 36,868 shares of common stock (par $5) to be offered for subscription by common stockholders of record March 14 at the rate of one new share for each 12½ shares held (with an oversubscription privilege). **Price**—To be supplied by amendment.. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—None.

Arkansas Power & Light Co. (3/30)
March 3 filed $18,000,000 of first mortgage bonds due 1985. **Proceeds**—To redeem a like amount of 4¼% bonds due 1983. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. (jointly); Blyth & Co., Inc. and Central Republic Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp. and Union Securities (jointly); White, Weld & Co.; The First Boston Corp. **Bids**—To be received up to 11 a.m. (EST) on March 30 at Two Rector St., New York, N. Y.

Arkansas Power & Light Co. (3/30)
March 3 filed 93,500 shares of cumulative preferred stock (par $100) to be offered in exchange for outstanding 47,609 shares of $7 preferred stock and 45,891 shares of $6 preferred stock on a share-for-share basis during a period from about April 1 to April 19. **Price**—To be named later (expected to be $105 per share). **Proceeds**—Together with other funds, to redeem 47,609 shares of $7 preferred stock and 45,891 shares of $6 preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Lehman Brothers; White, Weld & Co.; Equitable Securities Corp. and Union Securities Corp. (jointly). **Bids**—To be received up to 11 a.m. (EST) on March 30 at Two Rector St., New York, N. Y.

Atlantic Steel Co., Atlanta, Ga. (3/22)
Feb. 25 filed 200,000 shares of common stock (par $5) to be offered first to stockholders of record Feb. 25, 1955, on the basis of one new share for each share of common and/or preferred stock held. **Price**—$23.50 per share. **Proceeds**—To repay bank loans, for property additions and working capital. **Underwriter**—Courts & Co., Atlanta, Ga.

Automatic Remote Systems, Inc.
March 3 filed 540,000 shares of common stock (par 50 cents). **Price**—$3.75 per share. **Proceeds**—For manufacture of Teleac Sending and Receiving Units, working capital and general corporate purposes. **Office**—Baltimore, Md. **Underwriter**—Mitchell Securities, Inc., same city.

● **Beneficial Standard Life Insur. Co. (3/23-24)**
Feb. 28 filed 480,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Los Angeles, Calif. **Underwriter**—Lehman Brothers, New York.

Best American Life Insurance Co., Mesa, Ariz.
Feb. 11 filed 800,000 shares of class A common stock (par $1) to be offered to present and future holders of its life insurance policies with stock purchase rights; 75,000 shares of class B common stock (par $1) to be offered to present and future life insurance salesmen, district managers and state managers; and 455,208 double option coupons with and attached to policies of whole life insurance, to be offered to the general public. **Proceeds**—To build up capital and surplus of company to permit to qualify as a full legal reserve company and expand into other states. **Underwriter**—None. Richard G. Johnson of Mesa, Ariz., is President.

Big Bend Uranium Co., Salt Lake City, Utah
Aug. 6 (letter of notification) 7,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—510 Newhouse Building, Salt Lake City, Utah. **Underwriter** — Call-Smoot Co., Phillips Building, same city.

Big Indian Uranium Corp., Provo, Utah
July 15 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Address**—Box 77, Provo, Utah. **Underwriter**—Weber Investment Co., 242 N. University Ave., Provo, Utah.

Bikini Uranium Corp., Denver, Colo.
Oct. 15 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office** — 705 First National Bank Bldg., Denver, Colo. **Underwriter**—I. J. Schenin Co., New York.

Bingham-Herbrand Corp., Fremont, Ohio
Feb. 2 (letter of notification) 3,000 shares of common stock (par $1). **Price**—At the market (estimated at $10 per share). **Proceeds**—To selling stockholder. **Underwriter**—Wm. J. Mericka & Co., Inc., Cleveland, Ohio.

Bishop Oil Co., San Francisco, Calif.
Feb. 21 filed 153,236 shares of common stock (par $2) to be offered for subscription by stockholders of record March 14, 1955, on the basis of two new shares for each five shares held; rights to expire on March 30. **Price**—To be filed by amendment. **Proceeds** — To retire bank loan and to advance funds to Canadian Bishop Oil, Ltd., wholly-owned subsidiary. **Underwriter**—Hooker & Fay, San Francisco, Calif.

Blue Canyon Uranium, Inc.
Nov. 29 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining activities. **Offices** — 1003 Continental Bank Bldg., Salt Lake City, Utah, and 618 Rood Ave., Grand Junction, Colo. **Underwriter** — James E. Reed Co., Reno, Nev.

Blue Jay Uranium Corp., Elko, Nev.
Oct. 15 (letter of notification) 1,000,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For exploration and development costs. **Office**—402 Henderson Bank Bldg., Elko, Nev. **Underwriter**—Security Uranium Service, Inc., Moab and Provo, Utah.

★ **California-Pacific Utilities Co.**
March 14 filed 50,000 shares of 5% cumulative convertible preferred stock (par $20). **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for new construction. **Underwriter** — First California Co., San Francisco, Calif.

California Tuna Fleet, Inc.
Feb. 15 filed (amendment) $500,000 of 6% sinking fund debentures due 1967 and 50,000 shares of common stock (par $1) to be offered in units of a $1,000 debenture and 100 shares of stock. **Price**—Expected at $1,100 per unit. **Proceeds**—For expansion and working capital. **Office**—San Diego, Calif. **Underwriter**—Barrett Herrick & Co., Inc., New York. **Offering**—May be effected in March.

Carnotite Development Corp.
Oct. 26 (letter of notification) 16,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For exploration and development expenses. **Office**—317 Main St., Grand Junction, Colo. **Underwriter**—Western Securities Corp., Salt Lake City, Utah.

★ **Caterpillar Tractor Co.**
March 10 filed 62,930.5808 shares of common stock (par $10), representing the number of shares subject to unexercised options outstanding Feb. 23, 1955, and options for the purchase of such shares.

★ **Central Maine Power Co.**
March 16 filed $12,000,000 of first and general mortgage bonds, series V, due 1985. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and W. E. Hutton & Co. (jointly); Salomon Bros. & Hutzler; Kuhn, Loeb & Co.; Union Securities Corp. and A. C. Allyn & Co. Inc. (jointly).

★ **Chemical Fund, Inc.**
March 14 filed 300,000 additional shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

● **Chesapeake & Colorado Uranium Corp. (3/28)**
Dec. 7 filed 750,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development program. **Office** — Washington, D. C. **Underwriter**—Peter Morgan & Co., New York.

Circle Air Industries, Inc.
Nov. 29 (letter of notification) 299,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds** — For machinery and equipment and working capital. **Name Change**—Company was formerly known as Paley Manufacturing Corp. **Office**—244 Herkimer Street, Brooklyn, N. Y. **Underwriter**—Allen E. Beers Co., Philadelphia, Pa.

★ **Cities Service Co.**
March 9 filed $6,531,250 participation in the Employees Thrift Plan, together with 125,000 shares of common stock (par $10) which may be purchased pursuant to the provisions of the plan.

Colorado Plateau Uranium Co.
Dec. 1 (letter of notification) 1,900,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining activities. **Office** — 824 Equitable Bldg., Denver 2, Colo. **Underwriter**—John L. Donahue, 430 16th St., Denver, Colo.

★ **Columbia Pictures Corp.**
March 8 (letter of notification) 888 shares of common stock (par $5). **Price**—At market (estimated at $35 per share). **Proceeds** — To common stockholders in lieu of fractional shares in connection with 5% stock dividend payable March 31 to stockholders of record Feb. 9, 1955. **Underwriter**—Hallgarten & Co., New York.

● **Concord Supplier & Equipment Corp. (3/21)**
Feb. 25 filed 299,700 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Franklin, Meyer & Barnett, New York.

Consolidated Credit Corp., Charlotte, N. C.
Oct. 25 (letter of notification) $100,000 of 20-year 6% subordinate sinking fund notes and 100 ten-year warrants to purchase 20 shares of common stock to be sold in units of a $1,000 note and one warrant. **Price**—$1,000 per unit (each warrant is exercisable at $10 per share.) **Proceeds** — To repay bank loan. **Office** — 221½ West Trade St., Charlotte, N. C. **Underwriter**—J. C. Wheat & Co., Richmond, Va.

Consol. Edison Co. of New York, Inc.
April 7, 1954, filed $50,000,000 first and refunding mortgage bonds, series K, due May 1, 1984. **Proceeds**—To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Morgan, Stanley & Co.; The First Boston Corp. **Offering**—Originally set for May 11, but has been postponed because of market conditions. No new date set.

Consolidated Fenimore Iron Mines Ltd.
Jan. 24 filed 204,586 shares of common stock (par $7), to be offered for subscription by common stockholders of record Feb. 7, 1955 at the rate of one new share for each five shares held. **Price**—$2.20 per share. **Proceeds**—From sale of this stock, plus $440,000 to be available from sale of 200,000 shares to Alator Corp. Ltd. and Yam Securities Ltd., and $175,000 treasury funds, to be used to pay for geological surveys and metallurgical research, for drilling expenses and other general corporate purposes. **Office**—Toronto, Canada. **Underwriter**—None.

Consolidated Sudbury Basin Mines, Ltd., Toronto, Canada
Jan. 31 filed 3,000,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of properties. **Underwriter**—Stock to be sold on Toronto Stock Exchange or through underwriters or selected dealers in United States.

Contact Uranium, Mines, Inc., N. Y.
Dec. 7 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—100 West 42nd St., New York. **Underwriter**—Justin Steppler, Inc., New York.

Continental Electric Equipment Co.
Jan. 28 (letter of notification) 8,645 shares of common stock (no par) to be offered for subscription by stockholders of record March 1, 1955 on the basis of one new share for each five shares held; rights to expire on April 15. **Price** — $18.75 per share. **Proceeds** — For working capital. **Office** — 1 Green Hills Place, Cincinnati, O. **Underwriter**—None.

Continental Loan Co., Dallas, Tex.
Dec. 22 (letter of notification) $150,000 of 4% 10-year debentures and 42,000 shares of common stock (par 10

cents) to be offered in units of $1,000 of debentures and 200 shares of stock; remaining 12,000 shares to be purchased by underwriter. **Price**—$1,400 per unit; and $2 per common share. **Proceeds**—To buy common stock of Budget and Mutual and for working capital. **Office**—815 Fidelity Union Life Bldg., Dallas, Tex. **Underwriter**—Securities Management Corp., same address.

★ Corning Glass Works, Corning, N. Y. (3/29)
March 10 filed 464,700 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds** — To 26 selling stockholders. **Underwriters**—Lazard Freres & Co. and Harriman Ripley & Co. Inc., both of New York.

Cuba (Republic of)
Jan. 7 filed $2,500,000 of Veterans, Courts and Public Works 4% bonds due 1983. **Price**—To be supplied by amendment. **Proceeds** — To Romenpower Electra Construction Co., which received the bonds in payment for work preformed for the Republic or one of more of its agencies. **Underwriters**—To be named by amendment.

Desert Queen Uranium Co., Salt Lake City, Utah
Jan. 26 (letter of notification) 259,500 shares of common stock (par two cents). **Price**—$1 per share. **Proceeds**—for mining operations. **Office**—506 Judge Building, Salt Lake City, Utah. **Underwriter** — Selected Securities Ltd., Los Vegas, Nev.

Desert Uranium Co., Salt Lake City, Utah
Oct. 18 (letter of notification) 2,000,000 shares of common stock **Price**—At par (15 cents per share). **Proceeds**—For exploration and development expenses. **Office**—524 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—Van Blerkom & Co., same city.

Diamond Uranium Corp., Moab, Utah
Jan. 20 (letter of notification) 3,500,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—M. I. C. Bldg., Moab, Utah. **Underwriter**—Security Uranium Service, Inc., K. O. V. O. Bldg., P. O. Box 77, Provo, Utah.

East Tennessee Water Corp.
Dec. 20 (letter of notification) $160,000 of first mortgage 6% bonds dated Dec. 1, 1954. **Price** — At par (in denominations of $1,000 each). **Proceeds**—For purchase of real estate, capital improvements and contingencies. **Office**—306 E. Main St., Johnson City, Tenn. **Underwriter**—D. T. McKee Investment Co., Box 904, Bristol, Va.

East Texas Loan & Investment Co.
Jan. 20 (letter of notification) 25,000 shares of common stock (no par). **Price** — $10 per share. **Proceeds**—For working capital. **Office**—203 East Cotton St., Longview, Tex. **Underwriter**—D. G. Carter Investment Co., same address.

ElectroData Corp., Pasadena, Calif. (3/31)
March 7 filed 210,000 shares of capital stock (par $1) to be offered for subscription by stockholders at the rate of three new shares for each 10 shares held on March 31; with subscription rights to expire on April 18. **Price**—To be supplied by amendment. **Proceeds** — For construction of new plant and office building, new equipment and working capital. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and building and working capital. **Office** — 407 Liberty Trust Bldg., Philadelphia, Pa. **Underwriter**—None.

Electronics Investment Corp., San Diego, Calif.
Dec. 14 filed 2,000,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—For investment.

Eleven Moore Street Corp. (3/18)
March 3 (letter of notification) 28,143 shares of capital stock (par $1) to be offered for subscription by stockholders of record March 3, 1955 on the basis of three new shares for each share held; rights to expire on April 8, 1955. **Price**—$6 per share. **Proceeds**—Together with funds from mortgage loan of $350,000 to redeem $581,700 outstanding income mortgage loan certificates. **Office**—141 Broadway, New York 6, N. Y. **Underwriter**—None, but Breswick & Co., New York, will buy unsubscribed shares.

El Morocco Enterprises, Inc., Las Vegas, Nev.
Dec. 29 filed $6,000,000 of 8% sinking fund debenture bonds due July 1, 1967, and 1,950,000 shares of common stock (par 10 cents), each purchaser of bonds to have the right to purchase common stock at par at rate of 10 shares for each $100 of bonds up to $9,900 of debenture bonds purchased, with amount of shares increasing in proportion to amount of bonds purchased. **Price**—100% of principal amount for bonds. **Proceeds**—To pay balance of purchase price of Las Vegas Hotel, Inc. capital stock, construction of main hotel building, pavilions, swimming pool, furnishings, etc. **Underwriter**—Company may sell debenture bonds and common stock to dealers through brokers.

Eula Belle Uranium, Inc.
Oct. 18 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development expenses. **Office**—506 First Security Bank Bldg., Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same city.

Farm & Home Loan & Discount Co.
Nov. 29 filed 320,000 shares of class A common stock (par 25 cents), 214,285 shares of class B common stock (par 35 cents) and 300,000 shares of class C common stock (par 50 cents). **Price** — At par. **Proceeds** — For working capital. **Office**—Phoenix, Ariz. **Underwriter**—None.

Financial Credit Corp., New York
Jan. 29, 1954 filed 250,000 shares of 7% cumulative sinking fund preferred stock. **Price**—At par ($2 per share). **Preceeds** — For working caiptal. **Underwriter** — E. J. Fountain & Co., Inc., New York.

● Flo-Mix Fertilizers Corp., Houma, La. (3/21)
Feb. 14 filed 585,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To buy equipment and for working capital. **Underwriter** — Tschirn Investment Co., Delta Bldg., New Orleans, La.

★ Florida Power & Light Co. (3/28-29)
March 11 filed 305,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters** — Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co., both of New York.

Florida Telephone Corp. (4/1)
March 4 filed 77,350 shares of common stock (par $10) to be offered for subscription by common stockholders of record April 1, 1955, and by certain officers and employees. **Price**—$13 per share. **Proceeds**—For construction program. **Office**—Ocala, Fla. **Underwriter**—None.

Fort Vancouver Plywood Co., Vancouver, Wash.
Feb. 21 filed 397 shares of common stock. **Price**—At par ($4,500 per share). **Proceeds** — For down payment on purchase price of mill facilities and for other expenses. **Underwriter**—John C. O'Brien, one of the promoters.

Four States Uranium Corp., Grand Junction, Colo.
Aug. 16 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploratory and development expenses. **Office** — 618 Rood Avenue, Grand Junction, Colo. **Underwriter** — Joe Rosenthal, 1669 Broadway, Denver, Colo.

Gatineau Uranium Mines Ltd. (Canada)
Aug. 10 (Regulation "D") 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and development costs. **Office** — 100 Adelaide St. West, Toronto, Canada. **Underwriter**—McCoy & Willard, Boston, Mass.

Gem Uranium & Oil Co., Salt Lake City, Utah
Dec. 9 (letter of notification) 11,000,000 shares of capital stock (par one cent). **Price**—Two cents per share. **Proceeds**—For exploration and development of oil and uranium properties. **Office** — 414 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Utah Uranium Brokers, same city.

★ General Dynamics Corp. (4/4-6)
March 11 filed $40,000,000 of convertible debentures due April 1, 1975. **Price** — To be supplied by amendment. **Proceeds**—For expansion and improvement of facilities and for working capital. **Underwriters**—Lehman Bros. and Blyth & Co., Inc., both of New York.

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For plant expansion, new equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

● General Shoe Corp. (3/22)
March 4 filed $10,000,000 of 25-year debentures due March 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—To retire a $3,000,000 promissory note, for additions and improvements and working capital. **Underwriter**—Smith, Barney & Co., New York.

General Uranium Corp., Salt Lake City, Utah
Oct. 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For development and exploration expenses. **Office**—404 Boston Building, Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Continued on page 42

NEW ISSUE CALENDAR

March 18 (Friday)
Eleven Moore Street Corp.____Common
(Offering to stockholders—no underwriting) $168,858

March 21 (Monday)
Concord Supplier & Equipment Corp.____Common
(Franklin, Meyer & Barnett) 299,700 shares
Flo-Mix Fertilizers Corp.____Common
(Tschirn Investment Co.) $2,925,000
Kin-Ark Oil Co.____Common
(Van Alstyne, Noel & Co.) $1,375,000
Model Finance Service, Inc.____Debentures
(Paul C. Kimball & Co.) $600,000
National Shares Corp.____Common
(Offering to stockholders—no underwriting) 300,000 shares

March 22 (Tuesday)
Atlantic Steel Co.____Common
(Courts & Co.) $4,700,000
General Shoe Corp.____Debentures
(Smith, Barney & Co.) $10,000,000
National Gypsum Co.____Common
(Offering to stockholders—underwritten by W. E. Hutton & Co. and Blyth & Co., Inc.) 464,325 shares
Van Norman Co.____Common
(Offering to stockholders—underwritten by Paine, Webber, Jackson & Curtis) 124,667 shares
Western Auto Supply Co.____Preferred
(Merrill Lynch, Pierce, Fenner & Beane) $5,000,000

March 23 (Wednesday)
Beneficial Standard Life Insurance Co.____Common
(Lehman Brothers) 460,000 shares
Harvard Brewing Co.____Common
(Bids 3.30 p.m. EST) 345,760 shares
Joy Manufacturing Co.____Debentures
(Hallgarten & Co.; R. W. Pressprich & Co.; and Adamex Securities Corp.) $20,000,000
Southern Pacific Co.____Equip. Trust Ctfs.
(Bids noon EST) $8,400,000
Sundstrand Machine Tool Co.____Common
(Offering to stockholders—underwritten by Merrill, Lynch, Pierce, Fenner & Beane; Bacon, Whipple & Co.; and Dean Witter & Co.) 108,885 shares
White Canyon Mining Co.____Common
(Joseph McManus & Co. and A. P. Kibbe & Co. $3,000,000

March 24 (Thursday)
Chicago, Rock Island & Pacific RR.____Debentures
(The First Boston Corp.; Blyth & Co., Inc.; Glore, Forgan & Co.; and Union Securities Corp.) $65,000,000
Kentucky Utilities Co.____Common
(Offering to stockholders—underwritten by Blyth & Co., Inc. and J. J. B. Hilliard & Son) 190,566 shares

March 28 (Monday)
American Locomotive Co.____Debentures
(Smith, Barney & Co.) $25,000,000
Chesapeake & Colorado Uranium Corp.____Common
(Peter Morgan & Co.) $750,000
Florida Power & Light Co.____Common
(Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co.) 305,000 shares
Holly Uranium Corp.____Common
(Barrett Herrick & Co., Inc. and Franklin, Meyer & Barnett) $3,150,000

March 29 (Tuesday)
Corning Glass Works____Common
(Lazard Freres & Co. and Harriman Ripley & Co. Inc.) 464,700 shares
Pacific Northwest Pipeline Corp.____Notes & Com.
(White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp.) $17,220,000 debentures and 287,000 shares of stock
Storer Broadcasting Co.____Common
(Reynolds & Co.) 262,750 shares

March 30 (Wednesday)
Arkansas Power & Light Co.____Bonds
(Bids 11 a.m. EST) $18,000,000
Arkansas Power & Light Co.____Preferred
(Bids 11 a.m. EST) $9,350,000

March 31 (Thursday)
ElectroData Corp.____Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) 210,000 shares

April 1 (Friday)
Florida Telephone Corp.____Common
(Offering to stockholders—no underwriting) 77,350 shares

April 4 (Monday)
General Dynamics Corp.____Debentures
(Lehman Brothers and Blyth & Co., Inc.) $40,000,000
Southern States Oil Co.____Common
(Gordon Graves & Co., Inc.) $500,000

April 5 (Tuesday)
Kentucky Utilities Co.____Bonds
(Bids to be invited) $5,000,000
West Texas Utilities Co.____Bonds
(Bids to be invited) $7,500,000

April 6 (Wednesday)
Tennessee Gas Transmission Co.____Debentures
(Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc.) $25,000,000

April 11 (Monday)
White River Propane Gas Co., Inc.__Debens. & Com.
(Eisele & King, Libaire, Stout & Co.) $700,000

April 14 (Thursday)
Savannah Electric & Power Co.____Common
(The First Boston Corp. and Stone & Webster Securities Corp.) 165,000 shares

April 15 (Friday)
Westpan Hydrocarbon Co.____Common
(May be Union Securities Corp.) 384,861 shares

April 25 (Monday)
Philadelphia Electric Co.____Bonds
(Bids to be invited) $50,000,000

May 2 (Monday)
Augusta Newspapers, Inc.____Preferred & Common
(Johnson, Lane, Space & Co.)

