**EDITORIAL**

**As We See It**

One of the leading research organizations of the country has just come forward with another of those "long looks ahead." It seems to be chiefly interested in guessing what things will be like in 1960, but to be certain of catching the public's eye it takes a sort of a glance at 2035, in these words: "American productivity, the average output per hour of work, is increasing so rapidly that, if present rates continue, in another century we shall be able to produce as much in one seven-hour day as now in the forty-hour week."

We have no doubt at all that the economist responsible for this statement understand quite well what it means, and quite probably what its implications are and what its limitations are not. Unfortunately, however, just such utterances as these are distressingly often employed by the ill-informed and the propagandists to bolster demands of all sorts. The statement merely asserts that if the output of the average man working one hour were to continue to increase in the future as it is increasing now, one man on the average could a century hence produce as much in one day as he can or does now in a week.

Obviously, if population continues to increase, as it has in recent years many times what we now produce would be necessary to keep our plane of living where it is now. It would therefore be quite absurd to suppose that the present labor force could serve the population of 2035 by working only one day in seven. At most the figures cited could mean that in order to keep our living at about what it is now we might have to work no more than about one day a week. But such a conjecture need not excite Continued on page 88

**FLORIDA SECURITIES NOW IN REGISTRATION**

Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 72.

**First TO REMEMBER in the Southwest**

Public Utility Bonds, Preferred and Common Stocks

First Southwest Company

Dallas

**IS THE STOCK MARKET TOO HIGH?**

By ROBERT S. BYFIELD

Member New York Stock Exchange

Mr. Byfield cites as important causes of recent stock rises: growth in our economy and productivity, returning confidence, cumulative inflation effects, and the Capital Gains Tax, and holds that these qualitative factors make it impossible to fix a market ceiling. Stating that overall status has been obscured by some confusing excesses, Mr. Byfield then comments that the market has been warranted by sound criteria. Suggests Administration's speculative brakes now warrant heightened caution.

Fortunately, there is no Iron Curtain around the stock ticker, nor are quotations given to the public by means of a press release. It continues to report exactly what has happened; namely, the operation of the greatest of all free markets. The most powerful impact is provided not by bloodless statistics and abstract economic facts but by the interplay of human emotions. There is no alliteration by which the performance of the market may be read. Therefore, it is not possible to know whether the present level is too high and whether it constitutes a peak. The ascendancy from the preceding valley has been steep and almost unbroken, but perhaps that valley itself was too deep and too wide. We have long suspected that the excessive gloom and over-discussing of bad news during the period 1946-1950 was unwarranted. The renewed inflation which came with Korea brought the end of a stalemate. Furthermore, the 1952 elections released new economic, social and political forces and resulted in much new legislation having a direct bearing upon the investment climate in the United States.

Causes of the Rise

Among the principal causes of the substantial rise in

Continued on page 58

**THE WORLD'S LARGEST MARKET GETS BIGGER**

Investment opportunities inherent in securities available only in the Over-the-Counter Market discussed. Completely revised tabulation of unlisted common stocks of companies that have paid cash dividends from 5 to 170 consecutive years presented. How the Over-the-Counter Market functions explained.

Slowly but steadily the Over-the-Couter Market gets, day-by-day, the larger measure of public attention to which it is entitled. This is not to quarrel contentiously with certain recent public relations releases of the New York Stock Exchange seeming to imply that all, or most, of the financial boonis, bounties and blessings available to investors are to be gleaned within the verdant gardens of NYSE or its membership. Rather we propose to say again, what we have said on many earlier occasions, that the Over-the-Couter Market is the world's largest market; and from vast municipal and government issues, down to the promotional shares of new born ventures, values and stable markets are ever available. No intelligent buyer, whether an individual just making his first security purchase, or a financial institution looking to invest a billion in an asset, can maximize his or her or their efforts without entering, and employing, the Over-the-Couter Markets.

Let's start at the top. The largest outstanding issues in America are U. S. Government obligations. A number of these issues are listed in the bond section of the New York Stock Exchange. But for every bond sold in that smart, 50 bonds trade over-the-counter. The world's largest market does, by far, the biggest business in government

Continued on page 27
DIVIDENDS

GALORE

Nothing more helpful than the Monday Issue of the "Chronicle" for dividends declared and when payable coverage

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 considered, as an offer to sell the security discussed.)

H. T. BRY, JR.
President, First California Company
San Francisco, Calif.

Bank of America, N. T. & S.

Bank of America continues to be 'The Security I Like Best.' Bank of America is unique. Founders who established it has grown as it is now the largest private enterprise in the world. This remarkable record of expansion is due to sound aggressive business practices in a tremendous developing area. The farsighted philosophy of founding fathers, Giannini of believing in and serving the small depositor as well as the large, large numbers with complete banking services was an original and progressive banking innovation. This philosophy has been continued and included that it remains the underlying principle of present banking operations. California as a whole, topographically and natural resources attracted people; as banks served these people and at the same time helped provide the financial resources to develop the state's economy.

Population Growth

Population growth has had a major impact on the state's economy. California, for example, is a farming economy, first in farm cash income and first in farm products. Every month, approximately 30,000 new people become residents of California. This means that each April 1st:

- California must find 9,000 units of new housing
- 20,000 more motor vehicles are on the highways.
- 1,500 new students attend 416 new classrooms.

There is a need for 430 new retail outlets.

It is estimated that by 1975 California will rank first in the nation with a population of 21,000,000.

Complete Banking Facilities

The continuing population growth also means there is a need for complete banking facilities, not only to serve the people, but to contribute to the development of the California economy.

Bank of America is most favorably situated to fulfill this need. The statewide branch-banking system offers several distinct advantages. Every branch has local management with the large resources and credit reserve of the entire institution. The 548 service departments with 31 community branches complete with banking services. The long established service territory becomes more striking as it has branches covering small agricultural areas as well as numerous branch banks serving San Francisco and Los Angeles, the two largest cities in California. Each city and every branch provides 52

This Week's Forum Participants and Their Selections

Bank of America N. T. & S.

- J. A. Cortese, Market Analyst, A. J. Kirk, New York City (Page 2)

American Cyanamid Co.

- A. J. Cortese, Market Analyst, A. J. Kirk, New York City (Page 2)

American Cyanamid Co. is a diversified producer of pharmaceuticals, laboratory chemicals, dyes, rubber, fibers and plastics. Its shares were purchased in 1955. The company is a member of the Industrial Chemicals Division, a multi-national corporation. American Cyanamid's extensive operations include research and development, production, marketing and distribution of pharmaceuticals, laboratory chemicals and a wide range of industrial products.

The growth and expansion of both California and Bank of America has been remarkable. It is natural that the investor who realized what the Bank of America is today, would be interested in its future. The company has a proven record of success, and is expected to continue to grow.

American Cyanamid Co.

- A. J. Cortese, Market Analyst, A. J. Kirk, New York City (Page 2)

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Europe's Impending Dollar Shortage

By MELCHIOR PALYI

After ascertaining that the bloom is off Europe's boom, Dr. Palyi comments on what he calls the " Halo-Effect Convertibility." of sterling and other currencies. Sees insidious inflation in present monetary policies and exchange controls. Concludes this inflationary trend throughout free Europe, accompanied by turbulent wage demands and Standard Inflation, and lack of discipline, is a short step to dollar shortage.

For nearly two years, coincidentally with the American recessions, more United States currency has been flooding back into circulation. So far, Europe has been ahead of United States, in this phase of " gold in the drawer." Even more significant is the fact that, while United States, surprisingly, has been running a " deflationary" trade balance, Europe has been running an export surplus, at least of paper money. While in the last two years, United States has lost nearly $200 million in gold, British has gained at least $300 million, and French $200 million. It is plain that European currency is in a much better shape than the American, and that is one of the reasons why the pound and the mark remain sound, except for some specific minor indications.

Mr. Daniel Sheppard, (Editorial), McGraw-Hill

"EUROPE'S SOUGHT:."-

The financial world was convinced of an early return to convertibility by the pound, the mark, the franc, the Dutch guilder and the German mark. The Stone Age of Planning-and of Bilaterialism—seemed to come to an end, as the world was promised a full-scale recovery. The short period 1952-54 may go down as a most prosperous one in Britain's history. The London Stock Exchange registered an increase of 15% in the stock quotations year in the 13 months to the end of September, from 130 to over 180, similarly its counterparts in Paris, Brussels, Amsterdam (by 30% at the height), in Stockholm, Rome, to say nothing of Frankfurt. An amazing wave of speculative buying was spreading all over Western Europe—prematurely. It has not died down yet; but the bloom is off the bloom. Almost everywhere, measures are being taken, or discussed, to stop an impending Dollar Crisis, the worst of the post-trade balance. It has already reached the painfully acute stage—near-disappearance of all monetary reserves—in two countries, at least: The oil exporting Norwegian and underdeveloped, but "advanced" along socialistic lines, to say nothing of Turkey.

For the record, the London Financial Times announces that an American loan has been secured of $300 million, and a European loan of $150 million. The reporter continues that the credit agencies have been referred to as "The Washington Frontline" by foreign governments. The credit agencies have been an expression of foreign governments' confidence in the United States, its policies and stability. It is significant that a credit agency which has been at the forefront of financial development in the United States, the New York Stock Exchange, has been held up as a model of excellence. The New York Stock Exchange, in fact, has been a major investor in the United States, with holdings of over $1 billion in American stocks. The New York Stock Exchange has been a leader in the development of the American stock market, and has been a major investor in the United States, with holdings of over $1 billion in American stocks. The New York Stock Exchange has been a leader in the development of the American stock market, and has been a major investor in the United States, with holdings of over $1 billion in American stocks. The New York Stock Exchange has been a leader in the development of the American stock market, and has been a major investor in the United States, with holdings of over $1 billion in American stocks. The New York Stock Exchange has been a leader in the development of the American stock market, and has been a major investor in the United States, with holdings of over $1 billion in American stocks. The New York Stock Exchange has been a leader in the development of the American stock market, and has been a major investor in the United States, with holdings of over $1 billion in American stocks. The New York Stock Exchange has been a leader in the development of the American stock market, and has been a major investor in the United States, with holdings of over $1 billion in American stocks. The New York Stock Exchange has been a leader in the development of the American stock market, and has been a major investor in the United States, with holdings of over $1 billion in American stocks.
Life Over-the-Counter

By IRA U. COLEBRIGHT
Enterprise Economist

A Spring look at a distinguished type of security, gaining in popularity as life and casualty investors learn about it—the capital stock of life insurance companies.

Nineteen fifty-four was, among other things for highly interested. For, in life insurance stocks. In a year which witnessed widespread speculation, still small-minded and naively optimistic, almost all life insurance company stocks, without the same enthusiasm for, life insurance stocks. In a year which witnessed widespread speculation, still small-minded and naively optimistic, almost all life insurance company stocks, without the same attention to the high-grade, highly underpriced, and often very high priced life equities. And, strange to say, those life stocks which sold above $2,000 a share have turned in a perfectly remarkable market performance.

For example, Standard of New York rose from its low of $71 in 1954, to 110, or 54.3; similarly, Wellesley rose from 58 to 107, or 90.3; and General Motors from 38 to 76, or 97.5. These are surely representative of the performance of well-known market leaders on the NYSE. Now let's look at some of our over-the-counter leaders. Dec. 31, 1953, to Dec. 31, 1954, Actua Life stock rose from 84 3/8 to 140, or 65.6; Travelers from 100 to 195 5/8, or 95.1; and National from 193 to 378, or 97.5.

All this forward motion did not occur just as part of a riding tide. Rather it's part of a longer-term pattern based upon the expanding sales and premium income in this fabulous industry. For life insurance today is by far the most important thrift item in America, and getting bigger with each passing day. There are more life policy holders than owners of savings and home mortgage certificates. In 1954, 86 million policyholders held $339 billion in insurance in life insurance. That's $4,417 billion in assets of all life companies hit on the stick. And right! High! High! High! High! High! High! That's a gain for the year of over 7%.

This growth stems from many reasons: (1) Great increase in middle and upper income groups; (2) Growth in population; (3) Need for each provision for estate inheritance taxes; (4) Inflation of the past ten years; (5) Increasing by 60% the amount needed to maintain purchasing power; and (5) Postwar increase in the birthrate, making larger family coverage necessary.

Because of these dynamic growth factors, (2) the fact that life companies deal in money which never seems to grow out of style (or have to be traded in for a new stock; (3) the marvelous and professionally managed income producing portfolios, (4) the actuarial skill, and (5) the consistently strong earnings, life insurance companies have been able to do a wonderful job in adding to stockholders' wealth. These additions to equity are, in due course, translated into patentable, into higher share prices.

From a potential shareholder's viewpoint, it's too bad you can't buy stock in Equitable, Metropolitan, John Hancock or some of the other renowned mutuals. But you can buy stock in a score of strong stocks which are owned by their policy holders with the policy holder having the right to call a dividend at will. 90% of all life insurance is written, mutually, which means, as near as anyone can determine, an investor entry into life stocks.

Fortunately, however, among the "stock" companies, which do 30% of the business, there are some extremely fine companies, and all of their stocks are (appropriately) listed, for the benefit of the "Chronicle" trade) over the counter. The latter have with over $2 billion in assets and $16% billion of life in force. Aetna, with $2.6 billion in assets and $15 billion life in force; Con¬necticut General, with $2 billion in assets and $8.2 billion life in force; Life Insurance Company of New York, with over $1 billion in assets and $6.9 billion life in force. These are the so-called "stock" companies, all above the billion dollar mark.

A number of market experts in the field were asked by the "Chronicle" as the market motion of these majors has made their earnings. Some, now, seem to be pleased about most of these "stock" companies for bargains. The same principles apply among the big, the middle, and the small. The key things to look for are: (1) rate of dividend increase; (2) insurance in force; (3) life insurance companies' market price per stock; (3) annual increase in per share book value; (4) rate of returns on in¬vestment portfolio; and (5) number of shares outstanding. Of the above, Item No. 2 is particularly useful as a guide in deciding, as between different securities, the more attractively priced.

We'll note above we don't talk much about dividends. That's be¬cause here, as in the past, most of this growth, the cur¬rent cash dividend should be an afterthought. Life stocks yield somewhere between three and four per cent to keep it remember that, is, in most cases, when a life stock in force (and dividend rate is continued in the new shares. Thus, if, for example, your income dou¬bles; and the whole history of life insurance is quite dependent. There's the money you have now. Among the well regarded life equities which might appear in your portfolio, upon undervaluation, we suggest you look into Kansas City Life Insur¬ance. Here's a nice tight little capitalization, only 40,000 shares quoted at the moment at 1,250 and paying (you'll be surprised) $5 a year. There is a good chance of insurance in force and writes now only on a non-participating basis. They have over $100 million of life stock in force, and can be roundly snubbed by all buyers for yield; but that looks like a fine buying proposition if one is patient enough. Don't know where to look? There are lots of others. Just ask your broker for the $5 on Kansas City Life.

Another rather unlikely but well established is the Life Insurance Co. with $230,000,000 in capital stock. Here's a kind of reverse. Northwestern National started at a $1.25 in 1928 as a stock insurance. In the steel tight market the stock doubled its assets in the past ten years; but new manage¬ment, which entered here three years ago, has visibly increased stock value. Northwestern National is definitely a live life company.

Other values you might wish to inspect are Life Insurance Co. of Virginia, which has over $250,000,000 of Western States Life at 90, Cot¬ucumber & Oiler at 19, and Col¬o¬nia at 110. We don't know how close these prices are to the intrinsic, but you can be making a you share buyer, but we would venture the statement that it is not time to sell. In the really worthy and expanding section of the country.

With J. H. Goddard Co. (located in the Financial District), C. H. Johnson has joined the staff of Wm. H. Tegtmeyer & Co. to take over the Devonshire Street, members of the Boston Stock Exchange.

With Investors Planning

With Interstate Secs. 17, Mr. Tegtmeyer, an old partner in a securities business from offices at 601 First Avenue, has taken over the name of Tegtmeyer & Co.

The State of Trade and Industry

Slight increase took place in total industrial production for the country as a whole in the period ended on Wednesday of last week. Activity was up or unchanged in most lines in some lines of manufacturing for the week with total output markedly above the like period a year ago are not an uncommon experience.

A high level of employment was sustained and unemployment remained lower than a year ago, according to reports. In¬creases in construction, quarrying and agricultural machinery helped to offset seasonal layoffs in the textile, apparel and some other industries.

Idle workers drawing unemployment compensation fell for the tenth straight week, decreasing to 1,518,000 in the week ended April 2, from 1,653,000 from the late January level. The total a year ago was $2,147,000.

Although they were 6% less numerous than in the corre¬sponding month a year ago, March, 1953, figures rose 12% from the preceding month's level of 1,628, the highest level in a year. Causes of the higher figures were in March, 1954, in the entire postwar period. But there were few failures this March than in the same month in prewar 1940 when 1,197 casualties were reported.

Businesses failed at the rate of 41 for each 10,000 enterprises listed in the Dun & Bradstreet Reference Book, according to Dun's failure index. This rate edged upward from 39 in Feb¬ruary, but remained below the 44 a year ago and the prewar rate of 61 in 1940. The index projects monthly failures to an annual rate and is adjusted for seasonal variation.

In the steel industry the week consumer prices continues to mount, states "The Iron Age," national metalworking weekly.

The industry is up against a deadly combination of strong current demand, continued attempts to rebuild inventories, hea¬ving against a probable rise in steel prices in mid-year, and some heddling against steel labor trouble.

Export demand, already strong, will get stronger, it adds. Great Britain has lifted tariff duties on steel imports of urgently¬needed structural steels, and steel in the European countries are in similar straits, and they are buying every pound United States mills can spare.

Steel producers are now using so called defense-reserve facilities to hold boulder. These high cost melt shops are brought into play only when mills are hard-pressed to satisfy customer demand.

Although contending that consumer pressure is not so great in 1953, even conservative steel sales executives now admit that the market is good through August on the basis of orders on the books and the outlook for coming weeks.

In continuing, "The Iron Age" observes that it would not take much to convert the market into one that could be classed as run¬ning. The railroads might obtain operation is less than the previous quarter to bring deliveries into line with promises, declares this trade authority.

The production schedules are met this week, the industry may shelter the all-time record of 2,254,000 tons established in March, 1953, if it were flat-rolled, but the lag in deliveries has increased slightly included to include a broad list of products. This means that all the production is running 40 days. There is a possibility period to bring deliveries into line with promises, declares this trade authority.

In the automotive industry the past week the completion of the 3,000,000th United States car or truck of 1953 was marked by new weekly car and car-truck production records.

"We'd Automotive Reports" estimated the April 18-23 week's car-truck output at 42,341,000 units which, according to the peak of 203,282 hit March 26-April 2. Cars alone were pegged at 41,255,000, or 4.2% over the record 178,068 scored in the same period last year.

Some 30,800 truck erection were on tap last week to bring the 1953 cumulative total ahead of that for 1952 a year ago.

Continued on page 70

Announcing the formation

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The Commercial and Financial Chronicle . . . Thursday, April 23, 1953

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures
Getting Government Out of Business

By HOWARD R. HUGHES
Director of the Bureau of Budget, Washington, D. C.

Stressing the motive of getting government out of most of its hundred-odd business activities to the maximum extent possible, Budget Director Hughes enumerates the unessential businesses in which the Federal Government is now engaged. Says philosophy of Eisenhower Administration is based on: (1) the government should compete with or interfere with private enterprise; (2) that government in commercial or industrial activities should either be sold to taxpayers, and (3) the sale of government-commercial enterprises was done to reduce billions of dollars to the Treasury. Reviews recent Federal moves to get government out of business, and concludes that the best interest of the nation are in an unwarranted connection with business.

The Federal Government, in recent years, has been engaged in over a hundred business-type activities. These have included such diverse programs as the manufacture of rayon, petroleum, helicopters, rubber, lumber, electric power, sleeping bags, false teeth, spectators ice cream, railroad rolling stock, flags, paint, ammunition, clothing, magnesium alloys, ships, oil tankers, rail, air, and land transportation, port, trucking, blueprinting, insurance, warehousing, the operation of hotels and laundries, scrap processing in connection with retreading, coffee roasting, garbage collection, open market buying, furniture and typewriter repair, window washing, carpet cleaning, banking, salvaging, and salvage dealing. Indeed, the Government is, among other things, the largest electric power producer in the country, the largest insurer, the largest lender and the largest borrower, the largest hardware operation in the world, the largest shipowner, and the largest freight operator.

For a nation which is the citadel and the world's principal exponent of private enterprise and individual initiative, this is a rather amazing state of affairs. One would like to today is to describe in some detail the actual situation of the Government's business activities.

An address by Mr. Hughes before the 25th Annual Convention of the East Texas Chapter of Commerce, Longview, Texas, April 15, 1955.

observations... 

By A. WILFRED MAY

FUND POLICY IN A PROXY CONTEST

Involved as a serious long-term issue in that Montgomery Ward battle is the right of shareholders so that such shareholders could indicate how they wish their shares dealt with; the group questions the propriety of investment trust management voting all its shares for any one side unless directed by shareholders.

Fund management's reaction to this contention is interesting in highlighting the general reasons and the basic advantages of its functioning. "I doubt that the 122,000 shareholders of our Company would want us to bother them with all of the literature which has been mailed to the Ward shareholders, with a request that they read it and then tell us how to vote their interest in the shares we own," says Mr. Prankard. "Our shareholders expect the money they have invested in our Company to be managed for them. That is why they bought our shares. If they wished to manage their own investments, they undoubtedly would have bought individual securities, like stock of Montgomery Ward. One of the advantages of owning shares in an investment company like ours is that the management relieves the shareholders of many of the details that they would have in handling individual securities."

These functions, he points out, include decisions as to what, and when, to buy and sell, the weighting of any investment involved in the holding of a large number of stocks, and would include decisions as to how to vote at stockholders' meetings.

He asks whether it would not be just as logical for a Fund to poll its stockholders and not have them contemplate the purchase or sale of a security.

"I am sure our shareholders believe we are more competent than they to decide how to vote our 90,000 shares of Ward stock. We know the issues, we have all the information before us and we have talked to the principals on both sides. It is our responsibility to make the decision as to what will be in the best interests of our shareholders. We do not think we should evade our responsibility by asking our shareholders to decide what should be done," Mr. Prankard concluded.

Such are some of the less flamboyant and publicized ramifications of the companies a proxy contest can affect.
I believe that this discussion will provide some basis of understanding, particularly unease related to legal problems, and suggest solutions and means of correcting with such problems, as to promote and encourage sound municipal financial practices that will serve the public interest.

I hope in the time allotted to deal briefly with:

1. The importance of municipal bond underwriting.
2. Underwriting procedures.
3. Underwriting problems and suggestions.
4. Municipal bonds and underwriting by commercial banks.
5. Summary.

Terminology
It is always important to define certain terms in discussions and arguments that are particularly well suited for the terminology as applied to income bonds might conceivably have a different or limited meaning in this field. I will exclude special assessment bonds, tax notes, warrants and other temporary forms of borrowing, which, generally speaking, do not lend themselves to the usual underwriting process.

Municipal underwriting syndicates differ from the group of investment bankers associated to consider a new issue of municipal bonds to be offered for sale, to be underwritten by them at an agreed price, if and upon the sale of them for a satisfactory return to investors. To distribute them at a profit to the underwriters, I suggest that this is not always the successful task of either syndicate.

Investment banking is that broad field of financial primary concern, as determined by its capital, as distinguished from investment banking, which includes the receipt of deposits and making loans. It follows that underwriting syndicates, in the various phases of investment banking, are subject to the same regulations as investment bankers.

The Municipal and Financial Chronicle... Thursday, April 2, 1933

Municipal Underwriting Syndicates

By ALAN K. BROWN

Vice-Presick
Bank of America National Trust & Savings Association

West Coast investment banker, after deferring terminology used in municipal financing, points out the large volume of municipal bond underwriting and criticism. Giving suggestions and comments on underwriting problems, and discusses municipal revenue bond underwriting by commercial banks. While municipal underwriting syndicates, either directly or indirectly, and municipal bond dealers have performed a great public service in adequately financing needed public improvements. Stresses watchfulness to prevent speculation and provide fair play in underwriting.

The Importance of Municipal Bond Underwriting

Municipal bond business, as we like it to term it, is probably the most commendable work of bankers, in relation to the frater-
Principal and semi-annual interest (May 1 and November 1) payable at the office of the Treasurer of the State of California in Sacramento, California, or at the option of the holder at the office of any duly authorized agent of the State Treasurer, including the agent of the State Treasurer in New York City. Certificates bonds in denominations of $1,000,000 minimum as to both principal and interest.

Bonds maturing on or after November 1, 1977, are subject to redemption at the option of the State, or a whole or in part, on November 1, 1976, (but not prior thereto) and on any interest payment date thereafter, at the principal amount thereof and accrued interest thereon to date of redemption. Publication of notice of redemption shall be once a week for two weeks not less than 30 days nor more than 60 days prior to said date of redemption, in each of the San Francisco, Sacramento and Los Angeles, California. If less than all the bonds should be redeemed, they shall be called in inverse numerical order, the part so called not to exceed all the bonds maturing in any one year.

In the opinion of counsel, interest payable by the State upon its bonds is exempt from all present Federal and State of California personal income taxes under existing statutes, regulations and court decisions.

We believe these bonds will meet the requirements as legal investments for Savings Banks and Trust Funds in New York, California and certain other states and for Savings Banks in Massachusetts and Connecticut and will be eligible as security for deposits of public moneys in California.


Dated May 1, 1955

Due November 1, 1957-81, incl.

These bonds, to be issued for school purposes, in the opinion of counsel will be valid and legally binding general obligations of the State of California payable in accordance with their terms out of the General Fund of the State, and the faith and credit of the State of California is pledged for the punctual payment of both principal and interest. Under the enabling statute the State is obligated to collect annually, in the same manner and at the same time as other state revenue is collected, such sum as is required to pay principal and interest on the bonds as the same become due. The bonds were authorized by the electorate on November 4, 1952 for the purpose of providing aid for school construction in the State, the amounts thereof to be repaid, in whole or in part, by the districts receiving aid.

These bonds are offered when, as and if issued and received by us and subject to approval of legality by the Honorable Edward G. Brown, Attorney General of the State of California, and by Messrs. Orrick, Dathlon, Harrington & Saltzinger, Attorneys, San Francisco, California.

Amounts, Rates, Maturities and Yields or Prices

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*Books offering 1957-81 series in one or more installments from date of issue and after November 1, 1957, as directed herein. TICD in synergy.

April 28, 1955
American Telephone & Telegraph Corporation—Annual report—S. Whitney Landon, Secretary, American Telephone and Telegraph Corporation, 120 Broadway, Dept. C, New York 7, N. Y.

Bank of America—New folder—First California Company, 300 Montgomery Street, San Francisco 20, Calif.

Barber Oil—Data—Bruno, Nordenman & Co., 52 Wall Street, New York 3, N. Y. Also available is data on American Radiator and Canada Dry Ginger Ale.

Bird & Son—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 3, N. Y. Also available are analyses of Chesapeake Industries and Polarisoid Corp.


Continental Credit Corporation—Analysis—Crutten & Co., 209 South LaSalle Street, Chicago 4, III.

Continental Oil Company—Annual report—Dept. C, Continental Oil Company, Box 2197, Houston 1, Texas.

Dixie Steel Co.—Analysis—In current issue of "Weekly Stock Bulletin"—The Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashì, Chuo-ku, Tokyo, Japan. Also in the same bulletin a brief analysis of Nippon Beet Sugar Manufacturing.

Edison Mining & Uranium Corp.—Report—Copper & Co., 69 Broad Street, New York 4, N. Y. Also available is a report on Soduk Uranium & Mining Co., Inc.

(Thomas A.) Edison, Inc.—Annual report—Thomas A. Edison, Inc., West Orange, N. J.


Eric Railroad—Bulletin—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y. Also available is a bulletin on Southern Railway—single copy on request.


Iowa Southern Utilities—Review—Ing Haupt & Co., 111 Broadway, New York 6, N. Y. Also available are bulletins on Holsteof Hershy, American Machine & Foundry and Maine Power & Light Co.

Jones & Laughlin Steel Corp.—Memorandum—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

Lone Star Petroleum Cement—MEMORANDUM—Copper & Co., 69 Broad Street, New York 4, N. Y. Also available is a report on SodaK Uranium & Mining Co., Inc.

Loew's—Analysis—Bache & Co., 36 Wall Street, New York 5, N. Y.


Maine Exploration Company—Analysis—Leason & Co., 35 Broadway, New York 4, N. Y. Also available is a bulletin on Bonanza Uranium & Mining Co., Ltd.


