CANADIAN INVESTMENT OPPORTUNITIES FEATURED

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EDITORIAL

As We See It

The most ominous result of the stock market "study" of Senator Fulbright to make its appearance so far is, so we think, the clamor that has arisen for various and sundry controls to protect the public against evils almost inevitably flowing from the New Deal- and Fair Deal-like measures which government itself has foisted upon us all. We still venture the hope that nothing of consequence will come of this demand for a return to policies of governmental management of economic events and governmental interference with the affairs of individuals, but the danger is evidently there and quite possibly could grow with the course of such investigations as are now being conducted with one eye (so we must assume) upon public welfare and other upon the 1956 election compaigns.

It was to be expected, of course, that there would be those who, as soon as such an inquiry got under way, would find reasons (or should we say excuses?) for more and bigger regulation of the securities exchanges of the nation, particularly the two exchanges in New York City. The fact that these institutions are already under the most rigid control and regulation of the Securities and Exchange Commission is of no moment; to some minds the remedy for too much control is more control. Over-the-counter markets have not been under attack in Washington—this is a "study" of the Stock Exchange—but the old hue and cry for further meddling in these more informal dealings in the financial community is heard again. Many of these politicians have probably never heard of the NASD, and those who have probably are not aware of the extent

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Stock Market Is the Thermometer: Not the Fever

By BERNARD M. BARUCH*

Elder statesman and former prominent stock broker asserts the course of stock market is determined by numerous factors, and no one can predict it with certainty. Says stock market action is not a cause of "boom or bust," but is merely a thermometer registering judgments of multitudes of buyers and sellers. Lists a number of structural changes in the stock market that have developed in recent years, the effect of which has been to drive the market upwards. Cites purchase of stocks as a protection against inflation, and cautions against legislation that will curb "the adventurous spirit which helped make America great."

At the outset, let me emphasize that no one knows whether stocks are too high today.

No one, not even the most experienced trader, economist or businessman can predict with certainty the course of the stock market. Whether stocks rise or fall is determined by innumerable forces and elements, by economic conditions, the actions of governments, the state of international affairs, the emotions of people—even the vagaries of the weather.

Bernard M. Baruch

Scientific and technological developments opening whole new vistas of enterprise and investment, could prove that large sections of the market are underpriced and other sections overpriced. An unfavorable turn in the foreign situation could send securities tumbling. The assurance of real peace could bring unlimited demand throughout the world. Largely because of the crash of 1929, the impression has built up that the stock market is the cause of booms and busts. Actually, it is the thermometer—not the fever. The stock market registers

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*A statement by Mr. Baruch before the Senate Banking and Currency Committee, Washington, D. C., March 23, 1955.

Canadian Investment Opportunities Featured

Canada—Dynamic Domicile Of Enterprise Capitalism

A winter view of the Canadian economy, noting especially the sustained progress in almost every sector, the expanding excellence of its major corporations, and the proven earnings stablity of Canadian equities as exemplified in the tabular record of companies which have paid consecutive cash dividends from 5 to 126 years.

In a world beset by bureaucracies, and wherein "market economy" is a thing unknown to over a billion people, it's nice to contemplate, and to salute, a nation resplendent in prosperity, and deriving its dynamic growth from sound implementation of enterprise capitalism. Canada, we toast you! (In Canadian whisky, of course.)

The past year witnessed progress in most of the areas of finance, industry and commerce. Let's start from the top—Canada's Billion Dollar Club.

Canadian Pacific, the largest privately owned railway in the world, continues to advance on many fronts. Its oil take from 12 million prairie acres is increasing with each passing month; Consolidated Smelting, 51% owned, continues as a lush producer of lead, zinc, silver, plus chemicals and fertilizers. Latest report showed C.P.R. assets at $1.96 billion, making it one of the titanic corporations in North America.

Pushing toward the billion dollar asset mark

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PICTURES IN THIS ISSUE: Candid shots taken at the Annual Dinner of the Toronto Bond Traders Association appear on pages 34, 36, 38 and 40.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Owens-Illinois Glass Company—Thomas P. Doherty, Research Dept., Harris, Upham & Co., New York City. (Page 2)

Singer Manufacturing Company—Henry J. Low, Manager, Research Dept., Bruns, Nordeman & Co., New York City. (Page 2)

THOMAS P. DOHERTY
Research Dept., Harris, Upham & Co., New York City
Members New York Stock Exchange

Owens-Illinois Glass Company

The capital stock of Owens-Illinois Glass Company possesses several attractive features of more than average merit, which deserves the attention of readers of this column. Presently selling in the neighborhood of 106, to yield close to 3.8%, the stock, outstanding in the amount of 3,056,874 shares and preceded by only $50,000,000 in funded debt, appears underpriced in relation to numerous other growth situations. This contention is based on strong finances, a higher than average yield, a much more reasonable price-time-earnings ratio on the $7.05 reported for the stock for 1954 and per share average over a period, an outstanding sales record, and the prospect that new peaks will be established in succeeding years.

Thomas P. Doherty

Due recognition also does not seem to have been given to the fact that the company represents a "three-way plus" interest in promising situations, which are regarded as having an assured future. These include, in the company's own right: (1) A leading position in the manufacture of glass containers and bottles used by the food, drug, milk and other beverage industries; television tubes, glass building blocks, electric insulators and other glass products. (2) A one-third interest, or 1,050,000 shares, with an equal amount held by Corning Glass Works, in the stock of Owens Corning Fiberglas Corporation, a leading factor in research and development of fibrous glass items. The output of this company is used for insulating homes, automobiles and aircraft, etc.; textiles, used for electrical insulation, decorative fabrics, reinforcements for the fast growing plastics field, filters for air conditioning, heating and ventilating systems, battery separators and pipe wrapping for underground pipe. The sales of this company improved by about 135% in the past decade and the future is considered highly promising. (3) An $8 million investment, constituting an equivalent stock interest with Emhart Manufacturing Co., in the Plax Corporation, a producer of the widely accepted "squeeze" or plastic bottle; other containers, films, sheet, rod, tubing and related thermoplastic products.

The "plus" factor lies in the presumed community of interests in connection with the adaption of glass and glass variations and their relation to plastics, etc., in which the respective companies operate. The combined research activities undoubtedly turn up various possibilities not directly related to its particular endeavor, the knowledge of which would conceivably be passed on to the unit best suited and most capable of capitalizing on their potentialities.

That Owens-Illinois is not resting "on its oars" in the search for new additions to its line is set forth by the fact that in a five-year period ended Dec. 31, 1953, expenditures for research, development and engineering, totaled $30,067,613, or an average of almost $2 per share per annum.

On the statistical side, Owens-Illinois' outlays for additions, replacements and improvements during the 10 years ended Dec. 31, 1954, exceeded $106 million; total assets, at book value, increased slightly more than 200% from 1937. And the latter was bettered by 103% as compared to 1946. In the same periods net working capital improved 215% and 161.7%, respectively; equity per share, 118.2% and 55.7%, and earned surplus by 350% and 143%. At the same time 1954 sales exceeded 1937 by 267% and the gain for a decade just about approximated 100%. However, certain of these figures do not give a true picture of the balance sheet, since securities with a marketable value of $91,160,705 (includes investment in Owens-Corning Fiberglas) at the latest year-end were carried at only $12,800,855. At that time, cash and Government securities, alone, totaled $49,657,021. Dividends of $3.25 were paid in these years, as against $4.00 in 1954, with prospects favoring a somewhat more liberal disbursement currently. In addition, the fact that no stock dividends have been paid since 1937, in contrast to the management's previous policy, would suggest that the issue may be a logical candidate for a split-up or stock dividend in the near future.

The obvious conclusion to be drawn from the foregoing comparative figures is the fact that the stock of Owens-Illinois, listed on the New York Stock Exchange, is far cheaper and relatively more attractive today from the standpoint of assets, financial strength, book value, earnings, yield, diversification and prospects, than either 1937 or 1946 when the issue sold at a peak of 103¾ and 100, respectively.

HENRY J. LOW
Manager, Research Department
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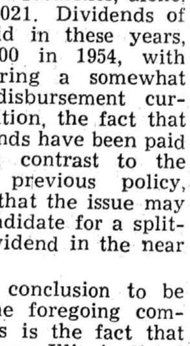
Members, New York Stock Exchange and American Stock Exchange

The Singer Manufacturing Company

With most of the leading securities becoming fully priced the list of so-called under-valued investment equities is narrowing down to a mere handful. Among the few remaining outstanding old line companies the shares of which are selling substantially below their previous bull market highs and also below book value and current assets per share is SINGER MANUFACTURING COMPANY. The shares are currently selling around 40 compared with the high of 47 in December, 1954, 66 in 1951 and 75 in 1946.



Henry J. Low

Singer Manufacturing Company is the largest manufacturer of sewing machines in the world. Among the company's products are family and industrial sewing machines, vacuum cleaners, fans, electric motors and electronic equipment for the bonding of plastic materials. SINGER has over 1,500 stores in the United States and numerous other retail outlets throughout the world which sell the company's home sewing machines, fans and vacuum cleaners, and also trimmings, patterns and irons manufactured by outside concerns. Industrial sewing machines are principally supplied to the garment trade, hat, shoe, carpet and plastic manufacturers. In addition the company maintains large servicing facilities which enables it promptly to supply parts for replacement and repair. This has been an important and consistently profitable phase of SINGER's operations. In February, 1955, the company announced its plans to enter the toy field with a precision-designed miniature sewing machine for children called "Sewhandy" which will be sold through toy shops and department stores on a nation-wide basis.

Singer Manufacturing and its wholly-owned subsidiaries own and operate three sewing machine plants in Elizabeth, N. J., Bridgeport, Conn., and Anderson, S. C. Fans, vacuum cleaners and electric motors are produced in Finderne, N. J. The company also owns two cabinet making plants in the United States and an additional one in Canada where it also maintains a sewing machine plant in St. Johns, Quebec. In Europe, SINGER owns about 28½% of Singer Manufacturing Company, Ltd. of Scotland and holds a one-third interest in International Securities Company, which through wholly-owned subsidiaries sells sewing machines in Great Britain, Continental Europe and South Africa.

Singer Manufacturing has been a dominant factor in the sewing machine industry throughout the world for almost a century. After World War II the company was faced with increased competition particularly due to excessive imports of low priced sewing machines from Japan and to a smaller extent from higher priced European units. Difficulties were also encountered to obtain import licenses in some South American countries where foreign exchange shortages existed which situation now shows a tendency to improve. Furthermore, introduction of a new low priced round bobbin portable machine in 1952 and improvements on other popular and higher priced models in 1953 enabled the company to compete effectively with Japanese and other foreign imports. As a result imports from Asia and Europe declined steadily since the peak reached in 1952.

During the last few years SINGER has made great strides in development and modernization of higher priced sewing machines in the home and industrial fields. Among the new machines which were marketed in recent years are a "slant needle" machine, especially designed for home sewing, which has proved very popular and is enjoying large consumers acceptance both here and

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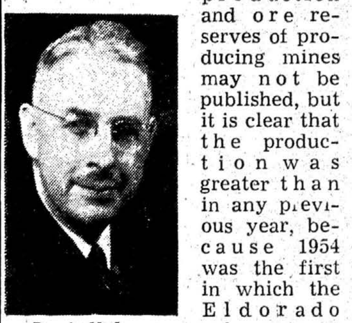
Canadian Uranium Activities In 1954 and Future Prospects

By A. H. LANG*
Chief, Radioactive Resources Survey
Geological Survey of Canada

Dr. Lang describes developments in uranium production in Canada during the last year, and gives data regarding the most important mining activities in various Canadian areas. Reports on the most recent discoveries of uranium deposits. Reveals that at end of 1954, 300 Exploration Permits from the Canadian Atomic Energy Control Board were in force.

Important developments in several parts of Canada combined to make 1954 a most significant year for uranium mining. Figures for production and ore reserves of producing mines may not be published, but it is clear that the production was greater than in any previous year, because 1954 was the first in which the Eldorado plant at Beaverlodge was in operation for a full year. Also for the first time, production at this plant was augmented by ore shipped to it from private properties in the district.



Dr. A. H. Lang

One of the highlights was the large-scale preparation for production at the Gunnar mine, where production is to commence in 1955. Exploration at several other private properties in Saskatchewan showed promising results. In the Blind River region of Ontario, very large tonnages of relatively low-grade uranium ore were indicated by diamond drilling, and plans for large-scale production have now been completed, with the first plant scheduled for operation late in 1955. Promising results were also obtained in other districts. As a result of these developments, Mr. W. J. Bennett, President of Atomic Energy of Canada, forecast in a recent address that by the end of 1957 uranium production in Canada will be more than 12 times as great as at the end of World War II, that the annual gross income from that production will then be about $100,000,000, and that uranium will than rank in fourth place in gross dollar value of metal production in Canada.

At the end of the year, 300 Exploration Permits and four mining permits from the Atomic Energy Control Board were in force. However, about half of the holders of Exploration Permits were inactive or reported only a little work.

Because of the large number of properties explored, few details can be included in this brief review. Only those properties on which underground exploration was done, or for which immediate plans for underground work were reported, are mentioned by name.

SASKATCHEWAN

Private Properties—Important advances were made at several privately-owned properties, mainly in the region north of Lake Athabasca. The year marked the beginning of private production, in the form of ore trucked to Eldorado's Beaverlodge plant from the Rix-Athabasca and Nesbitt-LaBine properties. Ore was also mined at the Consolidated Nicholson property, and shipped to Beaverlodge early in 1955.

Much was accomplished by Gunnar Mines Limited in preparing its property for production. The open pit was prepared for mining, and construction of a treatment plant with a rated capacity of 1,250 tons a day was well advanced. The building of an airstrip near the mine was completed. The company reported that further drilling had increased the gross estimated value of the deposit to $130,000,000, and that a contract had been arranged for delivery of precipitates to the value of $76,950,000.

Underground exploration was done at 11 properties in the region north of Lake Athabasca, as follows: Beta Gamma, Black Bay, Cayzor Athabasca, Homer-Nu Age, Lorado, Meta, National Exploration, Nesbitt-LaBine (Eagle-Ace group), New Mylamaque, Rix-Athabasca, and Uranium Ridge (Pitche group). Underground exploration was also done on the Jahala Lake property in La Ronge region.

Diamond drilling was done on 50 properties in the region north of Lake Athabasca, and on four between Lake Athabasca and La Ronge.

A pilot plant was completed and operated at the Nistowiak property of La Ronge Uranium Mines, for further tests of a new process devised by the company with the objective of providing a low-cost means of treating the pegmatitic material found on this and nearby properties.

Eldorado Properties—Deepening of the Fay shaft was begun, and at the end of 1954 had progressed to a depth of 1,800 feet below surface. The seventh level was developed in the Ace orebodies, and work was begun on the eighth level. The openings on the seventh level, and diamond drilling from it, showed the ore

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*Summary of Dr. Lang's remarks before the Prospectors & Developers Association Convention, Toronto, Canada, March 8, 1955.

The Geological Survey of Canada issues publications dealing with prospecting, and with many specific areas and properties, but it usually cannot give additional advice by correspondence, etc.

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Articles and News

—— CANADA ——
DYNAMIC DOMICILE OF ENTERPRISE CAPITALISM

Article starting on the cover page "Canada: Dynamic Domicile of Enterprise Capitalism" deals with the investment opportunities in Canadian securities and includes a tabulation showing the banks and companies listed on the Canadian Exchanges which have paid consecutive cash dividends from 10 to 126 years (Table I, page 33) and a second tabulation (Table II, page 51) with respect to consecutive cash dividend payers from 5 to 10 years.

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The Steel Companies' Stake in the Stock Market

By BENJAMIN F. FAIRLESS*

Chairman of the Board, United States Steel Corporation

Pointing out that steel companies must not only be able to bid successfully for the consumer's dollar in the steel market, but must also bid successfully for the investor's dollar in the securities market, Mr. Fairless stresses the large amount of capital required in steel production. Estimates steel industry in last nine years required a net amount of new capital exceeding one-third billion dollars annually. Says public confidence in steel securities issues has fluctuated widely, and in last quarter century the industry has experienced several "famines," but no feasts. Stresses low stock prices as cause of debt financing.

I am in the business of making and selling steel. I am not a stock-market operator. I do not hang breathlessly over the ticker-tape at the lunch hour. And I have no specialized knowledge that would qualify me as an expert in discussing the many technical questions to which this Committee has devoted the major part of its attention.

Benjamin F. Fairless

But in the performance of my duties and responsibilities as Chairman of the United States Steel Corporation, I do, of course, have a direct and active interest in both the stock market and the steel market; for each of these, in its way, is of vital importance to the continuing welfare of our company.

Just as United States Steel must be able at all times to bid successfully for the consumer's dollar in the steel market, so it must also be able to bid successfully for the investor's dollar in the securities market.

In the steel market, its products compete not only against those of more than 100 other important steel producers, but also against many other metals and materials which are currently offered as substitutes for steel. And in the financial markets, the securities of U. S. Steel must compete against the offerings of every other enterprise and agency—both governmental and private — which is seeking the confidence and favor of the American investor. So clearly, I have a deep and abiding interest in the preservation of sound and properly conducted markets where the securities of U. S. Steel and other institutions can be freely and openly traded.

I should add further, perhaps, that in the normal conduct of its business, the U. S. Steel Pension Fund is a regular purchaser of securities on the Exchange; but I shall not attempt to burden you at present with any discussion of this point since our problems in this field do not differ in any material respect from those of any other long-range investor who is seeking security for his funds and an adequate return upon them.

But in the other field that I have mentioned—in the keen and constant competition for investor favor — the steel industry as a whole does face certain specialized problems of its own; and I think it may be helpful to the Committee if I try to describe them very briefly by way of background.

Steel, of course, is a basic essential not only of our national life but of our national defense. It is the obligation of the steel industry to meet the steel needs of this nation in peace or in war; and to anticipate, to the best of its ability, the future demands which will be made upon it by our growing economy. It has successfully met this obligation in the past; and it must always do so in the future.

Steel Companies Require Large Capital

But among all the industries I can think of, very few indeed require such a large investment of capital behind each unit of production. Today, if you build a steel plant from scratch, as we recently did in the case of Fairless Works, and if you provide the necessary new sources of iron ore, as we have in Venezuela, you will find that it costs at least $300 to build a single ton of wholly-integrated new capacity, complete with all necessary finishing facilities, raw material resources and working capital. Nor is there any practical prospect of a decline in this cost in future years.

Fortunately, however, it is not always necessary to start from scratch; so not *all* new capacity costs that much. But keeping this heavy investment in mind, let us look for a moment at the situation which confronts the steel industry today.

Its present ingot capacity is almost 126 million tons; and the average useful life of all of its facilities is reckoned at 25 years. Some will last longer than that, and others not that long; but over the next quarter century, the industry must be prepared to replace its plant completely.

Now that would present no problem, of course, if it were possible, under the tax laws, to recover the replacement cost of these facilities through proper depreciation; but as the law now stands, that is not allowed. I have already filed with this Committee a supplemental statement referring to our Annual Report for 1954 which touches on this point in some detail, and I earnestly commend it to your attention, gentlemen, because unless and until this deficiency in the law is corrected, the steel industry is going to suffer a heavy drain on its capital resources just to keep its present plant intact — or, in other words, just to stand still.

But it cannot stand still, of course, if it is to fulfill its obligations to the nation. It must grow as the economy grows, and the economy is growing fast.

Estimates of the Federal Census Bureau indicate that the population of this country will increase to 217 million in these next 25 years. Moreover, we know that the per capita demand for steel has risen steadily throughout the present century and if it continues to do so in the future as it has in the past, we are going to have to add 65 million tons to the ingot capacity of the steel industry by 1980. Now what does that mean in terms of capital expenditures. Well, no one, of course, can say; and certainly I am not going to sit here and venture any hard-and-fast predictions to cover the next 25 years. I can, however, give you the simple arithmetic of the situation as it stands today, and leave you to draw your own conclusions. So let me put it this way:

In the past nine years, since the end of World War II, the steel industry has carried out the greatest expansion program in its history. It has enlarged its ingot capacity by 34 million tons; and during a part of this period it has been permitted to use the so-called "rapid amortization" provisions of the tax law on some of its facilities.

A Third of a Billion Dollars of New Capital Each Year

Yet in each of these nine years, on the average, it has had to spend *a third of a billion dollars* more than it was able to obtain through depreciation, depletion and amortization. That is the amount of additional capital it has had to find every year—a third of a billion dollars! But at present day construction costs, it will have to find nearly *twice* that much, each year for the next quarter century, in order to keep pace with the foreseeable demands of this growing nation of ours.

In saying that, moreover, I am making no provision whatever for any future inflation which may occur; nor am I allowing for the possibility of war and a sudden program of expansion under forced draft. I am merely presenting, as I have said, the simple arithmetic of steel on the basis of present costs and past experience.

So our problem boils down to this: Where do we get this two-thirds of a billion? Where is this additional capital to come from?

There are only three possible sources, so far as I can see. It must come from a more realistic treatment of depreciation under the Federal tax laws; or it must come from higher prices and larger profits to reinvest in the business; or it must come from the sale of stocks or bonds. Or it may, of course, come from a combination of all three.

Looking back on the past again, we find that the steel industry has consistently met a good part of its capital needs through the reinvestment of earnings; and presumably it will continue to do so —as it properly should, I believe. But we also find that it has not

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*Statement of Mr. Fairless before the U. S. Senate Committee on Banking and Currency, Washington, D. C., March 21, 1955.

The State of Trade and Industry

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

The upward trend of industrial production for the nation as a whole continued to hold in the period ended on Wednesday of last week. It was about 9% above the level of last year at this time and only slightly under the all-time production peak in March, 1953.

Last week the output of paperboard (a reliable index of economic activity) attained a new record and the manufacture of automobiles was at the second highest weekly level.

The United States Department of Labor this week reports that 40 of the 48 states showed a decline in layoffs of workers covered by unemployment compensation insurance in the week ended March 12.

New claims for jobless pay, reflecting layoffs, fell by 21,100 during the week to 219,400, the department's Bureau of Employment Security stated. This compared with 310,600 a year earlier.

The weekly average of new claims in February came to 251,400 or 27.5% below the January average of 346,700. For the first half of March, the average came to 229,900.

In the March 12 week, the biggest declines in new claims came in California, New York, Illinois and Washington. In each state the drop was 2,500 or over.

In the previous week, ended March 5, the total of workers drawing jobless pay dropped by 49,900 to 1,796,500—substantially below the 2,200,600 a year earlier. Some 42 states shared in this drop, the agency noted.

Dipping 7% in February to 877, business failures were at the lowest level since last October. For the first time in 22 months, casualties were less numerous than in the comparable period of the preceding year. Although they were 5% fewer than in February 1954, when there were 926 failures, they nevertheless exceeded the toll in any other February since 1942.

The rate of failure, according to Dun's "Failure Index," was at an annual rate of 39 for each 10,000 enterprises listed in the Dun & Bradstreet "Reference Book." This rate was the lowest since January 1954 and compares with 41 in February a year ago and 58 in prewar 1940.

General industrial recovery is pushing the 1955 steel market toward a demand-supply crisis and producers are doing all they can to cope with it.

Signs are multiplying that the surging economy is gaining more strength, according to "The Iron Age," national metalworking weekly, this week. The pickup is reaching into new industries and generating additional steel demand which is intensifying competition for available finished products.

More consumers, it adds, are paying full warehouse price for relatively small tonnages due to delayed mill deliveries. The mills, in turn, are running into shortages of shipping space. Lack of trucks has piled up 6,500 tons of finished steel at one mill in the Midwest. Others are experiencing similar difficulty.

So-called steel brokers are receiving more inquiries for premium-priced material. Offering prices are mounting toward warehouse level for comparatively large tonnages and so-called secondary material has practically disappeared from the market due to upgrading.

The demand pattern has taken on aspects of a chain reaction with automotive serving as the trigger. Continued high consumer demand for cars indicates a strong automotive push for steel through the first half barring an auto strike in June, states this trade authority.

Automotive buying in turn is having a strong impact on other consumers, including the car industry's suppliers. Aggravating the picture is a resurgency in buying for farm, appliances, construction, oil and gas and pipe line projects. Even the railroads are becoming more of a factor.

Significantly, full potential in some industries is yet to come. Construction, farm, pipe line and railroads for example.

Meanwhile, the outlook for third quarter business is growing stronger. More consumers are trying to place third quarter business. Producers are now resigned to fairly substantial carryovers from second quarter on some products, concludes "The Iron Age."

Records were toppling last week as United States and Canadian truck manufacturers turned on steam to keep up with present sales and anticipated spring marketing, stated "Ward's Automotive Reports." It noted that last week's scheduling revealed a rash of new records as follows:

(1) U. S. passenger car production—176,553 units against a previous high of 173,482 during Feb. 14-19, 1955; (2) Combined U. S. car and truck volume of 201,339 units, compared to the previous peak of 196,348 set in the week ending June 24, 1950; (3) Canadian car output of 10,104 units, which will erase the mark of 9,707 set last week; (4) Combined U. S. and Canadian car output near 186,657 units and (5) a new combined U. S. and Canadian car and truck record of 212,523 units, bettering the current mark of 205,334 reached in the week of June 24, 1950.

The strong United States production has placed industry construction of cars and trucks so far in 1955 almost 37% above the same 1954 pace (1,490,080). Sometime on Friday last the 2,000,000th unit of the year was built. The corresponding 1954 car or truck was built on April 16, 1954, almost a month last.

In addition, General Motors' program the past week called for an all-time crest of 86,529 units, up slightly from its mark of 85,039 reached during Feb. 14-19. Included in the past week's count is a record Buick weekly turnout of 18,250 cars.

Saturday work is a vital factor in the General Motors schedule, as it is at Ford Motor Co. where 18 final assembly plants were booked for six days last week. Chrysler has Saturday car production on tap for all divisions, except Dodge.

Dodge truck output, meanwhile, was up almost 40% the past week from last week's level. Chevrolet and GMC also had higher schedules as they shook off changeover problems and contributed

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Observations . . .

By A. WILFRED MAY

NOT QUITE SO "FRIENDLY" PALAVER ABOUT THIS AND THAT

WASHINGTON — To Chairman 'ulbright:—his Committee's Stock Market Study is *not* an inquiry whether the market is too high.

A. Wilfred May

To Committee Member Capehart: — it has at least developed into a questioning of the market's present price level; and a Fair Deal political diatribe against Republican confidence and prosperity.

To Committee Member Bush:— it is fundamentally an instrumentality for the suggestion of additional legislation.

To Chairman Demmler of the SEC:—it serves no purpose in that regard, since no legislation is in order (as we have pointed out, the appearance of Mr. Demmler at the Hearings' beginning instead of the end would have substantially supplied the badly-needed *direction* to the proceedings).

To the other Committee Members: — a choice vehicle for the trying out of pet economic ideas; and for kibitzing breezy bull sessions on technical financial questions.

To the press:—an opportunity to gather some headlines about that ever-glamorous Wall Street.

To the politician: — an instrument for high-class mud-slinging; finding himself with vested interest in a bull or bear market.

To the investor:—a chance for rationalizing his conclusions about the market-place—pricewise and generally.

And to the general public:—general confusion.

The Pervading Plans

Directly considering the Discussion itself, one must conclude that it has suffered from three main flaws:—(1) It has wandered far afield from the framework of any central point of inquiry. (2) It has been constantly exploited as a fine vehicle by those — including witnesses, Committee questioners, and even journalists—with an axe to grind. And (3) it has necessarily, under the circumstances, given the most cursory and superficial treatment to highly complex and widely-ramified questions.

Irrelevancies

On (1) above, whether or not the Committee is really concerned with the future of stock prices, or irrespective of what the doings are really about, surely there was no demonstrable reasonably direct relevance to a Market Study in the ruminations here by James Carey, the Secretary-Treasurer of the Congress of Industrial Organizations, on the potential trouble to the economy through industry's "failure to spread the benefits of automation to the public in the shape of lower prices and to workers in higher wages and shorter hours"; or in his citation of organized labor's use of funds to educate European workers about the value of labor-saving devices.

Nor have Chairman Fulbright's persistently recurring questions on the line of possible monopoly tendencies and alleged product over-pricing in the automobile and steel industries any bearing on the workings of the stock market. And they certainly have occupied much of the Committee's necessarily limited available time.

Senator Robertson (*Democrat* of Virginia) ventured to inquire of President Curtice of General Motors whether it isn't possible to develop an automobile clock that works.

By way of gentle reminder to Senator Fulbright, regarding his protestations against concern with the market's position:—even his key remark to the press following Secretary Humphrey's testimony, "I am willing to take the criticism, if by so doing we can avoid another 1929," and similarly reiterated references to the forestalling of a crash, really imply a forecast, in assuming that the present state of the market spells vulnerability to a collapse—as opposed to the contention that the market level reflects real value and, for whatever reasons, is poised toward higher levels.

Axe-Grinding

Correct though Senator Capehart may be in pointing out Chairman Fulbright's irrelevancies and inconsistencies, he himself persistently takes matters afield, as in his linking of the market's upward movements to "confidence" in the Administration; and his coupling of "doom" prophecies to the Democrats (and their sister Communists) as the somewhat bearish Professor Galbraith.

A popular syndicated financial columnist shouts that since a study about the market rise must be meaningless, *the* hot subject is his own pet worry about "business raiding." . . . "The pay dirt for this inquiry lies in the control grabs — the raiding by today's fast buck operators."

Superficiality

And typifying the horse-back nature of the "study" and "education" was Senator Robinson's question put to margin-boss William McChesney Martin, Jr.: "Isn't speculation bad; and if you don't think so, why did you raise the margin requirements to 60%?"—with Mr. Martin replying that this involved a long story, from which he and the Senator quickly found themselves caught short in the questioner's 10-minute limitation.

The conscientious Chairman Fulbright persistently declares that his Committee is "developing facts which might be important to the American people." But what conclusions possible to enumerate as "facts" from these discussions, so brief and wandering "all over the place," and so cursorily touching on intricate and far-reaching questions, are impossible to discern.

As an example of the broaching of a question without adequate discussion, Senator Lehman consistently uses up his 10-minute term with practically each witness, asking about the effect of institutional buying. To a topic requiring the most complete and thorough research project, the replies here must necessarily be confined to the highly superficial. In a private interview with this writer, the Senator readily agreed that the alleged assumption of "the need for remedy" of institutional participation is counter-balanced by important benefits, such as satisfying the Committee's own stated aims of reducing the market's speculative elements by substituting informed buyers holding for the long-term, and supplying other constructive investment characteristics.

Then too, there are the pot-shot allusions to *scarcity* of stocks, by implication a sinister influence in inflating the market. Further exploration of this thought might develop at least the reminder that during *bear* markets, the hue and cry customarily is over the alleged *oversupply* of stocks, because of the paralysis of demand by confiscatory personal income taxation from adequately wealthy buyers, and the then alleged permanent extinction of investor buying power.

Pot-Shots at the Capital Gains Tax

Again, the inquiring Committee members, necessarily ill-informed on the very wide ramifications—qualitative as well as quantitative — of the capital gains tax question, are getting their education in pot-shot discussion in support of individual proposals. This question, with its numerous facets of effects on the Treasury and on the market, with its ethical connotations, and with the counterpart of its experience in other countries, for adequate discussion surely depends on the digesting of the most voluminous material rather than on the parlor reactions here.

"Do tipsters contribute to instability?" is a question repeatedly put by rote by Senator Robertson, often with no attention paid by him to the answer.

And similarly "pot-shotty" have been the references to the margin situation—quite ignoring Reserve Board Chairman Martin's masterful and complete statement of the exigencies of that vast technical problem. For example, witness Ferdinand Eberstadt's drastic—and in this writer's opinion, unworkable — proposal to apply margin control varyingly to individual issues rather than on an over-all basis, was necessarily left hanging in the air after being thrown out by him. Likewise his cursorily broached suggestion for relaxing the short-selling restrictions at this time.

What possible "education" to the Committee or the public can come from this highly superficial handling of these questions? And what genuine difference whether the spirit is "friendly" or not?

A False Conclusion About Expert Inquiry

A word about another invalid conclusion, involving a basic misconception about the forecasting process, shared by Senator Fulbright. Edward H. Collins, the columnist, based his article in the New York "Times" of March 14 on disagreement with the point made by us and contained in our answer to the Committee's Questionnaire (and published in this space on Feb. 17), that a white-washing result to the Study might have the unfortunate effect of accentuating speculation. In defending himself against the Capehart attacks, Senator Fulbright last Friday cited Mr. Collins' reference to a similar study made by the Banking and Currency Committee's study in 1928, with the resulting authoritative reassurance over the brokers' loan situation. "If those people in 1928 had only done something in the way of prevention," Senator Fulbright is quoted as saying, "they might have lessened the 1929 stock market debacle."

But the real point of that 1928 inquiry seems to be just the opposite of the conclusions drawn by Collins-Fulbright thesis. Instead of adopting the premise that the trouble was forecastable as to both fact and time, the significance of the 1928 go-ahead is that the authoritative witnesses, in trying to interpret and forecast market phenomena, were then, as always and including the present, as likely to be wrong as correct. Why are market appraisals of the respected bankers and professors today—optimistic or pessimistic—to be assumed to be any more valuable than those of the Charlie Mitchells or Irving Fishers of yesteryear?

Taussig, Day Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Richard R. Mowry is now affiliated with Taussig, Day & Company, Inc., 509 Olive Street, members of the Midwest Stock Exchange.

New Era in Mining and Prospecting

By ROBERT S. PALMER*
Executive Vice-President, Colorado Mining Association

In addressing members of the Canadian Prospectors and Developers Association, Mr. Palmer stresses importance of increasing the supplies of uranium as a factor in nuclear power development. Decries trend in U. S. to restrict the use of the Public Domain and to prohibit its access to the prospector. Praises cooperation of Canadian Government with U. S. in development of raw materials and finished products, and calls for more understanding, aiding and assisting the mining industry and all those engaged in its worthwhile pursuits.

Toronto, the mining capital of Canada, and Denver, the mining capital of the States, have much in common—in that they both owe a great deal to the prospector and the developer. Early day prospectors were largely gold seekers. They sought the precious metal which had on more than one occasion bolstered our economy; served the peoples of the world from time immemorial as a medium of exchange; and could give our generation proper security today if it were but given a chance. We should and we must press on for proper recognition for gold by our governments, for no other course of action lies open to us.

Robert S. Palmer

Under our system of government, Congress has the right to coin money and fix the value thereof. It evidently has the right to fix its own salaries for it has done so recently. You may recall I was in Washington when the price of gold was raised from $20.67 an ounce to $35.00. I was again there when silver was raised from 70.11 cents an ounce to 90.5 for domestic producers. That was when certain manufacturers were telling us that they just couldn't get silver from producers for less than the cost of production, so they wanted the people of the United States to sell them Treasury silver for bargain prices.

We could devote our entire evening to a discussion of the reasons why our respective governments should go all out to place gold back in its proper place. But we are here to pay tribute to the Prospectors and Developers who have been given a new place in the sun, having passed through the cloudy atmosphere of but a few years ago.

Surely in telling the story of our accomplishments, we should not overlook the past. Names of places given by the early prospectors are constant reminders of the part they played in establishing our various communities. In my section of the country there are many landmarks and monuments named by "Cousin Jacks" from Cornwall and Wales and French Canadians who helped settle that far-flung territory.

Modern trends have caused people to migrate to our cities. Many overlook the accomplishments of prospectors. Some have tried to assign him to the "scrap heap." Maybe you have not heard such remarks in Canada, but we have heard them in Denver, even at mining parleys, namely: that the prospector is through—his place had been taken over by others. You may have heard it asserted that only great mining companies with elaborate staffs were capable of finding new ore reserves and that if you want to invest in the mining business, you should select only reputable mining companies for they were the only ones in position to develop our mineral resources — they were equipped with the money and the experts. You know, an expert is either a man away from home or an allegedly educated man who knows everything about nothing. To summarize, the day of the prospector, the little fellow in mining circles was over.

The Wonder Metal

Then came Uranium—the Wonder Metal. Almost overnight prospectors and developers were in the hills, the bush country, the forests, the ravines, the deserts, the faraway places searching for this and other metals. Who discovered the spectacular deposit of uranium at Bear Lake way up in the Northwest Territories in the year 1930? Was it not a prospector named Gilbert La Bine? Who was it in the dry and desolate area back from the steep rim of Big Indian Valley on the Colorado Plateau that uncovered the sensational deposit of uranium, known today as the Mi Vida claim of the Utex Exploration Company? None other than Charles Steen, a broken and dejected young prospector who had the faith and the courage to face disappointment after disappointment and yet carry on until he made his great discovery. Who was it who fought storms, poison water, rattlers and death itself, who worked his way through the forsaken lands of towering buttes, treacherous rock and deeply cut canyons to make his now famous, fabulous discovery? It was Vernon Pick, a prospector who later sold his property for $9 million to Floyd Odlum's Atlas Corporation. You and I could cite hundreds of similar examples in both of our countries—not romantic stories of the past but current reports of day-to-day successes of prospectors and developers in isolated and sometimes desolate areas.

The contributions to the welfare of society, to the common good which these prospectors—both men and women—are making are so essential that it might well be said that without them the safety and security of the Free World might today be placed in jeopardy. Yet when awards are made with great ceremony at some of our mining society gatherings, seldom if ever are the prospectors and the developers to be found in the receiving lines. True, modern scientific improvements have added to the prospector's "know-how" in the search for uranium and other fissionable source materials. The geiger counter, the scintillator, the scintillometer, the voltameter are but a few of the gadgets which are in common use. Without the airplane and, in certain instances, the helicopter, discoveries may have been delayed for years, but regardless of the advances of an air attack upon Mother Earth's hidden resources, the foot soldier is as important in modern day prospecting as in modern warfare. Technological research and scientific advancement have aided and assisted in many ways but without the raw materials furnished by the prospector and developer, they would amount to naught.

Government Policy

Government policy is of tremendous importance, for without a friendly atmosphere in which to prospect and mine there would probably be little prospecting and few new mines. The trend in the United States is to restrict the use of the Public Domain, to preserve vast areas and prohibit access to the prospector. Legislation is pending in the Congress of the United States which, if enacted into law, would greatly cripple prospectors' activities in regions which may eventually be highly productive.

The assistance prospectors have received from geological studies, conducted by Dominion, provincial and local officials has been most helpful. Geologists, mining engineers, government workers, whether they be behind worn-out tables in some back room or resting their feet on mahogany desks surrounded by beautiful pink rugs, can and do in many cases render real service to the men and women who are willing to take the risks involved in joining the search for the most fascinating, romantic and revolutionary mineral in all history—a mineral which, if properly applied, opens up a new era for mankind that will be the most productive, the most beneficial, the greatest blessing of all the minerals which have served us so well and advanced our way of living to the highest level in history—a metal which can generate our electric power, drive our locomotives and ships, perhaps our cars and planes, purify and preserve our foods, cure our diseases, propel our rockets—or a mineral which, God forbid, may obliterate us from the face of the globe. That is, if we fail to heed the warning, if it comes, and hide away in the lower workings of some lead mine deep in the bowels of the earth, as did the man described in the book "Mr. Atom."

All these things are known to you, I am sure, but regardless of the known facts with respect to the advantages of developing our reserves of these and other badly needed metals, we seem to still have with us the skeptics, the regulators, the downright obstructionists—some, I fear, in government and a few in financial spheres of influence.

A New Vista

Today, new horizons are before us; we can, if we will, gain a new vista of the great and glorious industry which we represent. Foresighted statesmen and diplomats in all countries are considering the impact upon their economies of uranium, the new source of power and energy which comes from the earth.

A new Industrial Revolution has just begun. Our high standard of living in our respective countries comes largely from the abundant use of natural energy—not the kind of energy which you might consider as a luxury, but the kind of energy which in the last two centuries has raised our way of living in almost every single particular: in food and clothing and leisure, as much as in housing, in transport, in agriculture and in industry. It is the type of energy which has since the First Industrial Revolution more than doubled the calories each one of us can afford to eat. A farmer, if any there are left in China, can barely keep his family, but a farm worker in North America today keeps 15 others and possibly more and keeps them very well fed. He does it because everything he uses, from the tractor to the fertilizer, and from the main highway to the agricultural college, is backed and muscled by his command of energy.

It comes quite apparent, therefore, why nations are giving more

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*An address by Mr. Palmer at the 23rd Annual Convention of the Prospectors and Developers Association, Toronto, Can., March 9, 1955.

The Guaranteed Annual Wage Demand

By FRANK RISING*
General Manager, Automotive Parts Manufacturers Ass'n

Mr. Rising, in describing the demand for a guaranteed annual wage as the most determined assault on industry in labor relations battles, says the central thread of the demand is that the individual should be entitled to a fair day's pay, whether he works or not. Points out management is almost unanimous in opposing the demand, and decries rumors that leading auto producers will make a compromise "deal" with the unions. Predicts the "most turbulent, roughest labor-trouble year we have seen in a long time is right ahead of us."

There has not been such an enormously important problem in labor relations since the great surge of industrial organization in the late 'thirties, and even the battles over recognition were not nearly so complex and shrouded in overtones of determined assault on industry as is the demand for the Guaranteed Annual Wage.

Frank Rising

Consider for a moment the word "Demand." The individual or group using that word is not saying "We suggest" or "We propose." In the case of the GAW it is truly a "Demand" . . . and the demander goes on to say that if you don't grant the demand without a fight, you will have to fight.

Surely no one who has followed the union preparations for this drive can doubt the determination implicit in such remarks as "There is no question about our getting it; the only question is how we get it." Or, "We are prepared to get it the hard way." Those are direct quotes.

This hard, truculent attitude is one of the very important factors. Don't lose sight of it. It is not a bluff, or a bit of union propaganda made solely to maintain solidarity. The union spokesmen mean every word they say. For several years they've been preparing for a major assault on standards which the American economy has always considered fair and proper, and they will go to great effort to destroy those standards.

Briefly, here is one of the standards: A man who is working for a living should expect, and get, considerably more than a man who is not working for a living.

Do you favor the belief that a "Fair day's work for a fair day's pay" is sound? Prepare to forget it, if the current GAW demand is forced on industry. The central threat of the demand is that the individual is entitled to a fair day's pay whether he is working or not.

Management Opposed to GAW

I have not known a time when management opinion was as unified as it is at this time on the GAW demand. In previous years when the Little Steel Formula, or the check-off, or pensions, or specific wage demands were at issue, I have found managers to be of varying opinion. Even during the violent years when recognition was fought hard and long by some managers, others did not see it as such a bad thing . . . there were many shades and shapes of management policy.

Today, every manager I know looks at the current GAW demand as a threat which he cannot measure, cannot count the cost of, and cannot live with unless radical changes are made in the fundamental structure, aims and business practices and policies which underlie the present-day successful business.

The managers have tried hard to be calm, reasonable, and hopeful during this period of the union build-up. Management people have, as a matter of fact, an occupational characteristic or quality which anyone can discover who lives with them for awhile. They are optimistic about the future, almost any time, in the face of almost any problem. "Let's work it out" is the natural reaction of the successful manager.

I've been visiting with managers and gossiping about the GAW for quite a period, now—about two years since the first time I tried to get the union to debate the question publicly. I've talked with big managers, little ones, and middle-sized ones. I correspond now and then with them — my mailing list contains 3,000 names and I know every one of those individuals personally.

Believe me, when I report to you that industrial management takes this GAW threat with the utmost seriousness, that is true. And there is more I can say: Management has left no source of information untapped, no experience unstudied, no combination of possibilities unexplored in its research into unemployment compensation, employment stabilization, and fair adjustment of the employee's problem.

Yet despite all of the careful study, and despite the fact that I am confident the manufacturers will be liberal and logical in their replies to the union when negotiations begin, I do not expect the management answers to satisfy the union negotiators. I believe the union wants a strike—a big strike — and a great and crushing "victory" by forceful, militant action.

In the automobile industry, everyone feels that smaller companies will be expected to wait patiently for the union to hammer General Motors and Ford, and then accept the "pattern" which is established. That has been the way things have gone in other years, but I do not believe you can safely predict the course of this year. If the current full-pay-without-work demand is forced on the biggest companies, I expect very determined resistance from the smaller ones. If the final settlement with the biggest companies is something which can reasonably be assumed by smaller ones, then you could look for more or less rapid expansion of such a formula, with regional and local variations here and there.

What this means is that there may be no "pattern" this year at all. And you must be careful in trying to guess the future; there still is some time to pass before even preliminary negotiations begin.

Not only GM and Ford, but 55

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*An address by Mr. Rising at the Conference on the Guaranteed Annual Wage of the Society for the Advancement of Management, New York City, March 11, 1955.

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1958	4	1.20	1967	4	1.75	1978-79	2¼	2.15
1959	4	1.30	1968	4	1.80	1980-81	2¼	2.20
1960	4	1.35	1969	4	1.85	1982-84	2¼	100 (price)
1961	4	1.40	1970	4	1.90	1985-87	2¼	2.30
1962	4	1.50	1971	4	2.00	1988-89	2½	2.35
1963	4	1.55	1972	4	2.10	1990-92	2½	2.40
1964	4	1.60	1973	4	2.15	1993-95	2½	2.45
1965	4	1.65	1974	4	2.20	1996-98	2½	100 (price)
			1975-76	2	100 (price)			

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Branch Banking & Trust Co. — Andrews & Wells, Inc. — Baker, Weeks & Co — Byrne and Phelps (Incorporated) — Shelby Cullom Davis & Co.

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March 23, 1955.

Dealer-Broker Investment Recommendations & Literature

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

Air Conditioning — Analysis in current issue of "Market Pointers"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue are a list of stocks selling at low price-to-earnings ratios and those with small dividend payouts in terms of earnings. Also available is a analysis of **Allis-Chalmers Manufacturing Company** and a list of stocks with favorable technical patterns.

Canadian Commercial Letter—Monthly booklet—Business Development Division Canadian Bank of Commerce, 25 King Street, West, Tornto, Ont., Canada.

Canadian Economy—Monthly report—Bank of Montreal, Montreal, Que., Canada (64 Wall Street, New York City).

Canadian Investment Bulletin — Monthly review of business and economic trends—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto, Ont., Canada.

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

Canadian Review—Monthly bulleting giving trading dated on issues listed on Toronto Stock Exchange—The Toronto Stock Exchange, Bay Street, Toronto, Ont., Canada.

Favorite Fifty—Analysis by dollar value of listed stocks most popular with professional management — Vickers Brothers, 52 Wall Street, New York 5, N. Y.

Income Bonds — Bulletin — Vilas & Hickey, 49 Wall Street, 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.

100 Largest Banks in the U. S. as of Dec. 31, 1954—Folder—Republic National Bank of Dallas, Public Relations Department, Republic National Bank Bldg., Dallas 1, Texas.

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 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.

Petroleum Outlook—Monthly oil and gas service—$35 per year—John S. Herold, Inc., 250 Park Avenue, New York 17, New York.

Raw Sugar Prices—Comparative chart—Lamborn & Company, Inc., 99 Wall Street, New York 5, N. Y.

Salt Industry—Analysis with particular reference to **International Salt, Leslie Salt,** and **Pennsylvania Salt**—Harris, Upham & Co., 14 Wall Street, New York 5, N. Y.

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.

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.

* * *

American Airlines, Inc.—Memorandum—Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

American Machine & Metals Inc.—Annual report—American Machine & Metals, Inc., Woolworth Building, New York 7, New York.

Armco Steel Corporation—Annual report—Armco Steel Corporation, Middletown, Ohio.

Bath Iron Works—Bulletin—Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is a memorandum on **Public Service Co. of North Carolina.**

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

Bridgeport Brass Company—Annual Report—Bridgeport Brass Company, Bridgeport, Conn.

Bullard Company — Report — Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Bulova Watch—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. In the same bulletin are data on **Sinclair Oil, Ekco Products.**

Cavendish Uranium Mines Corp. — Information — James Anthony Securities Corp., 37 Wall Street, New York 5, N. Y. Also available is information on **Rare Earth Mining Corporation.**

Chicago, Rock Island and Pacific Railroad Company—Circular—The First Boston Corporation, 100 Broadway, New York 5, N. Y.

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

Daystrom, Incorprated—Study—Bertrand W. Hall & Co., 41 East 42nd Street, New York 17, N. Y.

Diamond Match Co. — Annual Report — Secretary, Diamond Match Company, 122 East 42nd Street, New York 17, N. Y.

East Tennessee Natural Gas Co.—Memorandum—Fewel & Co., 453 South Spring Street, Los Angeles 13, Calif. Also available is a memorandum on **Shepard Niles Crane & Hoist Co.**

Food Machinery & Chemical Corp.—Memorandum—J. A. Hogle & Co., 301 South Kingsley Drive, Los Angeles 5, Calif.

General American Oil Company of Texas—Analysis—Sanders & Newsom, 1309 Main Street, Dallas 2, Texas.

Gimbel Brothers, Inc.—Memorandum—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y. Also available are memoranda on **Hertz Corp., Illinois Central Railroad Co., U. S. Pipe & Foundry Co.** and **Wilson & Co.**

Great Sweet Grass Oils Limited—Analysis—Canadian Corporation Information Service, 44-50 Pearl Street, Toronto 1, Ont., Canada—$1 per copy. Also available is an analysis of **Dyno Mines Limited,** $1 per copy.

Higgins Inc.—Memorandum—Kneeland & Co., Board of Trade Building, Chicago 4, Ill.

Hodgson Houses, Inc.—Analysis—Vincent M. Cantella & Co., 53 Swan Road, Winchester, Mass.

Lion Oil Company—Annual report—Public Relations Department, Lion Oil Company, 811 Lion Oil Building, El Dorado, Arkansas.

Lucky D Uranium Mining Co.—Report—James M. Toolan & Co., 67 Wall Street, New York 5, N. Y.

New England Lime Company—Analysis—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill. Also available is a card memorandum on **Higgins Incorporated.**

New England Lime Company—Report—Dayton Haigney & Co., Inc., 75 Federal Street, Boston 10, Mass.

New York State Power Authority & New York State Thruway Revenue Bonds—Bulletin—John Nuveen & Co., 135 South La Salle Street, Chicago 3, Ill.

Nippon Express—Analysis in current issue of "Weekly Stock Bulletin" — The Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

Northern States Power Company—Annual report—Northern States Power Company, Minneapolis 2, Minn.

Packard-Bell Company—Bulletin—Holton, Hull & Co., 210 West Seventh Street, Los Angeles 14, Calif.

Pennsylvania Turnpike—Report to bondholders regarding Commonwealth of Pennsylvania, Pennsylvania Turnpike Commission—Drexel & Co., 1500 Walnut Street, Philadelphia 1, Pa.

Purolator Products Inc.—Memorandum—Walston & Co., 120 Broadway, New York 5, N. Y.

Ramie Corp.—Report—A. J. Grayson, 92 Liberty Street, New York 6, N. Y.

Ready Made Buildings Inc.—Analysis—Aetna Seecurities Corporation, 111 Broadway, New York 6, N. Y.

Scott & Williams, Inc.—Analysis—May & Gannon, Incorporated, 161 Devonshire Street, Boston 10, Mass.

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NSTA Appointments


George J. Elder


Walter C. Gorey

John W. Bunn, President, National Security Traders Association, Inc. announces the appointment of George J. Elder, Straus, Blosser & McDowell, Detroit, Mich., to the unexpired term of Treasurer of N.S.T.A.

Simultaneously, Mr. Bunn announced the appointment of Walter C. Gorey, Walter C. Gorey Co., San Francisco, Calif., to Executive Council to fill the vacancy created by the elevation of Mr. Elder.

Nadler Hints at More Drastic Credit Curbs

N. Y. University Professor and consulting economist of Hanover Bank says credit measures may include a more aggressive open market policy along with either increased margin requirements or a higher discount rate.

Continued over-optimism in building, consumer credit and the equity market may well bring on more drastic credit controls, Dr. Marcus Nadler, consulting economist to The Hanover Bank, said in a published statement issued Mar. 23.


Marcus Nadler

Such measures might include a more aggressive open market policy followed by increased margin requirements or a higher rediscount rate and the offering of long-term Treasury obligations for cash, Dr. Nadler said in a report on "Role of Credit Control," published by The Hanover Bank.

"There is no question that a central bank can, if it wishes to go far enough, check any inflationary pressure," Dr. Nadler said. "The danger, however, is that in doing so it may harm the entire economy and cause a general decline in business activity accompanied by considerable unemployment. To avoid the latter, the Reserve authorities and the Treasury are moving slowly and at times imperceptibly."

Provincial Oil

By IRA U. COBLEIGH

Enterprise Economist

Canada is taking aggressive steps toward becoming self sufficient in oil. While in the past seven years, oil has marched forward to rank as the most valuable Canadian mineral product—nosing out gold, and far ahead of nickel, iron ore, asbestos or uranium, self sufficiency is still a remote target. From a meager start in 1946, when total petroleum reserves were around 70 million barrels, intensive exploration and drilling, first in Alberta, and fanning out East and West, Canada now has located about 3 billion barrels of proven reserves, and boasts an average daily production of above 270,000 barrels. Each passing day brings in some new producer, and over $400 million a year is going into development of new production. Thus Canada is now almost half way toward its theoretical goal — it supplies now about 47% of its oil needs, delivering a good portion through a network of 4,200 miles of oil pipelines to refineries with total present capacity of 630,000 barrels a day. Oil is very big in Canada and getting bigger every day—but the accent is still on production.

Ira U. Cobleigh

With over 225 corporations out looking for oil all over the prairies, and up into the Northwest Territories, it would be silly to try to cover the field in so short an article. So today we'll talk about just three. They're essentially "land play" companies, something like early-stage Canadian counterparts of such storied American equities as Louisiana Land and Exploration, or Texas Pacific Land Trust. Now, mind you, there's not the slightest representation, or even an inference that any of these three might become a market sensation—all we say is that they possess some production, a spread of mineral rights and royalty interests sprawling over thousands of square miles of land, including certain areas where highly successful drilling has occurred.

The first company we'll talk about is *Canadian Pipelines & Petroleums Ltd.*, an Alberta company which has done a whale of a job in merging into itself a useful group of smaller companies by exchange of stock. For example, Canadian Pipelines acquired, in late 1953, Model Oils Limited for 500,000 shares of its own stock (one share of Pipe for two Model); then in February, 1954, four more companies were added: Mitmor Oil and Gas Ltd. for 430,292 shares, Cal-Williston Petroleums Ltd. for 125,000 shares, Alberta Royalties Syndicate for 57,395 shares, and Trans-Canada Oils Ltd. for 35,000 shares. In April, 1954, the assets of Red Deer Mineral Holdings Ltd. were acquired for 562,786 shares.

Recently, Canadian Pipe has acquired working control of Farmers Mutual Petroleum, Ltd., Regina Royalties, and Midwest Royalties, covering 860,000 freehold acres in Southeast Saskatchewan, embracing 13 oil fields. Altogether these property acquisitions and mergers are part of a strategic overall plan of acreage control, drilling offsets opposite proven production locations, farming out wildcat acreage, and building up royalty revenues.

As a result, as of Sept. 15, 1954, Canadian Pipelines had an interest in 72 producing wells and five gas wells in Alberta, Manitoba, British Columbia and Missouri and proven reserves above 3 million barrels. Production, principally in the Virden field, is expanding and considerable expansion of future revenue is suggested by the large royalty interests delineated above (over 3,300 points as of last September—and much greater today. A point is 1% on 160 acres).

Last October $750,000 5½% notes of Canadian Pipelines were privately placed. This issue possessed an amazingly attractive conversion — each $1,000 unit is exchangeable, until maturity or redemption, into common at $1.50 —666 shares for each $1,000 note. 4,913,389 common shares are listed in Toronto, selling currently around $1.70. If you're interested in low priced issues, you may want to look further here.

Another interesting entry into West Canada oil prospects is *Canadian Prospect, Ltd.*, with 1,361,031 shares outstanding traded over the counter around 9. Here's what appears to be a fine panoramic call on a broad swath of prairie acreage (mostly freehold), some of it in quite promising areas.

Let's start with the basic element, production. In the Rosalea Field, company now has ten producing wells delivering probably around 70 barrels daily apiece. The oil is good quality (38 degree gravity) and sells for $2.83 at the well head—so you can easily calculate current income per diem. Canadian Prospect also has 25 more likely well-sites on its acreage, with which it will no doubt proceed in due course. This area is especially economic, since wells are only about 8 miles from Interprovincial Pipe Line.