May 10 (Tuesday)
Georgia Power Co.____Bonds
(Bids 11 a.m. EST) $12,000,000
New York, Chicago & St. Louis RR.____Eq. Tr. Ctfs.
(Bids to be invited) $4,080,000

May 17 (Tuesday)
Ohio Edison Co.____Bonds
(Bids to be invited) $30,000,000

May 24 (Tuesday)
Alabama Power Co.____Bonds
(Bids 11 a.m. EST) $15,000,000

June 7 (Tuesday)
Virginia Electric & Power Co.____Bonds
(Bids to be invited) $25,000,000

November 9 (Wednesday)
Southern Co.____Common
(Bids to be invited) 500,000 shares

Continued from page 41

Gulf Cities Gas Corp., St. Petersburg, Fla.
Feb. 15 (letter of notification) 31,500 shares of class A stock (par $1). **Price**—$7.75 per share. **Proceeds** — To repay notes and other obligations and for working capital. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York. Letter to be withdrawn; full registration of about 50,000 shares expected. **Offering** — Expected about May 2.

Gulf States Utilities Co.
May 14, 1954 filed 160,800 shares of preferred stock (par $100). **Proceeds**—To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Gulf States Utilities Co.
May 14, 1954 filed $24,000,00 first mortgage bonds due June 1, 1984. **Proceeds**—To redeem $10,000,000 of 3⅜% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983, and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

● **Hanover Fire Insurance Co.**
Feb. 24 filed 100,000 shares of capital stock (par $10) being offered for subscription by stockholders of record March 16 at the rate of one new share for each four shares held; rights to expire on April 4. **Price**—$42 per share. **Proceeds**—To be added to the general funds of the company to enable it to expand its business, particularly in the writing of casualty and multiple-line policies. **Underwriters**—The First Boston Corp. and R. W. Pressprich & Co., both of New York.

Harvard Brewing Co., Lowell, Mass. (3/23)
Feb. 1 filed 345,760 shares of common stock (par $1), which the Attorney General, as successor to the Alien Property Custodian, is the owner and proposes to offer at competitive bidding. If any such bid is accepted, and if the successful bidder plans to distribute the shares, the company will file post-effective amendments to supply the requisite additional information. There are 625,000 shares outstanding. **Bids**—To be received by Office of Alien Property, Room 664, 101 Indiana Ave., N. W., Washington 25, D. C., up to 3:30 p.m. (EST) on March 23.

Heliogen Products, Inc.
March 7 (letter of notification) 22,670 shares of common stock (par $1), of which 12,670 shares are to be offered for subscription by stockholders up to and including June 15, 1955, and 10,000 shares are to be offered publicly. **Price**—$5 per share. **Proceeds**—For working capital, etc. **Office**—35-10 Astoria Blvd., Long Island City, N. Y. **Underwriter**—Smith & Co., Waterville, Me.

Hobby & Brown Electronic Corp.
Feb. 24 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To increase inventory and for working capital. **Office**—55 Front St., Rockville Centre, L. I., N. Y. **Underwriter**—W. Harry Young Co., Garden City, L. I., N. Y.

● **Holly Uranium Corp., New York (3/28-4/1)**
Feb. 10 filed 900,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—To exercise certain options on properties in Utah and New Mexico. **Underwriter**—Barrett Herrick & Co., Inc. and Franklin, Meyer & Barnett, both of New York.

● **Industrial Hardware Manufacturing Co., Inc.**
March 9 filed $3,000,000 of 6% debentures due March 1, 1975, of which $2,596,600 principal amount are to be offered first to stockholders. **Price**—To be supplied by amendment. **Proceeds**—To purchase preferred stock of Hugh H. Eby Co., at par; to purchase real estate, machinery and equipment, etc.; for the acquisition of all common stock of Eby company and to pay certain bank loans and notes payable of Eby. **Underwriters**—Names to be supplied by amendment (expected to be Milton D. Blauner & Co., Inc., New York; Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., New York).

Inland Western Loan & Finance Corp.
Feb. 17 filed 2,500,000 shares of class A non-voting common stock (par $1). **Price**—$1.25 per share. **Proceeds**—To be used as operating capital for its two subsidiaries, and to finance establishment and operation of additional loan and finance offices. **Office**—Phoenix, Ariz. **Underwriter**—None.

International Spa, Inc., Reno, Nev.
Nov. 23 filed 12,000 shares of common stock (no par). **Price**—$500 per share. **Proceeds**—For land, construction, working capital, etc. **Underwriter**—None.

Investment Corp. of America
Aug. 30 (letter of notification) 3,799 shares of cumulative preferred stock (no par) and 3,799 shares of common stock (no par). **Price**—For preferred, $20 per share; and for common, $2 per share. **Proceeds**—For working capital. **Office**—3603 Broadway, San Antonio, Tex. **Underwriter**—Interior Securities, Inc., San Antonio, Tex.

Israel Pecan Plantations, Ltd.
Feb. 28 filed 24,900 shares of ordinary common stock (par one Israeli pound). **Price**—$10 per share. **Proceeds**—For capital expenditures. **Underwriter**—None. **Offices**—Natanya, Israel, and New York, N. Y.

Jarmon Properties & Oil Development Corp.
Jan. 17 (letter of notification) 30,000 shares of capital stock. **Price**—At par ($10 per share). **Proceeds**—For further exploration and development. **Addres**—P. O. Box 1109, Wichita Falls, Tex. **Underwriter**—John A. Aicholtz & Associates, 505 Macon St., Fort Worth, Tex., and another.

Joy Manufacturing Co. (3/23)
Feb. 28 filed $20,000,000 of sinking fund debentures due 1975. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriters**—Hallgarten & Co.; R. W. Pressprich & Co.; and Adamex Securities Corp., all of New York.

Justheim Petroleum Co.
Dec. 9 (letter of notification) 2,650,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For oil and mining expenses. **Office**—318 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Hunter Securities Corp., New York.

● **Kentucky Utilities Co., Lexington, Ky. (4/5)**
March 7 filed $5,000,000 first mortgage bonds, series F, due April 1, 1985. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. **Bids** — Expected about April 5.

● **Kentucky Utilities Co., Lexington, Ky. (3/24)**
March 7 filed 190,566 shares of common stock (par $10) to be offered for subscription by common stockholders of record March 21 on the basis of one new share for each 12 shares held; rights expire on April 11. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters**—Blyth & Co. Inc., New York, and J. J. B. Hilliard & Son, Louisville, Ky.

Kin-Ark Oil Co., El Dorado, Ark. (3/21-25)
Feb. 24 filed 500,000 shares of common stock (par 10 cents). **Price** — $2.75 per share. **Proceeds** — To repay $279,000 mortgage indebtedness and $45,500 outstanding notes; to pay $70,000 outstanding accounts payable, and for drilling of 14 additional wells and working capital. **Underwriter**—Van Alstyne, Noel & Co., New York.

Lake Lauzon Mines, Ltd., Toronto, Can.
Aug. 2 filed 660,000 shares of common stock (par $1, Canadian), of which 500,000 shares are to be offered in behalf of the company and 160,000 shares for account of Percy E. Rivett. **Price**—40 cents per share, U. S. funds. **Proceeds** — For development and exploration expenses. **Underwriter**—To be named by amendment.

Lee Finance Co., Minneapolis, Minn.
Nov. 3 (letter of notification) 13,000 shares of preferred stock (par $10) and $170,000 of 8% subordinate notes due five years from date of issue. **Price**—At par. **Proceeds**—To reduce bank loans and for working capital. **Office**—305 Northwestern Federal Bldg., Minneapolis, Minn. **Underwriter**—Daniels & Smith, Inc., same city.

Liberty Uranium Corp., Salt Lake City, Utah
July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining operations. **Office**—402 Darling Bldg., Salt Lake City, Utah. **Underwriter** — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

Lucky Lake Uranium, Inc., Salt Lake City, Utah
Feb. 9 (letter of notification) 8,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining expenses. **Office**—201 Boston Building, Salt Lake City, Utah. **Underwriter**—Kastler Brokerage Co., same city.

Lucky Strike Uranium Corp.
Jan. 4 (letter of notification) 4,300,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—38 South Main St., Salt Lake City, Utah. **Underwriter**—Seaboard Securities Corp., Washington, D. C.

Mac Fos Uranium, Inc., Salt Lake City, Utah
Sept. 16 (letter of notification) 4,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For exploration and development costs. **Office**—239 Ness Bldg., Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same city.

Magic Metals Uranium Corp.
Sept. 14 (letter of notification) 2,995,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Mid-Coninent Securities, Inc., the same city.

Marble Canyon Uranium, Inc.
Feb. 4 (letter of notification) 20,900,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—587 — 11th Ave., Salt Lake City, Utah. **Underwriter**—Potter Investment Co., same city.

★ **Marlowe Chemical Co., Inc.**
March 11 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital. **Business** — To manufacture and sell a home unit fire extinguisher. **Office**—17 West 44th St., New York 36, N. Y. **Underwriter**—General Investing Corp., New York.

Mascot Mines, Inc., Kellogg, Ida.
Feb. 17 (letter of notification) 200,000 shares of common stock (par 35 cents). **Price**—75 cents per share. **Proceeds**—For mining expenses. **Underwriter**—Standard Securities Corp., Spokane, Wash.

★ **Meredith Publishing Co., Des Moines, Ia.**
March 15 filed 75,000 shares of common stock to be offered to key employees under restricted stock option plan.

● **Merritt-Chapman & Scott Corp.**
Dec. 21 filed 3,018,567 shares of common stock (par $12.50) being offered in exchange for outstanding stock of New York Shipbuilding Corp., Devoe & Raynolds Co., Inc., Newport Steel Corp., Marion Power Shovel Co., Osgood Co. and Tennessee Products & Chemical Corp. on the following basis: 675,549 shares to holders of the 540,439 outstanding shares of common stock (par $5) of Tennessee Products & Chemical Corp., at the rate of 1¼ shares for each share of common stock of Tennessee; 755,105 shares to holders of the 453,063 outstanding shares of class A stock (par $2) of Devoe & Raynolds Co., Inc. at the rate of 1⅔ shares for each share of class A stock of Devoe; 242,700 shares to holders of the 182,025 outstanding shares of class B common stock (par $1) of Devoe, at the rate of 1⅓ shares for each of class B common stock of Devoe; 1,290,252 shares to holders of the 1,290,252 outstanding shares of common stock (par $1) of New York Shipbuilding Corp., at the rate of one share for each share of common stock of N. Y. Shipbuilding; 27,907 shares to holders of the 58,605 outstanding shares of common stock (par $1) of Newport Steel Corp., not owned by Merritt, at the rate of one share for each 2.1 shares of common stock of Newport; 26,114 shares to holders of the 17,409 outstanding shares of common stock (par $10) of Marion Power Shovel Co., not owned by Merritt, at the rate of 1½ shares for each share of common stock of Marion; and 940 shares to holders of the 1,410 outstanding shares of class B common stock (without par value) of the Osgood Co., not owned by Merritt or Marion, at the rate of one share for each 1½ shares of class B common stock of Osgood. Offer will expire on March 28. **Dealer-Manager**—A. C. Allyn & Co., Inc. for Devoe & Raynolds exchange.

Mesa Petroleum Co., Inc., Wichita, Kans.
Feb. 9 (letter of notification) 75,000 shares of common stock (no par). **Price**—$4 per share. **Proceeds**—To complete wells already drilled on properties owned by company; and to drill additional wells. **Office**—303 Insurance Building, Wichita, Kans. **Underwriter**—Albert C. Schenkosky, same city.

Mi-Ame Canned Beverages Co., Hialeah, Fla.
Oct. 28 (letter of notification) 200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase raw materials and new machinery, and for working capital. **Underwriter** — Frank D. Newman & Co., Miami, Fla.

Micro-Moisture Controls, Inc.
Jan. 13 (letter of notification) $250,000 of 6½% income convertible debentures (subordinated) due Feb. 1, 1965, to be offered initially to stockholders. **Price**—100% of par (in units of $100 or multiples thereof). **Proceeds**—For working capital, etc. **Office**—22 Jericho Turnpike, Mineola, N. Y. **Underwriter**—None.

Military Investors Financial Corp.
Dec. 1 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—2310 Main St., Houston, Texas. **Underwriter**—Cobb & Co., Inc., same city.

Missouri Uranium Corp., Kansas City, Mo.
Jan. 24 filed 150,000 shares of preferred stock (par $5) and 150,000 shares of common stock (no par) to be offered in units of one share of each class of stock. **Price**—$5 per unit. **Proceeds**—For exploration and development, etc. **Underwriter**—Dale E. Klepinger & Associates, 203 W. Dartmouth, Kansas City, Mo.

Model Finance Service, Inc. (3/21-25)
Feb. 28 filed $600,000 of 6% subordinated debentures, with detachable common stock purchase warrants for a total of 18,000 shares of $1 par value common stock (a warrant for 30 shares for each $1,000 debenture) to be offered in units of a $500 debenture, plus a warrant for purchase of 15 shares of stock at $2 per share. **Price**—$500 per unit. **Proceeds**—For payment of certain notes. **Office**—Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

Monte Cristo Uranium Corp., Moab, Utah
Oct. 5 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., 139 North Virginia St., Reno, Nev.

Montezuma Uranium, Inc., Denver, Colo.
Jan. 5 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development operations. **Office**—Ernest and Cranmer Bldg., Denver, Colo. **Underwriter**—Investment Service Co., same city.

Mother Lode Uranium Co.
Jan. 28 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (two cents per share). **Proceeds**—For mining operations. **Office**—470 South 13th East, Salt Lake City, Utah. **Underwriter**—M. C. Leonard and Associates, 602 Tribune Bldg., Salt Lake City, Utah.

● **National Aviation Corp., New York**
Feb. 18 filed 111,618 shares of capital stock (par $5) being offered for subscription by stockholders at rate of one new share for each four shares held as of record March 10 (with an oversubscription privilege); rights to expire on March 25. **Price**—$30 per share. **Proceeds**

For investment. **Underwriter** — None. **Subscription** gent—The Hanover Bank, New York City.

National Gypsum Co. (3/22)
eb. 28 filed 464,325 shares of common stock (par $1) be offered for subscription by common stockholders f record March 21, 1955 at the rate of one new share or each six shares held; rights to expire on April 4, 955. **Price**—To be supplied by amendment. **Proceeds**—For capital expenditures and working capital. **Underwriters**—W. E. Hutton & Co. and Blyth & Co., Inc., both of New York.

● **National Shares Corp., New York (3/21)**
March 7 filed 360,000 shares of capital stock (par $1) to be offered for subscription by stockholders of record March 21 on the basis of one new share for each two hares held (with an oversubscription privilege); rights o expire on April 4. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Underwriter**—None.

New England Telephone & Telegraph Co.
eb. 4 filed 511,205 shares of capital stock being offered or subscription by stockholders of record March 1, 1955 t the rate of one new share for each five shares held; ights to expire on March 31. **Price**—At par ($100 per hare). **Proceeds**—To repay advances from American elephone & Telegraph Co., the parent, which owns ,769,035 shares (69.21%) of the outstanding stock. nderwriter—None.

New Pacific Coal & Oils, Ltd., Toronto, Canada
ec. 28 (regulation "D") 275,000 shares of common stock no par), of which 120,000 shares are to be offered in anada and 155,000 shares in the United States. **Price**—5 cents per share. **Proceeds** — To selling stockholders. nderwriter—L. D. Friedman & Co., New York.

New Silver Belle Mining Co., Inc., Almira, Wash.
ept. 8 (letter of notification) 500,000 shares of common tock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Underwriters**—Percy Dale Lanphere and R. E. Nelson & Co., oth of Spokane, Wash.

● **Oklahoma Gas & Electric Co.**
eb. 23 filed 331,643 shares of common stock (par $10) eing offered for subscription by common stockholders f record March 16 on the basis of one new share for ach eight shares held. Employees will be given the ight to subscribe for not exceeding 12,000 shares of ny unsubscribed stock. Rights will expire on April 5. rice — $31.50 per share. **Proceeds** — For construction rogram. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

● **Pacific Northwest Pipeline Corp. (3/29)**
arch 9 filed $17,220,000 of 6% interim notes due June , 1957 and 287,000 shares of common stock (par $1) to e offered in units of $60 principal amount of notes and ne share of stock. **Price**—To be supplied by amendment expected to be $70 per unit). **Proceeds**—Together with ther funds, to finance construction of a 1,466 mile atural gas pipe line between Ignacio, Colo., and Sumas, ash. on the Canadian border. **Underwriters** — White, eld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp. Financing lans also include offering to present stockholders of ,549,100 shares of common stock at $10 per share.

Paramount Uranium Corp., Moab, Utah
ct. 7 (letter of notification) 6,000,000 shares of capital tock. **Price**—At par (five cents per share). **Proceeds**—or mining expenses. **Office**—325 Main St., Moab, Utah. nderwriter—Van Blerkom & Co., Salt Lake City, Utah

Pay Day Uranium Co., Las Vegas, Nev.
ct. 15 (letter of notification) 2,500,000 shares of capital tock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—30 Fremont St., Las Vegas, Nev. **Underwriter**—Allied nderwriter Co., the same city.

Pecos Mining Co., Dallas, Texas
eb. 21 (letter of notification) 5,990,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For exploration and drilling expenses and working capital. **Underwriter**—Carroll, Kirchner & Jaquith, nc., Denver, Colo.

Petro-Minerals, Inc., Houston, Tex.
arch 15 filed 500,000 shares of capital stock (par 10 ents), of which 195,714 shares are to be offered by company and 304,286 shares by a selling stockholder, to be ffered for subscription by stockholders and warrant olders of Johnston Oil & Gas Co. of record April 1 on he basis of one new share for each four shares of Johnston Oil stock held (or represented by warrants held). ohnston Oil has agreed to purchase any company shares ot purchased by other Johnston Oil stockholders. **Price** —$1 per share. **Proceeds**—For geological and other expenses, and for other general corporate expenses.

Petroleum Reserves, Inc., New York
eb. 14 filed $7,500,000 of 4% debentures due 1970, 00,000 shares of 5% preferred stock (par $25) and ,000,000 shares of common stock (par 10 cents) to be ffered in units of $750 principal amount of debentures, 0 shares of preferred stock and 100 shares of common tock. **Price**—To be supplied by amendment. **Proceeds**—or acquisition of producing oil and gas properties. **Underwriter**—Smith, Barney & Co., New York.

Public Service Electric & Gas Co.
ec. 22 filed 250,000 shares of cumulative preferred stock par $100). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for construction program. **Underwriters**—Morgan Stanley & Co.; Drexel & o.; and Glore, Forgan & Co. **Offering** — Temporarily elayed.

Pyramid Life Insurance Co., Charlotte, N. C.
eb. 15 filed 250,000 shares of capital stock (par $1) to e offered for subscription by common stockholders of record March 1, 1955 on the basis of one new share for each three shares held. Any shares remaining unsubscribed 30 days following date of mailing of warrants will be disposed of through the company's executive committee. **Price**—$3.75 per share. **Proceeds**—To expand business. **Underwriter**—None.

Ranger Lake Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—James Anthony Securities Corp., New York.

★ **Reis (Robert) & Co.**
March 15 (letter of notification) 3,000 shares of $1.25 prior preference stock (par $10) and 18,000 shares of common stock (par $1). **Price**—At market (about $9 per share for preference stock and about $1.25 for common stock). **Proceeds**—To Trust of Arthur M. Reis, deceased. **Underwriter**—Lehman Brothers, New York.

Revere Realty, Inc., Cincinnati, Ohio
March 8 filed $1,000,000 of 5½% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). **Price**—Par for debentures and $100 per share for stock. **Proceeds** — To purchase real estate or interest therein. **Underwriter**—Stanley Cooper Co., Inc., Cincinnati, O.

Ritter Finance Co., Inc., Syncote, Pa.
Feb. 24 filed 4,000 shares of 5½% cumulative preferred stock, third series (par $50) and 40,000 shares of class B common stock (par $1) to be offered in units of one preferred share and 10 class B shares. **Price**—$75 per unit. **Proceeds**—To reduce bank loans and for working capital. **Underwriter**—None.

St. Regis Paper Co., New York
Feb. 18 filed 24,381 shares of common stock (par $5) to be offered in exchange for common stock (par $1) of Michigan Molded Plastics, Inc. on the basis of one St. Regis share for each 5¼ shares of Michigan common stock of which there are 128,000 shares outstanding. **Underwriter**—None. Statement effective March 8.