National Home Corporation—Analysis—Kier, Cohn & Shul¬mar, Inc., Circle Tower, Indianapolis 4, Ind.

National Steel Corporation—Annual report—National Steel Corporation, Grant Building, Pittsburgh, Pa.

New York Capital Fund of Canada, Ltd.—Report—Carl M. Lockwood, 52 Wall Street, New York 5, N. Y.

Norriss-Thermador Corporation—Analysis—William R. Staats & Co., 640 South Spring Street, Los Angeles 15, Calif. Also available is a report on California Interstate Telephone Co.

Quaker State Oil Refining Corporation—Analysis—Bregman, Cummings & Co., 1810 Broadway, New York 5, N. Y.


Southern Production Co.—Memorandum—Henphill, Noyes & Co., 100 Federal Street, New York 4, N. Y.

Sylvania Electric Products—Data—Joseph Faroll & Co., 29 Broadway, New York 6, N. Y. Also in the same bulletin is data on National Equipment Corp.

Townmotor Corporation—Annual Report—Townmotor Corporation 1226 E. 152nd Street, Cleveland 10, Ohio.

Trinity Universal Insurance Co.—Analysis—Saunders & New¬man, 1717 Chestnut Street, Dallas 2, Texas.

Washington Steel Corp.—Memorandum — Fewell & Co., 453 South Spring Street, Los Angeles 13, Calif.

Wisconsin Central Railroad—Memorandum—Kinder & Pea¬body & Co., 17 Wall Street, New York 5, N. Y.

Wisconsin Central Railroad—Study of first 4's of 2004—S. Weinberg & Company, 60 Wall Street, New York 5, N. Y.


STANY Dinner to Attract Large Attendance

The Security Traders Association of New York, Inc. will hold its nineteenth annual reception and dinner at the Waldorf-Astoria Hotel, on Friday, April 28, at 6:30 p.m. 500 members and guests will be present.

Alfred F. Tisch, President, announced that among the guests expected to loo are members H. Adams, Paul R. Bowen and Anton H. Land, members of the Securities and Exchange Commission; Harold W. Scott, Chairman of the New York Stock Exchange; John J. Mann, Chairman of the New York Board of Trade; John W. Bunn, President, National Security Traders Association, Inc., and Robert H. Craft, Investment Bankers Association of America.

Also in attendance will be members of about 25 affiliations of the National Security Traders Association, Inc. and financial information. Eastern States and trade publications.

APRIL 25, 1955

COMING EVENTS

Investment Fund

April 25-26, 1955 (SL. Loest, Ms.)

6th Annual Convention of Midwest Group annual outing.

April 29, 1955 (New York City)


May 6-18, 1955 (New York City)

National Federation of Financial Analysts at the Hotel Commodore.

May 13, 1955 (Baltimore, Md.)

Baltimore Securities Dealers Association annual Spring outing at the Chesapeake Country Club of Maryland.

May 18-21, 1955 (White Sulphur Springs)

Investment Bankers Association Spring meeting of Board of Governors.

May 26, 1955 (Columbus, O.)

Columbus Stock and Bond Club annual outing at the Brook¬side Country Club.

June 5, 1955 (Memphis, Tenn.)

Memphis Securities Dealers Association annual outing at the Whitehaven Country Club.

June 10, 1955 (New York City)

Bond Club of New York annual field day at the Sleepy Hollow Country Club, Scarborough, N. Y.

June 15, 1955 (Detriot, Mich.)

Bond Club of Detroit annual women's outing at Plum Hollow Golf Club.

June 8, 1955 (New York City)

Macaulay-Brown Country Club annual outing at the conference on highway financing.

June 10, 1955 (New York City)

Municipal Bond Club of New York, Inc., annual outing at the Westchester Country Club and Beach Club, Rye, N. Y.

DEPENDABLE MARKETS

Brozner Securities Co., Ltd.

BONANZA OIL & MINING

New York 5, N. Y.


defending King.

DEPENDING MARKETS

Brozner, Singer & Co.

FROSTER, SINGER & CO.

HA: New York 5, N. Y.

Prime Markets

4200

74 Trinity Place, New York 6, N. Y.

NY 1-376

Brozner Securities Co., Ltd.

BONANZA OIL & MINING

Member NASD

Brozner and Dealer

Material and Consolidation

Japanese Stocks and Bonds without obligation

61 Broadway, New York 6, N. Y.

Telephone 61-4107

DEPENDING MARKETS

Dempsey-Tegeler & Co. & Co., Inc.

II. D. FRIEDMAN & CO. INC.

52 Broadway, New York 4, N. Y.

Telephone DPlay 4-6000

M. A. HANNA

The Commercial and Financial Chronicle . . . Thursday, April 23, 1955
The threats to sterling and to the stability of Britain's economy loom much larger now than they seemed only a few weeks ago, severely jolting the financial markets in the region to strong counter-measures. The monetary subsystem was called into question.

Fed. 24 the discount rate had increased from 3½ to 4½%, the Bank had raised the discount rate in four weeks and one that brings the rate to its highest level in almost 10 years. An important innovation was made in foreign exchange transactions with the Exchange Equalization Account in force to stabilize sterling and to prevent speculative attacks on the "cheap" sterling; and controls were imposed upon the movement of foreign exchange.

These dramatic moves, even though they were so quickly revisited, brought the pound up from its position below 1.40 to 1.50 to 1.55 at one time. Although the Bank of England had been forced to intervene in foreign exchange markets for "sterling" the gains were realized only by the exchange of credit and the exchange of credit and the exchange of credit and sterling. The gains were realized only by the exchange of credit and the exchange of credit and sterling. The gains were realized only by the exchange of credit and the exchange of credit and sterling. The gains were realized only by the exchange of credit and the exchange of credit and sterling. The gains were realized only by the exchange of credit and the exchange of credit and sterling. The gains were realized only by the exchange of credit and the exchange of credit and sterling. The gains were realized only by the exchange of credit and the exchange of credit and sterling. 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"Chiaroscurro"—or the Light and Shadows in the Economic World

By ARMAND G. ERPF

Partner, Cart M. Holloway & Co., Members, New York Stock Exchange

Mr. Erpf recounts the bright spots in business conditions and the stock market situation—chief among which are the sober policies of the Eisenhower Administration, the absence of speculation, and the shadows overhanging the market—Swiss menace and the Far Eastern situation. Finds money management, governmental guidance, multi-billion-dollar institutions, high government budgets and severe taxation are "but" approaches to this century rather than the Socialist barroom of public ownership of all means of production. Concludes there is too much concern about past years, and not enough faith in the future.

To looking for a subject for this discussion, I chanced upon an editorial from the "Financial News" of Canada. That was as follows:

"Anyone who has been around Wall Street of late will hardly recognize it. He finds it now not only a market booming, but a sober reappearance of the future and a new appreciation of the historic future. Wall Street, in short, seems to have accepted the Keynesian evolution and the facts of the present-day world."

"The new financial universe first projected by Keynes when he confronted a puzzled Roosevelt in 1933 is now really accepted in Wall Street so long as it is managed by the Democrats. Under the New Deal and the Fair Deal were widely regarded as an aberration, to be liquidated...

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

NEW ISSUE

150,000 Shares

Transcontinental Gas Pipe Line Corporation

Cumulative Preferred Stock, $4.90 Series

(Without Par Value—Stated Value $100 Per Share)

Price $100 Per Share

Plus accrued dividends from May 3, 1955

White, Weld & Co.

Stone & Webster Securities Corporation

Blyth & Co., Inc.

Eastman Dillon & Co.

The First Boston Corporation

Glore, Fergus & Co.

Goldman, Sachs & Co.

Harriman Ripley & Co.

Kidder, Peabody & Co.

Lehman Brothers

Merrill Lynch, Pierce, Fenner & Beane

Paine, Webber, Jackson & Curtis

Smith, Barney & Co.

Union Securities Corporation

April 21, 1955

The management of the money, the Government analyzes continuous governmental intervention in the gross national product from which it is estimated would be needed where weaknesses may be developing which would necessitate intervention is being provided. The result was not available in the halcyon days of 1933.

National and local budgets, coming to $90 billion or four-fifths of our total budget, are now in the deficit area, and while there to stay, the experts predict that we will go up as the armament component of the total budget is increased to ward off the state of the state of the world, while the requirements of our society put on the way of inflationary trends, and the revamping of our cities, which no longer function efficiently, will all take huge quantities of public expenditures. It is likely to believe that in a complicated, highly advanced society, private individuals or private enterprise alone can provide for the needs of society, including projects to be amortized over half a century and longer. This can only be done by public bodies through by the instrumentality of taxation.

Our society today is moved from agrarianism to mass manufacture and now to the high by complicated scientific industries. The material progress has been far from the 19th Century's petty bourgeois capitalism. The huge public expenditures, including social institutions are new to this world and mesh in with Keynesian economic and fiscal doctrines. These appear so new and therefore rather difficult to people who have been brought up by school teachers who have been taught that the government has in the tenets of two to three generations ago and that is now being moved so rapidly, or perhaps we should say that the world is being shaped to two World Wars, a cataclysmic economic and social breakdown, and along with the revolution that has swept two or the largest countries of the world.

Taxation has been developed to a fine art. The technique of taxes and particularly progressive income taxation, much to our personal discomfort, is a routine by which the income of the masses is measured and partially to equate their consumptive ability with the great productive potential. It is therefore in the national means to finance the vast public budget by the ability principle which modern society could scarcely function. All these laws of management, governmental guidance, the multi-billion dollar institutions, high government budgets, and severe taxation, are approaches to this century rather than the socialist barroom of public ownership of all means of production. In France there was a large movement toward public ownership and yet that society is lagging and perhaps deteriorating because the welfare of the masses is lagging. Capitalism lies not in the socialist schemes of the last century but more along the techniques which we have been using here so vigilantly and so far quite competently. In England the clock has moved completely around into many and out of Fabian socialism. Socialism is an inadequate weapon to achieve full employment and dynamism in society, with the preservation of equality.

We should be proud of having made the first step toward releasing the outer edges and forces of this century to modern corporate techniques. The role of government in the welfare of the country is not the problem of corporate business and the techniques of government have been combined to our advantage. We have a fair chance of even lowering this in the foreseeable future, pensions, increased vacations, con-
Securities Salesman's Corner

By JOHN DUTTON

"The World's Largest Market Gets Bigger"

The foregoing caption is the title of the article starting on the cover page of this issue of the "Chronicle" dealing with, of course, the vast Over-the-Counter market. This excellent presentation once again illustrates the high quality and investment character of the securities available in the unlisted market. More and more dealers are now taking advantage of the opportunities that abound in the Over-the-Counter market, has had its telling effect and created widespread interest in "unlisted." Another Reprint Available

As is well known, thousands of reprints of last year's "Chronicle" presentations were mailed by broker-dealers to their clients and investors. In light of the fact that the task is still a long way from being completed; hence this special reprinted presentation is also made available to subscribers of the "Chronicle." Reprints of this will be available at a cost of 25c each in lots from 1 to 199, and 1 each in greater quantities. The list of over-the-counter dividend payers from 5 to 170 years alone makes interesting reading, and the information pertaining to this market is presented in a manner that even the most unsophisticated investor can understand.

This excellent sales promotion literature is being made available by the "Chronicle" as hereforein in an attractive pamphlet which fits neatly in a Number 10 envelope. "Compliments of" and the dealer's name in the line below is imprinted in the space provided for this purpose when 100 copies or more are ordered.

Advertising the Product

Using a double return card, or a newspaper advertisement, copy along this line might be productive of interested inquiries.

"The World's Largest Market Gets Bigger"

Send for a free list of sound, growing unlisted companies whose common stocks have paid cash dividends consecutively for 5 to 170 years. A fine booklet for the "World's Largest Market Gets Bigger" will be sent you on request with no obligation, of course.

BLANK & CO.

Telephone or mail coupon below for your free copy

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Main Street, Anytown, U. S.

Without cost or obligation please mail me a copy of your pamphlet on "The World's Largest Market Gets Bigger," containing data on unlisted stocks that have paid consecutive cash dividends from 5 to 170 years.

Name.
Address.

Why Advertise?

To advertise this booklet should be sent to all clients, and it should be advertised in the newspapers for the simple reason that it will break down sales resistance against unlisted securities. Every day that you pander to your potential clients and investors are faced with the unnecessary burden of explaining and apologizing for the fact that some security they may be offering is unlisted. If you will only look around and see the opportunities for capital growth that have gone across your trading desk and now reside in the past 10 to 15 years in the unlisted market, you will be no doubt in your mind that something positive should be done to continuous investors of this country to point out the fact that one of the most important areas for capital growth, income, and for the location of sound conservative investments is in the unlisted market.

The "Chronicle" Is Taking the Lead In This

In my opinion, too much cannot be done to bring the facts contained in the "Chronicle" articles before the public. The unlisted stock is still on the defensive when it goes out to compete for the investor's dollar merely because up to now no concerted effort has been made to educate the public on the attractive investments available in the Over-the-Counter Market. But this should not be so because the unlisted market is not just a place where cats and dogs are traded—yet too many people seem to think it is so.

The only way to overcome investor apathy toward securities traded in the Over-the-Counter Market is to mail such literature as this "Chronicle" article to your customers—advertise this article in the newspapers and send it out to prospective clients—and if you will look carefully at the advertisements in the newspapers along this line you will find affirmative advertising about unlisted securities in your local papers and make it a cooperative effort backed up by several of the leading firms in your community. Once a remarkable jobs of "hiding light under a bushel" I have ever seen, is the leading the investment business has neglected to inform the public that some of the most important firms in America have their stocks traded over-the-counter; that most of the best growth situations in America are traded over-the-counter; and for yield, comparative security, and breadth of choice it is the Over-the-Counter Market that offers the investor the largest stock market in the world. Yes, larger than the New York Stock Exchange, the American Exchange and all the regional exchanges.

Your customers should know these interesting facts. Won't this help your salesmen to do more business with less resistance?

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of their securities. The offering is made only by the Prospectus.

NEW ISSUE

Pacific Northwest Pipeline Corporation

$17,220,000
51/2% Interim Notes, due June 1, 1957
Payable at maturity at Company's option by delivery of one share of Cumulative Preferred Stock, $50.00 par value, for each $50 principal amount of $51/2% Interim Notes.

287,000 Shares Common Stock
(Par Value $1 per share)

Offered in units each consisting of one 51/2% Interim Note ($60 principal amount) and one share of Common Stock, which will not be separately transferable until August 31, 1955.

Price $72 Per Unit
Plus accrued interest on the Notes from March 1, 1955

Copies of the Prospectus may be obtained in any State in which this announcement is circulated from any of the undersigned, including the underwriters, as may legally offer these securities in compliance with the securities laws of such State.

White, Weld & Co.

Kidder, Peabody & Co. The Dominion Securities Corporation Union Securities Corporation


Goldman, Sachs & Co. Harriman Ripley & Co. Lazard Frères & Co. Lehman Brothers

Merrill Lynch, Pierce, Fenner & Beane Pacific Northwest Company

Paine, Webber, Jackson & Curtis

Smith, Barney & Co.

Stone & Webster Securities Corporation

April 28, 1955

These Bonds and Notes have not been and are not being offered to the public. This advertisement appears as a matter of record only.

Pacific Northwest Pipeline Corporation

$93,200,000 First Mortgage Pipeline Bonds, 41/4% Series due 1975

$26,800,000 31/2% Unsecured Notes to Banks, due serially from 1958 to 1962

Agreements relating to the purchase of the Bonds and to the raising of the funds were negotiated for the Company by the underwriters.

White, Weld & Co.

Kidder, Peabody & Co. The Dominion Securities Corporation Union Securities Corporation

April 28, 1955.
The Stock Market
And The Public Debt
By ROBERT B. BLYTH
Assistant to the Secretary of the Treasury
Formerly Vice-President and Senior Investment Officer
National City Bank of Cleveland, Ohio

Mr. Blyth, in discussing the Administration's fiscal and monetary policies, stresses need of cautious debt management and points out progress already made in curbing short-term debt into longer-term maturities. Points out importance of sound public debt management to the stock market. Warns against too rapid rise in stock market values, but contends recent advances are due to renewed confidence in the economy. Says outlook is for increased common stock financing, and concludes, just as sound debt management can contribute to economic progress, a healthy stock market can also contribute to a well-balanced free enterprise system.

I know the importance of the function that the brokers of this country perform in maintaining a smoothly functioning secondary financial market. This secondary market provides the necessary background for the broad capital market on which business and industry must rely as a source of new capital, and it permits the free movement of capital which is essential in our dynamic free enterprise society.

In my own work, until my recent move to Washington, I have had a great deal of responsibility in the field of common stock investments. I have a great respect for what intelligent investment in common stock can do for an individual.

I come by my interest in common stocks naturally, for my father, who is a Congregational Minister, and who had five children, both of whom and educate, almost always managed to have some dollars to invest, and practically always had those dollars invested in American Industry. As a matter of fact, the persistent accumulation of the small savings that a minister's salary permits, and their careful investment in common stocks, has done very well by him, and although retired, he is now free of any real financial worry. I am sure that the basic motive behind his investment was a faith in the future of this country, and in my opinion, it is that same faith that should be the primary motive behind all common stock investment.

I emphasize that reason for investing in common stocks because I have always felt that the inflation argument for buying common stocks, which is the argument I have heard advanced more frequently than any other.

One of the reasons that I am very happy to serve a term in the Treasury Department is to help, as far as it is possible, prevent inflation. I have never thought the inflation argument for common stock investment was a very good argument anyway. The long-term period is not particularly support its validity. Experience with inflation has been largely associated with wars. If the period of war were properly preserved, it should be "buy stocks because of possibility of war.

In place of this inflation argument, this Administration is dedicated to the creation of an environment in which businesses and individuals alike can plan their future without being haunted by the fear of inflation. I believe you can much more safely preach the virtues of common stock investment in such conditions.

In the past, the threat of inflation has been constant with us. We have seen a running battle for years against rising costs and the productive forces of industry and agriculture, and in the 30's, for example, created the base for an almost unlimited expansion of credit through earning the price of gold, and by establishing large idle reserves in the banking system. The other facts, agriculture, on the other hand, have battled strongly to produce sufficient goods to meet the needs of the economy.

In judging the peculiar productive genius of American industry in the battle. In time of war, in the absence of forcible monetary action and any threat of a balanced budget, forced concentration, compulsory precaution and limitation on civilian production have turned the tide of battle to the forces of inflation. It is hard to describe our economy today. We are without war and hence there is no shaming going on.

Nevertheless, the economy is spending substantially more dollars for defense than in any previous peacetime period. As a result of this situation, we have a very delicate balance in our economy between the forces of inflation and deflation. Fortunately, the present Administration is alert to this situation and has encouraged the Federal Reserve System to take independent action in the control of credit and has itself taken active control in the flow of goods and money in order to hold the value of the dollar.

Flexible Monetary Policy Favorable

In the Administration believes in the flexible monetary policies that the Federal Reserve has used in the last two years, designed as they were to restrain the economic expansion and stimulate its use in 1954. This Administration believes that was to encourage the use of credit last year because with the banking system, because the economy is so strong that it is going to need that stimulus. Under present conditions, deflationary developments in the price of goods and services will primarily determine the course of the money market. If economic expansion moves ahead too rapidly, credit restrictions will develop largely on the natural forces, although ample credit will be available for normal growth. The Administration's policy is to promote the normal, long-term growth of the country, and we believe that the policies of the past year have had a constructive impact.

In the field of fiscal management, the affairs of this country, we are making considerable progress. As you are all aware, when this Administration came Continued on page 12.
New Developments in Electronics and Transportation

By MALCOLM P. FERGUSON
President, Bendix Aviation Corporation

Executive of prominent aviation corporation, in stressing the expanding role of electronics, reveals importance of application of radar and other electronic devices in aviation, guided missiles, and other devices. Points usefulness of electronics in weather forecasting and in "ultra-vision," which continuously senses the minute change in viscosity of a fluid. Denies, because of electronics, the value of the "sighting" system, and describes the new industrial mechanism understood by millions whose lives and future are bound up with its progress.

For the last couple of years it has become quite evident to any investor who has been keeping abreast of the news what a tremendous excitement this excites. Some idea of the range of human problems involved is best indicated by the price tag—the first fixed radar installation cost about $1,000,000 each. Even today, in volume, the drilling of a single factory in the range of $300,000 each.

I can hardly talk about electronics without mentioning that there is also a great deal of trepidation. About thirty years ago the incandescent lamp was on the market and it was hardly heard of. There were also manufacturing plants producing what we would call telephone relays. The same can be said for the vacuum tube, the electric-eye door openers, tape recording machines and many other similar devices. I do not suggest that you must list the commercial importance of these items, but not as an entertainment medium, but as an indispensable factor in all commercial, military, and private flying. And I think you might be surprised to know that you were able to catalogue the amount of electronic tests and experiments made in World War I. Radar did play an important role in the defensive Air Battle of Britain, but Battle of Britain I come down as an air war was far back in the ground by the time our forces established new air defense bases in the drive on Berlin.

The fleets of bombers that carried the brunt of the Nazi power to its knees, could not have operated under adverse weather conditions without radar flight control.

In civil work, cloth work, the form of radar in use most extensively is the use of GCA, or ground-controlled approach radar. A new version of the type that has been made standard by the Civil Aeronautics Administration is used in parts of the country, and soon all our principal city airports will be so equipped.

This new radar will practically eliminate the delays due to fog and other instrument flight conditions.

Hitler, radar operators seeing the "spit" of a dozen aircraft simultaneously on their screens have had to call for specific maneuvers for positive identification of any one of the planes. But the new system we are producing, called "operation progress," worked out with the CAA in cooperation, is a system of instruments automatically "draws a line" on the screen, spotting the plane concerned. The development is called "video mapping" electronic mapping. The lines are shown on the ground operator's radarscope showing bearings, distances, runway and proper flight paths.

This new airport equipment is being tested by having the pilot to land any aircraft equipped for normal instrument flight "re-routed" through an operation completely blind. Used to control and equipment express airplanes to the airport, it will permit landings in any conditions. Any one minute during periods of minimum weather conditions.

...continued on page 68
Subscription Television Will Serve the Public Interest

By MILLARD C. FAUGT*

Economic Consultant to the Zenith Radio Corporation

Stating subscription television is a step forward in its progress, and is in the public interest, Dr. Faught holds it will supplement and not replace sponsored programs on TV. To be successful, subscription TV programs will have to be worth their price in the market place, since they must compete with the regular channels. Holding subscription TV will make it possible for small stations to compete with powerful stations.

Subscription television is an unprecedented, complex and controversial subject. It is an important subject, because television itself has already become a powerful, dynamic and fascinating factor in American life—and subscription television can make it even more important.

We are so vitally interested in television's mass education role which bespeaks an obvious and exciting fact which everybody senses. They are all sure that there is far more to this miracle of television still coming, and they want it to be heard—now.

Being the gadget-loving, progress-minded people they are, Americans want to see the whole bouquet of television. They want more stations, successful programming, more over-the-counter products such as clocks, record players, service in big cities, small towns and even way out yonder. They want more programs and more kinds of programs. And especially do they want more of the really outstanding programs that they know could be on television, because they have seen just a few samples—the good movies, the current Broadway plays, the championship fights and a lot of other things that people would know make television the envious substitute for movies and radio. Just ask the lie—they'll tell you what they want and want it now.

And they don't want excuses—especially not complicated explanations about rate cards versus circulation or the incompatibility of UHF and VHF. The public wants more and better TV P.D.O.

So one thing is for sure—television can't stand still. But further progress is affected with the public interest in mind. The Zenith Corporation, for instance, has strongly sought the public interest.

Now we who advocate the early and effective use of subscription television, has been a stand still at least at it's mighty hard to believe that we can help all of television accelerate its forward progress. And by having a publicly held company in the community which the FCC has required to show what subscription TV service will serve the public interest.

Most of us, when we look forward to showing the public, and all interested parties, what subscription TV service can do in actual use. We will be more than satisfied to find that the public approves the acid test of public acceptance under the condition they ask no favors beyond a fair share in the tough competitive market places and that the public's choice to accept or reject translates the public interest into reality.

I won't go into the gaudy detail of how subscription TV won because we at Zenith are looking forward to showing how it works when we have all of our Phonovision equipment in place. Washington for the FCC's examination.

We know it works. We've spent 14 years and millions of dollars making something dogone sure it works—and not just for the high-pressure' ordinary TV reception is possible. A non-sponsor Phonovision decoder will not interfere in any way with your favorite TV set. The minuscule for subscription television is one problem we have solved and we have done it. Phonovision proved itself and we are ready.

What Subscription Television Can Do

Now let's talk about what it can have to offer the public interest—because that is the basic issue.

First, let me clear away some under-brush with which our opponents are trying to hide the trees. At least do us the service of emphasizing that our new gadget will be a powerful force for action. We are all in full agreement that some fears may have our modest claims seem kind of low-pressure.

For instance, the public is going to "take over" television, even though it is not a lot of expensive gadgets with which people will have to pay to use subscription TV programs provided by sponsors. This being the case, the public will not compete with stations in States and not Russla, I guess that much is already discussed.

Meantime, as the descendant of a long line of Scotch horse-traders, I am a great believer in paying my way, which I'm sure applies to television, notwithstanding somebody can sell something that another fellow is giving away, especially on an installment plan.

I take that fact to mean that the greatest test of subscription television is that it will have to be different from or better than sponsored television programs. In fact, subscription programs will have to compete for public acceptance, not only with other television programs, but also to all the other attractions for which people now pay to see outside the home. It is a fact that ordinary TV shows will have to be worth their price, and that the advertising of the public—of the American economic weight and power—will be used for what kind of subscription TV programs. If a program is not more stimulating to better products, it is not going to be seen. And the consuming public—the king in the American economic world—will not be fooled by any FCC, or other action for which people now pay to see outside the home. It is a fact that ordinary TV shows will have to be worth their price, and that the consuming public—the king in the American economic world—will not be fooled by any FCC, or other action for which people now pay to see outside the home.

I personally am convinced, however, from studying the way people now spend their time and money budgets, that the television family will watch at least 10 sponsored programs in an average week for every one they buy on subscription TV. We will be delighted if the average family "buys" worth $2 worth of subscription TV programs, considering the consistently high cost of television sets. We want to provide in order to justify even this amount of subscription TV. The public is from such a prospect that, on the average, they will have to put up to supply shows greater than the amount of the time free. We think the competition of the market U. S. A. can't. Neither the advertisers nor the TV manufacturers have anything to fear on that account. There will be more subscription television programs.

And let me add, there are some very good reasons why we think subscription TV will help make TV an even better advertising medium, one that will provide still more and better sponsored programs.

First, the added subscription service will give TV the increased revenue. That everything that in TV would have increased. It will increase more stations economically possible in many more towns and cities. Moreover, the added program variety and quality will give more people more reasons to buy and watch television. And we therefore increase both the stations and the ads in it. This provides the kind of truly nationwide TV service which is the only way you can compete in the industry and the public.

Second, the doubt is the validity of the idea that the audience for a subscription program will not be available for a sponsored show. I mean, let's see what TV audience is now. Once the Jones family goes out to the movies tonight, they'll be "lost" to the TV audience for four or five hours. In the future it will take them one hour, or 90 minutes at the most, to decide whether to buy movie on TV. By comparison with the present, the Jones family will be saved to watch more sponsored TV, plus several dollars saved, as a result of the bargain price of the subscription TV movie service at home—to spend perhaps on advertised products.

This illustrates, to my mind, one of the most fundamentally important aspects of subscription television—it will give us more tremendous new electronic-age efficiency, and a way to spend their leisure time and recreation dollars wisely and outside the home. They will quickly learn to use it wisely and profitably.

We are keenly aware that TV has some dark sponsored programs. Some programs have commercials that from us we'll probably have some even better ones. We wouldn't be fools to think we could get the public to pay for "I Love Lucy" when all we could offer them was free. We have no illusions by any stretch of the imagination that subscription television those things which are not put on because the public doesn't want

202,547 Shares

Bridgewater Brass Company

4% Cumulative Preferred Stock

$50 Par Value

This is not an offering of shares but an offer to sell, or an offer to buy, or an offer to sell to any of such stock to the public. This prospectus has not been approved by the Securities and Exchange Commission for sale or distribution in any state or locality. The foregoing is made only to the Persons.

202,547 Shares

Bridgeport Brass Company

4 1/4% Cumulative Preferred Stock

$50 Par Value

*Sales, resale, and subscription rates cannot be paid for what kind of subscription TV programs. If a program is not more stimulating to better products, it is not going to be seen.