In Big Valley, North Alberta, there are two producers restricted to 81 barrels a day (apiece) which could flow at 10 times that rate from rich D2 zone about 5,200 feet down.

It would be quite reasonable to predict that Canadian Prospect could have production substantially above 1,000 bbls. per day by the end of this year. But production is not everything. There are other interesting points about this enterprise.

There's the Alida field in Saskatchewan, where Imperial Oil and Socony Vacuum have brought in some excellent wells. Canadian Prospect has a free overriding 2½% royalty on 230,000 acres here. Everybody likes royalty because that's all clear income. CP has this 2½% royalty deal covering 974,000 acres in Saskatchewan, and 411,000 acres in Manitoba—1,385,000 acres altogether on royalty call.

Canadian Prospect also has an 18¾% interest in 2,486,000 acres in British Columbia.

Finally, Canadian Prospect owns 26% (525,000 shares) in a progressive company, *Canadian Export Gas Ltd.* It paid 60c a share for this stock and could presumably get many times that figure for these shares if sold today. Canadian Export has 26 successful gas wells, and proven gas reserves of possibly 700 billion cubic feet. The nice thing about this is that this producing property is within 20 miles of the first leg of the proposed Trans-Canada Pipe Line. Canadian Export is one of three companies with a contract to deliver to Trans-Canada (when and if). Although this pipeline project was slowed down a bit this past week, when it does come, Canadian Export is in a highly strategic position to benefit.

If you properly value freehold leases, royalty spread, actual and increasing production, plus the potential of Canadian Export Gas Ltd., you may arrive here at an appraisal of Canadian Prospect shares quite above present market quotations. A speculation, sure, but one not without prospects.

Our third Canadian entry today is *Gridoil Freehold Leases Ltd.*, which holds a freehold lease on a total of 522,000 acres in Saskatchewan and Manitoba. The advantage of a freehold lease is that you pay 10c a year per acre, and you don't have to drill if you don't want to. You can sit around and wait while the other fellow proves up adjoining acreage for you. Thus Gridoil, for $52,000 a year, has a call and an entry ticket on a swath of land where, as it happens, some of the most active drilling in Canada is now taking place.

For instance, in the Fosterton Field where Socony Vacuum, Woodley and Southern Production have been so successful recently, Gridoil has 11,200 freehold acres at adjoining Gull Lake. Crane Lake looks very attractive too, and Gridoil has 28,000 acres there.

The company appears to be quite fortunate—it hit eight wells in a row at North Gull Lake under a drilling agreement with Anglo American Exploration Ltd., under which Anglo gets 20% after costs, and Gridoil the rest.

Altogether, Gridoil now has 1,700 barrels a day of its own production. More wells and a series of farmouts suggest a steady expansion.

Anglo American Exploration Ltd. owns 1,309,435 shares (61.62%) of Gridoil, leaving a little over 800,000 shares publicly held. The stock is listed on American Stock Exchange where it sells presently at 11⅛. On the basis of rather choice land lease area, good results by its neighbors, an aggressive and successful drilling program, and strong sponsorship by Anglo American (which just completed a $10½ million financing program) Gridoil must be classed as an interesting "land play" with considerable merit. You may want to look further into it.

If you think the above jottings not sufficiently inclusive, we suggest that you extend your research, among Canadian crude hopefuls, to Canadian Superior, Great Plains, Calgary & Edmonton, and Security Freehold. To go for oil you must first secure likely land. These enterprises have been operating on that principle and it is quite conceivable that someone among these might hit the capital gains jackpot. But it's all speculation — speculation in provincial oil.

The Business Outlook

By CHARLES T. BRODERICK*
Economist, Lehman Brothers
Members New York Stock Exchange

Though looking for further momentum to business activity until mid-year, Mr. Broderick pictures the outlook for Fall, 1955, as somewhat beclouded by the possibilities of strikes in key industries. Sees a likelihood, however, that consumption will continue to improve. Points out our present economy is more stable than in past.

General business activity, stationary for the first nine months of 1954, turned upward in the fourth quarter. The economic recovery was occasioned by a sizable reduction in the rate of inventory liquidation and a steady increase in consumer buying. A continued rise in personal consumption and a gradual shift by industry from a policy of inventory decumulation to one of accumulation will give further momentum to business activity between now and midyear.

Charles T. Broderick

The outlook for Fall, 1955, i.e. the last six months of the calendar year, is somewhat beclouded by the possibility of strikes in key industries such as autos and steel. Even if such log jams fail to eventuate, the automotive industry will almost certainly be unable to maintain the hectic production rate scheduled for this Spring. Since steel output is geared in part to automotive manufacturing, the possibility of a mild decline in the steel operating rate in the last half of 1955 must also be taken into account. It is likewise conceivable that we are now building homes at a rate which cannot be sustained throughout the year.

In sum, there is a good chance that the F.R.B. index of industrial production may decline slightly after midyear. It is consumption or final sales, however, which ultimately control production and most accurately reflect the health of the general economy. Despite the likelihood of a slow drop in production after midyear, present indications are that consumption will continue to improve in Fall, 1955, though at a much slower pace than in the first half of the year.

With regard to the long-range outlook for our economy, the first requisite for a sound judgment is a proper sense of perspective. There has been exactly one Great Depression in the lifetime of American industry. By way of contrast, four out of every five years of our economic history have been years of full employment. Therefore, even if the current economy were as susceptible to decline as that of the pre-World War II period, the burden of proof would still rest on him who forecasts a business cataclysm for any particular year in the future.

Furthermore, our present economy is in fact much more stable than it used to be: first, because of the general acceptance of tax reduction as our first defense against impending depressions; second, because of the magnitude and rigidity of Federal expenditures, especially for defense; third, because of our gerater immunity to fluctuations in corporate capital expenditures; and fourth, because of the cushions under consumer demand. It is conceded, at the same time, that we will probably remain as susceptible as ever to occasional inventory recessions like that of 1953-54, but such recessions are by nature self-liquidating and do not permanently divert long-term business trends.

On the premise that the growth trends now discernible in the American economy will not be diverted by an era of mass unemployment, the future level of industrial production will depend upon changes in the labor supply, in the length of the work-week and in labor productivity. On the most conservative assumptions with regard to these three factors, the F. R. B. index of industrial output (now around 132) should reach approximately 160 in 1960 and 270 in 1975. This is another way of saying that the American economy very likely will more than double in size within the next generation.

*Summary of an address by Mr. Broderick before the Central States Group, Investment Bankers Association of America, Chicago, Ill., March 16, 1955.

J. H. Crang & Co. Announces Appointm'ts

TORONTO, Ont., Canada—J. H. Crang & Co., 40 Adelaide Street, West, members of the Toronto Stock Exchange and other leading Canadian Exchanges, announce that Robert K. McConnell has been appointed partner in charge of the bond department, Arthur H. Ackerman, Sales Manager, and Robert J. Trow, Trader.

Arthur Krensky Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Albert J. Stallman has become connected with Arthur M. Krensky & Co., Inc., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges. Mr. Stallman was previously with Irving Weis & Co.

With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Helen A. Goodrich and William A. Murray have become affiliated with Investors Planning Corporation of New England Inc., 68 Devonshire Street.

"Our Dignity Is Not To Be Disputed"

By N. D. YOUNG*
President, The Investment Dealers' Association of Canada
Vice-President, Dominion Securities Corporation, Ltd.

In tracing the growth and activities of the Investment Dealers' Association of Canada, Mr. Young, its President, stresses the value of the organization to both its members and the Canadian public. Reveals some of the problems that have and are still confronting their organization, and lists items which necessitate careful watching by the Association. Points out specific accomplishments in the field of securities legislation. Stresses the need of high-grade investment concerns to a free economy.

I am hopeful that sometime in the not-too-distant future the Investment Dealers' Association of Canada story might be written so that all our members might read the interesting saga relating the part its members have played in the economic development of our country. In a short 50 years, our industry has produced some bold visionaries — young men of their day — filled with optimism and assurance for Canada's future. We are still a young country and our business requires the vitality, enthusiasm and confidence of young men tempered and balanced by mature judgment and the voice of experience. Of vital interest to us is the fact that the important part of Canada's history is still in the future—your future and mine.

N. D. Young

And so in the few minutes that I am going to talk to you today, my remarks will, I hope, be of interest to the young men, for within a few years at least some of you will be carrying the responsibilities of your firms as well as playing an important part in our governing body—The Investment Dealers' Association of Canada.

Most of the younger men will, I presume, have been so fully occupied in learning the business and attending to individual responsibilities that they will not have had time to inquire into the history of our Association, and I am certain that some of my contemporaries would not be too familiar with the details of our origin and our infancy. Some of the older members might even have difficulty if they were asked to tell of some of our more important accomplishments, and there have been many—so with your indulgence, we will take a quick look at our early history and trace our progress up to the present.

And in tracing our history, let's see if we can answer a couple of questions — What has the IDAC done for me—either as a corporate member or an employee of a member house—and are we planning for the future?

The origin of our Association can be traced to an action taken in 1914, when the bond dealers of Toronto formed themselves into an Association under the By-laws of the Board of Trade, of that City, and set up their own constitution and by-laws.

In February 1916, the minutes of this group indicated that because of increasing numbers and many applications for membership, and because an association know as the Canadian Bond Dealers' Association was in process of formation with objects similar to their own, that "this association be dissolved and assets be divided pro rata among members in good standing of the section."

*An address by Mr. Young to the members of the Investment Dealers' Association of Canada, March 1, 1955.

Negotiations were carried on with Bond Dealers in Montreal and on June 16, 1916, the organization meeting of the Bond Dealers' Association of Canada was held in Toronto—and a constitution adopted—the first part of which is identical with the first few paragraphs of our present constitution. Mr. William Hanson of Montreal was elected the first President and the annual membership fee was $50.

The first annual meeting was held Feb. 5, 1917 at the Ritz Carlton in Montreal and it was reported that the association had 32 members—13 in Quebec, 17 in Ontario, one in Maritimes and one whose headquarters we cannot trace. Of these 32 founding firms, 10 are still in existence and many of our members will never have known or heard of some of the others, Let's name a few—in Montreal C. Meredith; W. G. Brown & Company; Quebec Bond Company; National Bond Company; N. B. Stark & Company; the only members in Quebec City was the Municipal Debenture Corporation — and in Ontario—MacNeill and Young; H. O'Hara and Company; Brent Noxon & Company; A. H. Martens & Company. Older members will recall these and other names which have passed into history.

Past and Present Problems

Some of the problems commanding the attention at our first meeting still require alertness on the part of various committees today. The business handled by the first meeting included:

(1) Proposed legislation to amend the Municipal Act.

(2) Drafting a form for recording municipal statistics.

(3) Appointment of a committee to standardize valuation of bonds.

At the time of my election in June, I received a letter from one of our Past Presidents — which said in part: "I find it hard to realize it is 31 years since my tenure of that office, but I still often think of the battles we had with governments (Dominion and Ontario) regarding taxes in those early years—and the plotting I did with E. G. Long's assistance." Mr. R. O. Daly, Q. C., Mr. Long's partner is our Association's Counsel now.

Well, we still have battles with Governments—only now we have 11 to watch as compared with the two of Mr. Mitchell's day—we continue to fight and sometimes we win, as we did one year ago when we succeeded in having transfer taxes removed completely at the Federal level and partially in Ontario. We are and will continue to press our case against this and other unfair and discriminatory levies against our members where ever they may arise, although there are times when success comes only after several years of patience and persistence.

By 1919, we had 72 members and in June of that all-important year, Mr. J. A. Kingsmill was appointed Secretary on his return

Continued on page 37

The Coming Boom in Dividends

By LEO BARNES
Chief Economist, Prentice-Hall, Inc.

Dr. Barnes contends stock prices do not yet reflect the coming improvement in dividend payouts; that in bull market's later stages yields will fall toward 3½%, giving strong underlying support to the market's price structure. On this premise, concludes D-J Average could rise to range from 541-590.

With the Dow-Jones Industrial Average above 400, stock prices have obviously adjusted for much of their previous under-valuation in terms of current corporate earning power. They seem also to have substantially adjusted for the supposedly permanent postwar inflation of the dollar and the corresponding deflation of its purchasing power. Presumably, too—at least in the case of many leading blue chips, now selling at extremely high price-earnings ratios — current price levels have substantially discounted growth prospects for the next few years.

Dr. Leo Barnes

However, a good case can be made for the view that stock prices have not yet fully discounted the highly probable improvement in the dividend payout of many leading corporations. *The coming dividend boom could give strong underlying support to the stock market after the current technical correction has been completed.*

The upturn in corporate profits and dividends started in the fourth quarter of last year and is apt to continue through 1955. In the fourth quarter, corporate profits before taxes rose to an annual rate of $37 billion, up from $34.2 billion in the third quarter. After-tax profits rose to a rate of $18.8 billion, up from $17.4 billion. These were the best levels since the third quarter of 1953.

In 1955, profits before taxes will probably come close to the high levels of 1953. However, because of the repeal of the excess profits tax, *after-tax* profits this year will run about 6-7% above '53 levels. They'll still be under both the record high of $22.1 billion, set in 1950, and the second-best rate of $20.3 billion in 1948.

The rise in corporate dividends will be much sharper than the recovery in profits. Never before in U. S. history have dividends topped $10 billion in a year. *This year, they're almost certain to be $11 billion, might even approach $12 billion.*

Here are the forces which are apt to raise dividends in 1955 10-20% over the 1954 all-time high:

(1) Total business will hit a new peak this year.

(2) Corporations will have more cash available for dividends in the next few years because of both continued accelerated amortization for defense facilities and faster regular depreciation under the new tax law.

(3) Many corporations can pay out a larger percentage of profits because capital investment requirements are decreasing—relative to growing earnings, if not absolutely.

Last two columns of the Table I portray the statistical story on dividends. Comparisons with prewar years quickly show both the relatively small dividend payout since the end of World War II and the rising trend in the past few years.

Impact of rising dividends on stock prices depends, of course, on the price investors are willing to pay for those dividends. How highly investors value dividends, in turn, depends on two key forces:

(1) *The intangible of "confidence."* If investors are in a confident mood, they'll pay more for the same dollar of dividends; if they feel worried, they'll pay less.

(2) *The tangible factor of the cost of money.* Federal fiscal policy can largely determine bond yields. If money is made tighter so that interest rates rise, bond yields go up too—making stocks relatively less attractive. If money is made easier, bond yields drop—making stocks relatively more attractive.

Currently, a dollar of dividends from industrial corporations is thought by investors to be worth, on the average, about $24 ($1 divided by current dividend yield of 4.17%).

Tighter money is currently raising bond yields slightly. Standard & Poor's A 1+ composite bond yield is about 2.95%, up a shade from the bull market low point of 2.80%. But *investor confidence* continues undiminished — buoyed by reviving business and the solid prospects of long-term U. S. economic growth.

For this reason, it seems unlikely that investors will let stock dividend yields in 1955 rise significantly higher than their current yield of 4.17%. *On the basis of historical precedent, it's much more likely that soaring investor confidence in the final stages of the bull market will drive dividend yields down toward 3.5%. That level has been reached near the peaks of almost all previous bull markets in this century.*

How such a bull market could develop in response to rising dividends in the years ahead is revealed in Table II. It shows how stock prices would react to higher dividends at different levels of investor confidence, as reflected in average stock yields.

The comparisons in the table highlight these five facts:

(1) If sustained investor confidence merely keeps average dividend yield at 4.2%, just above where it is now, a 10% increase in dividends would send the Dow-Jones industrial average to 451; a 15% increase, to 471; and a 20% increase, to 492.

(2) If soaring investor sentiment pushes average dividend yields down to 4%, a 10% boost in dividends would mean a D-J of 474; a 15% increase in dividends, a D-J of 495; and a 20% increase in dividends, a D-J of 517.

(3) If investor confidence explodes into exuberant over-confidence, as in previous bull markets, and drives average stock yields all the way down to 3.5%, a 10% increase in dividends would mean a D-J of 541; a 15% increase, a D-J of 566; and a 20% increase, a D-J of 590!

(4) In the more unlikely event that much tighter money or a sudden reversal in investor confidence results in dividend yields rising to 4.5%, increased dividends could still boost stock prices. With a 10% rise in dividends, the Dow-Jones industrials would then be 421; with a 15% increase, 440; and with a 20% increase, 459.

(5) Only if very much harder money and a real sag in investor confidence force up average stock yields toward 5% is a serious drop in stock prices likely to develop. Even then, a 10% increase in dividends would support the D-J industrial average at 379, about 8-10% below current levels; a 15% increase in dividends would keep the D-J at 396, about 4-6% below current levels; while a 20% increase in dividends would maintain stock prices very near to current levels.

TABLE I

National Product, Corporate Profits & Dividends, 1929-1955

(Billions of Dollars)

Year	Total National Product	Profits Before Taxes	Profits After Taxes	Corporate Dividends	Percent Payout
1929	$104	$9.6	$8.3	$5.8	69.9%
1939	91	6.4	5.0	3.8	76.0
1940	101	9.3	6.5	4.0	61.5
1941	126	17.0	9.4	4.5	47.9
1946	209	22.6	13.4	5.8	43.3
1947	232	29.5	18.2	6.5	35.7
1948	257	32.8	20.3	7.2	35.5
1949	257	26.2	15.8	7.5	47.5
1950	285	40.0	22.1	9.2	41.6
1951	328	41.2	18.7	9.1	48.7
1952	346	37.2	17.2	9.1	52.9
1953	365	39.4	18.3	9.4	51.4
1954	357	35.0	17.8	9.9	55.6
1955	368—373	38.3—39.0	19.3—19.7	10.8—12.0	54.8—62.2

Source: Department of Commerce. 1955 figures are P-H forecasts.

TABLE II

IMPACT OF RISING DIVIDENDS ON STOCK PRICES

IF— Average Stock Yield Is—	—AND the Increase in Corporate Dividends Over 1954 Is 0	10%	15%	20%
	THEN—the Dow-Jones Industrial Average Would Be			
5.0%	344	379	396	413
4.5%	383	421	440	459
4.4%	391	431	450	470
4.3%	401	441	461	481
4.2%*	410*	451	471	492
4.1%*	420*	462	483	504
4.0%	431	474	495	517
3.9%	442	486	508	530
3.8%	453	499	521	544
3.7%	465	512	535	558
3.6%	478	526	550	574
3.5%	492	541	566	590

*Approximate recent range of the D-J Industrial average and of industrial stock yields.

With Walston & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Chester L. Domer has become connected with Walston & Co., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges. He was formerly with Hannaford & Talbot.

With McDonald & Co.

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Robert C. Fuller is now affiliated with McDonald & Company, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

Saunders, Stiver Adds

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Donald J. Grail has joined the staff of Saunders, Stiver & Co., Terminal Tower Building, members of the Midwest Stock Exchange.

The Essential Qualities Of the Security Trader

By J. R. MEGGESON*

President, J. R. Meggeson & Co., Ltd., Toronto, Ontario

In enumerating essential qualities which should be possessed by securities traders, Canadian investment banker stresses, in addition to the trading instinct, a sense of values and high level of integrity. Advises against "cutting sharp corners" and trying to outsmart others.

For the few minutes allotted to me, I intend speaking particularly to the more recent members of the Toronto Bond Traders Association. By more recent, I mean those traders who started on trading desks within the past two or three years. Of course, I hope what I say will interest the more experienced members, and that they will approve of the substance of my remarks.

J. R. Meggeson

Most of you will have read the articles written by Lord Beaverbrook, which were published locally. In these, he pointed out, that the greatest single factor, which could contribute to success in our free enterprise system, was the development of a trading instinct. In other words, it is the development of a sense of comparative values, and the ability to trade upon them, which enables men to build up their own, and also the country's business. Such comment, coming from a man in Lord Beaverbrook's position, must create a profound impression upon us: particularly when we remember that he knows our problems intimately, having been in the investment business, both in Canada and England, early in his career.

However, even if we have developed a knowledge of comparative values, and have the trading instinct, there is still one important moral quality which we must maintain. We must preserve our integrity. Today, with the ever changing business methods, when there is a tendency to honor men more for what they have, than for what they are, the maintenance of integrity in our dealings must be watched constantly. Quite often I hear it said that ours is a cruel business: that even one intentional misstep cannot be condoned. This is not cruel, it is necessary. In our day-to-day dealings, hundreds of thousands, and sometimes millions, are involved; and our firms are committed to accept or make deliveries a week, or perhaps several weeks in the future, when market values may have changed materially. All we have for protection is a little slip of paper, which we call a confirmation. There are no nicely drawn legal contracts, no witnesses, no penalty clauses, and no bank guarantees. It is the honesty of our traders and our firms, in their dealings with one another, which is the greatest single factor of security in the fulfillment of our contracts. Once that confidence in the reliability of any individual has broken down, the risk in dealing is not justified by profit.

So as the years go by, and you younger men in this room take over and direct the affairs of our Association, see to it that there is no weakening of the ethics of our trading practices. This is one business, where a man's word must be as good as his bond—if delivery is to be completed.

Now, what of the future for a younger trader? Well, here are some facts which may interest you. In the Investment Dealer's Association, three of the most recent ten National Presidents were for many years active and successful traders. On the Ontario Executive of the same Association there are, today, five members whose voices may still be heard on the trading 'phones. But, perhaps more important to you, is the fact that over 60 partners or directors of our Trading Association's member firms, for many years, served on trading desks. Some are still trading.

Did all these men have something in common? Of course they did. They all had a sense of values, and developed a trading instinct but, equally important, they were clever — but never smart. They did not cut sharp corners, or spend their time trying to outsmart others. In other words, they are good investment men of integrity, and these are the principal qualities required for success.

The best I can wish you younger men is, that you may follow their example, and duplicate their good fortune.

*A talk by Mr. Meggeson at the Annual Dinner of the Toronto Bond Traders Association, Toronto, Canada, March 11, 1955.

New Data on Status of Pennsylvania Turnpike Now Being Distributed

Many interesting facts on progress being made on the extension of the Pennsylvania Turnpike, plus the latest figures on traffic and revenues of Pennsylvania Turnpike Commission are incorporated in a new four-page pamphlet prepared by and being distributed to Pennsylvania Turnpike bond holders by Drexel & Company; B. J. Van Ingen & Company, Inc.; Blyth & Company, Inc.; The First Boston Corporation, principal underwriters of Pennsylvania Turnpike revenue bonds.

The report points out for example that the Pennsylvania Turnpike Commission received approximately $222,000 in unanticipated additional net revenue as the result of a completion of the Delaware River extension on Nov. 17, 1954. At the time of the financing use of the facility was not expected prior to Jan. 1, 1955.

Up-to-date information on the progress being made on construction of the bridge across the Delaware River to connect with the New Jersey Turnpike and the first section of the Northeastern extension of the turnpike is also incorporated in the report.

Can Full Employment Be Achieved Without Inflation?

By NEIL H. JACOBY*

Dean, School of Business Administration, University of California

Former Member, President's Council of Economic Advisers

Dr. Jacoby, in telling of his work as a member of the President's Council of Economic Advisers, reviews the downturn of business in 1953 and the actions taken to combat it. Lays down as a thesis that we can in the future maintain full employment without price inflation in a free economy: (1) if we accept a reasonable and realistic definition of "full" employment, and (2) if the Federal Government pursues policies that release the full expansionary powers of private enterprise and initiative. Holds doctrines of "secular stagnation" and "economic maturity" fallacious.

I have been asked to speak about an economic issue which is so broad and fundamental that it encompasses many other economic questions before our country. That is the question whether we can maintain full employment without inflation in a free economy. The problem is to achieve all three of these conditions at the same time. Full employment can be brought about easily enough by inflationary governmental policies which force up the price level by financing large Federal deficits through monetization of the public debt. But inflation brings dreadful hardship and inequity, and weakens the very foundations of a democratic society. Price inflation can be prevented or suppressed, at least for a time, by enforcing a comprehensive network of direct governmental controls of wages, prices, inventories, employment, and purchases. But direct controls mean an end to economic freedom as we understand it.

Neil H. Jacoby

The central economic question before the United States, and before every other country with an economy that organizes production primarily through private enterprise and competitive markets, is whether our kind of free economy—which has proved its ability to produce an amazing expansion of our material welfare over the years—can also sustain a high and satisfactory level of employment under a regime of stable prices and a monetary unit of dependable purchasing power. Your and my long-term decisions regarding our spending and investment as consumers or businessmen turn in the end on the answer we think should be given to this question.

In the short time available, I am able only to offer a few observations about this issue. These remarks are made in the light of my recent experience as a member of the Council of Economic Advisers, which is charged with the specific duty of advising the President on ways and means of attaining our economic goals.

Lessons of the Depression of The 'Thirties

The Great Depression of the '30s left deep psychological scars, here and abroad. The fact that millions of men and women were deprived of work opportunities for long periods of time elevated to a primary position the economic goal of full employment. After World War II ended, with the overwhelming support of both major political parties Congress passed the Employment Act (sic) of 1946, making it the public policy of the United States for the Federal Government to do all within its power to achieve "maximum production, employment, and purchasing power." For a time, our country sought full employment at any cost. We were inclined to forget that monetary stability and economic freedom are economic goals of equal importance. Our country experienced a considerable inflation of prices, and labored for an unnecessarily long time under direct economic controls. During the early postwar years, it was often overlooked that the Employment Act explicitly required the Federal Government to pursue the goal of full employment by means which were "consistent with its other duties and responsibilities." These other obligations clearly include the duty to maintain a sound currency, to respect the rights of the states, and to preserve the economic freedoms of our people.

The Employment Act established machinery to carry out its purposes. It created a three-man Council of Economic Advisers to advise the President on ways and means of maintaining prosperity. The law requires that the members of this Council be trained economists of recognized ability, appointed by the President to serve at his pleasure, and confirmed by the Senate. The Council is a staff advisory agency to the President, functioning in economic matters somewhat as the Joint Chiefs of Staff function in military affairs. Like any staff agency, the influence of the Council upon economic affairs depends mainly upon the Chief Executive—whether or not he listens to its advice and acts upon it in his instructions to other agencies and departments of government. I can testify that President Eisenhower does rely heavily upon the Council. He uses it as a professional agency of appraisal of the economic situation, and as an objective adviser on the economic consequences of present and proposed governmental actions.

When President Eisenhower was considering nominating me for a post on the Council, back in August, 1953, he asked me to visit him at the summer White House in Denver. Sitting together there on the front porch of Mrs. Doud's home, the President made clear that he regarded the members of the Council as professional experts. He told me that he expected from the Council at all times nothing but candid and honest views about the economy and its prospects, however unpalatable such views might be, at times, to himself as a political leader. He outlined his middle-of-the-road approach to economic matters, which he has since aptly characterized as a philosophy of "dynamic conservatism." He understood that, unless a staff adviser shares his chief's basic set of values, there cannot be that

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*An address by Dean Jacoby at Town Hall, Los Angeles, Cal., March 8, 1955.

Banking's New Look

By DAVID ROCKEFELLER*
Senior Vice-President
Chase National Bank of New York

Contending a revolution has taken place in banking in the past quarter century, Mr. Rockefeller reviews recent changes and legislation that have affected banking. Cites illustrations of changes in banking practice, and says it is only through new loan techniques that banking is keeping up with customers' growing needs. Describes growth of "retail banking" for for small depositors and consumer services, and calls it "good business." Asserts banking today is stronger, healthier and more competitive, and defends Chase-Bank of Manhattan Co. merger. Asserts management is aware of its responsibilities.

It is probably a good assumption that everyone here today uses a bank and is familiar with the services banks perform. Yet I suspect that even some present may not have noticed the revolution which has occurred in banking in the past quarter of a century. This revolution has been gradual and orderly but is nonetheless real. If it were more fully recognized, the view of banks and bankers in some quarters would be modified and their ability to serve society would be enhanced. Because I believe this to be so, I will review some of the recent changes in banking and point out certain areas where further constructive developments can be expected.


David Rockefeller

Cartoonists and satirists long depicted bankers as conservatively attired, elderly gentlemen who look with hard and unsympathetic eye on those who seek a loan. While this austere image was never fully justified, it must be conceded that the traditional banking house with its Greek columns outside and its vast and uninviting main hall too often reminded one of a mausoleum. The customer often felt unwelcome, insignificant and ill at ease. Bankers at a certain period in the past frowned upon salesmanship as dangerous and undesirable for a lending officer. The customer was expected to take the initiative. If he needed a loan, he could ask for it, figuratively speaking, on bended knee. I hope I need not tell this audience that such an approach is long since outmoded.

Changes in banking have been especially pronounced in the recent past but it would be inaccurate to leave the impression that banking in this country was ever static. It is surprising what a number of actvities banks at one time undertook, indeed in some instances pioneered, with which they are no longer concerned. At various times, for example, they issued and redeemed paper currency, issued life as well as marine and casualty insurance. They were travel agencies and real estate brokers. They underwrote and marketed corporate securities. In most instances, these and certain other functions were abandoned by commercial banks because it became clear that society would be better served by having them performed by more specialized agencies. Apart from the trusteeships, banks have tended to concentrate more on their basic function: deposit handling, lending and trust activities.

The great changes that have occurred in banking in the past quarter of a century have been in response to fundamental upheavals in the world. These have been touched off mainly by the great depression and World War II, both of which induced tremendous social and technological changes.

The depression had a profound effect on the American banking system. Some of the climactic events of the depression — the stock market crash, going off the gold standard and the bank holiday—all were associated closely with the supply of credit. Banks became a convenient scapegoat for the troubles of the times. It was natural, as a consequence that the banking system should have been given close and careful scrutiny by the public, by the government, and by its own management. The result was a number of changes, some internal, brought about by legislation — some of which have turned out to be in the long-run interest of the banks.

The Securities and Exchange Act, for example, established rules governing the issuance and sale of securities. The amount of money banks could lend for the purchase of securities was regulated by Federal act. The Federal Deposit Insurance Corporation was established to protect the small depositor. The Banking Act of 1933 prohibited commercial banks from underwriting or dealing in corporate securities. Most of these measures, and others which accompanied them, were widely criticized at the time. Despite inequities, however, some of which have since been corrected, their underlying wisdom is now accepted by most.

These legislative measures were supplemented by other forces and governmental policies. Thus, the cheap money policy which characterized the depression, and which was pursued, during and for a time after the war, to help finance government spending, caused bankers to be more inventive in finding new ways to assist industry. They were forced to become more sales conscious and to change their approach to borrowers, big and small. Then again, during the lean years of the depression and during the war, banks did not need or could not secure large quotas of new employees, planning on a bank career. At the end of the war, there was urgent need for men in the junior executive ranks not only for banks but in industry generally. A scramble for able recruits became keenly competitive. Thus banks found to their chagrin that their field no longer had glamor as a career for the young college graduate and that industry was outbidding them. So bank executives belatedly turned their attention to the need for modern personnel policies to attract young men of top caliber for their important positions.

Recent Innovations in Banking Practice

I have indicated some of the forces which have worked to bring change in the banking system and some of the reactions to these forces. The far-reaching significance of the changes that have been the result can best be demonstrated by a few concrete examples of recent innovations in banking practice.

Lending always has been a prime function of banks. One might think there is little new that could be introduced in this area but that is not the case.

Until the 1930s, commercial bank loans in this country rarely exceeded three to six months. Then banks developed the so-called "term" loan in response to changing requirements of industry. Today such term loans of one to five years are commonplace, and some terms run even longer. It is not too much to say that the great postwar expansion of trade and industry would have been impossible without the term loan. It has been used to equip new facilities, to finance the purchase of machinery designed to cut costs and to carry larger inventories and receivables. Term loans do not and should not replace equity capital and long-term debt, but they do create an element of elasticity in supplying funds to business. The importance they have come to assume is revealed in their volume—approximately $8,000,000,000 in 1953, or about 30% of all bank loans to commerce and industry.

Another innovation is to be found in the petroleum industry. With the expanding use of petroleum products in the United States, and the entrance into this field of hundreds of small companies and individual drillers, a new basis for extending credit was needed. The banking system came up with an ingenious solution—the production loan. In this case, the loan is made against proven supplies of underground oil which the bank itself appraises. The security for the loans is the oil and the loan is paid off as the oil is produced and marketed. While this procedure now sounds simple and logical, 25 years ago most oil producers had to meet the same credit tests based on financial statements which would be required of a department store or a textile mill. Departure from traditional standards was only possible because banks were willing to gain thorough knowledge of the technical intricacies of the oil industry. Banks in the petroleum business today employ geologists, engineers and economists to advise them in making production loans. We are especially indebted to banks in the Southwest for pioneering in this credit development.

Finally, let me cite one more illustration of a new type of loan —this time developed to accommodate a special situation in the telephone industry. There are about 6,000 individual telephone companies in the United States. Many of them are small, ranging from a half-dozen rural telephones on up to many thousands, yet they perform essential and efficient service in many places. After World War II, these companies were confronted with a crisis. Population growth, decentralization of industry and technical change created urgent demands for expansion and modernization. Credit sources open to large companies were not at that time available to the small ones. Chase stepped into this situation and, after learning something about the business, began making loans, some amounts as little as $1,500. Part of Chase's task was to assist in developing sources for long-term funds in rather modest amounts as a method of funding such loans. This is accomplished by informing institutional investors who were in a position to purchase securities directly. Here was a case, then, where a bank was called upon to fashion a new mode of financing for an important segment of an industry. Without such financing, many independent telephone companies could not have survived, let alone maintain their growth and improve the quality of service.

It is not only through the development of new loan techniques that the banking community is keeping up with its customers' growing needs. Many large corporations transfer substantial funds from one point to another as incoming settlements to the central office from branch offices or as outgoing disbursements to cover branch expenses. Through the imaginative use of improved wire communications, means of accelerating the flow of these funds have been developed with the consequent increase of important amounts of working cash available to the companies concerned. For another illustration, let me cite an arrangement that Chase has worked out with the major scheduled airlines in the United States, Canada and Mexico. These lines share receipts resulting from passenger and freight operations between widely separated points on the North American continent. The bank functions as a centralized clearing agency for the settlement of the resulting inter-line balances by simply debiting and crediting the accounts which the lines maintain with the bank. Since the plan began in 1950, $1½ billion of inter-line bills have been processed. The annual saving to the airlines has been something like $30,000 per year.

Other cases could be mentioned where creative banking has come to the aid of customers with a special problem. Trust Departments of commercial banks, for example, have been pioneers in the development of common trusts which have proven a blessing to many small estate owners and also in the development of pension trusts, the importance of which in today's capital market is too well known to require amplification. But, rather than elaborate further, let me turn to another broad development in banking—one that in many respects is as significant as the change in credit arrangements—namely the growth of "retail banking."

Retail Banking

The term "retail banking" is used to describe certain banking services made available to the general public on a convenient and reasonable basis. These serv-

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*An address by Mr. Rockefeller before the Executives' Club, Chicago, Ill., March 11, 1955.

Common Stocks as Fire and Casualty Insurance Investments

By BARNARD FLAXMAN*

Vice-President, Hartford Fire Insurance Company

Executive of prominent fire insurance company discusses the nature and limitations of common stock investments by fire and casualty insurance companies, and explains the relations of investments to insurance company risks. Describes the factors which influence insurance companies in determining their portfolios, and indicates the wide diversification of securities held by these concerns. Concludes fire and casualty companies have a definite place for common stock investment, but warns of purchasing stocks at present high values.

If you have been looking at the annual reports of the fire and casualty industry, you have probably been so much impressed with the very large gain in policyholders' surplus that you might have overlooked the rather poor underwriting performance of the fire insurance companies. The casualty industry underwritingwise did have a reasonably good year. The large gain in policyholders' surplus was due almost exclusively to the gain in market value of common stocks, and some people might conclude that the underwriting is subordinate and secondary to portfolio management and operation.


Barnard Flaxman

I am reminded of the first analysis of Investment Trusts published by one of the national statistical and advisory services. The man writing this article compared the potentialities of investment trusts to that of insurance companies and concluded the investment trust had the advantage of not being burdened with unprofitable underwriting operations. This article was written, as I can best recall, late in 1928 or early 1929. You will recall that the market values for investment trust stocks fell completely apart and while stocks of fire and casualty companies declined very drastically, nevertheless they held up much better. Furthermore, fire and casualty underwriting turned quite profitable in that period.

In any consideration of investment policy of a fire and casualty company, we must emphasize one important point and that is that these companies are primarily in the insurance business and that the available funds must be invested in such a manner that will at all times insure the sanctity of the insurance contracts and that a relatively strong capital position must be maintained at all times, particularly in the face of adverse developments. Speaking for my own group of companies, I might say that we have taken the position that the investment operations must be subordinated to underwriting and that the risks inherent in any investment operation must be kept at a minimum and also that such risks must be related to the policyholders' surplus. Total funds cannot be exposed in two directions, and if they are exposed in any substantial way in underwriting they cannot be exposed unduly in the investment portfolio.

Furthermore, an investment policy must be so designed that the insurance company will be able to meet any heavy losses that it might be faced with at any time; that a combination of adverse developments in any and all directions must not impair the capital account and affect the capacity to stay in the insurance business. On this score it might be pointed out that in the 1929-1933 period certain companies in the fire insurance business were somewhat embarrassed, true temporarily, with the impairment of their capital accounts, necessitating transfer of some capital to surplus, and this situation was brought about largely by the demoralization of security markets rather than by poor underwriting performance.

Wide Diversification of Investment

Fire and casualty insurance companies invest their funds principally in four important categories — U. S. Government Bonds, State and Municipal Bonds, Preferred Stocks and Common Stocks. It seems to be the industry's policy to cover its total insurance liabilities with the sum total of all bonds, cash and premiums in the course of collection, but it is only in this instance that there seems to be any uniformity at all. The makeup of the bond portfolio will vary widely from a minimum in U. S. Government bonds and a maximum in municipal bonds to a maximum in U. S. Governments and a minimum in municipals. Holdings of corporate bonds are generally very small because the impact of Federal Corporation Income Taxes makes such holdings undesirable. The policy with respect to investment in preferred stocks varies widely, with certain companies having a minimum or none at all, and others having a very substantial holding. The same lack of uniformity applies to common stocks. It can, therefore, be concluded that the fire and casualty insurance companies show varying philosophies of investment policy.

A study of the relationship of premium writings to capital resources of leading insurance companies and the relationship of the common stock portfolio to capital resources or to policyholders' surplus would indicate, generally, that where a company has very ample capital funds to premium writings the common stock portfolio is relatively large, and where stockholders' resources are relatively small in relation to premium writings the common stock portfolio is likewise relatively small. There are, of course, exceptions to this.

Considerations in Common Stock Investments

In any consideration of how much one should invest in common stocks, many factors must be considered: (1) the underwriting exposure which is measured in large part, although not exclusively so, by the ratio of premium volume to capital funds. Where that ratio might seem high, a thorough knowledge of underwriting policies is important, including the spread of the business, the character of the business, the underwriting experience over a period of time, and protection afforded through excess treaties; (2) the size of the Government portfolio and its maturity arrangement; (3) the municipal bond portfolio — its quality and maturity arrangement; (4) the preferred stock portfolio—its quality; and (5) the quality and character of the common stocks.

Also (and extremely important), the holdings of common stocks must be related to the policyholders' surplus. One must

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*A paper by Mr. Flaxman 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.

From Washington Ahead of the News

By CARLISLE BARGERON

Senator William J. Fulbright of Arkansas, who as Chairman of the Senate Banking Committee has been "studying" the stock market, is one of the three self-avowed intellectuals of the Senate. Somehow, it has always seemed to me that the term "intellectual" is one that you might apply to another fellow, not something that one applied to himself.


Carlisle Bargeron

But there are three members of the Senate in these days and times who refer to themselves as intellectuals, seemingly as if that is their profession. You might ask them what is their vocation aside from being a Senator, whether lawyer, businessman, doctor or bricklayer and their reply, in effect, would be "intellectual." The other two besides Fulbright, are Douglas of Illinois, and Morse of Oregon. The attitude of these latter two is one of condescension toward their fellow Senators. They are prone to throw a Latin phrase at them in debate and not satisfied with that, they are apt to ask their fellow Senators pointedly if they know what the phrase means.

Now, most Senators have had good formal educations; to the extent they have been through college, but they have been away from the campuses during the intervening 30 or 40 years before they came to the Senate and engaged in something more productive than the reading of erudite books. They have been dealing with life in its naked form and such things as Latin phrases and what Aristotle or Plato or even Methuselah is purported to have said on a given occasion have become lost to them.

Fulbright, the youngest of the trio, being 50, is not as unpleasant in this respect as Douglas and Morse. In fact, he is fairly liked by his colleagues. But he considers himself one of the three. They are on a plane higher than the run of the mine whom a not too educated citizenry sends to the august body. All three are educators, recognized if not renowned in scholastic circles. They talk the esoteric language of the economists and scientists which has come to prevail in recent times over the builders, the bankers, the captains of industry. They are "thinkers" against the "do-ers" and different from the days when the boarding house land-lady did all the work while her husband sat in the sun "thinking," the profession of "thinking" has come to be a highly profitable and influential endeavor.

Fulbright has not attained the publicity stature of Morse and Douglas, to the extent that young reporters come daily to sit at his knee and receive lectures on how righteous he is and the wickedness of the rest of mankind. Yet he considers himself a "liberal," different and far more enlightened than the usual breed of Southern senators.

The reason for his not having attained the stature may be due to the old adage that one is never a prophet in his own home town. Though a native of Arkansas, Fulbright is looked upon as a Washington product because he came here as a young man as Secretary for an Arkansas member of Congress. He graduated from George Washington University here, subsequently worked in the Department of Justice and went on to Oxford. Thus equipped, he became President of the University of Arkansas, thence a member of Congress and finally was elected to the Senate.

Another reason, and one why he has not been completely embraced by "liberals" Douglas and Morse, is that being erudite as he is, he has had enough sense not to sound off about anti-segregation, and in the matter of the Dixon-Yates contract, an issue of "liberalism" versus "greedy selfish interests," he was very much for the contract and the "greedy selfish interests" for the "greedy selfish interests" under the contract will build a $100 million plant in his state.

But as sort of a balance against these digressions from the intellectual and "liberal" ranks, the holier than thou-ers as distinguished from the uncouth practitioners of practical politics, he has been frequently lifting his indignant voice against what he considers the "wave of anti-intellectualism" that is developing in the country, meaning, the treatment of Dr. Oppenheimer, "McCarthyism," the alleged witch-hunt against security risks and such.

Likely his "study" of the stock market is in this same vein.

Joins Walston Staff

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — Lewis R. Thompson is now associated with Walston & Co., 621 Southwest Morrison Street. He was previously with Merrill Lynch, Pierce, Fenner & Beane.

With Gallagher-Roach

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Lawrence R. Smith has become associated with Gallagher-Roach and Company, Lincoln-LeVeque Tower.

Market Setback Seen Providing Year's Best Buying Opportunity

By BRADBURY K. THURLOW

Partner, Talmage & Co.
Member, New York Stock Exchange

Stock market analyst decries trend of the Fulbright investigation, and asserts the question whether stocks are high or not is not safely answered merely by hindsight. Holds if the Fulbright Committee had not raised spectres from the past, the market might have continued its course undisturbed, but points out the recent unsettlement may prove the best buying opportunity in 1955.

The widely publicized Fulbright Investigation, at first described as a "friendly study" of stock market conditions, went somewhat beyond its avowed purpose earlier this month as so-called experts, instead of confining their testimony to facts, began using the hearings as a platform for promulgating their own economic beliefs and theories. Most of the early witnesses expressed the opinion that stock prices were abnormally high; many suggested curbing speculation by higher margin requirements; and at one point, it was suggested that capital gains should be taxed as ordinary income. Last Wednesday it was even proposed that General Motors should reduce the price of its automobiles so that the farmer could buy more of them.

B. K. Thurlow

No Senator or witness so much as hinted that the speculative excesses, if there are such, may lie outside the securities markets in areas like housing, where a new house may be bought for a 10% or even smaller down payment; or merchandise, where everything from automobiles and television sets to cooking utensils is being sold to impecunious buyers on the installment plan.

It is unfortunate that what was supposed to be a factual discussion so quickly degenerated to politics. It is, on the other hand, lucky indeed that in Secretary Humphrey, the committee heard testimony from one witness who was both competent to express an opinion and free to do so without fear of political reprisal.

The question of whether stocks are high or not is, in our opinion, safely answered only by hindsight. From 1926 to 1929 we know stocks were high, but many have forgotten that the market "looked" higher to most observers in 1926 than it ever had in the past. Yet stock prices doubled again in the following three years. We also know that from 1931 virtually until 1953, stocks were low—largely as a result of a constant barrage of propaganda being levelled against the whole capitalistic system by the politicians then in power. With the memory of this long period of persecution still fresh in people's minds, it seems naive that the Senator from Arkansas should show surprise that his hearings caused unsettlement in the stock market.

The hearings have given little cognizance to the great differences which exist between investment and speculation and have implied that sharp price rises must invariably be speculative in character. They have, to date, failed completely to show that the enormous price increase in "blue chips" during the past five years began when investors lacked the confidence to invest in any but the largest companies, and accelerated because as new funds sought investment in these same issues, earlier investors were deterred by capital gains tax considerations from seeking a better return elsewhere. One might also observe that under our present tax system, a large company may finance its expansion via long term debt at a cost of 3¼% while during the past decade, equity financing would have cost the same company an average of more than 10% (because the stock was expected to pay 5% after taxes). Under these conditions, there is little incentive for leading corporations to issue new stock. The government has made it greatly to their advantage to go into debt.

Another factor which has contributed to the sharp price rise of the past year and a half is the ability shown by "cyclical" companies (notably the steels) to maintain high earning power, notwithstanding a 40% decline in gross volume. In the early 1950s, $10 of earnings in a steel stock would be worth about $50 in the market. Today the same $10 seems to be worth about $75. The improvement has been rapid but can hardly be called speculative.

It seems to us that if the committee had observed some of these factors instead of raising spectres from the past, the market might have continued on its course undisturbed. As it is, the hearings have been carried on the front pages of all our newspapers. Uninformed investors have been frightened by much of the testimony, and, unable to see things in perspective, sold stocks which in many instances may have been substantially undervalued. If a private individual had been able to command the news spotlight in such a performance as this, he might have found himself in serious trouble by now.

We have thought since the beginning of this year that if the market reacted a sufficient amount to cool off irresponsible and uninformed speculation, the investment basis of the past year's rise would be considerably strengthened. In our opinion, this recent reaction, brief as it has been, has accomplished just that. Last week's selling climaxes saw odd lot sales running 50% over odd lot purchases — presumptive evidence that the selling was being done by the man in the street rather than the informed investor.

From here on we see on the horizon the threat of war in Formosa, which, in our opinion, will surely put most stocks higher rather than lower. Immediately ahead of us are some of the best first quarter reports to be published in years, particularly in the automotive, copper, and steel industries. Even a protracted General Motors strike should have no more than a mildly depressing effect on the present high-powered economy.

The giving of investment advice is a full time business in which the quality of the opinions can be judged only by results. We have made enough mistakes in the past not to be dogmatic about the level of stock prices and are highly suspicious of the opinions of others who may think they are more qualified to do so. On the basis of the record, the fact that some of our leading economists express fear over stock prices is one of the best reasons for remaining optimistic. The newspaper accounts do not point out that in many instances (a) the witnesses were selected for their experience in fields quite unrelated to the problem of investing individuals' money for profit and (b) a number of the leading economic pessimists whose ideas have been publicized recently have been expressing the same opinions for ten years and more.

In drawing conclusions of any sort from newspaper headlines, one cannot be too careful in separating the wheat from the chaff. In my opinion, the recent unsettlement may, in retrospect, prove to be the best buying opportunity of 1955. It has already cleared the air of a good deal of unhealthy confusion.

E. A. Halsey Opens

ALBANY, N. Y.—Elmer A. Halsey is engaging in the securities business from offices at 18 Woollard Avenue.

J. Rene Marandon Opens

BROOKLYN, N. Y. — J. Rene Marandon has opened offices at 682 Ocean Avenue to conduct a securities business.

First Boston Elects Linsley & Pattberg

The board of directors of The First Boston Corporation, 100 Broadway, New York City, has announced the election of Duncan

Duncan R. Linsley Emil J. Pattberg, Jr.

R. Linsley to the newly created post of Vice-Chairman. The directors also elected Emil J. Pattberg, Jr. as Chairman of the Executive Committee.

Mr. Linsley has been associated with The First Boston Corporation since 1934 and prior to that with the Chase Harris Forbes organization since 1922. He became a Director and Vice-President of the corporation in 1934 and has served as Chairman of the Executive Committee since 1951.

Mr. Pattberg has been with the corporation since 1929. He was elected a Vice-President in 1945, a Director in 1951 and became a member of the Executive Committee in 1953.

Sinclair Acquires American Republics

It is announced that the Sinclair Oil Corp., through its subsidiary, Sinclair Oil & Gas Co., has acquired the assets formerly owned by American Republics Corp.

This transaction was arranged by Lehman Brothers, New York.

Joins Perry T. Blaine

(Special to THE FINANCIAL CHRONICLE)

ASHTABULA, Ohio—Russell T. Pilkington, Jr. has become affiliated with Perry T. Blaine & Co., 4519 Main Avenue.

THE MARKET . . . AND YOU

By WALLACE STREETE

Backing and filling took over the stock market this week with some of the sessions definitely in a rut on the lowest volume since the spirited post-election runup started nearly five months ago. It ended, at least temporarily, the wilder gyrations started by a boost in margins in January and culminating early this month as the Senate study of the marketplace got under way.

* * *

For nourishment, the traders turned to corporate reports, the annual meetings now starting to pile up, and the old standby of likely mergers. What spirited actions there were came under these influences.

* * *

Electronics Stars

In the electronics section, Zenith Radio and Stromberg Carlson were the star performers, immediately leading to some interesting but ill-founded expectations that bumped into a flat denial from Stromberg officials that there was any merger underway with anyone.

* * *

Combustion Engineering moved into the limelight on the defense implications of its work and rolled up some wide gains which, again, led to some rather vague linking with other issues that were also doing better than the market. These included General Dynamics, Bath Iron, Foster Wheeler and Babcock & Wilcox. There were some indications in all cases that part of the popularity stemmed from switches from the prime aircrafts to this somewhat different field.

* * *

Nevertheless, the aircrafts didn't fare too poorly. Without too much selling around, they weren't called on to be the prime targets and what easiness they did experience was followed by good ability to snap back, even though there wasn't any great overall progress. Except for General Dynamics, which probably derives far more speculative interest from its work in the atomic propulsion field than from its Convair plane-making operation, the better acting number of the plane group was United Aircraft with occasional assistance from Boeing.

* * *

See-Sawing Steels

Steels went through much the same see-sawing experience, and the net results were approximately the same — a consolidating pause. Bethlehem continues to be the wider moving member of the ferrous family with the capacity of swinging over multi-point arcs while most of the others in the division were content with moderate movements.

* * *

Chemical and drug shares presented little encouraging and it didn't help the overall tone when Schering tumbled a bit on a government action to unlock its hold on some patents of several years ago. DuPont wasn't overly bouyant and, if anything, showed a disposition to sell down harder than to rebound. Allied Chemical dawdled for the most. One of the better-acting in the drug section was the low-priced Rexall Drug that occasionally has a whirl, and was able this week to carve out a good gain with a ranking of third most active for the day.

* * *

As a matter of fact, in the doldrums of this week the low-priced issues were given a fairly spirited speculative whirl with such items as Servel, Howe Sound, Continental Diamond Fibre, Oliver Co. and Zonite Products emerging on at least high activity.

* * *

Copper Helped by Price Outlook

Rumors of even higher prices for the red metal served to keep the copper issues popular and they were in the forefront of the better advances despite the dull markets. There was little to choose among the issues, with Kennecott, Anaconda, Magma, Inspiration and Chile Copper all turning in good performances. Some of the other assorted non-ferrous metal issues were also able to build up something of a following, but International Silver seems to have run out of steam after recent demand, and the gold issues continued their pedestrian ways, which has been the case for some time now.

Cement shares also seemed to have discounted the immediate bright prospects and there was little noteworthy in their trading performances. In fact, they were more inclined to flutter downhill than to share in exhuberance when it was rampant elsewhere.

* * *

Automotive and rubber issues were largely marking time with an eye trained on the wage negotiations getting off to a slow start. Even some rather optimistic estimates of Chrysler's earnings potential for this year failed to stir up the issue much, largely because it is generally anticipated that the early months will be the best, sales-wise, and that all bets could be upset by any drawn-out strikes.

* * *

Oil interest turned from the better-known names and much of the fanfare in individual issues was traceable directly to good earnings reports. Deep Rock Oil was the erratic member of the section this week and went through some rather wide gyrations on both sides of the line even within a single trading session. Amerada, which still is the top favorite of the investment companies despite unimpressive action in the latest phase of the bull market, favored the easy side more times than not.

* * *

Rails were far from distinguished except for an occasional outburst including a rather steep runup in Seaboard Air Line this week. Rock Island tended to dip rather easily while Pennsylvania and Central continued active among the Eastern roads. A measure of the neglect in the carrier section was the fact that Pennsylvania was the only rail able to make the most active list for a couple of sessions running.

* * *

The Bluest Blue Chips

The high-priced issues turned in as irregular a pattern as most of the major groups. Superior Oil was back over the $1,000 line in this week's trading, making it the highest-priced issue currently. U. S. Gypsum was about as active as any of the issues selling at $200 or more but there was little of conviction in its meandering one way or the other.

* * *

The blue chip section had enough backward members to keep the pattern irregular, Procter & Gamble and Eastman Kodak selling down rather persistently. Wrigley was also something of a casualty occasionally.

* * *

Technically there was little of significance in the overall performance. Despite a rather widely held opinion that the lows for the correction have yet to be seen, the list continues to dawdle well above the January bottoms without showing any serious intent of heeding the majority opinion. A rather pronounced pickup in daily new lows is a misleading situation; most of the reporting services switched this week to a 1955 basis against the 1954-55 standard used so far this year.

[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.]

Gulf Securities Opens

HOUSTON, Tex.—Gulf Securities Co. has been formed with offices at 3104 South Main Street to engage in a securities business. Ralph D. Block is a principal of the firm.

Draper, Sears Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Robt. P. Dalton has been added to the staff of Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

With Lloyd D. Fernald

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mass.—Howard S. Neff is now affiliated with Lloyd D. Fernald & Co., Inc., 1387 Main Street, members of the Boston Stock Exchange.

Louis Ambrose Opens

JAMAICA, N. Y.—Louis Ambrose is engaging in a securities business from offices at 176-17 Ninety-third Avenue.

W. Wilson Lewis Now With Blyth & Co.

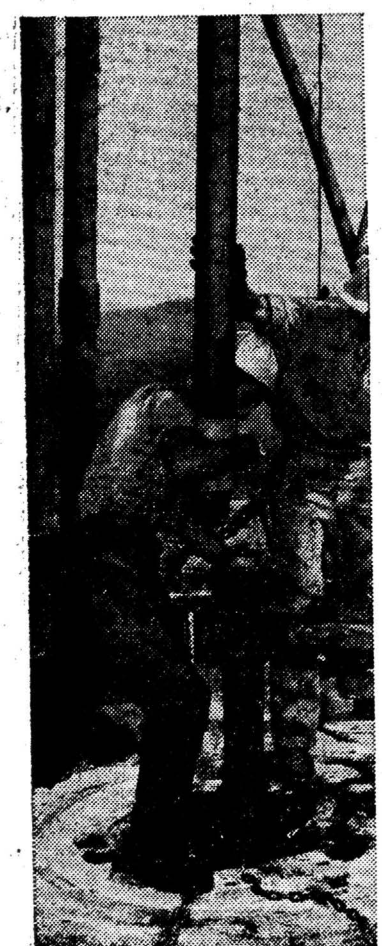
PORTLAND, Ore.—W. Wilson Lewis has become associated with Blyth & Co., Inc., Pacific Building. Mr. Lewis was formerly manager of the municipal bond department of the local office of Foster & Marshall.

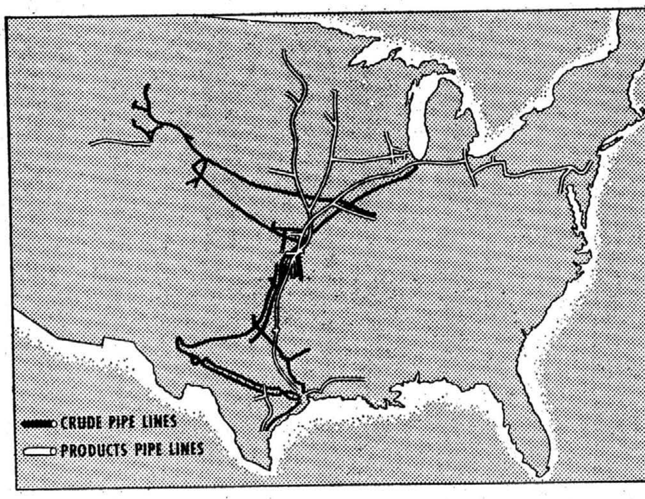
E. A. Glick Secs.