Salisbury Broadcasting Corp., Paxton, Mass.
Jan. 20 (letter of notification) $150,000 of 5% notes and 6,000 shares of common stock (par $1) to be offered first to stockholders in units of $1,000 of notes and 40 shares of stock. **Price**—$1,000 per unit. **Proceeds**—For working capital. **Office** — Asnebumskit, Paxton, Mass. **Underwriter** — Kinsley & Adams, 6 Norwich St., Worcester, Mass.

Samicol Uranium Corp., Santa Fe, N. M.
Sept. 14 filed 300,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For development and exploration expenses, etc. **Underwriters**—R. V. Klein Co. and McGrath Securities Corp., both of New York.

San Miguel Uranium Mines, Inc.
Jan. 6 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining operations. **Office**—Mineral Bldg., Grand Junction, Colo. **Underwriter** — Tellier & Co., Jersey City, N. J.

★ **Sealed Power Corp., Muskegon Heights, Mich.**
March 16 filed 100,000 shares of common stock (par $10), of which 50,000 shares are to be offered by company and 50,000 shares by selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For capital additions and improvements. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

Shumway Uranium Mining Corp.
Jan. 28 (letter of notification) 200,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—64 East 4th South St., Salt Lake City, Utah. **Underwriter**—Doxey Investment Co., same city.

Silver Pick Uranium, Inc., Reno, Nev.
Nov. 22 (letter of notification) 2,994,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—211-206 N. Virginia Street, Reno, Nev. **Underwriter** —Western Securities Corp., Las Vegas, Nev.

Silver Reef Uranium Co., Salt Lake City, Utah
Jan. 17 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—130 South 13th East, Salt Lake City, Utah. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Sinclair Oil Corp., New York
March 7 filed 337,830 shares of common stock (no par) to be offered in exchange for shares of capital stock of Venezuelan Petroleum Co. in the ratio of five shares of Sinclair stock for each eight shares of Venezuelan stock tendered for exchange under terms of this offer provided at least 450,000 shares are tendered.

Slick Rock Uranium Development Corp.
Oct. 8 (letter of notification) 2,900,000 shares of common stock (par five cents), including shares for option to underwriter and prior property owner to be amended. **Price**—10 cents per share. **Proceeds**—For development and exploration expenses. **Office**—Newhouse Hotel, Salt Lake City, Utah. **Underwriter** — Van Blerkom & Co., same city.

Solomon Uranium & Oil Corp., Inc.
Oct. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Offices** — 506 Beason Bldg., Salt Lake City, Utah, and 1016 Baltimore Bldg., Kansas City, Mo. **Underwriter**—E. R. Bell & Co., Kansas City, Mo

Southeastern Public Service Co.
Jan. 24 (letter of notification) 28,000 shares of common stock (par 10 cents) being offered in exchange for Hamilton Gas Corp. capital stock (par $1) on the basis of 3½ Southeastern shares for each Hamilton share. This offer shall terminate when offer shall have been accepted by Hamilton stockholders owning not in excess of 8,000 shares of Hamilton stock. **Office**—70 Pine St., New York 5, N. Y. **Underwriter**—None.

● **Southern States Oil Co. (4/4-7)**
Feb. 25 filed 250,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For further exploration and development of properties, for drilling costs and for acquisition of interests in other oil companies. **Office** — Laurel, Miss. **Underwriter** — Gordon Graves & Co., Inc., New York.

● **Southern Union Oils, Ltd.**
Feb. 16 filed 1,211,002 shares of common stock (par $1) of which 511,002 shares are to be offered for subscription by existing stockholders on a basis of one new share for each share held, as of March 15; rights to expire on April 12. **Price** — To stockholders, 50 cents per share; and to public, at a market price to be equivalent to last sale on Toronto Stock Exchange—65c-75c (ex-rights) per share. **Proceeds**—For exploratory and developmental expenses; for possible acquisition of additional oil and gas interests; and to meet current liabilities. **Office**—Toronto, Canada. **Underwriter** — Willis E. Burnside & Co., Inc., New York.

Star Uranium Corp., Salt Lake City, Utah
Aug. 2 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For exploration and development costs. **Underwriter**—Ned J. Bowman Co., Salt Lake City, Utah.

Stardust, Inc., Reno, Nev.
July 9 filed 621,882 shares of preferred stock (par $10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. Price —$10.01 per unit. Proceeds—For purchase of land and to construct and equip a luxury hotel. Underwriter—None.

★ **Stewart Oil & Gas Co., San Angelo, Texas**
March 14 filed 750,000 shares of common stock (par 10¢). **Price**—$1 per share. **Proceeds**—To repay bank loan, and for development of properties and other activities incident to oil and gas operations. **Underwriter** — Barrett Herrick & Co., Inc., New York.

★ **Storer Broadcasting Co., Miami Beach, Fla. (3/29)**
March 10 filed 262,750 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To reduce 4½% notes, due 1955-1961, by approximately $10,000,000; and to redeem all or part of the outstanding 15,000 shares of 7% cumulative preferred stock (par $100) at $107 per share. **Underwriter**—Reynolds & Co., New York.

Sun Hotel, Inc., Las Vegas, Nev.
Feb. 16 filed 760,000 shares of pfd. capital stk. (par $9.50) and 1,540,000 shares of common capital stock (par 25 cents), of which 680,000 shares of preferred and 1,360,000 shares are to be offered in units of one preferred and two common shares; the remaining 80,000 shares of preferred stock and 180,000 shares of common stock may be exchanged for properties. **Price**—$10 per unit. **Proceeds**—To purchase property; for construction of hotel; and for working capital. **Underwriter**—Coombs & Co., Salt Lake City, Utah.

● **Sundstrand Machine Tool Co. (3/23)**
March 4 filed 108,885 additional shares of common stock (par $5) to be offered to common stockholders on the basis of one new share for each five shares held as of March 22; rights to expire on April 6. **Price** — To be supplied by amendment. **Proceeds** — For expansion and general corporate purposes. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, New York; Bacon, Whipple & Co., Chicago, Ill.; Dean Witter & Co., San Francisco, Calif.

Sunshine Park Racing Association, Inc. (Fla.)
Nov. 18 filed $700,000 of 6% convertible sinking fund debentures due 1966 and 70,000 shares of common stock (par 10 cents). **Price** — 100% and accrued interest for debentures and $2 per share for stock. **Proceeds**—To repay bank loans, for new construction and for working capital. **Underwriter**—Gulf-Atlantic, Inc., Tampa, Fla.

Superior Uranium Co., Las Vegas, Nev.
Sept. 1 (letter of notification) 29,910,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** —For development and exploration costs. **Office**—Medical Arts Bldg., Las Vegas, Nev. **Underwriter**—Uranium Brokers, Inc., the same city.

Swedes Uranium Corp., Salt Lake City, Utah
Jan. 5 (letter of notification) 2,500,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Guss & Mednick Co., same city.

Sytro Uranium Mining Co., Inc., Dallas, Texas
Sept. 9 (letter of notification) 2,975,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development of properties. **Office** — 1406 Life of America Building, Dallas, Texas. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

Tacony Uranium Corp., Denver, Colo.
Aug. 17 (letter of notification) 1,700,000 shares of common stock. **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Office** — 317 Railway Exchange Building, Denver, Colo. **Underwriter** —E. I. Shelley Co., Denver, Colo.

Temple Mountain Uranium Co.
Oct. 7 (letter of notification) 3,500,000 shares of common stock (par 2½ cents). **Price** — 3 cents per share. **Proceeds**—For exploration and development expenses. **Office**—39 Exchange Place, Salt Lake City, Utah. **Underwriter**—Walter Sondrup, same city.

Continued on page 44

Continued from page 43

★ Tennessee Gas Transmission Co. (4/6)
March 11 filed $25,000,000 of debentures, due April 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To repay outstanding short-term notes and for new construction. **Underwriters** — Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co. Inc., all of New York.

Texas International Sulphur Co.
June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For exploration and drilling, and payment of bank loans and advances. **Underwriter**—Vickers Brothers, New York, on a "best efforts" basis.

Texboard, Inc., Dallas, Texas
Jan. 17 filed $1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and $1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. **Price**—To be supplied by amendment. **Proceeds**—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. **Underwriter**—Emerson Cook Co., Palm Beach, Fla.

Thunderbird Uranium Co., Reno, Nev.
Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). **Price** — 15 cents per share. **Proceeds**—For mining activities. **Office**—206 N. Virginia St., Reno, Neb. **Underwriter**—Stock, Inc., Salt Lake City.

Thunderbolt Uranium Corp., Salt Lake City, Utah
Jan. 31 (letter of notification) 22,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds** For mining expenses. **Office**—2507 South State St., Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., same city.

Tip Top Uranium & Oil, Inc., Denver, Colo.
Feb. 1 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—1122 Mile High Center, Denver 2, Colo. **Underwriter**—Robert W. Wilson, 1717 East Colfax Ave., Denver, Colo.

★ Topp Industries, Inc., Los Angeles, Calif.
March 9 filed 153,500 shares of common stock (par $1), of which 139,500 shares are to be offered publicly. **Price**—To be supplied by amendment. **Proceeds**—For prepayment of rentals; $46,000 to retire outstanding $10 par preferred stock; to purchase substantially all of the assets of Standard Electronics Manufacturing Co.; for leasehold improvements; to purchase one-half interest in parking area presently leased from Gira Co.; and for working capital, etc. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Trans-Continental Uranium Corp.
Oct. 1 (letter of notification) 2,990,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development costs. **Office**—358 S. 3rd St. East, Salt Lake City, Utah. **Underwriter**—Western Securities Corp., same city.

Ucolo Uranium Co., Salt Lake City, Utah
Sept. 13 (letter of notification) 2,300,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development costs. **Office**—906 Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—Western Securities Corp., the same city.

Uintah Uranium, Inc., Salt Lake City, Utah.
Oct. 5 (letter of notification) 15,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds** — For exploration and development costs. **Office**—424 Judge Bldg., Salt Lake City, Utah. **Underwriter**—James E. Reed Co., same city.

★ Union Carbide & Carbon Corp.
March 9 filed $25,000,000 of Interests or Participations in the Savings Plan for Employees of this company and its subsidiaries, and 50,000 shares of capital stock which may be purchased pursuant to the Plan.

Union Club, Inc., Hollywood, Calif.
March 1 filed 30,000 shares of preferred stock (par $50) and 100,000 shares of common stock (par $10) to be offered in units of three preferred and 10 common shares. **Price**—$400 per unit. **Proceeds**—For purchase of property, construction of hotel, athletic and health facilities, and working capital. **Underwriter**—None, but sales will be made through agents.

United Canadian Uranium Corp.
Feb. 7 (letter of notification) 1,188,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—701 Ernest and Cranmer Building, Denver 2, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., same city.

United Uranium Corp., Denver, Colo.
Jan. 26 (letter of notification) 4,133,329 shares of common stock (par one cent), of which 2,133,329 shares are covered by an offer of rescission to 37 shareholders at three cents per share; and 2,000,000 shares are to be publicly offered at 10 cents per share. **Proceeds**—For mining expenses. **Underwriter**—John L. Donahue, 430 16th Street, Denver 2, Colo.

Universal Finance Corp., Dallas, Texas
Feb. 16 (letter of notification) 27,000 shares of 70-cent cumulative preferred stock (no par) and 27,000 shares of common stock (par 15 cents) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds** — For working capital. **Underwriter** — J. F. Perkins & Co., Dallas, Texas.

Universal Petroleum Exploration & Drilling Corp.
Oct. 4 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For cost of Driller Boy (drilling equipment which company rents out), and working capital. **Office**—c/o Edwin J. Dotson, attorney-at-law, Simon Bldg., 230 Fremont St., Las Vegas, Nev. **Underwriter**—Robert B. Fisher Investments, 510 South Fifth St., Las Vegas, Nev.

Uranium Discovery & Development Co., Wallace, Idaho
Nov. 16 (letter of notification) 1,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For core drilling program upon two groups of claims. **Address**—Box 709, Wallace, Idaho. **Underwriter**—Wallace Brokerage Co., same city.

Utaco Uranium, Inc., Salt Lake City, Utah
Oct. 7 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development costs. **Office**—420 Felt Building, Salt Lake City, Utah. **Underwriter**—Western Securities Corp., Las Vegas, Nev.

Utah Apex Uranium Co.
Oct. 18 (letter of notification) 3,000,000 shares of capital stock (par three cents). **Price**—Six cents per share. **Proceeds**—For exploration and development expenses. **Office**—430 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Mid-Continent Securities, Inc., same city.

Utah Uranium Corp., Las Vegas, Nev.
Aug. 20 (letter of notification) 10,000,000 shares of capital stock (par 1 cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—1818 Beverly Way, Las Vegas, Nev. **Underwriter**—First Western Securities, same city.

Vada Uranium Corp., Ely, Nev.
Jan. 17 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—For mining expenses. **Office**—230 Aultman St., Ely, Nev. **Underwriter**—Bristol Securities Co., Fall River, Mass.

● Van Norman Co., Springfield, Mass. (3/22)
Feb. 28 filed 124,667 shares of common stock (par $2.50) and 10-year warrants to purchase 124,667 additional shares of common stock, to be offered for subscription by common stockholders in units of one share of common stock and one warrant for the purchase of one additional share for each three shares held on March 21; rights to expire on April 7. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loan and note held by insurance company, and for working capital. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

★ Vandersee Corp.
March 10 (letter of notification) 200,000 shares of Class A stock (par $1). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office**—1416 Chestnut Ave., Hillside, N. J. **Underwriter**—None.

Vulcan-Uranium Mines, Inc., Wallace, Idaho
Oct. 15 (letter of notification) 1,500,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For expenses incident to mining operations. **Address**—P. O. Box 289, Wallace, Idaho. **Underwriter**—Alden J. Teske, d/b/a Wallace Brokerage Co., Samuels Hotel, Wallace, Idaho.

Washington Gas Light Co.
Feb. 17 filed 130,041 shares of common stock (no par) being offered for subscription by common stockholders of record March 7, at the rate of one new share for each eight shares held; rights to expire on March 23. **Price**—$33 per share. **Proceeds**—For additions and improvements to property. **Underwriters** — The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

Webster Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—James Anthony Securities Corp., New York. **Offering**—Expected in two or three weeks.

Wenga Copper Mines, Inc., N. Y.
Nov. 18 (Regulation "D") 900,000 shares of common stock (par five cents). **Price**—30 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Willis E. Burnside & Co., New York.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

★ West Texas Utilities Co. (4/5)
March 9 filed $7,500,000 of first mortgage bonds, series D, due April 1, 1985. **Proceeds**—To be used to retire bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp.; Glore, Forgan & Co.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Kidder, Peabody & Co.; The First Boston Corp. **Bids**—Expected to be received on April 5.

● Western Auto Supply Co. (Mo.) (3/22-23)
March 2 filed 50,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To finance purchase of certain properties to be acquired from Gamble-Skogmo, Inc. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Western Hills Inn, Fort Worth, Texas
Jan. 31 filed 200,000 shares of capital stock (no par). **Price**—$5 per share. **Proceeds**—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. **Underwriter**—Schwanz & Co., Inc., Aurora, Ill.

● White Canyon Mining Co. (3/23-4/1)
Feb. 4 filed 3,000,000 shares of common stock (par 33⅓ cents). **Price**—$1 per share. **Proceeds**—To repay loans and advances; for capital acquisitions; and for expenditures and working capital. **Office** — Dove Creek, Colo. **Underwriters**—Joseph McManus & Co., New York; and A. P. Kibbe & Co., Salt Lake City, Utah.

★ White River Propane Gas Co., Inc. (4/11-12)
March 11 filed $400,000 of 6% convertible debentures, series A, due April 1, 1965, and 50,000 shares of common stock (par $1). **Price**—100% and accrued interest for debentures, and $6 per share for stock. **Proceeds**—To repay bank loans, etc., and for equipment, expansion and working capital. **Office**—Batesville, Ark. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

Winfield Mining Co., Moab, Utah.
Jan. 20 (letter of notification) 500,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office**—M. L. C. Bldg., P. O. Box 648, Moab, Utah. **Underwriter**—Security Uranium Service, K. O. V. O. Bldg., Provo, Utah.

Woman's Income Fund, Inc., Baltimore, Md.
Jan. 28 filed 500,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—Income Managers Inc., New York, which is under the direction of its President, Pierre A. DuVal, of DuVal's Consensus Inc.

Woodland Oil & Gas Co., Inc.
Dec. 21 (letter of notification) 299,900 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For equipment, drilling expenses and working capital. **Office**—42 Broadway, New York, N. Y. **Underwriter**—E. M. North Co., Inc., same address.

World Uranium Mining Corp.
July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—323 Newhouse bldg., Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Wynn Pharmacal Corp.
Dec. 23 (letter of notification) 85,000 shares of class B common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds** — For production, development and sale of company's products, working capital and other corporate purposes. **Office**—5119 West Stiles St., Philadelphia, Pa. **Underwriter**—Charles A. Taggart & Co., same city.

Wyoming Minerals Corp., Thermopolis, Wyo.
Feb. 16 (letter of notification) 250,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To pay current bills and purchase equipment and supplies. **Underwriter**—H. P. Jesperson, 2111 Nicholas St., Omaha, Neb.

Wyoming Uranium Corp., Salt Lake City, Utah
Aug. 23 (letter of notification) 9,166,667 shares of common stock (par 1 cent). **Price**—Three cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., Salt Lake City, Utah.

Zenith Uranium & Mining Corp.
July 12 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining operations. **Underwriter**—Sheehan & Co., Boston, Mass.

Prospective Offerings

Alabama Power Co. (5/24)
Dec. 30 it was announced company plans to issue and sell $15,000,000 first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly); The First Boston Corp.; Lehman Brothers; Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on May 24. **Registration**—Scheduled for April 27.

Alleghany Corp.
Feb. 10 company offered 1,367,440 shares of 6% convertible preferred stock (par $10) in exchange for the outstanding 136,744 shares of 5½% cumulative preferred stock, series A (par $100) on the basis of ten shares of 6% stock for each 5½% preferred share held. **Dealer-Manager**—Kidder, Peabody & Co., New York.

American Telephone & Telegraph Co.
Feb. 16 directors voted to recommend to stockholders that they authorize a new issue of not to exceed $650,000,000 convertible debentures at their annual meeting to be held on April 20. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably on the basis of $100 of debentures for each eight shares of stock held). **Underwriter**—None.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Allied Uranium Mines, Inc., Salt Lake City, Utah
Feb. 17 (letter of notification) 299,700 shares of common stock (par one cent). **Price** — $1 per share. **Proceeds**—For mining expenses. **Office**—701 Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—H. J. Cooney & Co., New York.

Amcrete Corp., Briarcliff, N. Y.
Dec. 6 (letter of notification) 7,500 shares of 6% participating preferred stock. **Price** — At par ($10 per share). **Proceeds**—For working capital. **Business**—Distributor of prefabricated concrete wall panels and buttresses made of steel reinforced dense concrete, etc. **Underwriter**—None.

★ **American Asbestos Co., Ltd.**
Feb. 17 (Regulation "D") 600,000 shares of common stock (par $1). **Price** — 50 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Maine Investment Co., Ltd.

American Automobile Insurance Co.
Feb. 16 filed 250,000 shares of capital stock (par $2) being offered for subscription by stockholders at the rate of one new share for each six shares held March 8; rights to expire March 23. Unsubscribed stock, up to 15,000 shares, will be offered to employees. **Price** — $30 per share. **Proceeds**—To provide company and its wholly-owned subsidiaries, American Automobile Fire Insurance Co. and Associated Indemnity Corp., with additional capital funds. **Underwriter**—Kidder, Peabody & Co., New York.

American International Minerals Corp.
Feb. 25 filed 460,000 shares of common stock (par 10¢). **Price**—$1 per share. **Proceeds**—For exploration and development of mining properties of subsidiary and for working capital, etc. **Office**—Dover, Del. **Underwriter**—Vickers Bros., New York. **Offering**—Expected in about five weeks.

★ **American Locomotive Co. (3/28-4/1)**
March 11 filed $25,000,000 sinking fund debentures due March 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to redeem $18,-700,000 of 7% cumulative preferred stock (par $100) at $115 per share and prepay $10,000,000 loan from Metropolitan Life Insurance Co. **Underwriter**—Smith, Barney & Co., New York.

Arctic Uranium Mines Ltd.
Oct. 28 (Regulation "D") 1,500,000 shares of common stock (no par value). **Price**—20 cents per share. **Proceeds**—For general corporate purposes. **Office** — 411 Childs Bldg., Winnipeg, Manitoba, Canada. **Underwriter**—De Caetano Securities Corp., New York.

Arkansas-Missouri Power Co.
March 3 filed 36,868 shares of common stock (par $5) to be offered for subscription by common stockholders of record March 14 at the rate of one new share for each 12½ shares held (with an oversubscription privilege). **Price**—To be supplied by amendment.. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—None.

Arkansas Power & Light Co. (3/30)
March 3 filed $18,000,000 of first mortgage bonds due 1985. **Proceeds**—To redeem a like amount of 4¼% bonds due 1983. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Stone & Webster Securities Corp. (jointly); Blyth & Co., Inc. and Central Republic Co., Inc. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Equitable Securities Corp. and Union Securities (jointly); White, Weld & Co.; The First Boston Corp. **Bids**—To be received up to 11 a.m. (EST) on March 30 at Two Rector St., New York, N. Y.