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The Commercial and Financial Chronicle . . . Thursday, April 23, 1953

White River Propane Gas Company, Incorporated

$400,000 6% Convertible Debentures

Due April 1, 1955

PRICE: 100%; Plus Accrued Interest

50,000 Shares Common Stock

Price: $6 Per Share

Underwriter

EISELE & KING, LIBAIRE, STOUT & CO. (Established 1860)

Members of New York Stock Exchange — Members of American Stock Exchange

50 Broadway

New York 4, N.Y.

April 24, 1953

This is not an offering of shares but an offer to sell, or an offer to buy, or an offer to sell to any of such stock to the public. This prospectus has not been approved by the Securities and Exchange Commission for sale or distribution in any state or locality. The foregoing is made only to the Persons.

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4 1/4% Cumulative Preferred Stock

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Fallacies of Proponents of Subscription TV

By ALFRED STARR
Managing Partner, Bijou Amusement Co., Nashville, Tenn.
Ohio Bell Telephone Co. v. Pay-Television, Inc.

Mr. Starr presents arguments against subscription television. Says public would have to bear the cost of the service. Says subscription television does not offer a new service, but merely substitutes for broadcast. Says F.C.C. has warned if a Program is successful, it will reduce the power of advertisers to influence the public, and may even affect the Federal revenue from the 10% amusement tax. Says subscription television would mean goodbye to fair competition.

You are no doubt aware that there are three different systems competing for front running in the development of subscription television. They are being promoted by paten and each one is jockeying for favor in this contest for Federal Communications Commission favor. They are (1) Pay-to-See television promoted by Zenith; (2) Tele- vision accepted by most viewers. The F.C.C. is expected to accept both. The Federal Communications Commission has decided that it will issue licenses to as many as three systems going to be licensees, at least that is what the proponents hold. It is quite possible that the owners of the three systems will vote to have the three pay-television systems enter into the competitive fight. Three different systems are going to be licensees, at least that is what the proponents hold. It is quite possible that the owners of the three systems will vote to have the three pay-television systems enter into the competitive fight.

The proponents of Pay-to-See television have been selling the public a service, a broadening of broadcast television. They are in the broadcast television. This is not new. They merely offer the substitution of a toll program for a program that they believe is inferior. It is not new. It is a matter of record. The public will not pay for the program or the broadcast television. The networks will not pay for the program or the broadcast television. The public has no interest in this matter. The public, come up with a charge of a billion dollars just to get ready to pay for the subscription television.

Baron on Public

Obviously no patent license can undertake an investment of this size, even if rentals rather than sales were contemplated. Likewise, no subscription television stations can undertake this sort of investment. The public must bear this terrific cost of entry, and the profit from sales (and new devices) is just around the corner.

Color television is an accepted and proven fact, yet the public has been slow to purchase the sets because of the economic factors. Why? Because the public is not in a position to spend more money at this time in order to pay for high-priced television sets. It has been estimated that $1 billion worth of television sets will be sold this year, and over 50% of these sets will be sold to families with annual incomes of less than $1,000. We have yet to see how the public will react to any set of television programs sold on time payments.

Those families who bought their first television sets in the "making of the market" period are an exception to this rule. They are likely to purchase another television set when they have the money to do it. In 1943, all families who bought their first television sets and now own sets on time payments.

Either, that is, unless every desirable program is taken out of the free category and put in the subscription television category of the program list. If we think Senator Schoepplc himself would be the first to oppose such a plan. Any form of subscription television in a one-station city is unthinkable. It would be completely blasting out the non-paying set owners during the hours in which subscription programs were shown. It is easy to see that No Fee—No television is pre-emptive in a one-station town, and I think it can be shown very easily that it is pre-emptive in a multi-station television town as well. Let us imagine an intermixed market of these licensees, two of them VHF and the other UHF. The VHF stations are to transmit three leading networks and are doing well financially. The UHF stations are losing money, and this is the station licensed by the F.C.C. for pay-television on a limited basis, say from 8 p.m. to 11 p.m. on Sundays and Fridays.

F. C. C. Concerned

Now if the Pay program is successful, if it attracts a large audience and we are not concerned with it at all if it is not successful. Then there are two groups of viewers from the advertiser-sponsored programs who will be affected: (1) the advertisers who will not sponsor competitive programs; immediately the other two stations will petition the F.C.C. for a non-discriminatory basis.

The F.C.C. will have no reason whatever, either legal, moral, or practical, for refusing to grant a non-discriminatory basis.

Nothing New Added

The proponents of Pay-to-See television are trying to sell a new service, a broadening of broadcast television. This is not new. True. They merely offer the substitution of a toll program for a program that they believe is inferior. It is not new. It is a matter of record. The public will not pay for the program or the broadcast television. The networks will not pay for the program or the broadcast television. The public has no interest in this matter. The public, come up with a charge of a billion dollars just to get ready to pay for the subscription television.

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Opponent's Point

My opponent might point out here that the subscription concept is certain to be firmly established in this country, and that the Commission in its Notice of Proposed Rule Making, filed Feb. 11, posed as one of the issues relating to public interest, convenience and necessity as to whether the commission should require that the following provisions be included in the order of the Commission's approval of pay-television. The F.C.C. is expected to accept both. The Federal Communications Commission has decided that it will issue licenses to as many as three systems going to be licensees, at least that is what the proponents hold. It is quite possible that the owners of the three systems will vote to have the three pay-television systems enter into the competitive fight.

The proponents of Pay-to-See television have been selling the public a service, a broadening of broadcast television. This is not new. True. They merely offer the substitution of a toll program for a program that they believe is inferior. It is not new. It is a matter of record. The public will not pay for the program or the broadcast television. The networks will not pay for the program or the broadcast television. The public has no interest in this matter. The public, come up with a charge of a billion dollars just to get ready to pay for the subscription television.
Customers' Brokers Elect New President

Armand E. Fontaine of Merrill Lynch, Pierce, Fenner & Beane succeeds Edward S. Wilson of Halgarten & Co. at election in New York City on April 20. Other officers in

On April 20, in New York City, the National Association of Customers' Brokers elected Armand E. Fontaine of Merrill Lynch, Pierce, Fenner & Beane as President. He succeeds Edward S. Wilson of Halgarten & Co. Other officers elected were James B. Coordin of Harris Upham & Company, Chicago, (Vice-President); Albert J. Chief of Bach & Company, Detroit (Secretary); and Edward S. Wilson of Halgarten & Co., New York (Treasurer).

In an address which accompanied his installation as President of the Association, Mr. Fontaine declared that "there is a speculative outburst of serious extent in the mortgage market, the capital gains tax will be one of the principal culprits. The market prices of other markets, are governed by the laws of supply and demand, and the condition is creating a reluctance to sell, has evidenced a reduction of mortgage. Hence we have seen some radical upward moves in the 'blue chip' mortgages popular with the public. Mr. Fontaine stated. "In 1946 our Association pointed out that the capital gains tax and the 100% margin deposit. This has caused investors holding on to their securities (thereby assisting an outburst of speculation), were not wished to avoid paying a tax on their gains, but also because if they had purchased securities on margin they would not be able to claim that status.

"Further, by reducing the number of sales that might be made when values yet out of line, the present capital gains tax does produce as much revenue for the government as might be obtained if the rate were raised to 12½% and the holding period to three months. We estimated that in 1952 an additional $200 to $300 million would have been collected if these changes had been made in 1954 for the amount collected in some of the mortgage market's holdings the capital gains tax will be one of the principal culprits. The market prices of other markets are governed by the laws of supply and demand, and the condition is creating a reluctance to sell, has evidenced a reduction of mortgage. Hence we have seen some radical upward moves in the 'blue chip' mortgages popular with the public. Mr. Fontaine stated. "In 1946 our Association pointed out that the capital gains tax and the 100% margin deposit. This has caused investors holding on to their securities (thereby assisting an outburst of speculation), were not wished to avoid paying a tax on their gains, but also because if they had purchased securities on margin they would not be able to claim that status.

"Further, by reducing the number of sales that might be made when values yet out of line, the present capital gains tax does produce as much revenue for the government as might be obtained if the rate were raised to 12½% and the holding period to three months. We estimated that in 1952 an additional $200 to $300 million would have been collected if these changes had been made in 1954 for the amount collected in some of the mortgage market. Our Association is constantly striving to improve the standards of professional training through better teaching of the principles of investment and educational forums for its members. We, who serve and advise the accounts of the investing public, are fully aware of our responsibilities. We realize that at this level of the market our advice must be along sound investment lines. We have confidence in the strong growth of our country and its continued prosperity under our system of free enterprise.

"One of the greatest handicaps to proper handling of accounts is the influence of the capital gains tax, in affecting decisions to sell. A poll of our members several years ago revealed that over 80% of them had shares which were either not to sell were governed by the capital gains tax. Initiating another poll along these lines of this year we find that the percentage will be even higher today," Mr. Fontaine continued.

"Internal Fiscal Operations

WASHINGTON, D.C.—International Fiscal Corporation is engaging in a securities business to fund Public Works. N. H. W. E. Eisenhower is a principal of the firm.

Invitation for Tenders to the Holders of The Baltimore and Ohio Railroad Company Refunding and General Mortgage Bonds Series G, 5%, due December 1, 1995 Series J, 6%, due December 1, 1995 Series K, 5%, due March 1, 2000

The Baltimore and Ohio Railroad Company has arranged for the sale, for the aggregate sum of $34,000,000 of certain securities pledged with the Trustee of the Company's Trust under the bonds of Baltimore and Ohio Railroad Company and General Mortgage Bonds, in such proportions of one or more series as the Company may determine.

Refunding and General Mortgage Bonds. The net proceeds of the sale will be applied for the purpose of refunding outstanding bonds of the Refunding and General Mortgage Bonds, and in such proportions of one or more series as the Company may determine. The refunding bond will be issued in the name of the Trustee of the Company, to hold and invest the proceeds of the sale, and to operate the sinking fund as required by the Act of Congress. The refunding bond will be issued in the name of the Trustee of the Company, to hold and invest the proceeds of the sale, and to operate the sinking fund as required by the Act of Congress.

All tenders to purchase this note must be accompanied by the bonds tendered in negotiable form and presented to The Hanover Bank, 70 Broadway, New York 15, New York, Trustee.

Forms of Tender may be obtained at the office of the Trustee specified above.

The Baltimore and Ohio Railroad Company Refunding and General Mortgage Bonds Series G, 5%, due December 1, 1995 Series J, 6%, due December 1, 1995 Series K, 5%, due March 1, 2000

Aircrafts generally were still in a bit of trouble but pinpoint buying enabled an issue here to run up and the trend successfully even during the dour moments. United Aircraft, for instance, was able to carve out a good gain even during the dour period. Rohr and Chance Vought were showing up a bit prominently on the casualty side.

For all the latter except Chance Vought, the 1955 lows are within far easier reach currently than the highs seen a couple of months back.

Chemical issues at least momentarily have ended their former doubts systematically with an explosive performance of some sizable gains. This included a runup of a handful of points in DuPont which was enough to carry it to a new high with conviction, while Spence Chemical followed it into new high ground with equal vigor. Even the long-dormant Allied Chemical was able at times to show up with a plus sign indicating some determination.

Lag in Atomic Energy Issues

Defense and so-called atomic energy issues were far from the limelight, and in this market, the Atomic Energy Commission became general that the benefits fit to both, at least from a near-term basis, were cloudy. Robert McNamara, Defense Secretary, recently in the weeks plan to build a nuclear-powered merchant ship were met with considerable enthusiasm, but to the world gave a temporary popularity to the atomic and shipbuilding issues but it quickly faded from view. General Precision Equipment showed a distinct ability to hold its own, and that was sufficient. Electronic video issues, which have been undisturbed for some time, were more than most major groups except possibly the textiles, offered one candidate to the limelight. The announcement of Zenith Radio was informed that a higher dividend was in process, which was followed by a concrete action a couple of hours later. Its new high was a distinct rarity in the TV group, and even though the test was somewhat blunted by rather rapid profit-taking.

Paper and paper products shares had their moments of popularity and for several it was translated into appearance on the new high lists. Especially prominent were International Paper and Dixie Cup which joined the sprinters on occasion and ran ahead with the best of them. Two of the newer listed issues in this group. Oxford Paper and Carbonless Paper. Paper was a bit hesitant at joining in the strength, possibly because their operations are still
little-known among the lay investors.

There was no dearth of specialties able to share in the market's buoyant moments, notably Diamond Match, Minneapolis Honeywell Register, Hilton Hotels, Dobeckman, Caterpillar Tractor and Armstrong Cork, most of them nudging their highs up the ladder when the demand was considerable. At the low-priced end of the list Childs emerged on activity and was distinugished in its ability to post a new peak while Hal-lander furnished the sick note with a new low. Avco more times than not was one of the more active issues without especially significant price action while Libby-McNeil & Libby, which has been in de-
demand and featuring on strength did an about-face and put a couple of sinking spells together.

 Chrysler continued to pace the auto makers even in the face of an uncertain future over how long the breakneck produc-
tion schedule can be maintained. Chrysler, having been unfeed depressed through its poor competitive performance last year, naturally furnished a logical play for motor-
minded investors since the comparisons this year will be highly favorable. One of Chrysler's la premier suppliers, Morgan Wheel, was also in enough demand to match Chrysler's feat of racking up more highs. Electric Auto-Lite, long rumored without con-
firmation as a mergar candiate, with Chrysler, did little with the price of its stock rumor seemingly worn out.

Metals Scrambled

Among the non-ferrous metals producers a game was a bit scrambled. Reynolds Metals alternated good strength with sizable losses, doing little to threaten its year's top which is close by. Copper were on the easier side on the whole, Magna and Red Copper suffering somewhat more prominently at times than the others. Anaconda was a bit more heavily played on the rumor seemingly worn out.

Psychologically, a rather widespread game was going on as to whether the list will have to go through a setback next month or June — with reasons for selecting particular dates rather vague —kept the Street wary.

It was disappointing that the list's ability to push into high ground failed to attract widespread buying interest. The buying on the bounding sessions held below the three-million mark, and the fact that the market breadth was narrower than expected early this year, were both indi-
cations of the disinterest and spelled caution to the least firm of the moment. The av-

gerage, pushing higher was that the vehement de-

Report at the quarter-center mark...

National Steel

for 54

ON SALES AND WAGES

Because of sharply reduced buying by steel consumers in the first three quarters of 1954, National Steel's total sales declined slightly below the half-billion dollar mark, compared with sales of more than six hundred million dollars in 1953, the highest mark in the history of the Company. National's operations were con-
ducted at an average rate of 74 per cent of capacity during the year. Employes enjoyed an hourly rate increase, but total and average wages declined as a result of the reduction in industry volume. In addition to money wages, other substantial pay-
ments were made by the Company for such employee benefits as retirement annuities, group insurance, hospitalisation and surgical care. An increase in steel prices only partially compen-
sated for the increase in labor cost and related costs of goods and services.

ON INCOME AND TAXES

The change in net earnings for 1954 was primarily the result of the change in operations volume. Dividends were paid in the amount of $3.80 per share at the rate of 73 cents per quarter. The elimination of the Federal excess profits tax and lower earnings resulted in lower tax payments. Earnings continued to exceed earnings, however, amounting to $1.26 per share com-

ON NOW AND THE FUTURE

Continuation of population growth and of the steady upward trend in per capita use of steel in the United States and the world as a whole — apparently indicates the necessity of continuing expansion of steelmaking capacity in the future. National Steel's record of consistent growth is being maintained in both current activity and plans for the future. In 1954, pro-

vision for replacement of facilities was almost $8 million dollars, the peak amount in the history of the Company. Property additions amounted to approximately 69 million dollars, and expenditure of the same amount is anticipated in 1955.

Notable features of our program of improve-

ment and expansion in 1954 included an in-

crease of 56 per cent in the capacity of the No. 1 electrolytic line at Weirton, which produces our zinc-coated steel, Weirin. A similar increase was made in the plating capacity of two tin plate lines, one of which is the largest in the steel industry. The
core carrier...
Gold Sales Resumed By PAUL EINZIG

Dr. Einzig calls attention to the reappearance of gold and silver in the London market. The absence of gold and silver from the London market for the second half of March in 1935, as reported in this column, has attracted much attention. It has been generally assumed that the absence of gold and silver in the London market was due to the fact that the Soviet government was not prepared to sell gold or silver on the open market. However, the recent reappearance of gold and silver in the London market has raised questions about the intentions of the Soviet government regarding the sale of gold and silver.

In his column, Dr. Einzig provides a detailed account of the events leading up to the reappearance of gold and silver in the London market. He notes that the Soviet government had previously ceased trading in gold and silver on the open market due to concerns about the potential impact of such sales on the domestic economy. However, the recent increase in demand for gold and silver, coupled with the need for additional foreign exchange reserves, has led the Soviet government to reconsider its stance on gold and silver sales.

Dr. Einzig also discusses the implications of the reappearance of gold and silver in the London market for the international monetary system. He notes that the recent sales of gold and silver by the Soviet government could have significant consequences for the supply of these precious metals on the open market, potentially affecting the prices of gold and silver and influencing the course of international trade.

Overall, Dr. Einzig's column provides a comprehensive analysis of the recent events surrounding the reappearance of gold and silver in the London market, offering insights into the motivations and implications of the Soviet government's actions.

The Commercial and Financial Chronicle - Thursday, April 23, 1935

18 (1935)

The Commercial and Financial Chronicle - Thursday, April 23, 1935

18 (1935)
Wm. H. Tegtmeyer to Move to New Quarters

CHICAGO, Ill.—On May 2, 1955, Wm. H. Tegtmeyer & Co., dealers in investment securities, is moving its offices to new, enlarged air conditioned quarters at 39 South LaSalle Street.

This firm, established in 1911, is successor to firms dating back to 1874. Mr. Tegtmeyer, the present owner, entered the securities business with Paul H. Davis & Co. following his graduation from Harvard in 1928. Following service as a U.S. Army officer during World War II, Mr. Tegtmeyer joined preceding and is the present firm as a principal.

In addition to working with individual and institutional investors, the Tegtmeyer firm also acts as a "broker's broker," being particularly active in certain insurance, bank, and industrial securities. Mr. Tegtmeyer is also President of Oil Basin Pipeline Company, a 22-mile product pipeline serving eastern Montana which his firm financed in 1953.

Associated with the Tegtmeyer organization are Joseph E. Hart, Charles G. Scherer, and John W. Holman. Mr. Scherer is well known on La Salle Street, having operated his own company before joining the Tegtmeyer firm. Mr. Hart, originally with Bacon, Whipple and Company, is well known as an analyst of life insurance stocks. Mr. Holman, a native Chicagoan, has recently returned to the city after several years in the southwest.

A Year of Progress and of New Things in Telephone Service

The exhibit shows the advantages of complete telephone service for home and business. Another new feature is the "Starlight Outdoor" booth,
From Washington Ahead of the News

By ANNE BARGER

This writer has long thought that one of the lesser activities of the Washington newspaper correspondents and radio commentators concerned their continued dwelling upon the question of whether the new administration had indicated any intention to be autocratic for a second term. In the first place the matter of who is to head the Cabinet is itself one of the American standards in the campaign of 1956 and for many weeks to come this question will be of great importance pending which it seems the candidates will endeavor to direct their minds and energies to.

At the White House correspondents dinner a year ago the President said, at least to Mr. Eisenhower is different. There is plenty of evidence that he, for one, doesn't like the job, doesn't like the hours, probably doesn't mind the pay, but does dread the job of being President. In another day the power is concerned, I believe, he looks upon the Presidency as anti-climactic.

At the White House correspondents dinner a year ago the President said, at least to Mr. Eisenhower is different. There is plenty of evidence that he, for one, doesn't like the job, doesn't like the hours, probably doesn't mind the pay, but does dread the job of being President. In another day the power is concerned, I believe, he looks upon the Presidency as anti-climactic.

The new President has had a tremendous influence over those same statements without the public that none of them willingly and cheerfully went away from the White House.

Two hundred years ago, our Western World experienced the beginnings of a movement that changed the lives of all mankind. It took men off the fields and put them into factories. It gave rise to the first civilization in which luxury was not unknown. It gave us as well a sense of social change and increased economic benefit for all.

We were taught in school to call this movement the "industrial revolution," but that name being changed. We call it revolution today, into fact.

But I have not to modify them with their increasing independence of us and we must wonder whether he didn't carry more weight with them as a second-term President than he did now as the first man.

We must not, however, think that the center is not home with the Leonard King, the Republican national committee, the Congressional leaders. Few of them are great bridge or golf players; most of them play cards.

You wouldn't think any job could be more exciting than that of a senator. Certain it is that much more work. But you lose sight of the military training. I am not talking specifically about Eisenhower but Generals are trained to be able to get along with people. They are engaged in violent battles and the casualties are rolling in. There are innumerable stories of Generals in World War II, their situations temporarily stabilized, ordering their men to build golf courses with their hands. The weeks later would be destroyed. Their only complaint was that there was no one to play against.

There are abundant indications that Mr. Eisenhower is annoyed at the Presidency and becoming increasingly so. Only recently he took with a President who helped at the idea of arranging an appointment for the President on a Wednesday afternoon.

His answer is, "Why, it is impossible to get him to work on Wednesday afternoon, he said.

But I have said that I have become reluctantly convinced that Mr. Eisenhower will have no inclination to run again. This is not to say he will not run. The pressure of the Republican party is tremendous, but for him it would be easier to have a job of a different kind. The Democratic party may get far with that approach.
Automation can make eco-

nomical mass production of products which it is impossible to produce.

The chemical companies, such as the petroleum companies, would not be able to control many of their split-second reactions, and we would be without many new products were it not for feedback control. A whole line of precision products—which would be hope-

lessly costly if manufactured with human supervision—suddenly became

producible while under automatic supervision.

Too often, we speak of automa-

tion and the speed with which it is being incorporated into our economy, we find ourselves hoping that this will be a slow transition—to a gradual integration. This is likely to be the case, but, in actuality, I suspect we ought to be thinking in terms of speeding it up rather than slowing it down.

There are many reasons to adopt this avenue of thought, but the most compelling reason is the present divided state of the world. One does not need to be a mathe-

matician to understand how greatly the free people of the world are outnumbered by the totalitarian. We must in some manner make up for this differ-

ece in manpower. Automation offers one possibility. If this, alone, were the only justification for automation, it would, in my opinion, be sufficient.

A less urgent, most compelling reason, is the simple fact that we Americans have grown to expect a steady and substantial increase in our standard of living. We hope, and we expect that, as time goes on, we shall have to devote smaller and smaller proportions of our day to the trying task of

earning a living. Being realists, we understand that this increase in productivity is not God-given and can only be brought about by producing more and more goods with a lessened and more rational and dignifying human effort.

The startling fact is that while our population grows in leaps and bounds, the working force of the nation is currently growing smaller in relation to the total. The age of retirement is decreas-

ing while the average age at which young people enter the work force is increasing. Moreover, the generation now coming of working age was born during the great depression and is smaller by far than the group below working age. Thus, the pressure on the labor market will be insening during the next decade—the period when the great changes of automation will be made.

If we are to improve our standard of living—indeed, if we are to hold what we have—we shall need more machines and better machines. In short, we will not only be able to tolerate automa-

tion, we will need it. It would, of course, be foolish for me to contend that automation is not without its growing pains. For any of us to minimize the widespread social and economic effects that automation is sure to bring would be to close our eyes to a fact that is already part of everyday life. But I would like to emphasize that no one, today, is in a position to do more than speculate on the nature and extent of these social and economic ef-

fects, for no one has yet made a comprehensive study.
Continued from page 21

"Automation" Its Applications and Uses

the detailed analysis that is necessary for their true understanding. With a short run, automation will be of tremendous benefit to us all, if it is the sort of run that carries most of us. Despite the fact that in today's industrial plants, 10 per cent of the jobs are being created before the old ones are eliminated, the weight of the pressure will be on us to simulate the total effect of the smaller percentage of our population in the workforce, there still exists the danger that technical dislocations of personnel will occur in many cases. We should begin planning for this now.

I do not intend to misrepresent an expert on the labor effects of automation. But there are certain things which are obvious to all thinking men, and I would like to mention a few.

Fundamental to the successful integration of Automation into our mechanized society is the recognition of the importance of labor unions, management, and government in the solution of the problem of unemployment. No one of us can stand by to gain by Automation without the cooperation of all.

Education is our primary need. The time is long past when we can learn the true meaning of Automation—not in the sterile terms which the public regards and the mechanization of workers by machines, but in the broader sense of the complete reorganiza-

tion of our very industrial life. Here is the key to that something is good, and we must educate ourselves or others to learn the long range point of view, it is probable that Automation will destroy the need for a particular type of labor force. In our dyna-

mism, the increasing needs of industry have no set number of jobs, but rather a constant shifting of kinds of jobs.

The implication of such a shift for re-

training of workers is an important prob-

lem. Many whose professional jobs may be substantially reduced as a result of this development and management or labor. And vice versa.

During the war, some jobs should be stimulated to begin as soon as possible because of the im-

portant which Automation creates. Auto-

mation is moving much faster than we ever imagined, with the result that pieces are being made less efficiently. In the past, the result of this has been to lower living standards for the people. To be able to live at all, continually, nearly every man in the United States was employed in the industrial field. Automation is also moving much faster than we ever imagined it to be, with the result that it has had an adverse effect on the labor force and the economic structure of the nation. It is likely to continue to have a negative effect on the labor force and the economic structure of the nation. It is likely to continue to have a negative effect on the labor force and the economic structure of the nation.

It is easy to see how much more com-

fortable it is for repair work of any kind to be done at the field location rather than to drive 50 or 100 miles to get re-

pairs done.

Finally, you are all aware of the other development in the area of commercial activity. Business and professional men are putting into use without the payment of excise taxes levied on their businesses.

There are many things which the Federal Government does or does not do. There is an argument that the government should do everything. This argument is used by those who criticize the government for not doing enough. But the government is not the only thing that needs to be done. Some things must be done by individuals or private groups. The problem of the effectiveness of the government is one that must be considered in the instance of public life. The Government's,
The General Services Administration is converting federal government policy, as enunciated by the Department of the Interior, emphasizes that the Department's position is to assure that it has the exclusive responsibility for the construction of dams of the generation of electric power, and sale of electric power for use within a basin or region. It is, on the other hand, concerned with the management of public lands, or "the primary responsibility for the collection of other portions of the annual revenue of the government from the people locally." Although the Government's responsibility for the management of public lands is limited in connection with multi-purpose projects where Federal ownership is not complete, are the means of local public lands, and the effect of the policy will be to reverse the Government's ten-year-old policy of letting the past two decades to take off river and valleys as an exclusive Federal domain for the development of the area, and, instead, to create a situation which will encourage local and private agency.

An example of private initiative underplaining Government spending is to be found in the Coco River Power development in Alabama and Georgia. This project was initially authorized for construction by the Corps of Engineers; last June Congress revised the original authorization in so as to authorize the development by non-Federal interests. The Alabama Public Company has advised Congressional Committees that they are prepared to spend $100,000,000 to undertake the proposed development, thus avoiding the taxpayers of the nation a considerable amount in immediate expenditures.

One of the historical methods by which governments have avoided direct participation in business is by contracting for certain functions which might otherwise have been carried on by Government employees. The President, for example, has referred to individuals who were contractors for tax gathering. The first American secret service was by contract with a private detective agency.

Several steps have recently been taken by Government agencies to expand contract operations, and, to that extent, to take the business out of direct competition with business. The National Park Service is now contracting for communication services in many of the parks instead of operating its own facilities; the Forest Service is contracting for the leasing of emergency fire fighting crews. The General Services Administration has recently initiated pilot operations for contract trucking by private firms in the City of New York and Washington, and estimates substantial savings can be made as opposed to the continued use of Government vehicles. The GSA has recently contracted to a contract basis arrangements for writing and maintaining contracts in 212 cities and 22 cities and junior parks. The Army is being sought for private operation of automotive service stations to serve Government motor pools. Efforts are being made to extend this sort of contract reparation to a commercial basis. Administration has been provided, and has charged the Government with the control of the situation. The Administration has increased the percentage of repair and maintainance of vehicles contracted to private companies from 22% in the fiscal year 1952 to 28% in the current fiscal year, and, of course, in the financial year 1953, the percentage of reducing the size of Government wherever possible and, in this context, of reducing the extent to which Government enterprises encroaches on the opportunities available to private initiative. It will, therefore, continue to be the policy of the Administration to shift to private enterprise, and to State and local governments, Federal activities which can be more efficiently and more efficiently carried on in that way. In those singular cases where Government participation is necessary, the effort of the Administration is to develop partnerships rather than an exclusive and often paternalistic position for the Government. I need hardly emphasize, of course, the imperative need for public understanding and public support which can rise above purely temporary or local interests and considerations and can visualize this problem in the context of the benefits of the nation as a whole. We remain convinced that the best interests of the nation as a whole do demand the termination of unwarranted Government competition with business. As the President said last year in his State of the Union Message, "We are concerned with the encouragement of competitive enterprise and individual initiative precisely because we know them to be our nation's abiding sources of strength."