E. A. Glick Securities Corporation is engaging in a securities business from offices at 445 Park Avenue, New York City.

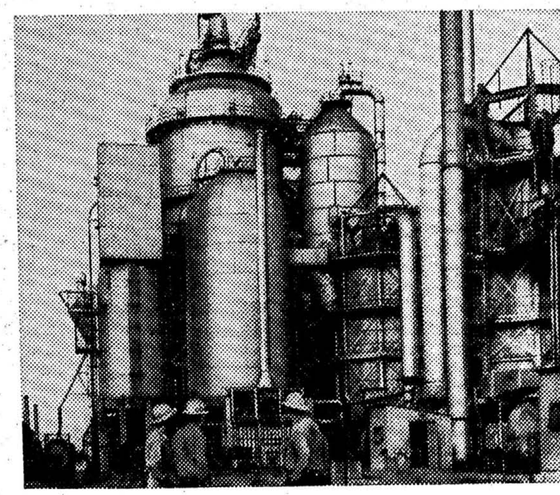
The SINCLAIR *Story for* 1954

Production of liquid hydrocarbons reached a new high of 128,516 barrels daily. Arrangements were made to buy assets of American Republics Corp. (include valuable producing and undeveloped properties).

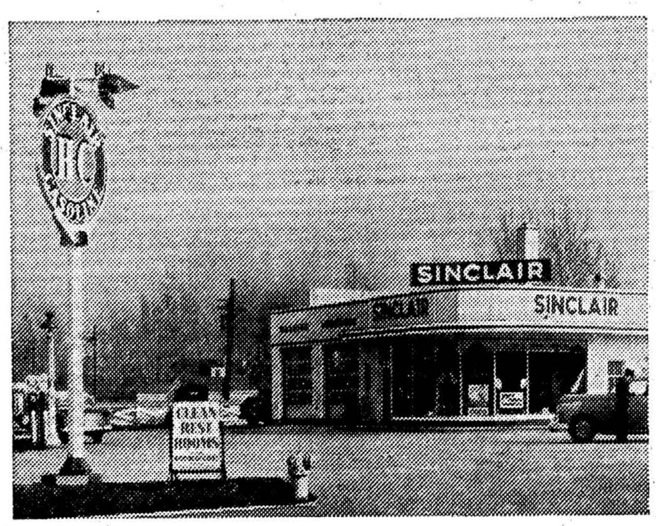




New highs were established in the volume of crude oil and refined products transported by pipe line—an increase of about 14% over 1953. Map shows crude and products systems—wholly or partly owned.



Plant additions and operations generally were directed toward upgrading product yield and improving quality. New facilities improved substantially the power of Sinclair gasolines.

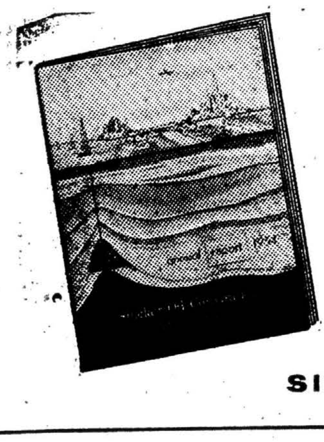


The Company's consolidated gross operating income passed, for the first time, the billion dollar mark, amounting to $1,021,461,419 or an increase of 9.2 per cent over 1953—a result of "balanced progress."

STATEMENT OF CONSOLIDATED INCOME

	1954	1953
Gross Operating Income	$1,021,461,419	$935,465,453
Costs and Expenses	914,362,559	841,743,548
Operating Income	$ 107,098,860	$ 93,721,905
Other Income	6,953,825	7,010,285
Other Deductions	10,679,429	10,671,184
	$ 103,373,256	$ 90,061,006
Provision for U. S.		
Federal Taxes on Income	28,750,000	22,000,000
Net Income	$ 74,623,256	$ 68,061,006
Net Income per share	$6.04	$5.53

Net income increased about 10 per cent compared with 1953—excluding a profit of $16,957,089 derived from the sale of Sinclair's stock interest in Pioneer Natural Gas Company.



Details of the Company's financial condition and the operations of subsidiaries are included in the 1954 Annual Report. Copies are available upon request.

SINCLAIR

A Great Name in Oil

SINCLAIR OIL CORPORATION • 600 FIFTH AVENUE • NEW YORK 20, N. Y.

A Boom in Housing as Well as the Stock Market

By MARRINER S. ECCLES*
Chairman of the Board, First Security Corporation, Salt Lake City, Utah
Former Chairman, Federal Reserve System

Mr. Eccles, though asserting we have today the paradoxical situation of a boom stock market and an excessive construction activity, sees no inflationary developments and advises against tightening of credit. Urges more restrictive appraisals of FHA and GI loans with a down payment of 5% and a mortgage maturity limit of 25 years. Favors increasing margin requirements to at least 75%.

Because of my long experience with the Federal Reserve Board and my present varied activities in private financial and business affairs I have continued my interest in the relationship of monetary credit and fiscal matters to the economy as a whole. In this connection I recognize that the behavior of the stock market may have an important influence on the trend of economic developments and vice versa. My intention in this statement is to present only the briefest summary of the economic situation as I see it and some suggestions on dealing with the problems.

Marriner S. Eccles

I think is is agreed that the objective of our government is to bring about and maintain maximum production and employment on the basis of economic stability. And there is increasing evidence that the booms and depressions of the past need not occur under peacetime conditions. By now the government should have learned by hard experience to use intelligently the tools of monetary and fiscal policy in a compensatory manner so as to avoid the excesses of these evils. While the business cycle cannot be abolished entirely, the control of cyclical fluctuations is much better understood.

We have today the paradoxical situation of a booming stock market and an excessive construction activity, especially in the field of housing, and an automobile production at the rate of 8 million cars a year which cannot be maintained. While in the economy as a whole I see no inflationary developments; on the contrary, the cost of living as shown by the consumer price index is slightly less than a year ago. The wholesale price of all commodities is likewise practically unchanged. There are also more than three million unemployed, and unused capacity in almost every field of production. Furthermore, the index of industrial production at 132 in February, 1955 is 5 points below the high of 1953. It is estimated the national product for 1955 will approximate that of 1953, whereas with the increased labor forces and increased productive facilities, as well as productivity, the national product should exceed that of 1953 by $15 to $20 billion without creating inflationary conditions.

I believe, under conditions referred to, it would be a serious mistake for the Federal Reserve to adopt a further restrictive monetary and credit policy. Likewise, I do not feel at this time that the Treasury in its debt management program should refund its maturing debt largely held by commercial banks into long-term securities. This action has the effect of being deflationary by reducing the money supply as these bonds are largely purchased by the savings and investment market.

At the same time, however, I recognize there are elements of real danger to the economy from overbuilding of homes made possible by excessive easy mortgage terms; as well as the rising stock prices supported by brokers' loans and bank loans on securities.

Very briefly, the outline of a program I would suggest under present conditions and some of the reasons therefor, are as follows:

Housing

Program:

(1) More restrictive appraisals in the case of all FHA and GI loans.

(2) Require not less than 5% down payment, increasing this amount if necessary, and not more than a 25-year maturity on all GI and FHA loans. If this cannot be done by regulation, the needed legislation should be promptly enacted.

(3) The elimination of the open-end mortgage on the FHA and GI loans.

Reasons:

(1) Housing starts in 1954 were 1,200,000. Estimated starts for 1955 are 1,300,000 - 1,400,000 — this is practically double the estimated family formation.

(2) Home mortgage debt incurred in 1954 was $9,300,000,000.

(3) Growth of mortgage debt exceeding available investment funds, therefore increasing amounts are financed directly or indirectly by commercial banks. This is unsound under present conditions.

The basic danger of the present housing boom is that while it is the greatest support to the economy it is largely sustained by a rapid growth of debt of the middle and low income group. I believe a point of saturation is fast approaching with serious economic consequences to the whole economy.

Stock Market

Program:

(1) Federal Reserve should promptly increase the margin requirements on loans on securities made by banks and brokers to at least 75%.

(2) If the value of stocks continues to rise, the margin requirements should ultimately be increased to 100%. As a matter of fact, they should never have been reduced in February, 1953 when a restrictive monetary and debt management policy was being pursued by the Federal Reserve and the Treasury. It looks as though the stock market was being favored.

(3) Congress should consider passing legislation to increase the holding period from six months to one year, and replace the 25% capital gains tax by a tax starting at 20% after two years and graduated downwards according to the length of holding until a tax-free status is ultimately reached.

(4) Consideration should also be given to legislation dealing with the over-the-counter market which is now entirely unregulated and could no doubt be improved in the public interest.

Reasons:

(1) The reduction in or elimination of the use of credit for the purpose of buying stock greatly reduces speculation. It would deter but little, if any, the real investors.

(2) The rapid increase in the price of stocks generally during the past year, supported by a growth in brokers' loans of more than $800,000,000 indicates the need for further control of stock market credit.

(3) There cannot be a perpetual bull market, and to the extent that excesses are permitted to develop unchecked, just so much more painful the decline will be, with adverse effects on the economy in general.

(4) As to the suggested change in the capital gains tax law, the real investor need not be disturbed by increasing the holding period, but would be encouraged by the reduction and eventual elimination of the tax. Only the speculator would be deterred by the measure. Nor do I believe the government would lose much, if any, revenue by such a change in the tax law, and it would assure the availability of the most desirable securities at realistic prices.

Anti-Deflation Offsets

The housing program referred to and possibly the restricted credit on stocks would be deflationary in effect and must be compensated for by other programs. The most important of these should be a large and extensive highway development long overdue. One has already been proposed. This program should ultimately be paid for largely by those using the highways through toll roads where financially feasible, increased

*Statement by Mr. Eccles before the Senate Banking and Currency Committee, Washington, D. C., March 10, 1955.

gasoline taxes and increased charges on all commerical vehicles. Some reduction in taxes would bring relief to the great mass of consumers, would produce an increased purchasing power and would tend to lessen the need for consumer and mortgage credit.

The proposed $20 tax cut has been criticized as a political move. As to the justification of this accusation I do not wish to pass judgment. But as an intelligent step under present conditions designed to create more buying power to help absorb the surplus goods and labor, I believe it is economically sound. The temporary loss in revenue will be more than made up when the economy has taken up the present slack. A Government cash deficit is dangerous only when it is inflationary in effect. A balanced budget can be brought about only under conditions of maximum employment and production. As the national product increases, tax revenues will also increase and the cash deficit disappear.

I would favor such a tax reduction, however, only on condition the housing mortgage terms were restricted as suggested and further credit curbs applied to the stock market. If there is objection to such a tax reduction or the proposed substitute of $100 increase in individual tax exemptions, on budgetary grounds, then, rather than not pass such a tax it would be economically sounder to close up some of the tax loopholes and repeal the dividend credit to make up for any resulting loss in revenue.

In closing I should like to point out that as a result of the population growth and the technological development that is taking place, we will have to increase our total production by 3% to 4% a year if employment is to be maintained. This will require a similar growth in our money supply as well as its use. The responsibility of bringing about this condition in a functional manner largely depends upon the monetary and credit policy of the Federal Reserve and the debt management and taxation program of the Treasury.

Duncan Gray V.-P. Of B. J. Van Ingen

Duncan C. Gray has been elected a Vice-President of B. J. Van Ingen & Co. Inc., 57 William Street, New York City, it has been announced. Mr. Gray has been associated with the municipal bond firm since 1934, and was named an assistant Vice-President in 1952.


Duncan C. Gray

As a member of the organization's Syndicate Department, he has specialized in public revenue bonds. B. J. Van Ingen & Co. Inc. has been identified with the management of $1 billion of turnpike revenue bonds, about one-third of the entire volume of such issues since the first one, the Pennsylvania Turnpike issue, which it originated in 1938.

Mr. Gray is a member of the Municipal Bond Club of New York and a former secretary of the Municipal Forum of New York.

A Broker's View of The Stock Market Level

By WINTHROP H. SMITH*
Managing Partner
Merrill Lynch, Pierce, Fenner & Beane
Members New York Stock Exchange

In stressing the public's need for more facts and information about the financial business, prominent brokerage house executive gives views on the rise of stock market values. Lists economic factors contributing toward the rise, chief among which is confidence in our future growth and the stability of the economy.

While our open and public stock exchanges are a vital cog in our American way of life, I'm afraid many of our citizens completely misunderstand the functions of Wall Street. Many people still think the Exchanges set security prices. Others believe a broker gains only when a customer loses.


Winthrop H. Smith

Because the Committe will have the attention of the public, I again repeat it can perform a valuable service to our people—they need more facts and information about the financial business.

Why Did the Stock Market Rise?

One of the purposes of this Committee is to determine why the stock market has risen rather sharply in recent months. The Committee now has on file a long answer prepared by our Research Division. That answer contains about 40 pages of text and charts.

In addition, I have the following general comments to offer:

In examining the factors which have had a bearing on the recent rise in stock prices, I think it is helpful to look back to the end of the war and see what has happened to business and the securities market since that time.

You will recall that during the war years military demand resulted in an unprecedented sales volume for most manufacturing corporations, although price controls and excess profits taxes tended to keep profits down. At the end of the war most businessmen were optimistic regarding the prospect for a good volume of business. This was particularly true among manufacturers of durable consumers goods where it was obvious that a tremendous backlog of demand had accumulated. The feeling was not unanimous, however, that a substantial volume of business would continue for an extended period of time. This feeling was particularly strong among the manufacturers of heavy equipment, steel and other material which had played such an important role in the war effort. Many steel manufacturers frankly doubted they would continue to operate at 90 or 100% of capacity even with the prospect for large automobile and durable consumers goods output.

Furthermore, many businessmen remembered the pattern of business following the first World War and wondered if history would repeat itself. Montgomery Ward was not the only corporation to make its future business plans on a conservative basis. This mixed thinking on the part of businessmen was naturally reflected in the stock market and we saw a fairly good rise in stock prices into the middle of 1946, a fairly sharp sell-off in the late summer and then about three years of relatively narrow price movements as investors weighed the pros and cons of the desirability of investing in common stocks.

As things have turned out, a commitment in well-selected stocks at almost any time in that period would have proved to be a well-timed investment. Corporate profits which in 1939 had been only $5 billion after taxes, amounted to $13.4 billion after taxes in 1946 and advanced to $20.3 billion in 1948. A peak in corporate profits was reached in 1950 at $22.1 billion and profits on an annual basis have ranged between $17 and $20 billion since that time.

Dividend payments which had been only $3.8 billion in 1939 were $5.8 billion in 1946 and have increased almost steadily since that time to the present rate of about $9.8 billion annually.

I cite these figures because most analysts agree that corporate profits and dividends are the most important influences on stock prices.

It might well be asked why stock prices did not advance sooner than they did and I think the answer to that is the matter of confidence. Unless an investor has confidence in the future, he will hesitate about buying a stock even though its current earnings and dividends are good.

We at Merrill Lynch have confidence in the future of America and over the years have been doing everything we can to encourage a wider participation in the ownership of common stocks. It seems natural to us that the growth in our economy and the increased resilience and more stable nature of the economy should be reflected in common stock prices.

It is interesting to observe that the so-called blue chip stocks were the ones which led the advance in stock prices. This was due in part to a gradual change on the part of institutional investors who began to increase their purchases of common stocks in order to increase their income.

For example, in New York State, life insurance companies were permitted by law to buy common stocks commencing March 31, 1951. On April 15, 1952, savings banks in New York State were permitted to buy common stocks. Last year an estimated $2 billion was invested by pension funds of which some $400 million was in common stocks.

Corporate trustees and managers of college endowment funds have placed an increasing percentage of their investments in common stocks. Harvard University, for example, now has 55% of its portfolio in common stocks whereas in 1946 the figure was only 41% and in 1937 it was 31%. This confidence in the stock market on the part of institutional investors was bound to be reflected sooner later by individuals.

We believe that individuals as well as institutional investors should investigate before they invest, and if they do so we believe that sound investment opportunities are still available. We abhor the fact that some stocks are purchased on tips and rumors and even though some of these tips or rumors may materialize, we feel very strongly that the individual is better off if he ignores them. My firm is on record as being opposed to speculation in so-called penny stocks.

It might be noted that the rise in stock prices between the 1949 low and the January 1953 high was almost as great as the extent of advance from September 1953 to date. We have noted in our answer that there appears to have been a reawakening of confidence and as I have mentioned before, confidence is that all important factor which moves a person who has money to invest to take action if he believes that sound values are available. . . . Whereas, the same person with money but no confidence might not invest.

I would also like to note that the economy was in a strong uptrend in the fall of 1952, with the Federal Reserve Board's index of production rising sharply. Credit strings which had been tightened in 1951 were untied in the spring of 1952 as many areas of the economy became adjusted to the sharp changes in demand following the early 1951 rise in prices. The end of the Korean War and new anti-inflationary steps taken by the Administration raised fears in the minds of investors as to a possible change in the economic climate and the decline in the market in 1953 through the spring of 1954 can probably be traced to those causes. Confidence, however, in the basic values available in equities and the ability of the economy to continue its long-term growth was not greatly impaired.

This confidence in our future growth and in the stability of the economy seems to have increased. The consumer intention surveys sponsored by the Federal Reserve Board give impressive evidence of public confidence while the 1954 year-end statements of corporate executives were even more optimistic than usual.

Reports and releases from government sources also stress the strength of our economy. For example, the publication of the Joint Committee on the Economic Report "Potential Economic Growth of the United States During the Next Decade," which was dated Oct. 27, 1954, certainly exuded confidence when it stated that the economic growth of the United States during the past half century has been phenomenal and there is every reason to believe that economic growth should continue at a rapid rate.

This report also stated that the total national output in 1965 should reach $535 billion, an increase of 50% from present rates and that the rate of growth can be expected to take place, largely automatically, through the workings of our strengthened and expanded free private enterprise system.

In other words, there appears to be a greater feeling of confidence at this time than there has been for a long time.

I would be surprised if the members of this committee would not acknolwedge that they feel more secure about the strength of our economy and its ability to ward off recurrent recessions than they were in the immediate postwar years.

Sudden rises and sudden falls are not unusual in the stock market but we believe that an investor should know what he is doing and that a speculator should be financially able to assume a risk if that is what he wants to do.

So far I have tried to cover some of the background factors concerning the rise in equity prices. I shall now try to amplify some of the statements we made in connection with the committee's questionnaire concerning specifically the factors causing the market to rise beginning in the fall of 1953.

It is quite true that on the basis of accepted measures of value, stocks were attractive in the fall of 1953 when the 30 stocks which make up the Dow-Jones Industrial Averages were selling at 9.3 times earnings and provided a yield of 6.14%. It is true that the current price earnings ratio and yield is less attractive.

However, such an approach to the valuation of common stocks is obviously over-simplified. I cannot discuss all the factors that go into the valuation of a security, but it must be remembered that security prices are continuously reflecting the past, present and the future as it appears to many different investors and all at the same time. The reasons for buying and selling are compounded out of many factors selected by different people in varying amounts from each of these time segments.

Many stocks of well run companies are still obtainable at yields of 5% or somewhat better and many stocks are still available at a price earnings ratio of 10 times or less.

It should also be noted that markets in many European countries began to move up even before our market did in 1953. The reason for this we believe, was that no important war was in progress at any place in the world and we believe that peaceful conditions and the prospects for continued peace had a favorable effect on foreign security markets.

The fact that excess profits

*From a statement by Mr. Smith before the U. S. Senate Committee on Banking and Currency, Washington, D. C., March 9, 1955.

taxes were allowed to expire in 1954 while at the same time a 10% cut in personal income tax was permitted, was another favorable factor. Excess profits taxes were particularly burdensome to some companies in the post-Korea period as our study of EPT at that time shows.

The ability of the Federal Reserve Board to provide easy money when necessary and to restrict credit when necessary seems to be another factor which has given the investor added confidence in an ability to prevent severe recessions. The mild relief from double taxation of dividends in the 1954 Law also had a bearing on the rise in prices.

A great many of our accounts tell us that they might sell but for the fact that they would have to pay such a large capital gains tax. This has tended to accentuate the rise, since it has diminished the supply of stock that otherwise would be available.

There also seems to have been a belated recognition of the ultra conservative nature of reported earnings of many companies. For example, U. S. Steel charge-offs for depreciation and related items actually exceeded reported net income in some recent years.

In addition to the confidence the investor seems to place in the ability of the Federal Reserve Board to stabilize our economy through its monetary policies, there also seems to be a feeling (whether correct or not only time will tell) that the government through large quickly-activated public works programs might arrest a decline in business. Obviously there are tremendous needs for highways, schools, slum clearance and so forth.

All of the factors which I have thus far cited, plus the growth in our population, our continually rising standard of living, and the development of entirely new industries such as those based upon nuclear fission and electronics, makes it seem not too surprising that security prices have advanced.

J. O. Jordan Joins J. Barth & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, Cal.—James O. Jordan, III, has become associated with J. Barth & Co., 404 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Jordan was formerly with Hill Richards & Co.

W. George Potts With A. C. Allyn & Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—W. George Potts has become associated with A. C. Allyn & Co., 122 South La Salle Street. Mr. Potts was formerly co-Manager of the Caracas, Venezuela office of Fahnestock & Co.

Two With San Jose Inv.

(Special to The Financial Chronicle)

SAN JOSE, Calif. — Charles A. La Franboise and Richard C. Tripp have become associated with San Jose Investment Co., Inc., 476 Park Avenue. Mr. La Franboise was formerly with Walston & Co. Mr. Tripp was Saratoga, California, representative for Paul C. Rudolph & Company.

E. F. Hutton Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Joseph C. Wilson III has been added to the staff of E. F. Hutton & Company, 623 South Spring Street.

Gluckman Opens Office

Emanuel M. Glucksman is conducting a securities business from offices at 222 East 46th Street, New York City.

Joins Bache & Co.

(Special to The Financial Chronicle)

DETROIT, Mich. — James G. Sparks is now with Bache & Co., Penobscot Building.

With Smith, Hague, Noble

(Special to The Financial Chronicle)

DETROIT, Mich. — James A. Hague has been added to the staff of Smith, Hague, Noble & Co., Penobscot Building, members of the New York and Detroit Stock Exchanges.

With Hamilton Managem't

(Special to The Financial Chronicle)

DENVER, Colo. — Robert R. Snook is now connected with Hamilton Management Corporation, 445 Grant Street.

First Boston Adds

(Special to The Financial Chronicle)

CHICAGO, Ill. — Robert G. Keeley has become affiliated with The First Boston Corporation, 231 South La Salle Street.

Joins Hornblower Weeks

(Special to The Financial Chronicle)

CHICAGO, Ill.—Robert F. Barbey has been added to the staff of Hornblower & Weeks, 134 South La Salle Street.

Stone & Youngberg Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Barry M. Newman has been added to the staff of Stone & Youngberg, Russ Building, members of the San Francisco Stock Exchange.

R. Wells Stout Forms Co.

WELLSVILLE, N. Y.—R. Wells Stout is conducting a securities business from offices at 40 West State Street under the firm name of The R. Wells Stout Company.

Forms Milton Sole Co.

BROOKLYN, N. Y. — Milton Sole is engaging in a securities business from offices at 427 Flatbush Avenue Extension under the firm name of Milton Sole Company.

Will the British Bank Rate Check Inflation?

By PAUL EINZIG

Commenting on the effects of the increase in the Bank of England discount rate, Dr. Einzig holds the success of the move as an inflationary check is not very encouraging. Says root of the trouble is not that British prices are too high in international competition, but that domestic consumption requires unduly large imports. Finds increase in bank rate has not reduced demands for higher wages.

Dr. Paul Einzig

LONDON, Eng. — The increase of the Bank rate to 4½% has produced its immediate effect on sterling. There was a slight improvement in the official rate, and unofficial rates also improved, though this was due to some extent to official intervention in the market for transferable sterling. The influx of short-term funds seeking to benefit by the high interest rates has checked the outflow of gold. But increase of London's foreign short-term indebtedness represents the other side of the picture.

Another short-run effect produced by the Bank rate has been the liquidation of commodity stocks. It is as yet premature to form an opinion about the extent of this result. There has been a decline in some prices, but it is impossible to ascertain to what extent this can be attributed to the Bank rate.

The question is, to what extent the high interest rates tend to check and reverse the inflationary expansion of demand. It is bound to take some months before the effect in this sphere becomes evident. But first impressions are not very encouraging. The success of Mr. Butler's action depends on the extent to which it will lead to a curtailment of excessive imports. The February figures, which have just been issued, show an increase of exports by 13% compared with February, 1954, while imports increased by 23%. Evidently, the root of the trouble is not that British prices are too high in international competition, but that domestic consumption requires unduly large imports of food, raw materials and manufactures.

There is no evidence of any slackening of activity in retail business. In spite of the psychological and material effect of the increase of the Bank rate, consumer demand continues unabated, as far as it is possible to judge by outward appearances. Nor have the very mild restrictions imposed on instalment selling produced any visible effect.

Above all, the increase of the Bank rate seems to have failed to affect the wave of wages demands. Pressure on employers continues, and a large increase to engineering workers, involving some £80 million per annum, has just been granted. Coal miners, too, are about to receive a substantial increase. As soon as their wages claim is settled, a substantial increase in the price of coal will be announced. This will cause, in turn, a further increase in industrial costs, transport costs, and in the cost of living, leading to further wages demands. The vicious spiral is expected to continue unchecked.

There is some talk about the possibility of yet another increase in the Bank rate, this time to 5½%. Those in favor have a fanatical belief in the all-curing effect of high interest rates. What they seem to ignore is that amidst conditions of full employment a high Bank rate can only produce a limited effect. Of course, if the high interest rates, and more especially the credit cuts that accompany them, should create unemployment, there would be a decline in the demand by producers and consumers alike, and the rising wages spiral would come to a halt. But it seems that the hard money policy embarked upon by the Government can only be pursued to the extent to which it does not conflict with the overriding requirements of the maintenance of full employment.

The political storm created by the slight increase of unemployment leaves no illusions in this respect. The moment the high Bank rate produces its effect on consumption it will become a political necessity to mitigate its effect. And there can be no reduction of consumption without a certain amount of unemployment. Tighter credit conditions may stiffen the resistance of employers to wages demands, owing to the difficulty of financing the increase in the cost of production. But even so the result would be merely a check on a further increase in the volume of consumer demand, and not its reduction.

Even inflationary pressure through capital expenditure has not so far been affected appreciably by the high Bank rate. It is true, in some borderline cases expansion schemes have been postponed. But the assumption that the Government could not possibly afford to have a business recession is now deeply rooted in the minds of businessmen. For this reason any slackening of business activity through high Bank rate would be regarded as purely temporary, and would not affect the range of investment programs.

There are, it is true, some difficulties in the way of raising new capital, owing to the adverse change in the trend on the Stock Exchange. These difficulties are not insurmountable, however. New issuing activity has not come to a complete standstill. Nor does the Government wish it to come to a standstill. The official policy aims at encouaging capital investment, while aiming at discouaging excessive consumer demand. But so long as capital expenditures continues there is no likelihood of a substantial decline in consumer expenditure.

Those responsible for the conduct of monetary policy must realize the elementary truth that, in order to cook omelette, it is necessary to break eggs. If they are too anxious to avoid breaking the eggs they have to do without the omelette. Inflation cannot be checked effectively in conditions pevailing in Britain today unless the Government is prepared to envisage the unpopularity of some degree of temporary unemployment. But no politician would dare to admit this in public. So we have to be content with the limited effect Mr. Butler's monetary measures may produce amidst continued full employment. If that effect should prove to be insufficient to correct the balance of payments, the Government may be impelled to take its courage in both hands and resort to more drastic measures. But conditions will have to deteriorate considerably before it is likely to decide to take this political risk.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Joseph D. Farrell

R. S. Wareham

MacDonald S. Warner

At a regular meeting of the Board of Directors of **The National City Bank of New York** held on March 22, Joseph D. Farrell, Reginald S. Wareham and MacDonald S. Warner were appointed Vice-Presidents. All were formerly Managers: Mr. Farrell at 28th Street Barnch; Mr. Wareham at Park Avenue Branch and Mr. Warner at Broadway-56th Street Branch. They will continue their assignments at these locations. At the same meeting Coleman B. McGovern, Jr., was appointed an Assistant Cashier. He is assigned to Bond Administration at Head Office. Mr. Farrell joined National City in 1929, began serving at 28th Street Branch in 1947 and was appointed its Manager in 1951. Mr. Wareham became associated with the Bank in 1917, was appointed Assistant Manager at Park Avenue Branch in 1927 and Manager in 1931. Mr. Warner started with the Bank in 1927, served as official assistant at the predecessor of the Broadway-56th Street Branch from 1931 to 1937, Assistant Manager 1937-42 and was appointed Manager in 1950.

* * *

The appointment of Eugene H. Rechel as an assistant Vice-President of **Manufacturers Trust Company, New York** was announced today by Horace C. Flanigan, President.

In February, 1927, Mr. Rechel joined the **Pacific Trust Company** which merged with Manufacturers Trust in June, 1930. He was advanced to an Assistant Secretary in May, 1947.

Mr. Rechel is assigned to the Real Estate and Mortgage Department of the bank.

* * *

Announcement was made on March 22 of a change in the management of the **American Trust Company, New York.** At the annual meeting of stockholders, the following Board of Directors was elected:

Harold Bickford, President, Bickfords Inc.

Justin Haynes, President and Director, Crookes Laboratories, Inc.; Director, Bristol Myers Co.; Director, 57th Street East Corp.; Director, International Hydro-electric System; Director, Rubberset Co.

John J. Hyland, Chairman of Board, Central Instrument Co. Inc.

John A. Maher, Vice-President, New York Savings Bank.

Howard A. McMorris, member, Hodges, Reavis, McGrath, Pantaleoni & Downey.

Admiral Thompson H. Mitchell, President, RCA Communications, Inc.; President, Cuba Trans. Radio Corp.

John J. Reynolds, President, John J. Reynolds, Inc.

Jay Marc Schwamm.

Richard J. Cunningham.

Control of the bank has been acquired by a group headed by John J. Reynolds and John P. McGrath by the acquisition of a substantial block of stock from Harvey L. Schwamm, formerly President and Director of the American Trust Company, and his Mexican associates.

The new board has under consideration a number of candidates for the presidency of the institution and the election of a president is expected within the next week.

* * *

C. Anderson McLeod, Donald D. Miner and James Rowley have been elected Assistant Vice-Presidents of **Chemical Corn Exchange Bank of New York,** it was announced on March 16 by N. Baxter Jackson, Chairman. Mr. Jackson also announced the appointment of Frank P. Glass and Williamson Thomas as Assistant Secretaries.

* * *

Under the charter and title of the **First Suffolk National Bank of Huntington,** at **Huntington, Long Island, N. Y.** the **Babylon National Bank & Trust Company of Babylon, Long Island** was merged with the **First Suffolk National.** The latter prior to the consolidation had a capital of $1,036,360, while the Babylon National Bank & Trust had a capital of $300,000. At the effective date of the merger, March 4, the consolidated bank had a capital stock of $1,432,350, in 143,235 shares of common stock, par $10 each, surplus of $1,906,100 and undivided profits of not less than $725,000. The main office of the Babylon National Bank is now known as the Babylon Office of the First Suffolk National Bank. References to the proposed consolidation appeared in our issue of Jan. 27, page 530.

* * *

Harold C. Taylor, Treasurer of the **Montclair Savings Bank, Montclair, N. J.,** will join **National Bank of Westchester, White Plains, N. Y.** as Vice-President on April 1, 1955, in the bank's operations division, Ralph T. Tyner, Jr., President, announced.

Mr. Taylor joined the Montclair Savings Bank in 1946 as Assistant Treasurer and was elected Treasurer in 1953. From 1940 to 1946, he was with the Examining Division of the Federal Deposit Insurance Corporation, Second District.

Mr. Taylor is Treasurer of the New Jersey Bankers Pension Fund, Inc., Trustee of the New Jersey Bankers Association Insurance Fund and a member of the School Savings Committee of the New Jersey Bankers Association. He is also a member of the Executive Committee of the New Jersey Conference of Bank Auditors and Comptrollers.

* * *

Acquisition of over 90% of the capital stock of the **Bank of Gowanda, of Gowanda, N. Y.** by the **Marine Midland Corporation of Buffalo, N. Y.** was completed on March 17 through the exchange of Marine Midland Corporation stock for Bank of Gowanda stock. As previously announced, the basis of the exchange was eight shares of Marine Midland for each share of Bank of Gowanda. It is expected that the Bank of Gowanda will be merged with the **Marine Trust Company of Western New York** on March 31. The Bank of Gowanda's total resources at Dec. 31, 1954 amounted to approximately $10,000,000. It operates offices in Gowanda and Eden, N. Y. This acquisition brings to 66 the number of communities served by Marine Midland banks and increases the number of banking offices to 138. References to the proposed merger of the Bank of Gowanda with the Marine Trust Co. of Western New York appeared in these columns Feb. 10, page 712 and March 10, page 1142.

* * *

Kingsbury S. Nickerson, President of **The First National Bank of Jersey City,** has announced the promotion of Thomas N. Flournoy from Assistant Cashier to Assistant Vice-President. When he became associated with First National in 1949, Mr. Fournoy was assigned to the credit department; in 1951 he was appointed Assistant Cashier and in 1952 was transferred to the general banking department. He will continue to be engaged in general banking and business development in the bank's main office at 1 Exchange Place, Jersey City. Prior to joining First National, Mr. Flournoy was with the Chase National Bank of New York for three years.

* * *

The capital of the **First National Bank of Jersey City, N. J.** became $3,060,000 on Jan. 25, having been increased from $3,000,000 by a stock dividend of $60,000, as to which it was indicated in our Jan. 13 issue, page 174, that the dividend voted by the directors in November and approved by the stockholders on Jan. 11, was the first of its kind in the history of the bank.

* * *

The First National Bank of North Bergen, N. J. increased its caiptal, effective Jan. 26, from $100,000 to $300,000 by a $200,000 stock dividend.

* * *

According to advices in the Comptroller of the currency's Weeklyn "Bulletin" (issued by the Treasury Department) the **Bryn Mawr National Bank, of Bryn Mawr, Pa.,** with common stock of $200,000 was merged with and into **The Bryn Mawr Trust Company, of Bryn Mawr, Pa.,** under the charter and title of the latter bank, effective as of the close of business Dec. 31, 1954. An item bearing on an agreement for the merger of the two institutions appeared in these columns Nov. 4, page 1847.

The merger of the **Industrial Trust Company of Wilmington, Del.** with the **Wilmington Trust Company** also of **Wilmington,** both State members of the Federal Reserve System occurred on Feb. 4. The former head office and branches of the Industrial Trust Company will be operated as branches by the Wilmington Trust.

* * *

Noting changes among the officers of the **Bank of Salem, Va.,** Virginia newspaper accounts state that A. M. Bowman, Jr., is retiring as President, and D. Robley Wood, Vice-President of the **Bank of Virginia,** in charge of its Richmond office, has been named as his successor. Mr. Bowman it is added was simultaneously elected Chairman of the Board. The change will become effective April 11. The same sources said:

To serve as the bank's Executive Vice-President will be C. H. Givens, Vice-President and Cashier. Mr. Givens will continue as Cashier of the bank. In part the account also said.

Mr. Wood formerly served as Cashier of the Bank of Glad Spring, was Executive Vice-President of Peoples National Bank in Pulaski, and Vice-President of the First National Bank of Bluefield. He joined the Bank of Virginia on May 14, 1951. The new bank President is past Chairman of Group Five of the Virginia Bankers Association.

Mr. Bowman is retiring after nine years as President of the Bank of Salem. He was fourth President of the bank from 1930 until 1933, and was again elected on Jan. 17, 1948. He is the only President of the bank who has held that position twice and is the first full-time President to be elected by the Board.

Mr. Givens becomes the bank's first Exeecutive Vice-President and Cashier. He came to the Bank of Salem from Fincastle in June 1944 as Assistant Cashier and the following year replaced Wm. H. Early, Jr., as Cashier. Mr. Early is now President of the Bank of Orange, Orange, Va. Mr. Givens was named Vice-President and Cashier in January, 1954.

In still another item it was stated:

William H. Gentry, Jr., has been named Assistant Cashier of the Bank of Salem, it was announced this week. He replaces Frank Booze, who recently resigned to accept a position with Freuhoff Co.

A graduate of Andrew Lewis High School, Mr. Gentry returns to Salem from Tazewell, where he was Assistant Cashier of the Farmers Bank of Clinch Valley. He began his banking career while in high school, and after a tour of duty with the U. S. Air Force he returned to the Bank of Virginia in Roanoke. In January 1949 he accepted a position in Tazewell, where he remained until coming to Salem.

* * *

Herbert C. Moseley, Vice-President of **The Bank of Virginia** and central office coordinator of branches, will become officer in charge of the bank's main office

Continued on page 24

Continued from page 23

News About Banks and Bankers

in **Richmond, Va.**, on April 1, Thomas C. Boushall, bank President, has announced. Mr. Moseley retains his status as branch coordinator. He takes over the new post succeeding D. Robley Wood, who has resigned to become President of **The Bank of Salem, Salem, Va.** Mr. Moseley who began his banking career in 1928 with the Campbell County Bank, joined The Bank of Virginia as Assistant Vice-President on Jan. 1, 1945, in charge of the Petersburg office. He was elected a Vice-President on Jan. 1, 1947. In September of the following year, he went to Roanoke as officer in charge of The Bank of Virginia in that city. From September, 1953, until mid-December of the same year, Mr. Moseley participated in the Advanced Management Program at Harvard University's Graduate School of Business Administration. On Jan. 1, 1954, he went to Richmond as branch coordinator for the bank's 11 offices.

A stock dividend of $200,000 has brought about an increase in the capital of the **Citizens National Bank of Decatur, Ill.** from $400,000 to $600,000, effective Jan. 14, 1955.

* * *

A capital of $8,000,000 has been brought about by the **Manufacturers National Bank of Detroit, Mich.**, the amount having been increased to that figure from $7,200,000 by a stock dividend of $800,000, which became effective Jan. 25.

* * *

An increase of $100,000 in the capital of the **National Bank of Burlington, Iowa** has occurred as a result of a stock dividend of that amount, the capital thereby having been raised to $300,000 from $200,000 as of Jan. 21.

* * *

Advices in the Des Moines "Register & Tribune" of March 7 stated that Gregory Brunk, Des Moines attorney, announced on March 4 the sale of 149 shares of the stock of **First Federal State Bank of Des Moines** to Herman Kucharo, Des Moines, clothier. The advices went on to say:

Mr. Brunk and Robert E. Dreher, one of his law partners, made the announcement of Mr. Kucharo's stock purchase in connection with the transfer of 448 shares of the bank's 500 shares of common stock.

They announced purchase of this stock from Carleton D. Beh, Des Moines municipal bond dealer, Jan. 15, under a contract to become effective by Mar. 10. Mr. Beh bought the stock Sept. 4.

In the completion of the purchase and reissuance of the stock, Mr. Brunk said, he acquired 145 shares; his wife, Martha Goodwin Brunk, acquired five shares; and Kucharo and Dreher acquired 149 shares each. Mr. Kucharo is President and Treasurer of Herman Kucharo, Inc., clothing firm.

All the new owners, Mr. Brunk said, purchased the bank's stock for investment purposes. There will be no change in the bank's officers, he said, and no change in the board of directors. The annual meeting will be July 12.

The other 52 shares of the bank were not affected in the transfer of ownership, Mr. Brunk said. Erwin W. Jones, President of the bank, owns five shares. H. E. Betts owns 25 shares; Harold G. Dunbar and Dr. E. F. Peters own 10 shares each; and Bernhard Evers owns the other two shares.

From an earlier issue of the "Register" (Jan. 16) we take the following:

The new owners, who said the transfer will become effective by Mar. 10, gave the purchase price as $229,624, or $512.55 a share. Mr. Beh announced when he bought the stock that he paid $201,600, or $450 a share for the controlling interest.

Messrs. Brunk and Dreher announced that the same officers and directors will continue at the bank.

The officers are Erwin W. Jones, President; Robert M. Donhowe, Vice-President and Cashier; Margaret Johnson, Vice-President and Auditor; Floyd L. Fiene, Assistant Vice-President; and Leo J. Capdevielle, Assistant Cashier. Directors are Jones, H. E. Betts, Harold G. Dunbar and Dr. E. F. Peters.

* * *

As of Jan. 25 the **Florida National Bank at St. Petersburg, Fla.**, became $1,000,000 having been raised to that figure from $400,000 by a $600,000 stock dividend.

* * *

As of Feb. 18 the **First National Bank in Fort Lauderdale, Fla.**, increased its capital from $750,000 to $1,000,000 as a result of the sale of $250,000 of new stock.

* * *

The First National Bank of Mobile, Ala. reports effective as of Feb. 18, its newly enlarged capital of $1,500,000, increased from $1,250,000, as a result of the sale of $250,000 of new stock. Plans to enlarge the capital were referred to in these columns Dec. 9, page 2368.

* * *

Appointment of Sam F. Holmes, Jr., as Assistant Director of Advertising and Public Relations for the **First National Bank of Dallas, Texas** has been announced by Ben H. Wooten, President. A member of the staff of "The Dallas Morning News" for the last eight years, Mr. Holmes specialized in county government and political writing before becoming business news editor more than a year and a half ago. He will assume his new duties April 4 and will assist Clifton Blackmon, Vice-President and Director of Advertising and Public Relations for First National.

* * *

Election of J. E. Jonsson, President of Texas Instruments, Inc., Dallas, as a member of the Board of Directors of the **Republic National Bank of Dallas, Texas**, was announced jointly on Mar. 10 by Karl Hoblitzelle, Chairman of the Board, and Fred F. Florence, President of the bank.

* * *

Representing its conversion from a State to a National bank, the **Fidelity State Bank of Austin, Austin, Texas**, has received a charter from the Comptroller of the Currency for the **City National Bank of Austin, Austin, Texas**, the conversion having taken effect Feb. 14. Under its National Charter the bank will have a capital of $500,000, and surplus of $369,784. John C. Avcock is President and J. M. Wilson is Cashier.

* * *

As of Jan. 28 the **Alamo National Bank of San Antonio, Tex.**, increased its capital from $2,000,000 to $2,500,000 by the sale of $500,000 of new stock. An item bearing on the plans of the bank to thus enlarge its capital appeared in our issue of Nov. 11, page 1961.

* * *

The Directors of **Midland Bank Limited, of London**, announce that Sir H. Cassie Holden, Bart., while remaining a member of the Board, has relinquished his office as a Deputy-Chairman in order to make way for a younger Director. William Donald, C. B. E., has been appointed a Deputy-Chairman in his place.

* * *

The Canadian Bank of Commerce (head office Toronto) announces the election of M. W. Mackenzie, of Montreal, to its board of directors. Mr. Mackenzie is President of Canadian Chemical & Cellulose Company Ltd. He was deputy Chairman of the Wartime Prices and Trade Board, subsequently served as Deputy Minister, Department of Trade and Commerce 1945-51 and as Deputy Minister, Department of Defense Production 1951-52.

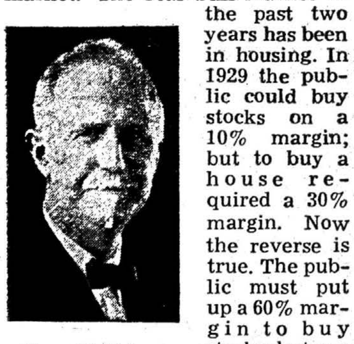
M. W. Mackenzie

Bull Markets

By ROGER W. BABSON

Mr. Babson, commenting on the hearings of the Fulbright Committee, expresses wonder why the investigation is confined to stock market speculation. Says housing speculation is more dangerous, and that the proposed requirement of 100% margin is "crazy." Holds entire investigation smells of politics, but warns "there will be a day of reckoning sometime."

While following the Fulbright Committee I wonder why it confines its investigation to the stock market. The real bull market of the past two years has been in housing. In 1929 the public could buy stocks on a 10% margin; but to buy a house required a 30% margin. Now the reverse is true. The public must put up a 60% margin to buy stocks; but can buy a house on a 5% margin, or less. Furthermore, while the Government is discouraging investment in American industries, it is offering all kinds of inducements to get people to borrow in order to buy houses. The program does not make sense. It smells badly of cheap politics. As a result, the next financial panic will be a housing collapse — not a stock market collapse. With it there will be uncovered scandals, corruption, and untold losses, while Wall Street will come through with a clean slate.



Roger W. Babson

100% Margins Crazy

I feel that the suggestion of Professor John Kenneth Galbraith of Harvard College for 100% margins indicates ignorance of business customs and ethics. Today probably 85% of all those employed in industry are working for companies whose securities must be sold through the New York Stock Exchange. This means that, to issue new stock to carry out extension or improvement programs, purchasers of these stocks must be able to borrow thereon both from Stock Exchange firms and from banks.

Requiring a 100% margin in case of war, when materials and manpower must be saved, is a wise procedure. To do so in times of peace, and when the country is facing unemployment, is foolhardy. Unless we are to get into a critical shooting war with China, there is no need for 100% margins. We already have top-heavy stockpiles of both materials and foods. Therefore, I suggest that people again be encouraged to "Buy American Industry" in order to help employment and hold up prosperity.

Looking Into the Future

Let us assume there is enough "steam in the boiler" to extend prosperity throughout 1956 and safely re-elect Eisenhower if he chooses to run again. But do not forget that there will be a day of reckoning sometime. Notwithstanding the Administration's success in "nipping in the bud" the 1954 decline, it is very skeptical of any large-scale attempts to hold employment and prices up artificially. Certainly Roosevelt tried everything from "revaluating the dollar" to "raking leaves," and none of those medicines worked.

Only World War II turned the scales and brought back full employment with price recoveries. Perhaps even World War III would not accomplish this again, with fixed prices, heavy taxes on profits, and other controls. Perhaps the Russians would rather avoid war and throw us into a depression. No one now knows. It is, however, certain that some day if we all "go through the wringer," there could be a bad mess for a while. I hope the Fulbright Committee will discuss some constructive phase of the business and employment outlook in its final report. Both Senator Fulbright and his much-advertised investigation will soon be forgotten, as far as the stock market is concerned.

Smells of Politics

The entire investigation has smelled of politics from the first. Both parties are surprised at the action of the stock market. The Republicans are blaming it all on the Democrats, claiming that it shows what would happen to business if the Democrats were in control.

The Democrats claim that the Republicans have been pushing the market down in order to bring an end to the investigation. I understand that other prominent Democrats blame the market slump on Dulles' speech, which suggested an ultimatum to China. This does not seem reasonable to me in view of the action of the airplane stocks and the rails, which should prosper from further China troubles. My advice to readers is: (1) Don't sell in a panicky market; (2) Don't buy more now, at present high prices; (3) Work harder at your own regular business and trust President Eisenhower to run the United States.

FIF Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Frank Corbin, Jr., is now connected with FIF Management Corp., 444 Sherman Street.

With Minn. Secs. Corp.

(Special to THE FINANCIAL CHRONICLE)

ROCHESTER, Minn.—Arthur G. Schreibert is now connected with Minnesota Securities Corporation, 100 First Avenue Building.

With Mitchum Jones

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Dudley B. Frank is now connected with Mitchum, Jones & Templeton, 650 South Spring Street, members of the Los Angeles Stock Exchange.

Joins Blair & Co.

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Kenneth B. Clary has joined the staff of Blair & Co., Incorporated, Rhodes-Haverty Building.

S. A. Judah Co. Formed

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—S. A. Judah & Co. has been formed with offices at 640 Funston Avenue to engage in the securities business. Samson A. Judah and Donald Forrest are partners.

Industrial Relations in The Economic Outlook

By RICHARD A. LESTER*
Professor of Economics, Princeton University

Labor relations specialist of Princeton University, after analyzing the economic outlook for 1955, takes up the implications of current industrial relations, particularly the demands of labor unions for a guaranteed annual wage. Expresses preference for a single public system of unemployment compensation to a guaranteed annual wage. As to a long-term view of the future of industrial relations, Prof. Lester asserts that judging by European experience, we can expect some further reductions in use of strike weapon, along with additional centralization and increasing cooperation between unions and management in top companies and associations.

This talk will have both a short-run and a long-range focus.

I should like first to analyze with you the prospects for labor relations during the next year. That will involve consideration of the economic outlook for 1955, and some remarks on the so-called guaranteed annual wage.

Richard Allen Lester

Next I shall examine the important developments and trends that have occurred in industrial relations in this country during the past two decades, and I shall consider the implications of past developments for the future of industrial relations in America, say, over the next decade.

Finally, I hope to merge the short-run and long-range views into some sort of general picture, and to point out its implications for labor relations legislation.

This is a tall order and I beg your indulgence.

I

Economic Outlook for 1955

Economic forecasting is a hazardous occupation, but one must reason and act on some projections. My reasoning will assume no expansion in our military expenditures.

The indications are that 1955 will be a year of upswing or recovery, especially during the first half of the year.

In my opinion, we are now in a rather normal cyclical situation, with the minor cycle, averaging about 40 months in duration, reasserting itself. The 1949 and 1953 recessions seem to me to be of much the same variety as those that occurred in 1924 and 1927. I shall not press the analogy further but a reexamination of 1927 and 1928 at this time might be illuminating and instructive for our present and the near future.

The economic upswing in recent months has developed some "vulnerable positions" or "danger spots" that could cause trouble in the latter half of 1955 or in 1956. That is so because they have developed a rate of increase, stimulated by easy credit terms and credit expansion, that cannot be maintained for any considerable length of time.

I refer particularly to (1) the build-up of auto dealers' stocks already in this model year to a new record high of perhaps 650,000 cars, (2) the expansion of home construction to a current annual rate of about half a million residential units greater than the yearly increase in the number of families, and (3) the practically continuous rise in the stock market for a year and a half to a point where the fever of speculation is evident.

Perhaps we shall work out of these trouble spots or they will not reach a climax in 1955. The Administration ought, however, to be worried about the prospects for a critical economic situation in 1956.

The economic conditions prevailing this Spring and Summer will have the greatest bearing on industrial relations this year, for that is when the big negotiations in autos, steel, glass, aluminum, and electrical equipment will occur.

For negotiations between now and July, the important economic considerations will be: (1) net profits for the first half of 1955 will exceed any similar period since 1950 and dividend disbursements will be at an all-time high for a first six months' period; (2) a significant volume of unemployment averaging perhaps three million will exist, but the upswing will be so general that wage pattern-spreading will be more prevalent than during the past two years; and (3) the price level and the cost of living will continue to be stable, as has been true for almost four years.

II

Implications for 1955 Industrial Relations

Last year was known as a five-cent year because wage settlements tended to cluster around a mode of five cents per hour. Increased fringe benefits in 1954 perhaps averaged two cents more so that 1954 might more properly have been called a seven-cent year.

Nineteen hundred and fifty-five will probably be a seven- or eight-cent wage year, with a significant number of settlements including fringes amounting to 15 cents an hour. That conclusion rests primarily on two grounds: (1) that corporations' sales and profits will be increasing in the first half of 1955, and (2) that the automobile industry will play an important pattern-setting role this year.

I have already touched on the profits prospects but the auto negotiators call for some further elucidation.

The General Motors and Ford five-year agreements terminate around the end of May; Chrysler's expires in August.

Negotiations at the end of a five-year agreement are likely to be especially difficult, because demands for change in the agreement pile up for five years and the accumulation is concentrated on a single negotiation.

Generally speaking, both the union and the managements in autos seem indisposed to enter upon another five-year agreement at this time, so that any new agreements may run for perhaps two years.

This year's automobile negotiations are further complicated by the union's demand for a guaranteed employment plan. By convention resolutions, educational conferences, extensive preparations, and other expressions of intent, the UAW has made guaranteed employment—based on supplementary unemployment compensation—the key issue in this year's negotiations.

I shall attempt evaluation of the guaranteed annual wage at a later point. Here I only want to state that the UAW has gone so far on this issue that it presumably will have to strike Ford or General Motors unless a limited start on an annual employment plan is obtained in negotiations.

For their part, the big auto firms will be most reluctant to accept anything that can be labelled the guaranteed annual wage and that would originate a pattern that might spread widely in one form or another. The management that opens a hole in this dike would court unpopularity in management circles.

That does not mean, however, that some kind of compromise—appropriately dressed up—is precluded. But the issue involves the establishment of a whole set of new rights and could well require a stock before one side or the other gives in.

In relative significance, strikes have been declining during the past few years. In 1954, only one out of every 30 of the nation's employees was involved in a work stoppage resulting from a labor-management dispute. It was the lowest post-war year.

Although the long-term strike trend may be downward, this year seems destined to see some increase in the amount of time lost due to strikes.

With the expiration of the five-year agreements and the critical negotiations for the guaranteed annual wage, collective bargaining is faced with some really difficult tasks.

The negotiating environment in some industries has improved with experience in the postwar period, but in others, like railroads and electrical equipment, one can hardly talk of progress in terms of the prospects for peaceful settlement through the process of collective bargaining.

For these reasons—and I include the profit outlook mentioned earlier—1955 looks as though it may be a rather turblent year for labor relations.

III

The So-Called Guaranteed Annual Wage

The issue of guaranteed employment is so critical this year that I shall run the risk of creating undue irritation or boredom by offering some brief — almost dogmatic—comments.

I start with the statement that academic experts in social insurance and industrial relations seem in agreement that "adequate" unemployment compensation under governmental auspices in preferable to any arrangement for private supplementation of state unemployment benefits. That certainly is my position.

But what is "adequate" unemployment compensation?

At the outset in the 1930's, the weekly benefit ceilings were established at approximately two-thirds of average weekly earnings in covered employment. Now, in such ceilings average only about two-fifths of average weekly earnings. They should, as the Federal Advisory Council recommended a year ago, be brought up to the initial relationship.

The whole question of benefit ceilings in unemployment compensation needs rethinking and revision. In recent years in industrial states like Ohio and Michigan from 70 to 90% of all beneficiaries have been squashed down by the ceilings.

The ceilings act as a penalty against progress up the wage ladder—a sort of inverse incentive. The better-paid man with the initiative to work his way up gets, say, one-quarter compensation for his wage loss when unemployed. On the other hand, the lowest paid workers get compensated up to nine-tenths of their wage loss in some states including Michigan.

In other words, those most likely to malinger have the highest ratio of benefits to normal pay.

We have arrived at this unfortunate result largely because our thinking has been befuddled by (1) price and wage inflation, (2) temporary movement into high-wage war work with large sums of overtime pay, (3) interstate competition in unemployment tax reduction, and (4) the 1939 change in the tax, from total payroll to the first $3,000 earned.

The auto worker averaging $90 a week is especially hard hit by benefit ceiling of $30. With a waiting period and other restrictions on benefit including duration, auto workers last year probably had to stand themselves three-quarters of their wage loss from unemployment.

The large firms in the automobile industry present a favorable situation for a union seeking to negotiate a guaranteed employment plan, which is really an incentive to stabilize in the form of company supplemental benefits to laid-off workers.

Many of the auto workers are especially security-minded because (1) the seasonal variation in employment in autos, which was practically eliminated in the decade ending in 1952 has now reasserted itself, with a high percentage of the workforce experiencing some lay-off; (2) the rush to build cars in the early months of a model year results in recruitment campaigns followed by lay-offs later on in the year; this year auto production may be declining by May and June; and (3) a fear exists that automation may eliminate many jobs.

The industry's economic structure and situation lend themselves to the negotiation of such a program for the following reasons: (a) the rivalry and independence of the big three permit the union to threaten to strike one and play the other two against it; (b) one or more of the big three is usually making good profits; (c) the companies control production and distribution all the way from parts to the final consumer, which puts them in a position to influence and control all production and sales processes and policies, and, through advertising and price policy, they exert influence on the ultimate consumer directly, and (d) automobile employment is heavily concentrated in a few states, with half of it in Michigan. The industry's domination there would facilitate modification of the Michigan law, if necessary, to permit private supplementation of state benefits.

We should not overlook the fact that as living standards rise, non-wage improvements are likely to receive more emphasis, and that is particularly true after workers get the insecurity jitters from a recession like the one last year.