Arkansas Power & Light Co. (3/30)
March 3 filed 93,500 shares of cumulative preferred stock (par $100) to be offered in exchange for outstanding 47,609 shares of $7 preferred stock and 45,891 shares of $6 preferred stock on a share-for-share basis during a period from about April 1 to April 19. **Price**—To be named later (expected to be $105 per share). **Proceeds**—Together with other funds, to redeem 47,609 shares of $7 preferred stock and 45,891 shares of $6 preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Lehman Brothers; White, Weld & Co.; Equitable Securities Corp. and Union Securities Corp. (jointly). **Bids**—To be received up to 11 a.m. (EST) on March 30 at Two Rector St., New York, N. Y.

Atlantic Steel Co., Atlanta, Ga. (3/22)
Feb. 25 filed 200,000 shares of common stock (par $5) to be offered first to stockholders of record Feb. 25, 1955, on the basis of one new share for each share of common and/or preferred stock held. **Price**—$23.50 per share. **Proceeds**—To repay bank loans, for property additions and working capital. **Underwriter**—Courts & Co., Atlanta, Ga.

Automatic Remote Systems, Inc.
March 3 filed 540,000 shares of common stock (par 50 cents). **Price**—$3.75 per share. **Proceeds**—For manufacture of Teleac Sending and Receiving Units, working capital and general corporate purposes. **Office**—Baltimore, Md. **Underwriter**—Mitchell Securities, Inc., same city.

• **Beneficial Standard Life Insur. Co. (3/23-24)**
Feb. 28 filed 480,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Los Angeles, Calif. **Underwriter**—Lehman Brothers, New York.

Best American Life Insurance Co., Mesa, Ariz.
Feb. 11 filed 800,000 shares of class A common stock (par $1) to be offered to present and future holders of its life insurance policies with stock purchase rights; 75,000 shares of class B common stock (par $1) to be offered to present and future life insurance salesmen, district managers and state managers; and 455,208 double option coupons with and attached to policies of whole life insurance, to be offered to the general public. **Proceeds**—To build up capital and surplus of company to permit to qualify as a full legal reserve company and expand into other states. **Underwriter**—None. Richard G. Johnson of Mesa, Ariz., is President.

Big Bend Uranium Co., Salt Lake City, Utah
Aug. 6 (letter of notification) 7,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—510 Newhouse Building, Salt Lake City, Utah. **Underwriter** — Call-Smoot Co. Phillips Building, same city.

Big Indian Uranium Corp., Provo, Utah
July 15 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Address**—Box 77, Provo, Utah. **Underwriter**—Weber Investment Co., 242 N. University Ave., Provo, Utah.

Bikini Uranium Corp., Denver, Colo.
Oct. 15 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office** — 705 First National Bank Bldg., Denver, Colo. **Underwriter**—I. J. Schenin Co., New York.

Bingham-Herbrand Corp., Fremont, Ohio
Feb. 2 (letter of notification) 3,000 shares of common stock (par $1). **Price**—At the market (estimated at $10 per share). **Proceeds**—To selling stockholder. **Underwriter**—Wm. J. Mericka & Co., Inc., Cleveland, Ohio.

Bishop Oil Co., San Francisco, Calif.
Feb. 21 filed 153,236 shares of common stock (par $2) to be offered for subscription by stockholders of record March 14, 1955, on the basis of two new shares for each five shares held; rights to expire on March 30. **Price**—To be filed by amendment. **Proceeds** — To retire bank loan and to advance funds to Canadian Bishop Oil, Ltd., wholly-owned subsidiary. **Underwriter**—Hooker & Fay, San Francisco, Calif.

Blue Canyon Uranium, Inc.
Nov. 29 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining activities. **Offices** — 1003 Continental Bank Bldg., Salt Lake City, Utah, and 618 Rood Ave., Grand Junction, Colo. **Underwriter** — James E. Reed Co., Reno, Nev.

Blue Jay Uranium Corp., Elko, Nev.
Oct. 15 (letter of notification) 1,000,000 shares of common stock. **Price**—25 cents per share. **Proceeds**—For exploration and development costs. **Office**—402 Henderson Bank Bldg., Elko, Nev. **Underwriter**—Security Uranium Service, Inc., Moab and Provo, Utah.

★ **California-Pacific Utilities Co.**
March 14 filed 50,000 shares of 5% cumulative convertible preferred stock (par $20). **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for new construction. **Underwriter** — First California Co., San Francisco, Calif.

California Tuna Fleet, Inc.
Feb. 15 filed (amendment) $500,000 of 6% sinking fund debentures due 1967 and 50,000 shares of common stock (par $1) to be offered in units of a $1,000 debenture and 100 shares of stock. **Price**—Expected at $1,100 per unit. **Proceeds**—For expansion and working capital. **Office**—San Diego, Calif. **Underwriter**—Barrett Herrick & Co., Inc., New York. **Offering**—May be effected in March.

Carnotite Development Corp.
Oct. 26 (letter of notification) 16,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For exploration and development expenses. **Office**—317 Main St., Grand Junction, Colo. **Underwriter**—Western Securities Corp., Salt Lake City, Utah.

★ **Caterpillar Tractor Co.**
March 10 filed 62,930.5808 shares of common stock (par $10), representing the number of shares subject to unexercised options outstanding Feb. 28, 1955, and options for the purchase of such shares.

★ **Central Maine Power Co.**
March 16 filed $12,000,000 of first and general mortgage bonds, series V, due 1985. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc., Kidder, Peabody & Co. and W. E. Hutton & Co. (jointly); Salomon Bros. & Hutzler; Kuhn, Loeb & Co.; Union Securities Corp. and A. C. Allyn & Co. Inc. (jointly).

★ **Chemical Fund, Inc.**
March 14 filed 300,000 additional shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

• **Chesapeake & Colorado Uranium Corp. (3/28)**
Dec. 7 filed 750,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development program. **Office** — Washington, D. C. **Underwriter**—Peter Morgan & Co., New York.

Circle Air Industries, Inc.
Nov. 29 (letter of notification) 299,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds** — For machinery and equipment and working capital. **Name Change**—Company was formerly known as Paley Manufacturing Corp. **Office**—244 Herkimer Street, Brooklyn, N. Y. **Underwriter**—Allen E. Beers Co., Philadelphia, Pa.

★ **Cities Service Co.**
March 9 filed $6,531,250 participation in the Employees Thrift Plan, together with 125,000 shares of common stock (par $10) which may be purchased pursuant to the provisions of the plan.

Colorado Plateau Uranium Co.
Dec. 1 (letter of notification) 1,900,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For mining activities. **Office** — 824 Equitable Bldg., Denver 2, Colo. **Underwriter**—John L. Donahue, 430 16th St., Denver, Colo.

★ **Columbia Pictures Corp.**
March 8 (letter of notification) 888 shares of common stock (par $5). **Price**—At market (estimated at $35 per share). **Proceeds** — To common stockholders in lieu of fractional shares in connection with 5% stock dividend payable March 31 to stockholders of record Feb. 9, 1955. **Underwriter**—Hallgarten & Co., New York.

• **Concord Supplier & Equipment Corp. (3/21)**
Feb. 25 filed 299,700 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Franklin, Meyer & Barnett, New York.

Consolidated Credit Corp., Charlotte, N. C.
Oct. 25 (letter of notification) $100,000 of 20-year 6% subordinate sinking fund notes and 100 ten-year warrants to purchase 20 shares of common stock to be sold in units of a $1,000 note and one warrant. **Price**—$1,000 per unit (each warrant is exercisable at $10 per share.) **Proceeds** — To repay bank loan. **Office** — 221½ West Trade St., Charlotte, N. C. **Underwriter**—J. C. Wheat & Co., Richmond, Va.

Consol. Edison Co. of New York, Inc.
April 7, 1954, filed $50,000,000 first and refunding mortgage bonds, series K, due May 1, 1984. **Proceeds**—To be applied towards cost of redeeming $27,982,000 New York Steam Corp. first mortgage bonds and $25,000,000 Westchester Lighting Co. general mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; Morgan, Stanley & Co.; The First Boston Corp. **Offering**—Originally set for May 11, but has been postponed because of market conditions. No new date set.

Consolidated Fenimore Iron Mines Ltd.
Jan. 24 filed 204,586 shares of common stock (par $7) to be offered for subscription by common stockholders of record Feb. 7, 1955 at the rate of one new share for each five shares held. **Price**—$2.20 per share. **Proceeds**—From sale of this stock, plus $440,000 to be available from sale of 200,000 shares to Alator Corp. Ltd. and Yam Securities Ltd., and $175,000 treasury funds, to be used to pay for geological surveys and metallurgical research, for drilling expenses and other general corporate purposes. **Office**—Toronto, Canada. **Underwriter**—None.

Consolidated Sudbury Basin Mines, Ltd., Toronto, Canada
Jan. 31 filed 3,000,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of properties. **Underwriter**—Stock to be sold on Toronto Stock Exchange or through underwriters or selected dealers in United States.

Contact Uranium, Mines, Inc., N. Y.
Dec. 7 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—100 West 42nd St., New York. **Underwriter**—Justin Steppler, Inc., New York.

Continental Electric Equipment Co.
Jan. 28 (letter of notification) 8,645 shares of common stock (no par) to be offered for subscription by stockholders of record March 1, 1955 on the basis of one new share for each five shares held; rights to expire on April 15. **Price** — $18.75 per share. **Proceeds** — For working capital. **Office** — 1 Green Hills Place, Cincinnati, O. **Underwriter**—None.

Continental Loan Co., Dallas, Tex.
Dec. 22 (letter of notification) $150,000 of 4% 10-year debentures and 42,000 shares of common stock (par 1

cents) to be offered in units of $1,000 of debentures and 200 shares of stock; remaining 12,000 shares to be purchased by underwriter. **Price**—$1,400 per unit; and $2 per common share. **Proceeds**—To buy common stock of Budget and Mutual and for working capital. **Office**—815 Fidelity Union Life Bldg., Dallas, Tex. **Underwriter**—Securities Management Corp., same address.

★ Corning Glass Works, Corning, N. Y. (3/29)
March 10 filed 464,700 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To 26 selling stockholders. **Underwriters**—Lazard Freres & Co. and Harriman Ripley & Co. Inc., both of New York.

Cuba (Republic of)
Jan. 7 filed $2,500,000 of Veterans, Courts and Public Works 4% bonds due 1983. **Price**—To be supplied by amendment. **Proceeds**—To Romenpower Electra Construction Co., which received the bonds in payment for work preformed for the Republic or one of more of its agencies. **Underwriters**—To be named by amendment.

Desert Queen Uranium Co., Salt Lake City, Utah
Jan. 26 (letter of notification) 259,500 shares of common stock (par two cents). **Price**—$1 per share. **Proceeds**—for mining operations. **Office**—506 Judge Building, Salt Lake City, Utah. **Underwriter** — Selected Securities Ltd., Los Vegas, Nev.

Desert Uranium Co., Salt Lake City, Utah
Oct. 18 (letter of notification) 2,000,000 shares of common stock **Price**—At par (15 cents per share). **Proceeds**—For exploration and development expenses. **Office**—524 Atlas Bldg., Salt Lake City, Utah. **Underwriter**—Van Blerkom & Co., same city.

Diamond Uranium Corp., Moab, Utah
Jan. 20 (letter of notification) 3,500,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—M. I. C. Bldg., Moab, Utah. **Underwriter**—Security Uranium Service, Inc., K. O. V. O. Bldg., P. O. Box 77, Provo, Utah.

East Tennessee Water Corp.
Dec. 20 (letter of notification) $160,000 of first mortgage 6% bonds dated Dec. 1, 1954. **Price** — At par (in denominations of $1,000 each). **Proceeds**—For purchase of real estate, capital improvements and contingencies. **Office**—306 E. Main St., Johnson City, Tenn. **Underwriter**—D. T. McKee Investment Co., Box 904, Bristol, Va.

East Texas Loan & Investment Co.
Jan. 20 (letter of notification) 25,000 shares of common stock (no par). **Price** — $10 per share. **Proceeds**—For working capital. **Office**—203 East Cotton St., Longview, Tex. **Underwriter**—D. G. Carter Investment Co., same address.

ElectroData Corp., Pasadena, Calif. (3/31)
March 7 filed 210,000 shares of capital stock (par $1) to be offered for subscription by stockholders at the rate of three new shares for each 10 shares held on March 31; with subscription rights to expire on April 18. **Price**—To be supplied by amendment. **Proceeds** — For construction of new plant and office building, new equipment and working capital. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and building and working capital. **Office** — 407 Liberty Trust Bldg., Philadelphia, Pa. **Underwriter**—None.

Electronics Investment Corp., San Diego, Calif.
Dec. 14 filed 2,000,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—For investment.

NEW ISSUE CALENDAR

March 18 (Friday)
Eleven Moore Street Corp.________________Common
(Offering to stockholders—no underwriting) $168,858

March 21 (Monday)
Concord Supplier & Equipment Corp.____Common
(Franklin, Meyer & Barnett) 299,700 shares
Flo-Mix Fertilizers Corp.________________Common
(Tschirn Investment Co.) $2,925,000
Kin-Ark Oil Co.________________________Common
(Van Alstyne, Noel & Co.) $1,375,000
Model Finance Service, Inc.____________Debentures
(Paul C. Kimball & Co.) $600,000
National Shares Corp.__________________Common
(Offering to stockholders—no underwriting) 360,000 shares

March 22 (Tuesday)
Atlantic Steel Co.______________________Common
(Courts & Co.) $4,700,000
General Shoe Corp.___________________Debentures
(Smith, Barney & Co.) $10,000,000
National Gypsum Co.___________________Common
(Offering to stockholders—underwritten by W. E. Hutton & Co. and Blyth & Co., Inc.) 464,525 shares
Van Norman Co.________________________Common
(Offering to stockholders—underwritten by Paine, Webber, Jackson & Curtis) 124,667 shares
Western Auto Supply Co._______________Preferred
(Merrill Lynch, Pierce, Fenner & Beane) $5,000,000

March 23 (Wednesday)
Beneficial Standard Life Insurance Co.__Common
(Lehman Brothers) 480,000 shares
Harvard Brewing Co.____________________Common
(Bids 3.30 p.m. EST) 345,760 shares
Joy Manufacturing Co.________________Debentures
(Hallgarten & Co.; R. W. Pressprich & Co.; and Adamex Securities Corp.) $20,000,000
Southern Pacific Co.____________Equip. Trust Ctfs.
(Bids noon EST) $8,400,000
Sundstrand Machine Tool Co.____________Common
(Offering to stockholders—underwritten by Merrill, Lynch, Pierce, Fenner & Beane; Bacon, Whipple & Co.; and Dean Witter & Co.) 108,885 shares
White Canyon Mining Co.________________Common
(Joseph McManus & Co. and A. P. Kibbe & Co. $3,000,000

March 24 (Thursday)
Chicago, Rock Island & Pacific RR.—_Debentures
(The First Boston Corp.; Blyth & Co., Inc.; Glore, Forgan & Co.; and Union Securities Corp.) $65,000,000
Kentucky Utilities Co.__________________Common
(Offering to stockholders—underwritten by Blyth & Co., Inc. and J. J. B. Hilliard & Son) 190,566 shares

March 28 (Monday)
American Locomotive Co.______________Debentures
(Smith, Barney & Co.) $25,000,000
Chesapeake & Colorado Uranium Corp.__Common
(Peter Morgan & Co.) $750,000
Florida Power & Light Co._______________Common
(Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co.) 305,000 shares
Holly Uranium Corp.____________________Common
(Barrett Herrick & Co., Inc. and Franklin, Meyer & Barnett) $3,150,000

March 29 (Tuesday)
Corning Glass Works____________________Common
(Lazard Freres & Co. and Harriman Ripley & Co. Inc.) 464,700 shares
Pacific Northwest Pipeline Corp.___Notes & Com.
(White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp.) $17,220,000 debentures and 287,000 shares of stock
Storer Broadcasting Co._________________Common
(Reynolds & Co.) 262,750 shares

March 30 (Wednesday)
Arkansas Power & Light Co.______________Bonds
(Bids 11 a.m. EST) $18,000,000
Arkansas Power & Light Co.___________Preferred
(Bids 11 a.m. EST) $9,350,000

March 31 (Thursday)
ElectroData Corp. _____________________Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) 210,000 shares

April 1 (Friday)
Florida Telephone Corp.________________Common
(Offering to stockholders—no underwriting) 77,350 shares

April 4 (Monday)
General Dynamics Corp._______________Debentures
(Lehman Brothers and Blyth & Co., Inc.) $40,000,000
Southern States Oil Co.________________Common
(Gordon Graves & Co., Inc.) $500,000

April 5 (Tuesday)
Kentucky Utilities Co.___________________Bonds
(Bids to be invited) $5,000,000
West Texas Utilities Co.__________________Bonds
(Bids to be invited) $7,500,000

April 6 (Wednesday)
Tennessee Gas Transmission Co._______Debentures
(Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc.) $25,000,000

April 11 (Monday)
White River Propane Gas Co., Inc._Debens. & Com.
(Eisele & King, Libaire, Stout & Co.) $700,000

April 14 (Thursday)
Savannah Electric & Power Co.___________Common
(The First Boston Corp. and Stone & Webster Securities Corp.) 165,000 shares

April 15 (Friday)
Westpan Hydrocarbon Co._______________Common
(May be Union Securities Corp.) 384,861 shares

April 25 (Monday)
Philadelphia Electric Co._________________Bonds
(Bids 11 a.m. EST) $50,000,000

May 2 (Monday)
Augusta Newspapers, Inc.___Preferred & Common
(Johnson, Lane, Space & Co.)

May 10 (Tuesday)
Georgia Power Co.______________________Bonds
(Bids 11 a.m. EST) $12,000,000
New York, Chicago & St. Louis RR.___Eq. Tr. Ctfs.
(Bids to be invited) $4,080,000

May 17 (Tuesday)
Ohio Edison Co.________________________Bonds
(Bids to be invited) $30,000,000

May 24 (Tuesday)
Alabama Power Co._______________________Bonds
(Bids 11 a.m. EST) $15,000,000

June 7 (Tuesday)
Virginia Electric & Power Co.______________Bonds
(Bids to be invited) $25,000,000

November 9 (Wednesday)
Southern Co.___________________________Common
(Bids to be invited) 500,000 shares

Eleven Moore Street Corp. (3/18)
March 3 (letter of notification) 28,143 shares of capital stock (par $1) to be offered for subscription by stockholders of record March 3, 1955 on the basis of three new shares for each share held; rights to expire on April 8, 1955. **Price**—$6 per share. **Proceeds**—Together with funds from mortgage loan of $350,000 to redeem $581,700 outstanding income mortgage loan certificates. **Office**—141 Broadway, New York 6, N. Y. **Underwriter**—None, but Breswick & Co., New York, will buy unsubscribed shares.

El Morocco Enterprises, Inc., Las Vegas, Nev.
Dec. 29 filed $6,000,000 of 8% sinking fund debenture bonds due July 1, 1967, and 1,950,000 shares of common stock (par 10 cents), each purchaser of bonds to have the right to purchase common stock at par at rate of 10 shares for each $100 of bonds up to $9,900 of debenture bonds purchased, with amount of shares increasing in proportion to amount of bonds purchased. **Price**—100% of principal amount for bonds. **Proceeds**—To pay balance of purchase price of Las Vegas Hotel, Inc. capital stock, construction of main hotel building, pavilions, swimming pool, furnishings, etc. **Underwriter**—Company may sell debenture bonds and common stock to dealers through brokers.

Eula Belle Uranium, Inc.
Oct. 18 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development expenses. **Office**—506 First Security Bank Bldg., Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same city.

Farm & Home Loan & Discount Co.
Nov. 29 filed 320,000 shares of class A common stock (par 25 cents), 214,285 shares of class B common stock (par 35 cents) and 300,000 shares of class C common stock (par 50 cents). **Price** — At par. **Proceeds** — For working capital. **Office**—Phoenix, Ariz. **Underwriter**—None.

Financial Credit Corp., New York
Jan. 29, 1954 filed 250,000 shares of 7% cumulative sinking fund preferred stock. **Price**—At par ($2 per share). **Proceeds** — For working caiptal. **Underwriter** — E. J. Fountain & Co., Inc., New York.

● Flo-Mix Fertilizers Corp., Houma, La. (3/21)
Feb. 14 filed 585,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—To buy equipment and for working capital. **Underwriter** — Tschirn Investment Co., Delta Bldg., New Orleans, La.

★ Florida Power & Light Co. (3/28-29)
March 11 filed 305,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters** — Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co., both of New York.

Florida Telephone Corp. (4/1)
March 4 filed 77,350 shares of common stock (par $10) to be offered for subscription by common stockholders of record April 1, 1955, and by certain officers and employees. **Price**—$13 per share. **Proceeds**—For construction program. **Office**—Ocala, Fla. **Underwriter**—None.

Fort Vancouver Plywood Co., Vancouver, Wash.
Feb. 21 filed 397 shares of common stock. **Price**—At par ($4,500 per share). **Proceeds** — For down payment on purchase price of mill facilities and for other expenses. **Underwriter**—John C. O'Brien, one of the promoters.