Perkins in Secs. Business

MIAMI, Fla.—Joseph A. Perkins is engaged in a securities business from offices in the Blucayne Building.

A diversified electronic and electric manufacturing company

Charles Edision, Chairman of the Board

Henry G. Riter, 3rd, President

Report financial statements on

...a year which saw

particularly progress made in

product improvement

and research

copy of annual report on request.

1954 1953

Sales, less returns and allowances $33,047,830 $11,548,489

Earnings before income taxes 1,258,566 2,962,041

Provision for income taxes .500,708 1,385,546

Prior period adjustments 150,000

Net earnings for the year 557,798 1,479,495

5.26% 3.56%

Per share of common stock (after providing for preferred divid.

$1.77 $3.35

Average number of common shares outstanding 460,024 440,286

Dividends paid:

On preferred shares 93,230 93,230

On common stock (plus stock dividend in 1953) 553,606 408,301

Per share of common stock 1.20 1.10

Percentage net earnings paid in dividends 71.25 39.35%

Earnings retained for the year 260,932 897,884

Working capital at end of year 14,308,086 14,156,896

Shareholders' investment at end of year 20,344,245 19,789,689

Per share of common stock 40.90 41.52

Standard Signal Generator—broadcasts "miniatures" for laboratory sets

Omniguard—overheat protection for industry
International Cooperation for Peaceful Use of Atomic Energy

By MOREHEAD PATTERSON
U. S. Representative for International Atomic Energy Negotiations

Stating that it is now the policy of the government to encourage research and development of atomic energy for peaceful purposes, the Department of State has now a formal program of President Eisenhower for a provision of a cooperation in harnessing the atomic energy for peaceful purposes. It is evident that this cooperation is not an isolated issue, but that the whole subject of atomic energy for peaceful purposes is a subject that must be approached with full and complete understanding of the world.

1. Where does the United States stand today in the international program of President Eisenhower for a provision of a cooperation in harnessing the atomic energy for peaceful purposes?

2. What is the present status of the Atomic Energy Commission?

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second mortgagees or third mortgagors.

The Syndicate Manager

The best protection for a lay investor in real estate is to invest with a syndicate manager in whom he can place confidence in honesty and integrity and who will take such steps as are taken to safeguard the investment.

I have to say that not all of the syndicate managers are as conservative as the one we have been dealing with in deals which I do not consider real estate investment, but in which the necessary return on the purchase price is subject to a less-than-ideal performance. This manager has taken a mortgage, and has simultaneously been at a mortgage. Some have taken the mortgage to a mortgagee to a mortgagee.

There are two reasons for this. The first is that the manager has a limited amount of funds available, and he wants to make as much of his capital as possible. The second is that the manager believes that the property he has is not worth the price he is paying for it, and therefore he is willing to take a smaller return on it.

In order to avoid this situation, the manager should take into account the following factors:

1. The cost of the property.
2. The historical performance of the property.
3. The manager's own experience with similar properties.

If the manager is satisfied that the property is worth the price he is paying for it, and that he can make a decent return on it, then he should proceed with the investment. If he is not satisfied with the price or the expected return, then he should look for another property.

We have an opportunity to invest in a property that is located in the same area as a property we have already invested in. The property is a first mortgage on a building, and the manager has already paid $5,000 for it.

This property is located in an area where there is a lot of activity, and the manager believes that he can make a good return on it. The property is located in an area where there is a lot of activity, and the manager believes that he can make a good return on it.

Continental Oil Company

Reports for 1954

HIGHLIGHTS OF OPERATIONS

FINANCIAL

1954

1953

Net Earnings: Total
$41,653,189
$40,874,666
Per Share
$4.29
$4.20
Dividends: Total
$29,573,106
$25,813,104
Per Share
$2.60
$2.60
Capital Expenditures
$10,062,648
$8,707,202
OPERATING (Barrels Daily)
Net Crude Oil Production
112,520
118,876
Refinery Runs of Other Plants
for Continental's Account
125,679
141,722
By Continental for Others
855
250
Crude Oil Processed
8,769
16,143
Sales of Refined Products
125,418
145,348
Continental Oil Company's oil production, refinery runs and sales of refined products during 1954 were the highest in the Company's history.

Gross income exceeded half a billion dollars for the first time. Net earnings for the year were $41,653,189, or $4.29 per share, as compared with $40,874,666, or $4.20 per share, in 1953.

Through Continental's own exploratory drilling operations and its capital expenditures, it has added substantially to its reserves of crude oil and natural gas.

Hudson's Bay Oil and Gas Company Limited (the Canadian affiliate in which Continental owns a 75% interest) last year reported an extraordinary profit of $4,729,104 on its operations.

The capital expenditures for the year were $10,062,648, or 40% of gross earnings. Continental continued to hold reserves of crude oil and natural gas in its crude oil production.

CAPITAL EXPENDITURES FOR 1954

As part of its long-range development program, Continental increased its capital expenditures by $2,909,104, or 39% of gross earnings.

This was the highest amount ever spent on capital expenditures by the Company.

The Company's capital expenditures for the year were $10,062,648, or 40% of gross earnings. Continental continued to hold reserves of crude oil and natural gas in its crude oil production.

CONOCO

Continental Oil Company

Headquarters: Please send a copy of your 1954 Annual Report to Stockholders.

Name:

Address:

City:
Speculation Goes Hand in Hand With Economic Progress

In a report to The Hanover Bank, the N. Y. University Finance Professor points out speculation on the willingness of risks goes hand in hand with economic progress. Dr. Marcus Nadler, consulting economist and Finance Professor at New York University, wrote "The Security Markets" in a report published by The Hanover Bank, a subsidiary of The New York Bank, that legislation which would interfere with the ability of the individual to take risks as he sees fit would slow down economic progress and make technological change more difficult.

"Speculation, or more aptly, the willingness to take risks, goes hand in hand with economic progress. Where people refuse to take risks and prefer to invest only in high-grade fixed-income-bearing securities, the economy of the country is bound to stagnate. "At one stage or another most industries now outstanding in the United States were more or less speculative in character. No one could have foretold which of the numerous automobile companies that existed three decades ago would survive and which would become successful. The willingness of investors to take risks was largely responsible for the development of the great industries of the United States, such as steel, automobiles, chemicals, textiles and others."

Commenting on the recent investigation of the stock market, Dr. Nadler said the Senate Banking and Currency Committee had brought to light "a great deal of information which should help the American people to understand better the functions and the importance of the security markets in general and the equity market in particular."

From an economic point of view, Dr. Nadler explained, "usually reflect not only economic conditions but political and psychological factors," and it is impossible to determine whether the equity market is too high or too low. Nobody can predict, he said, how the public, and investors in particular, may appraise the general economic outlook and that of individual industries or corporations.

"The last two years have been marked by great optimism about the future of the economy of the country," Dr. Nadler concluded. "This optimism has been expressed not only in high prices of stocks but also in the expenditures for new plant and equipment by corporations and the willingness of many people to mortgage their future income to satisfy present wants. Whether this confidence is fully justified only history will tell."

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following changes.

On April 28 transfer of the Exchange membership of Wesley C. Morck to John R. Jakobson will be considered.

On April 28 the Exchange will consider the transfer of a Exchange membership of the late Henry Goldman, Jr., to William W. Hoffman.

New Capital Outlays Planned for 1955-58

New survey by McGraw-Hill reveals expectations for capital expenditures in 1955 in excess of any previous year; with rising trend of capital spending carrying far beyond 1955; and manufacturing companies' sales increasing by 7% in 1955 and 21% over the 1954-1958 period.

Highly optimistic and encouraging expansion plans by U.S. business are revealed in the eighth annual McGraw-Hill Survey of Business Plans for New Plants and Equipment released in New York City, April 22. The survey covers business plans for capital expenditures and other plans related to the purchase of new plants and equipment. Some of the highlights of the replies to the survey follow:

(1) U.S. business as a whole plans to spend more for new plants and equipment in 1955 than in any previous year. Manufacturing companies plan to increase capital spending 3% this year. All business together plans an increase of 5% over the total for 1955.

(2) The rising trend of capital spending may carry far beyond 1955 to 1958. Preliminary plans for 1956 are only about 5% lower than plans for 1955. In the past, plans for future years have always been stated lower than those for the current year. If preliminary plans are revised upward — as they have always been in the past— 1956, 1957 and 1958 will be year of high, and perhaps record, capital expenditures by business.

(3) Manufacturing companies expect their sales to increase by an average of 7% in 1955 and 21% over the four-year period, 1954-1958. They plan to add 5% to their productive capacity this year and add another 11% by the end of 1958.

(4) Manufacturers were operating at an average rate of 84% of capacity at the end of 1954, whereas on the average they report 88% as an ideal operating rate. But if both their sales expectations and plans for increasing capacity are realized, they will be close to their preferred operating rate by 1958.

(5) Manufacturers devoted 27% of their capital expenditures in 1954 to new construction and 73% for the purchase of new equipment. The division will be about the same in 1955, according to present plans—28% for construction and 72% for equipment. This is the first available information on current and future years, based on a large sample, on the distribution of manufacturers' capital spending between construction and equipment.

Kaufman Named Director

Ira J. Kaufman, of Arthur M. Krensky & Co., Chicage stock brokerage firm, was elected a Director was Louis Stein, President of Food Fair Stores, Inc., Philadelphia.

The Franklin Life Insurance Company

Chairman, President, HOME OFFICE: SPRINGFIELD, ILLINOIS

71 years of distinguished service

Statement of Condition as of January 1, 1955

Assets...

<table>
<thead>
<tr>
<th>Cash</th>
<th>$10,179,800.04</th>
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<td>United States Government Bonds</td>
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<td>Other Bonds</td>
<td>112,297,327.90</td>
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<td>Federal Housing Administration</td>
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<td>Real Estate Loans</td>
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<tr>
<td>Loans to Policyholders</td>
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<td>(Secured by Legal Reserve)</td>
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<td>Real Estate</td>
<td>12,237,765.30</td>
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<td>(Including $15,950,669 of properties not financed)</td>
<td>28,333,086.69</td>
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<tr>
<td>Premiums in Course of Collection</td>
<td>6,421,260.00</td>
</tr>
<tr>
<td>(Liability included in Reserve)</td>
<td>6,421,260.00</td>
</tr>
<tr>
<td>Interest and Rent Due and Accrued</td>
<td>1,596,455.53</td>
</tr>
<tr>
<td>Other Assets</td>
<td>1,217,432.67</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$291,077,810.58</td>
</tr>
</tbody>
</table>

Liabilities...

| Legal Reserve on Outstanding Contracts | $234,312,119.00 |
| Premiums and Intrest Paid in Advance | 5,190,267.52 |
| Other Policyholders' Funds          | 14,824,644.57 |
| Reserve for Taxes payable in 1955 | 1,492,590.52 |
| Accrued Expenses                    | 429,768.99 |
| Suspense Accounts                   | 2,784,055.81 |
| Other Liabilities                   | 1,972,873.87 |
| Total Liabilities                   | $256,762,810.58 |

Surplus Funds...

| Capital                       | $6,937,900.00 |
| General Surplus               | 19,312,900.00 |
| Surplus Funds                 | 25,250,800.00 |
| Total Surplus Funds           | $291,077,810.58 |

*Assets and liabilities as shown are the net amounts.

The Commercial and Financial Chronicle . . . Thursday, April 28, 1955

Insurance in force over $1,750,000,000

The largest legal reserve stock life insurance company in the united states devoted exclusively to the underwriting of ordinary and annuity plans

71 years of distinguished service
The World's Largest Market Gets Bigger

Continued from first page

ment bonds—any day in the year, and any year in the century.

Next in order of total financial volume, no doubt, come the municipal issues—the direct and indirect obligations of Territories like Alaska and Hawaii; the Commonwealth of Puerto Rico and its various governmental agencies; all the obligations of the 48 States, and of cities, towns and villages within them. All of the issues of these subdivisions of government are bought, sold and traded over-the-counter. In other words, for those otherwise uninformed, the finest investments in the world today—those paying interest to holders by pledging the full faith and credit of our local governments and their myriad subdivisions—all these bulwarks of the biggest investment portfolios—are obtainable only in the Over-the-Counter Market. That fact should serve to dispel the ignorance, and the fear, of the untutored who, some way, have regarded unrelated securities as ones of dubious quality and to be sedulously avoided. Such a notion is financial hogwash!

Going beyond the cities, towns and villages, you reach another investment zone—district obligations: school districts, sewer districts, fire districts, park districts, created to supply particular civic services over and beyond town or city limits, often spreading into and over many municipal boundaries. These districts also would never be created or financed if they could not sell their issues in the unrelated markets.

The obligations of Canada, its Provinces and local municipalities, widely held among our most astute and discerning corporate and institutional investors, are heavily traded, quoted and disposed of over-the-counter.

Another security type has loomed large on the financial horizon of the postwar era—toll road bonds. You've surely noted dozens of bond issues to finance them, deriving their strength and security primarily from toll or user charges assessed on cars, trucks and buses which swarm over those far flung, broad-gauged ribbons of concrete or asphalt. Hundreds of millions of these bonds have been placed with discriminating buyers in recent years—Port of New York Authority, New Jersey Turnpike, Garden State Turnpike, Pennsylvania Turnpike, New York State Thruway, Kansas Turnpike Authority, West Virginia State Turnpike, Connecticut Turnpike and Mackinac Bridge, to name but a few. None of these are listed—all bought, sold and quoted in the Over-the-Counter Market. Moreover, a number of new agencies will undertake financing, all of which will be accomplished via the "counter" market. Also, when, as and if any Federal corporation is created to implement the proposed Federal highway program, the necessary bonds will be handled in the unrelated market.

Moving over to stocks, so much emphasis has been placed on the Dow-Jones averages and the equities of such stalwarts as AT&T and T, General Motors, General Dynamics, Anaconda, Konnecott, Con Edison, U.S. Steel, Union Pacitic, Standard Oil, IBM, etc., that many people forget that (1) many of the stocks now among the listed elite, got their start in the Over-the-Counter Market, and (2) that in point of numbers, the stocks of only 3,100 or so corporations are listed on major exchanges as compared with over 30,000—10 times as many—that are actually quoted in the vastly larger over-the-counter or unrelated market as it is sometimes called.

Right now the largest electronics company in Europe, Philips Lamp Works of Holland, is actively traded in the unrelated market in New York. Unlever, the British equivalent of Procter and Gamble, is unlisted in New York; the big South African uranium, gold and copper shares all find their way into the vaults of American investors—over-the-counter. De Beers, largest diamond producer, can be bought, unlisted, in New York. For sheer altitude, too, the unrelated market takes top honors. Superior Oil on NYSE sells above $800, but Christiana Securities (unlisted) sells at $11,500 and the daddy of them all, Los Angeles Turf Club (Santa Anita to you) is yours at $54,000 a copy!

There are over 14,000 commercial banks and all of them, of course, have stock outstanding—unlisted that is. Just this past year, Chemical and Corn Exchange banks in New York merged and there was some thought that shares of the merged institution would carry on the listing on NYSE held by Corn Exchange for many years. The management decided against continued listing, arguing that it was (1) unnecessary and (2) general declines on the listed market might affect the bank's shares sympathetically and by lowering the quoted price, reflect unfavorably and unwarrantedly, on the bank's condition. So no bank stock is now listed, and some of the most magnificient institutional equities in America, in some cases with unbroken dividend records spanning a century or more—these quality items can only be acquired in the Over-the-Counter Market.

Then switch to life insurance. Apart from the mutual companies, there are 20 major stock life companies—and dozens of smaller ones. These include such famous ones as Travelers, Aetna, Connecticut General, and Lincoln National. Shares in all these titans of actuarial finance can be bought or sold in just one market—the over-the-counter or unrelated one.

And while we're on the subject, one of the phenomenons of the Over-the-Counter Market for
The World's Largest Market Gets Bigger

Continued from page 27

1954 was the fabulous upsurge in popularity of life company shares. Lincoln went from 190 to 389, Travelers from 800 to above 1,800, and Continental Assurance doubled, then split two for one. So just because life shares happen to be among the elite of equities has not prevented them from being wonderful speculations as well.

Cement is one of the brightest items in the building industry and a number of the cement companies present unusual unlisted values. Permanent, Ideal, Giant, Riverside, for example. In lumber, Long Bell and Weyerhaeuser are unlisted.

Let's look at the over-the-counter kaleidoscope. Want to hunt? Get your gun and Nimrod tags at Abercrombie and Fitch. Feel musical? Buy American Piano. Want some microcrystalline wax? You can buy it from Baroco Oil Co. Want a lift? How about American Hoist and Derrick? Want a piper in Boston? Boston Wharf Co. will serve you. The largest lobster purveyor is Consolidated Lobster Co. One of the big companies in offshore oil drilling is Kerr McGee. One of the most famous book publishers in the world is the Macmillan Co. All these have their shares dealt in the Over-the-Counter Market.

Uranium issues, as you know, have swarmed on the unlisted market in the past years and provided a fantastic velocity in trading. Few of these qualify in any investment sense and none have been around long enough to qualify as long dividend payers; but there they are, hundreds of them, enabling you to play radioactive roulette—over-the-counter, if you can afford the risk.

Immediately following this topical review of the world's biggest market, you will find a tabulation of some of the finest securities available anywhere, issues of corporations, in many cases leaders in their lines, which have paid continuous and consecutive dividends for as many as 170 years in a row. If diversification is sought, here are hundreds of sound stocks to pick from. If you're shopping for bargains, many shares await you in the Over-the-Counter Market which can be found quoted well below quick asset values enabling the favorable purchase of dollars at a discount. And, for the growth minded, many equities are here available that one day will be major blue chips—in electronics, chemicals, avionics or nucleoines. The time to buy them is when they are young and relatively unknown, and the place—the Over-the-Counter Market.

So again we say, consider the unlisted market—fabulous, diverse, resplendent with rock ribbed dividend payers, and dynamically expanding enterprises. You can bank on the Over-the-Counter Market; it insures breadth and quality of selection; and you pay no premium for tinsel or glamour. Some of the finest investments you can encounter, are the Over-the-counter!

Difference Between Listed and Over-the-Counter Trading

Following the tables appearing hereunder, we present a discourse on the difference between the listed and Over-the-Counter markets, for the benefit of those who are not conversant with how the Over-the-Counter Market functions.

TABLE I

OVER-THE-COUNTER
Consecutive Cash
DIVIDEND PAYERS
for
10 to 170 YEARS

<table>
<thead>
<tr>
<th>Name</th>
<th>Years</th>
<th>Quot-</th>
<th>Dividends</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abercrombie &amp; Fitch</td>
<td>18</td>
<td>$1.00</td>
<td>$2.25</td>
<td>$4.50</td>
</tr>
<tr>
<td>Abrasive &amp; Metal Products</td>
<td>18</td>
<td>$0.25</td>
<td>$0.25</td>
<td>$5.00</td>
</tr>
<tr>
<td>Aetna Casualty &amp; Surety</td>
<td>47</td>
<td>$3.00</td>
<td>$192</td>
<td>$1.83</td>
</tr>
<tr>
<td>Aetna Insurance</td>
<td>$2.40</td>
<td>75%</td>
<td>$2.25</td>
<td>$0.13</td>
</tr>
<tr>
<td>Aetna Life Inc.</td>
<td>$2.25</td>
<td>$179</td>
<td>$1.33</td>
<td></td>
</tr>
<tr>
<td>Aetna-Standard Engineering</td>
<td>$1.14</td>
<td>$21</td>
<td>$0.70</td>
<td></td>
</tr>
<tr>
<td>Agricultural Insurance Co.</td>
<td>$1.00</td>
<td>$57</td>
<td>$0.43</td>
<td></td>
</tr>
<tr>
<td>Diversified Insurance</td>
<td>$1.65</td>
<td>$17</td>
<td>$0.60</td>
<td></td>
</tr>
<tr>
<td>Aircraft Radio Corp</td>
<td>$1.65</td>
<td>$17</td>
<td>$0.60</td>
<td></td>
</tr>
<tr>
<td>Alabama Mills</td>
<td>$0.35</td>
<td>$10</td>
<td>$0.34</td>
<td></td>
</tr>
<tr>
<td>Alamos National Bank (San Antonio)</td>
<td>$1.20</td>
<td>$47</td>
<td>$2.50</td>
<td></td>
</tr>
<tr>
<td>Allers Super Markets</td>
<td>$1.25</td>
<td>$37</td>
<td>$3.50</td>
<td></td>
</tr>
</tbody>
</table>

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* Adjusted for stock dividends, splits, etc.
The World's Largest Market Gets Bigger

Cash Div. No. Div. Date Div. Date Quota Quota
Bank Date Date Year

Digital Deposits

Albuquerque National Bank
New Mexico) 22 6.00 335 1.8

Allied Paper Mills (Mich.) 11 2.00 361/2 5.5

Allis (Louis) Co. 18 2.50 291/2 9.4

American Air Filter 20 1.30 291/2 4.4

Pilots and miscellaneous heating and ventilating equipment

American Auto Insurance 21 11.80 641/2 2.8

American Bar, Binsy & Gine Co. 14 1.60 271/2 5.9

American Hardware & Furnishings 20 1.30 291/2 4.4

American Bar Board Co. Manufacturer, superintend, finishing paper, paper, corrugated and other shipping

American Dist. Telegraph. Insured service against fire, burglary and holding

American Eika Corp. 21 2.00 431/2 4.6

American Envelope 21 1.70 371/2 4.6

American Express Co. 73 1.15 231/2 4.8

American Express Co. 73 1.15 231/2 4.8

American Felt Co. 16 1.50 19 7.9

American Fidelity & Casualty Diversified insurance

American Fletcher National Bank & Trust Co. (Indianapolis).


American Furniture Co. 10 2.00 23 7.3

American Furniture Co. 10 2.00 23 7.3

American General Insur. Co. 26 1.40 751/2 1.8

American Government 13 1.25 121/2 10.1

American & Canadian Ins. products

American Furniture 53 1.00 161/2 6.8

American Furniture 53 1.00 161/2 6.8

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Continued from page 3

Europe's Impending Dollar Shortage

In addition to the economic and financial threat in which it was elected in 1952, this country (Britain) could no more have embraced its recent slump- happy attitude towards wages, government and consumer expenditure and so on than it could jump over the moon. Had it attempted such expansionism while America was deflating, sterling would have been rapidly cut back again long since. Despite all our own very considerable efforts, we have in essence been saved by the anxiety of the Republicans to get themselves re-elected.

In other words, there is more wrong with Britain, with her neighbors, than just temporary troubles in the world markets. In any case, there can be no doubt that Britain's, and therefore Europe's, negative decision on the convertibility question had an adverse effect on the crucial factors in their payment balances: on the flow of capital. The significance of that factor could hardly be exaggerated.

(A recent study by a French expert, Prof. E. Moinon, of the University of Grenoble, came to the conclusion that the entire dollar shortage since 1946 of Western Europe is accountable to this one item: the loss of liquid capital due to its "flight" to America in its various forms.)

Halfway-convertibility, which was what had been established, may be no more pernicious as none at all. When a country refuses to go the whole way, it cannot do so by confidence in its ability or willingness to do so is undermined. A modest change in the tendenies (a sign that might suffice to create run-like conditions; the fear alone that this might happen, creates a market climate which is induced to the re- spective currency—and forces the managers to defensive measures. But how?" Retracting their steps, back to the rationing and restrictive practices of labor would spell political disaster to the Conservatives. Rather than revert to

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LOEWI & CO.
Milwaukee, Wisconsin

RAUSCHER, PIERCE & CO.
Dallas & Houston, Texas

ROGERS & TRACY
Chicago, Illinois

SCHERCK, RICHTER CO.
St. Louis, Missouri

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Richmond, Virginia

Continued on page 30
Continued from page 29

Europe's Impending Dollar Shortage

most of South America, the Middle East, even the Soviet empire.

The Convertibility of the Non-Convertible

The transferable pound can be used in payment for British goods, but is not convertible into dollars. The exchange amount naturally depresses its dollar value and invites "shunting" operations, such as buying British goods with "depreciated" transferable sterling, trans-shipping them to the dollar area where they are sold at a discount, with the "legitimate" exporter losing his outlet. In the process, Britain's exports are boosted, but her dollar-intake is reduced. It amounts to a legalized or tolerated capital flight, which creates the presumption of a sound delusion and causes more capital flight.

To stop the vicious circle, the excess of transferable pounds has to be mopped up. To do it at the source, which is the way to do it, would be "deflationary." So, the British authorities resort to a procedure that might bridge over an acute run, but which is certainly swift to cure a chronic trouble; they peg the price of the heavily traded transferable pound, as they peg that of the "dollar-accounts" Sterling, the former 1% below the latter. To do so, they have to buy up whatever excess of the former shows up in New York.

What if the supply keeps out-running the demand as it does so far? Britain could drain her international (gold and dollar) reserve. Obviously, this is a temporary palliative only; the problem lies much deeper. It means the official institution of a multiform currency, strictly forbidden by the International Fund. Who cares about such "little" irregularities? The important fact is that through the back door, as it were, the convertible transferable sterling has become a de facto convertible currency, if only at a slight leni. But the anxious question is: will the owners proceed to convert into dollars all they can lay hands on—unless the flood of sterlings is brought under control?

Presently, the reality behind these double convertibility-facets is: that Britain's (and Europe's, with Holland's partial exception) two-year gradual approach toward real multilateralism in foreign trade has come to a halt; yay, it is being "gradually" reversed. The game played with the transferable sterling is merely a desperate attempt to stop the tumor of capital flight from turning malignant—at the risk of losing the (dollar) blood needed for that very purpose. The domestic situation is left in its over-ex tended condition.

Insidious Inflation

Sociation is a luxury which only very rich countries can afford (for a while). For one thing, it affects savings. The system of all-inclusive social security, in which most of Europe indulges, undermines the saving propensity of the masses. The portion of genuine capital is advanced by massive dilution of capital for unproductive purposes. Exorbitant taxation robs the cost of living; import restrictions and domestic monopolies maintain commodity prices on levels which are totally out of line with wages—which are too high in many of Europe in comparison with much stagnating productivity. All of which inhibits saving. Corporations are stymied, too, in their ability to build capital; characteristically, Sweden considers now, in the face of an impending dollar crisis, cutting the moderate amortization allowances on plants and inventories. In Britain, 1954 was the first year since before the last war, in which a net loss in the volume of private savings occurred!

It is difficult to put vivid circles on simple cause-effect formula; the effects turn out in courses and the results are cumulative. Inevitably the imbalance thus created expresses itself in the monetary system; its name is Inflation. Since inflation takes different forms, it exerts more severe impact on certain countries, balance of payment difficulties arise which are more severe in the longer pull, the more "advanced" the respective nation is—on the road of socialistic mediatisation.

Inflation need not originate in the national budget. Those of Britain and Holland operate currently with unknown ills in the budgetary deficits of Belgium and Sweden are moderate. Paradoxically, even a balanced budget can help to inflate (or rather, to inflect): by enhancing the spending and stipulating propenities, public and private, budgetary surpluses arise accidentally as they did last in Britain and in

Continued on page 31

The World's Largest Market Gets Bigger

The Commerical and Financial Chronicle . . . Thursday, April 28, 1955

American Hold & Derrick... 15 1.20 17½ 6.8
Bonnas, crown, cape eqpt.
American Insulator (Del.) ... 14 0.80 10½ 7.9
Palmerator, etc.
American Insur. (N.Y.) ... 82 1.20 35½ 3.4
Diversified insurances
American Locker, Class D... 12 0.50 5½ 5.9
Maintain locks in public buildings
American Maine Products ... 27 1.00 30½ 5.9
Manufactures various semi products
Amer. Natl. Bank & Trust Co. (Chattanooga) 40 11.625 55 2.91
American National Bank of Denver 20 6.00 142½ 4.2
Amer. Natl. Bank, Ch. (Chi.) 20 14.125 302½ 1.4
American Phenolic Corp. 10 0.75 12½ 6.1
Precision parts for aircraft and electric industries
Amer. Piano Corp., Class B, Filed patents, orgs., etc, in Boston 15 1.00 18 5.6

Unlisted Companies Which Have Paid Consecutive Dividends From 5 to 10 Years Appear in the Second Table Starting on Page 59

American Pipe & Construct'n 16 1.00 22 4.5
Botters, tank, pipelines
American Pulley 15 1.20 13½ 6.0
Power transmission and other equipment
American Re-Insurance 33 1.00 27½ 3.6
Diversified insurance
American Tires 56 3.00 45½ 6.6
Tires and bolts
American Stamping Co. 18 0.60 10½ 6.0
Pressed steel parts and stampings
American Surety Co. 21 0.75 3.8 3.8
Diversified insurance
American Thermos Bottle Corp. 21 1.50 17½ 8.5
Transportation
Amer. Trust (Charlotte, N.C.) 23 2.50 94 2.7
Amer. Trust (S. F.) 19 1.40 39 3.6
American Wire & Cable 12 0.75 19½ 3.9
Washing machine parts
Amptco Metal, Inc. 14 0.40 4½ 0.6
Fused carbide powders and compacts
Anheuser Busch 23 11.17 27 4.3
Leading brewer
Animal Trap Co. of America 18 0.20 5½ 3.6
Large variety of traps
Arden Piano Co. 11 1.00 17½ 5.8

*Details not complete as to possible larger record. Adjusted for stock dividends, splits, etc.