To repeat, I prefer a single public system of unemployment compensation. Any program of supplementation is full of administrative and other headaches.

However, our wishes may exert little influence or control over events. Many of us have sought unsuccessfully to raise benefit ceilings in line with wage levels.

At this stage the die is almost cast. Inadequate unemployment benefits, especially the ceilings, have stimulated the guaranteed wage demand. Among other factors, interstate competition for unemployment tax lowering — the real burden has been cut to one-third that in the 1930's—has prevented the improvement that would have forestalled the demand.

The unions, and the UAW in particular, have greater power at the bargaining table than they have influence or benefit levels at state legislatures. Defeats at the legislatures explain the pressure on negotiations.

For the reasons already set forth, I expect some limited steps toward supplementary unemployment compensation to be taken in the automobile industry this year, but probably not without a strike.

IV

Long-Run Trends and Developments

Now I should like to raise my sights to take a long-range view, to look back over the past two decades and to look forward beyond this year. That should help us to get some perspective on this year's problems and events in the area of industrial relations.

Remarkable changes have occurred in this country during the past two decades in trade unions and in the labor relations policies of managements. Most of us have been so occupied with current problems that we have failed to perceive clearly the main trends or broad developments in industrial relations and, therefore, have not grasped their full meaning or significance.

Since the 1930's, American unionism has been maturing. From an agitational protest movement with crusading goals, the new unions have metamorphosed into administrative and service agencies—oligarchic, bureaucratic, and businesslike in their operations. With increased centralization of control in the national union, zeal and leadership have had a tendency to dry up at the grass roots.

The activities of unions now are largely contract-making and contract-enforcing. They have become part of an orderly process for enforcing discipline and preventing wildcat strikes. Even in authorized strikes, stress in recent years has been on orderly procedures, with protection of equipment from damage.

Through welfare funds and other investments, unions have come to hold a large financial stake in American industry. It is not surprising, therefore, to find union leaders reading the "Wall Street Journal."

The personal lives of union officials have also changed with their higher status and greater respectability. The top leaders have salaries ranging from $15,000 to $50,000, plus ample expense accounts, and many live at that level. Not infrequently they drive Buicks, Chryslers, or even Cadillacs.

During the past two decades, trade union leaders have become more and more opposed to government ownership of industry, less and less interested in the idea of some kind of an industry-council plan, and more and more wary of proposals for sharing in management's responsibility for production and cost decisions. In other words, they have become more conservative in their union philosophy.

During the past decade, national and regional bargaining have not expanded into new areas. The percentage of organized workers under national or regional bargaining is lower now than it was prior to World War II. A recent survey by the Princeton Industrial Relations Section indicates that union leaders have increased their support for company bargaining and have less interest and enthusiasm for national bargaining than was the case 15 or even five years ago.

During the past decade, union organization has not expanded as rapidly as has the nation's labor force. Organized labor today is a slghtly smaller fraction of all employees that it was at the end of World War II, some 10 years ago. Relatively, labor organization has been losing out, as unionization of new areas proves difficult.

Moreover, strikes have been

*An address by Prof. Lester before the Associated Industries, Cleveland, Ohio, March 10, 1955.

changing in character and significance. With increasing national income and the establishment of union rights and security, strikes have become less a form of industrial warfare and more a means of implementing collective bargaining. And there are even indications that the strike weapon is beginning to decline in relative importance as it has in a number of European countries in the past two decades.

Changes in the industrial relations policies and practices of American management in the last two decades have, generally speaking, been as noteworthy and as great as the changes in unions. Unfortunately, no careful study has been made of the industrial relations development in management during the period. Nevertheless the marked changes have been evident to anyone who has attended management conferences, like our annual Princeton Industrial Relations Conference established in 1931.

No new approaches or directions have been uncovered during the past 20 years. Scientific management, personnel management and welfare programs and the human relations approach were all in existence and in practice by 1935.

However, widespread unionism has resulted in much more extensive and intensive application of such programs as foreman training, wage and salary administration, communication and consultation between levels of management, and employees counselling and benefits. The agreement and the grivance procedure under it have brought about more uniform application of management policies and more objective procedures for getting decisions based on the facts.

Above all, a large section of American management is now operating on the problem-solving approach to labor relations, which means accommodating itself to the existence of unions, trying to understand them, and, in some cases, using the union as a channel of communication and employee education in the facts of the business.

The process of institutional accommodation has frequently led to a considerable degree of cooperation between the leaders on both sides despite conflicts of interest and differences in institutional goals.

No one can be sure how far this tendency will progress over the next decade, but that it has already moved a considerable distance in much of American industry since the mid-thirties is certainly clear.

The likelihood of its continuation, at least to some extent, seems to be indicated by European experiences, especially in England and the Scandinavian countries, which are closest to our background and traditions in labor relations.

Admittedly, it is hazardous to project future industrial relations on the basis of developments abroad, because of marked differences in setting and conditions. Nevertheless, in a number of respects we have tended to follow, in some degree, European developments, with a lag of two or three decades. That has been true in the area of social insurance, and, with less definiteness, in union and management attitudes and policies.

Judging by European experience, we can expect some further reduction in the use of the strike weapon, additional centralization, and increasing cooperation between unions and management at the top in companies or associations. The merger of the AFL and CIO into a single federation will further serve to hamper ferment or rebellion at the bottom, by freezing present local union affiliations. Discipline is being strengthened in a number of ways.

More and more government intervention and restrictions on collective bargaining is another portentous development in England and the Scandinavian countries. Partly such controls on collective bargaining arise from worries in those countries about their balance of payments, which fortunately does not trouble us.

The drift toward government control and even semi-compulsory arbitration in those European countries during the past two decades has, to some extent, occurred also in this country. Our labor relations legislation has become increasingly detailed and regulative.

It is my conviction that we in this country should strongly resist that drift. At a later point, I shall offer some concrete suggestions.

What do these brief remarks on long-run developments add up to? In what direction do they point?

They indicate, it seems to me, that the settling-down process is likely to continue during the next decade, unless some highly disturbing event like another world war interrupts the whole process.

The American labor movement is in a stage of consolidation. Rapidly it is being integrated into a middle-class pattern of life. In the absence of a crisis, little reason exists to expect any reversal of that development.

Paradoxically perhaps, two dangers that I see in present trends are: (1) that labor and management leaders in some cases may get along too well at the top—that they make "deals" at the expense of the community, and (2) that unions may become too businesslike—administrative agencies influenced too much by financial considerations.

In our kind of institutional and economic setting, hierarchical control, with repression and even racketeering, is a cause for concern in trade unionism and labor relations. Witness the recent developments and disclosures in the Teamster's union and on the New York waterfront.

V

Reconciliation of Short- and Long-Run View

Undoubtedly you are wondering how current demands for the guaranteed annual wage can be reconciled or integrated with the notion of a bureaucratic trend toward consolidation and accommodation in American labor relations.

To company officials, the guaranteed annual wage may seem like a union wedge for entering

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Industrial Relations in The Economic Outlook

into new areas of management decision-making. Wouldn't unions seek to use it as a means of bringing into collective bargaining and joint determination such matters as production scheduling, plant location and expansion, sales and price policies, and even industry-wide planning? And wouldn't the suggested reinsurance of such plans bring the government into the detailed operation of business?

How, one may ask, can the guaranteed employment demand be harmonized with statements about a lessening union interest in national and regional bargaining or with statements about a greater hesitancy on the part of union officials to share responsibility for production and cost decisions?

And how can one add up the remarks I have have made about strikes? How can it be said that the strike weapon seems destined for reduced significance and yet, in almost the same breath, utterance is given to the expectation that more time will be lost due to strikes this year than last year?

You may think that my long view is at such a high level of observation or abstraction that it misses too many significant elements—that it only sees the very tops of the trees. Isn't the picture quite different if the lower branches and the underbrush are included?

I don't think so. Day-to-day relations in the plant have, generally speaking, improved considerably since the 1930's. True, changes create problems for union-management relations, but the process of accommodation seems to have been increasing its range of effectiveness.

Of course, there are abuses of the petty tyrant, racketeering sort, and there are still unreconstructed managements. We must, however, avoid myopia or a warped view arising from concentration on the shady activities or the abnormal cases that make newspaper copy.

Despite all the heat and emotion surrounding the guaranteed employment demand, I suspect that some form of supplementary unemployment compensation will be introduced without any new invasion of management rights to decide production, price, and capital investment.

Remember that unions arose and have thrived as protest and protective organizations. They would lose their protest function —and they seem to have suffered some loss already — if they assumed a significant part of the responsibility for the decisions against which workers protest and from which union members seek some kind of protection.

With respect to the volume and incidence of strikes this year, I could be wrong, but probably they will rise temporarily. Any new development tends to increase the difficulty of achieving settlements without a strike.

Guaranteed employment — or better company unemployment benefits—is, however, the only big development left that now merits our serious consideration. That fact is worth some emphasis.

The ingenuity of union leaders, of course, is not limited, and other new types of demands may be pressed in the years to come. But isn't it significant that now we are hard put to conceive of what form such a new type of demand might take?

Anyone who has studied codetermination, for example, realizes that it arose out of the very peculiar circumstances in Germany which have no counterparts here. Codetermination is contrary to our union traditions and thinking, and it arouses no interest in union circles in this country.

The absence of any new horizons, it seems to me, tells us a lot about the present state of the labor movement and labor-management relations in America in the year 1955.

VI

Implications for Labor Legislation

Samuel Butler once observed that "life is the art of drawing sufficient conclusions from insufficient premises." That, too often, is our task in industrial relations.

I have attempted to sketch the broad outlines of our labor relations picture. You may think that many of the lines are distorted. I readily admit that it may be difficult to marshall convincing evidence for some of my tentative conclusions.

Even though I have been skating on thin ice, it might be worthwhile to indicate briefly some implications of my remarks for labor relations legislation. In that way, you may gain a better idea of the direction in which my analysis points.

The Wagner Act and the Taft-Hartley Act were both passed in a crisis atmosphere—at times of a marked swing in public opinion. It is not surprising, therefore, that, with the passage of time, they each seemed extreme in some respects and soon a number of their provisions became out-dated.

My plea would be for labor relations legislation that is focussed not merely on current conditions but is based on the long run. That would mean legislative stress on past trends and anticipated developments in American unionism, in management policies, and in labor-management relations.

To be somewhat more specific, if we expect reduced conflict in labor-management relations, our legislation should facilitate "accommodation" and not at numerous points encourage managements to fight unions or to challenge their representativeness.

That does not mean to imply any legal absence of protection of individuals or individual firms from domination or coercion. Such statutory protection is necessary to assure full rights and fair bargaining on both sides. But it does mean that the employer ought not to be placed by statute in the position of legal guardian of union members' rights *vis-a-viz* union leadership, or that unions should have statutory encouragement to stifle a firm's bargaining rights or powers, including its threat to engage in a lockout.

If, as I believe, labor relations in this country have been maturing and will continue to mature, our national labor relations law should emphasize self-settlement through collective bargaining. It should give the parties latitude to work out settlements suitable to their own peculiar circumstances and not try to make all settlements conform to a set of detailed Procrustean provisions, embedded in a Federal statute.

Nor should the national labor relations law be used as a vehicle for an attack on Communism, on types of political contributions, on racketeering, or on improper handling of pension and welfare funds, or similar items not peculiar to labor relations. Abuses of that sort ought to be treated in separate state or national legislation or by amendment to existing statutes dealing with such subjects.

Attempting to make labor relations legislation an omnibus affair of all kinds of miscellaneous subjects tends to poison such relations and to make into political issues between labor and management matters that properly should not be in conflict between them.

We have reached a stage of development, I hope, where we can avoid legislating only on the swings in public opinion and can reduce the element of political partisanship in the revision of our national labor relations law. Actually, today the law has little significant effect on the bulk of union-management relations in this country.

I suggest that the time may be ripe for a fresh look at our labor relations legislation by a group heavily weighted by non-partisan experts.

The technique I have in mind is the one used for the revision of the Social Security Act in 1939 and again in 1951. An Advisory Council, largely composed of experts, was appointed by the Senate to offer advice to its Finance Committee in acting on amendments to the law.

Back in 1937 I was a member of a purely private non-partisan Social Security Committee, sponsored by the Hearst Newspapers, which made a number of recommendations that later appeared in the 1939 revisions of the Social Security Act.

A somewhat similar function was performed by the so-called Slichter Labor-Management Committee, appointed by the Governor of Massachusetts in 1947. Its report served as the basis for new labor relations legislation enacted in Massachusetts the same year.

That sort of technique certainly offers the best hope for escape from the kinds of political impasses that national labor relations legislation has suffered from during the past two decades.

A. R. du Pont Member of L. A. Stock Exch.

A. Rhett du Pont, representing the firm of Francis I. du Pont & Co., has been admitted to membership in the Los Angeles Stock Exchange according to Exchange Executive Vice-President Thomas P. Phelan.

Francis I. du Pont & Co., has offices throughout the country with the Pacific Coast branches headed by Cornelius Cole, II, Resident Manager. Southern California offices are located in Los Angeles, Beverly Hills, Pasadena and Bakersfield.

Oppenheimer Admits

On March 31 Lucien Brownstone will become a partner in Oppenheimer & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

To Be Dammes & Koerner

On March 31, Raymond A. McMann member of the New York Stock Exchange, will retire from partnership in Dammes, Koerner & McMann, 36 Wall Street, New York City, members of the New York Stock Exchange, and on April 1 the firm name will be changed to Dammes & Koerner.

Opens Inv. Office

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Frances R. Anderson is engaging in a securities business from offices at 2351 Foothill Boulevard.

R. H. Hough Opens

(Special to THE FINANCIAL CHRONICLE)

ALAMEDA, Calif. — Robert H. Hough is conducting a securities business from offices at 933 Eagle Avenue.

Oakes E. Bishop

Oakes E. Bishop, partner in Morgan Davis & Co. passed away on March 13.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The money markets continue to back and fill, because the dilemma which confronts the monetary authorities is also just as baffling to those that operate in government securities. Therefore, until some of the uncertainties which are confronting the economy have been resolved, it does not seem as though there will be a great deal of change from what has been happening recently in the treasury market. It is evident that the so-called professional element is still in full control of the government market and this appears to account for the more or less easy price movements in both directions, within restricted limits.

Buyers of the intermediate and long-term issues are rather few and far between and no pick-up in demand for these issues is expected from important sources for the time being. The short-term obligations have plenty of buyers and no change in this demand is looked for while all the uncertainties are still around.

Market Tone Improved

The downtrend in prices which took place in the equity market seems to have had a salutary effect upon the government bond market, even though it is still too early to indicate that a bottom has been carved out for quotations of Treasury obligations.

The betterment, which has been evident here and there in quotations of government securities, seems to have been construed in some quarters of the financial district as an early sign of the petering out of the decline in price of these obligations. Whether the government market has, as some appear to believe, pretty well discounted future action of the monetary authorities is by no means the consensus of the money market as a whole yet, since not a few of the operators in these securities are still looking for lower quotations in the Treasury market before its troubles will be over.

It is being pointed out that even though some of the excesses which have been evident in the economy might be cured or eliminated in the not too distant future, there are still others which have not yet responded to the treatment of the powers that be. Until there are more positive results as to the clearing up or decreasing of the intensity of these maladjustments, it is not expected that the monetary authorities will do anything but keep the pressure on the money markets.

In the Hands of "Professionals"

Because the government market has shown rallying tendencies now and then, it seems as though investors should be showing a greater interest in these obligations. It is evident that there has been a minor expansion in the buying interest of certain institutional investors, but this has not yet been important enough, according to reports, to have very much influence upon the trend of quotations.

Accordingly, the price changes, up and down in a relatively narrow range, have been and still are being brought about by the so-called "professional" element in the market. Attempts to gain followings in certain issues up to now have not proved to be successful, which means that the investment community as a whole is still content to stay on the side lines to watch and see what developes.

Discount Rate Rumors Persist

The rumors of a change in the discount rate have been hot and heavy and these are to be expected when the money market is under credit limiting operations of the monetary authorities. However, it seems as though the testimony of Federal Reserve Board Chairman Martin before the Fulbright Committee indicates that the powers that be are well aware of what is going on in the economy and will continue to take steps to remedy the situation. Nonetheless, it appears as though whatever measures are taken will be well deliberated and will not be of the bull in the china closet variety.

It seems as though considerable has been learned by the powers that be since the inopportune happenings of 1953. Indirect methods of credit control appear to have taken over and the more cumbersome direct methods have been relegated to the background for the time being at least. Changes in reserve requirements do not give the same flexibility to monetary policy as other type of action do, such as open market operations. There are also other ways in which credit limiting can be done with more finesse and it seems evident the powers that be will make greater use of them if they should be needed.

It is strongly believed by most money market specialists that if there should be a deterioration of business after the mid-year or early fall there will be a very quick reversal in monetary policy, with active ease again being the order of the day.

The offering of $3 billion of 1⅝% Tax Anticipation Certificates, maturing June 22, 1955 and payable for income taxes on June 15, 1955, as in line with expectations. The Treasury had recently indicated that an offering of tax certificates was in the works.

Securities Salesman's Corner

By JOHN DUTTON

What Makes A Successful Sales Organization

The other day I was talking with one of the partners in a large New York Stock Exchange member firm. After congratulating him on his recent elevation to a much more important executive position in his organization, I made the statement that I hoped that he would be able to bring a better understanding to his New York partners of the problems of his sales organization. He thanked me for my kind words and then in a rather off-hand way he remarked, "I don't think we can ever do much about our salesmen and customer representatives. You know how salesmen are, just big, overgrown children, they always need someone to nurse them along."

There are partners and executives of investment firms that hold this rather flippant and erroneous idea that salesmen are a distinct breed of their own. They have some sort of belief that good salesmen in the investment business are opportunists, high spenders, and in some cases, a necessary evil that must be tolerated since they do generate business. When such an idea sits in the minds of the heads of any firm it trickles down into the sales department. It is like a poison working on the morale and the loyalty of every man engaged in developing business. You are not going to build a loyal, industrious, energetic, competent and aggressive sales department if you even unconsciously assume the attitude that anyone in your organization, or any department in your organization, is not just as important to the success of the whole as any other department or person. If you ever try this on your sales department, or your salesmen, don't be surprised if you have difficulty keeping top producers and loyal personnel, and in recruiting more such men.

Good Salesmen Go Where They Are Happy

Every man who has the spunk and the gumption to work on a commission has pride in his own worth. He is not going to sit around in an office where the things he is trying to do to build up his own future, and that of his associates, is not placed upon the highest plane of appreciation by the heads of his firm. Men such as this attract other men who have the same high resolves. They say that all people who have the desire to lead lives of self expression are concerned about the way they are socially accepted. Men who drive toward sales accomplishment want to feel they are a part of the organization they represent. Top salesmen work for other things besides money. If I was in the sales department of the member firm that I mentioned at the beginning of this piece, and the attitude of this partner was expressive of that of the firm as a whole, they couldn't keep me working for them for any longer time than it would take for me to find another firm that didn't look upon it's salesmen "as children."

I have known a lot of salesmen in the investment business during the past 30 years. Some of them have been men that I am sure could not be loyal, competent, or successful. But one thing is certain. Those who have been successful either located a firm where their work and efforts were appreciated, or they went in business for themselves.

If you want to build a sales organization, start with a few top men. Then work with them, listen to them, understand their problems, and don't be afraid to tell them you are aware of their progress and the way they are helping you to build up your business. Weed out the weak sisters. You don't keep incompetent employees in your other departments either. But no business ever got to the top and stayed there without a sales department that was JUST AS IMPORTANT IN THE EYES OF MANAGEMENT, as the buying, clerical, financing, planning, or the ivory tower department.

And the less of an IVORY TOWER department you have, the better will be your sales department!

C. W. Hall to Be Wm. R. Staats Ptnr.

SAN DIEGO, Calif.—On April 1 C. Wesley Hall will be admitted to partnership in William R. Staats & Co., members of the New York Stock Exchange. Mr. Hall, a member of the Los Angeles Stock Exchange, is President of Wesley Hall & Co.

Raymond H. Gannon With Fulton, Reid Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Raymond H. Gannon has become associated with Fulton, Reid & Co., Union Commerce Building, members of the Midwest Stock Exchange. Mr. Gannon was previously Treasurer of Green, Erb & Co.

Two With Morgan

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William S. Hudson and Pearl M. Pellaton have become affiliated with Morgan & Co. 634 South Spring Street, members of the Los Angeles Stock Exchange.

Two With Mile High Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Michael H. Gates and George H. Ridley have become affiliated with Mile High Securities Co., 2757 West 32nd Avenue.

Joins Ashton Co. Staff

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Eugene I. Rantala has become affiliated with Ashton & Co., 15315 West McNichols Road.

With Hamilton Mgemt.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Daniel F. Douglass has joined the staff of Hamilton Management Corporation, 445 Grant Street.

Forms C. G. Coit Co.

(Special to THE FINANCIAL CHRONICLE)

BERKELEY, Calif.—Charles G. Coit is engaging in a securities business from offices at 1647 La-Loma Avenue under the firm name of Charles G. Coit & Company.

Uranium Ore Developments in The Algoma District of Canada

By PAUL E. YOUNG*

Manager, Pronto Uranium Mines, Ltd.

Mr. Young presents the historical data relating to uranium discoveries in the Algoma mining district of Canada and discusses, in some detail, recent developments in that area. Describes the main rock formations underlying the Algoma district and notes the similarity between the ores of the Algoma districts and those of the South African Rand. Gives data of underground and construction programs of the Pronto and the Algoma Uranium mining companies as well as the activities of other concerns. Concludes, "seldom, if ever has so much new wealth been developed in Canadian mining as in the Algoma District."

Many articles, both technical and non-technical, have been written during the past two years on various subjects pertaining to uranium occurrences in the Algoma District. These articles have described in some detail the history and development of the district from early 1953 to present. I will deal only briefly on the historical data, and will then discuss more recent developments with which you may be less familiar.

The Algoma District uranium area is located along the north shore of Lake Huron, about midway between Sault Ste. Marie and Sudbury, Ontario. Some of the properties under development, including Pronto Uranium Mines Limited, lie along No. 17 Highway and the Canadian Pacific Railway. Other properties, such as Algom, Consolidated Denison, Lake Nordic and many more, are serviced by a road approximately 30 miles long, which was built during 1954.

First Discoveries

Radioactivity was first discovered in conglomerate in some old pits in Long Township in 1949, as an outgrowth of earlier prospecting activity along the east shore of Lake Superior. The pits had been blasted some 30 years earlier, and the rock surface, owing to surface oxidation, was then leached and limonite stained. Strong radioactivity was present over a large area, and much interest was created by the discovery. The radioactive material was examined and sampled by many individuals. Surprisingly, however, the uranium content was too low to be of interest, and the normal explanation was that radioactivity was caused by thorium and, therefore, of little value. As a result, interest in the showing waned, and the area was at a standstill until 1953.

Mr. Franc Joubin re-examined the Long Township showing in 1953, and took further samples. When these samples again returned low values in uranium, he had them assayed for thorium. Thorium assays were low also, thus confirming a theory Mr. Joubin had developed during the interim that the uranium values had been leached out of the surface exposures, and that the high radioactivity on surface was due to the presence of uranium far enough below surface that it was not included in samples cut from the surface.

Mr. Joseph Hirshhorn backed up this theory with funds to start a program of exploration by diamond drilling. The drilling program was immediately successful in establishing the presence of uranium in commercial quantities in the pyritized conglomerate bed.

Credit for the early development of the Algoma District as one of the greatest, if not the greatest uranium producing camps in the world, goes to Franc Joubin and Joe Hirshhorn; Joubin for the technical phase and Hirshhorn for the financing phase. Credit for the excellent way in which the preliminary staking job was carried out goes to such men as Don Smith, Harry Buckles, Bill Hutchison, Bob Hart, Roy Pountney, Webb Cummings, Dit Holt and others. These men directed the staking of approximately 1,400 claims covering a strike length of some 70 miles along the favorable belt, in a matter of just over two months, starting in late May, 1953.

The geology and mineralogy of the District will be described only briefly here. Papers covering this subject are under preparation for presentation in the near future; these papers will cover the subject quite thoroughly.

The Geological Formations in Algoma

The main rock formations occurring in the area may be grouped into three structural units quite distinct in age, and easily distinguished from one another.

These units are, from oldest to youngest:

(1) A pre-Huronian basement or floor upon which the younger groups rest.

This is comprised of granite and related rock types, with varying amounts of schists, andesites, greywacke, argillite, and arkoses.

(2) A thick succession of Huronian sedimentary formations lying in profound unconformity upon the pre-Huronian basement These sedimentaries are mainly quartzites, greywacke, argillites and associated rock types.

(3) A series of basic intrusives in the form of dykes, sills, and irregular masses which cut the above rock formations.

Most of the known uranium mineralization found in the area occurs with a quartz pebble conglomerate lying at or near the base of the Mississagi quartzite, the lower member of the Huronian sedimentaries. In the Quirke Lake basin two or more conglomerate beds may occur from 50 to 100 feet above the basement rocks. In the Pronto deposit the conglomerate occurs as one bed lying directly on the basement rocks. Lithologically the conglomerate consists of well rounded pebbles of quartz, quartzite, and occasional chert embedded in a gritty chlorite-sericite matrix, with abundant visible pyrite. The pebbles are well sorted with an average size of one or two inches, however on the Pronto property boulders up to one foot in size are not uncommon. This represents a pebble beach of great antiquity.

The mineral content of the ore is almost completely confined to the chlorite-sericite matrix, which comprises about 35% of the conglomerate. The minerals present are pyrite and/or pyrrhotite, chalcophyrite, galena, molybdenite, rutile, anatase, scheelite, cobaltite, magnetite and gold. The uranium bearing minerals are brannerite, pitchblende, possibly uraninite and thuocolite, in order of abundance. Pyrite and/or pyrrhotite constitutes from 3 to 15% of the ore by weight and averages about 5%; all the other minerals named are very sparsely distributed.

The marked similarity between the ores of the Algoma district and those of the South African Rand is worthy of note. In the African occurrences a thick layer of late pre-Cambrian sediments known as the Witwatersrand formation, overlies a primeval basement of rocks similar to those recognized in the Algoma District as Archean or pre-Huronian. Within the Witwatersrand formation occur thin bands of quartz pebble conglomerate varying from a few inches to a few feet in thickness. The conglomerate consists of ancient quartz pebble cemented in a matrix of quartz, the latter well cemented by pyrite.

Since 1868 this conglomerate had been mined principally for gold, and the Rand was recognized as the greatest gold camp in the world. It was not until 1923 that it became known that uranium did occur within the "reefs" (conglomerate beds) as a mineral associate of the gold. The importance of the gold seams of the Rand as a potential source of uranium was not recognized until 1945.

Even the most critical observer would be impressed by the market similarity in appearance of the conglomerate samples from

Continued on page 45

*A paper by Mr. Young, with R. C. Hart, A. E. Smith, A. B. Ferguson, S. W. Holmes and R. Benner, presented at the Prospectors and Developers Association, Toronto, Canada, March 8, 1955.

Canada — Dynamic Domicile of Enterprise Capitalism

Continued from first page

is Bell Telephone of Canada (with $842 million at last report). A favorite company for investment on both sides of the St. Lawrence, Bell of Canada will net over $27 million this year.

Actually the most profitable Canadian company is another renowned name, International Nickel, which for its last fiscal year earned $54 million. This enterprise is one of the most distinguished developers of natural resources in the world and an investor's favorite.

Aluminium, Ltd., whose shares have consistently appeared on almost every investment trust list of growth stocks, has in the past year brought its vast new hydro-electric installation at Kitimat into production and offers a vast output potential of the lowest cost aluminum in the world today. Net for 1955 should carry well beyond $40 million.

In addition to Canadian Pacific, Canada boasts four other billion dollar corporations. We'll comment on them in order.

First, Canada which, I believe, boasts the highest per capita coverage by life insurance of any country in the world, has some elite companies in this field of finance—led off by Sun Life. Sun writes extensively in both Canada and in the U. S., and was a pioneer in common stock investments. Sun Life now has $6 billion of life insurance in force (on which basis it would rank above Connecticut General in the U. S., and just below Lincoln National Life). Sun assets total today about $1.9 billion.

Following Sun, in descending order of magnitude, are a number of other fine companies—Manufacturers Life, Great Western, Canada Life, London Life, Mutual of Canada and Confederation. While few insurance company shares are listed on Stock Exchanges, a reasonably active over-the-counter market is available.

No Bank Failures in Canada

Banking in Canada has been wonderfully and professionally run for years. Here you find no mushroom banks such as plagued the U. S. economy in the 1930 era. There has never been a bank failure in Canada, and the leading banks have a dividend record that would soothe, reassure and convince the most dour and skeptical Scotch trustee. Ten big banks serving 4,000 towns and communities all over the country, in an efficient network of branches, provide the financial backbone for the overall excellence of the Canadian economy. In contrast with U. S. practice, most Canadian bank shares have an Exchange listing.

One of the basic ingredients of any expanding nation is cement. Naturally Canada has some fine companies and their postwar expansion program has put their counterparts South of the Border to shame. Whereas American postwar cement plant increase is in the order of 10%, Canadian capacity has doubled! Present annual productive cement capacity is over 25 million barrels, led off by Canada Cement Company and including two newcomers, Inland Cement (backed by a Belgian syndicate), building a new 800,000 barrel plant at Edmonton, and International Cement (a Dallas, Texas group) to build a plant at Chilliwack, B. C.

The gold industry, perhaps the earliest extraction area in the economy, has gone right along without much forward motion due to the motionless market in the official price of gold for 21 long years — still $35 an ounce, a price below actual production costs for many producers. There is a school of economists that believes the gold price will, on some glittering day, advance to $60 or $70 an ounce. When or if that golden day for miners comes, few equities could be more rewarding than Kerr-Addison, Giant Yellowknife, Dome, Hollinger. Gold has been the most cherished metal since history began; but greater production awaits a correction of price. At the moment it's a pearl without price—increase!

Oil, Natural Gas and Other Minerals

No Canadian comment, even a capsule one like this, would be complete without some coverage of other vast and diverse minerals and ores lurking among the lush geological structures beneath the Maple Leaf terrain. Oil and natural gas have not flagged. True, Canada still imports above 40% of petroleum needs, but this ratio is rapidly changing. New strikes at Pembina, and enlarged production at older fields have augmented supply; and an arrangement for export of gas to the U. S. should serve to uncap a lot of repressed below ground gas in Saskatchewan and Alberta. Then the new Transcontinental gas line talked about for the past three years is coming closer and closer to reality, albeit a few bugs remain to be ironed out.

Significant, too, in the oil picture is the entry of Canadian Petrofina, Ltd., with a new refinery near Montreal and a broad chain of service stations in the Provinces. Incidentally, for market technicians, Canadian Petrofina introduced a rare sort of vehicle — a participating preferred that shares on a rising scale of earning with the common — sort of a hybrid between a convertible preferred and a straight common. (Same sort of security was used to finance Inland Cement—must be an old Belgian custom!)

Important Source of Uranium

Steep Rock and Labrador ores progressed in 1954, encouraged by the passage of the Seaway Bill, but the biggest headlines in natural resources went to the uranium crowd. The feverish radioactive search, particularly at the edges of the Canadian Shield, continued unabated with notable new finds, especially at Blind River, and the geiger gaga crater at Oka, 43 miles from Montreal (hitherto famous only for cheese). Blind River saw important finds on Consolidated Denison and National Lead properties.

The most important uranium news, however, was the production contracts for Gunnar, Pronto, and Algom — contracts which so matured and strengthened the corporation's finance in each instance, that the issuance of debt securities was possible for the first time. Gunnar 5's were oversubscribed and rose to 130, while Pronto 5's went from par to 120. (Each issue carries a stock purchase warrant.) 1955 will winnow a lot of sheep from the goats on the Toronto uranium list, and many will bite the dust altogether. Those that make it and get into production, however, have a rather bright prospect, what with a guaranteed price for the priceless end product, the keeper of the world's peace, U 3 O 8. Our needs for uranium —the indispensable ingredient for atom and H bombs—are terrific and, from a strategic viewpoint, it is incredible that 50% or more of this awesome stuff still comes to North America by slow boat from Africa.

Active Market Facilities

Those not completely *au courant* in the Canadian economic scene, may not be aware that there are seven stock exchanges in Canada providing active markets, and most modern facilities for security trading and the recording of sales, in thousands of representative corporate issues. The Toronto Exchange, for example, has become famous for the volume of its transactions — 775,000,000 shares trading in 1954, for a total clearing value of $1,349,697,159. Equally fabulous, is the Montreal Stock Exchange. The Canadian Stock Exchange (also in Montreal) is roughly the equivalent of the American Stock Exchange, in New York. In addition, the Stock Exchanges in Calgary, Vancouver, Winnipeg and Edmonton provide listed markets in a broad diversity of, for the most part, shares of smaller local enterprises.

Of particular importance is the over-the-counter, and placement machinery, available. This is largely provided by members of the Investment Dealers' Association of Canada; with the interdealer activities being governed by Se-

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New Era in Mining and Prospecting

and more attention to energy factors and energy forces. Our standards of living are naturally the envy of the world. Most people want to live within our boundaries, especially those people who were born in areas where the population is increasing so rapidly that it is forcing the exhaustion of their resources. In the last 100 years, the world population is said to have doubled. By and large, the conversion of natural energy has more than kept pace with this expansion. It is estimated that our population will again be doubled by the first quarter of the next century and, regardless of our trend toward more efficiency, we may find it difficult to offset this increase. It is in these last two centuries that machines have become energy hungry. Machines, more than we think, are governing our way of life and controlling our future development. It is said they will not change their control of us until, in fact, energy is so plentiful and cheap that it can be taken for granted, to be had freely by simply turning a spigot as we do in our homes when we turn on the electric power, gas or water.

A New Power Resource

The new power resource, which we are now so familiar with, is vastly more important for the use of our peace-loving people than for the destruction of the hordes of vicious men who seem to be hell bent upon consuming most of the space in our reading material and keeping us constantly alert to their increasing power and possible ability to destroy us. We have given much attention to the development of this energy source material in our respective countries, largely I think because of the activities of our respective Atomic Energy Commissions. But more recently we have begun to realize that, as is so often the case in wars, scientific advancement has been speeded up to such an extent that nuclear power, in spite of earlier pessimism, is indeed close at hand.

You are familiar with the fact that a generating station, powered by a simple nuclear pile, will be working in Great Britain next year, and that a second station is being built in Scotland. These two stations alone will meet the needs of a British industrial town of 50,000 inhabitants. The British Government is perhaps ahead of Washington in these present industrial plans, but with the recent amending of the Atomic Energy Act of the United States, it is safe to predict that private industry, working in cooperation with government, will make ever-increasing strides in the direction of greater accomplishment.

Russia has announced that she is using nuclear energy in industry and it is published that the gangsters who head that regime have attempted to deal with some of the governments which supply America with major quantities of this Wonder Metal. To speed up American production, Floyd Odlum of the Atlas Corporation recently suggested that the uranium horizons seem almost unlimited. He predicted that uranium as fuel will be about as cheap in all parts of the world as it will be in North America because of the cheapness of transporting this new fuel. He suggested that we will have to be mining per year more than one-half million tons of average grade ore prior to the year 1960 in order to furnish the initial inventory of uranium for the uranium-fueled power plants that will be in the course of construction by that time. Other leaders of industry and scientists are urging speed and predicting comparatively quick conversions to this magnificent source of power.

A great many from my country are investing heavily in the future development of Canada and its mineral resources, not only because we believe that the future of the uranium industry is exceedingly bright but also that the free world needs greater sources of energy if we are to improve our living standards and maintain

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New Era in Mining and Prospecting

a certain degree of industrial leadership. Is it any wonder that Rio Tinto Company, Ltd., along with a London syndicate that includes the Rothchilds, is taking $25 million in debentures of one of your uranium mines operating here in Ontario's Blind River-Algoma area, or that other financing may bring the total to $57 million; or that a $206 million uranium supply contract has been entered into with the Canadian Government? I think not; I think this speaks well for the foresight and good sound judgment of those responsible for making sizable investments. It is likewise sound to offer equal opportunities to smaller investors who, like their big brothers, see the wisdom of wise investments in the Uranium Industry. Much emphasis has been placed upon the returns realized from investments in uranium mines. In appraising these values, let us not forget the genuine and real benefits, which are being derived by the peoples of our respective countries from the production of these highly essential raw materials. Benefits are far more extensive than mere profits —they involve our very existence.

A Tribute to the Canadian Government

Here, let me pay tribute to your government and its splendid cooperation with ours in the development of raw materials and in the production of finished products. It was called to my attention only recently that a country to the south of us has not been so cooperative, and that instead of offering our citizens opportunities of investment in the development of uranium industries within its borders, it seems to prefer to ask aid from our government, both financial and scientific.

Ours is a great heritage; we have but to survive to accomplish our purpose. There may be those in high financial circles who will attempt to delay progress in some fields simply because they do not relish the advantages of conversion to new power facilities, when faced with the economics of amortization of plant and equipment. But things are happening today. We can't help but sense the power, the pressures which are being generated as never before. We live in a rapidly changing world, an electronic world, a high-speed world, needless to say a high temperature world. Bombs may be exploding and to some they mean our eventual destruction; but to most of you I feel sure they mean the bombs of progress, the bombs which will arouse us from our lethargy and cause us to realize that restrictions of trade, restrictions of commerce, restrictions in the form of taxation, restrictions in the use of precious metals in our monetary transactions, restrictions in the development of our mining claims, restrictions in the financing of our mining properties and restrictions in the flow of capital are roadblocks to economic health and growth.

All these are but useless activities when one senses the overall picture and appraises the great opportunities which confront us. We are at the threshold of a new era. Would that we were all younger so we could all enjoy the rich prospects ahead. As prospectors and developers we are charged with a heavy responsibility—the responsibility of searching out and finding new sources of mineral wealth, not for ourselves alone but for the peoples of our respective countries.

Our governments depend in no small measure upon our ability to discover, explore and develop the long list of minerals so vital to our progress. Whether you mine in Canada, on the Colorado Plateau, or the Great Basins area would seem of little importance at the moment, for it is overall production which is the answer to our future wellbeing. Our enemies have challenged us; they have challenged our ability to meet the ever-increasing demand for the products of our respective industries. Are we capable of meeting this challenge? Are we willing to deprive ourselves of the conveniences of city life in order to carry on our work? Are we willing to go forth to the far reaches of the earth in search of the vital metals and minerals which strengthen and support our respective economies? Are we willing to eliminate the restrictions which shackle us in our efforts to produce raw materials? If I know you as I think I know you, if your younger generation is built of the same stuff which has made you great and has provided you with an abundance of resources in the past, then I say to you without any fear of contradiction that the answer is YES. With this assurance from prospectors and developers on both sides of the border, it would seem to me that our future is secure, that our progress is assured, and that those of us who suffer from "fear hysteria" should quiet our nerves and relax and bend our efforts into more productive channels, namely, understanding, aiding and assisting the mining industry and all those engaged in its worthwhile pursuits.

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Canada—Dynamic Domicile of Enterprise Capitalism

curity Traders Associations located in Toronto and Montreal.

During recent years, much of Canada's expansion has been financed through the issuance of bonds and shares. It is estimated that approximately 80% of such securities have been underwritten and distributed in the domestic market; although, subsequently, a proportion of many have undoubtedly found their way into the hands of investors outside Canada's boundaries.

The scope of underwriting, placement, and over-the-counter trading operations might well be considered huge in relation to the country's population. Mortgage and convertible bonds, preferred and convertible shares, debentures with share purchase warrants, running into the millions of dollars for each issue, have been distributed and, in most cases, gone quickly to premium prices. In dollars, the majority of new securities have provided funds for the capital expansion of established companies, as they strive to keep up with the constantly growing economy.

All these extensive facilities for buying and selling, and the maintenance of orderly trading markets, assure prompt and efficient execution of Canadian investment orders.

Long-Term Consecutive Dividend Payers

This corporate and economic Kaleidoscope is, of course, sketchy and incomplete. It will, however, serve to paint swiftly the background of Canada's forward motion—a motion based primarily on a sound banking and currency, a balanced budget, a resourceful people, and an economic system which gives adequate incentives to initiative. Canada, we salute you — and in our capacity as shepherd to the investment minded, we are honored to present in the following pages the latest and most complete list of Canadian listed equities whose long dividend records support handsomely the kind things we've been saying about Canada. Once again we say Canada is a wonderful climate for investment.

TABLE I

LISTED CANADIAN Common Stocks

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

10 to 126 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ * —	Quotation Dec. 31, 1954•	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Agnew-Surpass Shoe Stores, Ltd. — Makes & distributes shoes through retail chain	21	0.40	a7⅞	5.1
Aluminium Ltd. — Largest producer of aluminum ingot in the world	16	2.00	74¾	2.7
Andian National Corp., Ltd. — Operates crude oil pipe line in Colombia, S. A.	11	0.40	8.50	4.7
Anglo-Canadian Oil Co., Ltd. — Oil exploration & development in Alberta	14	0.15	5.15	2.9
Anglo-Huronian Ltd. — Holding & operating co.—chiefly interested in Can. gold mining	15	0.50	13.37	3.7
Anglo-Newfoundland Development Co., Ltd. "Ord." — Newsprint & allied products; also mining interests	10	0.60	11	5.5
Asbestos Corp., Ltd. — Mining & milling of asbestos fibre	17	1.25	35	3.6

• Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
a Asked.

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Canadian Uranium Activities In 1954 and Future Prospects

to be comparable to that on upper levels, the deepest intersection of pitchblende being 1,050 feet below surface. The third, fourth, fifth, and seventh levels were extended eastward from the Ace shaft to within about 1,800 feet of the Verna shaft. These levels intersected relatively small bodies of ore, of better than average grade.

The Verna shaft, which is 1¼ miles east of the Ace, was completed to the sixth level, and considerable exploration was done on the third, fourth, fifth, and sixth levels, in addition to an extensive program of diamond drilling, on Eldorado ground and on the adjoining Radiore property for which Eldorado holds an exploration agreement. This work showed several fairly flat-lying pitchblende-bearing bodies in a zone of favorable rocks in the hanging-wall of the St. Louis fault. These have significant grade but exploration is still too incomplete to permit correlation of intersections or estimates of the extent and relationships. Drilling from the surface was continued along the St. Louis fault between Verna and Raggs Lakes, and drilling was also resumed at the Fish Hook Bay property.

Trial stopping was done in the Martin Lake mine, and the resulting ore was trucked for treatment at the Beaverlodge plant. The additional installations to bring this plant to a capacity of 700 tons a day were completed, the extra capacity being intended entirely for the handling of custom ore.

NORTHWEST TERRITORIES

The production rate at the Eldorado mine was maintained, some uranium being derived from the re-treatment of old tailings. Considerable underground exploration was done, mainly on the No. 7 and No. 8 veins. The No. 2 level was extended under the area of No. 2 shaft, and connected by raises to old workings from this shaft.

The principal activity for uranium in Northwest Territories, apart from the Eldorado mine, was in the Marian River region, northwest of Yellowknife. Several properties that were investigated a few years ago were restaked, much additional staking took place, and several new radioactive occurrences were reported. Diamond drilling was done on two properties. Plans for sinking a shaft on the Rayrock properly were announced early in 1955.

Diamond drilling was done on two other properties, one about 40 miles east of Great Bear Lake, and the other at Stark Lake near the east arm of Great Slave Lake.

ONTARIO

The principal activies for uranium in Ontario were in the Blind River and Haliburton-Bancroft regions. In the former, large tonnages of uranium-bearing conglomerate were outlined by diamond drilling at the Pronto property, and at the Quirke Lake and Nordic Lake properties of Algom Uranium Mines. It was reported that Pronto Uranium Mines had outlined an orebody with a gross value of more than $70,000,000 and had negotiated a contract for the sale of precipitates to the value of $55,000,000, and by the end of the year shaft sinking had been completed to its first objective of 600 feet. The building of a treatment plant with a capacity of 1,250 tons a day was well advanced by the end of the year.

The orebodies indicated on the Quirke Lake and Nordic Lake properties were reported to have a joint gross value of more than $300,000,000, with the possibility of additional ore at depth in the Quirke Lake deposit suggested by exploratory drilling. Early in 1955 it was announced that financing arrangements had been made and that negotiations were being completed for the sale of concentrates valued at $206,910,000. Plans are being made to erect 3,000-ton treatment plants at each property, and to establish a modern town to serve both properties. A shaft was begun on the Quirke Lake property in 1954.

Several other properties were explored in Blind River Region. A shaft was begun at the Buckles Algoma property late in 1954, following an extensive program of diamond drilling, which was reported to have indicated 486,-

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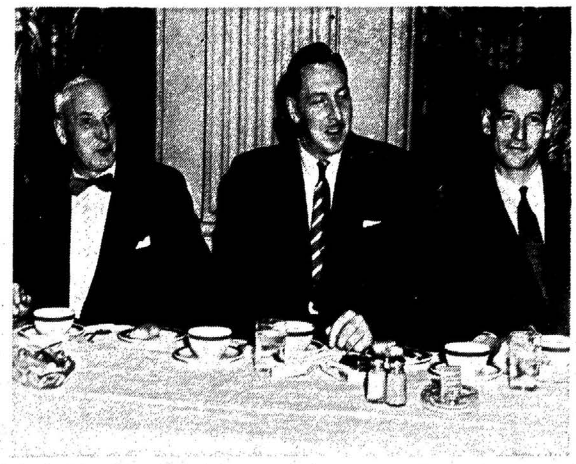
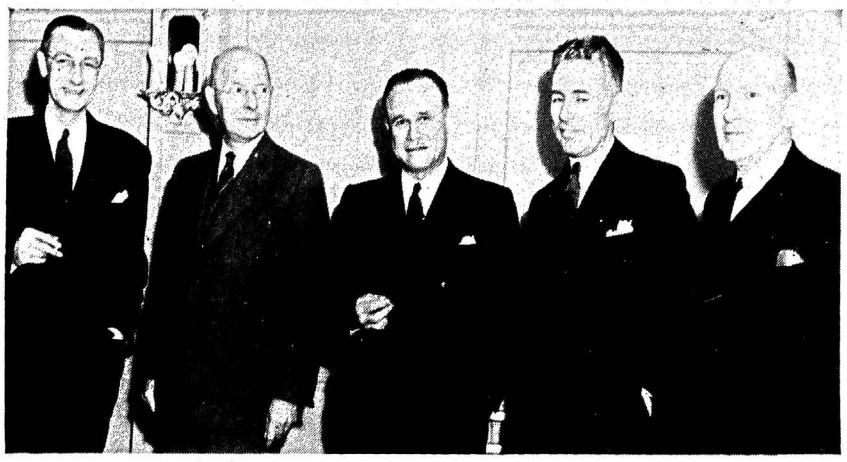
Toronto Bond Traders Association

Hal Murphy, *Commercial & Financial Chronicle*, New York; "Dutch" Fisher, *Walwyn, Fisher & Co.*; Jack Kingsmill, Secretary-Treasurer of *Investment Dealers' Association of Canada*

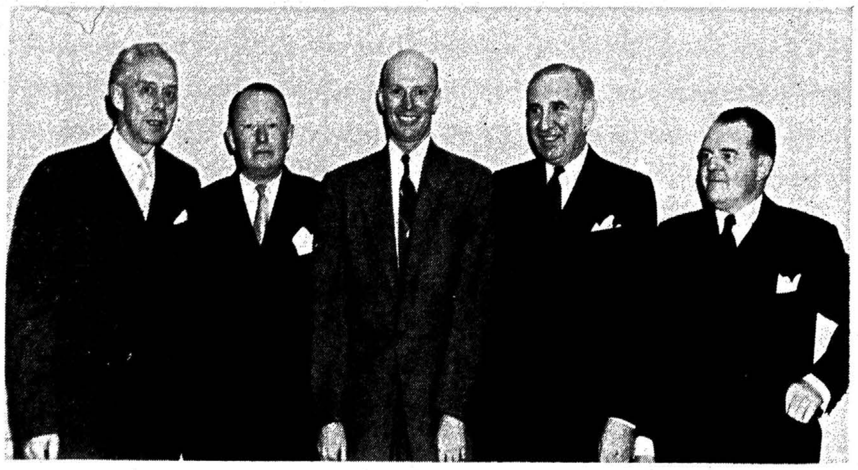
S. A. Spidle, *Collier, Norris & Quinlan*; G. S. Osler, *Osler & Hammond*; W. J. Scott, *Gairdner and Company, Ltd.*



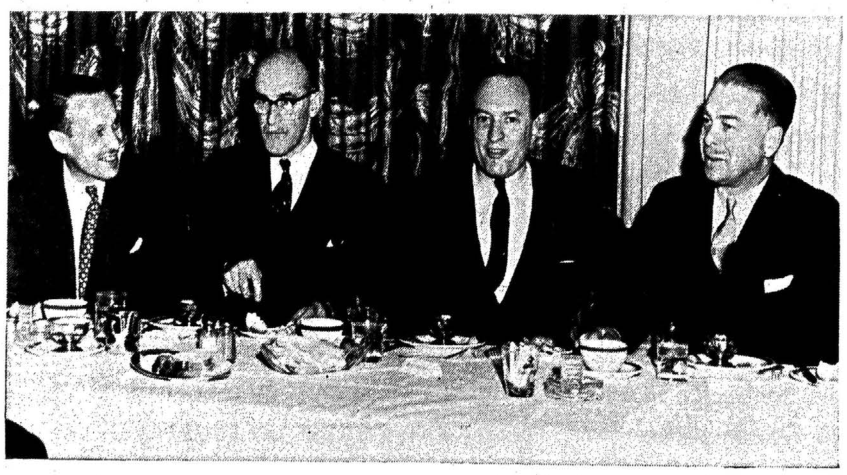
J. R. Meggeson, *J. R. Meggeson & Co., Ltd.*; John C. Moorhouse, *Deacon Findley Coyne Limited*; B. de Breyne, *L. G. Beaubien & Co., Ltd.*, Montreal



Gilbert Smith, *Toronto Dominion Bank*; T. F. B. Walker, *R. A. Daly Co., Ltd.*; A. E. Oliver, *Wood, Gundy & Company, Ltd.*; N. H. Gunn, *Bell, Gouinlock & Company, Limited*; Harold Backus, *McLeod, Young, Weir & Company, Ltd.*



Howard Wilson, *Eastman, Dillon & Co.*, New York; Mickey McBride, *Midland Securities Corpn. Ltd.*; Henry Robson, *Eastman, Dillon & Co.*, New York; Charles Goodeve, *F. B. Ashplant & Co.*, New York; Dereck Simpson, *Midland Securities Corpn. Ltd.*



J. F. Van Duzer, *Mills, Spence & Co. Limited*; C. E. Murray, *Canadian Bank of Commerce*; B. C. Scott, *Dominion Securities Corpn. Limited*; N. D. (Jack) Young, *Dominion Securities Corpn., Limited*, President of the *Investment Dealers' Association of Canada*

C. S. Frost, *Bank of Nova Scotia*; F. D. Osborne, *Imperial Bank of Canada*; Al Tisch, *Fitzgerald & Company, Inc.*, New York City; Walter Sullivan, *Equitable Securities Canada, Ltd.*

G. H. MacFarland, *Nesbitt, Thomson & Company, Limited*; H. A. Benham, *Bank of Canada*, Ottawa; Stanley Cox, *Bankers Bond Corporation Limited*; M. A. Brown, *Dominion Securities Corpn. Limited*

Ernie Jarvis, *Wisener and Company, Limited*; Bud Wisener, *Wisener and Company, Limited*; H. B. Glencross, *Royal Bank of Canada*, Montreal; Cliff Low, *Doherty Roadhouse & Co.*

—— MORE PICTURES ON SUCCEEDING PAGES ——

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Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ ° —	Quotation Dec. 31, 1954•	Approx % Yield Based on Paymts. to Dec. 31, 1954
Ashdown Hardware Co., Ltd., J. H., "B" — Large wholesale & retail business in general hardware	17	1.00	14⅞	6.7
Aunor Gold Mines Ltd. — Ontario gold producer	14	0.16	2.25	7.1
BANK OF MONTREAL — Operates 602 branches and agencies throughout the world • **See Bank's advertisement on page 49.**	126	1.40	44½	3.1
BANK OF NOVA SCOTIA — Operates 415 branches & sub-offices throughout the world • **See Bank's advertisement on page 39.**	122	1.80	53½	3.4
BANK OF TORONTO t — **Merged with Dominion Bank in February 1955 under name of Toronto-Dominion Bank.** • **See advertisement of Toronto-Dominion Bank on page 44.**	98	2.00	58¼	3.4
Banque Canadienne Nationale — Operates 247 branches in Canada	73	1.20	36	3.3

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 51

Barber-Ellis of Canada, Ltd. — Stationery & printers' supplies	24	3.20	b15⅛	21.2
Beatty Bros. Ltd. — Manufactures barn & stable equipment, household equipment, pumps, etc.	15	0.40	7¼	5.5
Belding-Corticelli Ltd. — Makes nylon, silk and rayon threads for all purposes	32	0.65	9⅛	7.1
Bell Telephone Co. of Canada — Most important telephone system in Ontario & Quebec	74	2.00	46¾	4.3
Belleterre Quebec Mines, Ltd. — Quebec gold producer	10	0.10	2.95	3.4

• Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
° Add 3% to translate into U. S. funds.
a Asked.
b Bid.
t The Bank of Toronto and The Dominion Bank merger became effective in February, 1955, thereby forming The Toronto-Dominion Bank. The data shown are for the former Bank of Toronto.

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Canadian Uranium Activities In 1954 and Future Prospects

500 tons averaging $17.98 a ton. In addition to the properties mentioned above, diamond drilling was done on 20 properties in the general Blind River region. These preliminary results, as well as certain surface discoveries, offer hope that other orebodies may eventually be outlined in the territory north of Lake Huron or in other parts of the Canadian Shield, possibly in other formations besides the Mississagi.

Gratifying results were obtained from the exploration of several pegmatitic deposits in the Haliburton-Bancroft region. Two adits were driven to test occurrences on the Faraday property, and in February 1955 it was reported that 205 feet of drifting on one deposit had yielded muck samples averaging 0.454% U_3O_8. Underground exploration was continued at the Centre Lake property where two dykes were estimated to contain 2,700 tons per vertical foot, averaging 0.09% U_3O_8. On the adjoining Croft property, an adit was driven for further tests of part of a zone explored by diamond drilling. About 1,000 feet of drifting was reported to have shown a length of 613 feet averageing 0.084% U_3O_8 for a width of 10 feet. Late in 1954 plans for sinking a shaft on the Rare Earths property were reported, to test a zone estimated to contain 1,100 tons per vertical foot, averaging 0.11% U_3O_8 and 0.06% ThO_2. Late in the year underground exploration was resumed at the Cardiff Uranium property, where uranium-fluorite deposits had already been outlined, as reported in other years. Diamond drilling was done on 16 properties in Haliburton-Bancroft region in 1954.

At the Beaucage property on Newman Island in Lake Nipissing a shaft was begun to permit further testing of a large deposit outlined by diamond drilling. This is mainly of interest for its columbium content, but uranium may be recovered as well. In the Chiplean region drilling was continued on nagnatite apatite deposits that also contain columbium, tantalum and uranium.

Diamond drilling was done on one property in Port Arthur region, and surface work was carried on at a few properties in Kenora region.

At the Eldorado refinery at Port Hope, extensive installations were made for a new refining process to be in operation in June 1955. This will increase recovery of uranium.

BRITISH COLUMBIA

Underground and surface exploration was continued at the Rexspar property near Birch Island. The owners reported that the two principal zones were estimated to contain 110,000 tons averaging 2.2 pounds of U_3O_8 per ton, and 600,000 tons averaging 1.8 pounds of U_3O_8 per ton.

Considerable staking was done near the head of Boulder Creek, northeast of Atlin, following discovery of radioactive shear zones containing secondary uranium minerals. The discoveries were made late in the year, in attempting to trace the source of a pitchblende-bearing specimen, and active exploration is planned for the coming season.

Several new radioactive discoveries were reported from different parts of the province, including several occurrences of pyrochlore.

ALBERTA

A good deal of prospecting and staking were done in the Precambrian region north of the west end of Lake Athabasca. Radioactive occurrences were reported from eight new properties, all being of the general pegmatitic class. Diamond drilling was done at one property, near Fort Chipewyan.