Four States Uranium Corp., Grand Junction, Colo.
Aug. 16 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploratory and development expenses. **Office** — 618 Rood Avenue, Grand Junction, Colo. **Underwriter** — Joe Rosenthal, 1669 Broadway, Denver, Colo.

Gatineau Uranium Mines Ltd. (Canada)
Aug. 10 (Regulation "D") 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For exploration and development costs. **Office** — 100 Adelaide St. West, Toronto, Canada. **Underwriter**—McCoy & Willard, Boston, Mass.

Gem Uranium & Oil Co., Salt Lake City, Utah
Dec. 9 (letter of notification) 11,000,000 shares of capital stock (par one cent). **Price**—Two cents per share. **Proceeds**—For exploration and development of oil and uranium properties. **Office** — 414 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Utah Uranium Brokers, same city.

★ General Dynamics Corp. (4/4-6)
March 11 filed $40,000,000 of convertible debentures due April 1, 1975. **Price** — To be supplied by amendment. **Proceeds**—For expansion and improvement of facilities and for working capital. **Underwriters**—Lehman Bros. and Blyth & Co., Inc., both of New York.

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For plant expansion, new equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

● General Shoe Corp. (3/22)
March 4 filed $10,000,000 of 25-year debentures due March 1, 1980. **Price**—To be supplied by amendment. **Proceeds**—To retire a $3,000,000 promissory note, for additions and improvements and working capital. **Underwriter**—Smith, Barney & Co., New York.

General Uranium Corp., Salt Lake City, Utah
Oct. 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For development and exploration expenses. **Office**—404 Boston Building, Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Continued on page 42

Continued from page 41

Gulf Cities Gas Corp., St. Petersburg, Fla.
Feb. 15 (letter of notification) 31,500 shares of class A stock (par $1). **Price**—$7.75 per share. **Proceeds** — To repay notes and other obligations and for working capital. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York. Letter to be withdrawn; full registration of about 50,000 shares expected. **Offering** — Expected about May 2.

Gulf States Utilities Co.
May 14, 1954 filed 160,800 shares of preferred stock (par $100). **Proceeds**—To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Gulf States Utilities Co.
May 14, 1954 filed $24,000,00 first mortgage bonds due June 1, 1984. **Proceeds**—To redeem $10,000,000 of 3⅜% first mortgage bonds due 1981 and $10,000,000 of 3⅜% first mortgage bonds due 1983, and for general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp.; Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Bids**—Had tentatively been expected to be received up to 11 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

● **Hanover Fire Insurance Co.**
Feb. 24 filed 100,000 shares of capital stock (par $10) being offered for subscription by stockholders of record March 16 at the rate of one new share for each four shares held; rights to expire on April 4. **Price**—$42 per share. **Proceeds**—To be added to the general funds of the company to enable it to expand its business, particularly in the writing of casualty and multiple-line policies. **Underwriters**—The First Boston Corp. and R. W. Pressprich & Co., both of New York.

Harvard Brewing Co., Lowell, Mass. (3/23)
Feb. 1 filed 345,760 shares of common stock (par $1), which the Attorney General, as successor to the Alien Property Custodian, is the owner and proposes to offer at competitive bidding. If any such bid is accepted, and if the successful bidder plans to distribute the shares, the company will file post-effective amendments to supply the requisite additional information. There are 625,000 shares outstanding. **Bids**—To be received by Office of Alien Property, Room 664, 101 Indiana Ave., N. W., Washington 25, D. C., up to 3:30 p.m. (EST) on March 23.

Heliogen Products, Inc.
March 7 (letter of notification) 22,670 shares of common stock (par $1), of which 12,670 shares are to be offered for subscription by stockholders up to and including June 15, 1955, and 10,000 shares are to be offered publicly. **Price**—$5 per share. **Proceeds**—For working capital, etc. **Office**—35-10 Astoria Blvd., Long Island City, N. Y. **Underwriter**—Smith & Co., Waterville, Me.

Hobby & Brown Electronic Corp.
Feb. 24 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—To increase inventory and for working capital. **Office**—55 Front St., Rockville Centre, L. I., N. Y. **Underwriter**—W. Harry Young Co., Garden City, L. I., N. Y.

● **Holly Uranium Corp., New York (3/28-4/1)**
Feb. 10 filed 900,000 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—To exercise certain options on properties in Utah and New Mexico. **Underwriter**—Barrett Herrick & Co., Inc. and Franklin, Meyer & Barnett, both of New York.

● **Industrial Hardware Manufacturing Co., Inc.**
March 9 filed $3,000,000 of 6% debentures due March 1, 1975, of which $2,596,600 principal amount are to be offered first to stockholders. **Price**—To be supplied by amendment. **Proceeds**—To purchase preferred stock of Hugh H. Eby Co., at par; to purchase real estate, machinery and equipment, etc.; for the acquisition of all common stock of Eby company and to pay certain bank loans and notes payable of Eby. **Underwriters**—Names to be supplied by amendment (expected to be Milton D. Blauner & Co., Inc., New York; Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., New York).

Inland Western Loan & Finance Corp.
Feb. 17 filed 2,500,000 shares of class A non-voting common stock (par $1). **Price**—$1.25 per share. **Proceeds**—To be used as operating capital for its two subsidiaries, and to finance establishment and operation of additional loan and finance offices. **Office**—Phoenix, Ariz. **Underwriter**—None.

International Spa, Inc., Reno, Nev.
Nov. 23 filed 12,000 shares of common stock (no par). **Price**—$500 per share. **Proceeds**—For land, construction, working capital, etc. **Underwriter**—None.

Investment Corp. of America
Aug. 30 (letter of notification) 3,799 shares of cumulative preferred stock (no par) and 3,799 shares of common stock (no par). **Price**—For preferred, $20 per share; and for common, $2 per share. **Proceeds**—For working capital. **Office**—3603 Broadway, San Antonio, Tex. **Underwriter**—Interior Securities, Inc., San Antonio, Tex.

Israel Pecan Plantations, Ltd.
Feb. 28 filed 24,900 shares of ordinary common stock (par one Israeli pound). **Price**—$10 per share. **Proceeds**—For capital expenditures. **Underwriter**—None. **Offices**—Natanya, Israel, and New York, N. Y.

Jarmon Properties & Oil Development Corp.
Jan. 17 (letter of notification) 30,000 shares of captal stock. **Price**—At par ($10 per share). **Proceeds**—For further exploration and development. **Addres**—P. O. Box 1109, Wichita Falls, Tex. **Underwriter**—John A. Aicholtz & Associates, 505 Macon St., Fort Worth, Tex., and another.

Joy Manufacturing Co. (3/23)
Feb. 23 filed $20,000,000 of sinking fund debentures due 1975. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriters**—Hallgarten & Co.; R. W. Pressprich & Co.; and Adamex Securities Corp., all of New York.

Justheim Petroleum Co.
Dec. 9 (letter of notification) 2,650,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For oil and mining expenses. **Office**—318 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Hunter Securities Corp., New York.

● **Kentucky Utilities Co., Lexington, Ky. (4/5)**
March 7 filed $5,000,000 first mortgage bonds, series F, due April 1, 1985. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc.; The First Boston Corp. and Lehman Brothers (jointly); Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. **Bids** — Expected about April 5.

● **Kentucky Utilities Co., Lexington, Ky. (3/24)**
March 7 filed 190,566 shares of common stock (par $10) to be offered for subscription by common stockholders of record March 21 on the basis of one new share for each 12 shares held; rights expire on April 11. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters**—Blyth & Co. Inc., New York, and J. J. B. Hilliard & Son, Louisville, Ky.

Kin-Ark Oil Co., El Dorado, Ark. (3/21-25)
Feb. 24 filed 500,000 shares of common stock (par 10 cents). **Price** — $2.75 per share. **Proceeds** — To repay $279,000 mortgage indebtedness and $45,500 outstanding notes; to pay $70,000 outstanding accounts payable, and for drilling of 14 additional wells and working capital. **Underwriter**—Van Alstyne, Noel & Co., New York.

Lake Lauzon Mines, Ltd., Toronto, Can.
Aug. 2 filed 660,000 shares of common stock (par $1, Canadian), of which 500,000 shares are to be offered in behalf of the company and 160,000 shares for account of Percy E. Rivett. **Price**—40 cents per share, U. S. funds. **Proceeds** — For development and exploration expenses. **Underwriter**—To be named by amendment.

Lee Finance Co., Minneapolis, Minn.
Nov. 3 (letter of notification) 13,000 shares of preferred stock (par $10) and $170,000 of 8% subordinate notes due five years from date of issue. **Price**—At par. **Proceeds**—To reduce bank loans and for working capital. **Office**—305 Northwestern Federal Bldg., Minneapolis, Minn. **Underwriter**—Daniels & Smith, Inc., same city.

Liberty Uranium Corp., Salt Lake City, Utah
July 1 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining operations. **Office**—402 Darling Bldg., Salt Lake City, Utah. **Underwriter** — Uranium Mart, Inc., 146 S. Main St., Salt Lake City, Utah.

Lucky Lake Uranium, Inc., Salt Lake City, Utah
Feb. 9 (letter of notification) 8,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining expenses. **Office**—201 Boston Building, Salt Lake City, Utah. **Underwriter**—Kastler Brokerage Co., same city.

Lucky Strike Uranium Corp.
Jan. 4 (letter of notification) 4,300,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—38 South Main St., Salt Lake City, Utah. **Underwriter**—Seaboard Securities Corp., Washington, D. C.

Mac Fos Uranium, Inc., Salt Lake City, Utah
Sept. 16 (letter of notification) 4,000,000 shares of common stock (par one cent). **Price**—Three cents per share **Proceeds**—For exploration and development costs. **Office**—239 Ness Bldg., Salt Lake City, Utah. **Underwriter**—Utah Securities Co., same city.

Magic Metals Uranium Corp.
Sept. 14 (letter of notification) 2,995,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Mid-Coninent Securities, Inc., the same city.

Marble Canyon Uranium, Inc.
Feb. 4 (letter of notification) 20,900,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—537 — 11th Ave., Salt Lake City, Utah. **Underwriter**—Potter Investment Co., same city.

★ **Marlowe Chemical Co., Inc.**
March 11 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital. **Business** — To manufacture and sell a home unit fire extinguisher. **Office**—17 West 44th St., New York 36, N. Y. **Underwriter**—General Investing Corp., New York.

Mascot Mines, Inc., Kellogg, Ida.
Feb. 17 (letter of notification) 200,000 shares of common stock (par 35 cents). **Price**—75 cents per share. **Proceeds**—For mining expenses. **Underwriter**—Standard Securities Corp., Spokane, Wash.

★ **Meredith Publishing Co., Des Moines, Ia.**
March 15 filed 75,000 shares of common stock to be offered to key employees under restricted stock option plan.

● **Merritt-Chapman & Scott Corp.**
Dec. 21 filed 3,018,567 shares of common stock (par $12.50) being offered in exchange for outstanding stock of New York Shipbuilding Corp., Devoe & Raynolds Co., Inc., Newport Steel Corp., Marion Power Shovel Co., Osgood Co. and Tennessee Products & Chemical Corp. on the following basis: 675,549 shares to holders of the 540,439 outstanding shares of common stock (par $5) of Tennessee Products & Chemical Corp., at the rate of 1¼ shares for each share of common stock of Tennessee; 755,105 shares to holders of the 453,063 outstanding shares of class A stock (par $2) of Devoe & Raynolds Co., Inc. at the rate of 1⅔ shares for each share of class A stock of Devoe; 242,700 shares to holders of the 182,025 outstanding shares of class B common stock (par $1) of Devoe, at the rate of 1⅓ shares for each of class B common stock of Devoe; 1,290,252 shares to holders of the 1,290,252 outstanding shares of common stock (par $1) of New York Shipbuilding Corp., at the rate of one share for each share of common stock of N. Y. Shipbuilding; 27,907 shares to holders of the 58,605 outstanding shares of common stock (par $1) of Newport Steel Corp., not owned by Merritt, at the rate of one share for each 2.1 shares of common stock of Newport; 26,114 shares to holders of the 17,409 outstanding shares of common stock (par $10) of Marion Power Shovel Co., not owned by Merritt, at the rate of 1½ shares for each share of common stock of Marion; and 940 shares to holders of the 1,410 outstanding shares of class B common stock (without par value) of the Osgood Co., not owned by Merritt or Marion, at the rate of one share for each 1½ shares of class B common stock of Osgood. Offer will expire on March 28. **Dealer-Manager**—A. C. Allyn & Co., Inc. for Devoe & Raynolds exchange.

Mesa Petroleum Co., Inc., Wichita, Kans.
Feb. 9 (letter of notification) 75,000 shares of common stock (no par). **Price**—$4 per share. **Proceeds**—To complete wells already drilled on properties owned by company; and to drill additional wells. **Office**—303 Insurance Building, Wichita, Kans. **Underwriter**—Albert C. Schenkosky, same city.

Mi-Ame Canned Beverages Co., Hialeah, Fla.
Oct. 28 (letter of notification) 200,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To purchase raw materials and new machinery, and for working capital. **Underwriter** — Frank D. Newman & Co., Miami, Fla.

Micro-Moisture Controls, Inc.
Jan. 13 (letter of notification) $250,000 of 6⅝% income convertible debentures (subordinated) due Feb. 1, 1965, to be offered initially to stockholders. **Price**—100% of par (in units of $100 or multiples thereof). **Proceeds**—For working capital, etc. **Office**—22 Jericho Turnpike, Mineola, N. Y. **Underwriter**—None.

Military Investors Financial Corp.
Dec. 1 (letter of notification) 150,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—2310 Main St., Houston, Texas. **Underwriter**—Cobb & Co., Inc., same city.

Missouri Uranium Corp., Kansas City, Mo.
Jan. 24 filed 150,000 shares of preferred stock (par $5) and 150,000 shares of common stock (no par) to be offered in units of one share of each class of stock. **Price**—$5 per unit. **Proceeds**—For exploration and development, etc. **Underwriter**—Dale E. Klepinger & Associates, 203 W. Dartmouth, Kansas City, Mo.

Model Finance Service, Inc. (3/21-25)
Feb. 28 filed $600,000 of 6% subordinated debentures, with detachable common stock purchase warrants for a total of 18,000 shares of $1 par value common stock (a warrant for 30 shares for each $1,000 debenture) to be offered in units of a $500 debenture, plus a warrant for purchase of 15 shares of stock at $2 per share. **Price**—$500 per unit. **Proceeds**—For payment of certain notes. **Office**—Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

Monte Cristo Uranium Corp., Moab, Utah
Oct. 5 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., 139 North Virginia St., Reno, Nev.

Montezuma Uranium, Inc., Denver, Colo.
Jan. 5 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development operations. **Office**—Ernest and Cranmer Bldg., Denver, Colo. **Underwriter**—Investment Service Co., same city.

Mother Lode Uranium Co.
Jan. 28 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (two cents per share). **Proceeds**—For mining operations. **Office**—470 South 13th East, Salt Lake City, Utah. **Underwriter**—M. C. Leonard and Associates, 602 Tribune Bldg., Salt Lake City, Utah.

● **National Aviation Corp., New York**
Feb. 18 filed 111,618 shares of capital stock (par $5) being offered for subscription by stockholders at rate of one new share for each four shares held as of record March 10 (with an oversubscription privilege); rights to expire on March 25. **Price**—$30 per share. **Proceeds**

-For investment. **Underwriter** — None. **Subscription** gent—The Hanover Bank, New York City.

National Gypsum Co. (3/22)
eb. 28 filed 464,325 shares of common stock (par $1) to be offered for subscription by common stockholders f record March 21, 1955 at the rate of one new share or each six shares held; rights to expire on April 4, 955. **Price**—To be supplied by amendment. **Proceeds**—or capital expenditures and working capital. **Underwriters**—W. E. Hutton & Co. and Blyth & Co., Inc., oth of New York.

National Shares Corp., New York (3/21)
arch 7 filed 360,000 shares of capital stock (par $1) to be offered for subscription by stockholders of record arch 21 on the basis of one new share for each two ares held (with an oversubscription privilege); rights to expire on April 4. **Price**—To be supplied by amendment. **Proceeds**—For investment. **Underwriter**—None.

New England Telephone & Telegraph Co.
eb. 4 filed 511,205 shares of capital stock being offered or subscription by stockholders of record March 1, 1955 t the rate of one new share for each five shares held; ghts to expire on March 31. **Price**—At par ($100 per hare). **Proceeds**—To repay advances from American elephone & Telegraph Co., the parent, which owns 769,035 shares (69.21%) of the outstanding stock. nderwriter—None.

New Pacific Coal & Oils, Ltd., Toronto, Canada
ec. 28 (regulation "D") 275,000 shares of common stock no par), of which 120,000 shares are to be offered in anada and 155,000 shares in the United States. **Price**—5 cents per share. **Proceeds** — To selling stockholders. nderwriter—L. D. Friedman & Co., New York.

New Silver Belle Mining Co., Inc., Almira, Wash.
ept. 8 (letter of notification) 500,000 shares of common ock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Underwriters**—Percy Dale Lanphere and R. E. Nelson & Co., oth of Spokane, Wash.

Oklahoma Gas & Electric Co.
eb. 23 filed 331,643 shares of common stock (par $10) eing offered for subscription by common stockholders f record March 16 on the basis of one new share for ach eight shares held. Employees will be given the ght to subscribe for not exceeding 12,000 shares of ny unsubscribed stock. Rights will expire on April 5. rice — $31.50 per share. **Proceeds** — For construction rogram. **Underwriter**—Merrill Lynch, Pierce, Fenner Beane, New York.

Pacific Northwest Pipeline Corp. (3/29)
arch 9 filed $17,220,000 of 6% interim notes due June 1957 and 287,000 shares of common stock (par $1) to e offered in units of $60 principal amount of notes and ne share of stock. **Price**—To be supplied by amendment expected to be $70 per unit). **Proceeds**—Together with ther funds, to finance construction of a 1,466 mile atural gas pipe line between Ignacio, Colo., and Sumas, Vash. on the Canadian border. **Underwriters** — White, Veld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp. Financing lans also include offering to present stockholders of 549,100 shares of common stock at $10 per share.

Paramount Uranium Corp., Moab, Utah
ct. 7 (letter of notification) 6,000,000 shares of capital ock. **Price**—At par (five cents per share). **Proceeds**—or mining expenses. **Office**—325 Main St., Moab, Utah. nderwriter—Van Blerkom & Co., Salt Lake City, Utah

Pay Day Uranium Co., Las Vegas, Nev.
ct. 15 (letter of notification) 2,500,000 shares of capital ock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—30 Fremont St., Las Vegas, Nev. **Underwriter**—Allied nderwriter Co., the same city

Pecos Mining Co., Dallas, Texas
eb. 21 (letter of notification) 5,990,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For exploration and drilling expenses and working capital. **Underwriter**—Carroll, Kirchner & Jaquith, nc., Denver, Colo.

Petro-Minerals, Inc., Houston, Tex.
arch 15 filed 500,000 shares of capital stock (par 10 ents), of which 195,714 shares are to be offered by comany and 304,286 shares by a selling stockholder, to be ffered for subscription by stockholders and warrant olders of Johnston Oil & Gas Co. of record April 1 on he basis of one new share for each four shares of Johnon Oil stock held (or represented by warrants held). ohnston Oil has agreed to purchase any company shares ot purchased by other Johnston Oil stockholders. **Price** —$1 per share. **Proceeds**—For geological and other exenses, and for other general corporate expenses.

Petroleum Reserves, Inc., New York
eb. 14 filed $7,500,000 of 4% debentures due 1970, 00,000 shares of 5% preferred stock (par $25) and ,000,000 shares of common stock (par 10 cents) to be ffered in units of $750 principal amount of debentures, 0 shares of preferred stock and 100 shares of common ock. **Price**—To be supplied amendment. **Proceeds**—or acquisition of producing oil and gas properties. **Underwriter**—Smith, Barney & Co., New York.

Public Service Electric & Gas Co.
ec. 22 filed 250,000 shares of cumulative preferred stock par $100). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for construction program. **Underwriters**—Morgan Stanley & Co.; Drexel & o.; and Glore, Forgan & Co. **Offering** — Temporarily elayed.

Pyramid Life Insurance Co., Charlotte, N. C.
eb. 15 filed 250,000 shares of capital stock (par $1) to e offered for subscription by common stockholders of record March 1, 1955 on the basis of one new share for each three shares held. Any shares remaining unsubscribed 30 days following date of mailing of warrants will be disposed of through the company's executive committee. **Price**—$3.75 per share. **Proceeds**—To expand business. **Underwriter**—None.

Ranger Lake Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—James Anthony Securities Corp., New York.

★ **Reis (Robert) & Co.**
March 15 (letter of notification) 3,000 shares of $1.25 prior preference stock (par $10) and 18,000 shares of common stock (par $1). **Price**—At market (about $9 per share for preference stock and about $1.25 for common stock). **Proceeds**—To Trust of Arthur M. Reis, deceased. **Underwriter**—Lehman Brothers, New York.

Revere Realty, Inc., Cincinnati, Ohio
March 8 filed $1,000,000 of 5½% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). **Price**—Par for debentures and $100 per share for stock. **Proceeds** — To purchase real estate or interest therein. **Underwriter**—Stanley Cooper Co., Inc., Cincinnati, O.