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Continued from page 30

Europe's Impending Dollar Shortage

Holland. They are by-products of the booming business and consumer spending, helped along by reductions in military expenditures. (In '54, Western Europe as a whole had reduced its military outlay by 22.9%.) And of course, the consequence is—tax reductions.

That is exactly what Britain's so-called Conservatives have just been doing, reducing income tax liabilities by about 8% and freeing some 2% of money farmers from all tax liability. Holland is to follow, as Germany has gone ahead already. Which throws a spotlight on the famous commercial budget of the Netherlands, which was supposed to be unbalanced in a depression and to be over-balanced in prosperous times. During a depression, as the Hoover regime found out, it does no good to reduce the tax rates if they are low. Presently, we find out that high rates cannot be raised even in an unprecedented boom, not if the government is up for re-election. And tax reductions cannot help but stimulate the boom by accelerating consumer spending and business investments. It takes an acute dollar crisis such as prevails in Norway and Denmark, and a Socialist regime in each, to give the tax screw another turn. Denmark does it by drastic excises. But what can be done in Norway where all sales are loaded to the tune of 10%?

France offers a glaring example of the fiasco in attempting to impose effective fiscal controls on an advanced (democratic) Welfare State. Most recent "virtue of small businesses" forced the Faure Government to relieve them of the 8% to 16% "proportional tax" and, what is more significant, of showing these people the books to the tax collector. No doubt, the revolt will spread. If France can operate—under Puller Employment—with a peace-time record budget deficit of some 1,000 billion francs ($3 billion or so, equivalent on a per capita basis to about $18 billion in this country, this

after the Indo-China war ended!)

why worry about a little more of the same? This same small business is equally vociferous in requesting that the subsidies it enjoys be enlarged, subsidies which keep a major fraction of the nation's manpower occupied in largely inefficient units. Incidentally, the so-called pella candidate's attempt to force the Italians to declare their income was a near-complete failure. And Italy's national debt went up last year by 477 billion lira, reaching the all-time high of 4,035 billion lira ($72 billion). A remarkable aspect of Europe's universal credit expansion is that

Continued on page 32


differentiated insurance

d gratuitement

d adjustable for stock dividends, splits, etc.

Continued on page 32


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Fort Worth, Texas  •  Fresno, Calif.

Goldberg, Ill.  •  Kansas City, Mo.

Kewitt, III.  •  Los Angeles, Calif.

Memphis, Tenn.  •  Miami, Fla.

Hillsborough, W.  •  Minneapolis, Minn.

Newark, N. J.  •  New Orleans, La.

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VOLUME 181 • NUMBER 5424 • THE COMMERCIAL AND FINANCIAL CHRONICLE

(1959) 21
Employment, the Turkey, annual rate and spending countries with inflationary called is er. It is being strengthened by ever-rising wages which cannot fail to boost costs and prices. That is what foreign trade and exchange restrictions make possible; they create a "boothouse" economy and protect it against the cold winds of foreign competition. Even in relatively stable Switzerland, on the gold standard and with the world's most stable price level, public opinion is aroused by the cost-inflation that threatens the country's export business. Or take the case of Germany where prices are inclining upward and there is talk again about going into "substance values"-inflation hedges. What happened there is the familiar story: as Full Employment approaches, wage demands and strike threats raise their heads (starting at the base, in coal and steel). The drawbacks of Germany's fantastic recovery in industrial production and her precarious economic exports, which brought her to third place among the world's trading nations, begin to show up more than one front. Both were made possible by striking the entire balance sheet up beyond rational limits.

All over the industrial regions of Free Europe, the subdued inflation is breaking out, as it were. From manpower shortage, accompanying by industry wage demands, industrial strife and loss of discipline, it is a short step to dollar shortage...
Corporate Bond Interest Rates Little Changed

Life Companies, however, have gained chiefly by shifts of holdings since 1947

While the interest rates earned on corporate bonds held by the life insurance companies have improved in the past six or seven years, the rise has not been large. For 1953, the last year available, was still below the average for the 1940s and one-third less than in 1929, according to the Institute of Life Insurance.

The life companies' investment in corporate bonds is now well over $34,000,000,000, compared with $14,600,000,000 in 1947 and $4,370,000,000 in 1929.

The rate of interest earned on a type of corporate bonds held by the life companies has actually increased since 1947, the year when the life insurance earning rate on all assets was at its all-time low. On utility bonds, the rate in 1953 was moderately higher than in 1947 and only in the industrial bonds portfolio has there been any appreciable rise in interest rates. The rate earned on corporate bonds of all types in 1953 was about 3 percent. That was only about \(\frac{1}{3}\) of 1 percent better than in 1947.

Distribution Changed

“The earning rate on total assets of the country's life insurance companies, now at 3.46 percent, before taxes, has risen fairly steadily since 1947, when it was 2.88 percent,” the Institute commented. “But the greater part of the increase was the result of material changes in the investment channels used for the new funds made available year by year during this period. As more funds were channeled into higher-yielding bonds and last into lower-yield investments, at the same time that earnings were being increased, the changed needs of the economy, the overall earning rate rose, even in years when the rate of increase in interest rates was below the rate of inflation. In the six-year period 1947-1953, only about two-fifths of the improved earning rate came as increased interest rates, the other three-fifths stemming from the changed distribution of investments.

In the years between 1947 and 1953, the life companies increased their holdings of industrial and commercial bonds by some $10,600,000,000, a portfolio which was yielding just under 3 percent by 1953. In those same years, the life companies' holdings of public utility bonds increased by about $5,900,000,000, this being a portfolio which was producing interest at a lower rate than industrial, but still over 3 percent.

Other Factors Involved

Some other shifts in new investment emphasis also contributed to the earning rate increase in these years, notably the extensive investment in mortgages. This portfolio increased by more than $14,600,000,000 in the six years, at a net earning rate better than 3 percent by 1953.

Stock holdings, although still relatively small in relation to aggregate investments, did rise by about $1,000,000,000 in these six years; and while the preferred shares showed a small rise in average dividend rate, based on cost, the common shares showed a material improvement.

At the same time, however, as the need for capital funds to finance the economic increase and needed improvements for the life companies to hold abnormal amounts of their reserves, U.S. Government securities, such holdings were decreased by $10,120,000,000 between 1947 and 1953 — and these were in the low-earning category, somewhere around 2 percent.
Municipal Underwriting Syndicates

These records dealers are able to determine past associations and performance. From this has stemmed the use of term—"historical account." The usual underwriting syndicate requires someone to take care of various details in connection with pre-sale activities, submitting the bid, and post-sale activities. Each detail is often a matter according to the nature of the transaction. The result has been the necessity for a syndicate manager, upon whose shoulders falls the bulk of the detail and responsibility in connection with the operation of the underwriting syndicate.

There is no basic reason why any dealer cannot qualify as a manager where competitive bidding is involved, providing he can assume the responsibilities of the position and have the support of underwriting partners. In actual practice the small two-handed or even slightly larger accounts are frequently managed on a basis of mutual agreement without any basis for precedent. However, as the managerial responsibilities increase there is a tendency for a manager to fall to the shoulders of those dealers aggressively seeking leadership, who command respect and have a record of successful management. In addition, the expense of maintaining a staff and facilities would be re-formed to bid, subject, of course, to the exigencies of the business, such as individual firms no longer being in business or electing not to participate and, of course, subject to the amount of bonds being sold. The smaller the amount of bonds offered for sale, the less reason for association, and consequently, the larger the offering, the greater the need for association.

This general procedure worked well during normal times, but it did not solve all of the problems resulting from unusual market conditions or periods of heavy supply. Furthermore, the fairness and fear of the inherent banking business saw new firms come into being, others disappear, while many of the old firms lapsed into a state of inactivity. So aside from the convenience of being able to quickly find an underwriting position in a syndicate with a historical record without having to look for a spot, historical association has assumed less importance.

Actually, today there are many factors which determine underwriting association and position aside from the historical aspects. Obviously, capital funds are significant. In addition, performance is becoming increasingly of greater consideration than capital funds. Geographical representation and the desire to lend a helpful hand and to develop the mutual and association, the greatest importance. This, of course, means changes in participation as well as membership. While this is disturbing to some, the advantages are many. It provides virility and an aggressive approach to the market. The Public Sale requirements of many states and local bodies provides assurance that properly organized firms, or firms with newly established association, may develop. Central Electric & Gas...Centex...Central Soya Co. and other general goals. To accomplish this, each manager, usually through his attorney, has developed some form of syndicate agreement and does not...

---

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### Municipal Underwriting Syndicates

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<table>
<thead>
<tr>
<th>CoH Date</th>
<th>Location</th>
<th>Name of Bank</th>
<th>Number of Bank</th>
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<td>6.25</td>
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</tbody>
</table>

Continued on page 36

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Continued from page 35

**Municipal Underwriting Syndicates**

again, size of the account and geographical distribution of members influence the procedure. To relieve the manager of detail, and to permit flexibility and prompt dissemination of details, advisory groups are frequently formed to work with the manager, as most accounts operate on the basis that certain decisions require majority interest approval and sometimes two-thirds. The advisory group is usually made up of the majority interest. Should the sale be by negotiation, certain procedures might vary in comparison to public sale. However, the essential details must follow a somewhat similar course. The placement of the bid—in accordance with the terms of the notice of sale and decision of the syndicate members—follows with this responsibility being the manager's or his designated representative.

Once the results of the sale are known, the highest and presumed successful bidder starts the machinery all over again, while the members of the unsuccessful accounts relax and go about their business, unless they have orders to fill which they may file with the successful account, or wait to see how well the bonds are received. The remoteness of the point specified for receiving of bids seldom is an obstacle to dealers exchanging ideas on or about the time set for sale. While this is not an assurance as to the final results and award, it is a normal process with calculated risks. However, the smart dealer will always offer bonds "subject to award" to prevent embarrassment, as there is always a possibility his bid might not get in, or there might be other complications.

The successful underwriting syndicate may operate by permitting orders to be filed during a specified period following sale date, after which allocation is made, confirmation given, and balances, if any, released for subsequent orders. Occasionally confirmation is based on first orders received. There should be no particular difficulty encountered during the order filing period. However, the manager's ingenuity and sense of fair play is frequently called upon to resolve the knotty problems of order priority and resulting allocation of bonds. Obviously, a slow deal, with very few, if any, overlapping orders for the same bonds, presents no problem beyond the ultimate necessity of selling the remaining unsold bonds. The successful deal is usually reflected in the number of complaints of mem-

bers or customers for failure to receive confirmed allocation of desired bonds. Additional managerial responsibility entails final ad makeup and determination of the priority of signature of individual partners, final approval of descriptive circulars, not to mention all of the financing and accounting details necessary to collecting pre-rate shares of good faith deposits, selling, expenses, payment for bonds and re-delivery, obtaining legal opinion and ultimate distribution of profit and/or request for reimbursement of losses, assuming that members elect to dispose of any unsold bonds at prices sufficiently below original offering prices, less expenses, to produce an unhappy result. That, very briefly, details the Continued on page 37

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Municipal Underwriting Syndicates

Continued from page 36

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III

Underwriting Problems

In the foregoing, I have touched very lightly on some of the problems encountered in municipal underwriting syndicates. There are many more, some of which directly concern the legal profession. A will and cover very briefly those which might be of interest to you, with suggestions and comments as to how some may be resolved. There is no particular order in their presentation.

A

Pre-Bond Sale Problems

(1) Bond Proceedings: Failure of bondholders to sell the securities of recognized firms of bond attorneys whose legal opinions are widely accepted by investment bankers and their customers often leads to cancelled sales, delays and added expense for all concerned.

(2) Cooperation with Statistical Rating, Reporting and Certifying Organizations: It often happens that by reason of the opinion by bondholders and failure to understand that it is a continuing responsibility to supply accurate, complete and up-to-date data requested by statistical rating, reporting and certifying organizations leads to higher interest costs on their borrowing, fewer bids and lower credit ratings.

(3) False Financial Consultants: Selection of municipal financial consultants on the basis of lowest cost rather than the degree of professional ability and preparation of such consultant to reduce the value of the service rendered and may result in a lessening of interest on the part of investment dealers and investors.

(4) Method of Finance: The adoption of a method of financing public improvements predicated on the ease by which such debt can be incurred, either through evasion of the usual debt limitations and without electoral approval, may be more costly and harmful to the borrower's credit.

(5) Bond Sale Scheduling: To not seek advice from recognized investment bankers as to the timing of a bond sale, condition of the market, the amount of bonds to be sold and the scheduling of additional sales, may lead to unhappy results through higher interest costs and potentially fewer bids.

B

Bond Sale Problems

(1) Distribution of Notices of Sale: Failure to widely advertise and circulate notices of bond sales beyond the mediums prescribed by law, either by mailing to interested bonders or inserting notices in publications such as "The Daily Bond Buyer," can result in fewer bids and possible higher interest costs.

(2) Unreasonable Bond Conditions: Conditions embodied in notices of sale which are unusual and capricious beyond those required by law, only harm the borrower and limit competition. Before imposing any such conditions, they should be reviewed not only from the standpoint of self-interest, but also with consideration of the investment banker and ultimate investor.

(3) Unconditional Bids: The practice of requiring uncondi-

tional bids is losing ground, as it implies superiority on the part of the borrower and perfection as to the bond proceedings which are not always supported by the facts. It is also a means whereby bidders are forced to accept conditions, such as legal opinions, which have limited marketability and thereby reduce competition and raise interest costs.

(4) Good Faith Deposits: Many political subdivisions require a good faith deposit based on a stated percent of the amount bid, including premium. On occasion these deposits of good faith deposit required is so all out of proportion to the amount of bonds being sold that it works a hardship on certain bidder. Sometimes a bidder's check is required or a certified check. A reasonable approach to this situation is to require a stated amount, relatively small, as evidence of good faith, and permit each a bidder's check or certified check. Such simplification encourages bidding and helps to promote better dealer relations. Premature return of good faith checks to unsuccessful bidders is a measure of the borrower's good faith.

(5) Omission and Errors in Bids: Generally, successful bidders do not comply with all of the terms of the notices of sale, either through perhaps a clerical or other minor detail. Such errors are sometimes minor, sometimes serious. This

Continued on page 38

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Municipal Underwriting Syndicates

problem is aggravated by trans
mission of bid details by wire or phone, plus the problem of trying to cover a great many sales or to
about the same time; these are
closely obvious and should be quickly
recognized for what they are by the
borrower. When there is no meeting of the minds between the
borrower and all the syndicate, failure to proceed to
quickly clarify the situation can
work as a handicap on the bidder
acting in good faith and in turn
complicate the award of bonds.

(6) Public vs. Private or Nega-
tiated Sale: Private or negotiated
sale may be in view of the bor-
rower under certain limited con-
tions, such as inability to sell at
public sale. However, in gen-
eral, there can be little argument that the broad public interest is
not being served when private
and negotiated sale of public ac-
cquisitions is practiced. The require-
ment that sealed bids be sub-
mitted on a competitive basis goes a
long way to insure the best pos-
ible price for the borrower un-
er varying market conditions.

(7) Call Features: There are
always a tendency during periods of
low interest rates for borrowers to
seek the inclusion of call features on
their bond issues, yet during periods of high interest rates, such
provisions are most desirable, it
can seldom be accomplished be-
cause of the high redemption cost.
Therefore, it is wise to caution
bidders to use judgment when
including call features on their
bonds to insure the most market-
bable security in keeping with
market conditions. Also, to give
considerable weight to the
registration of bonds in all states
in which there is a call feature favoring
the borrower may prove more costly as
it may prove an unstrategic invest-
ment to those who are the ulti-
mate source of funds. Some bor-
rowers specify alternative bids to
be placed for callable and non-
callable bonds. Here, again, bor-
rower should consider the ad-
vantages to be gained by such a
request in relation to the added
burden on bidders in competing
for the additional bid.

(8) Denominations: Statutory
provisions frequently limit the
size of bond denominations. Un-
usual denominations which are
less than $1000, or in excess of
$1000, may have limited accept-
ance and thus affect interest rates.
Interchangeability of $1000 bonds
denominations may ap-
pear to certain classes of invest-
ors and improve salability of cer-
tain issues.

(9) Interest Rates: Statutory
provisions usually provide a max-
imum rate of interest. However,
notices of sale may limit the max-
imum rate to less than the legal
rate, and in many cases to naming
one rate, or limit the number of rates to a specified number
and may or may not prescribe
that the rate or rates may be in
multiples of 1/8, 1/16 or 1/32. In
general, the lowest net interest
cost to the borrower results
from no limitation as to the number of rates not exceeding the
maximum rate permitted by law.
It is also important to spell out
whether bids can be submitted at
rates in multiples of 1/8, 1/16, or 1/32, if 1/16 of 1% may insure the
most competitive bidding under exist-
ning market conditions. Bidders
are to be permitted to bid more
than one rate for any given ma-
terial, this should be so stated,
otherwise a single rate for a given
material should be spelled out.

(10) Registered Bonds: Within
limitations imposed by law, ad-
ditional marketability can be de-
veloped if there is provision for the
interchangeability of coupon bonds
for registered bonds and vice versa
without undue expense to the
bondholders.

(11) Fiscal Paying Agents: The
selection of fiscal paying agents
and alternate fiscal paying agents
other than the office of the trea-
urer of the borrower, particularly
when such agents are located in
nationally recognized financial
cities, improves marketability of
a given bond issue.

(12) Annual Maturities and
Maximum Life: Statutory provi-
sions usually set the max-
imum life of a given bond issue
and may also limit the annual maturities to a percentage of the
maximum life. Within such limi-
tations, a simple addition of the
lump sum maturity is that the shorter the
maximum life of a given bond is,
the lower the net cost. In some financial centers an ac-
ccepted dealer unit of trading
municipal bonds is $5000 par value
or $5000. In other centers, it may be $2500 par
value. Such units are called
"blocks" while amounts less than
blocks are called "odd lots". Odd
lots usually sell at some different-
ial resulting in a lower price
than can be obtained for blocks.
Therefore, consideration should
be given to this marketing prob-
lem when scheduling unusual ma-
turities on a given bond issue.
Some borrowers specify level
debt service to provide approxi-
mate equal annual principal and
Continued on page 39

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<thead>
<tr>
<th>American Tidewinds</th>
<th>Magnolia Park (stock &amp; bonds)</th>
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<td>Specialty Converters (stock &amp; bonds)</td>
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<td>Cinerama (stock &amp; bonds)</td>
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<tr>
<td>Hycos</td>
<td>Virginia Dare Stores</td>
</tr>
</tbody>
</table>

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Municipal Underwriting Syndicates

interest payments either limiting the annual maturities to a given rate or permitting the bidders to make their own computations. Full consideration should be given to the advantages and disadvantages of each method, and the reasonableness of the requirement considering the added burden for bidders in their computations.

(13) Award of Bonds: Failure to clearly specify on what basis an award will be made, i.e., lowest net interest concept how it shall be computed, creates delay and permits non-competitive factors to enter into award considerations. Failure of a public body to promptly open bids at a specified time and to take appropriate action in the event of a reasonable time, certainly not exceeding 24 hours, indicates little appreciation of the financial obligation of bidders and their marketing problems. In addition, the fact that bidders have probably already reviewed the bids of their competitors, and have been returned unopened, respected for whatever reason, not received, or late bids are permitted to be filed, the good faith of the bidder or the borrower is at stake.

(14) Auction Sale: Occasionally statistician and investor will state that a given bond issue should be sold at public auction. Bidders are usually interested in a specific auction market, for a specified interest rate, dropping the rate when applicable. This practice is archaic and seldom produces the best possible bid, i.e., lowest net interest cost for the borrower. It encourages competing dealers or syndicates to combine their interest, when it is obvious that bidding is approaching a point where competition is thinning to a smaller group and when bids indicate proximity to a less attractive level of purchase. Rather than increasing competition, it it is reduced by it.

(15) Non-Litigation: Much has been said on the subject of non-litigation and the effect that it may have on bids and bond issues at the time of payment in order to insure approving legal opinion by bond counsel. My reason for repeating the subject is that this is true, and it is further emphasizing the necessity for such a provision, and is the result of the success of the successful bidder. Failure of the borrower to comply can only adversely influence bidders and their customers.

(16) Extraneous Material in Notices of Sale: Some public bodies supply a great deal of statistical, accounting, and financial data with their notices of sale. Such material is most helpful in arriving at a proper credit analysis. However, occasionally officials include some of this material in the notice of sale. Examination of the material is unofficial and subject to error. Therefore, in order to avoid any possible conflict between an official notice of sale and unofficial data, the two should be kept separate.

(17) Delivery of Bonds: Prompt delivery of bonds in accordance with the terms of the notice of sale, not only for the reason that the borrower can receive funds and proceed with an improvement program, but also to protect the investment banker and his customer. Changing market conditions can result in a sharp decline in values between the date of a bond issue and the date of the bonds. Promptly assigning bonds to the investors' accounts is in the best interest of all parties involved. Also, most investors desire to put their money to work as soon as possible. Every effort should be put forth to the end that all legal proceedings are promptly taken care of, bonds received, signed, sealed, examined, and delivered promptly. The notice of sale should be clearly stated the maximum date of delivery and that the successful bidder to cancel his purchase and authorize the return of his bond deposit unless extension of delivery date is mutually agreed upon. The office of delivery should be clearly stated and if the borrower agrees to deliver bonds at any other place entailing shipping and/or traveling expense, such expenses should be borne by the successful bidder. This prevents any non-competitive factor entering into bid considerations.

(18) Transcript of Proceedings: A common practice over the years, particularly among smaller and rural areas, has been to require successful bidders to pay for the preparation of a transcript of proceedings. Usually some clerk in a public office would be enuned to prepare the material

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Municipal Underwriting Syndicates

for a fee. Obviously such a prac-
tice is outmoded. It does not pro-
vide uniformity, accuracy, nor 
rapidity of preparation. It delays 
review by bond counsel and con-
frequently result in repeated re-
quests for additional documents.
It can also result in certain in-
stances of non-competitive factors 
entering into bond sale when an 
investment dealer can arrange for 
the work to be done at a lower 
cost than other dealers. It is a re-
sponsibility and a measure of 
good faith to promptly provide all 
necessary documents at no ex-
 pense to the successful bidder 
and/or bond counsel as required.

(19) Bond Counsel: In my dis-
cussion on unconditional bids, I 
pointed out the problem of for-
cing bidders to accept a legal op-
ion in certain instances which has 
limited acceptance by investors. 
It is generally recognized that 
brokers may select any bond 
counsel they so desire and if they 
wish to provide the successful 
bidder with the opinion of such 
counsel at no expense to the bid-
er, it is entirely within their 
right to do so. However, there 
should be no question as to the 
right of bidders to condition their 
bids as being subject to receiving 
an unqualified legal opinion ap-
proving the legality of the bonds 
and bid for in all respects from 
their own bond counsel, as specified 
and at the expense of the bidder.

Unwillingness of the borrower to 
permit this raises a serious ques-
tion as to the possibility of non-
legality in the proceedings or 
introduces an non-competitive fac-
tor into the bond sale by favor-
ing those bidders willing to ac-
cept the opinion provided by the 
borrower.

(20) Right of Rejection: There 
are many reasons why a borrower 
may wish to reject a bid or 
bids. This right of rejection has 
standard acceptance and is incor-
porated in the usual bond notices 
of sale. If rejection is due to an 
omission in the text, for instance, in 
the bid, there should be no mun-
ificence or misunderstanding as to 
taction. If an error has crept into a 
given bond is waived by the borrower 
and such bid is determined to be 
the highest and the best bid and 
award made, there should be no 
question as to the legal grounds 
of such a decision or that the right 
of other bidders have not been 
jeopardized. If all bids are 
assumed to be good and that no 
not to be sold or not to be sold at 
that price, then no advance notice is 
strongly recommended to protect 
bidders as pointed out under 
award of bonds. If bonds are re-
jected and award is made at 
private sale, there is no rea-
son as to the legality of such 
procedure and that competition has 
not been lessened.

(21) Time and Place of Bond 
Sale: Time and place of receiving 
bids, and if at variance with the 
time and place of sale should be 
clearly stated. Specification as 
to the form and manner of ad-
ressing and designating the seal-
ed bid envelopes should leave no 
doubt in the minds of bidders as 
to what is intended. Consider-
tation of these factors may pre-
vent bids and/or bidders appearing 
at the wrong time and having their 
bids improperly presented.

(22) Form of Bid: For the sake 
of uniformity many bidders 
prescribe and/or supply a form 
of bid to be presented for a given 
bond issue. This is helpful to 
the bidder as well as broker. Fre-
quently, by reference, the formal 
place of sale is incorporated in 
the bid which saves repetition of 
detail. However, such bid form 
should not be designed to elimi-
nate the rights of bidders to in-
clude normal and standard con-
ditions in their bids. Also, such 
bid form if it is required to be 
used by bidders, should not 
require details which are exces-
sive and tend to produce errors 
such as requiring the insertion of 
blank forms for each coupon 
rate and each maturity. Consider-
tion should be given to the nature 
of the municipal bond business 
and last minute adjustments in 
price, Obviously, very little detail 
in addition to that which is normal 
should be inserted in a bid form.

(23) Sale of More Than One 
Issue: Many bond sales include 
more than one issue and more 
than one purpose. Statutory 
provisions may require each issue 
be sold separately within speci-
fied limitations. However, in or-
der to issue, there is no competitive 
conditions of sale, it should be 
clearly stated that bonds will be 
awarded to the highest and best 
bidder on the basis of each single 
issue. If "all or none" bids 
involving all issues are the basis 
for award, this should also be 
clearly stated. It should also be 
clearly stated whether or not in-
terest rate limitations apply to 
all issues equally and whether or 
not each individual issue must bear 
the same rate or rates as other 
issues. Bond notices properly 
spelled out the number of 
clarifying inquiries and insure 
equality of consideration on the 
part of bidders.

(24) Amount of Bonds Being 
Sold: Some notices of sale will 
request bidders to bid for an 
entire issue as well as a portion 
of such issues. So that the most 
competent conditions for the bid, 
the reason for such request should 
be made known and there should 
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Municipal Underwriting Syndicates

be no doubt as to the basis of award for either amount.

(25) Reproduction of Bonds: Borrowers who give consent to the appearance of their bonds. Usually there are very limited specifications prescribed, mostly legal, and award made on the basis of lowest reproduction costs. We believe that this tendency should be corrected. After all, bonds in their delivered condition are considered negotiable instruments, usually mature over a period of years, frequently change hands, and may reissue in many places, be subject to loss, fire, floods, mutilation, and forging before final redemption. Examination of many bond issues will indicate how cheap and crude in appearance some bonds are. They are a poor advertisement for the borrower. During the 30s the PWA established standards for municipal bonds issued under their program which could well be followed by many political subdivisions who seek to improve the appearance of their bonds. Fully engraved bonds are recommended wherever possible and combination of engraving and lithographing where applicable, with printing held to a minimum. Interest coupons engraved or lithographed are preferable to those held itself rather than the usual book method of attaching coupons, facilitates deliveries by the ease of examination and should be adopted. Possibly it would be wiser to stipulate as a requirement that the engravers be located on the same premises.

(26) Cancellation or Amendment of Bills: Due to the many factors which affect final bids submitted by municipal bond dealers, the multiplicity of bond sales on a given day, and the inability to present all bids in person, it is suggested that Notices of Sale spell out under what conditions, and in what manner holders may either withdraw their bids on all or none of them if filled prior to sale time.

Underwriting Syndicate Management Problems

(1) Price Restrictions: A frequent point of dispute between members of underwriting syndicates is whether price restrictions should be maintained on a falling market, until after delivery of bonds to customers. While appreciating the individual problems involved, we are of the opinion that delivery of bonds should have no bearing on whether price restrictions should be removed. Why perpetuate or compound losses? The usual professional buyer knows what causes markets to rise and fall and is not influenced if he makes a "when issued" contract at one price and finds the remaining unsold bonds are being offered at a cheaper price prior to receiving delivery of his bonds. If he has funds, he would probably want to average down his cost through purchase of additional bonds. If a buyer is in the habit of cancelling his contract to purchase "when issued" bonds, one can only raise the question as to the ultimate value of such business.