MANITOBA

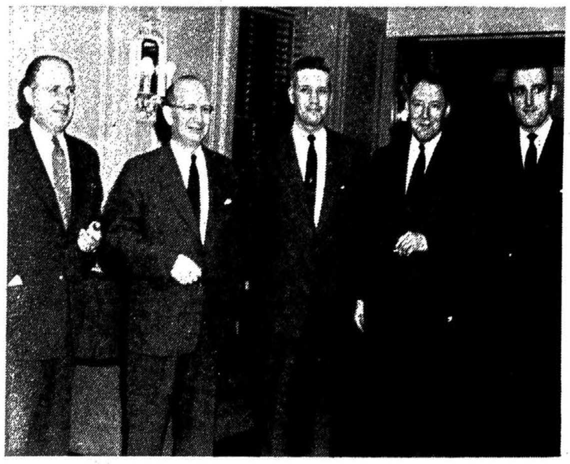
Two radioactive discoveries were reported from the vicinity of Tooth Lake, in Rice Lake Mining Division. Surface work was done on properties staked in previous years in the region between Winnipeg and Kenora.

QUEBEC

Prospecting and staking were active in many parts of Quebec, almost entirely within the Grenville sub-province of the Canadian Shield. Several additional discoveries were reported, almost all being of pegmatitic and contact-metasomatic types. Diamond drilling was reported to have been done at 21 properties, mainly in the Maniwaki, Grand Calumet, and Oka regions. In the latter region, several radioactive occurrences that are mainly of

Continued on page 37

Annual Dinner March 11, 1955

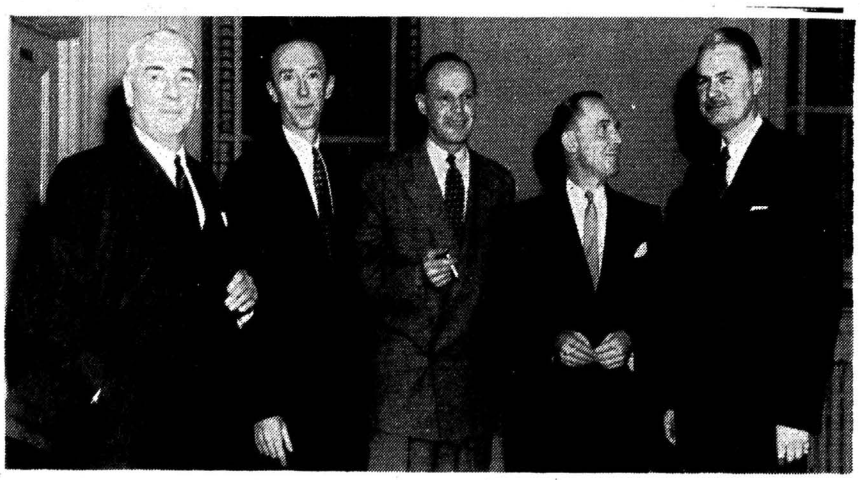


Lundy Nornabell, *Charles H. Burgess & Company;* Jack Burgess, *Charles H. Burgess & Company;* Jim Annett, *Gardiner, Annett Limited;* J. Reg. Findley, *Deacon Findley Coyne, Ltd.;* John R. Schmitt, *Gardiner, Annett Ltd.*

Arnold Plaxton, *Intercity Securities Corporation Limited;* Sandy MacLean, *Bank of Nova Scotia;* John E. Langdon, *McLeod, Young, Weir & Company, Limited;* Leonard Barlow, *McLeod, Young, Weir & Company, Limited*

William Phair, *Breckenridge, McDonald & Co.;* William McAlpine, *Brawley, Cathers & Company;* B. A. Mallon, *McLeod, Young, Weir & Company Limited;* Ed McDonnell, *Intercity Securities Corporation Limited*

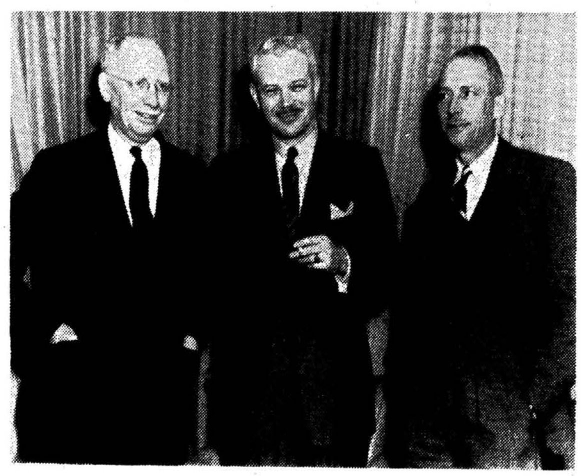
Jay Rutledge, *Canadian Bank of Commerce;* Charles McCutcheon, *Bankers Bond Co.;* Charles Murray, *Canadian Bank of Commerce;* Duke Scott, *Imperial Bank of Canada;* Jim Hughes, *Canadian Bank of Commerce*



William Bartlett, *Bartlett, Cayley & Company, Limited;* Vincent P. Shea, *Glore, Forgan & Co.,* New York; Harold Knight, *Walwyn, Fisher & Co.;* H. G. Jarvis, *A. E. Ames & Co., Inc.,* New York; J. P. Walwyn, *Walwyn, Fisher & Co.*

The Barry Townley Strings, one of the many delightful entertainments following the dinner

Richard A. Daly, Jr., *R. A. Daly Co. Limited;* T. M. W. Chitty, *Collier, Norris & Quinlan*



Harold Crossin, L. W. Virtue, and L. L. Bell, all of *James Richardson & Sons,* Toronto

Norman B. Moore, *Bank of Nova Scotia;* Jim Granton, *Matthews & Company;* N. K. McKinnon, *Harris & Partners Limited;* J. D. Taylor, *Harris & Partners Limited;* Jack Fulton, *Walwyn, Fisher & Co.*

W. George Tubby, *W. G. Tubby & Co., Ltd.;* Ian Macarthur, *Toronto Dominion Bank;* N. L. MacNames, *N. L. MacNames & Company Limited;* Edward Jackson, *N. L. MacNames & Company Limited;* Cec Parsons, *N. L. MacNames & Company, Limited*

Continued from page 35

Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954	Quotation Dec. 31, 1954•	Approx. % Yield Based on Paymts. to Dec. 31, 1954
		— Canadian $ * —		
Biltmore Hats Ltd. Men's fur felt and wool felt hats	21	0.40	a5½	7.3
Brazilian Traction, Light and Power Co., Ltd. "Ord" Diverse utility interests in Brazil	14	†0.53	8⅜	6.3
British American Bank Note Co. Ltd. Makes bank notes, bonds, revenue stamps, and similar items	20	1.20	a23	5.2
British American Oil Co. Ltd. Petroleum production, refining, distribution	46	0.77½	29¾	2.6
British Columbia Telephone Co. "Ord" Second largest privately owned telephone system in Canada	39	2.00	44¼	4.5
Broulan Reef Mines Ltd. Ontario gold producer	15	0.09	1.50	6.0
Building Products Ltd. Asphalt roofing, flooring and insulation	28	1.80	46¾	3.4
Burlington Steel Co., Ltd. Steel rolling mill & related oper.	18	1.50	26	5.8
Butterfly Hosiery Co., Ltd. Makes ladies' full-fashioned hosiery	13	0.30	5	6.0
Caldwell Linen Mills, Ltd. Makes wide variety of linen & cotton products	12	0.80	13	6.1
Calgary & Edmonton Corp., Ltd. Leases oil & gas drilling rights in Alberta	18	0.10	15⅛	0.6
Canada & Dominion Sugar Co., Ltd. Cane & beet sugar refining	24	1.00	20⅞	4.9
Canada Bread Co., Ltd. Bread and cake wholesaler and retailer	12	0.10	3.00	3.3
Canada Iron Foundries, Ltd. Holding & operating company—machinery & equipment interests	10	1.20	23	5.2

• Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
† Adjusted for stock dividends, splits, etc.
a Asked.

Continued on page 39

Continued from page 35

Canadian Uranium Prospects in 1954 And Future Prospects

interest for their columbium content were drilled.

A discovery of uraninite in magnetite-rich pegmatitic granite in Bressani township, in the southern part of Chibougamau region, was explored by diamond drilling. This discovery resulted in the staking of many claims in the vicinity. Also from Chibougamau region, Opemiska Copper Mines reported that uranim assays had been obtained from a chalcopyrite-magnetite vein on the third level of its producing copper mine.

NEW BRUNSWICK

An accurrence near Hampton, reported in 1953, was explored by diamond drilling during the winter of 1953-54. This caused considerable prospecting in the province during the summer of 1954, resulting in several discoveries in widely-separated localities. Some of these consist of hydrocarbon-resembling thucholite, carrying fine-grained pitchblende. An occurrence near Harvey and another near Upsalquitch were explored by diamond drilling.

Now With J. Barth

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Walter Aufhauser has become affiliated with J. Barth & Co., 210 West Seventh Street. He was formerly with Leo Schoenbrun.

With E. F. Hutton & Co.

(Special to The Financial Chronicle)

PASADENA, Calif.—Harold J. Wylie is now with E. F. Hutton & Company, 10 North Garfield Avenue.

With Boettcher Co.

(Special to The Financial Chronicle)

DENVER, Colo.—Robert F. Baroch has joined the staff of Boettcher & Co., 828 Seventeenth Street, members of the New York Stock Exchange.

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"Our Dignity Is Not To Be Disputed"

from overseas. In 1920, four years after our modest start, we had grown to 104 members—38 in the eastern section comprising Quebec and the eastern provinces—42 in the central section consisting of the Province of Ontario, and a western section comprising the four western provinces had been added with 24 members.

Moving ahead in five year periods, we find that by 1925 after five years of postwar adjustment, our membership totaled 108. In that year an important step was taken when we changed our name to the Investment Bankers' Association of Canada—more about that later.

In 1930, we still had only three sections — eastern, central, western — but our membership had grown to 134 firms with 17 branch offices. It is interesting, I think, to note that in 1935 after six hazardous years, we still had 113 members, and those of us who stuck it out for the five eventful years from 1929-1934 had many helpful and expensive lessons. The Pacific district was formed in 1932 with three head offices and three branch offices —all in Vancouver.

Two important changes occurred in 1935 — involving a change in our name and the addition of a new district. Following amendments to the Bank Act in 1934, no one other than Canadian Chartered Banks could use the word "Bank or Banker." It was therefore necessary to change our name and we adopted our present identification — The Investment Dealers' Association of Canada. The Maritime district was also formed in 1935 and consisted of six head offices and four branch office members.

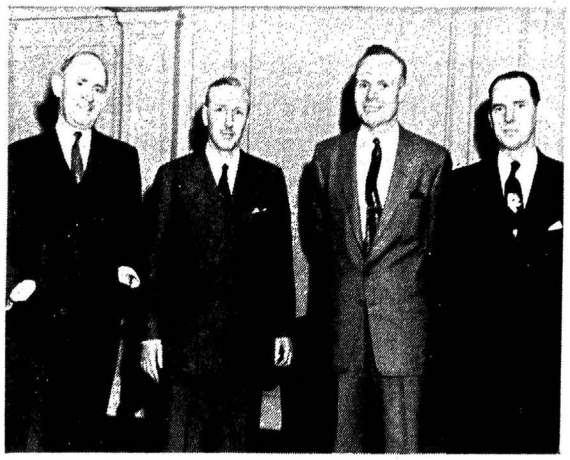
In 1940, one year after Canada's entry into the war, membership in the five district totaled 114 firms with 41 branches. In the 10 years, 1930-1940 which included four years of depression and one year of war, our members had been reduced by 20, resulting from consolidation and retirement.

You are all familiar with the work of the National War Finance Committee. During the war our members did a job that commanded respect and admiration not only in Canada, but a job that was not equalled or approached by any other free country.

Before dealing with the postwar period, I think I should refer briefly to a situation which affected our association and resulted in part from the activities of the N.W.F.C. In June 1942, we initiated associate memberships with the result that many firms who dealth almost exclusively in stocks became "Associate Members." After the war, it was felt

Continued on page 39

Over 400 in Attendance

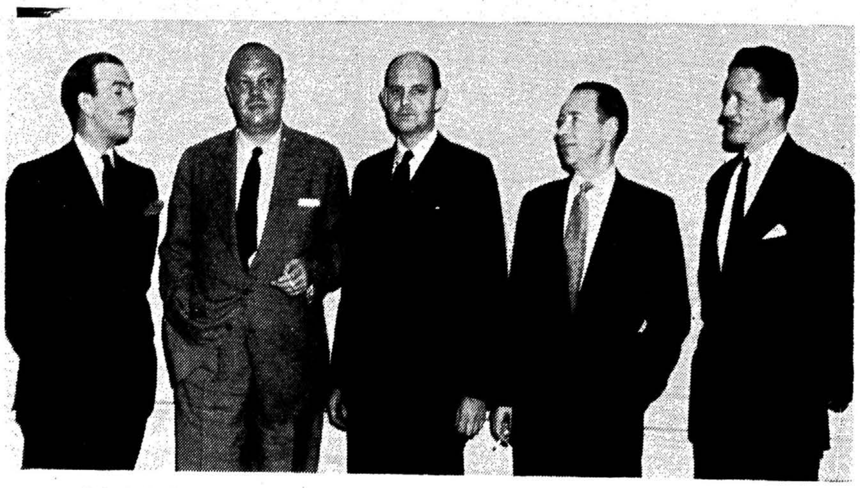


E. R. Cameron, George E. Hynes, Edward Perkes, and Alan Smith, all of *Toronto Dominion Bank*

Al Gordon, *Bongard & Co.;* Clarke Cowan, Bob Prittie, and E. M. Kennedy, *Midland Securities Corpn., Ltd.*

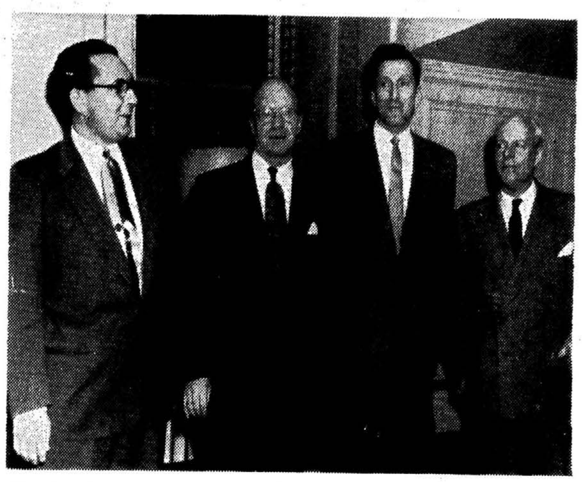
Arthur Fairclough, *Fairclough & Co. Ltd.;* Frank G. Weller, *Wisener and Company Limited*

John L. Graham, *J. L. Graham & Company, Ltd.;* John S. Brown, *J. L. Graham & Company, Ltd.;* T. B. Wilson, *A. F. Francis & Company, Ltd.;* Tom Bradbury, *Brawley, Cathers & Company*



Dennis Fitzgerald, Eric Scott, R. K. McConnell, O. A. H. Sims and A. H. Ackerman, all of *J. H. Crang & Co.*

Doug Morton, *Canadian Bank of Commerce;* Grant Adam, *Toronto Dominion Bank;* Joe Waller, *Canadian Bank of Commerce;* Pat McGouran, *Canadian Bank of Commerce*



Jim Lamb, *Thomson & McKinnon;* George Ormonde, *Thomson & McKinnon;* Norman Albert, *Goodwin Harris & Company;* Russell Gee, *E. T. Lynch & Company*

Peter Green, *Royal Securities Corporation, Limited;* Harold Stanley, *Royal Securities Corporation Limited;* John C. Brown, *Bank of Montreal*

Lloyd Garrett, J. Ross Oborne, and George Mulligan, all of *Nesbitt, Thomson and Compnany Limited;* Dave McCart and Derrick Leach, both of *Mills, Spence & Co. Limited*

John Hayman, *Goulding, Rose & Co. Ltd.;* E. J. Allman, Len Watt, H. V. Shaw, and C. E. H. Medhurst, all of *Gairdner and Company Limited*

Continued from page 37

Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ ° —	Quotation Dec. 31, 1954*	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Canada Life Assur. Co. One of the largest Canadian companies underwriting life, accident and sickness insurance	100	3.00	155	1.9
Canada Machinery Corp., Ltd. Wide variety of tools & machines	15	0.50	b9	5.6
Canada Malting Co., Ltd. Malt for the brewing & distilling industries	27	3.00	71½	4.2
Canada Northern Power Corp., Ltd. Through subs. serves important mining area in Northern Quebec	26	0.60	b14	4.3
Canada Packers Ltd. "B" Full line of packinghouse prods.	20	1.50	35	4.3
Canada Permanent Mortgage Corp. Lends on first mortgage security, issues debentures, accepts deposits	99	2.75	83⅜	3.4
Canada Steamship Lines, Ltd. Freight and passenger vessels: other diverse interests include hotels	12	0.25	22¼	1.1
Canada Vinegars Ltd. Vinegar and apple products	30	1.00	a17½	5.1
Canada Wire and Cable Co., Ltd. "B" Copper and steel wires and ropes	16	3.00	75	4.0
CANADIAN BANK OF COM. Operates 704 branches throughout the world ● See Bank's advertisement on page 42.	87	1.20	40	3.0

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 51

* Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
° Add 3% to translate into U. S. funds.
a Asked.
b Bid.

Continued on page 41

Continued from page 37

"Our Dignity Is Not To Be Disputed"

that this policy had been a mistake and in 1948 all firms who had become associate members either had to become full members or resign. The decision resulted in a tremendous increase in the number of our full members. The important or major part of the business of many of these firms was not necessarily confined to the investment business and this has created a membership problem which has been a constant source of discussion and consideration.

In 1945, we had 102 corporate members and 101 associate members. In 1950 — one year after elimination of associates—our full membership had risen to 196. At the present time we have 208 head office memberships in six districts, with 228 branch offices.

District Organization

You all, of course, recall that out of the West came oil for the cars of Canada and in 1948 the Alberta district was organized with seven head offices and eight branch office memberships. Our organization is now divided into six districts:

Atlantic	7 members
Quebec	62 members
Ontario	94 members
Mid-Western	9 members
Alberta	10 members
Pacific	26 members

We are interested in and welcome to membership, firms who have aims and objectives which conform to the policy of our association. We are not interested in those who apply for membership merely to clip a corner off an already shrunken profit dollar and who cannot or do not intend to contribute anything to our industry as a whole.

Our membership and our activities have expanded rapidly since 1949 and your executive this year has devoted time and energy to examination and consolidation. Examination, not only of membership but of past, present and future aims and objectives, and consolidation of advances or gains made in the last six years.

With these objectives in view, it seemed desirable to have our national committee examine carefully that section of our by-laws dealing with membership, having in mind the desirability of taking any action that might be necessary to protect the good reputation our members and our association have built up, particularly in the past 20 years.—And to bring about a membership whose aims conform with the original principles and objectives of our association.

Another situation prompting this examination results from the fact that approximately half of our members have never participated in our educational program, nor have they subscribed in any important way to the publications prepared by us for distribution to the investing public, in which we have tried to tell the story of our place and function in the economic development of Canada.

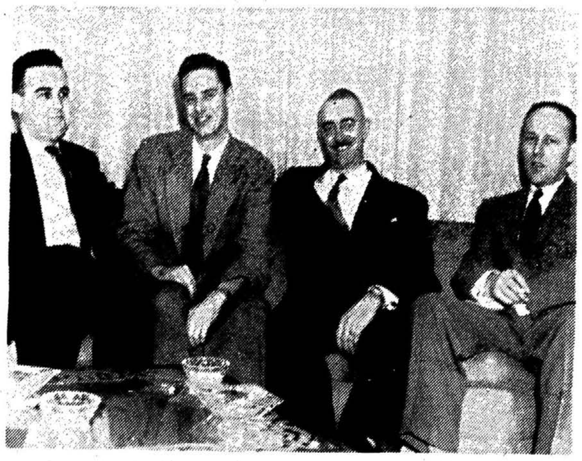
The benefits of membership in the IDAC have been proved by those 10 firms who sat at our first meeting in February 1916, and who still take an active part, devoting personnel, experience and money in the interest of all our members and to those 10 should be added many, many more, who year after year make a real contribution to our association. Maybe the free riders have been with us long enough.

At this point, I would like to give you what I consider to be a few reasons supporting the value of membership in our association — just a few of the things the IDAC has done for its member houses. I shall deal with the personnel of member houses as distinct from members in a moment or so. The list of accomplishments

Continued on page 41

Many Out of Town Guests Including New York & Montreal

Wm. Currie, *Burns Bros. & Company, Ltd.;* Telfer R. Hanson, *Burns Bros. & Denton, Limited;* Guy Major, *Major & Company,* Montreal; Hartland W. Gee, *Canadian Alliance Corporation, Ltd.,* Montreal



John Dolan, *James Richardson & Sons,* Toronto; Bill Ganong, *James Richardson & Sons,* Toronto; Jim Cadman, *James Richardson & Sons,* Toronto; Alastair Gray, *James Richardson & Sons,* Montreal

Jim Stewart, *McLeod, Young, Weir & Company Limited;* Doug Mitchell, *McLeod, Young, Weir & Company Limited;* Donald G. Peace, *Dominion Securities Corpn. Limited;* Bob Trow, *J. H. Crang & Co.*

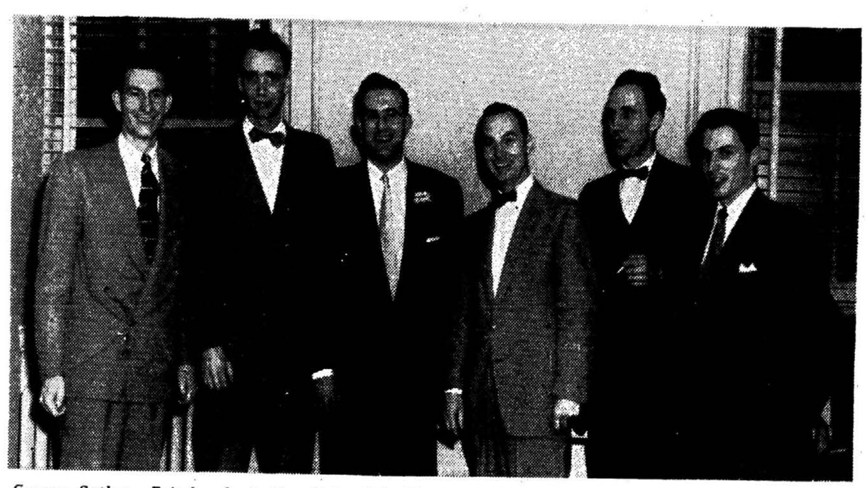
Vic Schuler, *Burns Bros. & Denton, Limited;* Gordon Campbell, *Burns Bros. & Denton, Limited;* Harold Fallis, *Frank S. Leslie & Co.;* Latham Burns, *Burns Bros. & Denton, Limited;* Jim Proctor, *Imperial Bank of Canada;* Frank Weller, *Wisener & Company Limited*

W. N. Hovey, *Equitable Securities Canada Limited;* Howard Whillans, *McConnell & Company Limited;* T. G. Connolly, *Burns Bros. & Denton, Limited;* John Parkinson, *Deacon Findley Coyne, Limited*

Russ Smith, *Gairdner and Company, Ltd.;* Frank Munro, *McLeod, Young, Weir & Company Limited;* Gordon Simpson, *Standard Securities Ltd.;* Hap Seagram, *Bank of Nova Scotia;* A. C. Stewart, *Toronto Dominion Bank;* Dave Cassels, *Cochran, Murray & Co., Ltd.*

W. H. Price, *Price, Evans & Co., Ltd.;* Bob Robinson, *Walwyn, Fisher & Co.;* Paul Fisher, *A. E. Ames & Co.,* Montreal; Jim Wilson, *A. E. Ames & Co.,* Toronto; Duke Morrison, *Royal Securities Corporation Limited*

Murray Toombs, *Gairdner and Company, Ltd.;* Howard Neville, *Gairdner and Company, Ltd.;* Howard Wilson, *Dominion Securities Corpn.;* Edward A. Robinson, *Bartlett, Cayley & Company;* Si Spidle, *Collier, Norris & Quinlan;* Roy Wittstock, *Watt & Watt*



George Sythes, *Fairclough & Co. Ltd.;* Bob Meggeson, *J. R. Meggeson & Co. Ltd.;* Bob Mills, *Greenshields & Co., Inc.;* Gene St. Marie, *Canadian Bank of Commerce;* Joe Baxter, *Royal Bank of Canada;* Denis McBride, *Bell, Gouinlock & Company Limited*

Continued from page 39

Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ * —	Quotation Dec. 31, 1954*	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Canadian Breweries Ltd. Holding co.—brewing and grain milling interests	10	1.25	25½	4.9
Canadian Bronze Co., Ltd. Holding co. — subsidiaries make bronze bearings, bushings, and castings	27	1.75	27	6.5
Canadian Canners Ltd. Cans fruits, vegetables, meats, etc.	15	2.00	31	6.5
Canadian Car & Foundry Co., Ltd. "Ord" Rail and highway rolling stock	10	1.00	22½	4.4
Canadian Celanese Ltd. Synthetic yarns and fabrics	19	0.75	25	3.0
Canadian Fairbanks Morse Co., Ltd. Exclusive sales agent for Fairbanks, Morse & Co. of Chicago	17	1.00	b22¼	4.5
Canadian Gen. Elec. Co., Ltd. Exclusive manufacturing & selling rights of General Electric products in Canada	25	10.00	a600	1.7
Canadian Gen. Invest. Ltd. Management type invest. trust	27	1.28	30½	4.2
Canadian Industries (1954) Ltd. Chemicals and allied products	28	†0.10	24¼	0.4
Canadian Oil Cos., Ltd. Petroleum refining & distribution	29	0.50	18¾	2.7
Can. Pac. Ry. Co. "Ord" "The" private railway system of Canada	11	1.50	31⅜	4.8
Canadian Tire Corp., Ltd. Automotive accessories, parts, etc.	11	0.70	68	1.0
Celanese Corp. of America Yarns and fabrics	16	§0.625	ns	--
Celtic Knitting Co., Ltd. Silk, silk & wool, and cashmere hosiery	10	1.00	b10	10.0

* Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
† Adjusted for stock dividends, splits, etc.
§ Adjusted for Canadian-U. S. rate of exchange. Add 3% to translate into U. S. funds.
a Asked.
b Bid.
ns Not shown.

Continued on page 42

Continued from page 39

"Our Dignity Is Not To Be Disputed"

is much too lengthy to cover in detail. I shall, therefore, only attempt to mention some of the actions of recent years which makes membership in the association worthwhile.

Instances without number could be cited where representations have been made for the purpose of preventing ill-advised legislation or regulation. As was the case a little over a year ago when your President and I were given 12 hours' notice to appear before the Banking Committee of the Senate to try and stop a piece of legislation that had already passed the Commons and had first reading in the Senate. This particular Bill which had to do with implementing a 15% withholding tax on accrued interest on transactions between residents and non-residents would have had a serious and costly effect on the business of many of our members. The Minister of Finance finally went back to the Commons, reversed his stand, and the Bill was killed.

Frequently consultations are held with Bank of Canada—the chartered banks — the dominion mortgage and investments association—securities commissions—trust companies associations — stock exchanges and others on problems of mutual interest.

I should refer to the publication of 17,000 copies of funded debt booklets made available to all members annually at a very reasonable cost. Many of our members could not undertake production of such a publication on their own and small quantities would make cost prohibitive.

Group insurance was initiated in 1948. This was of no particular benefit to larger firms who had or could have their own group plan, but was of great benefit to all the smaller firms in the association.

Items Which Bear Watching

The following items all necessitated careful watching by your association:

We were consulted in 1946 when the new Ontario Securities Act was drafted.

We submitted a brief on succession duties to all Premiers, Treasurers and Attorney-Generals for the Provincial Conference.

We opposed the Extradition Treaty at Ottawa.

We secured amendments to various exchange board rulings.

In 1949, a general study of the Dominion Income Tax Act as it affected investment dealers was made and a brief submitted to Ministers of Finance and National Revenue. This was instrumental in bringing about the extension from 3 to 5 years for the period during which taxpayers may write off a loss. Substantial income tax relief was also granted to small businesses.

Our committees work consistently on uniform trading and delivery practises in conjunction with the bond traders' associations and the chartered banks.

In 1950, our efforts were of assistance in having eliminated through legislation a serious tax liability to Canadian shareholders of U. S. companies, resulting from the distribution through corporate transfers to capital account from earned and capital surplus account.

We were successful in having places of payment increased for provincial and provincial guaranteed bonds.

The largest saving in recent years was brought about by the elimination of the Dominion bond and stock transfer tax. The elimination of this grossly unfair tax on our industry has meant a direct savings of considerable importance to our members, and because it was an expensive tax to collect its removal has cost the country very little. We are still pressing for its complete removal in Ontario and Quebec. It is unlikely that other industries have ever

Continued on page 42

Mountain States Secs. Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Verlyn J. Kane has joined the staff of Mountain States Securities Corporation, Denver Club Building.

Joins E. I. Shelley

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Vincent J. Beck has joined the staff of E. I. Shelley Company, First National Bank Building.

Continued from page 41

"Our Dignity Is Not To be Disputed"

been subjected to such an unfair and discriminatory tax, and its removal last year was the cumulative result of many representations of Past Presidents and associates to the Minister of Finance and department officials in Ottawa and at Queen's Park.

Someone may observe that the tangible benefits seem small in comparison with the hard work done by so many people over the years. Such an observation could be best answered by a question: What would our position be as an industry and as individuals if we hadn't filed briefs, talked to officials and pressed forward an educational and public relations programs?

Basically, business is simple, no matter how difficult it might be to operate successfully. Business, someone has said, is "making or getting something people want or should have and selling to them at a profit." So if we can distribute what the people want and should have, we shouldn't have too much trouble, which reminds me of a story.

Seems that a dogfood company was having its annual pep convention, and under the whiplash of the sales manager a very fair stimulation of enthusiasm for the company, its products, and its president had been evoked.

The president was about to address the meeting, and the sales manager eulogized him to the skies of his mastery of production and distribution. Sales psychology dripped from his tongue in the manner of one who either believes what he is saying or realizes that his job is at stake.

"Gentlement," he concluded with explosive reverence, "our Chief."

Applause greeted the president, who stepped to the rostrum with, "Gentlemen, I can, quite understand your admiration for our produce, and for me. However, there is one question I would like to ask. With all our splendid

Continued on page 43

Continued from page 41

Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ * —	Quotation Dec. 31, 1954• — Canadian $ * —	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Central Canada Invest. Ltd. Investment co.—large insurance interests	71	0.50	b16⅛	3.1
Chartered Trust Co. General fiduciary business	20	1.20	46	2.7
Chateau-Gai Wines Ltd. Wines and juices	10	1.00	a15½	6.4
Coast Breweries Ltd. A holding co. for four British Columbia breweries	26	0.27	b4.60	5.9
Cockshutt Farm Equipt. Ltd. Farm implements & machinery	14	0.30	8¼	3.6
Collingwood Terminals, Ltd. Operates a 2 million bushel grain elevator in Collingwood, Ontario	13	1.00	b13	7.7
Conduits National Co., Ltd. Rigid electrical conduits, elbows, couplings, etc.	18	0.60	8½	7.1

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 51

Confederation Life Assoc. Wide range of endowment and life policies	81	1.50	143	1.0
Consolidated Mining & Smelting Co. of Can. Ltd. Lead, zinc, silver, chemical fertilizers, etc.	22	1.20	31	3.9
Consumers' Gas Co. of Toronto Manufactures and distributes gas in the Toronto area	107	0.80	23½	3.4
Consumers Glass Co., Ltd. Wide variety of glass containers	19	1.50	27	5.5
Corby (H) Distillery Ltd. "A" Holding and operating co.—alcohol and spirits	18	1.10	17⅞	6.1
Cosmos Imperial Mills Ltd. Manufactures heavier grades of cotton duck	20	0.70	12	5.8

• Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
a Asked.
b Bid.

Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ * —	Quotation Dec. 31, 1954•	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Crown Cork & Seal Co., Ltd. Bottle caps for the beverage industry	26	2.00	44	4.5
Crown Trust Co. General fiduciary business	55	5.00	180	2.8
Crow's Nest Pass Coal Co., Ltd. Coal producer on western slope of Canadian Rockies	37	4.00	105	3.8
Distillers Corp.-Seagrams Ltd. A holding co.—interests include a complete line of whiskies and gins	18	1.70	33¼	5.1
Dome Mines Ltd. Ontario gold producer	35	0.70	17.50	4.0
Dominion and Anglo Investment Corp., Ltd. Investment holding company	15	14.00	b265	5.3
DOMINION BANK d **Merged with the Bank of Toronto in February 1955 under the name of Toronto-Dominion Bank.**	84	1.30	43	3.0

● See advertisement of Toronto-Dominion Bank on page 44.

Dominion Bridge Co., Ltd. Bridges, cranes, and structural steel of all kinds	42	†0.68	20	3.4
Dominion Engineering Wks., Ltd. Wide variety of machines and equipment	13	1.00	24	4.2
Dominion Fabrics, Ltd. Towels, tapestries, draperies, etc.	28	0.60	9½	6.3
Dominion Foundries & Steel Ltd. Makes wide variety of primary steel products	18	0.60	20¼	2.9
Dominion Glass Co., Ltd. Wide variety of glassware	37	†1.425	38½	3.7
Dominion Oilcloth and Linoleum Co., Ltd. Wide range of linoleum and oilcloth products	68	2.00	35	5.7
Dominion Stores Ltd. Operates grocery & meat chain	13	0.70	29¾	2.3
Dominion Textile Co., Ltd. Wide range of cotton yarns and fabrics	48	0.30	7½	4.0

• Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
† Adjusted for stock dividends, splits, etc.
d The Dominion Bank and The Bank of Toronto merger became effective in February, 1955, thereby forming The Toronto-Dominion Bank. The data shown are for the former Dominion Bank.
b Bid.

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"Our Dignity Is Not To be Disputed"

methods, our enthusiasm, and our loyalty, we stand only seventh in this great country in the distribution of dog food. Only seventh—with this magnificent product. Can you tell me why?"

"Sure," bellowed the entire sales force in chorus, "dogs don't like it!"

We must try to originate and distribute products that the public not only like but should have. As a matter of fact, in an industry such as ours where we deal with the savings of many—the public have a right to expect and indeed the aim of our Association should be, to demand insistently the application of the principle of fairness from its members. This principle of fairness is the white thread running through all systems of law and we should be its foremost exemplar. I opened my remarks by saying that I hoped my story would be of particular interest to the younger men, and they might ask just how these accomplishments affect them. If this principle of fairness could be established as the cornerstone of our profession, they would have a very solid foundation on which to establish their future. If we build well today then the plans they may wish to make both for themselves and for their families have a much better chance of realization. I submit, therefore, that the constructive part of this Association's 40 years' work has been made for them too. However, in addition to the foregoing benefits, the Association has taken direct steps which should help them progress more rapidly.

Let's take a look at another historical day in the life of our Association, which was planned for and which we hope has and will continue to benefit young men who choose this profession as a medium to express their talents and their energies.

In the winter of 1946-47, the Association started a series of 21 lectures on investment banking, the first of which was given in the auditorium of the North American Life Assurance Company. This was the original course from which the present program stemmed.

The annual meeting of 1947 recommended the appointment of a full-time Director of Education and laid the groundwork for an educational program. In the Fall

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"Our Dignity Is Not to Be Disputed"

of the same year, Mr. H. L. Gassard was appointed to fill this post. And in seven years great progress has been made and much has been accomplished.

Our educational courses have been planned by men of wide experience in our business. These courses enable you to take a studied and rapid tour through many phases of finance as related to investment. While not guaranteeing success they give you a good start in the right direction.

An Enumeration of Accomplishments

Let us enumerate some of our accomplishments in this field:

(1) We have made available courses in public speaking to many of our young men.

(2) 2,516 employees of member firms have enrolled in educational courses I and II.

(3) 1,203 students have completed their courses successfully.

(4) 12 universities are offering either intra-mural or public courses on investment; and this month this figure is being raised to 13 when the University of New Brunswick offers its first public lecture investment course in Saint John.

(5) University of Toronto offers correspondence courses on investment. To date 1,489 students have enrolled.

(6) Approximately 500 addresses or lectures in connection with the IDAC have been given by our members to clubs and other large groups.

(7) 5,500 copies "Putting Your Dollar to Work" have been printed and sold.

(8) 80,000 copies "Investment Terms and Definitions" including 10,000 French translations have been distributed.

(9) 35,000 copies (envelope stuffer) "What Is an Investment Dealer" have been distributed.

(10) 64,000 copies "To Help You Share in Canada's Growth" have been distributed in English and 5,000 copies in French.

(11) The monograph "Investment Careers" and the booklet "A Career in Finance" describing employment opportunities in our business have been distributed to libraries and educational institutions across Canada.

These and other activities of the Association and its members provide ample proof that we are ready to recruit, educate and develop the most able and ambitious people our generation can provide.

Canada's progress over the next several decades seems assured. The rewards will be generous for Canadians who are willing to work and there is no substitute for hard work. Our Association has built on a good foundation and developed a reputation worth protecting.

While attainment of our economic and financial maturity is still in the future, Canada has nevertheless developed rapidly since our early days due to the rich abundance of her material resources. Because of the rapidity and scope of our development, we probably overlook the fact that we are still a very young country and a young association. It is difficult to realize that at the time our Association was formed, two of the provinces which are today attracting so much worldwide attention were 11 years old. Alberta and Saskatchewan joined Confederation September, 1905. Looked at another way—Canada's great economic surge in the past 40 years, in which our members have played an important role, coincides not only with the existence of our Association, but will have taken place during the lifetime of most of us and we have just begun.

In our youth and exuberance we made mistakes—most of which have been honorably rectified and we look ahead with confidence. *The free economic system cannot function successfully without us.* We recognize the fact that we have social obligations both to our communities and to our country. We have discharged them in the past—we will accept them in the future. We have proved in peace and in war that we are a unique and useful society. We have proved our effectiveness and efficiency by survival. I submit that our Association has performed and is performing a valuable service to its members, their employees and the investing public in Canada.

In concluding that The Investment Dealers' Association of Canade is an exceptional association of men, I would offer this observation—membership in the IDAC involves responsibility — it does not guarantee the public a high standard of morals on the part of all. We earnestly hope our members will so conduct themselves that neither damage nor criticism will be directed our way. But like Christianity, our Association should not be blamed for the failure of some to practise or conform to its high standards.

With Investors Planning

PITTSBURGH, Pa.—Augustine J. Marasco, Stephen E. Monoky, Ralph P. Wiethorn and Calvin M. King has joined the staff of Investors Planning Corporation of Pennsylvania, 417 Grant Street.

Shuman, Agnew to Admit

SAN FRANCISCO, Calif.—Scott H. Stewart, Jr. will become a partner in Shuman, Agnew & Co., 155 Sansome Street, members of the New York and San Francisco Stock Exchanges, as of April 1.

Hooker & Fay Admits

SAN FRANCISCO, Calif.—John G. Eidell on April 1 will become a partner in Hooker & Fay, 221 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

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Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954	Quotation Dec. 31, 1954*	Approx. % Yield Based on Paymts. to Dec. 31, 1954
		— Canadian $ * —		
Easy Washing Machine Co., Ltd. — Electric washing machines, floor polishers, air circulators, etc.	11	0.50	8¼	6.1
Economic Invest't Trust Ltd. — General investment trust business	28	1.50	31	4.8
Electrolux Corp. — "Electrolux" vacuum cleaners, & air purifiers	11	§1.00	10¾	9.3
Equitable Life Insurance Co. of Canada — Wide line of life & endowment policies	16	0.65	35	1.9
Falconbridge Nickel Mines, Ltd. — Nickel, copper, cobalt; subsidiary produces steel castings	22	0.50	23¾	2.1
Famous Players Canadian Corp., Ltd. — Largest operator of motion picture theatres in Canada	20	1.60	28¼	5.6
Fanny Farmer Candy Shops, Inc. — Operates large candy chain	27	§1.50	28	5.4
Ford Motor Co. of Canada, Ltd. "B" — Automotive manufacturer	22	4.25	102	4.1
Foundation Co. of Canada Ltd. — Engineers and general contractors	15	0.70	19½	3.6

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 51

Fraser Companies, Ltd. — Wide variety paper and lumber products	11	1.00	26	3.8
Gatineau Power Co. — Hydro-electric energy in Eastern Canada	17	1.20	27¾	4.4
General Steel Wares Ltd. — Household utensils; hotel, restaurant, and hospital equipment; refrigerators, etc.	14	0.70	10¾	6.5
Goodyear Tire & Rubber Co. of Canada, Ltd. — Natural and synthetic rubber products	28	6.00	158	3.8
Gordon Mackay Stores Ltd. "B" — Manages subsidiaries which distribute textile products & allied goods	30	1.00	a9	11.1
Great-West Life Assur. Co. — Wide range of life, accident and health policies	55	2.00	b193½	1.0
Greening (B.) Wire Co., Ltd. — Wide variety of wire products	17	0.25	4.00	6.2
Guaranty Trust Co. of Can. — General fiduciary business	26	0.60	18½	3.2
Hallnor Mines, Ltd. — Ontario gold producer	16	0.20	3.20	6.3
Hamilton Cotton Co., Ltd. — Wide variety of textile products	13	1.15	b12½	9.2
Harding Carpets Ltd. — Specializes in seamless "Axminster" and "Wilton" rugs	19	0.80	8¼	9.7
Hayes Steel Products Ltd. — Wide variety of automotive parts	12	1.50	b34	4.4
Hinde and Dauch Paper Co. of Canada Ltd. — Wide variety of paperboards, boxes, etc.	21	1.40	60	2.3
Hollinger Consolidated Gold Mines, Ltd. — Ontario gold producer	39	0.24	16.75	1.4
Hudson Bay Mining & Smelting Co. Ltd. — Manitoba copper & zinc producer	20	4.00	53½	7.4

* Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
§ Adjusted for Canadian-U. S. rate of exchange. Add 3% to translate into U. S. funds.
a Asked.
b Bid.

Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ * —	Quotation Dec. 31, 1954•	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Huron & Erie Mortgage Corp. Lends money on first mortgage security & operates deposit & debenture accounts	90	6.00	155	3.9
Imperial Bank of Canada Operates 234 branches throughout Canada	79	1.50	50	3.0
Imperial Life Assurance Co. of Canada Comprehensive range of life, endowment and term policies	53	1.50	70	2.1
Imperial Oil Ltd. With subsidiaries comprises fully integrated oil enterprise	55	0.90	40	2.2
Imperial Tobacco Co. of Canada, Ltd. "Ord." Tobacco, cigars and cigarettes	43	0.475	10½	4.5
Imperial Varnish and Color Co. Ltd. Varnishes, lacquers, enamels, paints, etc.	14	1.20	b23	5.2
Inter-City Baking Co., Ltd. Operates bakeries in Toronto, Ottawa, and Montreal	16	1.05	b15	7.0
International Nickel Co. of Canada, Ltd. Holding & operating co.—Primary operations at mines and smelters near Sudbury, Ont.	21	2.90	57	5.1
International Petroleum Co., Ltd. South American oil producer & refiner	37	1.00	27¾	3.7
International Utilities Corp. Management & development of natural gas & electrical companies in Alberta	11	§1.45	37	3.9
Investment Foundation Ltd. Management type investment trust	11	1.50	b32½	4.6
Journal Publishing Co. of Ottawa, Ltd. Publishes "The Ottawa Journal"	38	1.00	b14	7.1
Kelvinator of Canada, Ltd. Complete line of home appliances, parts and repairs	11	1.50	b21¾	6.9
Kerr-Addison Gold Mines Ltd. Ontario gold producer	15	0.80	16.50	4.8
John Labatt Ltd. General brewing business	10	1.00	22	4.5
Lake of the Woods Milling Co., Ltd. Mills flour & commercial feeds	15	1.60	44	3.6
Lake Shore Mines, Ltd. Ontario gold producer	37	0.10	6.05	1.7
Lamaque Gold Mines Ltd. Quebec gold producer	16	0.24	4.15	5.8

• Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
§ Adjusted for Canadian-U. S. rate of exchange. Add 3% to translate into U. S. funds.

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Uranium Ore Developments in The Algoma District of Canada

the Algoma District and those from the Witwatersrand.

An Extensive Uranium Mineralization

The uranium mineralization of the Algoma District is distributed over large areas, and this factor has helped in outlining extremely large tonnages of ore in a very short time. The three ore bodies mentioned later, Pronto, the Algom's Quirke and Algom's Nordic, have continuous lengths ranging from 4,000 to 7,500 feet, and the thickness averages between eight and almost 20 feet. They are all still open to the greatest depths explored by diamond drilling ranging from 2,000 feet to possibly 10,000 feet along the dip-slope of the ore. The uranium content is extremely uniform, as well, not only within a single ore body, but also between ore bodies many miles apart. The average grade of the Pronto, Nordic and Quirke ore bodies does not vary more than ½ pound of U_3O_8 per ton; these ore bodies are about 15 and 22 miles apart, respectively.

I'm sure most of you are more or less familiar with the story which has unfolded since the date of April, 1953, when the first drill hole on Pronto (formerly the Peach property) intersected U_3O_8 values of importance. It is a story which has been written very quickly. In a period of less than two years, the Algoma area has progressed in leaps and bounds. The following highlights will illustrate this statement:

(1) From May, 1953, until September, 1953, 1,400 claims were staked by companies managed by or associated with Technical Mine Consultants and Preston East Dome. A staking rush of major proportions was thus precipitated.

(2) Exploratory work was started on many claim groups during 1953, the main programs at that time being on properties of Pronto and Algom.

(3) Diamond drill exploration during 1953 rapidly outlined large tonnages of uranium ore on Pronto, the Algom Quirke property and the Algom Nordic property. During the early part of 1954, Pronto announced ore reserves having an indicated U_3O_8 content valued at over $50 million.

Toward the end of 1953, an inclined shaft was put down on the ore zone at Pronto to obtain fresh ore material for metallurgical tests. The shaft was driven to a slope depth of 55 feet and two drift rounds were taken east and west from the bottom of the shaft. Large samples of the ore material were sent to Ottawa, to the University of Toronto and to the University of British Columbia. It was found that the material is amenable to treatment by a simple leaching process, which will be employed.

Algom Uranium Mines

In early 1954 Algom Uranium Mines, Limited, announced that diamond drilling had outlined an orebody over 7,000 feet long with an average thickness of 12 feet on its Quirke Lake property, with an ore potential of 7,700 tons per inclined foot; and on its Nordic Lake property the ore body had been drilled for a length of 4,000 feet with extensions open.

(4) In March, 1954, Pronto Uranium Mines Limited announced its intention to sink a development-production shaft to develop the ore body outlined by diamond drilling; this shaft was started in June, 1954, and completed in December, 1954. This announcement was followed closely by an announcement that R. M. Way & Company had been engaged to design a concentrator having an initial capacity of 1,250 tons of ore per day and suitable for quick and easy expansion to 1,500 tons per day. The next big step was finalization of a contract whereby Eldorado Mining & Refining Limited agreed to purchase uranium concentrates having a total value of $55,000,000, shipments to start not later than January, 1956. A contract was let to Foundation Company of Canada in September, 1954, for construction of the mining and concentrating plant designed by Way, construction to be completed by May, 1955, with the ultimate goal being production by September, 1955.

The underground and construction programs are now well under way, and it appears that production will start, as scheduled, in September.

(5) Algom Uranium Mines Limited, is developing its mines on a schedule slightly behind Pronto. Nevertheless it has duplicated all the steps mentioned above for Pronto, and will surpass Pronto insofar and scope of operations is concerned. Algom has, not one, but two, mines, each very large. Algom's Quirke Lake orebody is now being developed by a shaft, started in July, 1954, and underground work; its mine and mill buildings are presently being designed to treat a minimum of 3,000 tons of ore per day. A shaft was started on Algom's Nordic Lake orebody in December, 1954, and again, a plant is being designed to treat a minimum of 3,000 tons of ore per day. The Quirke Lake mine is scheduled to start production in July, 1956, and the Nordic Lake mine in early 1957. You have all undoubtedly read the details of a financing agreement recently announced by Algom, under which over $40 million is to be provided to bring these two mines into production. Almost simultaneously an announcement was made to the effect that Eldorado Mining & Re-

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Uranium Ore Trends in Canada's Algoma District

fining Limited had contracted to purchase uranium concentrates from Algom to a total value of over $206 million.

Other properties in the area, although not so far advanced, appear to be on the verge of adding large tonnages of uranium ore to the reserves of the Algoma District. Consolidated Denison, with the few drill holes completed to date, has indications of a major ore body exceeding 3,000 feet in length. The possible ore potential for this property already exceeds 2,000,000 tons. This tonnage must be verified by closer spaced drill holes, of course, but previous experience in the district indicates that this verification will come, since the uranium bearing conglomerate beds of the district are remarkably uniform in grade, thickness and continuity.

Aquarius Porcupine Property

Acquarius Porcupine, recently purchased by Pardee Amalgamated Mines Limited, has indicated by shallow diamond drilling approximately 1.5 million tons of material carring about 1.5 pounds U_3O_8 per ton to a shallow slope depth of about 200 feet. Two recently completed holes, to depths of about 1,000 feet, reportedly show an improvement in grade.

Buckles Algoma Uranium Mines has outlined by drilling about 500,000 tons of uranium ore having a gross value of about $10 million.

Many other companies are understood to have obtained one or more radioactive intersections in preliminary exploration work, over a large area.

During the latter part of February, 14 drill contractors were working in the Algoma District, and over 50 drills were in operation, on about 40 different properties. The greater part of this exploration work is concentrated along the "Central Belt" and between the "Central" and "Northern Belts" in the so-called "Basin" area. The mining properties on which drill exploration is in progress are distributed over 12 Townships representing a total strike length, along the contact, of over 70 miles.

Drill exploration of the "Basin" area, between the North and Central belts, involves progressively deeper holes. Holes 2,000 to 2,500 feet down are now a common occurance, and on one property a drill hole is now in progress which will probably reach a depth of 4,000 feet.

The mines which are already scheduled for production in the very near future mean big business for the Algoma District.

Drill indicated ore reserves for the District, to date, already total about 20 million tons probable and 100 million possible, with only a fraction of the favorable area drill-prospected. Production contracts already arranged total over $230 million.

A very large tonnage of supplies will be required by Pronto and Algom. Three of the major items to be used are limestone, of which 120,000 tons per year will be required, sulphur, 45,000 tons per year and coal, 36,000 tons per year, or a total of 200,000 tons per year.

The number of employees for the mines already scheduled for production is expected to reach a total of 1,500 employees by early 1957.

On the basis that each employee represents a family of four, these 1,500 employees represent a total population of 6,000 people who

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Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954	Quotation Dec. 31, 1954*	Approx. % Yield Based on Paymts. to Dec. 31, 1954
		— Canadian $ * —		
Laura Secord Candy Shops, Ltd. — Retail candy chain in Ontario & Quebec	28	0.90	17⅞	5.1
Leitch Gold Mines Ltd. — Ontario gold producer	17	0.02	0.66	3.3
Loblaw Groceterias Co., Ltd. "B" — Operates chain of "self-serve" grocery stores in Ontario	32	1.50	68¾	2.2
Loblaw Inc. — Oper. 133 "self-serve" food markets in north'n N.Y., Pa., & Ohio	16	§1.25	60	2.0
Walter M. Lowney Co., Ltd. — Chocolate and other confection products	19	1.00	b19	5.2
Maclaren Power & Paper Co. — Holding co.—newsprint, lumbering & power interests	13	2.75	69	4.0

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 51

MacMillan & Bloedel Ltd. "B" — Fully integrated lumber business; large exporter	14	0.875	28½	3.1
Madsen Red Lake Gold Mines Ltd. — Ontario gold producer	15	0.12	1.68	7.1
Marcus Loew's Theatres, Ltd. — Owns two Toronto motion picture theatres	10	5.00	b97	5.1
Mitchell (J. S.) & Co., Ltd. — General supply house for many industries in Eastern Quebec	20	1.25	36	3.5
McColl-Frontenac Oil Co. Ltd. — Oil production, refining & distribution	11	1.00	35⅛	2.8

* Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
§ Adjusted for Canadian-U. S. rate of exchange. Add 3% to translate into U. S. funds.
b Bid.

Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ ° —	Quotation Dec. 31, 1954*	Approx. % Yield Based on Paymts. to Dec. 31, 1954
McIntyre Porcupine Mines, Ltd. Ontario gold producer	38	3.00	71.75	4.2
Molson's Brewery, Ltd. "B" Montreal brewer	10	1.20	22	5.5
Moore Corp. Ltd. Business forms, advertising display products, etc.	21	1.20	34	3.5
National Drug and Chemical Co. of Canada, Ltd. Wholesaler of drugs, chemical & general merchandise	14	0.70	13	5.4
National Grocers Co., Ltd. Ontario grocery wholesaler	13	0.60	11¾	5.1
National Steel Car Corp., Ltd. Railway cars, automobile chassis, etc.	18	2.00	26¼	7.6
National Trust Co., Ltd. General trust business; also accepts deposits	56	1.25	39½	3.2
Neon Products of Western Canada Ltd. Neon advertising signs	25	0.90	b25	3.6
Niagara Wire Weaving Co., Ltd. Makes wire mesh cloth, wire weaving machinery, etc.	21	2.50	b35	7.1
Noranda Mines, Ltd. Copper and gold producer	25	3.25	84.00	3.9
O'Brien Gold Mines, Ltd. Quebec gold producer	16	0.02	0.55	3.6
Ogilvie Flour Mills Co., Ltd. Mills flour, feed, and cereals	52	1.50	34	4.4
Ontario Loan and Debenture Co. Accepts deposits & sells debentures; invests in first mortgages	84	1.10	26⅛	4.2
Ontario Steel Products Co., Ltd. Automotive springs, bumpers & plastic products	17	1.40	b24	5.8
Page-Hersey Tubes, Ltd. Industrial pipe and tubing	29	3.00	70½	4.3
Paton Mfg. Co., Ltd. Woolens and worsted fabrics	16	0.80	8	10.0
Penmans Ltd. Woolen, cotton and silk knitted goods	48	3.00	46	6.5
Photo Engravers & Electrotypers Ltd. Photo engravings, electrotypes, commercial photography, etc.	21	2.00	42	4.8
Pickle Crow Gold Mines Ltd. Ontario gold producer	19	0.10	1.42	7.0
Placer Development, Ltd. Investment—holding co.—gold interests	22	1.75	32	5.5
Powell River Co., Ltd. Largest producer of newsprint on the West coast	17	1.60	43⅜	3.7

* Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
° Add 3% to translate into U. S. funds
b Bid.

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John Nesbett With Hornblower & Weeks

Hornblower & Weeks, 40 Wall Street, New York City, members of the New York and American Stock Exchanges, have announced that John Nesbett is now associated with the firm as registered representative, specializing in mutual funds.

John G. Nesbett

Mr. Nesbett, founder of the Nesbett Fund, an open-end mutual fund, in 1947, has been in the investment field since 1925. He had been with Dreyfus & Co. since 1951 as Vice-President and administrative supervisor of The Dreyfus Corp.

Joins Staats Staff

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Raymond A. H. Brandt has become connected with William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges. He was previously with Marache, Dofflemyre.

With Federated Secs. Corp.

(Special to The Financial Chronicle)

BATON ROUGE, La. — C. C. Burleigh, Charles W. Caillouet, W. B. Garrett, Shirley Halphen, Malcolm D. Humphreys, R. G. Marler, John A. Richie, Jr., William L. Ryder, Cleveland Serrett and G. E. Wallace, Jr., have joined the staff of Federated Securities Corp., Louisiana National Bank Bldg.

Estabrook Adds to Staff

(Special to The Financial Chronicle)

BOSTON, Mass. — Challen M. Beattie, Frances C. Cummings, Alice A. Esper, Dwight D. Evans, Marion J. MacMillan, Joanne V. Novello and Leopold Peavy, Jr., have become affiliated with Estabrook & Co., 15 State Street, members of the New York and Boston Stock Exchanges.

With Tschirn Inv. Co.

(Special to The Financial Chronicle)

NEW ORLEANS, La.—James A. Chappius has been added to the staff of Tschirn Investment Company, Delta Building.

Birkenmayer Co. Adds

(Special to The Financial Chronicle)

DENVER, Colo. — Floyd Marks has been added to the staff of Birkenmayer & Co., U. S. National Bank Building.