Ritter Finance Co., Inc., Syncote, Pa.
Feb. 24 filed 4,000 shares of 5½% cumulative preferred stock, third series (par $50) and 40,000 shares of class B common stock (par $1) to be offered in units of one preferred share and 10 class B shares. **Price**—$75 per unit. **Proceeds**—To reduce bank loans and for working capital. **Underwriter**—None.

St. Regis Paper Co., New York
Feb. 18 filed 24,381 shares of common stock (par $5) to be offered in exchange for common stock (par $1) of Michigan Molded Plastics, Inc. on the basis of one St. Regis share for each 5¼ shares of Michigan common stock of which there are 128,000 shares outstanding. **Underwriter**—None. Statement effective March 8.

Salisbury Broadcasting Corp., Paxton, Mass.
Jan. 20 (letter of notification) $150,000 of 5% notes and 6,000 shares of common stock (par $1) to be offered first to stockholders in units of $1,000 of notes and 40 shares of stock. **Price**—$1,000 per unit. **Proceeds**—For working capital. **Office** — Asnebumskit, Paxton, Mass. **Underwriter** — Kinsley & Adams, 6 Norwich St., Worcester, Mass.

Samicol Uranium Corp., Santa Fe, N. M.
Sept. 14 filed 300,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For development and exploration expenses, etc. **Underwriters**—R. V. Klein Co. and McGrath Securities Corp., both of New York.

San Miguel Uranium Mines, Inc.
Jan. 6 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds** — For mining operations. **Office** — Mineral Bldg., Grand Junction, Colo. **Underwriter** — Tellier & Co., Jersey City, N. J.

★ **Sealed Power Corp., Muskegon Heights, Mich.**
March 16 filed 100,000 shares of common stock (par $10), of which 50,000 shares are to be offered by company and 50,000 shares by selling stockholders. **Price**—To be supplied by amendment. **Proceeds** — For capital additions and improvements. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

Shumway Uranium Mining Corp.
Jan. 28 (letter of notification) 200,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—64 East 4th South St., Salt Lake City, Utah. **Underwriter**—Doxey Investment Co., same city.

Silver Pick Uranium, Inc., Reno, Nev.
Nov. 22 (letter of notification) 2,994,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—211-206 N. Virginia Street, Reno, Nev. **Underwriter** —Western Securities Corp., Las Vegas, Nev.

Silver Reef Uranium Co., Salt Lake City, Utah
Jan. 17 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—130 South 13th East, Salt Lake City, Utah. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Sinclair Oil Corp., New York
March 7 filed 337,830 shares of common stock (no par) to be offered in exchange for shares of capital stock of Venezuelan Petroleum Co. in the ratio of five shares of Sinclair stock for each eight shares of Venezuelan stock tendered for exchange under terms of this offer provided at least 450,000 shares are tendered.

Slick Rock Uranium Development Corp.
Oct. 8 (letter of notification) 2,900,000 shares of common stock (par five cents), including shares for option to underwriter and prior property owner to be amended. **Price**—10 cents per share. **Proceeds**—For development and exploration expenses. **Office**—Newhouse Hotel, Salt Lake City, Utah. **Underwriter** — Van Blerkom & Co., same city.

Solomon Uranium & Oil Corp., Inc.
Oct. 7 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Offices** — 506 Beason Bldg., Salt Lake City, Utah, and 1016 Baltimore Bldg., Kansas City, Mo. **Underwriter**—E. R. Bell & Co., Kansas City, Mo

Southeastern Public Service Co.
Jan. 24 (letter of notification) 28,000 shares of common stock (par 10 cents) being offered in exchange for Hamilton Gas Corp. capital stock (par $1) on the basis of 3½ Southeastern shares for each Hamilton share. This offer shall terminate when offer shall have been accepted by Hamilton stockholders owning not in excess of 8,000 shares of Hamilton stock. **Office**—70 Pine St., New York 5, N. Y. **Underwriter**—None.

● **Southern States Oil Co. (4/4-7)**
Feb. 25 filed 250,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For further exploration and development of properties, for drilling costs and for acquisition of interests in other oil companies. **Office** — Laurel, Miss. **Underwriter** — Gordon Graves & Co., Inc., New York.

● **Southern Union Oils, Ltd.**
Feb. 16 filed 1,211,002 shares of common stock (par $1) of which 511,002 shares are to be offered for subscription by existing stockholders on a basis of one new share for each share held, as of March 15; rights to expire on April 12. **Price** — To stockholders, 50 cents per share; and to public, at a market price to be equivalent to last sale on Toronto Stock Exchange—65c-75c (ex-rights) per share. **Proceeds**—For exploratory and developmental expenses; for possible acquisition of additional oil and gas interests; and to meet current liabilities. **Office**—Toronto, Canada. **Underwriter** — Willis E. Burnside & Co., Inc., New York.

Star Uranium Corp., Salt Lake City, Utah
Aug. 2 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For exploration and development costs. **Underwriter**—Ned J. Bowman Co., Salt Lake City, Utah.

Stardust, Inc., Reno, Nev.
July 9 filed 621,882 shares of preferred stock (par $10) and 621,882 shares of common stock (par one cent) to be offered in units of one share of each class of stock. Price —$10.01 per unit. Proceeds—For purchase of land and to construct and equip a luxury hotel. Underwriter—None.

★ **Stewart Oil & Gas Co., San Angelo, Texas**
March 14 filed 750,000 shares of common stock (par 10¢). **Price**—$1 per share. **Proceeds**—To repay bank loan, and for development of properties and other activities incident to oil and gas operations. **Underwriter** — Barrett Herrick & Co., Inc., New York.

★ **Storer Broadcasting Co., Miami Beach, Fla. (3/29)**
March 10 filed 262,750 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To reduce 4½% notes, due 1955-1961, by approximately $10,000,000; and to redeem all or part of the outstanding 15,000 shares of 7% cumulative preferred stock (par $100) at $107 per share. **Underwriter**—Reynolds & Co., New York.

Sun Hotel, Inc., Las Vegas, Nev.
Feb. 16 filed 760,000 shares of pfd. capital stk. (par $9.50) and 1,540,000 shares of common capital stock (par 25 cents), of which 680,000 shares of preferred and 1,360,000 shares are to be offered in units of one preferred and two common shares; the remaining 80,000 shares of preferred stock and 180,000 shares of common stock may be exchanged for properties. **Price**—$10 per unit. **Proceeds**—To purchase property; for construction of hotel; and for working capital. **Underwriter**—Coombs & Co., Salt Lake City, Utah.

● **Sundstrand Machine Tool Co. (3/23)**
March 4 filed 108,885 additional shares of common stock (par $5) to be offered to common stockholders on the basis of one new share for each five shares held as of March 22; rights to expire on April 6. **Price** — To be supplied by amendment. **Proceeds** — For expansion and general corporate purposes. **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, New York; Bacon, Whipple & Co., Chicago, Ill.; Dean Witter & Co., San Francisco, Calif.

Sunshine Park Racing Association, Inc. (Fla.)
Nov. 18 filed $700,000 of 6% convertible sinking fund debentures due 1966 and 70,000 shares of common stock (par 10 cents). **Price** — 100% and accrued interest for debentures and $2 per share for stock. **Proceeds**—To repay bank loans, for new construction and for working capital. **Underwriter**—Gulf-Atlantic, Inc., Tampa, Fla.

Superior Uranium Co., Las Vegas, Nev.
Sept. 1 (letter of notification) 29,910,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** —For development and exploration costs. **Office**—Medical Arts Bldg., Las Vegas, Nev. **Underwriter**—Uranium Brokers, Inc., the same city.

Swedes Uranium Corp., Salt Lake City, Utah
Jan. 5 (letter of notification) 2,500,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Office**—Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Guss & Mednick Co., same city.

Sytro Uranium Mining Co., Inc., Dallas, Texas
Sept. 9 (letter of notification) 2,975,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development of properties. **Office** — 1406 Life of America Building, Dallas, Texas. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

Tacony Uranium Corp., Denver, Colo.
Aug. 17 (letter of notification) 1,700,000 shares of common stock. **Price**—10 cents per share. **Proceeds**—For exploration and development expenses. **Office** — 317 Railway Exchange Building, Denver, Colo. **Underwriter** —E. I. Shelley Co., Denver, Colo.

Temple Mountain Uranium Co.
Oct. 7 (letter of notification) 3,500,000 shares of common stock (par 2½ cents). **Price** — 3 cents per share. **Proceeds**—For exploration and development expenses. **Office**—39 Exchange Place, Salt Lake City, Utah. **Underwriter**—Walter Sondrup, same city.

Continued on page 44

Continued from page 43

★ Tennessee Gas Transmission Co. (4/6)
March 11 filed $25,000,000 of debentures, due April 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To repay outstanding short-term notes and for new construction. **Underwriters** — Stone & Webster Securities Corp.; White, Weld & Co. and Halsey, Stuart & Co. Inc., all of New York.

Texas International Sulphur Co.
June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For exploration and drilling, and payment of bank loans and advances. **Underwriter**—Vickers Brothers, New York, on a "best efforts" basis.

Texboard, Inc., Dallas, Texas
Jan. 17 filed $1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and $1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. **Price**—To be supplied by amendment. **Procedds**—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. **Underwriter**—Emerson Cook Co., Palm Beach, Fla.

Thunderbird Uranium Co., Reno, Nev.
Aug. 3 (letter of notification) 1,800,000 shares of common stock (par 10 cents). **Price** —15 cents per share. **Proceeds**—For mining activities. **Office**—206 N. Virginia St., Reno, Neb. **Underwriter**—Stock, Inc., Salt Lake City.

Thunderbolt Uranium Corp., Salt Lake City, Utah
Jan. 31 (letter of notification) 22,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds** For mining expenses. **Office**—2507 South State St., Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., same city.

Tip Top Uranium & Oil, Inc., Denver, Colo.
Feb. 1 (letter of notification) 30,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—1122 Mile High Center, Denver 2, Colo. **Underwriter**—Robert W. Wilson, 1717 East Colfax Ave., Denver, Colo.

★ Topp Industries, Inc., Los Angeles, Calif.
March 9 filed 153,500 shares of common stock (par $1), of which 139,500 shares are to be offered publicly. **Price** —To be supplied by amendment. **Proceeds**—For prepayment of rentals; $46,000 to retire outstanding $10 par preferred stock; to purchase substantially all of the assets of Standard Electronics Manufacturing Co.; for leasehold improvements; to purchase one-half interest in parking area presently leased from Gira Co.; and for working capital, etc. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Trans-Continental Uranium Corp.
Oct. 1 (letter of notification) 2,990,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For exploration and development costs. **Office** —358 S. 3rd St. East, Salt Lake City, Utah. **Underwriter** —Western Securities Corp., same city.

Ucolo Uranium Co., Salt Lake City, Utah
Sept. 13 (letter of notification) 2,800,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For exploration and development costs. **Office**—906 Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—Western Securities Corp., the same city.

Uintah Uranium, Inc., Salt Lake City, Utah.
Oct. 5 (letter of notification) 15,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds** — For exploration and development costs. **Office**—424 Judge Bldg., Salt Lake City, Utah. **Underwriter**—James E. Reed Co., same city.

★ Union Carbide & Carbon Corp.
March 9 filed $25,000,000 of Interests or Participations in the Savings Plan for Employees of this company and its subsidiaries, and 50,000 shares of capital stock which may be purchased pursuant to the Plan.

Union Club, Inc., Hollywood, Calif.
March 1 filed 30,000 shares of preferred stock (par $50) and 100,000 shares of common stock (par $10) to be offered in units of three preferred and 10 common shares. **Price**—$400 per unit. **Proceeds**—For purchase of property, construction of hotel, athletic and health facilities, and working capital. **Underwriter**—None, but sales will be made through agents.

United Canadian Uranium Corp.
Feb. 7 (letter of notification) 1,188,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—701 Ernest and Cranmer Building, Denver 2, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., same city.

United Uranium Corp., Denver, Colo.
Jan. 26 (letter of notification) 4,133,329 shares of common stock (par one cent), of which 2,133,329 shares are covered by an offer of rescission to 37 shareholders at three cents per share; and 2,000,000 shares are to be publicly offered at 10 cents per share. **Proceeds**—For mining expenses. **Underwriter**—John L. Donahue, 430 16th Street, Denver 2, Colo.

Universal Finance Corp., Dallas, Texas
Feb. 16 (letter of notification) 27,000 shares of 70-cent cumulative preferred stock (no par) and 27,000 shares of common stock (par 15 cents) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds** — For working capital. **Underwriter** — J. F. Perkins & Co., Dallas, Texas.

Universal Petroleum Exploration & Drilling Corp.
Oct. 4 (letter of notification) 300,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For cost of Driller Boy (drilling equipment which company rents out), and working capital. **Office**—c/o Edwin J. Dotson, attorney-at-law, Simon Bldg., 230 Fremont St., Las Vegas, Nev. **Underwriter**—Robert B. Fisher Investments, 510 South Fifth St., Las Vegas, Nev.

Uranium Discovery & Development Co., Wallace, Idaho
Nov. 16 (letter of notification) 1,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For core drilling program upon two groups of claims. **Address**—Box 709, Wallace, Idaho. **Underwriter** —Wallace Brokerage Co., same city.

Utaco Uranium, Inc., Salt Lake City, Utah
Oct. 7 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For exploration and development costs. **Office**—420 Felt Building, Salt Lake City, Utah. **Underwriter**—Western Securities Corp., Las Vegas, Nev.

Utah Apex Uranium Co.
Oct. 18 (letter of notification) 3,000,000 shares of capital stock (par three cents). **Price**—Six cents per share. **Proceeds**—For exploration and development expenses. **Office**—430 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Mid-Continent Securities, Inc., same city.

Utah Uranium Corp., Las Vegas, Nev.
Aug. 20 (letter of notification) 10,000,000 shares of capital stock (par 1 cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—1818 Beverly Way, Las Vegas, Nev. **Underwriter** —First Western Securities, same city.

Vada Uranium Corp., Ely, Nev.
Jan. 17 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—For mining expenses. **Office**—280 Aultman St., Ely, Nev. **Underwriter**—Bristol Securities Co., Fall River, Mass.

● Van Norman Co., Springfield, Mass. (3/22)
Feb. 28 filed 124,667 shares of common stock (par $2.50) and 10-year warrants to purchase 124,667 additional shares of common stock, to be offered for subscription by common stockholders in units of one share of common stock and one warrant for the purchase of one additional share for each three shares held on March 21; rights to expire on April 7. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loan and note held by insurance company, and for working capital. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

★ Vandersee Corp.
March 10 (letter of notification) 200,000 shares of Class A stock (par $1). **Price**—$1.25 per share. **Proceeds** —For general corporate purposes. **Office**—1416 Chestnut Ave., Hillside, N. J. **Underwriter**—None.

Vulcan-Uranium Mines, Inc., Wallace, Idaho
Oct. 15 (letter of notification) 1,500,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For expenses incident to mining operations. **Address**—P. O. Box 289, Wallace, Idaho. **Underwriter**—Alden J. Teske, d/b/a Wallace Brokerage Co., Samuels Hotel, Wallace, Idaho.

Washington Gas Light Co.
Feb. 17 filed 130,041 shares of common stock (no par) being offered for subscription by common stockholders of record March 7, at the rate of one new share for each eight shares held; rights to expire on March 23. **Price**—$38 per share. **Proceeds**—For additions and improvements to property. **Underwriters** — The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

Webster Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—James Anthony Securities Corp., New York. **Offering**—Expected in two or three weeks.

Wenga Copper Mines, Inc., N. Y.
Nov. 18 (Regulation "D") 900,000 shares of common stock (par five cents). **Price**—30 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Willis E. Burnside & Co., New York.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed $29,000,000 12-year 6% debentures due Dec. 15, 1964, and 580,000 shares of common stock (par 50 cents) to be offered in units of one $50 debenture and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—From sale of units and 1,125,000 additional shares of common stock and private sales of $55,000,000 first mortgage bonds to be used to build a 1,030 mile crude oil pipeline. **Underwriters** — White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

West Coast Pipe Line Co., Dallas, Tex.
Nov. 20, 1952 filed 1,125,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to be used to build pipeline. **Underwriters**—White, Weld & Co. and Union Securities Corp., both of New York. **Offering**—Postponed indefinitely.

★ West Texas Utilities Co. (4/5)
March 9 filed $7,500,000 of first mortgage bonds, series D, due April 1, 1985. **Proceeds**—To be used to retire bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Salomon Bros. & Hutzler (jointly); Merrill, Lynch, Pierce, Fenner & Beane; Equitable Securities Corp.; Glore, Forgan & Co.; Kuhn, Loeb & Co. and Lehman Brothers (jointly); Kidder, Peabody & Co.; The First Boston Corp. **Bids** —Expected to be received on April 5.

● Western Auto Supply Co. (Mo.) (3/22-23)
March 2 filed 50,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To finance purchase of certain properties to be acquired from Gamble-Skogmo, Inc. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Western Hills Inn, Fort Worth, Texas
Jan. 31 filed 200,000 shares of capital stock (no par). **Price**—$5 per share. **Proceeds**—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. **Underwriter**—Schwanz & Co., Inc., Aurora, Ill.

● White Canyon Mining Co. (3/23-4/1)
Feb. 4 filed 3,000,000 shares of common stock (par 33⅓ cents). **Price**—$1 per share. **Proceeds**—To repay loans and advances; for capital acquisitions; and for expenditures and working capital. **Office** — Dove Creek, Colo. **Underwriters**—Joseph McManus & Co., New York; and A. P. Kibbe & Co., Salt Lake City, Utah.

★ White River Propane Gas Co., Inc. (4/11-12)
March 11 filed $400,000 of 6% convertible debentures, series A, due April 1, 1965, and 50,000 shares of common stock (par $1). **Price**—100% and accrued interest for debentures, and $6 per share for stock. **Proceeds**—To repay bank loans, etc., and for equipment, expansion and working capital. **Office**—Batesville, Ark. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

Winfield Mining Co., Moab, Utah.
Jan. 20 (letter of notification) 500,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office**—M. L. C. Bldg., P. O. Box 648, Moab, Utah. **Underwriter**—Security Uranium Service, K. O. V. O. Bldg., Provo, Utah.

Woman's Income Fund, Inc., Baltimore, Md.
Jan. 28 filed 500,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment. **Underwriter**—Income Managers Inc., New York, which is under the direction of its President, Pierre A. DuVal, of DuVal's Consensus Inc.

Woodland Oil & Gas Co., Inc.
Dec. 21 (letter of notification) 299,900 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For equipment, drilling expenses and working capital. **Office**—42 Broadway, New York, N. Y. **Underwriter**—E. M. North Co., Inc., same address.

World Uranium Mining Corp.
July 21 (letter of notification) 9,996,000 shares of common stock (par one cent). **Price** — Three cents per share. **Proceeds**—For exploration and development expenses. **Office**—323 Newhouse bldg., Salt Lake City, Utah. **Underwriter**—P. G. Christopulos & Co., same city.

Wynn Pharmacal Corp.
Dec. 23 (letter of notification) 85,000 shares of class B common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds** — For production, development and sale of company's products, working capital and other corporate purposes. **Office**—5119 West Stiles St., Philadelphia, Pa. **Underwriter**—Charles A. Taggart & Co., same city.

Wyoming Minerals Corp., Thermopolis, Wyo.
Feb. 16 (letter of notification) 250,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To pay current bills and purchase equipment and supplies. **Underwriter** —H. P. Jesperson, 2111 Nicholas St., Omaha, Neb.

Wyoming Uranium Corp., Salt Lake City, Utah
Aug. 23 (letter of notification) 9,166,667 shares of common stock (par 1 cent). **Price**—Three cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—James E. Reed Co., Salt Lake City, Utah.

Zenith Uranium & Mining Corp.
July 12 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For mining operations. **Underwriter**—Sheehan & Co., Boston, Mass.

Prospective Offerings

Alabama Power Co. (5/24)
Dec. 30 it was announced company plans to issue and sell $15,000,000 first mortgage bonds due 1985. **Proceeds** —To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Union Securities Corp.; Equitable Securities Corp. and Drexel & Co. (jointly); The First Boston Corp.; Lehman Brothers; Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on May 24. **Registration**—Scheduled for April 27.

Alleghany Corp.
Feb. 10 company offered 1,367,440 shares of 6% convertible preferred stock (par $10) in exchange for the outstanding 136,744 shares of 5½% cumulative preferred stock, series A (par $100) on the basis of ten shares of 6% stock for each 5½% preferred share held. **Dealer-Manager**—Kidder, Peabody & Co., New York.

American Telephone & Telegraph Co.
Feb. 16 directors voted to recommend to stockholders that they authorize a new issue of not to exceed $650,000,000 convertible debentures at their annual meeting to be held on April 20. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably on the basis of $100 of debentures for each eight shares of stock held). **Underwriter**—None.

● Augusta Newspapers, Inc., Augusta, Ga. (5/2)
Feb. 28 it was reported company may offer and sell about 55,000 shares of common stock and 35,000 shares of preferred stock. **Price**—About $11 per common share and $10 preferred share. **Underwriter**—Johnson, Lane, Space & Co., Savannah, Ga.