(2) Management Fees: Very few general obligation municipal bond accounts involve management fees. Very sizable issues, particularly of the revenue bond type, have included a management fee as an expense item. Many dealers have seriously objected to the idea of a fee charged for management of an account, feeling that the manager has been compensated for their efforts through collateral benefits. Most managers who take their responsibility seriously add something to an account which cannot be compensated for through collateral benefits. Expense normally chargeable to an underwriting account are not completely controlled, nor is there adequate compensation for the time of personnel devoted to the management function. It is normal to expect that the manager is protecting his own interest first. Invariably the manager defends his own interest to the successful conclusion of the account he is managing. Here again, success is partially dependent on the ability of a manager to perform his function properly.

In determining the value of management and the success of an account, we may well consider just what we expect of a manager and whether we are being fair to him when we decline to compensate him for his contribution to the success of an account.

(3) Profit Margin: Gross underwriting profit on the average municipal bond issue is arrived at by a majority decision and is predicated on the market risk involved, the size of the issue, the nature of competitive factors. Anticipated expenses, including selling commissions, are factored in, but not the controlling factors, as some can be controlled. The controlling factors, as some can be controlled, are the competitive conditions. Usually, the competitive range is from 3% to 15%. This is relatively small compensation for some of the risks taken, keeping in mind there is no guarantee of a profit. Under certain conditions, margins Continued on page 42
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Municipal Underwriting Syndicates

of profit may rise to 5% on particular issues. It is known that some dealers exact a greater profit than this. However, as a group, the municipal bond fraternity is as much concerned with their reputation as dealers, as their desire to serve the public interest. Therefore, excessive profits, usually the result of a leasing of competitive bidding, are not condoned by reputable dealers and are limited to a very small element.

(4) Release of Syndicate Details: We have usually specified that each member of our syndicate agrees not to offer the bonds, reveal prices, or discuss bidding limits except as among members of the syndicate and as authorized by the manager and/or until it is known to the manager that the syndicate was not the successful bidder. However, there are certain dealers who feel they are an exception to this standard condition. They take it upon themselves to call customers and dealers not in the syndicate, who may be potential customers, prior to the sale time. The leaks that have occurred through this over-eagerness have jeopardized entire accounts. The release of data and comparison of bids with other account managers is a responsibility of the manager and/or his designated representatives.

(5) Priority of Orders: A syndicate manager is frequently faced with the problem of establishing which order for a particular maturity of a bond issue should be given priority. If the manager is working for the best interest of the account, he will acknowledge syndicate orders at list not as being of first priority. Directed orders received from accounts designating specified dealers which may or may not include the manager are usually considered in the second category. Investment orders from bank members of the syndicate, with some period of market protection as to refinancing, are usually in the third category, and members' orders at the take-down are in the fourth category. Variations of order occur according to the amount of bonds ordered, the maturities, the prices, the name of the account, if any, and whether or not the bonds are sold or will be re-offered. All details cannot be ascertained, hence the manager is sure to be the subject for criticism in a fast-moving deal. It is sufficient to say that from the information made available to the manager and his fairness in the interests of the syndicate in allocating bonds is a measure of his success as a manager.

(6) Merger: Due to the market conditions, the size of an issue, credit considerations, and other factors, one or more of several municipal underwriting syndicates formed to bid on a single issue may not perform. Some dissociate and others disintegrate. Those members who are released and who still wish to bid, approach the remaining accounts for a position. Some may be included, some may not. Other accounts either before disbanning, or disintegrating, may approach another account and seek to merge. In any event, the syndicates that remain to compete carry on with the reduced liability of members remaining and additions. The manager may exercise his authority to effect merger or to add individual members, or he may

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Footsy-Duri Co. 26 11.575 37% 4.2
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seek majority approval of his account if he has time. In the process of establishing an account, a manager may encounter underwriting strength than other competitive accounts. Therefore, under certain conditions he may end up as the only bidder, through no design on his part. However, those who are faced with a single bid situation may decide to reject the bid and re-advertise. However, careful consideration should be given to the reasons that resulted in the single bid, so that no injustice will result and that rejection will not produce lower bids at the extended sale, due to a worsening of conditions that produced the single bid.

D Special Problems

(1) Non-Voted Bonds Many investors and some investment dealers will not buy non-voted bonds which are property tax supported, both limited and unlimited. Those who advocate sound municipal finance will look with disfavor on this trend toward non-voted bonds. Despite limitations that might be imposed on such debt issuance, the necessity is to curtail governmental approval despite any practical aspects involved.

(2) Lease Purchase Method of Acquiring Public Improvements: There is a growing tendency to curtail electoral disapproval of bond issues by the expensive method of lease purchase contracts. Aroused public opinion as to the excesses of such form of financing should curb its spread and limit its application.

(3) Industry Financing: The efforts of certain governmental areas to stimulate the development of industry by using their credit to provide inducement

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Municipal Underwriting Syndicates

should be viewed with concern. The imposition of a tax exemption should be viewed with caution. Also efforts on the part of political subdivisions to engage in activities which are not a state or municipal function and which are financed by tax exempt securities should be viewed as threats to tax immunity.

(5) Tax Immunity: We all have a stake in the tax exempt status rules for bonds to be last or not in the event of municipal bonds. Efforts to restructure current immunity rules should be made for the provision of revenue bonds in all securities at a minimum expense to the public and reasonable time. Such re-issued bonds should be negotiable and have certain other features and acceptance as the original bonds.

(6) Lost and Mutilated Bonds: The greater volume of municipal bonds produces more opportunity for the tax exempt securities which are taxed in pain and for lost bonds.

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The World's Largest Market Gets Bigger

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to obligations of the United States, or general obligations of any state or of any political subdivision thereof or instrumentalities of either, that no association shall at all times hold obligations other than general obligations, of any state or of any political subdivision or instrumentality of one or more states as a result of underwriting, or purchasing for its own account (and for this purpose obligations as to which it is under commitment shall be deemed to be held by it) in a total amount, with respect to each issuer, exceeding 10 per centum of its capital stock actually paid in and unimpaired and 10 per centum of its unimpaired surplus fund. —unquote.

Thus it can be seen that the effect of this amendment is to permit commercial banks to underwrite and deal in municipal revenue bonds within the 10% limitation applied both to the combined investment position and dealer position of any one obligor and within the meaning of "investment securities" which commercial banks are permitted to purchase for investment. Obviously the proposed amendment has had support from many sources, not only from the commercial banks sponsoring the amendment and the companies actively opposed by a group of investment dealers who are members under the name of "Committee for Study of Revenue Bond Financing."

The dealer opponents to the amendment approach the matter from an historical standpoint by seeking to read into the record the thinking and reasoning process of Congress as of the period when the Banking Act of 1933 (Glass-Steagall Act, which separated commercial and deposit banking from investment banking) was enacted and the Banking Act of 1935, which includes R. S. 5136, referred to above.

In their several presentations the committee alleges or inter alia through reference material among other items that the resources of commercial banks are not needed in the revenue bond field. Municipal revenue bonds are generally a group of longer term and lower investment quality than general obligation bonds, that relatively few commercial banks are substantial underwriters and interested in the amendment, that a bank's reputation would suffer if substantial losses occurred from underwriting, that the customer relationship if used in the sale of securities would suffer if losses were incurred by the customer on securities purchased from the bank, that trust accounts would be prevented from the purchase of securities at initial offering prices if the respective bank was a member of an underwriting syndicate, that bank investment pur-

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Chases are influenced, presumably adversely, in support of its deeper operation, that sami's loan policy would be influenced by issues which it had undertaken, when such issues were offered as collateral, that it banks tried to secure prior approval from the Comptroller of the Currency for determination of the investment quality of municipal revenue bonds that it would generally be impracticable for them to underwrite certain issues because of the possible delay in securing such an opinion, that permission to underwrite municipal revenue bonds might pave the way for entering the corporate field.

The commercial banks in their supporting statements in the amendment indicate that bank participation in revenue bond underwriting would broaden and strengthen the market for such securities through lower interest rates, improved marketability and liquidity, and additional earnings which would accrue to the banks. It is not my intention in the brief time allotted to fully debate this subject as it would be impossible to deal adequately with every detail. However, the subject is important and should be understood.

The great stress placed by the committee on the historical background which presumes to support the reason why banks should not be permitted to underwrite municipal revenue bonds by citing what they consider the intent of Congress is not substantiated by a complete review of the legislative history of the Glass-Steagall Act. The record will indicate considerable difference of opinion and interpretation of the use of the words "general obligations," "Municipal improvement bonds," "special assessment bonds" and investment obligations supported by revenue producing activities.

One important point to consider in reviewing the historical record is that legislation was underwritten municipal revenue bonds during a period of great economic stress and strain involving unusual conditions. To try and determine from the record one real intent in the face of such conditions and in the light of subsequent events appears to be stretching one's imagination. It is necessary to understand that underwriting municipal revenue bonds as we now interpret them, at that time were relatively limited as to number of issues and total par value, with sufficient experience to determine their quality as a general class of security. However, the record of general obligation municipal bonds was well established and the unfortunate experiences involving special assessment bonds was a known fact.

Allegorically the controversy over the subject of commercial banks underwriting and dealing in municipal revenue bonds assumes the nature of a competition between two marching and debating teams from different backgrounds and differing from no fraternal organization. Each team through the brilliance of its arguments and the intensity of its drill seeks to impress the judges in order to win an opportunity to present its views to the national convention. Actually many statements are extremely difficult to prove as there are so many intimations involved. In the last analysis, there can only be one consideration: will the banks be allowed to underwrite municipal revenue bonds? The committee says no, the banks say yes. The committee's observations tend toward a static do-nothing attitude giving lip service to public obvious fact that much has happens to our economic scene in some 20 odd years, particularly in the field of public finance and commercial banking. There are new conditions to consider and new problems to meet. The banks' amendment is not retrogressive as the committee indicates, but is progressive.

To look at the record, it is difficult to deny these facts in their broad application: (a) increased competition for public securities will benefit the borrower, i.e., the state or its political subdivision, and ultimately the public; (b) additional funds to underwrite and deal in such securities will benefit the borrower, (c) additional, extended and improved municipal improvement bonds and investment obligations supported by revenue producing activities.

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financial advice will also benefit the buyer, these certain are fundamental points which support the banks' contention that their amendment is in the public interest.

The banks have stated that they have no interest and have no intention of entering the field of corporate finance. Obviously, approval of the banks' amendment would provide no automatic entrance into this field as it would require the same legislative process.

The amount of actual and potential municipal revenue bond financing which would qualify for bank investment, underwriting and dealing is not small as it would include all presently eligible and future issues and all those now outstanding which would qualify once their record was established. Size of an issue is not necessarily important as many banks would be primarily interested in the bonds of their particular trade area which potentially may be relatively small.

The lower investment quality attributed to municipal revenue bonds as the Committee indicates assumes that quality is static. This is far from the case. It is important to note that the Comptroller of the Currency and national bank examiners and other bank regulatory agencies have made important contributions to improving municipal revenue bond credit. It can be assumed that there will be no lessening of effort in this direction, rather, more so, should banks be permitted to underwrite and deal in municipal revenue bonds. The longer the maturity of municipal revenue bonds and supervised by the market, risk also indicates a static condition. Certainly improved credit, greater than anticipated revenue and lower interest rates will provide debt retirement prior to maturity through refunding and the usual sliding fund operations. Alleged abuses that might occur should banks be permitted to underwrite and deal in municipal revenue bonds are not substantial by the fine record of dealer banks, always keeping in mind in fact that banks are adequately supervised by the Comptroller of the Currency, Federal Reserve Board and the Federal Deposit Insurance Corporation.

Rather than banks' investments being impaired through their activity as a dealer, they are improved. There is better credit analysis, better market sense developed, better opportunities to obtain desired issues and maturities and at wholesale prices. Segregation of investments from dealer inventory is carefully observed by bank regulatory agencies and Bureau of Internal Revenue.

Banks are not immune from losses on loans, investments or dealer inventory comprising one or more of the several securities banks are presently permitted to underwrite and deal in. It follows that municipal revenue bonds would not be immune from loss. Therefore, as a class of security, municipal revenue bonds are in no different position than other assets as to loss. One has to assume that good management is necessary to any phase of banking, whether it be loans, investments or as an investment banker.

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Continued from page 47

**Municipal Underwriting Syndicates**

are also customers of related bond or investment departments. A bank does not jeopardize its customer relations and business reputation just to sell bonds. The status of trust departments with respect to the purchase and sale of securities for the account of customers is so well defined and established that there is no basis for alleged abuse. Any possible hardship entailed by a trust account being unable to purchase a given issue of bonds at the initial offering price because the related bank is an underwriter or the issue of bonds is relatively minor in comparison with the broad public interest that is served by banks. In addition not all trusts are so limited, and markets work both ways so that there are many instances of trust accounts benefiting from a delay in purchasing.

With respect to customers, the collateral loan position of a bank is materially improved by its investment department or bond department functions. The influence is constructive through closer market contact and coverage and broader analytical credit review. The suggestion that prior approval of the Comptroller of the Currency as to the investment quality of a given revenue bond in order for a commercial bank to underwrite, being impractical also assumes a static position. Obviously any additional departmental expansion determined by banks necessary to implement their existing organizational in order to underwrite and deal in municipal revenue bonds would follow. It can be assumed that if the amendment is approved, the underwriter of the Currency in his desire to also serve the public interest must conceivable review his position and determine any needed change in his procedures.

I have not touched on the number of banks interested in support of this amendment. Such banks include the major dealer banks operating in the national and regional financial centers and an ever increasing list of smaller banks. There are probably many banks who have no basic interest in the matter and would not oppose but necessarily support the amendment. There are also many bankers who have no interest in investment banking as such. However, most bankers have new concepts of their business. It does not take much imagination to note the many new fields banking has entered in order to meet competition from other types of financial institutions and to better as well as broaden customer services. It is certainly not out of the realm of reason to suggest that there are many municipal bond dealers who are in favor of the amendment, but who are not currently in a position to so express their views.

At this point I would like to point out the unique position of the Bank of America with respect to municipal bonds. Historically the Bank has underwritten and dealt in municipal bonds for many years, originally through a bond department, succeeded by an investment department and now succeeded by an investment department which expanded to meet the impact of California’s postwar needs.

A basic policy has been to submit a bid on all municipal bond issues originating in California, regardless of size, that could be

Continued from page 47

**The World’s Largest Market Gets Bigger**

Lincoln Natl. Life Ins. Co. 36 1.75 3814 0.5
Lincoln Boston Trust Co. (Rochester) 12 12.30 54 4.2
Lincoln Stotes, Inc. 25 1.10 13 7 1.15
Lion Match Co. 17 1.15 19 6
Pepsi products
Loblaws, Inc. 16 1.25 60 2.1
Suburban grocery stores, E. V. State
Lock-Joint Pipe Co. 19 40.00 7284 5.5
Coca and other products
Lodi Candy Co. 12 0.20 3 1.6
Leiter in the candy field
Long-Bell Lumber Co. (Mo.) 11 1.00 21 4.7
Longhorn Portland Cement... 18 1.80 39 14.6
Texas products
Los Angeles Transit Lines... 10 1.00 18 5.4
Trac tion company
Louisiana Bank & Tr. (N. O.) 21 1.80 47 3.8
Louisville Trust Co. (Kentucky) 12 1.85 53 3.8
Lowell Bleachery 23 0.50 15 3.3
Lowell Electric Light Co. 30 2.30 55 6.0
Operating public utility in Mass.
Ludlow Mfg. & Sales. 83 2.00 32 6.2
New products
Losek Mfg. Co. 31 1.30 20 1.6
Lynn Gas & Electric Co 47 1.60 30 5.3
Operating public utility in Iowa
Lyon Metal Products, Inc. 18 2.50 16 14.8
Sheet metal and sheet products
Macfadden Publications 10 0.25 6 1.9
Well-known magazine publisher
MacGregor Sports Products, Inc. 23 1.00 19 3.5
Sports equipment
Macmillan Co. 57 1.50 27 5.5
Well-known book publisher
McWhetye Co. 11 1.25 17 7.0
Hardware and electric goods
Madison Gas & Electric Co. 47 1.60 41 3.9
Winnipeg utility
Mahon (R. C.). Co. 19 1.00 18 5.5
Large grocery producer
Mallory (P. R.) & Co. 20 2.00 45 2.4
Electrical products

* Some of these companies have not yet completed their initial public offering.*

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INDIANA GAS & WATER COMPANY, INC.
Municipal Underwriting Syndicates

Through its 500-odd branches, the bank has always been in contact with officers of the State, its counties and incorporated cities, and its numerous other political subdivisions. It acts as a depository for substantial amounts of the public funds domiciled within the state; it is a go-between agent for many of its political subdivisions. It supplies needed funds through various forms of tempo-rary borrowing during tax-dry and revenue-duress periods; without it, it seems to serve the state's communities as municipal financial advisor; and its personnel actively participate in civic and public affairs as a service to their communities.

Since January, 1946 through December, 1954, we estimate that $2,009,675,024 par value municipal bonds involving $3,602 issues have been sold in California, excluding all special assessment bonds, tax anticipation notes and warrants and local housing securities, but including municipal revenue bonds. Of this amount, Bank of America syndicates have bid for $2,424,760,004 par value involving 3,470 issues and has won $1,314,300,760 par value and 1,560 issues. Of the grand total $805,870,004 par value involving 2,252 issues, primarily municipal revenue bonds, were not bid for.

I think that there can be no question that this investment banking activity has had a de-cided effect on the growth of California during the period. It has insured at least one bid on almost every issue and the bank's syndicates could bid for it. It has meant reasonable rates in sympathy with market and credit conditions. Also as a substantial investor in California municipal bonds, including municipal revenue bonds, it has put its funds to effective and prac-tical use. I present this as substan-tial evidence for the banks' amendment so that we in California can further extend our bank's services to those municipal revenue bond borrowers whose securities we cannot now underwrite and deal in.

Summary
To briefly summarize the discussion, I present the following:

(a) We all have a stake in municipal underwriting syndicates either directly or indirectly.
(b) Municipal bond dealers have performed a great public service in their efforts to adequately finance all needed public improve-ments.
(c) Understanding the tech-niques and procedures of municipal bond dealers will materially assist in improving municipal fi-nance.
(d) The problems of the munici-pal bond business touch all of us. Operating in a somewhat rel-atived field, there is a responsibility far beyond normal conception to conduct one's business profit-ably and devoid of criticism.
(e) The related problems of the municipal bond business as they touch our political life, need the surveillance of all in order to pro-\n\n\n- Get the book-keeping prospects about the Company from your investment dealer or mail coupon to

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International Cooperation for Peaceful Use of Atomic Energy

already been presented to Japan, Italy and France. Negotiations are pending to furnish additional libraries to countries and universities all over the world. The significance of the distribution of these libraries is obvious. Students all over the world will be able on their own initiative to develop background knowledge of atomic matters.

(3) Another method of spreading knowledge throughout the world is by encouraging the countries to set up research reactors. These research reactors will make possible production of a number of important isotopes. They will permit the testing of certain materials to determine their nuclear properties and to detect radiation damage. Most important, they will familiarize the engineers and technicians abroad with the type of problems which they will encounter at a later date in connection with the operation of full scale power reactors. They are a necessary preliminary to full scale power reactors.

The United States has newly entered into bilateral negotiations with three countries for agreements of cooperation as required by the Atomic Energy Act. These are in addition to the AEC arrangements with the UK, Canada and Belgium. These agreements permit transfer to the United States of materials from the US.

The countries involved are China, Canada and Belgium. These agreements mean that the United States can now make use of the materials from these countries.

The President in his speech to the United Nations on Dec. 8, 1953 called for an International Atomic Energy Agency to promote the peaceful use of the atom. He frequently asked why we should have an International Atomic Energy Agency. Why should not the United States pursue its programs of international cooperation through direct negotiations with friendly States? What role will the International Atomic Energy Agency play in this field of international cooperation? To harness the atom for peace, should we involve any extensive security considerations and be comparatively simple. We expect in the near future to enter into negotiations with additional countries for the same purpose and we hope that quite a number of other countries will be consulted and excluded prior to the adjournment of Congress with summer. We are prepared to discuss these agreements to cover power reactor assistance.

Another example of "decades not words" took place just a week ago when the Joint Committee of the Congress and the technologists on eight-member panel to measure the impact of peaceful applications of atomic power on all phases of United States life and to recommend legislative and policy actions to guide peaceful atomic development. The members of the panel are outstanding American leaders. The Chairman of this panel, a publisher and the other members include businessmen, scientists, and engineers. I congratulate the Joint Congressional Committee on Atomic Energy for taking a constructive and helpful step.

III

In the field of research we anticipate that other countries as well as the United States, United Kingdom and Canada will launch training programs open to the nationals of other states. We hope that perhaps the Soviet Union will make available to the world the results of its programs to harness the atom for peace which are described in such vivid and glowing terms in the Soviet press. An International Agency could deal with the problem of coordinating all these national programs and could make suggestions to assure that as many states as possible share in the benefits.

Continued from page 51

The World's Largest Market Gets Bigger

Miller Mfg. Co. 13 0.40 4 1/4 9.4
Miss. Valley Barge Line 13 0.50 12 5/8 6.2

The Commercial and Financial Chronicle . Thursday, April 28, 1955

Aircraft Radio Corporation

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Continued from page 49
International Cooperation for Peaceful Use of Atomic Energy

will benefit from the training program. Most important, the International Agency would play the major role in making available power reactor technology and fuel and in promoting a program to locate power reactors and re-search reactors throughout the world in the places where they could do the most good.

As the President pointed out, international cooperation in the Agency would "open up a new channel for peaceful discussion and initiate at least a new approach to the many difficult problems that must be solved in both private and public conversations if the world is to shake off the inertia imposed by fear and is to make positive progress toward peace."

We are now making definite progress in our efforts to form an Agency. Conferences in December, 1953, and extending to the first half of 1954 we engaged in negotiations with the Soviet Union which got us nowhere exactly. The series of exchanges, which were published in the United Nations last September, led to the decision of the President of the United States last August not to allow his proposal to die because of the negative Soviet attitude. He said: "Although progress on the plan has been impeded by Soviet obstruction and delay, there appears to be a reasonable possibility of cooperation with the cooperation and participation of the Soviet Union if possible, without hesitation necessary."

We sincerely hope that it will be possible for the Soviet Union to participate in the International Atomic Energy Agency, the accomplishments and potential of the Soviet Union in the field of atomic energy are great, and it could make a real contribution. While we understand that the President has constantly emphasized his hope that peaceful cooperation in this field would lead to cooperation in other fields and the solution of some of the vast problems that have created international tension. However, it is essential that the Agency which come into being in the near future and that we concentrate on the program on what, to use the words of Ambassador Lodge in the United Nations, is "feasible and do-able."

That objective would be defeated by excessively technical discussions and by long delay in the formation of the Agency. That would be too high a price to pay for Soviet cooperation. We have made definite progress in drafting a statute for the Agency which takes into consideration many suggestions made by a number of States to us both directly and in the debates in the United Nations last fall. Perhaps I could summarize the existing status of the Agency by saying that it is about to "pop."

This then is a thumbnail sketch of our program for 1955—a program directed mainly toward spreading information throughout the world toward developing technical knowledge in all countries and toward creating the first ties among the countries which will lead to broader cooperation as their program builds up. This program has three main characteristics, all in the American tradition.
International Cooperation for Peaceful Use of Atomic Energy

We must do that also for the general security.

(2) It is a truly international program. International cooperation is part of our American heritage and nowhere has this been more evident than in the development of the knowledge of the atom. The development of the atom would have been impossible without international cooperation.

The little group that witnessed the first chain reaction in December, 1942 under a football stadium in Chicago was headed by Fermi from Italy. It included, in addition to the brilliant group from the United States, Sirtl and Wigner who were born in Hungary and Zinn and others from Canada. Their work rested on scientific studies pursued all over the world and linked to such names as Einstein, Hahn and Strassmann from Germany, Niels Bohr from Denmark, Rutherford from the United Kingdom and the Curies from France and Poland. Thus when it first became possible to initiate a program to harness the atom for peace it was natural that the President should call for international cooperation in sharing its benefits. The advantages that can be gained from nuclear energy should not be the exclusive possession of a few countries that now have sufficient technical knowledge and know-how. On the contrary, they should be spread throughout the world so that all countries could share in the benefits.

(3) And even more characteristic of the American way of doing things, the benefits of this program are shared by all of the world throughout the world from their own sources. The various countries will have a part in the sharing, the country that can develop the programs that the country will be able to benefit from the needs of the country. This and not a give-away plan is the truly American way of spreading the benefits of the peaceful use of the atom throughout the world. This is the American way which, in the phrase of our President, will lead this world out of fear and into peace." It is this American answer to the pledge of the President "to devote its entire heart and mind to find the way by which the miraculous inventive powers of mankind shall not be dedicated to his life, but concentrated to his life."

Now let us examine the Soviet description of this program: "There is no doubt that the proposals made by the American President were only an ostentatious propaganda character. In reality, the ruling circles of the United States . . . do not even think of international cooperation in the field of the peaceful use of atomic energy . . . the struggle to gain control of atomic raw materials and their use in other countries is the real motive of all American maneuvers on the problem of the peaceful use of atomic energy." The programs which I have described to you give the lie to these charges from Moscow. If one looks for a program motivated by interest in getting raw materials, he has only to look at the USSR program of assistance in this field. On Jan. 17, the Soviet Union, aware, no doubt, of how far it had fallen behind the United States in making available to the rest of the world the results of atomic research, announced in Moscow that it too had a program in the peaceful use of atomic energy. It is significant that the Soviet program is so far confined to China, Poland, the GDR and in a Democratic Republic, Czechoslovakia, and Romania—a sharp contrast to the United States program which extends to every continent. I think I do not need to dwell on the following sentence from the text of the Soviet statement: "At the same time account is taken of the fact that the aforementioned countries are supplying raw material to the United States."
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almost $60 billion. As a matter of interest, our total public financing operations, including the weekly refunding of Treasury Bills, has aggregated over $300 billion since this Administration took office.

This compares with the total market value of all shares listed on stock exchanges in our country of $150 billion at the end of 1954, and the value of shares traded on the New York Stock Exchange in 1953 and 1954 of $38 billion. Treasury financing of this magnitude necessarily interferes with the non-functioning of other capital markets and is a disturbing influence in our economy. Furthermore, as you know, a large short-term debt complicates the problems of dealing with inflation. The maturity arrangement of our securities is not available or prudent. You would not think it wise, as an individual, to finance the purchase of a house with a mortgage due six months. Neither is it prudent for the United States Government to be faced with a possibility of re-financing a large part of its debt at frequent intervals.

These are some of the reasons why this Administration is anxious to improve the debt structure and would like to sell securities to the public at every favorable opportunity. Yet we have to proceed very cautiously and examine very carefully the probable impact of each one of our large financing operations on the economy. If we sell too many long bonds we may preempt capital that is needed for the building of homes and the conduct of business. At times the sale of a long bond is useful in restraining the growth of money supply and guarding against inflationary developments. Last year when the economy was experiencing a readjustment period, the Treasury purposely refrained from selling a longer bond in order not to compete with the market for mortg¬ages and other new security issues.

Early this year the business picture appeared sufficiently strong to permit the sale of a long bond without doing damage to the recovery. Accordingly, plans were developed and with the substantial help of the financial community, we successfully placed in March a billion of 3% 40-year bonds due in 1985. This was part of our program to improve our debt structure and reduce our short-term debt. In addition, we are interested in establishing a genuine market for longer term government securities. We think our economy is sounder and that all of the capital markets are sounder if long-term investors are able to make a free choice in the selection of their invest¬ments and are not forced to make investments in government securities, due to the lack of supply of long-term govern¬ment securities. To this degree, we were providing investors with an alternative to common stock investment. The manager of a pension fund, for example, is now able to obtain a 3% return on his investments without departing from the very conservative government bond field. The stock market rests on a sounder base if such an investor is able to make a free choice of securities and is not forced to consider common stock investments just because he finds it difficult or impossible to meet his actuarial requirements in high grade, fixed income securities.