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Uranium Ore Trends In the Algoma District Of Canada

will be directly dependent on the Algoma District Uranium Mines.

Seldom, if ever, in Canadian mining has so much new wealth been developed as quickly as in the Algoma District where, in a period of less than two years from the start of staking, ore to a value exceeding $400 million has been drill-developed and production plans well advanced from mills of a total capacity exceeding 7,500 tons daily.

What additions the next two years will bring to the ore potential of the area is anybody's guess, but it is not unreasonable, on the basis of present information, to expect that these records will be duplicated.

NYSE Appoints Means Arbitration Director

Keith Funston, President of the New York Stock Exchange, has announced the appointment of Cyril C. Means, Jr. as Arbitration Director of the Exchange.

Mr. Means, a Michigan attorney, served with the Office of General Counsel to the United States Hign Commissioner for Germany, from 1950 to 1954, as Legal Adviser to the Joint Export-Import Agency. He was stationed in Frankfurt and Bonn.

Mr. Means will take over the duties of Arbitration Director from John R. Haire, Secretary of the Exchange. Mr. Means will assist the arbitrators in settling disputes between members of the Exchange and between members and their customers or employees.

Jack McCarthy Joins George K. Baum Co.

KANSAS CITY, Mo. — Jack McCarthy has recently become associated with George K. Baum & Company, 1016 Baltimore Avenue. He will be one of the firm's representatives in the State of Missouri.

Mr. McCarthy had been assistant Trust Officer in the Tax Division of the Mercantile Trust Company, St. Louis, Mo. Prior to that, he was an Internal Revenue Agent in the St. Louis office of the Treasury Department.

South State Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

SHREVEPORT, La.—South State Investment Corp. is engaging in a securities business from offices in the Enterprise Building. Officers are John W. Myers, President and Treasurer; Adron Myers, Vice-President, and Courtney F. Smith, Jr., Secretary.

Alexander Tucker Opens

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Alexander Tucker has opened offices at 260 South Beverly Drive to engage in a securities business.

Two With Carroll, Kirchner

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—James R. Cannon, Jr., and LeRoy V. Dolsby have joined the staff of Carroll, Kirchner & Jaquith, Inc., Denver Club Building. Mr. Dolsby was previously with E. I. Shelley & Co.

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Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ • —	Quotation Dec. 31, 1954•	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Power Corp. of Canada, Ltd. A utility holding management & engineering co.	19	2.00	49½	4.0
Preston E. Dome Mines Ltd. Ontario gold producer	15	0.08	5.90	1.4
Price Brothers & Co., Ltd. Newsprint and related products	11	2.00	45¼	4.4
Provincial Transport Co. Operates coach lines in Quebec & Ontario	18	1.00	16½	6.1
Quebec Power Co. Operating public utility	40	1.20	26	4.6
Robertson (P. L.) Manufacturing Co., Ltd. Wide range of screws and bolts	13	0.40	b12¼	3.3
Royal Bank of Canada Operates 796 branches throughout the world	86	1.525	51	3.0
Royalite Oil Co., Ltd. Oil production and development	26	0.26	12.87	2.0

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 51

Russell Industries Ltd. Holding co.—machine tool interests	19	0.90	17¼	5.2
San Antonio Gold Mines Ltd. Manitoba gold producer	21	0.06	2.18	2.8
Sangamo Co., Ltd. Electric meters, motors, switches, etc.	18	0.75	14	5.3
Sarnia Bridge Co., Ltd. Steel bridges and related production	12	1.00	b16¼	6.2
Scythes & Co. Ltd. Manufactures cotton and wool waste, cotton wipers, etc.	19	1.00	14	7.1
Shawinigan Water and Power Co. Quebec electric utility	48	1.45	53½	2.7
Sherwin-Williams Co. of Canada, Ltd. Paints, varnishes, enamels, etc.	13	1.65	48	3.4
Sicks' Breweries Ltd. Beer, ale, stout and carbonated beverages	27	1.40	28	5.0
Silverwood Dairies, Ltd. "B" Full line of dairy products	17	0.50	11⅜	4.4

• Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
• Add 3% to translate into U. S. funds.
b Bid.

Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954	Quotation Dec. 31, 1954*	Approx. % Yield Based on Paymts. to Dec. 31, 1954
		— Canadian $ ° —		
Slater (N.) Co., Ltd. — Pole-line hardware for power companies; also metal stampings and forgings	17	†0.60	12¾	4.7
Smith (Howard) Paper Mills Ltd. — Pulp and paper manufacturers in Canada	10	1.00	30¾	3.3
Southam Co., Ltd. — Publishes seven daily newspapers across Canada; operates 3 radio stations	19	1.60	36	4.4
Southern Canada Power Co., Ltd. — Operating public utility; Southern Quebec	32	1.95	45	4.3
Sovereign Life Assurance Co. of Canada — Life and endowment insurance	36	1.75	b70	2.5
Stedman Brothers Ltd. — Wholesale and retail small wares business	20	0.90	22½	4.0
Steel Co. of Canada, Ltd. — Engaged in all branches of steel production	39	1.30	46	2.8
Sterling Trusts Corp. — General fiduciary business	18	1.55	42	3.7
Stuart (D. A.) Oil Co., Ltd. — Makes extreme friction lubricants and related products	15	1.00	14	7.1
Supertest Petroleum Corp., Ltd. "Vot. Com" — Markets petroleum products in Ontario and Quebec	29	0.80	b19	4.2
Sylvanite Gold Mines, Ltd. — Ontario gold producer	25	0.10	1.65	6.1
Tamblyn (G.) Ltd. — Operates chain of 103 drug stores	18	1.80	45	4.0
Teck-Hughes Gold Mines, Ltd. — Ontario gold producer	29	0.15	4.50	3.3
Third Canadian General Investment Trust Ltd. — Investment trust of the management type	26	0.26	6	4.3
Tip Top Tailors, Ltd. — Manufacturer of fine clothing	20	0.60	b19	3.1

TORONTO-DOMINION BANK (THE)

Formed in February 1955 through merger of the Bank of Toronto and the Dominion Bank. For record purposes, see data for each of the former entities.

● See advertisement of Toronto-Dominion Bank on page 44.

* Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
° Add 3% to translate into U. S. funds.
† Adjusted for stock dividends, splits, etc.
b Bid.

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Business Man's Bookshelf

Better Business Bureau Activities for 1954: A Statistical Analysis—Association of Better Business Bureaus, Inc., Chrysler Building, New York 17, N. Y. (paper).

Consumer Behavior — Lincoln Clark, Editor—New York University Press, Washington Sq., New York 3, N. Y. (cloth), $4.00

Deferred Compensation for Executives — J. K. Lasser and V. Henry Rothschild — Reprinted from "The Harvard Business Review"—Graduate School of Business Administration, Harvard University, Boston, Mass. (paper).

Federal Budget and the National Economy—Gerhard Colm—National Planning Association, 1606 New Hampshire Avenue, N. W., Washington 9, D. C., $1.50

500 Over-The-Counter Stock Charts—Graphic manual of the unlisted market, including individual charts on 338 industrial issues, 77 public utilities, 45 banks and 44 insurance companies with weekly price changes for the past two years, annual ranges since 1949, earnings, dividends, etc. — O-T-C Publishing Company, 14 Elm Street, Morristown, N. J. — Single edition $8.75 — Annual subscription (6 editions), $45.00.

Fiscal Facts for 1955—A Handbook on Federal Fiscal Problems and Proposed Remedies—Tax Foundation, Incorporated, 30 Rockefeller Plaza, New York 20, N. Y. (paper), $1.00.

Government in Business — Economic Research Department, Chamber of Commerce of the U. S. A., 1615 H Street, N. W., Washington 6, D. C. (paper). Single copies on request; quantities $4.50 per hundred.

Investing Made Easy—Booklet for men and women not intimately acquainted with financial institutions — National Association of Investment Companies, 61 Broadway, New York 6, N. Y. (paper). Copies on request.

Keys to Progress—Pamphlet explaining briefly the working of the Patent System and its stimulas to competition and creation of new and useful processes and products — Esso Research and Engineering Company, 15 West 51st Street, New York 10, N. Y. (paper).

Life Insurance Ownership Among American Families 1954 — Institute for Social Research, University of Michigan, Ann Arbor, Mich. (paper).

Mirage of Perpetual Boom—From the Guaranty Survey, Albert C. Wilcox, Editor — Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. (paper). Single copies free; quantity prices on request.

Philippine American Life Insurance Company — Case study — John Lindeman—National Planning Association, 1060 New Hampshire Avenue, N. W., Washington 9, D. C. $1.

Schedule of Par Values — 20th issue — International Monetary Fund, Washington D. C. (paper).

Wage Extras—Economic Research Department, Chamber of Commerce of the U. S. A., 1615 H Street, N. W., Washington 6, D. C. (paper). Single copies on request; quantities $4.50 per hundred.

Continued from page 4

Steel Companies' Stake In the Stock Market

been able to rely upon that source alone, by any means. Thus, over the last nine years, the 15 largest companies of the industry have had to raise an average total of $200 million a year by borrowing, or by selling stock.

To what extent our industry will have to go into the market for money in the future, I do not know; but one thing I do know is this: We must always be *able* to do so. We must, I repeat, be able at all times to meet successfully the intense competition which prevails in the financial market place. And we can only do that so long as our securities command the high confidence of the investing public.

Public Confidence in Steel Securities Has Fluctuated

But I regret to say that public confidence in steel issues has NOT always been high in the past, and as an illustration of this point, let me merely recite these simple facts.

As we have seen, it now costs $300 to build a single ton of fully-integrated steel capacity from the ground up, but on Tuesday of last week, one ton of existing steel capacity — as represented by the common stocks of the ten largest steel companies in America, which constitute 80% of the entire industry—was selling at $56 in the securities market.

Thus after making due allowance for the value of the preferred stock and the bonded debt of these companies, this means that the purchasers of their common stocks were willing to pay only one-fifth as much for a ton of steel capacity as it currently costs to build it.

Now why is that? What explains this lack of confidence on the part of steel investors?

The Answer Is Clear

Well, the answer, I think, is quite clear:

Historically the steel industry—by the very nature of its business—has been highly sensitive to the ups and downs which have occurred in the economy as a whole. Past experience shows that in downward economic cycles, the operating rate in steel drops off almost exactly twice as fast as the general level of industrial production. And in upward cycles, happily, the reverse is true.

So steel has come to be known as a "feast or famine" enterprise—which is an appropriate description of it if you look only at the operating rate, but which is regrettably unrealistic if you look at the profit picture.

Financially speaking, we have had our famines indeed, but never in the past quarter century, have we enjoyed a single year which remotely approached what might be termed a feast.

For 26 years now, the National City Bank of New York has made an annual study of more than 40 leading manufacturing industries, showing the profits of each as a percentage of net worth. And year after year—without even one single exception—the profits of the steel industry have been unfailingly below the average earned by all the rest.

In five of these years, our industry had no profits at all—only losses. In half of these years, it never rose above sixth place from the *bottom* of the list. Only once did it ever manage to climb up into the first division, and then—at this pinnacle of its success—it stood 21st from the top.

Yet in many of these years, as you know, steel companies were

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Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954	Quotation Dec. 31, 1954*	Approx. % Yield Based on Paymts. to Dec. 31, 1954
		— Canadian $ ° —		
Toronto Elevators, Ltd. Grain elevators, feed manufacturing and vegetable oils	16	0.80	17½	4.6
Toronto General Trusts Corp. General fiduciary business	71	1.40	36¾	3.8
Toronto Mortgage Co. Lends on first mortgages; issues debentures and accepts deposits	55	5.50	106	5.2
United Amusement Corp., Ltd. "A" Operates 34 motion picture theatres in Montreal, and other Quebec cities	30	0.65	a12	5.4
United Canadian Shares Ltd. Holding co.—insurance interests	30	0.60	b14	4.3
United Corporations Ltd."B" An investment trust of the management type	14	0.65	18½	3.5
Upper Canada Mines Ltd. Ontario gold producer	15	0.045	1.32	3.4
Wabasso Cotton Co., Ltd. Cotton yarns and goods	19	0.65	b13	5.0
Waite Amulet Mines, Ltd. Quebec copper-zinc producer	15	1.40	12.25	11.2
Walker (Hiram)-Gooderham & Worts, Ltd. Holding co.—extensive liquor interests	19	4.00	68¾	5.7

Listed Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 51

Westeel Products Ltd. Manufactures sheet metal	14	1.40	b22⅜	6.3
Western Canada Breweries, Ltd. Serves four western provinces	18	1.00	23	4.3
Westminster Paper Co., Ltd. "B" Wide range of paper specialty products	22	0.725	22	3.3
Weston (George) Ltd. Fine biscuits, bread, cakes, confectionery, etc.	25	1.00	62½	1.6
Wright-Hargreaves Mines, Ltd. Ontario gold producer	24	0.12	2.14	5.6
Zeller's Ltd. Operates chain of specialty stores across Canada	14	0.975	27	3.6

* Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
° Add 3% to translate into U. S. funds.
a Asked.
b Bid.

TABLE II

LISTED CANADIAN *Common Stocks*

On Which CONSECUTIVE CASH DIVIDENDS Have Been Paid From

5 to 10 Years

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $	Quotation Dec. 31, 1954* — Canadian $	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Abitibi Power & Paper Co., Ltd. — Newsprint and allied products	6	1.20	27	4.4
Anglo-Canadian Pulp and Paper Mills, Ltd. — Newsprint and allied products	9	2.00	33½	5.2
Argus Corp., Ltd. — Investment co.—manufacturing & merchandising interests	8	0.60	22¾	2.6
Barymin Co., Ltd. — Prospectus, development and holding co.—gold and other metal interests	7	0.15	2.57	5.8
Bathurst Power & Paper Co., Ltd. "B" — Boxboards, corrugating materials, etc.	6	1.00	41	2.4
British Columbia Forest Products Ltd. — One of the largest producers of timber products in Canada	7	0.40	8⅞	4.5
Brock (Stanley) Ltd. "B" — Laundry supplies, hardware, plumbing supplies, etc.	9	0.40	b5	8.0
Bulolo Gold Dredging, Ltd. — Operates a gold dredging project in New Guinea	7	2.00	6.65	30.1
Burns & Co. Ltd. "B" — Meat, lards, butter, poultry products, etc.	8	2.50	52	4.8
Canada Bakeries Ltd. — Makes and distributes bakery products in Western Canada	6	0.25	a8½	2.9
Canada Cement Co., Ltd. — Portland cement	5	4.00	145	2.8

* Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
a Asked.
b Bid.

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Steel Companies' Stake In the Stock Market

breaking all production records in their plants and were turning out every pound of steel that they could pour, in order to meet all the military and civilian demands that were being made upon them.

So there is the financial record which has confronted the prospective purchaser of steel securities throughout his period. I am not going to cry on anyone's shoulder about it. I am merely going to point out that in view of the heavy capital needs which we face in the future, the rehabilitation of investor confidence in steel issues has become a problem of immediate and major importance.

Fortunately we have made encouraging progress in dealing with this problem recently. When the first signs of a business decline began to appear in 1953, steel investors clearly anticipated another period of famine in our industry. U. S. Steel common fell to a low of about 33 on the Exchange. That was considerably less than half of its book value, and at that price it was yielding a little better than 9%. But purchasers obviously were unwilling to accept a smaller return in view of the risks which they felt were involved.

As it turned out, of course, their pessimism proved to be unjustified. The expected famine did not materialize. Our operating rate, it is true, did take a serious plunge, but while earnings also declined considerably, they did not do so in the same degree.

Profits held at a level which enabled us to reinvest a reasonable portion of them in our business without reducing our dividend payments; and this resulted in a marked improvement of investor confidence in our securities. So, for the first time since pre-depression days, U. S. Steel common is now selling at a price almost exactly equal to its book value, and at the present dividend rate, it is yielding about 5% instead of 9%.

In saying this, however, I must point out, that if the assets of U. S. Steel were to be reappraised today in the light of the wholesale inflation which has occurred in this country since we acquired them—and if the book value of our common stock were thus to reflect the present replacement cost of these facilities—it would be at least twice as high as the figure I just mentioned.

So while we have clearly made progress, we still have a long road to travel, and until the steel industry can go into the financial market and sell one ton of new steel capacity at a price sufficient to pay the cost of building that ton of capacity, I for one, will not be able to look with any degree of satisfaction and complacency upon the task of raising the large amounts of capital which this industry will require in the future.

The Causes of Debt Financing

That task may prove especially difficult, moreover, where it is decided to issue new equities. Let me cite one final example to illustrate this point:

Last summer, United States Steel needed $300 million which we borrowed by selling debentures. We might have preferred to raise this new capital through the sale of additional stock, but had we followed that course, the cost of the money—in terms of the drain on our gross receipts—would have been five times as much as the interest we are paying on the bonds.

This wide disparity between the

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Steel Companies' Stake In the Stock Market

costs of equity and borrowed capital is due in no small degree, of course, to what I regard as the unwise and discriminatory double taxation of corporate income and dividends, but it is also partly due, beyond doubt, to the fact that our industry has not, in the past, provided a fair and dependable return to its investors.

Every ton of steel capacity we have, and every job our industry affords, was created and paid for by the investor.

He will continue to provide new jobs and facilities only so long as he receives what he regards as a proper return for his services. And the return he demands will decline in size as his confidence grows in his investment.

Clearly, then, a primary responsibility of steel management today is not only to reward its owners fairly, but also to increase by every proper means their confidence in the company. And this is a responsibility which the management of United States Steel has tried steadfastly to fullfill.

To this end we have steadily expanded our incentive program at every level of our operations, from the open-hearth floor to the top executive offices. As one phase of this incentive program we instituted—four years ago—a stock option plan designed, in part, to encourage larger stock ownership by our key executives and to create among them a better understanding and appreciation of investor attitudes.

I believe that this plan, along with the other incentives, has resulted in increased efficiency throughout our entire organization. I feel that it has been responsible in considerable measure for the fact that our earnings, during the recent period of business readjustment, were held at a much more satisfactory level than might normally have been expected.

And thus, with the marked upturn that has occurred in our business since then, we were able, early this year, to improve our dividend accordingly.

At the same time, as you know, our Board of Directors advanced a proposal to split the authorized common stock of the corporation on the basis of two shares for one. This proposal will be submitted to the stockholders at their annual meeting in May, and it is intended, of course, to encourage a wider distribution of these shares, and to make them more readily available for investment purposes.

In all of these ways, therefore, the management of U. S. Steel has sought to stimulate the growth of investor confidence in the corporation.

But in emphasizing, as I have here this afternoon, our responsibility to the investor, I want to make it crystal clear that we are not forgetting our compelling and continuing obligations to our workers.

Insofar as possible, we shall continue to meet every legitimate demand that they present to us, and we shall strive in the future, as we have in the past, to enhance their welfare and their security by every appropriate means.

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Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ * —	Quotation Dec. 31, 1954•	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Canada Foils, Ltd. — Oldest and largest foil converting plant in Canada	6	0.40	13½	2.9
Canadian Dredge & Dock Co., Ltd. — General dredging; construction & repair work on waterways	5	†0.46¼	16¾	2.8
Canadian Vickers, Ltd. — Shipbuilding, repairs; also makes industrial and mining machinery	5	1.25	33	3.8
Canadian Westinghouse Co., Ltd. — Airbrakes and large variety of electrical apparatus	9	2.00	69¼	2.9
Catelli Food Prod. Ltd. "B" — Macaroni and related products	5	1.25	35	3.6
Consol. Paper Corp., Ltd. — Owns five mills; daily newsprint capacity, 2,479 tons	9	2.25	62¼	3.6
Disher Steel Construction Co., Ltd. — All types of steel structures	6	0.50	a13	3.8
Dominion Steel & Coal Corp., Ltd. — A holding co.—coal, iron & steel interests	9	1.00	17⅜	5.8
Dominion Tar & Chemical Co., Ltd. — Distiller of coal tar & producer of its derivatives	9	0.40	10	4.0
Donohue Brothers Ltd. — Owns & operates a paper mill at Clermont, Quebec	9	1.20	26¼	4.6
East Sullivan Mines, Ltd. — Produces copper, zinc, silver and pyrite	5	0.40	5.10	7.8
Enamel & Heating Products, Ltd. — Stoves, ranges, furnaces, air conditioning equipment, etc.	7	0.40	7	5.7
A. J. Freiman, Ltd. — Owns & operates largest department store in Ottawa	9	1.00	b12	8.3
General Petroleums of Canada Ltd. "Ord." & Class "A" — Oil well drilling contractors	6	0.20	4.90	4.1
Great Lakes Paper Co., Ltd. — Manufactures newsprint & unbleached sulphite paper	8	1.60	30¾	5.2
Great West Coal Co., Ltd. "B" — Wholesale distributor of lignite coal	8	0.25	6.00	4.2
Great West Saddlery Co., Ltd. — Wholesale distributor of general store mdse., and riding goods	5	2.00	a23	8.7

• Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
a Asked.
b Bid.
† Adjusted for stock dividends, splits, etc.

Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ * —	Quotation Dec. 31, 1954•	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Gypsum, Lime & Alabastine, Canada, Ltd. — Building materials; gypsum and lime products; industrial chemicals, etc.	8	2.00	55	3.6
Hahn Brass Ltd. — Manufactures large variety of metal products	8	1.00	16½	6.1
Hydro-Electric Securities Corp. — Management type investment trust	7	0.30	6⅞	4.4
Industrial Acceptance Corp., Ltd. — Purchases acceptances; also small loans and general insurance business	7	2.50	54	4.6
International Paper Co. — Holding and operating co.—Operates pulp and paper mills in Canada and the U. S.	9	§3.00	84⅝	3.5
International Power Co., Ltd. — Holding co., controlling public utilities in Central and South America	6	2.40	131	1.8
La Luz Mines Ltd. — Nicaragua gold producer	6	0.10	2.10	4.8
Laurentide Acceptance Corp. Ltd. "B" — Purchases installment sale contracts	7	0.60	25	2.4
Lewis Bros., Ltd. — Wholesale hardware trade in Eastern Canada	9	0.60	8½	7.1
Macassa Mines, Ltd. — Ontario gold producer	6	0.10	1.82	5.5
MacLeod-Cockshutt Gold Mines, Ltd. — Ontario gold producer	6	0.10	1.80	5.5
Maple Leaf Gardens, Ltd. — Owns & operates Toronto sports arena of same name	9	1.30	a25	5.2
Maple Leaf Milling Co., Ltd. — Grain handling; flour milling; operation of bakeries, etc.	9	0.50	9¼	5.4
Massey-Harris Co., Ltd. — Complete line of farm implements and machinery	9	0.60	9¾	6.2
Mersey Paper Co., Ltd. — Newsprint and related products	6	1.00	131	0.8

• Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
§ Adjusted for Canadian-U. S. rate of exchange. Add 3% to translate into U. S. funds.
a Asked.

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Joy Mfg. Co. 3⅝% Debentures Offered

Offering of $20,000,000 Joy Manufacturing Co. 3⅝% sinking fund debentures due 1975 was made yesterday (March 23) by an underwriting group headed by Hallgarten & Co., R. W. Pressprich & Co., and Adamex Securities Corp. at 100%, plus accrued interest.

The debentures will have the benefit of a sinking fund calculated to retire $18,750,000 principal amount and to leave $1,250,000 to be paid at maturity, resulting in a weighted average life for the debentures of less than 12 years. The debentures will be redeemable, regular way, at prices ranging from 103⅝% to par and sinking fund redemptions may be made at par.

Of the net proceeds to be received from the sale of these debentures, $9,759,000 will be used to pay all bank loans of the company outstanding in that principal amount. In addition, approximately $1,020,000 will be used to pay a bank loan of the company's Canadian subsidiary, Joy Manufacturing Co. (Canada) Ltd., outstanding in the amount of $1,000,000 (Canadian). The remainder will be added to the company's general funds and used for general corporate purposes. It is expected that approximately $2,600,000 of these funds will be expended in connection with the expansion and improvement of the company's plants at Franklin, Pa., and Michigan City, Ind.

Joy Manufacturing Co. is engaged in the manufacture and sale of a wide variety of specialized types of machinery and equipment used by the mining, construction, oil and gas industries, and by various fabricating and processing companies. The company believes that it is the largest manufacturer of mining machinery and equipment in the United States.

E. H. Miller Opens

MONROE, La.—Elbert H. Miller is engaging in a securities business from offices at 607 Erin Ave.

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Canada—Dynamic Domicile of Enterprise Capitalism

	No. Consecutive Years Cash Divs. Paid	Cash Divs. Including Extras for 12 Mos. to Dec. 31, 1954 — Canadian $ * —	Quotation Dec. 31, 1954• — Canadian $ * —	Approx. % Yield Based on Paymts. to Dec. 31, 1954
Midland & Pacific Grain Corp., Ltd Deals in grain and operates line elevators in Western Canada	9	1.00	20	5.0
Milton Brick Co., Ltd. Makes first quality face brick	5	0.20	3.05	6.5
Mining Corp of Canada, Ltd. Holding, exploration & financing company	6	1.00	17.50	5.7
Minnesota and Ontario Paper Co. Newsprint, specialty papers and other timber products	8	§2.00	51	3.9
Mitchell (Robert) Co., Ltd. Brass, bronze, nickel and other metal products	7	1.00	22	4.5
Modern Containers Ltd. Makes tube containers for tooth paste, shaving cream and other semi-liquid products	7	1.00	16¼	6.2
Montreal Locomotive Works, Ltd. Diesel-electric locomotives and related production	9	0.85	18¾	4.5
Montreal Refrigerating & Storage Ltd. Operates general & cold storage warehouse in Montreal	9	2.00	‡	--
McCabe Grain Co., Ltd. "B" General grain dealings	8	0.60	a17½	3.4
Newfoundland Light & Pow. Co., Ltd. Operating public utility	6	1.20	27¼	4.4
Normetal Mining Corp., Ltd. Quebec copper and zinc producer	9	0.28	3.60	7.8
Pamour Porcupine Mines Ltd. Ontario gold producer	6	0.03	0.68	4.4
Pressed Metals of Amer., Inc. Bushings, bolts, bars, etc.	6	§0.40	14¼	7.2
Quinte Milk Prod., Ltd. "B" Wide variety of milk products	6	0.20	3.65	5.5
Robinson, Little & Co., Ltd. Wholesale and retail merchandising of dry goods and variety store lines	7	0.80	10	8.0
Rolland Paper Co., Ltd. High-grade bond writing paper and related products	5	1.35	45	3.0
Silknit Ltd. Lingerie, swim suits and other rayon products	7	1.00	17	5.9
Silver Standard Mines Ltd. Zinc, gold, silver and cadmium production	5	0.09	0.75	12.0
Stadacona Mines (1944) Ltd. Quebec gold producer	7	0.02	0.26	7.7
Standard Paving & Materials Ltd. General paving contractor	7	1.625	27½	5.9
Sullivan Consolidated Mines, Ltd. Quebec gold producer	6	0.18	6.15	2.9
Taylor, Pearson and Carson (Canada) Ltd. Holding co.—Interests in automotive and household appliances	8	0.50	10	5.0
Thrift Stores Ltd. Operates chain of 73 grocery stores	9	†1.46	34%	3.8
Toronto Iron Works, Ltd. Steel plate products and special metals	9	1.15	21	5.5
Traders Finance Corp., Ltd. "B" Purchases installment sales obligations	8	2.40	40	6.0
Union Gas Co. of Canada, Ltd. Production, storage, transmission and distribution of national gas	6	1.40	45½	3.1
United Steel Corp., Ltd. Steel plate and welded steel products	9	1.00	14½	6.9
Ventures Ltd. Holding, investment, promotion, exploration and development co.	6	0.30	22.00	1.4
Viau Ltd. Biscuits and confectionery	8	3.00	55	5.5
Western Grocers Ltd. Wholesale grocery business in Western Canada	5	1.00	102	1.0

• Quotations represent Dec. 31, 1954 sale prices or the last sale price prior to that date. Bid and ask quotations are as of Dec. 31, 1954.
* Add 3% to translate into U. S. funds.
† Adjusted for stock dividends, splits, etc.
§ Adjusted for Canadian-U. S. rate of exchange. Add 3% to translate into U. S. funds.
‡ Inactive issue. No exchange trading.
a Asked.

Continued from page 13

Banking's New Look

ices include popular checking accounts with no minimum balance requirements, savings accounts, personal loans on a monthly repayment basis, money orders, Christmas clubs, and safe deposit facilities. These services have departed sharply from tradition. The use of bank checks to pay household bills, for example, was a convenience not known to many housewives a generation ago. Today it is coming into widespread use. But perhaps no consumer service has grown so much as instalment credit. As recently as 1940, such credit extended by banks amounted to only $1½ billion. In late 1954, they had more than $8½ billion of installment credit outstanding. Twenty-five years ago, relatively few extended installment credit to individuals whereas today almost all do. Banks now account for about 40% of all installment loans.

Why have banks gone so avidly after the business of the consumer? The answer is simple. With the impact of steeply graduated income taxes on the wealthy and the growth at the same time of middle income groups, it is logical that banks have sought to replace a smaller number of large accounts with a larger number of accounts drawn from the middle-income group. The rise of the middle-income group has been chiefly responsible for the higher level and greater stability in the demand for goods which contribute to modern living—such as automobiles, electric appliances and TV sets. By adjusting to the needs of consumers, banks are playing a major role in creating the conditions under which the higher demand for these products can be made effective. At the same time, they are protecting their own future by tapping a new source of deposits at a time when corporate treasurers, eager for maximum earnings, are tending to keep surplus funds invested in government securities rather than in cash.

The trend toward retail banking is good business. More than that, it reflects a change in the way bankers approach their business. Banks for the first time have become sales conscious. They now try to sell their services and seek new business wherever it is profitable, just as would any other business. This is a sharp departure from the practices of the days before the 1930s when bankers waited for business to come in. The alert bank executive today must be a salesman as well as a credit officer. Each bank is competing with others for available business and new outlets. The extent of the change is evident in aggressive and imaginative advertising, in the concern of banks with public and community relations and even in the architecture and decor of their newest buildings.

The appearance of new banking premises today contrasts strongly with the conservative buildings of old. Classic columns, cold marble interiors, wired-in tellers cages, and drab colors are disappearing in the newer buildings. Perhaps the modernistic appearance of the Republic National's new building in Dallas, or the Fifth Avenue and 43rd Street branch of the Manufacturers Trust in New York, may shock some who are accustomed to the old style. However, the architects Skidmore, Owings and Merrill, by the way, have just won the 1955 Gold Medal of the Architectural League of New York for this Manufacturers Trust branch. In any event, these banks are pioneering and, in my opinion, are on the right track. They seek to attract the public by being open and light and by using warm colors. The furniture is simple, comfortable and well designed. Tellers are at open counters. The atmosphere is friendly and inviting.

Further than this, in suburban areas many banks now provide free parking facilities. Others have drive-in windows where banking transactions can be handled from the driver's seat. In one Westchester County bank, lollipops are handed out to children and dog biscuits for the dog! This is a far cry from the banking operations as they were carried on 30 or more years ago.

Banking Is Now Stronger, Healthier and More Competitive

Along with other segments of the economy, banking today is stronger, healthier and more competitive than it has been for a long time. I emphasize competition since recent mergers have caused some to question whether banking was tending toward monopoly. Actually competition, not monopoly is the key factor in the current wave of mergers. Our prospective Chase-Manhattan merger makes good sense not because the resulting bank will be bigger but because it will be better—better able to compete with other New York City banks in the retail field. New York State, unlike Illinois and some other states, authorizes branch banking within restricted and specified areas. Chase, which has 28 branches, almost all on Manhattan Island, and the Bank of Manhattan, with the 65 branches it brings to the merger—and which are largely in the boroughs of Bronx, Brooklyn and Queens—combined give the merged institution a city-wide coverage which neither alone could claim. It is a remarkable fact that there is virtually no duplication between the two branch systems or for that matter to any significant degree in any phase of the business of the two banks.

There are some 14,000 commercial banks in the United States. In New York City alone, 57 banks have approximately 560 outlets. In Chicago, there are 72. Clearly this makes for highly competitive activity. It is also a fact that banks in Chicago not only compete with one another but also compete effectively with those in New York, Boston, Detroit, and San Francisco, to name only a few cities, in providing loans and services on a nationwide scale. Moreover, banks find themselves in competition with other financial institutions. In Chicago, for example, they compete with insurance concerns, finance companies, savings and loan associations, credit unions and the securities markets. Then, of course the government has become more of a competitor in the field of finance than many believe necessary. The keenness of competition in banking today is beyond dispute. If anything, it is increasing.

All this competition acts as an energizing, stimulating force in bringing about constructive change. It has been a powerful factor in developing retail banking. Since this involves many small operations, and relatively low return per unit, competition has forced banks to reduce costs by the mechanization of operations. The day of the handwritten ledger-book is behind us. High speed business machines for handling bookkeeping, check sorting, currency counting, dividend calculating and record reproducing are in general use. Banks cannot accept primary credit for developing such equipment but many have cooperated with manufacturers in the process. Chase, for example, has a small unit which devotes full time to the study of mechanization. It is working with a firm of engineers in determining how electronics can best be adapted to our operations. These advances may have far-reaching ramifications for our operations in the future.

Banks have changed in still another respect, one which also is having important consequences. Their management has become increasingly aware of its public responsibility. Banks perform a rather unique function in that they are the institutions which bear heavy responsibility in administering the nation's money supply. Although the profit motive is firmly entrenched in banking, as in other segments of our economy, bank executives have come to recognize that they must examine problems and policies from the standpoint of the public welfare. This was not always so—particularly in days when our economy was less complex and our position in the world less central. Today, bankers recognize that they must respond to the needs which emerge as great social and technical forces work themselves out. Enlightened leadership will be required if we are to keep up with this dynamic age—an age which has the constant stimulus of a growing population, rising living standards and a continuing technological revolution.

Banks, like industry, must weigh the implications of these vast new developments—both for the world of which they form a part and for the discharge of their special functions. It has seemed clear to us in Chase that atomic energy will find wide adaptation in industry. The harnessing of this new source of energy will be tremendously expensive and will require bank credit as well as other capital. In anticipation of this development, we have added to our staff Dr. Lawrence Hafstad, formerly head of the Reactor Division of the Atomic Energy Commission. He is one of the country's leading authorities on peacetime application of atomic energy. His task will be to help in adapting atomic energy to industry. Through him we believe that we are helping to speed effective peaceful use of atomic discoveries. We hope to find ways in which bank credit can be applied to an important new field.

Peaceful use of atomic energy on a significant scale is something for the future. For the present, the ability to release nuclear energy by dropping it from an airplane in a bomb has quite a different implication. No longer can this country afford to live by itself. Ocean barriers do not protect us from the atom. The airplane, coupled with the rise of imperialistic communism in Russia, has exposed every part of our country to the possibility of devastation by air attack with little or no warning. These facts force us to seek friends in building a common defense. The strength and well-being of other lands have become important to us.

Here again is a development from which banks cannot stand aloof. To do so would be to admit that private enterprise is not capable of contributing to one of the fundamental tasks of our time, the financing of economic development throughout the free world. To admit this is to abdicate in favor of government. Here once more is a field in which we may expect to see further experimentation and change by banks over the next generation. Until World War II, England and the continental European countries were the principal international bankers. Even today, although the United States plays a leading role in international affairs, our banking system has not fully measured up to the task of shouldering a major share of international financial operations.

The American Overseas Finance Corporation

A good beginning has been made, however, and further progress is in prospect. By way of illustration, the Chase is taking a leading part in developing a new enterprise to be known as the American Overseas Finance Corporation, which will make available for the benefit of American exporters medium term credits to companies in other countries which require machinery and equipment from the United States. AOFC, which will be an independent corporation, will buy foreign importers' paper. The common stock will be largely or wholly owned by Chase. Such financing has not heretofore been available. Lack of it has been a strong deterrent to exports by American companies which compete with foreign products sold on favorable credit terms under government guarantee. In the past, term credits have not been made available to foreign importers by American banks because of the political and exchange risks. AOFC does not eliminate these risks, but it will spread and share them.

American manufacturers wishing to take advantage of these services will purchase preferred stock, and then in addition, will assume 25% of the risk of the goods they export. Importers will be required to make a down payment of 20%. The Export-Import Bank will guarantee an additional 25% of the risk. Moreover, the risk will be spread over many importers in many countries. With the protection this spreading of risk provides, plus the further backing afforded by the equity of the corporation, we believe commercial banks will be willing to buy the senior notes of AOFC which will be sold to provide the necessary financing. In that way, the banking system for the first time will be in position without unreasonable risk to participate in the financing of exports on a term basis, and yet will be able to assure export manufacturers of 80% of the sales price of their exports in cash immediately and without recourse. I feel sure that this corporation, when it commences to function, will be only a forerunner of other techniques which financial institutions will develop as a means of expanding our own trade and helping in the economic development of the free world.

Thus it is apparent that banks in this country have undergone, and are continuing to undergo, many changes. This progress is good for it expresses the dynamic qualities of the world we live in. From what I have seen of banks, I am convinced they will rise to the challenge and opportunity the future holds for them.

As a group, banks never have had leadership more in tune with the needs of the times than at present. As they contribute to a dynamic and yet stable and peaceful society within a framework which enables men to remain free, they merit the renewed confidence which I believe the people of this country feel increasingly for their banks.

General Shoe 3.30% Debentures Offered

Public offering of $10,000,000 General Shoe Corp. 25-year 3.30% debentures due March 1, 1980 was made on March 22 by a group of underwriters headed by Smith, Barney & Co. at 100% plus accrued interest.

The corporation will add proceeds from the financing to its general funds; the funds will be used in part to retire a $3,000,000 promissory note payable in instalments from 1957 to 1974; to increase working capital; and for additions to plants and retail facilities.

Commencing in 1960 the debentures will have the benefit of a fixed annual sinking fund of $375,000, sufficient to retire 75% of the issue by maturity. For the sinking fund the debentures will be redeemable at 100%. The issue also is redeemable at the option of the corporation at prices ranging from 103.30% to 100%.

General Shoe ranks among the first four largest manufacturers of shoes in the United States, producing various types of men's, women's and children's shoes in 40 plants with a daily manufacturing capacity of about 115,000 pairs. The company also operates 491 retail stores and leased departments, located in 38 states.

Sales during the fiscal year ended last Oct. 31, amounted to $148,601,382. Net income was $4,780,052.

Join Investors Planning

PITTSBURGH, Pa. — James R. Lloyd, John C. Pobicki, Marion H. Ransbottom and Raymond H. Smith have been added to the staff of Investors Planning Corporation of Pennsylvania, 417 Grant Street.

Kenneth L. Wentz With Blyth in San Francisco

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Kenneth L. Wentz has become associated with Blyth & Co., Inc., Russ Building. Mr. Wentz in the past was an officer of Weeden & Co.

Joins Harris, Upham & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edward L. Sheridan has been added to the staff of Harris, Upham & Co., 232 Montgomery Street.

With Irving Lundborg

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Shannon M. Drew has become affiliated with Irving Lundborg & Co., 310 Sansome Street, members of the New York and San Francisco Stock Exchanges. Mr. Drew was previously with Merrill Lynch, Pierce, Fenner & Beane.

Three With Mutual Fund

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—George W. Freeman, Glenn H. Palmer and Ewald H. Solbach have joined the staff of Mutual Fund Associates, 444 Montgomery Street.

A. T. Geyer Resumes

Andrew T. Geyer is resuming his investment business from offices at 50 Broad Street, New York City, under the firm name of A. T. Geyer & Co.

Public Utility Securities

By OWEN ELY

Columbia Gas System, Inc.

Columbia Gas System is the largest natural gas system in the country, with annual gross of $260 million. Revenues from sale of natural gas ($251 million) are about 51% residential and commercial, 16% industrial and 33% wholesale to other utilities. Of the retail business, about 53% is obtained in Ohio, 23% in Pennsylvania, 12% in West Virginia and 12% in New York, Kentucky, Virginia and Maryland.

Despite the System's rapid growth in revenue (183% since 1946) share earnings declined steadily from $1.18 in 1950 to 73 cents in 1953. However, last year they recovered to $1.09 and this year are estimated at about $1.20 on the 20 million shares which would be outstanding assuming conversion of the $25 million debentures. Temperatures this winter have been about in line with the past average, whereas the previous winter was unseasonably warm with resulting adverse effect on earnings.

The System's major difficulties have been three-fold: (1) Production in the Appalachian field, originally the main source of the company's supply, has remained about constant while system needs have grown enormously; this has required the purchase of increasing amounts of gas from the Southwest. (2) In recent years field prices of gas have been advancing sharply, increasing the System costs. (3) The company had to seek numerous rate increases from the state commissions and the Federal Power Commission; and during the Truman Administration the latter commission was not only very slow in processing rate cases, but also unwilling (under the political philosophy then prevailing) to grant adequate rate increases. Thus, despite the fact that the company was very conservatively capitalized, it was unable to earn the 90 cents dividend (80 cents regular and 10 cents extra) in the two years 1952-53. Moreover, share earnings included substantial amounts of revenues representing amounts collected "under bond" pending a final decision by the Commission.

The regulatory picture has rapidly improved in the past year or so, however. Rate increases of $18.7 million were granted in 1953 and $21.6 million in 1954. Cases not settled as of Jan. 1, 1955, plus cases filed in 1955, approximated $30 million, of which some $18 million is being collected under bond. Thus, total increases approved and pending aggregate $70 million based on the volumes for the respective years. On the other hand, gas purchase costs increased $22 million in 1953, $3 million in 1954 and about $4 million for this year (based on pending cases), making a total of $29 million.

Despite this progress in clearing up its rate cases, in 1954 the company was still earning only about 5.3% on its capital (including contingent earnings) which compared with 3.9% in the previous year. If the company were permitted to earn 6% in 1955 it is estimated that this would permit earnings of about $1.28 on 20 million shares; while if 6½% were allowed they could earn around $1.44 (these estimates presumably being based on normal weather conditions).

It appears unlikely, however, that the 90c dividend will be increased even if the earnings show more substantial coverage. The company had to dip into surplus in 1952-3 and it would like to rebuild earned surplus before increasing the dividend rate. About the best that can be expected is that the 90c rate would be "regularized," by making the quarterly rate 22½c. This situation appears to be understood in the Street since at the recent price around 16½ the yield is about 5½% or nearly 1% more than the general average for gas companies.

The company expects to continue its rapid growth, though at a declining rate; sales for 1958 are estimated at 663 billion cubic feet compared with 487 billion cubic feet in 1954, an increase of 36% in the four-year period. The company expects to obtain some of this increased gas by using the new Gulf Interstate Pipe Line to maximum capacity on a year-round basis, but it will also be necessary to increase present reserves by about 17%. The company believes that such increased reserves will be obtainable.

In the major areas served at retail by Columbia, the cost of heating with natural gas is considerably less than the cost of heating with oil or coal. As a result, there has been a substantial demand for gas for space-heating. In 1954, the cost of heating a typical house in Columbus, Ohio was $168 for oil, $118 for coal and with natural gas only $82.

The demand for natural gas in recent years made it necessary for Columbia to limit increases in industrial sales and to obtain approvals of state regulatory commissions for restrictions upon the use of gas for additional space heating. Such restrictions have been in effect in various sections since early 1947. However, in 1954 the added supplies of gas from the southern Louisiana area and the additional quantities becoming available from underground storage for peak loads resulted in the lifting of these restrictions. In 1954 about 100,000 new house-heating customers were added to the lines of the system and an undetermined number were added to the lines of other utilities which are served at wholesale by Columbia subsidiaries.

Columbia Gas expects to spend about $220 million for construction work during the next four years (of which about $70 million will be spent this year). Of this amount, about $70 million will be obtained from depreciation, depletion and retained earnings (less sinking funds), leaving about $150 million to be obtained from sale of securities. In addition, about $25 million of bank loans should be refunded. At the end of 1954 the company's $600 million capitalization was about 49% senior debentures, 9% subordinated debentures, and 42% common stock equity. However, the company feels that the subordinated debentures can be considered as equity since their conversion into common stock is progressing satisfactorily and could be expedited at any time the company should decide to call the debentures. Considering internally generated cash, the present ratios could be approximately maintained by issuing $100 million debt securities and $50 million common stock over the next four years. Equity financing will probably not be done before 1957 and 1958—in any event, not while the convertible debentures remain outstanding.

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As We See It

to which the SEC has put shackles on the over-the-counter markets by means of this organization.

More Controls?

It would be surprising if all this did not give rise at an early date to demand for a restoration of controls over other segments of the business community where without doubt untoward trends have developed or may be expected to arise as a result of conditions imposed by Washington itself. Take the urban real estate mortgage situation, as an example. Whatever is or is not said there can be no doubt at all that there is a great deal of worry in Washington about it, and there is good reason for it. Mortgages on one to four family houses by the end of last year had reached the unheard-of figure of $75.6 billion. One year earlier they had been $66.3 billion; in 1941 they were $18.4 billion.

If we include all nonfarm mortgages we come up with a figure of $105.3 billion. This compares with $93.3 billion at the end of 1953, and $31.2 billion in 1941. But this is not the whole story. Some $17.5 billion of this debt was held by commercial banks, that is to say in the now popular phrase it had been "monetized." This is more than 16.5% of all bank loans at the end of last year. Many of these mortgages were FHA or VA guaranteed, but the largest increase during the year 1954 came in the conventional mortgage. Nearly $3.4 billion of the mortgages outstanding at the end of 1954 were VA guaranteed. It is, of course, well known that many of these are now being written with no down payment at all.

Concern is also being expressed in some quarters about the rate at which consumer loans are climbing. After a lull last year, this type of credit has been moving up at a rapid rate since late last fall. Figures in this area are never really up to date, but there is reason to accept current statements that such advances have been rising rapidly since the turn of the year. Reports are frequently heard, too, about a marked lengthening of the terms under which such loans are granted. By the end of last year the total of consumer credit reached $30.1 billion. Something like 40% of all bank loans now consist of consumer credit and real estate loans. We can well understand why the authorities at Washington have fallen victim of some uneasiness about these aspects of the current situation.

But before we jump to the conclusion that the remedy for whatever is hazardous or unwholesome in this situation lies in extended controls and regulations, let us inspect the origin and cause of it all. First of all, the government itself has pumped out enormous sums of money into the economic system, or at all events has encouraged the pumping. When the war was over and the Treasury had done away with the very large reserve cash balances it had been carrying against unforeseen emergency, the Federal Government had a gross debt a little short of $260 billion; at the end of January of this year, nearly 10 years after the cessation of hostilities, it stood at just under $278.5 billion. At the end of 1946 the Federal Reserve banks held something less than $23.5 billion of Treasury debt; last week the figure was $23.6 billion. Commercial banks, which during the war had accumulated nearly $91 billion of this debt and which had by June, 1951 managed to get it down to $58.4 billion, by November, 1954 held $69.5 billion. This accumulation of governments occurred at a time when business demand for funds permitted a decline rather than a large increase in ordinary bank loans. When the economy is flooded with funds in this way without regard to the normal demand for them, it may be taken for granted that money will somewhere or other "leak out at the seams."

Leaking at the Seams

It has, as a matter of fact, leaked out in several places, and one of these is more or less directly responsible for the price advances in the stock market which seem so much to disturb some of the professional reformers in the national capital. By the end of last year high grade corporate bonds were yielding substantially less than 3%; prior to the arrival of the New Deal upon the scene, 4¾% was regarded as about normal for such obligations. Long-term governments were down to considerably less than 2¾%. In more normal times investors had expected to get around 3½% (a rate which would have been substantially greater but for the tax-exempt provisions) on long-term governments they held. Such changes as these inevitably tended to make investors look around for better yields than they could get on the type of investments to which they had been accustomed. And at about this time pension funds galore began to accumulate enormous aggregates of capital. What more natural than that they should seek out better grade stocks, and what more inevitable than that the prices of these stocks should reflect this new demand?

And now the wiseacres in Washington appear unable to think of a better cure for all this than to repeat the old "thou shalt not's." We have repeatedly found in the past that conditions of this sort can not be righted by fiat. If Congress and the others think we are developing dangerous conditions, let them go to the root of the matter and eliminate the basic causes of the conditions. They can do only harm by forbidding the symptoms to appear.

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The Guaranteed Annual Wage Demand

of the largest automotive parts companies have contracts with the UAW which expire at the same time, June 1. Negotiations are supposed to begin about April 1, but of course in the case of the smaller companies the union spokesmen will not be permitted to make any concessions or arrive at any conclusions, so the negotiating in those cases will be the play-acting which all of us should be ashamed of but which most of us patiently live through.

Some Baseless Rumors

Let me speak very plainly about something else at this point. Repeatedly over the past several weeks there have been rumors, some of them by columnists, some of them by business advisory services, that a "deal" is in the making. Some of them mention Ford as one party to the deal; some of them leave company names out. All of you are familiar with these rumors—one says that the union plan will be accepted—just that—and another says that a modified plan of 40 weeks pay will be scheduled — and others say that the demand will be accepted "in principle" and will be subjected to "joint study."

Every one of those rumors is baseless, in my opinion. I know the score. There isn't any deal in the back room.

If you want to, you can go in the predicting business yourself. Here's how it is done: You start by deciding that there is either a strike, or not—nobody will dispute that statement, and you are on your way to a prediction.

If there is a strike, it will end eventually with an agreement. If there is not a strike, the agreement still is necessary. So . . . you have got to have an agreement, either way. This is your first prediction: There will be an agreement.

Now, it gets a little tougher from that point on. You must say what you think will constitute the "package" which finally either keeps the men at work or brings them back to work.

I can guess out a package right now. So can you . . . you know that the manufacturers are humming along, not looking for trouble and hoping to avoid it; you know that they don't figure to get by for nothing at all in the way of increases, you know that any number of avenues are open to spread more money among the employees: straight wage increases, improved pension or insurance coverage, more vacation or holiday allowances, and a good many other miscalled "fringe" benefits.

It's easy. Go right ahead and make your prediction. But if you are an honest man, you won't go further and say that there is a "deal" and then, months hence when the eventual and inveitable settlement is known, say "I told you so."

My viewpoint and forecast are well known. I think that the union is not going to listen to reason and will not accept even a most liberal offer. I think that the union wants militant action. I think that the most turbulent, roughest "labor trouble" year we have seen in a long time is right ahead of us.

You will have noticed that editorial opinion in the magazines and newspapers shows increasing concern and uneasiness over the GAW. To me, this is very important. I am a reporter and editor from "way back." I know the independent, curious and skeptical nature of the newspaperman. When the question of union recognition got hot back in the '30s, the reporters and editors didn't listen very closely to the manufacturers' complaints . . . they figured that there was a lot of nonsense in the business viewpoint, and their columns showed that. It is hard to fool a good reporter, you know.

Now, with the passage of years, the unions lost that poor, downtrodden, under-dog appeal. They got rich, powerful, and in some cases pretty stuffy and pontifical. Some of the union spokesmen got to looking, and acting, just like the Big Business Baron of the past, with the dollar signs on his vest!

Still the reporters and editors are inclined to favor the working stiff in his struggle for more, and they pay close attention to the union demands. It is important to note that the press, which is wide-awake and intelligent, is almost entirely adopting the same approach to GAW: This is dangerous, full of disaster, if not carefully handled. Like a bomb, quietly ticking away, it may go off.

Public opinion, too, is not difficult to divine. The public is not "sold" on the GAW. The average man and woman just doesn't believe that a man should be paid as much for not working as working. And he or she does not believe that the employers can control the market place. Even the most ill-informed can think it through to the question: "If the employer isn't guaranteed a market, how can he guarantee this GAW?"

Let me mention another interesting point. The union has made quite a lot of the fact that a group of ten economists was asked to serve as an advisory committee. It is inferred that the committee approved the GAW plan. But the fact is that it did not.

Why is it, I wonder, that the ten economists who formed that committee have been so silent? Their views are well known—all of them are writers and speakers—and all of them are on record as believing that unemployment compensation should be less than pay for working, that the employers can't control the market place and can't control employment levels as the union demands.

The union has unfairly used these economists, I feel, by inferring that they approved the plan. One New York tip-sheet, put out by a labor relations advisory office which should be ashamed of its gullibility, even swallowed this inferential claim and went so far as to say, not long ago, that the committee had stamped the plan "O. K."

But . . . that isn't true. The economists didn't approve the plan even in part. The Committee held three meetings, was dismissed and thanked for its efforts, and that was that. I hope that some members of it still will be good enough citizens to get up in public and put the facts plainly.

The Effects of GAW

The GAW demand, if forced upon the automobile industry, would shortly bankrupt many smaller and marginal companies and would force the largest ones into a monopoly, dependent finally upon government subsidy and government supervision. If you want monopoly, this is a quick and certain way to get it.

After a short run under a system of guaranteed full pay-without-work, it would become obvious that a formerly competitive, dynamic, and growth-seeking industry was obliged to become one of stagnant, standardized output and size, not daring to maintain even its present-day total of employment and afraid of expansion or risk-taking.

Where we now look for some five and a half to six million cars a year, we would be obliged to settle for a "safe" calculation, based on replacement and carefully-hedged projections of population growth. We would need to produce one-twelfth of such a total each month, and have an allotment system for distribution.

The car buyer would lose quite a bit of his freedom of choice, of course, and his purchase timing would have to fit the overall scheme. There would never be enough cars in the spring, and when the car buyer finally got delivery as part of the allotment for some later month he might not be so eager for the car—but he would be counted on to accept it. If the year was one in which a company had missed its styling, or for some other reason did not have a car among the most wanted, its production nevertheless would have to be used and the car buyer might not get just the car he ordered.

There is still more to be anticipated. Under such a system there would be bidding up of prices in the first half of the year, much as we saw during the scarcity period after World War II, and reluctance to absorb the quota at year's end with new models coming. This would dislocate the market place, and I assume that an army of bureaucrats would be needed to administer and police the system.

But—it could be done, and that is the important thing to remember as we study the problem. It would result in a controlled, leveled-off caricature, but it could be done. In the name of stabilization, the industry would be turned into something like the European cartel system.

Cartelization, in fact, is the word for it. We could do it. I doubt that many of us would like it, but it is not impossible. It is simply the easy, deteriorating system of dividing up a sure market among a few producers, and keeping risk, enterprise, and growth to a minimum.

Inflation, of course, would follow in the train of such a program. Greatly increased costs would be certain, because the efficient and the inefficient, the good and the bad, all would be protected. With controlled volume and lowered scope, unit costs would necessarily rise. If, on the other hand, a company risked greater volume to meet demand, it also would have to carry a good many mon-working employees if demand eased.

The rise in costs and prices, of course, would have to be met by the car buyer. Nothing more erroneous has been said than the union's statement that "the employer will foot the bill" for the guaranteed wage; he can't foot it. The consumer must pay, either as a purchaser of the goods or as a taxpayer—and the union has been frank to admit that its plan includes the ultimate "reinsurance" of risk by government, which is a fancy way of saying the taxpayer can pay for it.

Incentive would suffer, not only among employers but among employees. The pride of the older employees would hardly be sufficient to keep them steadily at work, I think, if they could see younger men getting full pay while idle. An obvious premium would be paid for finding ways to get laid off.

This is at least part of the future, as I see it, if the guaranteed wage demand is forced upon the automobile industry. I don't like it—but it does little good to say that such a thing is unthinkable. It is all too thinkable, you know —it can happen.

The process of achieving by economic force what cannot be had by popular approval would of course circumvent the legislative process and be contrary to public policy, clearly evident in the various state laws governing unemployment compensation, but there is no gainsaying the economic power of the union. I suspect that if successful, such a power play would be followed by others, as many another organized pressure group showed its disrespect for orderly processes and adopted a policy of "might makes right."

Misleading Statements

Now let me pay just a little attention to some of the misleading statements which have been made about the UAW-CIO plan.

It is said that the "employer's liability would be limited." That's a laugh, really. It would be limited in the same way that the coal operators' liability was limited to five cents a ton for the welfare and pension fund. The five cents went to forty — and there still is no limit.

It is said that "Automation" is forcing these revolutionary demands. Some dreadful specter seems necessary as part of the demand, and this is it. Now—to me, "automation" is the latest fancy term for something which has been going on forever. I call it mechanization. It is mostly good, not bad. It results in putting more and more horsepower into the hands of the individual, it brings about large-scale production and lower unit costs.

It doesn't decrease jobs, it increases them. Look — in 1940, General Motors had 233,000 employees. "Automation," to use the stylish term, has been going on at GM for 14 years. Now they don't have 233,000 employees—they have 520,000 employees!