Baltimore & Ohio RR.
Feb. 10 company received ICC exemption from competitive bidding of up to $345,000,000 of new securities. **Proceeds**—For refunding. **Underwriter**—Feb. 16, Howard E. Simpson, President, announced Glore, Forgan & Co., Halsey, Stuart & Co. Inc. and Alex. Brown & Sons have been engaged to continue studies and formulate plans looking towards a simplification of the railroad's debt structure and a reduction in over-all interest costs.

Bridgeport Hydraulic Co.
March 7 it was reported company plans to offer 22,688 additional shares of common stock (no par) to its stockholders on a 1-for-8 basis. **Underwriter**—Smith, Ramsay & Co., Inc., Bridgeport, Conn. **Offering** — Expected in June.

Central Maine Power Co.
Dec. 31, W. F. Wyman, President, stated that company plans to issue and sell some additional common stock, par $10 (probably to stockholders). **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly).

Chesapeake & Ohio Ry.
Sept. 29 it was reported company plans to issue and sell $40,000,000 of new bonds. **Proceeds**—To refund its outstanding $37,851,000 3⅞% bonds and $2,441,000 4% bonds. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.

Chicago Corp.
Feb. 14 it was announced company plans to offer to its common stockholders the right to subscribe for one new share of common stock for each five shares held. Stockholders will vote April 29 on increasing authorized common stock from 4,000,000 to 5,000,000 shares. **Price**—To be determined shortly before offering is made. **Proceeds**—For new construction and general corporate purposes. **Underwriter** — May be Glore, Forgan & Co., Chicago, Ill.

Chicago, Rock Island & Pacific RR. (3/24)
Jan. 11, J. D. Farrington, President, announced that the directors have authorized the issue and sale of not more than $65,000,000 of 40-year income debentures. **Proceeds**—To redeem the outstanding preferred stock (about 620,000 shares). **Underwriters** — The First Boston Corp.; Blyth & Co., Inc.; Glore, Forgan & Co.; and the Union Securities Corp. Exemption from the competitive bidding rule was received on Feb. 17. If all holders of preferred stock convert their shares into common stock on a share-for-share basis there will be no debenture sale.

Citizens & Southern National Bank, Savannah, Ga.
March 8 it was reported stockholders will vote April 12 on approving a proposed offering for a period of 30 days of 200,000 shares of capital stock (par $10) to stockholders on the basis of two new shares for each seven shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus.

Collins Radio Co.
Feb. 21 it was reported company plans to issue and sell about 100,000 shares of convertible preferred stock (par $100). **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co., both of New York.

Colonial Trust Co., New York
Feb. 24 it was announced stockholders of record Feb. 25 would be offered the right to subscribe on or before March 17 for 20,000 additional shares of capital stock (par $25) at the rate of one new share for each two shares held. **Price**—$50 per share. **Proceeds**—To increase capital and surplus.

Commonwealth Edison Co.
Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing.

Proceeds—For new construction, which, it is estimated, will cost about $125,000,000 in 1955. **Underwriters**—For last equity financing were The First Boston Corp. and Glore, Forgan & Co.

Consolidated Uranium Mines, Inc.
July 23 stockholders authorized the issuance and sale of not to exceed $6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. Public offering of $2,000,000 bonds expected early in 1955. **Underwriter** — Tellier & Co., Jersey City, N. J.

Detroit Edison Co.
Jan. 21 it was announced stockholders on May 2 will vote on authorizing about $60,000,000 of convertible debentures. Previous offer of convertible debentures was made to stockholders without underwriting.

Doman Helicopters, Inc.
Feb. 17 Donald S. B. Waters, President, announced stockholders voted to increase authorized capital stock from 1,000,000 shares to 3,000,000 shares in anticipation of expansion of the company's activities. **Underwriter**—Previous financing handled by Greene & Co., New York.

First Western Bank & Trust Co., San Francisco.
March 7 it was announced stockholders of record Feb. 28 have been given the right to subscribe for 300,000 additional shares of capital stock (par $12.50) on the basis of one new share for each six shares held; rights to expire on March 28. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None. Tranamerica Corp., the majority stockholder, has offered to purchase any unsubscribed shares.

Florida Power Corp.
Dec. 31 it was reported company plans to offer to its stockholders about 232,000 additional shares of common stock on a 1-for-10 basis in May or June 1955. **Underwriters**: Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Florida Power Corp.
Dec. 31 it was reported company may issue and sell late in 1955 about $10,000,000 of first mortgage bonds. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp.

★ Ford Motor Co., Detroit, Mich.
March 15 it was reported that following a probable 10-for-1 stock split, an offering of approximately 4,000,000 new shares will be made to the public. **Price**—Expected to be around $60 per share. **Proceeds** — To the Ford Foundation. **Offering**—Probably in June.

● General Controls Co., Glendale, Calif.
March 16 stockholders were to vote on approving a plan to increase the authorized preferred stock from 60,553 shares to 260,553 shares. It is planned to issue a portion of the new shares to defray in part the purchase of the Controls and Instrument Division of Perfex Corp. **Underwriters** — Last preferred stock offering was handled by Wagenseller & Durst, Inc., and Lester, Ryons & Co., both of Los Angeles, Calif.

General Finance Corp., Chicago, Ill.
Feb. 16 it was announced company contemplates that additional financing in the form of additional bank loans, subordinated debt and/or additional preferred stock will be effected in the coming year. With this thought in mind the directors have proposed an amendment to the charter to create additional shares of preferred stock, without par value. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass.

Georgia Power Co. (5/10)
Dec. 30 it was announced company plans to issue and sell $12,000,000 of first mortgage bonds due 1985. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; Union Securities Corp. and Equitable Securities Corp. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co.; Shields & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on May 10. **Registration**—Scheduled for April 13.

Gerber Products Co., Fremont, Mich.
March 7 it was announced contemplates a proposed offering to stockholders of approximately 100,000 shares of common stock (par $10) on the basis of one new share for each 20 shares held (after giving effect to recent stock split of one additional share for each two shares owned as of Feb. 28, 1955). **Price**—To be named later. **Proceeds** — To finance expansion of company's operations. **Meeting**—Stockholders will vote March 31 on increasing authorized common stock from the present 2,000,000 shares to 3,500,000 shares. **Underwriter**—A. G. Becker & Co., Inc., Chicago, Ill. **Offering**—Expected to be made in April.

Giddings & Lewis Machine Tool Co.
Feb. 15, the stockholders approved a proposal to increase the authorized common stock (par $2) from 400,000 shares (360,000 shares outstanding) to 750,000 shares, in order to have additional shares which would be available for acquisition of any business, increased working capital, plant expansion or exchange of shares in other companies. **Underwriter** — Previous financing handled by Hornblower & Weeks and associates.

Given Manufacturing Co.
March 3 it was reported that company may do some financing in connection with acquisition of Gasinator Mfg. Co., Cleveland, O. **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Gulf Cities Gas Corp.
Jan. 17, D. L. Alberty, Executive Vice-President, announced that the company will have another stock issue in the near future. **Proceeds**—For expansion. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York, handled previous financing.

Hammermill Paper Co.
Feb. 25 it was announced stockholders will vote May 10 on increasing the debt authority to $20,000,000. **Underwriter**—A. G. Becker & Co. (Inc.), Chicago, Ill.

Hartford Gas Co.
Feb. 14 it was announced stockholders will vote March 16 on issuance and sale of $1,500,000 convertible debentures due 1965, first to preferred and common stockholders at rate of $25 principal amount of debentures for each three shares held. **Underwriter**—None. **Offering**—Expected in May or June, 1955.

Hartford Special Machinery Co.
Feb. 24 stockholders were to vote to increase the common stock by 25,000 shares to 62,500 shares (par $20), the additional stock probably to be offered to stockholders. **Underwriter**—None.

Horseshoe Bend Uranium, Inc.
Feb. 1 it was announced that company plans to issue and sell 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For exploration and development expenses. **Underwriters**—James Anthony Securities Corp., New York; Lawrence A. Hays Co., Rochester, N. Y.; and Ned J. Bowman Co., Salt Lake City, Utah. **Offering**—Probably in April.

Illinois Central Telephone Co.
Jan. 26 it was reported company plans to sell in Illinois only, 15,000 shares of 5½% cumulative preferred stock. **Price**—At par ($50 per share). **Underwriter**—Central Republic Co. (Inc.), Chicago, Ill.

Industrial Raw Materials Corp., New York
Feb. 21 it was reported that offering of 125,000 shares of common stock is soon expected. **Proceeds**—To selling stockholders. **Office**—575 Madison Ave., New York 22, N. Y. **Underwriters**—Milton D. Blauner & Co.; Baruch Brothers & Co.; and Hallowell, Sulzberger & Co.

Iowa Public Service Co.
Feb. 28 directors authorized officers to sell 270,220 additional shares of common stock (par $5) to common stockholders on a pro rata basis. **Price**—To be named later. **Proceeds** — For construction program. **Underwriter** — None. **Offering**—No definite date has been set.

Jersey Central Power & Light Co.
Feb. 21 it was reported company plans to issue and sell $12,000,000 first mortgage bonds. **Proceeds** — To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair & Co. Incorporated; Lehman Brothers; Union Securities Corp., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co.; Kidder, Peabody & Co. **Offering**—Expected before the end of June.

Jersey Central Power & Light Co.
Feb. 21 it was reported company plans to sell $5,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Glore, Forgan & Co. **Offering** — Expected before July 1.

Keystone Wholesale Hardware Co., Atlanta, Ga.
Jan. 27 it was stated that the company plans at a later date to offer additional shares for sale nationally. An offering of 16,666 shares of common stock is presently being made to residents of Georgia only at $3 per share. **Office**—517 Stephens St., S.W., Atlanta, Ga.

Maine Central RR.
Feb. 19 the company asked ICC for authority to issue $1,700,000 of new 23-year first mortgage collateral bonds for sale without competitive bidding. **Proceeds**—To redeem approximately $1,400,000 of 5% first mortgage divisional bonds which were sold in 1952 through Blair & Co. Incorporated, New York, and Coffin & Burr, Inc., Boston, Mass.

Maine Central RR.
Feb. 14, E. Spencer Miller, President, said company has not given up the idea of refunding the $17,000,000 5⅛% first mortgage and collateral trust bonds due 1978. Probable bidders for new bonds may include Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; Coffin & Burr, Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Glore, Forgan & Co.

Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. **Office**—Room 717, 141 Broadway, New York 6, N. Y.

Missouri Pacific RR.
Bids are expected to be received in March or April for $3,765,000 equipment trust certificates due 1956-1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blair & Co. Incorporated; Kidder, Peabody & Co.

Missouri Public Service Co.
Feb. 14 it was reported company stockholders will vote March 12 on increasing common stock from 530,000 shares to 2,000,000 shares to provide for a 3-for-1 split-up, and additional stock for future issuance. **Underwriter**—May be Kidder, Peabody & Co., New York.

Continued on page 45

Continued from page 45

Murphy (G. C.) Co., McKeesport, Pa.
Feb. 8 it was announced stockholders will on April 12 vote on a proposal to increase the authorized limit of indebtedness from $3,000,000 to $20,000,000. **Proceeds**—For expansion program. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York, handled preferred stock financing in 1942.

New Orleans Public Service Inc.
Feb. 4 it was announced that company plans this year to issue some first mortgage bonds due 1985. **Underwriter**—To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blair & Co. Incorporated; The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); and Lehman Brothers.

New York, Chicago & St. Louis RR. (5/10)
Bids are expected to be received by the company on May 10 for the purchase from it of $4,080,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated.

New York Telephone Co.
Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than $100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately $200,000,000. **Underwriter**—For and bonds, to be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.

North Penn Gas Co.
Dec. 17 it was announced 420,000 shares of common stock (par $5) will soon be offered to public. **Price**—To be named later. **Proceeds**—To The Post Publishing Co., publisher of The Boston Post. **Underwriter**—Eastman, Dillon & Co., New York.

Northwest Nitro-Chemicals, Ltd., Alberta, Can.
March 4 company plans to issue and sell publicly debentures and common stock to finance its proposed chemical project. **Underwriter**—Eastman, Dillon & Co., New York.

Northwest Plastics, Inc.
Feb. 7 it was reported company plans to issue and sell in near future 17,500 shares of common stock, plus 8,316 shares reserved for conversion of outstanding debentures which may soon be called for redemption. **Underwriters**—May be Irving J. Rice & Co., St. Paul, Minn.; and M. H. Bishop & Co., Minneapolis, Minn.

Northern Indiana Public Service Co.
Jan. 12, D. H. Mitchell, President, announced that the company plans to raise approximately $12,000,000 of new money (which may be done through sale of preferred and/or common stock). **Underwriters**—Probably Central Republic Co. (Inc.), Blyth & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Beane.

Ohio Edison Co. (5/17)
Feb. 24 it was reported company plans issue and sale of $30,000,000 of first mortgage bonds due 1985. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Glore, Forgan & Co., White, Weld & Co. and Union Securities Corp. (jointly); The First Boston Corp. **Bids**—Expected to be received on May 17. **Registration**—Scheduled for April 26.

Oklahoma Gas & Electric Co.
Feb. 23 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds in July. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); The First Boston Corp.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Smith, Barney & Co.

Pan American Sulphur Co.
Feb. 3 it was reported company is considering offer late in March of $4,500,000 subordinated convertible debentures (first to stockholders). **Underwriter**—Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York. **Registration**—Expected in March.

Pennsylvania Electric Co.
Feb. 15 it was reported company plans to issue and sell later this year $9,300,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co., Inc.

Pennsylvania Electric Co.
Feb. 21 it was reported company proposes issuance and sale of $7,500,000 of preferred stock later this year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co.; The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc.

People's Finance Corp., Denver, Colo.
Jan. 31 it was reported company plans to issue and sell about $500,000 of 6% convertible preferred stock. **Proceeds**—For expansion. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill. **Offering**—Expected in April.

Philadelphia Electric Co. (4/25)
March 9 H. P. Liversidge, Chairman of the Board, announced company is planning to file registration statements with the SEC and the Pennsylvania P. U. Commission for the issuance of $50,000,000 of bonds. **Proceeds**—To redeem $30,000,000 of 3⅞% bonds presently outstanding and to help finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co. and Drexel & Co. (jointly); Kuhn, Loeb & Co. and Union Securities Corp. (jointly); White, Weld & Co. **Bids**—Tentatively expected to be received up to 11 a.m. (EST) on April 25.

★ Philadelphia Transportation Co.
March 11 it was announced that the company plans to refinance the outstanding $10,000,000 Market Street Elevated Passenger Ry. Co. first mortgage 4% bonds which mature on May 1, 1955. **Underwriter** — Drexel & Co., Philadelphia, Pa.

Public Service Co. of Indiana, Inc.
Feb. 28, it was announced company plans to offer to its common stockholders the right to subscribe for 202,431 shares of convertible cumulative preferred stock (par $100) on a 1-for 21 basis. Stockholders will vote on financing on April 4. **Price**—$105 per share. **Underwriter**—May be Blyth & Co., Inc., New York and San Francisco.

Public Service Co. of Oklahoma
Nov. 11 it was reported that company plans to issue and sell 100,000 shares of new preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. Inc. and Central Republic Co. Inc. (jointly); Smith, Barney & Co.; Kuhn, Loeb & Co.; Glore, Forgan & Co. **Offering**—Expected in May or June, 1955.

Radio Receptor Co., Inc.
Feb. 28 it was reported that a public offering is soon expected of about 250,000 shares of common stock, of which 100,000 shares will be sold for account of company and 150,000 shares for selling stockholders. **Underwriter**—Bache & Co., New York.

Savannah Electric & Power Co. (4/14)
Feb. 23 it was reported public offering is planned of 165,000 shares of common stock (65,000 shares for account of company and 100,000 shares for the Donner Estate. **Underwriters**—The First Boston Corp. and Stone & Webster Securities Corp., both of New York. **Registration**—Planned for March 17.

Southern California Gas Co.
Feb. 28 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds. Application has been filed with California P. U. Commission for exemption from competitive bidding. Bids received on last sale of bonds were from Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co. and Union Securities Corp. (jointly); Lehman Brothers.

Southern Co. (11/9)
Dec. 30 it was announced company plans to issue and sell to the public 500,000 additional shares of common stock (par $5). **Proceeds**—To repay bank loans and for investment in additional stock of subsidiary companies. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Ladenburg, Thalman & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively scheduled for Nov. 9. **Registration**—Not expected until Oct. 12.

Southern Pacific Co. (3/23)
Bids will be received by the company up to noon (EST) on March 23 for the purchase from it of $8,400,000 equipment trust certificates, series QQ, to be matured in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Southwestern Gas & Electric Co.
Jan. 17 it was reported company is planning to issue and sell $6,000,000 of cumulative preferred stock (par $100). **Proceeds**—To prepay bank loans and for construction program. **Underwriters**—To be determined by competitive bidiing. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); W. C. Langley & Co.; Harriman Ripley & Co. Inc. **Offering**—Expected in April or May, 1955.

Texas Eastern Transmission Corp.
Jan. 12, George T. Naff, President, referred to the possibility of some $85,000,000 in new financing when and if the company's current application for the reconversion of the Little Big Inch pipeline and the construction of the new natural gas facilities is launched. He indicated that it was possible that $40,000,000 of that assumed $85,000,000 new financing might be in the form of new first mortgage bonds, (to be placed privately), and that based upon the assumptions that he was making he believed that the remainder of the financing would be accomplished by the issuance of debentures and pr ferred stocks (he did not assume the sale of any co man stock). Plans for the possible issuance of new sec rities are not at all definite as yet, it was announced March 4. **Underwriter**—Dillon, Read & Co., Inc., Ne York.

Transamerica Corp.
Feb. 25 F. N. Belgrano, Chairman and President, a nounced that company plans to offer publicly 1,346,8 shares of capital stock through an underwriting grou **Offering**—Planned for early in May. **Underwriters**—Blyth & Co., Inc., and Dean Witter Co.

Transcontinental Gas Pipe Line Corp.
Nov. 24 Tom P. Walker, President, announced that th construction program for 1955 and replacement of ban borrowings made in 1954 will require financing duri 1955 of about $85,000,000. It is planned to offer public in April, $15,000,000 of preferred stock. About $50 000,000 of bonds will be sold later this year (may b done privately). **Underwriter**—White, Weld & Co. an Stone & Webster Securities Corp.

★ United Aircraft Corp.
March 14 it was announced stockholders will on Apr 26 vote on approving a new issue of 500,000 shares preference stock (par $100). **Proceeds**—To redeem pre ent 5% cumulative preferred stock (233,500 shares ou standing), and for working capital. **Underwriter**—Harriman Ripley & Co., Inc., New York.

Union Electric Co. of Missouri
Jan. 24 it was reported company expects to sell abo $30,000,000 30-year first mortgage bonds late in 195 **Proceeds**—To repay bank loans and for new constru tion. **Underwriter** — To be determined by competiti bidding. Probable bidders: Halsey, Stuart & Co. In Blyth & Co., Inc. and Union Securities Corp. (jointly The First Boston Corp.; Lehman Brothers and Bea Stearns & Co. (jointly); White, Weld & Co. and Shield & Co. (jointly).

United Gas Corp.
Feb. 24, N. C. McGowen, President, announced th corporation plans to raise $35,000,000 to $40,000,000 the first half of 1955 through the sale of additional com mon stock to stockholders. **Proceeds**—For constructio program of company and of United Gas Pipe Line C a subsidiary. **Underwriter**—None.

United Gas Corp.
Feb. 24, N. C. McGowen, President, stated that com pany might be doing some debt financing, with th year's total financing program reaching about $50,00 000 (including about $35,000,000 to $40,000,000 of com mon stock). **Underwriter**—To be determined by com petitive bidding. Probable bidders: Halsey, Stuart Co. Inc.; The First Boston Corp.; Morgan Stanley Co.; White, Weld & Co. and Equitable Securities Cor (jointly); Harriman Ripley & Co. Inc. and Goldma Sachs & Co. (jointly).

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

Virgina Electric & Power Co. (6/7)
Feb. 19 it was reported company plans to issue and se $25,000,000 of first mortgage bonds in the near fu ture.. **Underwriter** — To be determined by compet tive bidding. Probable bidders: Halsey, Stuart & C Inc.; Union Securities Corp.; Stone & Webster Securiti Corp.; Kuhn, Loeb & Co.: Salomon Bros. & Hutzle White, Weld & Co. **Bids**—Expected June 7.

Washington Steel Co., Washington, Pa.
March 1 it was announced stockholders will vote Apr 28 on approving an issue of 30,000 shares of cumulativ convertible preferred stock (par $50). **Proceeds**—Fo expansion program and working capital. **Underwriter**—Probably Singer, Deane & Scribner, Pittsburgh, Pa.

Western Light & Telephone Co., Inc.
Nov. 24 it was announced company plans to issue an sell $3,000,000 first mortgage bonds due 1985 and abo 40,000 additional shares of common stock (the latter stockholders on a 1-for-10 basis). **Proceeds**—For con struction program. **Underwriters**—May be Dean Witt & Co. and The First Trust Co. of Lincoln, Neb. Bond may be sold publicly or privately, depending on mark conditions.

★ Western Union Telegraph Co.
March 15 it was announced that consideration is bei given to the issuance of some additional shares of co mon stock through an offering to stockholders. Stock holders will vote April 13 on approving a 4-for-1 spl of the company's stock and the issuance of an addition 1,580,000 new shares, part of which are expected to b offered as aforesaid, but no definite financing pla have been formulated.