I hope these comments have demonstrated to you, in some measure, the importance of sound policies.
The World's Largest Market Gets Bigger

Rich's, Inc. 26 1.20 30 4.0
Operates Atlanta department stores

Riegel Paper Corp. *20 1.50 39% 3.8

Riegel Textile Corp. 17 2.40 41% 5.8

Riker Kimple Co. 25 1.50 28% 5.3

Dayton department store

Riley Stoker Corp. 41 1.60 28% 5.7

Smoke generators and fuel burning equipment

Ridgon Mfg. 31 3.00 57% 6.1

Safety and smoke detectors

Snooze Gas Co. 11 0.625 12% 4.9

Operating public utilities

Robertson (H. B.) Co. 19 p.300 77% 3.9

Manufacturers of construction materials

Rochester Telephone Corp. 12 0.80 17% 4.5

Operating public utilities

Rock of Ages Corp. 14 1.00 13% 7.3

Building monuments

Rockland-Atlas Natl. Bank of Boston 91 2.80 70% 4.1


Robertson Lumber Co. *41 0.90 16% 3.6

Kiln-mill and planing mill

Rockwell Mfg. Co. 18 2.00 33% 5.7

Electrical equipment

Rockwood & Co. 10 1.125 30% 3.1

Chewing candy

Rogers, M., & 5, 25c Stores, Inc. 27 1.15 23% 4.9

Operates 135 stores in the South

Ross Gear & Tool Co. Inc. 27 3.75 55% 6.8

Manufacturers of steering gears

Royal Palm Management Corp. 12 0.20 29% 7.3

Operators of gas and electric utilities

Russell-Miller Milling Co. *20 1.40 36% 3.9

Milling and flour-milling

Saco-Lowell Shops 17 1.25 11% 6.8

Manufactures textiles and output

Safety Car Heat & Light Co. 22 1.25 21% 5.9

Brake lining and air conditioning

Sears, Roebuck Mfg. Co. 19 8.00 95% 8.4

Retailers, department stores, textiles

St. Crox Paper Co. 35 5.00 95% 5.3

Manufacturers of paper

St. Louis, Rocky Mountain & Pacific Co. 14 0.25 27% 0.9

Cost, retail interests, and productions

St. Paul Fire & Marine Insure. 83 1.00 52% 1.9

Fire and casualty insurance

St. Paul Union Stockyards 39 1.25 14% 8.5

Minneapolis operator

San Francisco Bank (Calif.) *4

Name changed in Nov., 1924 to San Francisco First National Bank

San Jose Water Works 23 2.00 38% 5.1

Operators of water main in city

Sanborn Map Co. 20 4.50 65% 6.9

Manufacturers of maps

Savannah Sugar Refining 31 3.50 61% 5.7

Georgia operator

Schenectady Trust Co. (N.Y.) 51 11.94 56% 3.4

Commercial banks

Sage Lock Co. 15 12.25 52% 4.2

Locks & similar products

Scott & Williams, Inc. 39 0.875 16% 5.4

Building machinery

Scranton Lace Co. *39 0.60 20% 3.0

Lace curtains and table covers

Scudder-Vanderwoude- Barney 15 0.60 11% 5.3

Dept, stores: St. Louis, Kansas City, Denver

Seaboard Surety Co. 20 1.80 47% 3.8

Surety bonds

Searle (G. D.) & Co. 20 2.40 91% 2.6

Pharmaceuticals

Searle-Company Stock Exchange (Chicago) 15 2.20 68% 3.2


Searlins Lines *14 0.50 13% 3.8

Railroad lines

Second Bank-State St. Tr. Co. 22 0.95 30% 2.4

Furnished in February 1855

Second Natl. Bank (Boston) 26 14.125 112% 3.7

Effective Feb., 21, 1955 merged with State Street Trust Trust Co. of Boston. For record purposes, see data under the former name.

Second Natl. Bank (Houston) *30 11.33 44% 3.9

Second National Bank & Trust Co. of Saginaw 52 5.00 131% 3.8

Secur.-First Natl. Bank. (L.A.) 73 1.75 77% 2.2

Security Ins. Co. (N. Haven) 61 1.60 45% 3.5

Continued on page 56

The Stock Market

And the Public Debt

Public debt operations can do much more than go to the government in the form of taxes to pay off existing debt. They can contribute greatly to the maintenance of a high level of economic activity, thus help provide the base from which sound economic progress can take place. Thus the management of the debt can be helpful in producing an atmosphere in which common stock investment will flourish.

The Stock Market

Before closing, I can't refrain from commenting somewhat on the stock market. The Treasury, because of its broad interests in the equity market for the raising of funds, followed with interest the pace of the recent sharp advance in stock prices. In such a rapid movement, there is always danger that too little attention will be paid to sound value, and that the movement will carry the price structure to an unsustainable level. Too rapid a change in any sector of our economy, if not soundly based, can contribute more to unstable conditions, bad in the long run, even to deflation — than to sound economic growth.

I have no good judgment as to whether the market is too high or too low. I prefer to believe that much of that advance in the market reflected a rebirth of confidence in the free enterprise system, a conviction that our government is again on sound footing, and a belief that appropriate action will be taken in the management of the fiscal and monetary affairs of this country in order to keep our dollar sound and the economic future bright.

I hope that the stock market will, over a period, sell at a high enough level to encourage corporations to make proper use of the equity market for the raising of new capital. There is evidence present in the year that the rise in the market has encouraged a far greater use of equity for raising new capital for business than has been true for many years. This is a constructive movement. The increased supply of equity capital is itself the best natural check on any unhealthy advance in the market, and at the same time it can do a great deal to promote the further growth and progress of this country.

A recent rough compilation that I made had indicated that in the first quarter of this year the principal issues of common stock offered publicly by underwriters, or directly to stockholders, amounted to over $600,000,000, as against only $2,000,000 in the same period last year. These figures are not all inclusive but they compare with a figure compiled by the Securities & Exchange Commission of $1.2 billion total common stock financing for all 1953. In addition to the new volume of $500,000,000 for the first quarter of this year as against only $10,000,000 a year ago. As I read the paper from day to day I see convincing evidence of further common stock financing, and there have been announcements which indicate a substantial further increase of convertible securities. The Convertible securities have proved to be an effective means of raising equity capital. An estimate that I have seen indicates that over $1 billion of equity capital came into being in 1954 as the result of conversion of convertible bonds and preferred stocks and cash payments that more commonly resulted from those conversions.

More Common Stocks in Offerings

Based on financing to date, and already planned, business may well sell substantially more common stock this year than ever before, with the possible exception of 1950. Furthermore, with the same possible exception, it appears likely that more convertible financing will be undertaken and quite possibly more convertible issues will be converted into common stock this year than ever before in our history. This is convincing evidence of the constructive value of the country of a high-level stock market. It is evidence that we have established an environment in which business is encouraged to make long-term plans to use additional permanent capital over and above the amount of retained earnings. This results in the creation of new jobs for our rising population which is the only thing that insures economic progress.

I have told you how manage-
Continued on page 56

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Railroad Securities

Cabinet Committee’s Report on Rail Regulation

The report to the President by the Cabinet Committee of transportation was finally made public last week. But, said the advance, five months after its submission, in some respects the recommendations made were so far-reaching as had originally been reported. In particular, several of the proposals that the roads be given complete freedom to enter the trucking, bus, and other transportation fields. Also, there was nothing said about the repeal of the present excise tax on passenger and freight transportation, a levy that has been vigorously attacked by the railroads ever since the end of the war. Finally, there was dropped from the final report any mention of proposed user charges on inland waterways that have been, or are in the future, through the use of Federal funds.

As it was, the report as finally submitted and released to the public concerned itself largely with the question of changing the procedures with respect to rate making. It was recommended that all classes of carriers be given greater freedom in adjusting rates, within maximum and minimum limits established by the Interstate Commerce Commission, and that there be a greater sharing of the role of regulator rather than business manager with respect to rates.

The time during which the commission could suspend proposed increases, rather than for a 30-day period as was the case in the past, was extended to three months, with the further provision that such suspension would be allowed only where the Commission had determined that the new rates would probably be illegal that their enforcement would result in injury to some segment of the traffic, or where there was no adequate remedy other than suspension. Thus there would be less and less of those long time interchanges that have characterized most rate proceedings since World War II and has hampered the railroads in their efforts outside of meeting changed conditions.

The report further went on with a recommendation that the burden of proof with respect to proposed increases be placed on the objector rather than to the carrier, to the extent that the Commission was not satisfied with the report. Finally, it was recommended that the rate changes be called “long and short haul clauses” of the present transportation act.

With respect to trucking it was proposed that contract carriers and private carriers be defined so as to restrict their operations to their respective territories, and that existing regional or local rules to regulate certain farm products, which were exempt from rate regulation, be clarified. One highly important recommendation was that the rate field which would grant the ICC authority to order the discontinuance of free facilities on railroads, or in the case of carriers, the rate services, without regard to any state charge or rate order on the authority. As it is now, the roads for it difficult and slow, because of local and local political pressures, to abandon local and public services, to abandon local and public services, to abandon local and public services.

The report was released by the Secretary of Commerce and was not by the President so it has not the force and the authority to request legislation for it expected, however, that in the not too distant future the President will send to Congress a request for legislation. It is anticipated, however, that in the not too distant future the President will send to Congress a request for legislation. It is anticipated, however, that in the not too distant future the President will send to Congress a request for legislation."
**The World’s Largest Market Gets Bigger**

<table>
<thead>
<tr>
<th>Company</th>
<th>Year</th>
<th>Price</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Lumber Co</td>
<td>1927</td>
<td>5.00</td>
<td>28.0%</td>
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<tr>
<td>U.S. Rubber Co</td>
<td>1927</td>
<td>4.50</td>
<td>20.0%</td>
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<tr>
<td>U.S. Steel</td>
<td>1927</td>
<td>3.00</td>
<td>15.0%</td>
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<tr>
<td>U.S. zinc Corporation</td>
<td>1927</td>
<td>2.50</td>
<td>13.0%</td>
</tr>
</tbody>
</table>

**Jordan, Hall Join J. Barth Co. Staff**

SAN FRANCISCO, Calif.—Two well-known bond men have joined the Municipal andBond Department of J. Barth & Co., members of the

James O. Jordan, III — Gerald E. Hall

New York and San Francisco Stockbrokers: James O. Jordan, III, will be attached to San Francisco headquarters, 404 Montgomery Street, and Gerald E. Hall will be with the Los Angeles office, 210 West 7th Street. Mr. Jordan, former Assistant Manager of the Bond Department of Cali-

**25th Anniversary of Amos C. Sudler & Co.**

First National Bank Bldg., Denver 6-2416

Barrett Herrick, Co., Inc. and Franklin, Meyer & Barrett on April 26 made initial public offering of 900,000 shares of common stock (price per share $3.50) of Holly Uranium Corp. at $3.50 per share.

Of the proceeds, the company will use approximately $1,384,000 to exercise options for the acquisition and lease of certain properties and approximately $500,000 will be used for the company’s drilling and exploration program; and the remaining $718,000 for general corporate purposes.

The company was formed in 1948 to explore for and develop natural resources including uranium, petroleum, and minerals. Proved and unproved properties, producing and non-producing, are located throughout the western United States. The company is currently prospecting in New Mexico and is developing an extensive program of development in the Pacific Northwest.

Muir, Dumke & Co.

New S. F. Exch. Member

SAN FRANCISCO, Calif.—Edward W. Dumke, of Dumke & Co., has been elected to membership in the San Francisco Stock Exchange. He was announced by Ronald E. Keshel, President of the Exchange.

Muir, Dumke & Co. is located in Salt Lake City, Utah. The general partners of the firm are Edward W. Dumke, Richard W. Muir and Albert A. Light, Jr.
Is the Stock Market Too High?

quotations for common stocks the following four are among the most important:
(1) Growth in our economy and its prosperous future.
(2) Returning confidence on the part of businessmen and investors.
(3) The cumulative effects of inflation.
(4) The battle on selling stocks caused by the Capital Gains Tax.

To attempt to fix a ceiling for the stock market would be a calculation. It would be too unwarranted since the four principal reasons mentioned above are themselves not measurable on a quantitative basis.

Senator Fulbright’s Admission

In his speech of April 15, 1955 before the Economic Club of New York, Senator Fulbright, Chairman of the Senate Banking and Currency Committee, again voiced alarm at what he called “specula-
tive fever” in the stock market. Nevertheless, he admitted exactly what Mr. Bernard M. Baruch had pointed out in his testimony before the Senate hearings in March, that he cannot know whether “The price of a stock is too high as long as the public is willing to pay for it.”

The 1920’s. Rogers Babson, the well known business statistician, said that the price of common stocks would fall 50% within a couple of years. He predicted a calamity for years prior to its actual arrival. Eventually he was correct but for most investors who had exercised any degree of prudence his advice was not well taken. Sooner or later Senator Fulbright would have to prove to have been based on facts but by then the price may have been higher than they are today for many investors. Karl T. Phillips, in his recent book “A Stopped Clock” states that “a stopped clock furnishes correct time twice a day,” requiring mean movement on the part of the observer.

Some Confusing Exclusions

Time is the most important element of the market has in fact been obscured by various factors which may not be in the public’s perception. The fourth reason may have developed with respect to the “cabinet” of drug manufacturers, the activities and prospects of whom are not of public imagination. The American temperament has generally been one of extremes, and considerable over-enthusiasm has been particularly noticeable in the fields of uranium, nuclear energy, electronics, automation and aircraft manufacturing. Another instance might be the performance of the share of the earnings of drug manufacturers which advanced rapidly on the announcement of the Salk's polio vaccine to a point where they had vastly exaggerated the earnings of this company to such a disparity in real earnings that a considerable over-enthusiasm for this new discovery. In addition to the above-mentioned shares are said to have been by some according to market commentaries overkill of this kind, it is also apparent that the public has been swayed by the newspaper headlines and financial reports emanating from the market. Also there has been a considerable increase of capital in real estate sales, which is one area where the public seems to place a great deal of confidence. However, this is not to say that there is no investment potential in the real estate market, but it is to say that there has been an over-enthusiasm for this area, which has resulted in a decrease of demand for certain types of companies and not necessarily for the entire market. The investor in such companies should not go unheeded. The public's response to the public's enthusiasm could be heightened degree of caution no matter how tempting an opposite course of action might be.

Amos C. Sudler Co. is Celebrating 25 Years

DENVER, Colo. — Amos C. Sudler & Co. are now celebrating their 25th anniversary in the investment business. The firm has moved to more spacious and beautiful quarters in Suite 701 in the First National Bank Building.

Established in 1926, the firm acts as dealers and brokers in municipal bonds, investment trust railroad, industrial and public utility issues and listed and unlisted securities specializing in sales to the Western Mountain region securities.

Officers are Amos C. Sudler, President; Phillip J. Clark, Secretary.

Keystone Increases Rockdale Mill

CHICAGO, III. — The Keystone Company of Boston, principal underwriter of the 10 Keystone Cus-

Columbian Funds and of the Keystone Fund of Canada, Ltd., has an

nounced that Harry Herb is in charge of its Midwest office at 135 So. LaSalle Street, Chicago. Mr. Herb, as a regional representa-
tive, will continue to work with investment dealers throughout area as he has done for the past 10 years.

Simultaneously The Keystone Company of Boston announced the resignation of Mr. Robert R. Ekrichion. Mr. Mr. Mr. Hr. O. Kline have recently joined their Chicago office as securities the rubber synthetic rubber in the Illinois plant, in the Illinois, where synthetic rubber was produced and rubber much rubber annually on a 48-hour week of 80,000 Malayan workers are used in the steaming jungles of Indonesia. The purpose of the Federal Reserve discount rate from 1% to 1 1/2% was an event of high im-
portance and was not immediately noticed by the stock market and short-sellers. The Dow-Jones Averages moved into new high ground and the statements of business leaders at this time were made under other conditions. action of this character by the money market, the Dow-Jones Averages might have brought a setback in the securities markets but the forward momentum of quotations

Continued from page 57
The World's Largest Market Gets Bigger

While Juran & Moody (Hiered to The Financial Observer) COLUMBUS, Ga. — Richard C. Swagler is now associated with Juran & Moody, Inc. of St. Paul, Minnesota.

Immediate Firm Bids on all issues of Louisiana & Mississippi Municipal Bonds

Actice Trading Markets in LOUISIANA BANK STOCKS and LOCAL CORPORATE ISSUES

* * *

Specializing in HIBERNIA NATIONAL BANK LOUISIANA BK. & TR. CO. NATIONAL AMERICAN BANK NAT'L BANK OF COMMERCE PROGRESSIVE BK. & TR. CO. WHITNEY NATIONAL BANK

Scharf & Jones
219 GARONDELET STREET, NEW ORLEANS, LA.
Telephone NO 160 & 181 Tulane 0101

SHEPHERDSTOWN, W. VA. 25443

The Commercial and Financial Chronicle . . . Thursday, April 28, 1955

10 (1955) 

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The World's Largest Market Gets Bigger

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- Continued from page 57

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10 (1955) 

Continued from page 57

The World's Largest Market Gets Bigger

While Juran & Moody (Hiered to The Financial Observer) COLUMBUS, Ga. — Richard C. Swagler is now associated with Juran & Moody, Inc. of St. Paul, Minnesota.
A Revolution Ahead in Farming

By ROGER W. RABSON

Pinning out trend is for large mechanized farms, Mr. Babson foresees small, non-progressive farmer forced out of business. Small recent decline in income has hit small farmer hardest, and predicts push-button farming in the distant future. Gives advice to farmers' sons.

The small, non-progressive farmer gradually being forced out of business. The trend is toward large mechanized farms. I foresee, then, this trend will go on.

The stubborn farmer simply cannot compete, over the long-term with the low-cost mass-production methods of the modern mechanized farm. He has not sufficient land and cannot buy the necessary equipment.

Income Decline Hits Small Farmers Hardest

Farm income has declined on average about 8% since 1951. This decline has been the same for big farmers, but particularly by the smaller operators whose costs are high. Some have had to close up shop. Those in the Dust Bowl area were dealt a severe blow recently when Federal Crop Insurance was discontinued in certain sections. Withdrawal of this insurance will be felt especially by the small marginal farmer. Banks which heretofore have been willing to make loans to marginal farmers with crop insurance protection are now neither willing nor able to risk their depositors' funds. Some day it may be possible to predict and control the weather. This should be a great help to the farmer, but would apply only to production, not to demand.

Government acreage control has helped the small farmer compete against his bigger brother to the extent that the large mechanized operator has been forced to restrict his output. Whether or not he is currently selling at a loss, it is only a stopgap measure and is unfair to the mass-production farmer because he cannot make full use of its facilities. This reduces his efficiency and ups his costs. Someday mechanized farmers may revolve against this artificial restriction in much the same manner as the discount houses are currently overthrowing the Fair Trade laws.

Push-Button Farming

Although the day of wholly-mechanized farms is still in the distant future, some amazing devices have been developed and are now in use. The farmer can now push a button to grind, mix, and serve feed to a barnful of cows. Pushing another button changes the feed formula and the machine serves the hogs, pushing a third button prepares and serves feed to the chickens. Talk about the high-technology of the future. Those who have done chores on a farm will readily appreciate the time and back-breaking labor these machines save. I forecast that women will supersede men in running certain farms.

Another valuable machine is the hay and grain dryer, which roughly corresponds to the housewife's clothes dryer. The dryer makes the farmer less dependent on the weather and lets him harvest his crops in his leisure. It reduces spoilage and gives him more value from his crop. In addition, there are machines for planting, spraying, and harvesting, plus countless practical gadgets that make farm work more pleasant and efficient.

What Farmers' Sons Should Do

I forecast the future is bright for farmers who have well-located farms and will adopt the new equipment, and for the makers of this new farm equipment; but I fear the days of many stubborn, small marginal farmers are numbered. Fortunately, the impact of mechanization will be gradual, but this is a problem which should be recognized and planned for now by the farmer and his children. Government should get together with industry and try to make this transition as easy as possible. Farm workers especially should face up to the situation realistically.

In industry, the man who finds work in his own line diminishing, turns to another type of business. He frequently does much better in the new endeavor. In this connection, many small farmers and farm workers have nothing to lose. Most farm people have a character of industry, and good health. They often have the advantage of being handy with tools. In planning and running their farms they have had valuable administrative and supervisory experience. What does this all mean to me? It means that one of the farmer's sons or daughters might do well to adopt the new conditions and remain with the farm; but the "bried men" with ambition had better get jobs elsewhere. Employers may well use the "Help Wanted" ads in farm areas as job opportunities arise.

Orville Neely on Trip to Chicago Area

DENVER, Colo. — Orville C. Neely of Merrill Lynch, Pierce, Fenner & Smith, has been on a business trip to the firm's Chicago office and the Chicago financial district. Mr. Neely will return to his trading desk in Denver in about two weeks via a "merry Oidsen"—a which he will drive from Detroit.

Culman Bros. Partner

Culman Brothers, 161 Front Street, New York City, members of the New York Stock Exchange on April 28 will admit Lewis E. Culman to partnership. Mr. Culman will acquire a membership in the Exchange.

Virginia Securities

Municipal Bonds and Corporate Securities

Local Industrial & Utility Stocks

Trading Markets

Retail Distribution

STRADER, TAYLOR & CO., INC.
LYNCHBURG, VIRGINIA

LD 39 — 5-2572 — TWX LY 77
Fallacies of Proponents Of Subscription TV

producing motion pictures and of controlling all film exhibitors to exhibiting to the public.

Who Collects 10% Tax?

While on the subject of motion pictures, it might be interesting to mention that there may be some who believe that the Federal tax on motion pictures (18%) has been increased in order to give the companies a break. However, this is not the case. The Federal tax is imposed on all motion pictures, regardless of whether they are exhibited in theaters or on television. It is a tax on the gross receipts from the sale of admission tickets, and it is paid by the motion picture companies.

The 10% tax is collected from the box office and is then remitted to the Federal government. The tax is not levied on the exhibitors, who are simply pass-through entities.

Are Admissions Refundable?

As to admissions, it is true that in some cases they may be refundable, but the reason for this is not to subsidize the motion picture industry. The refundable admissions are a matter of convenience for the exhibitor, who may want to return the admission to a customer for various reasons, such as a technical problem with the film or because the customer is not satisfied with the performance.

The refund is not a subsidy, but rather a normal part of doing business. It is not intended to subsidize the motion picture industry, but rather to provide a service to the customer.

Sarnoff's "No Fault in Pay-TV"

As to the attitude of the televisi

They are available at the movie house just around the corner, or anywhere else, even those people who are too old and too remote for a television station. The price of admission is usually 10 cents, 50 cents, not a dollar. What about opera, ballet? Let me remind you that every Saturday for the past 15 years during the opera season, there has been paid for advertiser-sponsored radio broadcasts of complete Metropolitan opera. It must have been profitable to its sponsors, otherwise it could not have been running so long.

Goodbye to Free Sports

Sports? It is well known that the only people blackouts are those of baseball, basketball, football, and boxing in the immediate vicinity of the live action. Advertising-sponsored television now brings us important championship fights, big games, the World Series. The plan of course, as openly admitted by the proponents of slot-machine TV, is to sell to the public the sports events it has been seeing free of charge. Broadway plays? Some 60 million people recently attended "Peter Pan" at some of the 360 television sets. This broadcast turned out to be a good investment, if you count the expense of being thousands of miles away, and for the owners of the production. On May 15 Gian-Carlo Menotti's stirring opera "The Saint of Bleecker Street" will be telecast free. All the proponents of toll-TV can say is, "You have got more of the same—but not for free."

In short, Mr. Sarnoff, who was the fore-runner of the "Slot-machine TV." In this connection, may I say that I was rather amused to learn that a rival in Washington that the distinguished Governor and one of the distinguished Senators from Nebraska are the only selected representatives of the people, as far as I know, who have tried to keep public television (P.C.C.) to improve Pay-As-You-See Television. They claim it would greatly benefit residents of Kenesaw, Las Vegas and other communities in their State.

Home Slot Machines?

With all due respect, I am prompted to ask whether installation of slot-machine TV sets in the homes out there might not be the fore-runner paying the way for installation of actual slot-machines and actual bandits? In Nevada living rooms? It might be in order before closing this discussion to ask just what it is the proponents of Pay-As-You-See TV actually want.

Continued on page 61

CARPENTER PAPER COMPANY
OMAHA, NEBRASKA

Earnings Summary

<table>
<thead>
<tr>
<th>Year</th>
<th>Year 1954</th>
<th>Year 1955</th>
</tr>
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<tbody>
<tr>
<td>Net Sales</td>
<td>$68,000,559</td>
<td>$66,567,498</td>
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<tr>
<td>Costs, Including Taxes</td>
<td>66,492,222</td>
<td>65,112,946</td>
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<tr>
<td>Net Income from Operations</td>
<td>$1,566,137</td>
<td>$1,454,522</td>
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<tr>
<td>Preferred Dividends Paid</td>
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<td>36,981</td>
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<tr>
<td>Net Income from Operations net of Common Stock</td>
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<td>$1,417,571</td>
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<tr>
<td>Per Share</td>
<td>$2.56</td>
<td>$2.43</td>
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<td>Common Shares Outstanding, December 31</td>
<td>611,030</td>
<td>584,184</td>
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Details not complete as to possible longer record.

Address: Frontier Refining Co. 8 10.23 15.15 15.4

Frontier Refining Co. 8 10.23 15.15 15.4

Further details not available.

Continued from page 59

The World's Largest Market Gets Bigger

American Oil

Corporation

American Can Company

Associated Food Stores, Inc.

British Western America

Corporation

Eclo Corporation

Pyramid Electric Company

Regal Plastic Company

Holiday Plastics, Incorporated

Lee Spring Company, Inc.

Lumm Laminates, Incorporated

ORRadio Industries, Inc.

Primeサーチ, Inc.

Pyramid Electric Company

Regal Plastic Company

Write or phone for current information on any of these companies.

39 Broadway

New York 6, N. Y.

Telephone Wthistle 3-0066

Teletype: NY-1777

S. D. Fuller & Co.

In recent months we have originated underwritings in the following companies in growth industries:

American Atlantic Corporation

American, Inc.

Associated Food Stores, Inc.

British Western America

Eclo Corporation

Pyramid Electric Company

Regal Plastic Company

American, Inc.

Lee Spring Company, Inc.

Lumm Laminates, Incorporated

ORRadio Industries, Inc.

Primeサーチ, Inc.

Pyramid Electric Company

Regal Plastic Company

Write or phone for current information on any of these companies.

39 Broadway

New York 6, N. Y.

Telephone Wthistle 3-0066

Teletype: NY-1777
The World's Largest
Market Gets Bigger

Continued from page 69
Fallacies of Proponents
Of Subscription TV

Certainly not the remote scattered market in the far reaches of Kansas that the market in Kansas is less valuable than any other market. Testing the probability of reaching it is prohibitive.

Consider a town of 2,500 population with only a saturation of 50 television sets, and assume that half of them are tuned in to one program that costs $1.00 per customer. Now consider the costs of attracting that $250, whether by actually visiting the 250 homes and taking the coins out of the slot machines or by vending coded cards at the principal drug stores on the public square or by billing the customers $1.00 at a time. Then figure the added cost to the station of actually bringing in the program, then the prorata share to the Pay-to-See TV network, and you will see that the market is not worth the effort and the expense involved in bringing in.

Perhaps you have been persuaded that No Pay—No See—TV is going to revive a dormant market. For the instruction of young mothers—so the ad will have it—a bath, or that choice evening hour for a lecture on the Dialogues of Plato? Nonsense! The goal of the proponents of pay-as-you-see TV is to capture the 50 large mass markets in this country and to pre-empt the principal drug stores when the greatest number of dollars is likely to be put in the slot machines. In short, they want to be paid by the public for every-thing the public wants to see and hear.

My purpose here today has been to expose the inherent fallacies in the arguments of the proponents of subscription television. I have tried to present the facts with these facts you may now make your own objective judgment.

S. R. Livingston Adds
(Special in THE FINANCIAL CHRONICLE)


John Folger Appointed
Chmn. Republican Nat'l
Financial Committee

John C. Folger, President of Fol¬
ger, Nolan-W. B. Higgs & Co., Inc., Washington, D. C., has been appointed Chairman of the Republican National Financial Committee. He will succeed F. Peavy Hef¬flinger, Minden, La., a nom¬
polis grain dealer.

Mr. Folger's appointment is effective May 7. He faces, Mr. Hall com¬mented, the task of "helping the party meet the financial bur¬
dens of a national convention and a Presidential election campaign, in addition to our customary ac¬
civities."

Green, Ellis Admits

Green, Ellis & Anderson, 61 Broadway, New York City, mem¬
bers of the New York Stock Ex¬
change, on April 28 will admit James H. Cloud to partnership. Mr. Cloud will acquire a mem¬
bership in the Exchange.