If you prefer to think of "Automation" as specific, take a look at the dial telephone, or go and look at the automatic banks which translate your dial's commands. Do you know what happened to employment among telephone operators when this dreadful thing bloomed so fast? Since 1940 the number of operators has increased more than 80%.

Sure, we've got "automation" . . . we even have "electric brains" which are supposed to do away with bookkeepers and accountants. What has happened in that field is what you will find in any area of rapid modernization, expansion, and development —the number of accountants now is 75 to 80% higher than it was before the war.

Odd, isn't it, that a dreadful thing like modernization should cause people to turn pale with fear! Maybe it won't, at that—I hope that some of these fantastic claims will be exposed for what they are: a sort of parade like the Chinese New-Year Dragon — all fierce teeth and breathing destruction, and all made of cheesecloth and sticks!

That sums up for me, gentlemen. It isn't a pretty picture, of course, but it isn't a hopeless one, either. Even if we do have a bad time for awhile, we may be able to promote reason, and logic, and good sense if we are determined to do the wise and courageous thing.

I am rather proud of the sober and conscientious way in which management has approached this challenge, up to now. I hope that we continue to keep cool heads and stout hearts, so that we may come out on the other end with a sense of having done our duty not only as good managers but as good citizens.

N Y State Housing Bonds Offered for Public Investment

A consolidated underwriting group co-managed by The National City Bank of New York and Lehman Brothers was the winner yesterday of an issue of $50,715,000 State of New York Housing Serial Bonds, maturing April 1, 1957 to 2005, inclusive.

The group submitted a bid of 100.027 for a combination of 4s, 2s, 2¼s, 2½s and 1s, representing a net interest cost of 2.2597%. Interest on the bonds is exempt, under present laws, from all Federal and New York State income taxes. The bonds are legal investments for savings banks and trusts funds in New York, Massachusetts, Connecticut and certain other states. In the opinion of the Attorney General of the State of New York, these bonds will constitute valid and legally binding general obligations of the State of New York and the full faith and credit of the State will be pledged for the payment of principal and interest.

Subject to award, $43,470,000 of 4%, 2%, 2¼% and 2½% bonds, due April 1, 1957 to 1998, are being reoffered at prices scaled to yield from 1.05% to 2.50%, according to maturity. The balance of $7,245,000 of 1% bonds due April 1, 1999 to 2005, are not being reoffered.

Proceeds from the sale of the bonds will be used by the State of New York to make loans to cities, towns, villages and local Housing Authorities for building low rent housing facilities and for slum clearance.

New A. G. Edwards Branch Under N. D. Humphries

FT. SMITH, Ark.—A. G. Edwards & Sons, members of the New York Stock Exchange, have opened a branch office at 19 North Seventh Street under the direction of Norman D. Humphries. Mr. Humphries has been associated with the Keystone Co. of Boston for many years in the Middle West.

Harris, Upham Branch

WASHINGTON, D. C.—Harris, Upham & Co. have opened a branch office at 1505 H Street, N. W., under the direction of Edwin F. Bastable.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Probably one of the least noticed statistic in fire and casualty insurance company reports is the yearly change in the value of assets. This figure contains, besides realized gains and losses on assets sold in tne year, the mark-up or the mark-down of marketable assets to market or convention values, usually at the end of the calendar or the fiscal year. The complexion of this change will vary widely, being largely influenced by the type of portfolio a given insurance company maintains. Thus a primarily bond-holding unit such as St. Paul Fire & Marine, or a casualty writer such as Standard Accident & Insurance, will show relatively moderate asset valuation fluctuations because of the comparatively stable nature of the main body of its investments.

On the other hand, companies such as Insurance Company of North America, or the America Fore parents, which maintain proportionately large holdings of equities, will report greater swings in their asset valuation figures. For example, one item in the Insurance Co. of North America portfolio in the first half of 1954 showed an appreciation of some $4,000,000. It was exchanged for a parent company stock in the second half.

As it is probable that the run-of-the-mill investor is acquainted with this data only superficially, and is not so well informed about it from one company to another, it likely follows that the effects of pronounced valuation changes are not given full weight in market prices of many insurance stocks. Thus the industry's outstanding investor in equities has done little, if any, better marketwise, on a percentage basis, than many other stocks of companies that are unable to claim any like appreciation in their portfolios; and this assumes allowance for any difference in size. Of course over a longer period a fuller measure of gain is registered by the better managed portfolio.

It will be contended that the holder of large amounts of high grade equities merely "rides tne elevator" up and down with the bull and bear markets; that this company is largely frozen in because to unload large holdings in a bear market is a difficult, and even an impossible task. But this is not all there is to the matter. As is true of the large mutual funds and other trusts, the insurance companies cannot, of course, jettison large blocks of common stocks in a bear market. But there are two reasons why they do not aim to do so.

First, as is the case with the large trusts, they want to be able to continue to pay dividends to their stockholders.

Secondly, with a portfolio of high grade equities the management is aware that each succeeding cycle sees the highs at new peaks and the lows higher than the preceding lows. It realizes that it must carry through the cycle; and if it is a capable management its portfolio components will give it the growth it aims at over a period.

This latter statement is borne out by the fact that the industry's biggest holder of equities, in the decade ended with 1953 (complete 1954 data is not yet available, but when it is it will merely add strong emphasis to the existing record) registered the greatest gain in asset valuation, *vis-a-vis* both companies in its own size class, and, with appropriate adjustments, units of smaller size. And it is a company that in the same period showed one of the higher percentage gains in the increase of its dividend, a direct reflection of portfolio management.

The magnitude of gain in asset valuation figures for 1954 was of a size that has never before been approached. There are companies in the industry that in 1954 scored an assets valuation gain larger than the net gain of the entire preceding decade; and in most instances fire and casualty insurance companies made a better than usual showing in that decade. Some of the gains in asset valuations for 1954 follow. Included with the unrealized gain figures are realized gains and losses on assets sold in the year. This list contains units of varying sizes; and the 1954 results are shown with those of 1953:

	1954	1953
Insurance Co. of North Amer.	$95,205,341	d $10,216,319
Continental Insurance	72,573,731	d 8,777,140
Fidelity Phenix	70,876,842	d 7,099,008
Home Insurance	59,015,281	d 8,314,299
Hartford Fire	48,482,236	3,855,076
Great American	36,227,323	d 1,575,016
Firemen's	28,358,029	3,841,186
Fireman's Fund	24,511,631	623,069
Phoenix	21,163,522	d 414,369
Aetna Casualty	17,661,646	d 1,202,611
American Insurance	17,289,198	d 1,398,575
United States Fid. & Guar.	16,442,371	d 1,655,806
Continental Casualty	16,053,572	778,311
St. Paul Fire & Marine	14,068,686	4,121,168
Federal Insurance	12,362,384	d 1,404,143
United States Fire	10,548,914	d 1,235,517
National Fire	9,653,838	d 1,362,112
Springfield Fire & Marine	9,357,230	d 293,414
Boston Insurance	9,327,656	291,130
Glens Falls	8,099,351	d 510,712
North River	7,107,662	d 1,161,154
General Reinsurance	6,160,112	463,819
Northern Insurance	5,551,259	d 549,944
Hanover Fire	4,868,254	d 379,452
National Union	4,751,238	d 116,063

Of these 25 companies, a majority reported declines in valuations (d) in 1953, but the 1954 results far outdid the best showing of any earlier year in a large proportion of cases.

Probably insurance stocks still have to reflect these results more fully in their future market action. It is to be doubted that they have entirely discounted the performance, except in a few instances.

William J. Dyer With Burke & MacDonald

William J. Dyer

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — William J. Dyer has become associated with Burke & MacDonald, Inc., 17 East 10th Street, members of the Midwest Stock Exchange. Mr. Dyer was formerly in the trading department of E. F. Hutton & Company. Prior thereto he was with Uhlmann & Latshaw and was Secretary and Treasurer for E. W. Price & Co., Inc.

Halsey, Stuart Group Offers Equip. Tr. Ctfs.

Halsey, Stuart & Co. Inc. and associates are offering $8,400,000 Southern Pacific Co., series QQ 2⅞% equipment trust certificates, maturing annually Mar. 1, 1956 to 1970, inclusive.

The certificates are priced to yield from 2.20% to 3%, according to maturity. Issuance of the certificates is subject to the authorization of the Interstate Commerce Commission.

The issue is to be secured by a total of 69 Diesel freight, passenger and switching locomotives, estimated to cost not less than $11,200,000.

Associated in the offering are: R. W. Pressprich & Co.; L. F. Rothschild & Co.; Baxter, Williams & Co.; Freeman & Co.; Gregory & Son Inc.; Ira Haupt & Co.; Wm. E. Pollock & Co., Inc.; First of Michigan Corp.; The Illinois Co. Inc.; F. S. Yantis & Co. Inc.; Julien Collins & Co.; McMaster Hutchinson & Co.; and Mullaney, Wells & Co.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Barbara Briggs has been added to the staff of Merrill Lynch, Pierce, Fenner & Beane, Dixie Terminal Building.

Joins Slayton Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Edward Shipper is now with Slayton & Company, Inc., 408 Olive Street.

Mutual Funds

By ROBERT R. RICH

TOTAL NET asset value of Selected American Shares now amounts to $39,827,456, equal to $16.79 a share. This compares with total net assets of $29,369,315 or $13.90 a share a year ago. In addition, a capital gain distribution of $1 per share was made in the 12-month period.

Net assets of Financial Industrial Fund increased to $33,599,724 at Feb. 28, 1955, from $28,935,400 on Nov. 30, 1954 — a gain of $4,664,324.

The asset value per share closed the quarter at $3.58 per share, against $3.27 three months earlier. Consistent with the investment policies of the fund's management, securities of 26 companies were purchased during the quarter.

At the recent date, FIF had more than 98% of investments in common stocks covering 18 industry classifications and concentrated in such growth industries as chemicals, 14.9% of total assets; oils and natural gas, 12.0%; industrial and business equipment, 11.5%; transportation, 8.9%; automotive, 7.6%; and electrical equipment, TV and electronics, 5.0%.

SPECIAL Investment Shares, launched last Sept. 27 by Managed Funds, Inc. to invest in "special situations," has passed the $1,000,000 mark in total assets, Hilton H. Slayton, President of the company, announced.

Now invested in 41 companies, domestic and foreign, S. I. S. is growing at a rate faster than that of Managed Funds' other ten classes in the early stages of their development, due largely to the purchase of additional shares by investors.

Assets of S. I. S., as of March 16, were $1,248,594. On that same date, the offering price, which includes sales charges as described in the prospectus, was $3.35 per share, 35c more than the opening price.

Mr. Slayton stressed that Special Investment Shares "will never, under any circumstances, purchase securities believed by the management to be purely speculative promotional ventures."

"S. I. S., by investing in special situations, over-the-counter securities and foreign issues, stimulates the imagination of potential shareholders," he said. "The securities of S. I. S. are the kind that many professional investors like to buy for their own accounts. They are generally subject to wider price fluctuations than established market leaders, which will be reflected in the price of the shares."

THE BOARD of Directors of Commonwealth Stock Fund has declared a 200% stock dividend, payable April 7, 1955, to stock of record March 30, S. Waldo Coleman, President, announced on March 16. Mr. Coleman said "this dividend, which will have the effect of a 3-for-1 stock split, will not affect the total value of each shareholder's investment in the Fund. However, we feel the resulting lower unit price will make the shares attractive to a larger number of investors."

"Growth of income and principal through investment in the securities of well-established, progressive companies is the objective of the Fund. Realizing that diversification is one of the foundations of prudent investing, Commonwealth Stock Fund's management seeks to attain this objective by investing in securities with such characteristics in several different industries rather than in just a few," Mr. Coleman added.

As of February 28, the Fund's largest investments, according to industry classification were as follows: Chemical and Drug (14.3%); Oil (13.1%); Electrical and Electronics (8.9%); and Electric Power (7.8%).

The initial asset value per share of Commonwealth Stock Fund has risen to $31.12, as of Feb. 28, from $20.00 per share on Aug. 1, 1952 (first offering date). After giving effect to a capital gain distribution of 6 cents the increase in asset value for the period was 56%.

A NEW descriptive folder and prospectus for Canadian Fund, Inc., a mutual fund with assets of $30,878,000 comprising common stocks in a cross-section of corporations participating in Canada's growth, was issued recently by Calvin Bullock, sponsor of the fund.

The descriptive folder, titled "What Is Canadian Fund?", sets forth the characteristics of the fund, the tax advantages it offers, its growth since its inception in April 1952 and lists its portfolio holdings as of Jan. 31, 1955.

Calvin Bullock is also sponsor of Canadian Investment Fund, Ltd., the largest investment company of any type in Canada, with assets in excess of $60,000,000.

A NEW FOLDER, titled "A Security That Has Paid 100 Consecutive Quarterly Dividend Distributions," has just been published by Wellington Company, national distributors of the $400 million Wellington Fund.

The amount of dividends and the amount of realized securities profits paid by the Fund in 1954 and since 1930 are given in the folder which points out that Wellington ranks among the country's 20 largest corporations in number of stockholders.

THE STOCK MARKET decline was on the whole a healthy development, D. Moreau Barringer comments in his director's letter.

"It will probably discourage some of the uninformed speculation that has undoubtedly entered the market in the past couple of months," he stated. "We only have to look back at the securities tipped by a well-known commentator, or the fantastic rise in General Electric on the announcement of their synthetic diamonds, to realize that a good many people have entered the market with the hope of short-term speculative profits, irrespective of the underlying value or income prospects of the stocks involved.

"Some of it has been done on borrowed money, despite the margin limitations in force, and to this extent the decline has probably severely punished some of the most recent and unthinking speculators.

"To the extent," Mr. Barringer added, "that it has served to make stocks available at a less inflated price to the sound purchaser of securities for income, it will strengthen the position of the market, and allow it to reflect more accurately and soberly the real appraisals of future dividend-paying power."

Stock Fund Launches Drive

North American Securities Co. began this week among dealers a sales drive on the shares of Commonwealth Stock Fund. On Monday, the dealer concession was increased from 6 to 7½% out of an 8% sales charge. The increased dealer concession will remain effective until June 30, 1955.

The fund also declared a 200% stock dividend, to be paid on April 7 to shareholders of record March 30. The 3-for-1 stock split is expected to make the shares more attractive to investors, the company stated.

Dealers are now receiving new sales pieces, completely redesigned, for this current sales campaign.

Group Reports on Portfolio Changes

Portfolio changes in February in several of the mutual funds of Group Securities, Inc. were announced recently by Distributors Group, Inc.

The Common Stock Fund took profits in selling all holdings of four blue-chip issues — Allied Chemical, Otis Elevator, Sherwin-Williams and Union Carbide. It took new positions in Merck & Co. and Pfizer & Co. and increased its holdings in oils, rails, building, and metal stocks.

Purchases for the Institutional Bond Fund included Columbia Gas System 3's of 1975, Consolidated Edison 3's of 1979 and Continental Oil 3's of 1984. It eliminated Connecticut River Power 3¾'s of 1961.

Profits were realized by the Capital Growth Fund in Avco, Blockson Chemical, Continental Aviation & Engineering, Curtis Publishing, Food Machinery & Chemical, International Harvester, Loew's and Steep Rock Iron Mines. Purchases included rails—Chicago & Eastern Illinois, Delaware & Hudson, Erie, Gulf Mobile & Ohio, Illinois Central, Nickel Plate and Pennsylvania — and Howe Sound and U. S. Smelting & Refining.

In building shares, profits were taken through sales of Otis Elevator holdings and purchases were made of Flintkote, U. S. Plywood and Simmons.

In steel shares emphasis was increased in Alleghany Ludlum and Wheeling.

H. A. Johnson V.-P. of Mutual Fund Sales

Herbert A. Johnson

Herbert A. Johnson has been appointed Vice-President of Mutual Fund Sales, Inc. He has been a corporation executive for 15 years, having recently been Assistant Controller and Assistant Secretary of W. L. Maxson and Vice-President of Edward Ennold Co.

Personal Progress

Robert S. Burkholder has been appointed as a wholesale representative for Commonwealth Investment Company and Commonwealth Stock Fund, S. Waldo Coleman, President, announced.

Burkholder, a native of Lancaster, Pa. and a graduate of Franklin and Marshall College, has been active in the mutual fund business for about 10 years. Prior to this appointment, he was associated with Reynolds & Co., in both San Francisco and New York.

In his new capacity, Burkholder will maintain headquarters in San Francisco and will work with investment dealers in Northern California, Oregon and Washington.

Fund Assets Up Again; Plan-Openings a Record

Assets of the 117 mutual fund members of the National Association of Investment Companies were $6,453,899,000 at the end of February, it was announced today. This compares with $6,240,767,000 at the end of January and $6,109,390,000 at year-end 1954.

Investors opened 8,769 plans for the regular purchase of mutual fund shares during February, 151 more plans than the 8,618 opened in January, the previous record month. During the fourth quarter of 1954, 20,462 accumulation plans were opened.

Purchases of mutual fund shares in February totaled $99,497,000, compared with $109,783,000 in January and $99,858,000 in December 1954. Share redemptions by investors were $37,998,000 in February, down from the $47,299,000 redeemed in January of this year and slightly above the $35,005,000 in December of last year, the Association reported, pointing out that mutual fund shareholders have the option at any time to convert their holdings into cash equal to the current asset value of their shares.

Cash, U. S. Government securities and short-term obligations held by the 117 mutual funds rose to $349,683,000 at the end of February, representing 5.5% of total net assets. This compares with $307,903,000, or 4.9%, at the end of January.

Continued from page 14

Common Stocks as Fire and Casualty Insurance Investments

weigh carefully the dollar exposure in the portfolio. One must endeavor to estimate how much of a loss is possible under extreme adverse conditions in each segment of the portfolio—that is, how much can the value of the common stocks decline, how much can the preferred stock portfolio decline in value, and also estimate the potential decline in value of corporate bonds, municipal bonds and Government bonds. This sum total of potential decline must be weighed carefully against the company's capital and surplus.

One need only to go back to the 1929-1933 period to trace the effect of demoralized security markets upon the extremely strong capital fund positions of certain of the leading fire companies. In several instances, the decline was of such huge extent that the surpluses were eliminated and consequently, these companies were forced to reduce the stated value of their common stock without reducing the number of shares to create surpluses. This will illustrate what can and did happen under extreme adverse economic conditions.

There has been no distinction made thus far between the investment policy of a fire company and a casualty company. The character of casualty operations dictates a much more conservative investment policy — larger holding of bonds and, on the average, a shorter maturity portfolio, and greater caution in the use of common stocks than in a fire portfolio. This is due primarily to the greater volatile record of underwriting experience in the casualty industry and also due to the fact that a much larger percentage of insurance liabilities are in the form of reserves for outstanding losses.

Once we have established a broad philosophy, we can now embark upon the subject of common stocks in a fire and casualty portfolio. In the late 1920's, high grade common stocks yielded about the same—or slightly less on the average—than high grade corporate bonds, and in that period the Federal Corporate Income Tax was at a relatively low figure, so that the differential, net after taxes, was not of any great moment. Preferred stocks in this period yielded considerably more than high grade common stocks. We are all familiar with the changes that have taken place in the level of interest rates since and also in the level of Federal Corporate Income Taxes. A fire and casualty insurance company pays the Federal Corporate Income Tax rate of 52% on the income from fully taxable Government and corporate bonds.

Thus, a long-term high grade corporation bond with a 3% gross return yields 1.44% after taxes. The new 40-year Government 3's due February 1995 yield 3% gross and 1.44% net. Dividends on common stocks are exempt to the extent of 85% of the total, so that in effect a tax of 52% is paid on 15% of dividend income, or a tax of 7.8% on the total dividend income. Thus, to use the Standard & Poor's Index of Fifty Stocks, the current yield of 4¼% gross becomes 3.92% net after taxes. Whereas in the late 1920 period there was no significant difference between the net after taxes from bonds vs. common stocks, today these figures would indicate a net yield after taxes on common stocks of approximatly 2.7 times the yield on high grade corporate bonds and in excess of three times the net yield on an average portfolio of Government bonds.

The same relationship would prevail in a comparison of yields on common stocks vs. municipal bonds over these two same periods. In 1929 the yield on municipal bonds averaged 4.24% vs. a yield of 3.24% on common stocks at their highs. Currently municipal bonds yield 2.46% and common stocks yield 4.20%. This condition has continued now for quite some time, with the ratio of stock yields to bond yields, particularly after taxes, at a comparatively high level since about 1937. Thus, common stocks have become a much more desirable holding, particularly to corporate investors, from the angle of relative income.

It is quite apparent that this increase in net yield through an investment in equities might be considered a reserve against a possible decline in the market value of this equity, assuming that this additional income is not disbursed too generously to the insurance company's shareholders. A substantial cushion or reserve can be created as a protection against future market declines, so that so long as an insurance company has adequate resources to absorb temporary market or paper losses, this additional income is a powerful advantage. And the longer the stock market may be depressed and the longer the corporate investor may be wrong, the more nearly is he right, because of the large accumulation of additional income from common stocks.

The Factor of Reduced Dollar Purchasing Power

Over a long period of time the purchasing power of the dollar has declined and the real income from very high grade bonds has been reduced very drastically. At the present time the decline in that real income is 75% since 1913. On the other hand, dividends on common stocks over this period have increased and the real income, likewise, has increased. An investment policy must give recognition to social and political trends and their impact on the future value of the dollar and on the trend of security values. Common stocks in a fire and casualty insurance company portfolio, therefore, provide the stockholder with that protection against inflation and against the decline in purchasing power of the dollar.

During the post-depression period, the country has undergone a great social revolution in the form of the significant redistribution of income. 58% of today's family units have incomes of $3,000-$10,-000 as compared with 29% 25 years ago, with these percentages measured in terms of dollars of constant purchasing power. Two-thirds of all family units in 1929 earned less than $3,000 per year in today's prices, and this group received about one-third of total cash income. Today almost two-thirds of all family units earn more than $3,000 a year and these 32 million families in this group get almost 90% of the total income. The $4,000-$7,500 group now contains 18 million families or 35% of the total and this group now gets 42% of all income. It has more than trebled since 1929 in both numbers and purchasing power. This redistribution of income has resulted, quite naturally, in a tremendous increase in purchasing power in the hands of large numbers of people and has created mass demands for all types of goods on a wide front.

The redistribution of income has had its influence on the living habits of people, resulting in mass migratory trends, with people moving from cities to the suburban areas and from the suburban to the nearby rural areas. This trend is having its effect on new houses, on the development of shopping areas, building of schools and construction of churches, on capital expenditures for sewers, water and public utilities.

Moreover, the economy is now supported by a much broader base, by a very large segment of population with its huge buying power as contrasted to the narrow base of 25 years ago. Amongst other social measures which have been a favorable influence in sustaining the economy is unemployment insurance. In the years to come, pension funds will become an additional increasingly important sustaining and contributing force toward maintenance of purchasing power.

The increasing power and strength of the unions must also be considered in weighing the future earnings and spending power of the worker, and it is reasonable to assume that it will no longer be possible for industrial concerns to effect any large scale reduction in operation costs through substantial mass wage cuts, except in special circumstances.

All of the factors just previously mentioned have had very important influences on the value and desirability of comon stocks in a fire and casualty insurance company portfolio up to previously discussed limits, and these factors will continue to be important long term influences. In addition to that, one must study other factors which have an important bearing on investment policy of fire and casualty companies. The level of interest rates is always an important consideration, and with the increasing influence of monetary management as well as fiscal management, the outlook is for relatively cheap money and low interest rates in a narrow range of fluctuation.

Increasing Importance of Role of Government

In the last 20 years the role of the government in our economy has assumed increasing importance. The history of the past two years in the use of these mechanisms is interesting and it is now recognized that it is politically inexpedient to permit interest rates to rise to a level which would really compensate the corporate investors for the risks involved in ownership of bonds. It would seem that monetary management is a one-way affair—easy money and low interest rates are always popular and the reverse unpopular.

The Employment Act of 1946 which became law in 1946 charges the government with the responsibility of promoting national employment, production and purchasing power. This is the law of the land and assumes the government can and must bring about and maintain full employment. This means that the government has no choice but to use all the tools at its command to carry out this mandate. The political life of any party is at stake if full employment is not maintained. The Federal Reserve Board must take heed of this mandate, for if it does not, Congress might so amend the Federal Reserve Act, and perhaps unwisely, so as to result in grievous damage to it and to its nonpartisan character. Under the 1946 Employment Act, the policy toward relatively easy money is a fact. The inferences to be drawn are obvious. Increased volume of money will be injected into the economy when business shows any signs of sliding and further expansion of money will follow with any improvement of business because expanding credit requirements will automatically expand bank deposits.

Both parties have the responsibility under the Employment Act of 1946 and certainly we have had every indication that both political parties will carry out this mandate. It, therefore, appears that long-term inflation, with the constant erosion of purchasing power, will continue over the next 50 years as it has over the past 50 years. The question seems to be not one of direction but as to degree. Thus, if interest rates can be expected to rise at best to a level which would only be moderately higher than at the present time, and consequently still furnish relatively low real income to a corporate investor, and if the inflationary forces over the next decade or longer continued to be a real threat, then there can be no question about the role of common stocks in a fire and casualty company portfolio.

Other factors in the consideration of common stock equities is the role of the Securities and Exchange Commission which has been an important factor making for sounder common stocks, for it has meant full disclosure of facts, figures and other information having important significance on the affairs, operations and outlook for companies listed on the registered Exchanges or engaging in public financing. Self-regulation by the Exchanges has had the effect of making for sounder practices. The supervisory measures taken by the Federal Reserve System have also been a factor in the reduction of excessive speculative influences. Corporation managements are very much more cooperative and the relationship with stockholders much more enlightened, for they go out of their way in most instances to discuss their affairs in complete detail, giving figures and an insight into policies having a bearing on future prospects. The leading corporations today are much more seasoned, have sound financial positions and are strongly entrenched.

Another important factor in the consideration of equities has been the liberalization of laws governing investments by trust funds and by other types of funds. The amount that can be invested in equities has been increased substantially. Pension funds have become important factors as have mutual funds, life insurance companies, savings banks and college and endowment funds. The stock market today is becoming more of an institutional affair, with transactions on the Exchange by the institutional investor growing more important daily. All these factors contribute to the increasing investment stature of the common stock and its growing acceptance as a suitable investment media of various types of funds, including the fire and casualty business.

Fire and Casualty Company Have Definite Place for Stocks

The appraisal of the various forces influencing the relative merits of long-term potentialities of bonds and stocks leads to the conclusion that a portfolio able to assume the risks of market fluctuations will do well to use a reasonable proportion of common stocks. The fire and casualty insurance companies, after providing adequate high grade securities as reserves against insurance, liabilities have a definite place for common stocks in their portfolios. The industry has been a buyer of equities in the past and unquestionably will continue to be a buyer in the future just so long as yields are reasonable in relation to the income that can be obtained from other media of investments and just so long as price-earnings ratios remain at reasonable levels.

However, in closing I would just like to raise a note of warning—a sort of yellow light. The rise in this market since September of 1953 has been one of the sharpest, in so short a time period, over the last 50 years. Common stocks have been very profitable when purchased at reasonable prices. Great care in selection is still most important. If one is willing to ignore market fluctuations which still can be quite extreme, and is prepared to stay with such common stocks for whatever period is necessary, profits should be made, but nevertheless the holder might still be faced with many unhappy moments. The return or yields obtained from common stocks have been reduced considerably over the last several years. The price-earnings ratios of many of the leading companies, particularly those that seem to offer better than average growth prospects, have in many instances more than doubled over the last several years. In other words, you are paying twice as much for these stocks as they were selling at only a short while back and, consequently, in studying long term growth profit potentials you must give important consideration to the present level.

National Gypsum Stk. Offered at $40 a Sh.

National Gypsum Co. is offering its common shareholders of record March 21, 1955, rights to subscribe at $40 per share to 464,325 additional shares of common stock on the basis of one share for each six shares held. Subscription warrants will expire at 3:30 p.m. (EST) on April 4, 1955.

An underwriting group headed by W. E. Hutton & Co. and Blyth & Co. Inc. will purchase any unsubscribed shares.

Net proceeds to be received from the sale of these shares will be added to the company's general funds and used from time to time for expenditures on plant additions and additional working capital, and for such corporate purposes as the company may determine. During the last 10 years the company has spent approximately $78,000,000 for construction of new plants, for gypsum and limestone deposits, for additions and improvements to its other plants and properties and for replacing equipment.

National Gypsum Co. is an important unit in the building materials industry in the United States. The company manufactures gypsum wallboards, lath and sheathing; gypsum stuccos and base, finish, white, molding, dental and sound control plasters; hydrated and ground lime and limestone; asbestos-cement products including corrugated siding and shingles; Keene's Cement; structural and acoustical fibre insulation boards; metal lath and accessory metal products; texture, casein and a complete line of non-oil base paint products; rockwood products and acoustical products. The principal trade name under which the company markets its products is "Gold Bond."

Cunningham-Cleland Co.

SAN DIEGO, Calif. — Cunningham-Cleland Company has been formed with offices in the Orpheum Theatre Building to engage in a securities business. John A. Cleland is a principal of the firm.

Form Financial Investors

SACRAMENTO, Calif.—Financial Investors Incorporated is engaging in a securities business from offices at 1716 Broadway. Donald C. Holmes is a principal of the firm.

Continued from first page

Stock Market Is the Thermometer: Not the Fever

the judgments of multitudes of buyers and sellers about the many factors which affect business—what business is like today, what it will be like in the future.

Distinction Between the Thermometer and the Fever

This distinction between the thermometer and the fever is a crucial one. We face one kind of problem if the thermometer is not working properly. But outward symptoms should not be mistaken for fundamental causes. The thermometer should not be blamed for reflecting all the uncertainties of a world which is neither at war nor at peace, or of the effects of the actions taken by different business managements or of the inflationary policies which have been pursued for so long.

Your inquiry, in other words, must deal with two questions—how well is the stock market functioning as an index and, more important, what is the actual state of our economy.

Most of the discussion before your Committee has concentrated upon the stock market itself. There has been much talk of "overspeculation." Since the total volume of money and credit flowing through the economy has been expanding, larger sums are available for investment. But the supply of stocks to meet this demand has not increased proportionately.

Changes That Push the Market Upward

Contributing to this condition are a number of structural changes in the stock market which have developed in recent years. To list a few:

The expansion of many industries has been financed through their own earnings and tax write-offs rather than through capital from outside.

There has been a remarkable growth of investment trusts and mutual funds.

Some institutions, like life insurance companies and savings banks, have entered the market as a result of the changed laws on their holdings.

A further stimulus to the demand for stocks has come from the growth of tax-free pension funds and tax-exempt foundations of various kinds.

The capital gains tax makes many investors reluctant to part with their holdings although, let me add, I do not favor any reduction in that tax at this time.

No one has yet made a thorough study of how the stock market has been altered by these and other changes. Such a study might well be one of the most constructive results of this Committee's work. Thus far, the net effect of these structural changes appears to have been to drive the market upwards. But one must ask whether these same factors could not serve to aggravate any serious downward trend, if such a trend were to develop.

The full implications of every form of tax exemption should also be re-examined. With tax rates as steep as they are, business decisions are being determined more and more by the tax position of a company or individual. This makes tax exemption ever more far-ranging in its economic impact.

However, after these and other changes are surveyed, we still find that the most important single factor determining the behavior of the stock market remains the condition of the economy, which, in turn, is dominated by the continuing cold war.

Two main factors in the economy have caused the general rise in the price level of stocks—the dramatic expansion and improvement of so many industries, and the cumulative effects of the inflationary policies which have been followed over the last decade and a half. If any economic danger threatens today, it will be found not in the stock market itself but in the effects of this inflationary heritage.

Why People Invest in Stocks

People invest in stocks for two opposite reasons—in hope and confidence in the future of an enterprise, or in fear that the value of their capital will be lost through inflation.

The basic reason why stock fluctuations today are so puzzling is because **both** these motivations are so active in our economy.

Many businesses have increased enormously in value during recent years. This is evidence of a sound economy. At the same time, however, we have not yet ended the rise in the national debt even while taxes have been reduced.

The small saver finds it difficult to protect himself from inflation by going into the stock market. He has neither the time nor means to study individual companies to be able to distinguish between good and bad management. And yet he must worry constantly what the savings he sets aside today will be worth 10 or 15 years from now. Will they put his son or daughter through college? Will they provide a real nest-egg against old age or sickness?

Abuses Can Be Eliminated

You can eliminate abuses of the stock market through regulations. Indeed, that has largely been done by the SEC and the Stock Exchanges. But the only real protection the small saver — or any group—can have is through the preservation of the credit and security of this country.

No form of regulation that may be proposed can take the place of sound government policy covering all the inter-related problems of economics, finance and national defense.

This Committee is aware of the proposals which have been offered during the last two decades to halt or reduce needless inflation. The burden of our national debt would be hardly one-half of what it is now if effective measures to prevent inflation had been taken at the outset of both World War II and the Korean War. Our whole economy would be in a healthier state if taxes had not been reduced so hastily after each of these two wars.

I opposed the tax reduction that was voted last year. That remains my position today. Both parties should pledge themselves to oppose tax reductions as long as the budget is unbalanced and our national security is in jeopardy.

Calls for Balanced Budget

That is also why I am against any reduction of the capital gains tax at this time. A revision of this tax would improve the functioning of the stock market. But as long as the budget is unbalanced, to reduce anyone's taxes is to shift the burden of the cold war from one group and to impose a heavier burden upon other segments of the economy.

This is not the time for anyone to ask for more at the expense of others. Perhaps it is only natural for people to think that what is good for them is good for the country. We should get away from that and realize that what is good for the country is good for all of us.

We dare not forget that we are threatened by perhaps the most relentless enemy ever recorded, an enemy which talks peace while waging ceaseless war. It may be a cold war that we face today but it is still a total war—psychological, economic, political, military and moral—all in one.

Our first consideration must be a defense adequate enough to deter aggression, or, if that fails, to win any war thrust upon us. Much of our weakness in foreign policy has come about because some people believed that the economy could not stand what is necessary for defense.

With this view I am in total disagreement. Our economy can stand anything necessary for its defense, provided we are willing to discipline ourselves. We may not be able to have all the things we would like to have now and still be able to prevent war. But we can put first things first and keep them there as long as may be needed.

A Summary

To sum up, a number of suggestions have been made before your Committee as to what should be done about the stock market. Some of those suggestions have value, although I would caution against attempting to legislate against human folly, or against the adventurous spirit which helped make America great. You should also weigh most carefully whether what has been happening in the stock market is not in larger part a response to the effects of inflation which has been taking place through the entire economy.

Hardly a month passes without some report that a city has increased its fares, that colleges have raised their tuition rates; of the understandable clamorings of policemen, firemen, teachers or or other civil servants for pay increases to offset the reduction in their purchasing power. Every unit of government — city, state and Federal—is struggling to adjust these demands.

What kind of dollars is one to use to measure the price of stocks?

If inflation is to persist many stocks may be underpriced today.

In any case, your study of the mechanics of the stock market should not lead anyone to forget that in the main it is a mirror of the economy. If our general economic and security policies are sound, the stock market will adjust to them and we will not need to worry about a possible collapse of the market. If we do not preserve our national security and our national credit, then nothing can have lasting value.

Therefore we should:

(1) Determine just what our national security requires, both what we must do and what our allies must do—and then do it.

(2) Forego all tax reductions until our defenses are made secure and the budget is balanced. Nothing could inspire more confidence in the soundness of our economy than some reduction in the national debt.

(3) Discipline ourselves to whatever is required to win the cold war and a real peace.

Today in this country we have something that is priceless — a stable government and a belief in that government by its people. It has been my experience that the American public will stand by their government and do what is required if they are told what needs to be done and why.

Given an effective shield of defense, we can build an economy which can continue to support the freedoms we cherish. By replacing the fear of inflation with the confidence of stability, we can stand guard as long as may be needed, even while preserving for our children and their children the opportunity to better themselves through their own strivings.

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Can Full Employment Be Achieved Without Inflation?

attitude of mutual confidence which alone makes an advisory relationship fruitful.

After a year and a half in public office, I wish to say that President Eisenhower held firmly to this concept of the Council's function in government. My public speeches and my writings were never censored by the White House; nor was I ever requested to write, or to change anything I had written, for political reasons. The Employment Act requires the Council of Economic Advisers to assist the President in the preparation of his annual Economic Report to the Congress. In practice, this means that the Council prepares a draft of the document for review by the President and his personal staff. President Eisenhower carefully read the texts of the two economic reports in the preparation of which I participated. I doubt whether he suggested minor changes in more than a dozen words or phrases of the entire document, which he signed as his own.

President Supports Views of the Council

The President made it clear to his Cabinet and to the Executive branch of government that he took the views of the Council seriously. He had a standing appointment with a member of the Council, ordinarily the Chairman, Dr. Arthur F. Burns, every Monday morning. At weekly meetings of the Cabinet, a brief presentation of the Council's view about economic developments was a standing item on the agenda. The Council was represented, formally or informally, on all of the top policy-making committees of the Federal Government, including the National Security Council, the Defense Mobilization Board, the National Advisory Council on International Financial and Monetary Problems, and the Council on Foreign Economic Policy. In addition, the President established in 1953, by Executive Order, the Advisory Board on Economic Growth and Stability, with representation at the Under-Secretary or Assistant Secretary level, to assure close liaison between the Council and those government agencies administering major economic programs.

Small wonder, then, that the Council benefited from strong support throughout the government. Other departments provided most of the statistical and economic analysis we needed to perform our duties. Our own staff consisted of a small group of professional economists who were specialists in various fields of economic inquiry. The actions of many departments of government affect the national economy, and, of course, many Federal officials speak to the President on economic affairs. Yet, the Council of Economic Advisers is unique in having no routine administrative responsibilities. It alone has the duty of watching the course of the whole economy and seeing how the combined actions of government are affecting it.

In trying to describe the working environment of the Council of Economic Advisers, I have made liberal references to my personal experiences only because there is widespread ignorance or misunderstanding of the way in which this comparatively youthful institution operates. Being free from the responsibilities of public office, I can now speak of these matters more objectively and with less restraint.

Now, you may properly inquire, how did the machinery operate? Because the Council had the confidence of the President, it should have been in a favorable position to perform its duties. Again, I hope you will pardon my references to personal experiences as a Federal official, which, although they occurred during a comparatively brief period, spanned an interesting year and a half of cyclical change in the American economy.

The Downward Turn in 1953

You will recall that general economic activity turned downward during the last half of 1953. The Federal Government was sharply reducing the rate of its expenditure on military supplies following the post-Korean defense build-up. Concurrently, businesses were shifting from a policy of inventory accumulation to a policy of inventory depletion. Unemployment mounted rapidly during the winter of 1953-54. By February of last year, 5.8% of the civilian labor force were idle. As early as the summer of 1953, the Council was aware of these strong forces of economic contraction, which could have produced a serious economic recession. It perceived that powerful measures to expand private and state and local demand for goods and services would have to be introduced as off setting factors if our economic growth was to be resumed. The Council therefore worked hard on several fronts, in collaboration with other agencies of government. We gave strong support and encouragement to the Federal Reserve authorities in successive measures to reduce the cost and increase the availability of credit. As a result, the money supply rose by almost $10 billion between October, 1953, and October, 1954, while bond prices rose, business borrowing rates fell sharply, and real estate mortgage financing rates dropped appreciably. We pushed hard to attain monetary ease. Subsequent events provide an almost classic illustration of the great power of a flexible monetary policy to produce economic stability. Billions of dollars of investment in state and local improvements, building construction, plants and equipment, homes and consumer durable goods were made under easier credit terms which would have been deferred had credit remained expensive and hard to get.

The Council worked with the Treasury Department to recommend sharp reductions in taxes, in order to leave more money to spend in the hands of the public. Tax reductions last year add up to $7 billion on an annual basis. They formed a powerful expansionary factor in private demand, although they deferred the time when the Federal budget could be balanced. Apart from tax reduction, the Council collaborated in the formulation of the Tax Revision Act of 1954 which, by liberalizing depreciation policies, promoting earnings retention for business expansion, giving a limited dividend credit, and other means, encouraged businesses to maintain their plant and equipment outlays at a high level. The Council also supported the Treasury policy of avoiding the sale of long-term securities in the interests of keeping long-term money available to states, local governments, and private firms.

The Council sought, through collaboration with such regulatory agencies as the Federal Power Commission, the Federal Communications Commission, and the Interstate Commerce Commission, to expedite governmental actions on pending applications by public utility companies to make investments. We sought to remove all road blocks to speedy expansion of private investment.

The Council worked with the Bureau of the Budget and the Department of Defense to assure that the great reduction in military expenditures was so scheduled as to minimize local hardships and readjustments by the affected industries.

A Remarkable Turn-Around

As a result of all these activities and of the automatic increase of unemployment compensation and old-age benefits and the reduction of tax liabilities, our country negotiated, by the autumn of last year, a remarkable turn-around. The confidence of the people in the economic future remained high. Economic expansion began anew. It is continuing at the present time. It promises to carry the United States to a high and satisfactory level of employment this year. I believe that our recent experience encourages the belief that we **can** prevent serious unemployment and maintain a reasonably stable price level in a free economy.

While very recent experience with economic stabilization is encouraging, the economic annals of the last 25 years do not make happy reading. If I read the record correctly, there were only two years in the last 25 during which the United States had full employment, stable prices, and freedom from direct economic controls, all at the same time. There was massive unemployment all through the Thirties and up to our entry into World War II. During the war years, there was full employment — indeed, over-employment—but also price inflation which was only partly suppressed by a network of direct economic cotrols.

The immediate postwar years, 1946, 1947, and 1948 found the United States with approximately full employment, but prices continued to rise and the purchasing power of the dollar continued to erode away. In 1949, there was an economic recession during which an average of 5.5% of the work force was idle. In 1950 and 1951, the country attained something like full employment, but prices also got out of hand with the Korean defense build-up. Only during 1952 and 1953 did we simultaneously have high employment with stable prices; and during 1952, there were still a few direct economic controls in effect. During 1954, as you know, the record of price stability was good; but unemployment averaged slightly over 5%. The conclusion is that we shall have to do better in the future than we have done in the past if the United States is to realize the promise of the Employment Act.

How We Can Have Full Employment Without Inflation

It is my thesis that we **can** in the future maintain full employment without price inflation in a free economy on two major conditions: First, that we accept a reasonable and realistic definition of "full" employment. Secondly, that our Federal Government pursues policies that release the full expansionary powers of private enterprise and initiative. Let us examine these two conditions briefly, in turn.

The importance of setting a realistic employment goal is manifest. If the goal is set too low, the public will justifiably object to the loss of production and income that results from unused resources. On the other hand, if the goal is set too high, the government may be compelled to adopt inflationary policies, probably accompanied by direct economic controls and the rigidities that go with them, in order to attain it.

We all recognize that full employment does not mean zero unemployment. We undertsand that any economy in which the technology of production is changing, in which people are free to change their occupations, in which the demands of consumers shift mercurially, and in which families move from place to place, will have "frictional" unemployment. A changing group of workers will be in process of shifting from one to another job. In the United States of America, which is an exceptionally large, rich and dynamic country, unfettered by tradition, frictional, unemployment will be a somewhat larger percentage of the civilian work force than it will be in a smaller, more settled country like Great Britain. Moreover, the amount of frictional unemployment in the United States is probably rising because of the quickening pace of technological development, resulting from a three-fold increase in annual expenditures on scientific research and development from about $1.5 billions in 1946 to about $4.5 billions at present.

While it has always been exceedingly difficult to measure the amount of frictional unemployment with exactitude, there is no doubt that the employment goals of both professional economists and the public have risen perceptibly in recent years. People are now applying much more rigorous tests to the performance of our economy. For example, Professor Alvin Hansen of Harvard University wrote several years ago that "full employment in the United States means perhaps 4% or 5% of the work force unemployed." Dr. Edwin G. Nourse, first Chairman of the Council of Economic Advisers under President Truman wrote—before taking this office — that "an industrial country is not likely to be able to apply more than 95% of its nominal labor force even under the most favorable circumstances." Dr. Paul H. Douglas, formerly professor of economics and now Democratic Senator from Illinois, wrote a few years ago that the Federal Government ought not deliberately to use fiscal policy to stimulate the economy until unemployment reaches at least 6% of the labor force, and possibly as much as 8%. If I have correctly heard testimony given by these gentlemen, during the past year or two before the Joint Committee of Congress on the Economic Report, I judge that they have recently raised their employment sights.

My own estimate is that the amount of frictional unemployment probably varies through time within a range of, perhaps, 2% to 5% of the civilian work force. An average annual unemployment ratio of between 3% and 4% probably represents full employment in a practical sense, and is a reasonable target to shoot at. If we accept this definition, the implication is that it would be unwise for the government to stimulate the economy when, as at present, the unemployment ratio is at a seasonal high point of around 4.8% and there are clear indications it will soon move down below the 4% level. Conversely, when, as in the early months of 1953, the unemployment ratio fell below the phenomenally low figure of 2% (if one may trust the official figures) and there were signs of incipient price inflation, it was the duty of government to invoke measures of restraint. When we are able to view this period in better perspective, I believe that the monetary restrictions imposed by the Treasury and the Federal Reserve authorities at that time will appear to have been justified, although they seemed harsh at the time.

Fallacious Doctrines

The second major condition upon which the maintenance of full employment, stable prices, and economic freedom depends, is the pursuit by government of policies which release the full expansionary powers of private enterprise. I have returned from Washington with renewed confidence in the ability of our kind of economy to generate additional jobs and production, if government acts so as to encourage private initiative. Never having subscribed to the view that our country was faced with a chronic deficiency of private demand in relation to its productive capacity, I am now more than ever convinced that doctrines of secular stagnation and economic "maturity" are fallacies held only by those who have inadequate knowledge of, or little faith in, the adaptive powers of a private enterprise, free-market economy. Once the expansive powers of such an economy are recognized, it is sufficient merely to release them, and to provide such overall controls of aggregate economic activity as will maintain economic growth at a sustainable rate.

There is not time to deal with governmental policies for stable economic growth in any detail. I shall simply mention five areas of governmental policy which need attention during the coming years.

First, it is clear that our economy requires highly flexible monetary policies in the future. Their power to create the conditions necessary for economic expansion, as well as to curb speculative excesses and inflationary booms, has been clearly demonstrated.

Secondly, government must continue to pursue policies that will clarify and enlarge the opportunities of competitive enterprise. Important steps in this direction have been taken during the past year or two, notably the opening up of atomic energy to competitive enterprise and revisions of the tax laws which enhance incentives to innovation and investment. Further progress can, and should, be made.

Thirdly, the United States must strengthen its economic ties with other countries, and bring a larger segment of the non-communist world into our economic and cultural orbit. Our people have attained great wealth and power with freedom, through democratic political ideals, combined with economic ideals of private property, free enterprise, open markets, and competition. If the ideas we have to offer other nations of the world outside the Soviet bloc are to be distinctive and appealing, surely they are **these** fundamental ideas. As a first step, the foreign economic program recommended to the Congress by President Eisenhower deserves the support of all. It will not only improve the material welfare of our people, but it will help us build a stronger community of nations and strengthen our national security.

Fourthly, we can further strengthen the floor of personal and family security now provided through our old-age pensions, unemployment insurance, home ownership and slum clearance programs. Apart from their humanitarian values, these policies have an important economic impact. Only when minimum human needs are met in case of unemployment, disablement or retirement, and the opportunity exists for a decent home in a sound neighborhood, will the individual make his greatest contribution to economic growth.

Fifthly, government must attend to the problem of expanding our public assets. Generally speaking, public works represent the only large segment of demand for which there is a large war-borne backlog, in addition to currently expanding requirements. The aggregate amount of currently needed expenditure on schools, roads, hospitals, water and sanitary facilities, street lighting, and other public improvements runs into astronomical figures. Inadequate public works can curb the growth of the private sector of the economy. This is mainly an area of action by state and local governments. They have greatly increased the scale of their efforts in recent years, but further enlargement is necessary. This poses difficult problems of Federal-State-local relationships.

May I conclude by reminding you that business cycles are not passé. Problems of economic stabilization and growth will continue to be highly important public problems, as long as people behave like human beings and as long as we allow great freedom to the individual in his working, spending, saving, borrowing, and investing activities. There is still much to be learned about our economy. Yet, I think we know enough now to keep economic fluctuations within tolerable bounds, if we have wisdom, patience, courage — and a dash of good luck!

Railroad Securities

Great Northern

Aside from the influences of the general economic readjustment last year, Great Northern was adversely affected by severe seasonal weather during the winter and by a severe contraction in iron ore shipments reflecting both the working off of inventories and the lower rate of operations in the steel industry. At the same time, the road was one of those that continued to spend heavily on the physical properties. Maintenance of way outlays were cut back by only about $1 million, to $46.7 million, and maintenance of equipment was reduced somewhat less than $3 million, to $42.7 million. The latter, of course, reflected the less intensive use of equipment with traffic volume off. The all-important transportation ratio was up only slightly more than a point and at 33.4% was still well below the industry average, and Federal income taxes were reduced substantially. Thus, share earnings of $4.21 were not too far below the 1953 results of $4.92.

For the current year the company got off to a most auspicious start. January revenues were 17.5% above those of the like 1954 month. Reflecting more favorable weather conditions as well as the heavier traffic volume, the transportation ratio was almost 10 points lower than in the opening month last year and the overall operating ratio came to 82.7% compared with 105.5% for the like 1954 interim. The start of the year is seasonally the poorest period for the company and for the most part bare operating costs are not covered in January. This year not only were operating costs fully covered, but, also, there was net income of $0.35 a share available for the stock. This represented a year-to-year improvement of $0.62 a share over the opening 1954 month. While relative gains can hardly be so dynamic throughout the entire year there appears to be little question but that further important improvement will be witnessed in subsequent months and tentatively it appears reasonable to assume that 1955 will mark the road's best post-year so far as earnings are concerned.

Over a long period of years Great Northern has enjoyed high investment regard. It was one of the first of the major railroads to recognize the advisability of cutting the burden of debt and fixed charges, and to start an aggressive debt retirement program. As a result, its fixed charges now amount to roundly $8 million annually compared with more than $19 million annually that had to be supported in the depression decade of the 1930s. It is basically an efficient carrier, with a transportation ratio consistently lower and a pre-tax profit margin consistently wider than the industry as a whole, or other roads in the Northwestern Territory. Finally, the long-term traffic trend has been favorable relative to the industry as a whole and to its own service area. Most analysts expect that these impressive trends will continue.

Operating efficiency in 1955 and subsequent years should continue to reflect the cumulative benefits of additional dieselization. The period of extensive roadway improvement, with consequent high maintenance outlays, should be completed before too long. It is planned to construct a modern, mechanized, retarder yard at Minot, which is more or less the hub of the system, shortly. This should bring substantial operating economies as well as faster and improved service. On the traffic side the outlook is also considered bright. The construction of a comprehensive complex of hydro-electric dams in the Pacific Northwest, with consequent abundant power, has attracted considerable industry to this area and it is indicated that the saturation point has not as yet been approached. At the same time, these same hydro- electric projects have been opening up substantial new irrigated farm areas and developing traffic in a once barren area. This, also, should continue. Thus, it is generally felt that a continuing upward trend of earnings is in store for Great Northern.

Continued from page 4

The State of Trade and Industry

to a 14-month peak in industry truck volume last week. Chevrolet, meanwhile, has programmed 8,600 truck completions the past week, marking the first time since late October that it has seriously challenged Ford's leadership in weekly erectings.

Building permits in February reached the largest volume ever recorded for that month, reports Dun & Bradstreet, Inc. Total valuation of permits in 217 cities, including New York, last month rose 26.1% to $436,333,050, from $345,986,529 in February a year ago, and 7.3% above the January figure of $406,704,008.

Steel Operations Set This Week at 92.8% of Capacity

Consumer pressure for finished steel is spreading rapidly beyond the confines of automotive and related consumption, says "Steel," the weekly magazine of metalworking.

While the latter still provides the major support to over-all demand on the mills, construction is opening up at a promising pace. The result is an increasing tightness in the heavier products, such as plates and shapes. Bearing and sheet steel piling demand is up markedly, with seasonal requirements only starting.

Up to now, it states, extended deliveries have largely prevailed in sheets and strip, notably cold-rolled and galvanized. Now shipment promises on plates and structurals, especially wide-flange sections, are lengthening. The same is true of bar stock.

This indicates demand is widening in other important consuming lines, it continues. Expanding requirements for building, line pipe, tank and similar construction, of course, are seasonal. But there is every indication these fields will provide volume demand this year that will rank close to the record, if not exceed it. At the same time, such lines of manufacture as appliances and general fabrication are providing sturdy demand. Export business also is a substantial market prop.

The significance of the above, this trade weekly states, is that maintenance of a high steel production rate beyond the second quarter is more definitely assured, even though automotive buying should slacken as midyear approaches because of labor trouble, or for some other reason.

While automotive buying of sheets is likely to sag along toward the end of the second quarter, producers of cold-rolled still are being pressed for more second quarter tonnage than they can handle for that period. Some deliveries now extend into the third quarter. Certain makers are virtually sold out for the coming three months and suggest use of hot-rolled pickled sheets for May and June shipment in lieu of cold-rolled where feasible.

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 92.8% of capacity for the week beginning March 21, 1955, equivalent to 2,240,000 tons of ingots and steel for castings as compared with 94.2% (revised) and 2,273,000 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 90.8% and production 2,191,000 tons. A year ago the actual weekly production was placed at 1,624,000 tons or 68.1%. 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 Makes Modest Gain in Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, March 19, 1955, was estimated at 9,814,000,000 kwh., according to the Edison Electric Institute.

This week's output advanced 88,000,000 kwh. above that of the previous week, when the actual output stood at 9,726,000,000 kwh., and increased 1,242,000,000 kwh., or 14.5% above the comparable 1954 week and 1,736,000,000 kwh. over the like week in 1953.

Car Loadings Show Gain of 1.1% Above Preceding Week

Loadings of revenue freight for the week ended Mar. 12, 1955, increased 7,573 cars, or 1.1% above the preceding week, according to the Association of American Railroads.

Loadings for the week ended March 12, 1955, totaled 666,548 cars, an increase of 56,611 cars, or 9.3% above the corresponding 1954 week, but a decrease of 33,635 cars or 4.8% below the corresponding week in 1953.

U. S. Automotive Capacity in Latest Week 37% Ahead of 1954 Pace

The automobile industry for the latest week ended March 18, 1955, according to "Ward's Automotive Reports" assembled an estimated 176,553 cars, compared with 171,346 (revised) in the previous week. The past week's production total of cars and trucks amounted to 201,339 units, an increase above the preceding week's output of 7,864 units, states "Ward's." Last week's car output exceeded that of the previous week by 5,207 cars. In the corresponding week last year 122,097 cars and 22,601 trucks were assembled.

Last week, the agency reported there were 24,786 trucks made in the United States. This compared with 22,129 in the previous week and 22,601 a year ago.

Canadian output last week was placed at 10,104 cars and 1,080 trucks. In the previous week Dominion plants built 9,707 cars and 1,103 trucks, and for the comparable 1954 week 8,198 cars and 1,999 trucks.

Business Failures Turn Moderately Lower

Commercial and industrial failures declined to 226 in the week ended March 17 from 257 in the preceding week, according to Dun & Bradstreet, Inc. While casualties were not as high as a year ago when 246 occurred, they remained considerably above the 160 in the similar week of 1953. In comparison with the prewar level, failures were down 24% from the 1939 toll of 298.

Failures with liabilities of $5,000 or more dipped to 190 from 217 last week and 212 in the corresponding week of 1954. A slight decline also took place among small casualties, those involving liabilities under $5,000, which were off to 36 from 40 but continued above the 31 of a year ago. Fourteen businesses failed with liabilities in excess of $100,000 as against 20 in the previous week.

Wholesale Food Price Index Marks New Low Since Mid-November 1953

In its seventh consecutive drop, the Dun & Bradstreet wholesale food price index for March 15 fell to $6.53 from $6.55 a week earlier, to mark a new low since mid-November 1953. The current figure compares with $7.27 on the like date a year ago, or a decline of 10.2%.

Higher in wholesale cost last week were wheat, corn, rye, oats, coffee, peanuts and hogs. Lower were flour, barley, beef, lard, sugar, cottonseed oil, tea, cocoa, eggs, currants, steers and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Closed the Past Week Slightly Higher

After reaching the lowest level in seven months last week, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., turned slightly higher to close at 274.56 on March 15. This compared with 273.33 a week previous and with 278.52 at this time a year ago.