Westpan Hydrocarbon Co. (4/15)
Dec. 11 it was reported Sinclair Oil Corp. will ask f bids for 384,861 shares of Westpan stock about April 1 1955, if it has not been able to dispose of these holdin before that date. **Underwriter**—Union Securities Cor New York, underwrote recent sale of Sinclair's holdin of Colorado Interstate Gas Co. White, Weld & Co., Ne York, may be included among the bidders.

Our Reporter's Report

Underwriters this week were far from overburdened with the task of raising new capital for industry or refinancing older issues. But as events turned out they probably are fairly well satisfied that the outflow of corporate securities remained at a snail's pace.

Considering the behavior of the equity market, whether because of the Senate Committee's "friendly" investigation or for more normal reasons such as having become "overbought" on its long rise, conditions did not provide the most suitable "backdrop" for marketing of new securities.

The secondary market for debt issues continued to wallow along without doing much in the way of consolidating its position and leaving considerable to be desired by those who make a business of bidding for new securities and then take on the task of placing them with investors.

But there was a modicum of comfort in the better behavior of the long end of the Treasury list where there was evidence to support the idea that the supply of governments is not as large as had been generally believed.

At any rate, it required only a moderate amount of investment buying, together with some short covering, to make for a fairly strong upturn in that quarter of the list.

Meanwhile, with little in the way of new material to choose from, institutional investors with funds seeking employment were nibbling away at the remnants of such recent offerings as still remain available.

Small Buyers Active

Kansas Gas & Electric Co.'s $10,000,000 of new 3⅜% first mortgage bonds appeared to be moving out in good style, according to reports.

Bankers paid the company a price of 101.35999 for the issue and proceeded with public reoffering at 102 for an indicated return to the buyer of 3.27%. The yield appeared to be attractive to smaller institutional investors.

The company's new preferred stock, priced at 101.64 for a yield of 4.25% also was said to be meeting with fair inquiry from investors.

Calendar Remains Slim

There is little consolation in the forward calendar insofar as new corporate prospects are concerned. It looks very much like another week of sparse business for the underwriters.

The list is studded with the usual run of highly speculative stock offerings for mining ventures and the like but with only a few well-known names appearing. Bankers will market $10,000,000 debentures for General Shoe Corp., on Tuesday if nothing happens to upset the schedule.

And on Wednesday Joy Manufacturing Co.'s $20,000,000 of new debentures are slated. In both instances the undertakings are being done via the negotiated route.

Future Is Brighter

The pickup in registration of prospective new issues gives promise of a pickup in business in the weeks ahead. The past week has seen Tennessee Gas Transmission Co. go into registration to cover $25,000,000 of 20-year debentures which it hopes to market during the first week in April.

General Dynamics Corp has authorized $40,000,000 of convertible debentures, also due to mature in 20-years and has filed the necessary registration with the Securities and Exchange Commission. No definite date has yet been set for the offering.

Meantime Philadelphia Electric Co. is planning to issue $50,000,000 of bonds to redeem $30,000,000 of outstanding debt and finance construction.

LETTER TO THE EDITOR:

Says Investors' Views Might Help Fulbright Study

George J. Meyer says he is buying more, not selling stocks.

Editor, Commercial and Financial Chronicle:

It is always interesting to hear or read about the opinions on the so-called Fulbright study of the stock market's behavior. Much has been said by Stock Exchange Presidents, Editors, Bankers, and Analysts, so a little more talk by an investor might be of some help in finding the solution. Have been a dollar-averaging stock buyer for over 25 years now; own 1,615 shares of stock, all paying dividends and all showing a profit. At present total profit is over $65 thousand on the $46 thousand invested over the years. Present dividend rate over $5 thousand a year. Not a bad picture, but still I find it a hard matter, whether to sell and take the profits. First the capital gains tax of about 25%; second, the loss of dividend rate I now enjoy on investment (of over 10%), and if I did sell, would have to further invest most of my capital in other stocks, other than the Blue Chips. I now own such as Santa Fe, Beth. Steel, Gen. Motors. Gen. Electric. Texas Co., A. & P. Stores, and others that show good profits. They could go 25% lower in price and I would still be far ahead.

Being retired from business and more interested in leaving well enough alone cannot see much to gain by selling out now. No doubt stocks might go down when folks lose the confidence they now have in the Administration at Washington (not forgetting the aid they have given to the old and retired folks in added social security and dividend exemption benefits), but hardly now with this added spending power. Could be one of the reasons why stocks went up and stay high. Too much rocking the boat might turn it over and loss of confidence bring stocks down. Good Statesmanship brought on the Boom, and Bad Political Meddling could bring on a lot of Financial Trouble.

Although only a small man in the Investment World, am not selling, but buying more stock.

GEORGE J. MEYER

6911 Yellowstone Blvd.
Forest Hills 75, N. Y.
March 4, 1955.

T. R. Piersol Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Harry M. Green joined the staff of T. R. Peirsol & Co., 9645 Santa Monica Boulevard. Mr. Green was previously with Daniel Reeves & Co.

Continued from page 29

News About Banks and Bankers

Supervisor, was elected Assistant Secretary. Mr. Pearson joined the staff of the savings bank in 1938. He served with the 404th Bomb Squadron of the U. S. Air Forces for three and one-half years, and after discharge was associated with the Oakes Mills and the **National Newark and Essex Banking Company.** He rejoined the savings bank in July, 1952, and was elected Assistant Secretary in April 1953. Mr. Pearson succeeds A. J. Spinelli, who relinquishes the duties of the Secretary, but assumes in addition to his office of Vice-President, the office of Treasurer of the bank. Miss Fulton served during the Second World War in the U. S. Navy as Link Trainer Operator. She was formerly employed by Schering Corporation of Bloomfield in Cost Accounting and as Assistant Credit Manager. At The Montclair Savings Bank she has been a teller and, since September 1953, Bookkeeping Supervisor.

* * *

Through the sale of $50,000 of new stock, the **Bergenfield National Bank & Trust Company of Bergenfield, N. J.** now has a capital of $300,000 increased from $250,000 efective Feb. 16.

* * *

The 102 year old **Beneficial Saving Fund, of Philadelphia** a mutual savings bank, has established its eighth office close to the 100-million dollar Penn Center development which is transforming the hearth of the City's central business district. Known as the Penn Center Office, it will be opened for business on March 30. The new office is located at 9 S. 16th Street, four blocks west of Beneficial's main office at 12th and Chestnut Streets. It will serve an area with numerous apartment houses, office buildings and business establishments. It is less than a half block from a 15-million dollar Penn Center office building at 16th and Market Streets, now nearing completion. While plans for the Penn Center development still were in the formative stage, Francis P. Burns, President of Beneficial, and other members of the Board of Managers, saw the increased potentialities of the area.

When Beneficial opened for business more than a century ago, deposits at the end of the first week totaled $1,442. As of Feb. 18, 1955, deposit liabilities totaled $141,786,881. Ignatius J. Horstmann, "dean" of Beneficial's Board of Managers will have a leading part in the ceremonies at the opening of the new office. His family has been represented on the board since 1856 when his grandfather, Fred Horstmann was elected to membership. The "Dean's" father, John F. Horstmann served on the board from 1872 to 1892; and Mr. Horstmann himself, still active, has been a board member since 1899. The elder Horstmann's son, also John F. Horstmann, was elected to the board in 1935.

* * *

A "full visibility" structure is being planned for the new Maumee, Ohio, branch of the **Ohio Citizens Trust Company of Toledo, Ohio.** The branch which will be located at the Parkway Plaza shopping center in Maumee, represents a new concept in bank structures, according to Marvin M. Wilkinson, Vice-President of Ohio Citizens, and is a departure from the high-walled, closed-cloister type of building which has been typical in the banking field for many years. The contemporary pylon of the new building, it is stated, features Ohio Citizens' second installation of an electronic Time-Temperature sign in this area. The first was installed at the bank's Drive-In facility at Jefferson and Erie in Toledo which opened in 1954. The Time-Temperature unit flashes the correct time and temperature every five seconds making a total of 17,280 readings every 24 hours, and can be read at a distance of three city blocks.

* * *

The issuance of a charter is announced by the Comptroller of the Currency for the **Southern Ohio National Bank of Cincinnati** which represents a conversion to the National System of the **Southern Ohio Savings Bank & Trust Co. of Cincinnati.** The converted institution has a capital of $500,000 and surplus of $1,640,000. Glenn F. Barrett is President and L. J. Austing is Cashier. The change became effective Dec. 31.

* * *

The National Security Bank of Chicago, Ill. raised its capital as of Feb. 18 from $1,100,000 to $1,200,000 as a result of the sale of $100,000 of new stock.

* * *

A stock dividend of $100,000 served to enlarge the capital of the **American National Bank of Vincennes, Ind.** from $500,000 to $600,000 as of Jan. 17.

* * *

The Peoples National Bank of Grand Rapids, Mich. now has a capital of $1,000,000, increased from $750,000 by a stock dividend of $250,000 the enlarged capital having become effective Jan. 25.

* * *

The Board of Directors of **First National Bank in St. Louis** has elected John B. Mitchell Vice-President, it is announced by William A. McDonnell, President. Mr. Mitchell, who has been executive Vice-President of **Manufacturers Bank & Trust Company** since 1952, will assume his new duties with First National Bank in St. Louis on March 28. Mr. Mitchell began his banking career in 1936 with the **Mercantile Commerce Bank & Trust Company,** serving in the credit and correspondent banking departments. In 1950 he became Vice-President of Manufacturers Bank & Trust Company and was elected Executive Vice-President in 1952. He is First Vice-President of the Associated Bankers of St. Louis and St. Louis County and a member of Robert Morris Associates, National Association of Bank credit men.

* * *

Effective Jan. 17 the capital of the **Peoples National Bank of Greenville, S. C.** became $500,000, having been increased from $400,000 by a $100,000 stock dividend.

DIVIDEND NOTICES

CITY INVESTING COMPANY

25 BROAD STREET, NEW YORK 4, N. Y

The Board of Directors of this company on March 16, 1955, declared the regular quarterly dividend of $1.375 per share on the outstanding 5½% Series Cumulative Preferred Stock of the company payable April 1, 1955 to stockholders of record at the close of business on March 25, 1955.

EDWARD FRAHER, Secretary.

GENERAL REALTY & UTILITIES CORPORATION

DIVIDEND ON CAPITAL SHARES

The Board of Directors has declared a quarter-annual dividend of 15 cents per share on the Capital Shares of the Corporation, payable March 31, 1955 to stockholders of record at the close of business March 21, 1955.

SAMUEL M. FOX, Treasurer.

March 15, 1955.

COUPON PAYMENT

GENERAL REALTY & UTILITIES CORPORATION

4% Cumulative Income Debentures
Due September 30, 1969

NOTICE OF PAYMENT OF COUPON NO. 21

Payment of the amount called for by Coupon No. 21 representing interest for the six months period ending March 31, 1955, on the above mentioned Debentures of General Realty & Utilities Corporation, will be paid on March 31, 1955, at Bankers Trust Company, Successor Trustee, 46 Wall Street, New York 15, N. Y.

GENERAL REALTY & UTILITIES CORPORATION

By SAMUEL M. FOX, Treasurer.

March 15, 1955.

THE GARLOCK PACKING COMPANY

March 9, 1955

COMMON DIVIDEND No. 315

At a meeting of the Board of Directors, held this day, a quarterly dividend of 25¢ per share was declared on the common stock of the Company, payable March 31, 1955, to stockholders of record at the close of business March 18, 1955.

H. B. PIERCE, *Secretary*

DIVIDEND NOTICES

DOME MINES LIMITED

March 11, 1955

DIVIDEND NO. 150

At a meeting of the Board of Directors of Dome Mines Limited, held this day, a dividend of Seventeen and One-Half Cents (17½c) per share (in Canadian Funds) was declared payable on April 29, 1955, to shareholders of record at the close of business on March 30, 1955.

CLIFFORD W. MICHEL,
President and Treasurer.

United Shoe Machinery Corporation

The Directors of this Corporation have declared a dividend of 37½ cents per share on the Preferred capital stock. They have also declared a dividend of 62½ cents per share on the Common capital stock. The dividends on both Preferred and Common stock are payable May 2, 1955, to stockholders of record at the close of business April 4, 1955.

WALLACE M. KEMP, Treasurer.

United States Plywood Corporation

Weldwood

A quarterly cash dividend of 45¢ per share on the outstanding common stock of this corporation has been declared payable April 12, 1955, to stockholders of record at the close of business April 1, 1955.

SIMON OTTINGER, Secretary.

New York, N. Y., March 9, 1955

DIVIDEND NOTICE

PRECISION • EXPERIENCE • DEPENDABILITY — ALLIED CORPORATION PRODUCTS

ALLIED PRODUCTS CORPORATION

Detroit 23, Michigan

COMMON DIVIDEND

On March 3, 1955, the board of directors of Allied Products Corporation, a Michigan corporation, declared a quarterly dividend of 60c per share on the Common shares of the Corporation, payable March 28, 1955 to shareholders of record at the close of business on March 18, 1955.

New England Gas and Electric Association

COMMON DIVIDEND NO. 32

The Trustees have declared a regular quarterly dividend of twenty-five cents (25c) per share on the COMMON SHARES of the Association, payable April 15, 1955 to shareholders of record at the close of business March 21, 1955.

H. C. MOORE, JR., *Treasurer*

March 10, 1955.

Washington . . . And You

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

WASHINGTON, D. C.—George M. Humphrey, Secretary of the Treasury, seemed to relegate to the long, distant future any substantial relief from the capital gains tax, in his testimony before the Senate Banking Committee Tuesday in connection with the stock market inquiry.

Chairman J. William Fulbright (D., Ark.) of the Committee, has indicated on various occasions that he does not hold with the view that the capital gains tax is a serious long-run factor in the stock market boom, but he did ask the Treasury Secretary his views on the question.

Mr. Humphrey replied that the capital gains tax undoubtedly has something to do with the supply and ready sale of stocks. As a matter of fact, the Treasury has given a great deal of thought to this tax, he added.

He was satisfied, the Treasury Secretary said, that the capital gains tax could be halved and yet the Treasury would get more revenue than with the whole tax.

The capital gains tax is influencing securities transactions because of the great disparity between the rate of capital gains and income taxes. However, relief from the capital gains tax would only have the effect of increasing the disparity between these two rates of tax and encourage more people to get into a capital gains position, he stated.

To almost any observer, any substantial relief from taxes in brackets of 25% or more is practically ruled out for the indefinite future by the temper of the times and the disposition of the Federal Government to boost its expenses.

Hence if capital gains tax relief awaits a lessening of the disparity between the rate of personal and capital gains taxes, any relief on the latter score would appear to be most remote in its prospects at this time.

Economic Report Fits Into Groove

In its "report on the President's Economic Report," the Congressional Joint Economic Committee fitted right into the expected groove.

Since the President recommended many additional expenditures, and since the Democrats are also of an inflationary bent, the main tone of the report was to emphasize the necessity for bigger and better Federal "contributions," (i.e., spending programs) to strengthen the economy.

In particular the committee recommended more spending on public works.

"We are for increasing public works—Federal, state, and local—to meet the needs of the growing population, expanding economy, and national security. Because of war restrictions this Nation has fallen behind in meeting these needs. Construction of schools, highways, hospitals, and other community facilities, including, as the President has recommended, slum clearance and public housing, must move forward more rapidly during the immediate years ahead," the committee proposed.

This was unanimously recommended by all members of the committee.

On the other hand, "additional views" were also in the groove. Democrats "viewed with alarm" the alleged complacency of the Eisenhower Administration about pools of depressed industry and the problems of agriculture.

There were two minor surprises. One was that the Federal Government should balance "at least the cash budget." The other was that Federal works expenditures should be carried on directly and within the budget and debt limit instead of through indirect financial mechanisms outside the budget and debt limit.

As has been pointed out before in this space, the Joint Economic Committee's reports are only advisory, and have little or no direct influence as such on legislation. It does not even follow that despite the "unanimous report" on several points that all members of the committee will vote the way they supposedly agree in the report on specific subjects of legislation. For example, some Democrats on the committee will vote for tax cuts and some Republicans, may vote against some of the spending proposals.

Hoover Report Shows Large Federal Lending

There were many far-reaching facets of the Hoover Commission report on Federal lending, insuring, and guaranteeing agencies, which the daily press will find inadequate space to discuss fully in the usual "one-shot" stories that come out on reports of this character, no matter how long these first stories are.

Consequently various facets of that report will be discussed in this space from time to time.

The outstanding difference between the Hoover Commission studies of this year and those of six years ago is that this time the Commission was authorized by statute to look into the entire usefulness and economic necessity of any Federal activity. Six years ago the Commission was largely restricted to matters of organization, a sort of putting of "square bureaucratic pegs in square holes and round bureaucratic pegs in round holes," as it were.

One of the things stressed by the Commission was the magnitude of Federal involvement in insuring, lending, and guaranteeing activities. The Commission said that the Federal Government has an investment of $16.9 billion in such activities, which number 104 separate entities, and these agencies have statutory authority to call upon the Treasury for about $14.1 billion additional of funds.

Liabilities $244 Billion

Liabilities of all government insuring, guaranteeing, and lending activities amount to $244 billion, The Commission reported. This large figure assumes that the Federal Government has a moral liability for guaranteeing all deposits of $10,000 or more in banks and savings & loan associations to an aggregate of $106 billion.

On the other hand, the report completely leaves out the Federal Old Age Insurance and Survivors program, which the Commission said now has an unfunded liability for persons not now covered of $228 billion. The unfunded liability of the government for ALL old age pensions, including those of its own employees, the military, and OASI, is $265 billion.

So even with retirement liabilities and deposit insurance figured out of the total, govment lending, insuring, and guaranteeing activities have built up a liability of $139 billion.

Hits Housing Insurance

One of the most stringent criticisms of the report was as to FHA insurance.

Savings banks generally build up reserves of around 6% against losses. The FHA insurance fund, on the other hand, has reserves of only about 2%, said the Hoover Commission.

"It seems to us that the adequacy of Federal Housing Administration reserves should be thoroughly explored, particularly in view of the low minimum equities which have been required in many of these loans and guarantees." At another point the Commission said more critically:

"With respect to family housing units, many of the difficulties of the FHA, both existing and potential, stem from its expansion of direct and indirect credit beyond the limits of either real need or prudent investment. Under existing statutes the equities of home purchasers whose mortgages can be guaranteed by the FHA may be as low as 5% for a period of 30 years."

So the Commission recommended that the President be given power to require larger equities of purchasers and that more extensive use be made of the principle that institutions making the loans should share the risk of these loans with the government.

Treats GI Loans Lightly

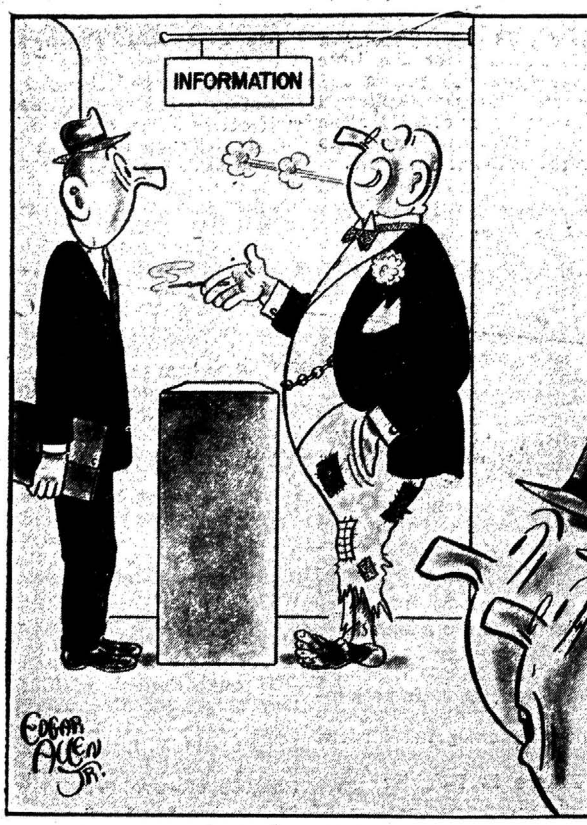
On the other hand, the Hoover Commissioin treated lightly the GI home loan program under which nearly $10 billion of credit had been guaranteed by the Federal Government by June 30, 1954, for loans in the amount of some $24 billion.

VA has 30-year loans currently being used under which neither a downpayment nor closing charges are required. This practice was not criticized.

Nevertheless, the Hoover Commission did point out that the grants, losses, and administrative expenses of GI loans to last June 30 amounted to $500 million. "This burden falls upon the 17 million veterans who have not benefited as well as the public at large," the Commission observed.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"Ever get the feeling Van Tinhorn may be putting up a false front?"

With Federated Securities

(Special to THE FINANCIAL CHRONICLE)

BATON ROUGE, La.—Jack E. McCarthy has become affiliated with Federated Securities Corp., Louisiana Bank Building.

With A. C. Karr Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard H. West is now with A. C. Karr & Co., 523 West Sixth Street.

Lester, Ryons Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward Edison has joined the staff of Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges. He was previously with Quincy Cass Associates.

With Protected Investors

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Robert E. Edwards is now with Protected Investors of America, Russ Building.

H. L. Jamieson Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Glenn V. Fuller is with H. L. Jamieson Co. Inc., Russ Building.