Grain markets were nervous and unsettled the past week but rallied toward the end of the period to close with sizable net gains for the first time in many weeks. The upturn followed heavy selling and liquidation in the early part of the week which sent most future deliveries of corn, oats, wheat and soybeans to new lows for the season.

The upturn was sparked by a statement made by the Secretary of State that the United States should adopt a firm policy toward aggressor nations and reports from Washington denying that the Commodity Credit Corporation proposed to unload wheat as feed grain.

Drought conditions continued in the western part of the Winter wheat belt with high winds reported in the old Dust Bowl area. Daily average sales of grain and soybean futures on the Chicago Board of Trade last week totaled 55,200,000 bushels. This was about equal to last week and compared with 62,100,000 a year ago.

Coffee was irregular with spot prices holding fairly steady while futures tended to weaken as the result of favorable crop prospects in Brazil for the coming year.

Domestic raw sugar prices displayed further weakness with refiners showing little interest in offerings at the lower levels. The world sugar market, however, developed a stronger tone in the heaviest trading in some months. Lard prices again worked lower under poor demand. Hog values, however, after touching the lowest level in more than five years, rallied to close with moderate net gains for the week.

Spot cotton prices finished lower after moving over a wide range during the week.

Depressing influences included legislative uncertainties, lagging demand for spot cotton and textiles, and indications that exports will fall below earlier expectations due to increased competition from foreign growth.

Reported sales of the staple in the 14 markets dropped to 90,800 bales from 151,800 the week previous and were the smallest for any week this season. CCC loan entries in the week ended March 4 were reported at 9,100 bales, and loan repayments on 1954 cotton at 14,400 bales. Loans outstanding on 1954 crop cotton on March 4 were 1,839,600 bales and on 1953 crop cotton—4,956,600 bales.

Trade Volume Rises Sharply the Past Week Above Prior Week and Year Ago

Excellent shopping on Saturday in most parts of the country lifted the dollar volume of retail sales in the period ended on Wednesday of last week sharply above the level of the preceding week. Early Easter promotions and increasingly heavy automobile buying accounted for heavier sales than last year at this time.

Suburban branches reported relatively larger gains than did downtown stores.

The total dollar volume of retail trade in the week was estimated by Dun & Bradstreet, Inc., to be 5% to 9% above a year ago. Regional estimates varied from the corresponding 1954 levels by the following percentages: New England 0 to +4; East +2 to +6; Pacific Coast +3 to +7; South +4 to +8; Midwest +5 to +9; Northwest +6 to +10 and Southwest +7 to +11.

Automobile sales increased in all regions except New England and total buying was well above a year ago. Gasoline purchases similarly rose.

A seasonal spurt in the sales of household goods occurred last week as heavy appliances, some furniture items, floor coverings, television sets, curtains and draperies sold well. Early purchases of air conditioners were reported in the warmer parts of the country. Continuing the trend of the past month, there were much heavier sales of phonograph records than a year ago.

Spring weather and aggressive promotions spurred interest in lightweight apparel. Women's coats, suits, millinery, dresses and children's wear were particularly good sellers.

In spite of the fact that this time of year is usually poor for men's clothing, furnishings and some Spring suits sold well, particularly in the South and Southwest.

Department store sales on a country wide basis as taken from the Federal Reserve Board's index for the week ended March 12, 1955, advanced 11% from the like period last year. In the preceding week March 5, 1955, a rise of 15% was registered from that of the similar period of 1954, while for the four weeks ended March 12, 1955, an increase of 8% was recorded. For the period Jan. 1, 1955 to March 12, 1955, gain of 7% was registered abov that of 1954.

Retail trade volume for Ne York City the past week reflecte little if any change from the cor responding period a year ago a favorable shopping weather earl in the week was cancelled out b cool temperatures and snow th latter part.

According to the Federal Re serve Board's index departmen store sales in New York City fo the weekly period ended Marc 12, 1955, rose 3% above that o the like period of last year. In th preceding week, March 5, 1955, a increase of 3% (revised) was rec orded. For the four weeks endin March 12, 1955, an increase of 2% occurred. For the period Jan. 1 1955 to March 12, 1955 the inde advanced 1% from that of 1954.

Concord Supplies & Equipment Stock Sol

The public offering of 299,70 shares of Concord Supplies & Equipment Corp. common stoc (par 10 cents) by Franklin, Meye & Barnett of New York City a $1 per share has been oversubscribed and the books closed.

The net proceeds are to be use to reduce indebtedness of th company, to purchase additiona inventory and for working capital

Concord Supplies & Equipmen Corp., with executive offices i New York City, was organized i New York State on Sept. 9, 1944 It is now one of the largest manufacturers of Army tents and ten liners and also manufactures aeri al containers, aviator kits, parachutist equipment, cartridge belts first aid pouches, combat packs bandoleers, khaki leggings, canteen covers, side panels, trouse suspenders, ponchos, and othe miscellaneous items. The company further manufactures other canvas, duck, webbing and nylo products for industrial and agricultural use. It presently has backlog of unfilled orders in excess of $630,000. Its plant is located at Russellville, Ala.

Amer. Beauty Homes Stock Offered at $1

An issue of 299,900 shares o common stock (par 10 cents) o American Beauty Homes, Inc. i being publicly offered as a speculation at $1 per share by Hunte Securities Corp., New York; Continental Securities Corp., Houston Texas, and Lepow Co., New York

The net proceeds will be use to finance the development, construction and erection of partially prefabricated homes and necessary sales development and advertising.

American Beauty Homes, Inc was incorporated in Delaware o Dec. 15, 1954. Its principal business office is located in Houston Texas.

The company intends to engage in the prefabrication and assembly of homes for erection at local sites.

The homes will be modern American architecture. They wil be one story structures without attic or cellar, of wood frame construction and with compositio roofs. The homes will cost approximately $3,450, $3,900 and $4,285.

G. F. Williams Opens

George F. Williams is engaging in a securities business from offices at 121 East 89th Street, New York City.

With Edward D. Jones

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — G. Elm Holke is now with Edward D Jones & Co., 300 North Fourth Street, members of the New York and Midwest Stock Exchanges.

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. 27	§92.8	*94.2	90.8	68.1
Equivalent to—					
Steel ingots and castings (net tons)	Mar. 27	§2,240,000	*2,273,000	2,191,000	1,624,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Mar. 11	6,845,300	6,806,200	6,719,350	6,458,300
Crude runs to stills—daily average (bbls.)	Mar. 11	¶7,476,000	7,462,000	7,384,000	6,883,000
Gasoline output (bbls.)	Mar. 11	24,601,000	24,553,000	25,208,000	22,832,000
Kerosene output (bbls.)	Mar. 11	2,579,000	2,434,000	2,608,000	2,649,000
Distillate fuel oil output (bbls.)	Mar. 11	12,443,000	12,784,000	12,561,000	10,000,000
Residual fuel oil output (bbls.)	Mar. 11	8,532,000	8,263,000	8,663,000	8,362,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Mar. 11	183,424,000	182,343,000	174,203,000	177,783,000
Kerosene (bbls.) at	Mar. 11	18,427,000	18,873,000	21,438,000	18,625,000
Distillate fuel oil (bbls.) at	Mar. 11	63,832,000	65,932,000	76,158,000	64,895,000
Residual fuel oil (bbls.) at	Mar. 11	45,113,000	44,298,000	46,689,000	45,973,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Mar. 12	666,548	658,975	643,859	609,937
Revenue freight received from connections (no. of cars)	Mar. 12	648,838	648,870	621,788	595,632
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Mar. 17	$374,831,000	$358,229,000	$193,862,000	$215,384,000
Private construction	Mar. 17	220,816,000	238,691,000	130,168,000	115,621,000
Public construction	Mar. 17	154,015,000	119,538,000	63,694,000	99,763,000
State and municipal	Mar. 17	94,652,000	91,549,000	42,901,000	92,216,000
Federal	Mar. 17	59,363,000	27,989,000	20,793,000	7,547,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Mar. 12	8,310,000	*7,780,000	8,690,000	7,105,000
Pennsylvania anthracite (tons)	Mar. 12	442,000	399,000	654,000	488,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Mar. 12	102	98	92	92
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Mar. 19	9,814,000	9,726,000	9,912,000	8,572,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Mar. 17	226	257	205	243
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Mar. 15	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	Mar. 15	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Mar. 15	$37.50	$37.58	$36.33	$23.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Mar. 16	32.700c	32.700c	32.700c	29.675c
Export refinery at	Mar. 16	38.580c	35.700c	36.100c	29.225c
Straits tin (New York) at	Mar. 16	91.125c	91.250c	90.000c	92.500c
Lead (New York) at	Mar. 16	15.000c	15.000c	15.000c	13.000c
Lead (St. Louis) at	Mar. 16	14.800c	14.800c	14.800c	12.800c
Zinc (East St. Louis) at	Mar. 16	11.500c	11.500c	11.500c	9.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Mar. 22	97.55	97.79	96.55	100.06
Average corporate	Mar. 22	109.24	103.24	109.42	110.88
Aaa	Mar. 22	112.75	112.56	112.93	116.02
Aa	Mar. 22	110.70	110.52	110.88	113.12
A	Mar. 22	109.60	109.60	109.97	110.15
Baa	Mar. 22	104.31	104.31	104.48	104.48
Railroad Group	Mar. 22	107.62	107.44	107.80	109.24
Public Utilities Group	Mar. 22	109.97	109.97	110.15	110.70
Industrials Group	Mar. 22	110.52	110.34	110.70	112.56
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Mar. 22	2.68	2.66	2.75	2.49
Average corporate	Mar. 22	3.21	3.21	3.20	3.12
Aaa	Mar. 22	3.02	3.03	3.01	2.85
Aa	Mar. 22	3.13	3.14	3.12	3.00
A	Mar. 22	3.19	3.19	3.17	3.16
Baa	Mar. 22	3.49	3.49	3.48	3.48
Railroad Group	Mar. 22	3.30	3.31	3.29	3.21
Public Utilities Group	Mar. 22	3.17	3.17	3.16	3.13
Industrials Group	Mar. 22	3.14	3.15	3.13	3.03
MOODY'S COMMODITY INDEX	Mar. 22	399.8	395.0	404.0	432.4
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Mar. 12	254,012	406,459	246,171	253,105
Production (tons)	Mar. 12	269,618	266,804	261,128	243,388
Percentage of activity	Mar. 12	95	96	95	91
Unfilled orders (tons) at end of period	Mar. 12	504,708	523,368	433,801	410,285
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Mar. 18	107.33	107.45	107.27	107.92
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	Mar. 5	1,493,102	1,214,148	1,700,303	988,111
Dollar value	Mar. 5	$76,928,678	$59,853,652	$86,644,582	$46,695,026
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Mar. 5	1,338,805	1,055,167	1,432,752	990,361
Customers' short sales	Mar. 5	4,690	5,289	7,916	7,347
Customers' other sales	Mar. 5	1,334,115	1,049,878	1,424,836	983,014
Dollar value	Mar. 5	$63,267,057	$49,958,364	$67,746,797	$42,748,729
Round-lot sales by dealers—					
Number of shares—Total sales	Mar. 5	331,290	259,590	367,340	299,090
Short sales	Mar. 5	------	------	------	------
Other sales	Mar. 5	331,290	259,590	367,340	299,090
Round-lot purchases by dealers—					
Number of shares	Mar. 5	513,700	436,680	616,068	301,460
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. 26	405,610	753,120	677,590	299,600
Other sales	Feb. 26	12,239,010	17,615,050	16,794,760	6,124,870
Total sales	Feb. 26	12,644,620	18,368,170	17,472,350	6,424,470
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Feb. 26	1,312,680	1,922,740	2,130,770	691,160
Short sales	Feb. 26	253,690	417,030	346,860	135,140
Other sales	Feb. 26	1,051,370	1,540,190	1,905,020	481,080
Total sales	Feb. 26	1,305,060	1,957,220	2,251,880	616,220
Other transactions initiated on the floor—					
Total purchases	Feb. 26	181,660	294,500	547,540	190,780
Short sales	Feb. 26	12,700	29,100	38,300	12,900
Other sales	Feb. 26	238,390	355,700	557,270	148,390
Total sales	Feb. 26	251,090	384,800	595,570	161,290
Other transactions initiated off the floor—					
Total purchases	Feb. 26	461,253	647,580	690,535	232,902
Short sales	Feb. 26	52,110	114,430	101,130	31,450
Other sales	Feb. 26	664,625	932,066	764,465	234,181
Total sales	Feb. 26	716,735	1,046,496	865,595	265,631
Total round-lot transactions for account of members—					
Total purchases	Feb. 26	1,955,593	2,864,820	3,368,845	1,114,842
Short sales	Feb. 26	318,500	560,560	486,290	179,490
Other sales	Feb. 26	1,954,385	2,827,956	3,226,755	863,651
Total sales	Feb. 26	2,272,885	3,388,516	3,713,045	1,043,141
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Mar. 15	110.0	*110.1	110.3	110.6
Farm products	Mar. 15	92.4	*92.6	93.4	98.8
Processed foods	Mar. 15	101.8	*102.0	103.2	104.7
Meats	Mar. 15	80.5	81.3	85.4	92.0
All commodities other than farm and foods	Mar. 15	115.5	*115.5	115.4	114.3

*Revised figure. ¶Includes 672,000 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
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING — FEDERAL RESERVE BANK OF NEW YORK—As of Feb. 28:			
Imports	$235,002,000	$272,708,000	$237,821,000
Exports	178,487,000	187,182,000	150,585,000
Domestic shipments	10,495,000	10,315,000	10,234,000
Domestic warehouse credits	272,588,000	292,542,000	60,471,000
Dollar exchange	41,464,000	16,572,000	44,037,000
Based on goods stored and shipped between foreign countries	93,129,000	89,908,000	41,453,000
Total	$831,165,000	$869,227,000	$544,601,000
COAL EXPORTS (BUREAU OF MINES)—			
Month of December:			
U. S. exports of Pennsylvania anthracite (net tons)	348,417	358,543	158,669
To North and Central America (net tons)	251,509	303,613	147,007
To South America (net tons)	------	------	100
To Europe (net tons)	85,611	54,830	3,916
To Asia (net tons)	10,847	------	7,646
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of Jan. 31:			
Total consumer credit	$29,684	$30,125	$28,724
Instalment credit	22,436	22,467	21,836
Automobile	10,459	10,396	10,158
Other consumer goods	5,609	5,008	5,697
Repair and modernization loans	1,574	1,616	1,635
Personal loans	4,794	4,787	4,346
Noninstalment credit	7,248	7,658	6,888
Single payment loans	2,295	2,420	2,165
Charge accounts	3,225	3,518	3,002
Service credit	1,728	1,720	1,721
CONSUMER PRICE INDEX — 1947-49=100—			
Month of January:			
All items	114.3	114.3	115.2
Food	110.6	110.4	113.1
Food at home	109.4	109.2	112.6
Cereals and bakery products	123.4	123.3	121.2
Meats, poultry and fish	102.4	102.2	110.2
Dairy products	106.4	106.8	109.7
Fruits and vegetables	110.6	108.4	110.8
Other foods at home	111.3	112.0	113.5
Housing	119.6	119.7	118.8
Rent	129.5	129.4	127.8
Gas and electricity	109.4	109.1	107.1
Solid fuels and fuel oil	126.1	125.5	125.7
Housefurnishings	104.6	105.4	107.2
Household operation	117.7	117.7	117.2
Apparel	103.3	104.3	104.9
Men's and boys'	105.5	106.5	107.4
Women's and girls'	97.6	99.0	99.8
Footwear	116.7	116.9	116.2
Other apparel	90.5	91.1	90.4
Transportation	127.6	127.3	130.5
Medical care	126.5	126.3	123.7
Personal care	113.7	113.6	113.7
Reading and recreation	106.9	106.6	108.7
Other goods and services	119.9	119.9	120.3
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of Feb.:			
Seasonally adjusted	133	131	125
Unadjusted	135	131	126
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of January (millions of dollars):			
Inventories—			
Durables	$24.351	*$24.426	$26.526
Nondurables	19.294	*19.322	19.856
Total	$43.645	*$43.748	$46.382
Sales	24.857	*24.803	23.902
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of January (in billions):			
Total personal income	$290.7	*$291.4	$284.9
Wage and salary, receipts, total	199.0	*197.8	194.7
Commodity producing industries	85.1	*84.4	84.5
Distributing industries	53.4	*53.1	51.9
Service industries	26.3	*26.1	24.8
Government	34.2	34.2	33.5
Less employee contributions for social insurance	5.1	4.7	4.7
Other labor income	6.6	6.6	6.6
Proprietors and rental income	48.9	*48.8	49.6
Personal interest income and dividends	24.7	26.2	23.9
Total transfer payments	16.6	16.7	14.8
Total nonagricultural income	275.5	*276.5	267.9
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-14=100—As of Feb. 15:			
Unadjusted—			
All farm products	245	244	258
Crops	245	248	237
Food grain	240	241	236
Feed grain and hay	203	204	208
Tobacco	436	425	443
Cotton	268	275	258
Fruit	210	222	210
Truck crops	258	263	233
Oil-bearing crops	270	274	269
Livestock and products	244	240	277
Meat animals	264	263	315
Dairy products	253	258	267
Poultry eggs	190	163	208
TREASURY MARKET TRANSACTIONS IN DIRECT AND GUARANTEED SECURITIES OF U. S. A.—Month of February:			
Net sales	------	------	$4,008,550
Net purchases	$77,205,500	$22,993,400	------
U. S. GOVT. STATUTORY DEBT LIMITATION —As of Feb. 28 (000's omitted):			
Total face amount that may be outstanding at any time	$281,000,000	$281,000,000	$275,000,000
Outstanding—			
Total gross public debt	278,181,954	278,439,067	274,781,539
Guaranteed obligations not owned by the Treasury	26,948	23,806	77,011
Total gross public debt and guaranteed obligations	$278,208,902	$278,462,873	$274,858,550
Deduct—other outstanding public debt obligations not subject to debt limitation	511,967	514,078	558,701
Grand total outstanding	$277,696,935	$277,948,794	$274,299,848
Balance face amount of obligations, issuable under above authority	3,303,064	3,051,205	700,151

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. Letter withdrawn. Full registration statement covering 600,000 shares in process of filing.

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 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. (3/30)
March 11 filed $25,000,000 sinking fund debentures due March 15, 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.

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.

★ Beauty Counselers, Inc., Grosse Point, Mich.
March 9 (letter of notification) 10,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—To selling stockholders. **Underwriter** — Spencer Trask & Co., New York. No general offering expected.

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) being 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**—$8 per share. **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.

★ Brown Co., Berlin, N. H.
March 17 filed $14,217,100 of debentures due May 15, 1975, and 142,171 shares of common stock (par $1) to be offered for subscription by holders of "called" $5 cumulative convertible first preference stock who have not surrendered their shares for redemption or conversion into common stock. These holders may subscribe for $100 of debentures and one share of common stock for each $5 preference share held. **Price** — $100 per unit. **Proceeds**—For redemption of $5 preference stock. **Underwriter**—None.

● California-Pacific Utilities Co. (4/4-7)
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.

● Central Maine Power Co. (4/12)
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). **Bids**—To be received up to 11 a.m. (EST) on April 12 at the company's office, 443 Congress St., Portland, Me.

● Chesapeake & Colorado Uranium Corp. (4/4)
Dec. 7 filed 750,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development program. **Office** — Washington, D. C. **Underwriter**—Peter Morgan & Co., New York.

★ Colonial Aircraft Corp.
March 18 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For equipment and working capital. **Business** — To produce the "Skimmer Amphibian." **Office**—Deer Park, L. I., N. Y. **Business**—None.

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.

★ Composite Bond & Stock Fund, Inc., Spokane, Wash.
March 18 filed (by amendment) 50,000 shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

★ Confidential Finance Corp., Omaha, Neb (3/28)
March 11 (letter of notification) 150,000 shares of 7% cumulative preferred stock (par 95 cents) and 15,000 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $10 per unit. **Proceeds** — For working capital. **Underwriter**—J. J. Riordan & Co., Inc., 42 Broadway, New York City.

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.

★ Consumers Public Service Co., Brookfield, Mo.
March 7 (letter of notification) 1,200 shares of 6% cumulative prefererd stock. **Price**—At par ($50 per share). **Proceeds** — To repay bank loans and for additions and improvements. **Underwriter** — McDonald, Evans & Co., Kansas City, Mo.

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.

★ Continental Telephone Co. (4/7)
March 18 filed 243,060 shares of common stock (par $1) to be offered for subscription by common stockholders on the basis of one new share for each four shares held about April 7; rights to expire about April 20. Theodore Gary & Co., which owns 50.49% of the outstanding shares of Continental common stock, intends to purchase the 122,716 shares to which it is entitled to subscribe. **Price**—To be supplied by amendment. **Proceeds**—To be used principally for financing the company's subsidiaries

and for other general corporate purposes. **Underwriters**—White, Weld & Co., The First Boston Corp. and W. C. Pitfield & Co., Inc., all of New York.

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.

★ **Crestmont Oil Co., Los Angeles, Calif.**
March 21 filed 125,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loan and to acquire additional not fully developed producing properties with good oil reserves. **Underwriter** — Shearson, Hammill & Co., Los Angeles, Calif.

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.

★ **Eastern Stainless Steel Corp., Colgate, Md. (4/6)**
March 16 filed 126,755 shares of common stock (par $5), of which 96,755 shares are to be offered by the company for subscription by common stockholders of record April 5 on the basis of one new share for each five shares held (with a 2-week standby); and 30,000 shares of common stock to be offered for account of John M. Curley, Chairman of the Board and President. **Price**—To be supplied by amendment. **Proceeds**—For retirement of bank loans, capital expenditures and working capital. **Underwriter**—Hornblower & Weeks, New York.

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.**
March 3 (letter of notification) 28,143 shares of capital stock (par $1) being offered for subscription by stockholders of record March 18, 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.

★ **Elsin Electronics Corp. (formerly Edgar L. Scillitoe, Inc.), Brooklyn, N. Y.**
March 16 (letter of notification) 140,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For equipment and working capital. **Business** — Research engineering in electronic and other fields. **Office**—617-33 Brooklyn Ave., Brooklyn 3, N. Y. **Underwriters**—Standard Investing Corp. and Baruch Brothers & Co., Inc., both of New York. **Offering**—Expected early in April.

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.
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. (3/29)**
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 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.

★ **Gerber Products Co., Fremont, Mich. (4/7)**
March 18 filed 99,914 shares of common stock (par $10) to be offered for subscription by common stockholders of record about April 7 at the rate of one new share for each 20 shares held (for a 14-day standby). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

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NEW ISSUE CALENDAR

March 28 (Monday)

Confidential Finance Corp.—**Preferred & Common**
(J. J. Riordan & Co., Inc.) $150,000

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

Florida Power & Light Co.—**Common**
(Merrill Iynch, Pierce, Fenner & Beane and Kidder, Peabody & Co.) 305,000 shares

Kin-Ark Oil Co.—**Common**
(Van Alstyne, Noel & Co.) $1,375,000

Metallics Recovery Corp.—**Common**
(Universal Securities Co.) $300,000

Storer Broadcasting Co.—**Common**
(Reynolds & Co.) 262,750 shares

Texas Uranium Development Corp.—**Common**
(Lentz, Newton & Co.) $298,000

White Canyon Mining Co.—**Common**
(Joseph McManus & Co. and A. P. Kibbe & Co. $3,000,000

March 30 (Wednesday)

American Locomotive Co.—**Debentures**
(Smith, Barney & Co.) $25,000,000

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

Induction Motors Corp.—**Common**
(C. E. Unterberg, Towbin & Co.) $84,375

March 31 (Thursday)

ElectroData Corp.—**Common**
(Offering to stockholders—underwritten by Blyth & Co., Inc.) 210,000 shares

Marlowe Chemical Co.—**Common**
(General Investing Corp.) $300,000

April 1 (Friday)

American Alloys Corp.—**Common**
(S. D. Fuller & Co.) $299,000

Florida Telephone Corp.—**Common**
(Offering to stockholders—no underwriting) 77,350 shares

April 4 (Monday)

California-Pacific Utilities Co.—**Preferred**
(First California Co.) $1,000,000

Chesapeake & Colorado Uranium Corp.—**Common**
(Peter Morgan & Co.) $750,000

General Dynamics Corp.—**Debentures**
(Lehman Brothers and Blyth & Co., Inc.) $40,000,000

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

Sealed Power Corp.—**Common**
(A. G. Becker & Co. Inc.) 100,000 shares

Southern States Oil Co.—**Common**
(Gordon Graves & Co., Inc.) $500,000

April 5 (Tuesday)

Kentucky Utilities Co.—**Bonds**
(Bids 10:30 a.m. CST) $5,000,000

Wabash RR.—**Equip. Trust Ctfs.**
(Bids noon EST) $1,530,000

West Texas Utilities Co.—**Bonds**
(Bids 10:30 a.m. CST) $7,500,000

April 6 (Wednesday)

Eastern Stainless Steel Corp.—**Common**
(Offering to stockholders, 96,755 shares; and to public, 30,000 shares—underwritten by Hornblower & Weeks)

Tennessee Gas Transmission Co.—**Debentures**
(Stone & Webster Securities Corp.; White, Weld & Co.; and Halsey, Stuart & Co. Inc.) $25,000,000

April 7 (Thursday)

Continental Telephone Co.—**Common**
(Offering to stockholders—underwritten by White, Weld & Co.; The First Boston Corp.; and W. C. Pitfield & Co., Inc.) 243,060 shares

Gerber Products Co.—**Common**
(Offering to stockholders—underwritten by A. G. Becker & Co. Inc.) 99,914 shares

Lee Spring Co., Inc.—**Common**
(S. D. Fuller & Co. and Vermilye Brothers) $298,740

Pan American Sulphur Co.—**Debentures**
(Offering to stockholders—underwritten by Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co.) $4,651,200

April 11 (Monday)

Gross Telecasting, Inc.—**Common**
(Paine, Webber, Jackson & Curtis) 193,000 shares

White River Propane Gas Co., Inc.—**Debens. & Com.**
(Eisele & King, Libaire, Stout & Co.) $700,000

April 12 (Tuesday)

Central Maine Power Co.—**Bonds**
(Bids 11 a.m. EST) $12,000,000

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

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★ Gross Telecasting, Inc., Lansing, Mich. (4/11-15)
March 21 filed 193,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

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). **Proceds**—To redeem 50,000 shares of $4.50 dividend preferred stock, 60,000 shares of $4.40 dividend preferred stock, 1949 series, and 50,000 shares of $4.44 dividend preferred stock at the prevailing redemption prices of $105, $105, and $105.75, respectively. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Lehman Brothers and Equitable Securities Corp. (jointly); Kuhn, Loeb & Co.; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Had tentatively been expected to be received up to 11:30 a.m. (EDT) on June 15 at The Hanover Bank, 70 Broadway, New York, N. Y., but offering has been postponed.

Gulf States Utilities Co.
May 14, 1954 filed $24,000,00 first mortgage bonds due June 1, 1984. **Proceeds**—To redeem $10,000,000 of 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.

● Heliogen Products, Inc.
March 7 (letter of notification) 22,670 shares of common stock (par $1), of which 12,670 shares are being 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.

★ Induction Motors Corp. (3/30)
March 16 (letter of notification) 12,500 shares of common stock (par $1). **Price**—$6.75 per share. **Proceeds**—For working capital and other general corporate purposes. **Office**—570 Main St., Westbury, L. I., N. Y. **Business**—Manufacture of precision subfractional h.p. motors. **Underwriter**—C. E. Unterberg, Towbin & Co., 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**—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.

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.

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 to be received up to 10:30 a.m. (CST) on April 5.

Kentucky Utilities Co., Lexington, Ky.
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. **Offering**—Set for today (March 24).

● Kin-Ark Oil Co., El Dorado, Ark. (3/29-30)
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.

★ Laan-Tex Oil Corp., Dallas, Texas
March 9 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To pay outstanding debt and for other general corporate purposes. **Underwriter**—Woods & Co., Houston, Tex.

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.

★ Lee Spring Co., Inc. (4/7)
March 18 (letter of notification) 74,685 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For machinery, equipment and working capital. **Business**—Manufactures mechanical coil springs. **Office**—30 Main St., Brooklyn 1, N. Y. **Underwriters**—S. D. Fuller & Co., and Vermilye Brothers, both of New York.

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-Continent 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.

★ Marine Midland Corp.
March 21 filed 70,000 shares of common stock (par $5) to be offered in exchange for all the issued and outstanding capital stock of The Farmers National Bank & Trust Co. of Rome, Rome, N. Y., at the rate of five shares of Marine Midland stock for each share of Farmers National stock held of record April 8, 1955. The offer is subject to acceptance deposit of not less than 80% (11,200 shares) of Farmers National. **Underwriter**—None.

● Marlowe Chemical Co., Inc. (3/31-4/4)
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.

● 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.

★ Metallics Recovery Corp., Florence, Colo. (3/29)
March 14 (letter of notification) 600,000 shares of common stock (par five cents). **Price**—50 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Universal Securities Co., New York.

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.

● Model Finance Service, Inc.
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. **Offering**—Expected first or second week of April.

★ Mohawk Business Machines Corp.
March 18 (letter of notification) $175,000 of convertible three-year notes. **Price** — At 100% of principal amount. **Proceeds**—To reduce accounts payable and other general corporate purposes. **Office**—944 Halsey St., Brooklyn 33, N. Y. **Underwriter**—None.

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 Agent**—The Hanover Bank, New York City.

● **National Gypsum Co.**
Feb. 28 filed 464,325 shares of common stock (par $1) being offered for subscription by common stockholders of record March 21, 1955 at the rate of one new share for each six shares held; rights to expire on April 4, 1955. **Price**—$40 per share. **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**
March 7 filed 360,000 shares of capital stock (par $1) being offered for subcription by stockholders of record March 21 on the basis of one new share for each two shares held (with an oversubscription privilege); rights to expire on April 4. **Price**—$15 per share. **Proceeds**—For investment. **Underwriter**—None.

New England Telephone & Telegraph Co.
Feb. 4 filed 511,205 shares of capital stock being offered for subscription by stockholders of record March 1, 1955 at the rate of one new share for each five shares held; rights to expire on March 31. **Price**—At par ($100 per share). **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent, which owns 1,769,035 shares (69.21%) of the outstanding stock. **Underwriter**—None.

● **New Pacific Coal & Oils, Ltd., Toronto, Canada**
Dec. 28 (regulation "D") 275,000 shares of common stock (no par), of which 120,000 shares are to be offered in Canada and 155,000 shares in the United States. **Price**—55 cents per share. **Proceeds** — To selling stockholders. **Underwriter**—L. D. Friedman & Co., New York. Letter has been withdrawn.

New Silver Belle Mining Co., Inc., Almira, Wash.
Sept. 8 (letter of notification) 500,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Underwriters**—Percy Dale Lanphere and R. E. Nelson & Co., both of Spokane, Wash.

★ **Norden-Ketay Corp., New York**
March 16 filed 22,500 shares of common stock issuable pursuant to exercise of 90,000 stock purchase warrants sold to the underwriters of the public offering in 1951 of 400,000 shares of common stock of The Norden Laboratories. The warrant holders are entitled to receive one share of Norden-Ketay stock for each four warrants exercised at $12 per share. **Proceeds**—For general corporate purposes.

★ **North Star Oil & Uranium Corp.**
March 15 (letter of notification) 23,333 shares of common stock (par five cents). **Price**—At market (around $1.50 per share. **Proceeds**—To selling stockholder. **Office**—295 Madison Ave., New York 17, N. Y. **Underwriter**—None.

Oklahoma Gas & Electric Co.
Feb. 23 filed 331,643 shares of common stock (par $10) being offered for subscription by common stockholders of record March 16 on the basis of one new share for each eight shares held. Employees will be given the right to subscribe for not exceeding 12,000 shares of any unsubscribed stock. Rights will expire on April 5. **Price** — $31.50 per share. **Proceeds** — For construction program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

● **Pacific Northwest Pipeline Corp. (4/4-7)**
March 9 filed $17,220,000 of 6% interim notes due June 1, 1957 and 287,000 shares of common stock (par $1) to be offered in units of $60 principal amount of notes and one share of stock. **Price**—To be supplied by amendment (expected to be $70 per unit). **Proceeds**—Together with other funds, to finance construction of a 1,466 mile natural gas pipe line between Ignacio, Colo., and Sumas, Wash. on the Canadian border. **Underwriters** — White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Union Securities Corp. Financing plans also include offering to present stockholders of 1,549,100 shares of common stock $10 per share, without underwriting.

★ **Pan American Sulphur Co., Dallas, Texas (4/7)**
March 18 filed $4,651,200 of subordinated debentures, due April 1, 1967 (convertible until April 1, 1964) to be offered for subscription by stockholders at rate of $100 of debentures for each 40 shares of stock held. **Price**—At 100% of principal amount. **Proceeds** — For working capital. **Underwriters**—Kuhn, Loeb & Co. and Carl M. Loeb, Rhoades & Co., both of New York.

Paramount Uranium Corp., Moab, Utah
Oct. 7 (letter of notification) 6,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—325 Main St., Moab, Utah. **Underwriter**—Van Blerkom & Co., Salt Lake City, Utah.

Pay Day Uranium Co., Las Vegas, Nev.
Oct. 15 (letter of notification) 2,500,000 shares of capital stock (par two cents). **Price**—10 cents per share. **Proceeds**—For exploration and development costs. **Office**—230 Fremont St., Las Vegas, Nev. **Underwriter**—Allied Underwriter Co.. the same city.

Pecos Mining Co., Dallas, Texas
Feb. 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, Inc., Denver, Colo.

Petro-Minerals, Inc., Houston, Tex.
March 15 filed 500,000 shares of capital stock (par 10 cents), of which 195,714 shares are to be offered by company and 304,286 shares by a selling stockholder, to be offered for subscription by stockholders and warrant holders of Johnston Oil & Gas Co. of record April 1 on the basis of one new share for each four shares of Johnston Oil stock held (or represented by warrants held). Johnston Oil has agreed to purchase any company shares not purchased by other Johnston Oil stockholders. **Price**—$1 per share. **Proceeds**—For geological and other expenses, and for other general corporate expenses. **Underwriter**—None.

Petroleum Reserves, Inc., New York
Feb. 14 filed $7,500,000 of 4% debentures due 1970, 100,000 shares of 5% preferred stock (par $25) and 1,000,000 shares of common stock (par 10 cents) to be offered in units of $750 principal amount of debentures, 10 shares of preferred stock and 100 shares of common stock. **Price**—To be supplied amendment. **Proceeds**—For acquisition of producing oil and gas properties. **Underwriter**—Smith, Barney & Co., New York.

★ **Prospect Atomic Devices Corp.**
March 16 (letter of notification) 2,500 shares of common stock (no par). **Price**—$100 per share. **Proceeds**—For working capital, etc. **Office**—68 Albany St., New Brunswick, N. J. **Business**—Manufactures and markets Super Ad Conveyors, a lighted system of moving transparent advertisements. **Underwriter**—None.

★ **Public Service Co. of Indiana, Inc.**
March 18 filed 202,431 shares of 4.20% cumulative preferred stock, par $100 (convertible into common stock after July 1, 1956) to be offered for subscription by common stockholders of record April 13 on the basis of one preferred share for each 21 shares of common stock held. **Price**—$105 per share. **Proceeds**—For repayment of bank loans and for property additions. **Underwriter**—None.

Public Service Electric & Gas Co.
Dec. 22 filed 250,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for construction program. **Underwriters**—Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co. **Offering** — Temporarily delayed.

★ **Purex Corp., Ltd.**
March 7 (letter of notification) 3,932 shares of common stock (par $1). **Price**—At market. **Proceeds**—For working capital. **Underwriters**—Blyth & Co., Inc., and William R. Staats & Co., both of Los Angeles, Calif.

Pyramid Life Insurance Co., Charlotte, N. C.
Feb. 15 filed 250,000 shares of capital stock (par $1) to be 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.

★ **Rittenhouse Fund, Philadelphia, Pa.**
March 15 filed 60,000 participating units in the Fund. **Price**—At market. **Proceeds**—For investment.

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.

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.

★ **Savannah Electric & Power Co. (4/14)**
March 17 filed 165,000 shares of common stock (par $10), of which 65,000 shares are to be offered for sale by the company and 100,000 shares by the Donner Family Trusts and Donner Foundation, Inc. **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans and for new construction. **Underwriters**—The First Boston Corp. and Stone & Webster Securities Corp., both of New York.

● **Sealed Power Corp. (4/5)**
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. **Office** — Muskegon Heights, Mich. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

★ **Selected American Shares, Inc., Chicago, Ill.**
March 18 filed (by amendment) 400,000 additional shares of common stock (par $2.50). **Price**—At market. **Proceeds**—For investment.

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 1[illegible] 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. (3/29)
March 10 filed 262,750 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To

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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.**
March 4 filed 108,885 additional shares of common stock (par $5) being 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**—$35 per share. **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.

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.

★ **Texas Uranium Development Corp. (3/29)**
March 12 (letter of notification) 298,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining, exploration and development expenses and working capital. **Office**—823 Wilson Bldg., Corpus Christi, Tex. **Underwriter** — Lentz, Newton & Co., San Antonio, Tex.

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.

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 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.

★ **Uranium Publishing Co.**
March 4 (letter of notification) 25,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses in connection with publication of a monthly "Uranium Digest." **Underwriter** — Lewellen-Bybee Co., Washington, D. C.

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.**
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, being 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**—$14 per share. **Proceeds**—To reduce bank loans 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.

★ **Victor Development Co.**
March 17 (letter of notification) 20,310 shares of common stock (no par). **Price** — $10 per share. **Proceeds** — For machinery, equipment and general corporate purposes. **Business**—To develop an electronic coin operated golf machine. **Office**—601 Chapel Ave., Merchantville, 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.

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. (4/6)**
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 up to 10:30 a.m. (CST) on April 6.

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. (3/29-30)**
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.

★ **Woodward & Lothrop, Inc., Washington, D. C.**
March 18 filed 30,000 shares of common stock (par $10). **Price** — To be supplied by amendment. **Proceeds**—For reduction of bank loans and working capital. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

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.

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 Alloys Corp., Kansas City, Mo. (4/1)**
March 18 it was announced company plans to issue and sell 149,500 shares of common stock (par 25 cents) at $2 per share through S. D. Fuller & Co., New York. The net proceeds are to be used for expansion and work capital.

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 $10 par 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) in the latter part of 1955. **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.
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.

Commonwealth Edison Co.
Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing. **Proceeds**—For new construction, which, it is estimated, will cost about $125,000,0000 in 1955. **Underwriters**—For last equity financing were The First Boston Corp. and Glore, Forgan & Co.

★ **Consolidated Natural Gas Co.**
March 17 the directors approved a plan for offering up to 738,743 additional shares of capital stock for subscription by stockholders on the basis of one new share for each 10 shares held. The offering is tentatively scheduled for early in June. **Proceeds**—Principally to repay outstanding bank loans. **Underwriter**—None.

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. **Registration**—Expected late in March.

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 Telephone Co. of California
Dec. 15 company applied to California P. U. Commission for authority to issue and sell 200,000 shares of 4½% preferred stock (par $20). **Proceeds**—To repay bank loans and for expansion program. **Underwriters**—May be Paine, Webber, Jackson & Curtis; Stone & Webster Securities Corp.; and Mitchum, Jones & Templeton.

Georgia Power Co. (5/10)
Dec. 30 it was announced company plans to issue and sell $12,000,000 of first mortgage bonds due 1985. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; Union Securities Corp. and Equitable Securities Corp. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co.; Shields & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EST) on May 10. **Registration**—Scheduled for April 13.

Giddings & Lewis Machine Tool Co.
Feb. 15, the stockholders approved a proposal to increase the authorized common stock (par $2) from 400,000 shares (360,000 shares outstanding) to 750,000 shares, in order to have additional shares which would be available for acquisition of any business, increased working capital, plant expansion or exchange of shares in other companies. **Underwriter** — Previous financing handled by Hornblower & Weeks and associates.

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.**
March 15 stockholders approved the proposed 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.**
March 22 it was announced ICC had dropped its competitive bidding requirement on the proposed sale of $1,700,000 of new 23-year first mortgage collateral bonds due 1978. **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%

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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 April for an issue of $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.

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.

★ **National Container Corp.**
March 23 it was announced corporation is negotiating for the sale of 250,000 shares of common stock (par $1) and also a second series of debentures in the aggregate amount of $7,000,000. **Proceeds** — To retire bank loans, for expansion program and working capital. **Underwriters**—For debentures, Halsey, Stuart & Co. Inc. and Van Alstyne, Noel & Co.; for stock, Van Alstyne, Noel & Co.

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 later this year. **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.

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 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.

★ **Pyramid Electric Co., Jersey City, N. J.**
March 18 it was announced company plans to issue and sell 75,000 shares of 5% convertible preferred stock (par $10) through S. D. Fuller & Co., New York. The net proceeds are to be used for expansion and working capital.

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.

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.

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 bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); W. C. 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 preferred stocks (he did not assume the sale of any common stock). Plans for the possible issuance of new securities are not at all definite as yet, it was announced on March 4. **Underwriter**—Dillon, Read & Co., Inc., New York.

★ **Texas Instruments, Inc.**
March 21 J. Erik Jonsson, President, announced stockholders will vote April 20 on authorizing the creation of an issue of 300,000 shares of cumulative preferred stock (par $25), of which it is planned to publicly offer about 160,000 shares to be known as convertible preferred stock to common stockholders. **Proceeds**—For expansion and working capital. **Underwriter**—Morgan Stanley & Co., New York.

Transamerica Corp.
Feb. 25 F. N. Belgrano, Chairman and President, announced that company plans to offer publicly 1,346,800 shares of capital stock through an underwriting group. **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 the construction program for 1955 and replacement of bank borrowings made in 1954 wil require financing during 1955 of about $85,000,000. It is planned to offer publicly in April, $15,000,000 of preferred stock. About $50,000,000 of bonds will be sold later this year (may be done privately). **Underwriter**—White, Weld & Co. and Stone & Webster Securities Corp.

United Aircraft Corp.
March 14 it was announced stockholders will on April 26 vote on approving a new issue of 500,000 shares of preference stock (par $100). **Proceeds**—To redeem present 5% cumulative preferred stock (233,500 shares outstanding), and for working capital. **Underwriter**—Harriman Ripley & Co., Inc., New York.

United Gas Corp.
Feb. 24, N. C. McGowen, President, announced that corporation plans to raise $35,000,000 to $40,000,000 in the first half of 1955 through the sale of additional common stock to stockholders. **Proceeds**—For construction program of company and of United Gas Pipe Line Co., a subsidiary. **Underwriter**—None.

United Gas Corp.
Feb. 24, N. C. McGowen, President, stated that company might be doing some debt financing, with this year's total financing program reaching about $50,000,000 (including about $35,000,000 to $40,000,000 of common stock). **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; White, Weld & Co. and Equitable Securities Corp. (jointly); Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly).

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

Virgina Electric & Power Co. (6/7)
Feb. 19 it was reported company plans to issue and sell $25,000,000 of first mortgage bonds in the near future.. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.: Salomon Bros. & Hutzler; White, Weld & Co. **Bids**—Expected June 7.

★ **Wabash RR. (4/5)**
Bids will be received by the company up to noon (EST) on April 5, at 44 Wall Street, New York 5, N. Y., for the purchase from it of $1,530,000 equipment trust certificates, series F, to be dated May 1, 1955, and to mature in 15 annual installments from May 1, 1956 to May 1, 1970, both inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated.

Washington Steel Co., Washington, Pa.
March 1 it was announced stockholders will vote April 28 on approving an issue of 30,000 shares of cumulative convertible preferred stock (par $50). **Proceeds**—For expansion program and working capital. **Underwriter**—Probably Singer, Deane & Scribner, Pittsburgh, Pa.

Western Union Telegraph Co.
March 15 it was announced that consideration is being given to the issuance of some additional shares of common stock through an offering to stockholders. Stockholders will vote April 13 on approving a 4-for-1 split of the company's stock and the issuance of an additional 1,580,000 new shares, part of which are expected to be offered as aforesaid, but no definite financing plans have been formulated.

Westpan Hydrocarbon Co. (4/15)
Dec. 11 it was reported Sinclair Oil Corp. will ask for bids for 384,861 shares of Westpan stock about April 15, 1955, if it has not been able to dispose of these holdings before that date. **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. White, Weld & Co., New York, may be included among the bidders.

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Dealer-Broker Investment Recommendations & Literature

Seaboard Air Line Railroad Company—Annual report—W. F. Cummings, Secretary, Seaboard Air Line Railroad Company, Norfolk 10, Va.

Seneca Falls Machine Co.—Analysis—Standard Investing Corporation, 40 Exchange Place, New York 5, N. Y. Also available is an analysis of **R. C. Allen Business Machines, Inc.**

Sinclair Oil Corporation—Annual report—Sinclair Oil Corporation, 600 Fifth Avenue, New York 20, N. Y.

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

Standard Power & Light Corp.—Memorandum—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a memorandum on **Standard Gas Co.**

Stanley Aviation Corporation—Analysis—Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y.

Textron American Inc.—Analysis—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

Three States Natural Gas Company—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a bulletin on **Sun Chemical Co.** and **Sheller Manufacturing Corp.** and data on **Minneapolis, St. Paul & Saulte Ste. Marie, Northern Pacific, Chicago, Rock Island & Pacific** and **Chicago & Northwestern.**

Tilo Roofing Company, Inc.—Annual report—Tilo Roofing Company, Inc., Stratford, Conn.

Trane Co.—Review—Reynolds & Co., 120 Broadway, New York 5, N. Y.

United Fruit Company—Analysis—G. H. Walker & Co., 1 Wall Street, New York 5, N. Y.

U. S. Vitamin Corporation—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also available are analyses of **Nunn-Bush Shoe Company** and **Safway Steel Products Inc.**

Warren Bros. Co.—Memorandum—Goodbody & Co., 115 Broadway, New York 6, N. Y.

Western Kentucky Gas Co. — Memorandum—The Kentucky Company, Louisville Trust Building, Louisville 2, Ky.

Are Our Brains Washed?

"The activities of the Government in the fields of lending, guarantees, and insurance began with the Federal Reserve System in 1913 and the Federal Land Banks in 1916. Over the past 42 years, the number of agencies or instrumentalities engaged in lending, guaranteeing, or insuring have expanded to 104 entities (including incorporated and unincorporated bodies), employing about 40,000 persons.

"The extent of government operations in these fields is indicated by the fact that the total loans, guarantees, and insurance and contingent liabilities amount to $244 billion as of June 30, 1954. The Federal Government had an investment of about $16.9 billion in these 104 agencies, and these agencies are authorized to call on the Treasury for about $14.1 billion of additional funds.

* * *

"In our considerations of these agencies we have proceeded on the assumption that lending or guaranteeing loans is a function which the Government should undertake only when private enterprise cannot or will not perform the function, and then only in furtherance of a justifiable Government purpose."—A Report to the Congress by the Commission on Organization of the Executive Branch of the Government.

The Commission proceeded to make some useful suggestions tending to reduce the extent to which the Federal Government is engaged in this sort of thing, but it certainly did not pursue the matter to its logical conclusion. Yet dissents were emphatic and numerous. It is disconcerting evidence of the degree in which our thinking has become New Deal-ized — or should we say the extent to which our brains have been washed of American tradition?

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The Security I Like Best

abroad. Sales of home sewing machines increased substantially last year. It is interesting to note that approximately half of the company's 1953 sales of $333,267,000 were made abroad.

A large and growing part of SINGER's business is conducted on an instalment basis. Profits from instalment sales are not booked as such until collections have actually been completed but are carried in the balance sheet as deferred credits which at the end of 1953 amounted to $41,000,000. 1953 unrealized gross profits of $8,000,000 on these instalment sales were charged off as reduction of operating profits. This conservative accounting policy tends to understate real earnings particularly in times of large instalment sales. It also enables the company to accumulate a substantial earnings reserve for the future which should virtually assure a period of relatively high earnings over the next few years.

Singer Manufacturing maintains an active research and development program for constant improvement and modernization of industrial and home sewing machines. Manufacturing processes are under steady review for more efficient and economic operative results. Labor relations are understood to be satisfactory.

1954 earnings are estimated around $3.00 per share compared with $2.52 per share for 1953 which was the lowest net income reported in the past 15 years. Further substantial improvement is indicated over the longer term. Average 1944-1953 earnings were $3.45 per share. Dividend payments, which have been made continuously since 1863, were at an annual rate of $2.00 per share in 1954. The company does not issue any interim earnings reports. However, the recently rejuvenated management may wish to modernize this policy toward more informative and frequent reporting in the future, thus recognizing the importance of its responsibility toward greater cooperation in the interest of its stockholders.

Singer Manufacturing is in very sound financial and working capital position with current assets of $312,498,000 on Dec. 31, 1953, including cash and Government securities of $45,596,000 compared with $44,138,000 current liabilities. Book value, at the end of 1953, stood at about $63 per share and net current assets came to approximately $52 per share. It should be pointed out that depreciated fixed assets, such as plants, land, buildings, machinery and equipment, as well as equities in affiliated companies are valued at more than $120,000,000. Reserves for foreign assets are carried on the books at $58,300,000. The Singer Building at 149 Broadway, New York City, alone has an assessed valuation of $6,700,000 which appears very conservative.

SINGER's capitalization consists of 4,500,000 shares of common stock which are preceded by $35,000,000 funded debt. The common stock is listed on the American Stock Exchange.

With introduction of new low priced family sewing machines and modernization of higher priced units in the home and industrial field, Singer Manufacturing is further strengthening its world leadership in markets temporarily lost after World War II. In addition, increasing convertibility of foreign currencies into U. S. dollars and further relaxation of world trade restrictions should enable the company to increase its earnings substantially over the next few years and ultimately pave the way for higher dividends.

Washington . . . And You

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

WASHINGTON, D. C. — One of the things which the Hoover Commission spotlighted in its report on government lending, guaranteeing, and insuring activities was the large amount of hidden subsidy which underlies Federal endeavors in these fields.

Outstanding in this respect is the Rural Electrification Administration.

When President Roosevelt created the REA by Executive Order in 1935, and Congress a year later made it legal, the public propaganda was that the whole purpose of the REA was to give farmers electric current because the big bad public utilities were too lazy, too selfish, or too something to provide this boon of modern living for the farmers.

As the Hoover Commission sets down the figures, the reason behind REA appears primarily to subsidize the cost of electricity.

"The interest charged by the Treasury for advances (to REA) may not exceed 2%. The actual rate of interest now being paid by the Treasury on comparable long term loans is about 3%. Interest payable by the cooperatives and other borrowers to the REA is also a flat 2% rate and is not payable during the first five years; therefore, the full possible interest returns cannot be received."

It was added that administrative expenses are also borne by the Treasury, and these now amount to more than $7 million per year.

In brief, then, the Treasury lets borrowers have a subsidized rate on their money, under the law, and also must pay the overhead administrative expenses.

A third element of subsidy was hit only indirectly by the Hoover Commission. Supposedly "the financial plans developed for the borrowers of the REA assumed that the physical plant once financed would require little if any further change and that earnings would be used to meet debt service charges," the Commission observed.

Instead, what has happened is that once the job of building rural lines was accomplished initially, and as load and connections increased, the cooperatives have gone merrily along borrowing more 2% money to finance not only heavier lines, but replacements. The revenues of these systems are so low that they do not adequately build up reserves to provide either for extensions or replacements, the Commission noted.

All in all, REA cooperatives have obtained commitments for an aggreate of about $3 billion.

A final element of subsidy is, of course, exemption from Federal incomes taxes in common with all other cooperative associations.

REA Investment Will Double

"It has been estimated," the Commission said, "that the growth of usage of electricity will cause a doubling of the investment of the electric industry in the next 12 years. If this same growth occurs in the electric cooperatives, the loans required from the REA under the present method of financing will also double without considering further territorial extensions."

REA's own figures show that 95% of farms are electrified.

In other words, the government is going to end up with an investment in REA lines some where between $3 and $6 billion, repayment of which appears practically out of the question since the REA's stooge-cooperatives collect insufficient revenue either for replacements or for predictable expansion.

It took the Hoover Commission to bring out these elements of subsidy, which could be ascertained by any reporter. This correspondent remembers writing about the subsidy elements of REA in the late '30's, only to receive a complaint from the late Harry Slattery, second REA Administrator, asking what he "had against" the REA by writing such things.

Proposes Self-Financing

The principal recommendation of the Hoover Commission was that REA be reorganized into a government corporation structure, and secure its own financing at what it had to pay on the market. This caused an awful yelp from the "liberal" columnists and the National Association of Rural Electric Cooperatives, who are clearly familiar with the subsidy and don't want to lose it, even though they saw this as just a plot of the bad bankers to get their mits on REA. They were careful not to defend the concrete facts of subsidy, however.

Even so such a reorganization would still retain the tax exempt features. However, even with tax exemption if electricity users had to pay for their current all the true capital costs, and obviously the capital cost of truly rural line is high, the beneficiaries of REA would find that all REA has over private utilities is a large subsidized drawing account from Uncle Sugar.

REA has about as much chance of being forced to pay its way as President Eisenhower has of being called before the Federal Trade Commission for misrepresentation in the sale of his political merchandise of budget-balancing, and there is no one here who would give one any odds that even the Eisenhower Administration will back the Hoover Commission on this point.

Shareholder Pays The Dividend

It would be interesting to speculate on what kind of a market that handsome Bill Fulbright would be "studying" today if private finance were carried out under this system:

A person invests in shares of a company. But instead of getting dividends from his shares, he pays dividends to the corporation. Also, he pays the salaries of all the employees of the concern.

Yet this is to all practical purpose the kind of a deal Uncle Sugar uses in respect to its "capital investment" in literally scores of Federal lending, guaranteeing, and insuring agencies.

In particular it is almost universal for Federal lending agencies to "earn" a substantial return on their Treasury investment by simply taking this "investment" and putting it in Treasury securities and collecting the interest, even if in some cases these activities do pay their administrative expenses out of earnings.

Now the Hoover Commission did not go so radically conservative as to propose that the Treasury as an "investor" should get some return on its money like any other investor. Instead, it only proposed that the "investor" stop paying dividends to the corporation (governmental) in which it invested.

"We recommend that all government business enterprises be required to surrender to the Treasury all United States securities held, up to the amount of the capital furnished them by the government, and that they receive in return non-interest-bearing credit in the Treasury. They should not be allowed to invest their idle funds in any other securities except as authorized by Congress. This recommendation does not include trust accounts."

This would save only $5 million, the Commission estimated. If government borrowers paid to government agencies the cost to the Treasury of the money they borrowed, this would save another $100 million.

Give Details on Asian Aid

Certain broad outlines which were made available last weekend about Harold Stassen's aid to Asia program make it even more sure that this thing will run into heavy fire from Congress. Incidentally, Mr. Stassen believes that this is not merely his program but is the program of the entire Eisenhower Administration, including Treasury Secretary Humphrey.

One of the first sources of trouble will be the sales pitch to Congress.

Thus, supposedly, Mr. Stassen is aiming at an eight-year program to raise from $65 billion to $85 billion the "gross national product" per year of several hundred million Asiatics.

On the other hand, Mr. Stassen will solemnly insist this is NOT an eight-year program, but he has given no commitments beyond one year's appropriations.

It seems very clear that what Mr. Stassen is trying to say is that he wants an eight-year program but he will thank you, please, if you just forget about the other seven years and start the thing going.

Second, although the program includes $915 million for economic aid (to almost three times as much for military aid), the Administration allegedly can give no bill of particulars about what "investments" the United States is to make in capital projects to build up Asiatic industry.

Third, the Eisenhower Administration cannot give any figure whatever as to what Western Europe is committing itself to spend to raise the economic productivity of the 766 million Asiatics, other than the comparatively trifling expenditures of the Columbo plan.

News stories about the Aid to Asia program speak of it as if it were expenditures about which Mr. Stassen were talking. This is not the FOA Administrator's fault. What he is asking for is appropriations of new money to be passed for fiscal 1956, but the actual money will not be spent until fiscal 1958 or 1959, for such is the lag in foreign spending between appropriations and spending.

(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

"—and after I took my quarterly dividends from Consolidated Catsup I bought fifty shares of Amalgamated Ash Can and then—"

COMING EVENTS

In Investment Field

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.