Moore & Schley Admits
Albert Rothenberg, member of the New York Stock Exchange, and Robert Sealy, Jr., on May 1 will become partners in the New York Stock Exchange member firm of Moore & Schley, 100 Broadway, New York City.

Joins Walton Staff
(Special in THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Robert L. Ahart has been added to the staff of Walton & Co., 408 Fourteenth Street.

Arthur Barnwell


John Clifford Folger

Mr. Folger is a native of Logan, Ohio, and is a graduate of the Ohio State University. He served in the United States Army during World War I and II, and has been associated with the investment banking firm of Folger, Nolan-W. B. Higgs & Co., Inc., Washington, D. C., since 1931. He is a member of the New York Stock Exchange and the American Stock Exchange, and is a director of the Ohio State University Foundation.

Robert Baker, Co. Founded

Robert Baker, Co. has been formed in offices at 155 North Col¬lege Avenue to engage in the securities business. Officers are Robert R. Baker, President; Sam Day, Vice-President; and F. W. Marshall, Secretary—Treasurer. Mr. Baker was formerly with Don A. Chapin Co.

Stanley Raskin Opens

STANLEY RASKIN is a securities broker at 6091 South Dixie Highway.

W. J. Tobin Opens

W. J. Tobin has opened office at 31 14th Street, San Francisco, California.
### World's Largest Market Gets Bigger

<table>
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<tr>
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</thead>
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<tr>
<td>Pacific Power &amp; Light &amp; Power</td>
<td>5.00</td>
<td>24%</td>
<td>2.00</td>
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<td>24%</td>
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<td>7.00</td>
<td>18%</td>
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<tr>
<td>Parker Appliance Co</td>
<td>6.00</td>
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<td>1.20</td>
<td>1.20</td>
<td>12%</td>
<td>1.20</td>
<td>1.20</td>
<td>1.20</td>
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<tr>
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<td>8.00</td>
<td>23%</td>
<td>2.00</td>
<td>2.00</td>
<td>23%</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Permanteen Cement Co</td>
<td>8.00</td>
<td>25%</td>
<td>2.00</td>
<td>2.00</td>
<td>25%</td>
<td>2.00</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>Philadelphia Dairy Products</td>
<td>7.00</td>
<td>25%</td>
<td>1.75</td>
<td>1.75</td>
<td>25%</td>
<td>1.75</td>
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<td>7.00</td>
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<td>1.75</td>
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<tr>
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<td>7.00</td>
<td>21%</td>
<td>1.75</td>
<td>1.75</td>
<td>21%</td>
<td>1.75</td>
<td>1.75</td>
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<tr>
<td>Portland Steel Corp</td>
<td>8.00</td>
<td>72%</td>
<td>2.10</td>
<td>2.10</td>
<td>72%</td>
<td>2.10</td>
<td>2.10</td>
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<tr>
<td>Portland Steel Corp</td>
<td>8.00</td>
<td>72%</td>
<td>2.10</td>
<td>2.10</td>
<td>72%</td>
<td>2.10</td>
<td>2.10</td>
<td>2.10</td>
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<tr>
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<td>8.00</td>
<td>72%</td>
<td>2.10</td>
<td>2.10</td>
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<td>2.10</td>
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### Difference Between Listed and Over-the-Counter Trading

The exchange market is often referred to as an auction market because a stock exchange provides a focal point for the concentration of bids and offers. When the exchange becomes crowded, broker-dealers stand ready to buy and sell substantial quantities of the securities they are "quoting" and maintain inventories in them. Some firms, of course, choose to act solely as brokers and not dealers.

Because of competition, the spread between the bid and the asked figures on more active stocks is quite narrow. In less active stocks the over-the-counter dealer must find contra-orders if he does not wish to assume inventory positions in the securities involved. It is his business to know which other dealers in all parts of the country might have a buying interest in a given security.
The World's Largest Market Grows Bigger

One, five, ten, fifty or more over-the-counter dealers in different parts of the country may interest themselves in "making a market" for a given unlisted security. Prospects known to the first dealer, or known to those other dealers he contacts (either locally or in other cities), may often include individuals who are believed to have a buying or selling interest in the instant security, or investors who might be induced to buy.

The process of constantly seeking out buyers and sellers is characteristic of the Over-the-Counter Market. A major characteristic, too, of the "counter" market is negotiation. If a gap in price exists after a prospect is found, the transaction does not die. Instead negotiation ensues. The mere existence of a buy or sell order is the incentive for the "counter" dealer to find the opposite. The Over-the-Counter Market thus has no physical limitations.

As a practical matter, though, individuals in any city of 100,000 or more can frequently pick up a phone and call a dealer-broker and get an execution on an order for an unlisted security merely—often while the call is progressing.

Some "counter" dealers sell directly to investors themselves. In other cases they may have a dealer following throughout the country consisting of retail firms that are always looking for securities that present good values to sell to their investor clientele.

Numerous exchange firms also deal in over-the-counter securities and any that do not must buy them from or sell to an over-the-counter dealer to execute customers' orders for unlisted securities.

Many listed securities, too, are sold over-the-counter when the blocks are too large to make a quick orderly sale on an exchange possible.

An investor need not concern himself with the intricacies enumerated above, since his dealer-broker will obtain current market quotations on any over-the-counter stock or bond, and handle all details of purchase and sale.

The longer trading day in the Over-the-Counter Market is often a distinct advantage to the investor. On an exchange, securities can only be sold in New York between the hours of 10:00 and 3:30; in the Midwest between 9:00 and 2:30, and on the West Coast between the hours of 7:00 and 2:30. However, in most instances unlisted securities can be sold any time between 9:00 and 5:00 in the Midwest, and on the West Coast it's even longer than that. Dealer-brokers in the Over-the-Counter Market are on the job from 7:00 in the morning until 5:00 in the afternoon.

Stock Exchange Commission Rates vs. Counter Dealer Charges

When an exchange-broker executes an order for you in an exchange-listed stock, he tells you the cost price as well as the amount of his commission on your confirmation slip. On the other hand the over-the-counter dealer more often than not buys from and sells to you "as principal" or on a "net" basis as it is termed in the parlance of the securities business. This means his profit or loss is included in the price he quotes you and there is no commission charge shown on his confirmation. The over-the-counter dealer usually acts as a merchant doing other lines of business. In other fields when you buy a set of dining room furniture, a fountain pen or what have you, the merchant sells it to you at a flat price and does not add any commission thereto. So with the "counter" dealer.

It is true that exchange commission rates more often than not are lower than the profit rates over-the-counter dealers are obliged to operate on. An important reason for this is the fact that the services of the over-the-counter dealer, besides frequently necessitating his taking the risk of an inventory position, include the extensive searching for matching bids and offers from potential buyers and sellers.

When a security is taken from the Over-the-Counter Market and listed on a stock exchange, over-the-counter dealers ordinarily lose interest in it, for they cannot make a profit trading in it at rates comparable to the commission charges of exchange firms. Though the "counter" dealers' profit rates may be somewhat higher, they may afford investors "better" prices than the less expensive service of exchanges.

Values

For one thing, the basic fact is that the price of over-the-counter stocks is not swollen by the premium the public is ordinarily willing to pay for exchange-listed securities. Then, too, active listed stocks and the exchange stock ticker system provide a ready vehicle for speculation and tend to center buying and selling decisions on short-term price swings in lieu of "real" economic values. Many apparently buy stocks according to "hoped-for" price movement and not for true investment purposes, their interest being merely "where is the price going and when."

The mere fact that under the "exchange auction-specialist system" the spread between bid and ask prices is close or narrow is no indication that the investor gets good value when he buys or that the seller obtains a price in keeping with the intrinsic value of the stocks he wishes to sell. Intelligent investors are quick to recognize the fact that prices and values are two totally different things.

As pointed out before, the assumption of inventory positions is an integral part of the over-the-counter dealers' task. They must take the initiative in assuming such positions. Although they must be aware of and responsive to the foibles of their customers, they cannot without warranted hazard buy securities for inventory purposes unless they take cognizance of basic economic values.

Basic economic values may appear somewhat elusive, but they are nonetheless real. They consist of mathematical and non-mathematical elements. Some insight as to the real value of a stock may be gained by checking such things as its earnings and dividend records, book value and liquidating value. But the first three of these are tied to the past, and subject to the fact that accounting is an inexact science. And liquidating value may be largely of academic significance, if the corporation is going to continue in existence. The anticipated future average annual net income of a corporation may be capitalized numerically, but not without reference to many non-numerical concepts. These include the acti¬men, initiative, imagination and forcefulness of the officers and directors of the corporation. In addition, as to the present and possible future products of a corporation will fare on the markets may be handled numerically only to a certain extent.

When an individual consistently purchases stocks without regard to basic economic values, he may at times make money, but sooner or later he will book losses. It may be that he may remain "in the market" for an extended period, he cannot do so after his capital is exhausted.

So it is with the over-the-counter dealer. If he habitually assumes inventory positions at prices out of line with basic economic values, the economic forces will in due time exhaust his capital and drive him from the scene. For survival he must be cognizant of the elements, listed above, which are determinants of the real value of the securities in which he is taking inventory positions. His prices cannot consistently be out of line with real values. Particularly in regard to the non-numerical elements which go into the making of a security in which he is to assume a position, he must, as a general rule, have knowledge superior to that of the lay trader.

Therefore, an important contribution of over-the-counter dealers who take important inventory positions results from the fact that their market pricing must be influenced definitely by intrinsic corporate value factors. They must stress value consciousness over quotation consciousness.

Officers and directors of the 14,000 banks and the major insurance companies of the country when buying or selling their own institution's stock for their own account do so almost entirely through over-the-counter dealers. Investment officers of these institutions, too, are continually buying and selling government, municipal and corporation bonds and stocks through "counter" dealers for the account of their banks and companies.

Just as you get good or indifferent treatment and values from both large and small stores in other lines of business, so it is with over-the-counter dealers. It is not necessary for a firm to have a million dollars to be thoroughly trustworthy and to have good judgment with respect to investment values. Just be sure the over-the-counter firm or individual dealer you contemplate doing business with has a good reputation.

It is no exaggeration to say that both exchanges and the Over-the-Counter Market are vital to our economic life. Through the medium of stocks and bonds idle capital of individuals, banks, institutions and the like flows into trade and industry and makes it possible for business to obtain the wherewithal with which to provide jobs for ever more workers at ever less human effort and at ever more remuneration. Savings thereby become an asset to society and not a problem. The beauty of it is that the capital needs of both big and small business alike can be thus served.

If it were not for the exchanges and Over-theCounter Markets, investors of all types would find it almost impossible to quickly retrieve the capital they put at the disposal of governments, municipal¬palities or corporations. This is one of the many reasons why it is socially important that those engaged in the investment business thrive.
The election of Samuel D. May as the next President and Director of the Board of the New York Federal Reserve Bank is announced on May 12, 1950. Mr. May is Executive Vice President and Treasurer of Chase National Bank Corporation.

The stockholders of the Metropolitan Trust Company of New York are scheduled to meet on March 1, 1950, to elect a new Board of Directors.

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Bank and Insurance Stocks

By Arthur E. Wallace

This Week—Bank Stocks

There is a somewhat tardy but increasing awareness on the part of stockholders, stock analysts, and legislators that bank stocks fill a number of important functions, such as providing funds for savings banks, trust and pension funds, and similar fiduciary accounts. This is particularly true now that the banks are careening along without the restraints of supervision and to a degree that have since the 1930s. Let us say, in the 1930s when bank stocks were bought for their speculative appeal. Back in those days, these securities were listed on the New York Stock Exchange. But in most instances, large banks were often in the position of being absorbed by the bank (National City, Chemical, First National). With the elimination of these cross-country bank consolidations and the establishment of the stockholders' dividends for a number of years, these securities had a conservative type of investment appeal primarily as a source of dividend income, with far less emphasis on their cyclical characteristics than had previously been the case.

A number of the New England States had, long before the legal New York City banks on their list of savings banks. Connecticut was a fertile area in this respect, and New Hampshire was in the same state, by 1929, carried a portfolio of the New England banks in place of the savings units on them that time were not as actively traded as they were later on. Connecticut had legalized, for savings bank investment, bank stocks in Indiana, Massachusetts, Pennsylvania, and Philadelphia, as well as in the New England States in the state itself. Capital funds of the banks must be at least $50 million, though there were exceptions. And, in addition, the savings banks are required to hold a minimum of 10% of their deposits in the savings banks. Reserve System membership is a requirement; $40 million of the bank's capital stock must be undivided profits; a deposit ratio of less than 16% to 1 dividend will be a normal factor of the case. This ratio drops to a minimum of 4% on capital after five years, and to the minimum of $300,000 as to the amount of dollar value of bank shares relative to the amount of capital stock with a reserve surplus. This worked out a minimum of $300,000 and a comparatively short time a large proportion of the New England savings banks showed below fair market, in some cases sizable. And they have been able to do the purchasing at the good yields that prevailed two to four years ago. Since then, of course, there have been dividends distributed among the common stocks, either as increased cash分红 dividends or as the declaration of stock dividends.

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In New York a bill introduced two years ago failed to pass. There are provisions having to do with savings banks, which were not tied to other provisions concerning savings banks. These provisions wanted an exception for New Jersey banks as some might need this provision. Otherwise, savings banks were more or less followed the Massachusetts banks.

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National Securities Forecasts

Record-Shattering Business Year

American business appears to be heading for the biggest year in history. National Securities & Research Corp. said today in estimating that 1955 gross national product will reach $345 billion for a record-breaking advance of about 5%. Of this, $305 billion, a previous peak of $365 billion achieved in 1953.

In a specially-prepared study entitled "The Outlook for Business for the Remainder of 1955," National Securities analysts reported that industrial production has been climbing steadily since August, 1954, at a faster clip ahead of the average rate envisaged for the entire corporation's year-end forecast. The prospective 1955 gross national product of $377 billion will exceed by $537 billion of 1954.

Record-breaking consumption expenditures and home building are key factors in the current expansion of gross national product, the study found, and in addition there have been steady increases in state and local government outlays for schools and other public facilities, as well as a high level of private investment in capital plant and equipment and a halt in the accumulation of stocks.

The study then posed these questions: "Can all this last? Can consumption expenditures, which contributed $305 billion of this year's total of $365 billion, be sustained without a decrease? Can the building boom, which added $72 billion to the total, be maintained without a fall? Can the "normal" business year of 1955 be equalled or exceeded by what may be a normal business year of 1956? Can all this last for years and years and years?"

In recent months have been paced by automobile buying, continue at a high level and perhaps longer can home building exceed new household formation? Are the present investments, National Securities said, "would throw light on the possibility of a more general recovery" and as a result on the possibility of a more general recovery for the 1955 and possibly for the 1956 year for comes to year.

The outlook for 1956 and 1957 was depicted despite the efforts of automobile manufacturer and industrial producer to cease production reasons and as a result against a possible in the second quarter of 1955. Sales of stocks are less than the more and supply sales may be desirable for effective distribution. Sales have outstripped everybody's expectations, proving again that the growth rate is not to be matched by other products.

National Securities said a second step in auto sales is expected for the second half, but even if the recession is not prevented the car buyers would "not prevent consumption expenditure for a new record this year. Auto sales account for only about 3% of personal incomes.

The" research and analysis is being watched by investors from all over the world, and the study is being read eagerly by those who are interested in the future of the economy.

**American Business Shares**

A Balanced Investment Fund

The Company sponsors a portfolio balance selected for stability, and common stocks selected for income potential.

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SAN FRANCISCO

Total net assets of the 146 member companies of the National Securities & Research Corp. on March 31, 1955, amounted to $461,800,000, compared with $409,120,000 on December 31, 1954. This compares with $310,750,000, or 6.5% on March 31, 1954, and $308,701,000, or 5.1% at the year-end 1954-year.

**HUGH W. LONG COMPANY, INC.**

has just developed for its dealers, space saving display glee for each of its four funds—Fundamental Investors, Inc., Diversified Investment Fund, Inc. and invaluable Bond Fund, Inc.

The display pieces are designed for repeated use with slots designed to fit prospectuses or any size piece of sales literature,

The Makes it possible for dealers to interchange literature to fit their needs and become a better salesforce. They are convenient for use size on tables, counters or in show windows.

**M.I.T. Reports Total Assets of $928 Million**

Massachusetts Investors Trust, in its report for the three months ended March 31, 1955 states that total net assets were $928,458,000, compared with $928,700,000, or the number of shareholders were the largest in the history of any quarter in the trust's 31-year history.

The assets were $919,270,000 with 20,517,537 shares outstanding and 125,669 shareholders.

Comparative figures for the end of the first quarter last year were $858,015,114 in assets, 27,388,724 shareholders outstanding and 115,570 shareholders.

Net asset value per share at the quarter's end was $29.71 which, together with a capital gain disbursements for the first quarter, was $29.93. The net asset value per share at the quarter's end was $28.67 which compares with purchases of $31,000,000 in sales of $33,000,000 in the quarter.

Purchases and sales of investment securities, other than government securities, during the three month totaled $22,250,000 and $21,440,000 respectively.

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Established 1949

ONE WALL STREET, NEW YORK 5
**Subscription Television Will Serve the Public Interest**

Now, under the pressures of a satellite transponder, the movie-going audience, the producers distributors, the networks, the theatre owners, will be more profitable to make fewer and better pictures — perhaps even enough to keep the Hollywood theatres well booked, and perhaps never mind the thinning of the thousands of marginal theatres a year or so ago, the grade-B films and horse operas. Many of these marginal theatres are currently carrying only the skin of their popcorn.

Now, in the first attempt of Phonovision in Chicago, using a cross-section of movies which had already had their theatre runs, but with no brand new films at all to exploit, the home office delivery of this same product nearly quadrupled the market.

But for such products television miracle that it is, can provide an answer down in the path of the electronic distribution system.

TV's Role in Marketing

We are already impressed with TV as a new marvel of communication. But we are not yet so impressed that we overlook the most fabulous forward step in the whole history of mankind: the PBX—almost. When this instantaneous electronic delivery of movies, music, and news to the customer end, then the miracle that is TV will be in a place to deliver television will then be able to compete with the old art of spectator customers in history: without moving one human being more than a few feet a few seconds in time. Even not the performance of the old theatre will exceed it. The magic of the box office will still be with us.

Yet, in a few moments you will see a man—my opponent here today—talking about the benefits of the electronic distribution system. This is the history of electronic distribution via cable television. It will truly be the greatest marketing tool of our time.

In the short run, however, subscription television has understood the art of the in-home box office. But in the long run a new form of subscription television will be developed as a dynamic development in the history of television. The subscription system is in our production processes.

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Continued from first page

As We See It

us very much. No one, even the learned gentlemen who collected all these figures and made all these calculations, can possibly make even an informed guess about life in so remote a period. But they—

know what output per manhour is now or in any precise way changes in that output have been or what are taking place today. For some reason not altogether clear it appears to have been denied by many who talk of great deal about productivity that over a long stretch of time, and averaging all branches of business, productivity in-
crease in the hands of the same people divided by man-

hours worked. Evidently these researchers who now tell what would be in 2055 accept this figure and merely get out their compu-
pound interest tables to see where a continuation of that rate would take us in one hundred years!

Good Amusement

There is perhaps no harm in one amusing himself in this way. It could develop some interesting figures—in-

teresting, that is, if one has an idle hour to while away.

The total output of goods and services in this country would increase during the next century at the rate at which it has grown in the past quarter of a century, a figure of $357 billion for "Gross National Product" in 1954 would be $5.6 trillion in 2055, assuming no change in prices or in the population. The real increase in the product would be $2.7 trillion as compared with $234 billion last year. Some things, the economists call gross private domestic invest-
ment, personal consumption, government spending, and government and government services, and services totaling $36 trillion or six or seven times total production of all goods and services.

It should be the last to suggest that any of these figures are correct, or even have any real meaning. They are cited merely to show where one may find himself led by merely applying the doublet ratios to a long period of time. Almost all the results can be obtained by other methods of easy reasoning on the basis of doubtful assump-
tions or fuzzy concepts. One of the most frequently en-
countered forms of this reasoning is the assumption that 

as a right of their machines. Yet nothing could be more obvious than that such increases as have occurred in this country over the past half century have been primarily the result of (1) huge investment of capital, and (2) much better organization and management of the labor force. The most determined effort to gain in efficiency (as measured by output in relation to total energy expended in production) could easily be offset by reduced hours of work or by failure or refusal of men to work diligently.

Only With Reservations

In any event, even the figures bandied about in the name of "productivity" must be accepted—if accepted at all— with great reservations. How can we compare the men, the machines, and the work which go into the production of a Ford automobile today and those that brought forth a model T? They are both automobiles, to be sure, but automobiles made by the same company, but obviously, their construction and function do not warrant the same use-
measure the changes that occur in the motor industry—or, for that matter, in any of the industries where such changes in the product as this occurs, and this takes in most of the industries, is large. How much of the work has to be done by the men who are working under the conditions that are good for the machines and tools used in the process, many of us doubt-
less would be greatly surprised.

We do not mean to imply that these pitfalls have trapped us. We are not sure that we could come forward with this latest report of what they see in the future. We are certain that they understand the limitations, or most of them, of the tools and methods that are used and that these be said of the general public—and we must confess that some of the economists who spend their time with such figures, or use them in reaching conclu-
sions about the future, may have a belief that greater faith in all this than we have ever been able to summon.

Most of us would be wise, want to imagine, to stick much closer to the present and to what common sense tells us about life around us.

Continued from page 13

New Developments in Electronics and Transportation

automobiles. Were we able to come up with a figure showing just how many manhours went into the produc-
tion of an automobile, the number of machines and tools used in the process, many of us doubt-

nels can help us cope with the most of productivity is very difficult to quantify with these.

The accuracy achieved is on the order of 50 to 100 yards within 50 miles, and 500 miles or so at distance of 200 miles. The aircraft receives a group of signals from the four stations, the difference in the arrival time of these signals being used to locate the receiver on a position on a

Before taking off, the pilot se-

_The system is now in use on 175

In the field of navigation and flight control, there are only a handful of systems which one can

and Ground. The navigation sys-

The system is now in use on 175

aircraft, and 2,400 ships in the area of New England. Because of its close-range accuracy, we believe this system will be particularly useful to the

might add that I am particularly impressed with the long-range po-
tentials of helicopters as feeder-

In the field of navigation and flight control, there are only a handful of systems which one can

and Ground. The navigation sys-

choose among the productivity. This is a tech-
nical term used by economists to denote the amount of goods or services produced by one man on the average working hour. If one may judge by what one sees in the popular press or overhears on the subway, not one

miles river, or the other through the

men know more about what it

aimed at reducing the airway,

the upper stratosphere. That is

get this fund—called "the

trying to do a job that was already done—

As a result of (1) huge investment of capital, and (2) much

be prevented. That is why the increase in productivity in the

Wright's
time of the late DC-7 airliner which has a total of 13,000 horse-

The perfection of such power units will, of course, boost airplane speeds and practical cruising alti-
tudes; and manufacturers will have to meet these standards.

Three are the most important and in a period of time faster than the hours ordinarily taken into account in such computations are those applied to the product itself—workers in the automobile industry, for example. But the product is also very real, the fruit of the manhours that have been ap-

duced in various other industries which produce complic-
machines and many other things used by the makers of}

of automobiles. Were we able to come up with a figure showing just how many manhours went into the produc-
tion of an automobile, the number of machines and tools used in the process, many of us doubt-
lness can help us cope with the most of productivity is very difficult to quantify with these.

The accuracy achieved is on the order of 50 to 100 yards within 50 miles, and 500 miles or so at distance of 200 miles. The aircraft receives a group of signals from the four stations, the difference in the arrival time of these signals being used to locate the receiver on a position on a

Before taking off, the pilot se-

_The system is now in use on 175

In the field of navigation and flight control, there are only a handful of systems which one can

and Ground. The navigation sys-

The system is now in use on 175

aircraft, and 2,400 ships in the area of New England. Because of its close-range accuracy, we believe this system will be particularly useful to the

might add that I am particularly impressed with the long-range po-
tentials of helicopters as feeder-

In the field of navigation and flight control, there are only a handful of systems which one can

and Ground. The navigation sys-

choose among the productivity. This is a tech-
nical term used by economists to denote the amount of goods or services produced by one man on the average working hour. If one may judge by what one sees in the popular press or overhears on the subway, not one

miles river, or the other through the

men know more about what it

aimed at reducing the airway,

the upper stratosphere. That is

get this fund—called "the

trying to do a job that was already done—

As a result of (1) huge investment of capital, and (2) much

be prevented. That is why the increase in productivity in the

Wright's
time of the late DC-7 airliner which has a total of 13,000 horse-

The perfection of such power units will, of course, boost airplane speeds and practical cruising alti-
tudes; and manufacturers will have to meet these standards.

Three are the most important and in a period of time faster than the hours ordinarily taken into account in such computations are those applied to the product itself—workers in the automobile industry, for example. But the product is also very real, the fruit of the manhours that have been ap-

duced in various other industries which produce complic-
machines and many other things used by the makers of
Electronics and Weather

For many years now, the basis of weather forecasting has been that we can measure temperatures, humidity, wind speed, and thousands of other factors and then, by using complex computer programs, predict the weather. An electronic weather forecasting system would be based on measuring these factors and then using them to predict the weather.

One of the most important developments in electronic weather forecasting is the use of satellites. Satellites can be placed in a geostationary orbit, so that they remain over the same point on the earth's surface. This allows them to continuously observe the same region of the atmosphere, and to send this information back to the ground. This information can then be used to create weather maps and forecasts.

Another important development in electronic weather forecasting is the use of radar. Radar can be used to measure the speed and direction of wind, and to detect precipitation. This information can then be used to create more accurate weather forecasts.

In the future, electronic weather forecasting systems may be able to provide even more detailed and accurate forecasts than they do now. This is because the technology is continually improving, and because new methods of data collection are being developed.
The State of Trade and Industry

Continued from page 4

Steel Production Scheduled This Week at 1.4 Points Higher Than the Week Before

Rumors that the steel market is taking on the more optimistic side with respect to the third quarter prospects, despite recent weakness, the weekly magazine of metalworking reported.

Up to now, it had been freely predicted that demand pressure would subside, especially as the month of September was about to be hit by a strike. Now, however, market observers appear less certain that the market will weaken considerably.

The mills are certain to enter the third quarter with heavier carry-over inventories than was the case at the end of the first three-month period, it adds. This will be especially true in the light, flat-rolled products, chiefly cold-rolled and galvanized sheets. Some sheetmakers may find it necessary to blank out production to carry off the overflow from the second quarter, with shipments already running behind schedule. Also, vacation entitlements will cut steel production to some degree, especially where the need exists. The best guess is that tonnage available for the third-quarter orders will be noticeably under that of the second quarter, although continuing from consuming areas other than autos, the largest steel buyer, forestalling possible broadening of the product mix over coming months.

The American Iron and Steel Institute announced that the operating rate for the week ending Saturday, April 23, was 94.4% and production 2,572,000 tons. A year ago the actual weekly production was 2,585,000 tons. It is not so comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 114.7 million tons.

Electric Output Displayed Moderate Improvement Last Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 23, was estimated at 9,097,000,000 kw-h., or 2,9% below the corresponding week of 1954, but a decrease of 77,259, or 13.6% below the corresponding week in 1953.

U. S. Automotive Output Better than Previous Peak

By 4.9% in Latest Week

The automobile industry for the latest week ended April 22, 1955, according to the "Ford's Automobile Reports," recorded an estimated 183,500 cars, compared with 173,133 (revised) in the previous week. The past week's production total of cars and trucks, representing 340 units, is slightly below the previous week's output of 11,066 units, or 4.9% below its previous peak of 208,260 units in the week ended April 3, states "Ford's." Last week's car output rose above that of the previous week by 111,100 units, or 9% above the corresponding week of 1954, but a decrease of 77,259, or 13.6% below the corresponding week in 1953.

Business Failures Held Steady in Past Week

Commercial and industrial failures remained stationary in the week ended April 22, 1955, the Dun & Bradstreet, Inc. stated. While quarter failures were less numerous than a year ago when 229 occurred, they increased by 29, or 14.2%, above the corresponding week by 19 of the businesses failing during the week as compared with 11 in the preceding week.

Wholesale Food Price Index Turns Mildly Downward

The Dun & Bradstreet wholesale food price index moved slightly lower. The index declined to 117.5, as compared with 117.8 a week earlier. It slipped further to 117.6 today, according to the index's posting in the Dun & Bradstreet Index, compiled by the Commercial and Financial Chronicle. The index is based on the market prices of retail stores and is published weekly. Higher in wholesale cost the past week were flour, wheat, corn, potatoes, tallow, pork, eggs and rice, while the down side were barley, beef, hams, lard, sugar, peas, steers, hogs and lambs.

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The index represents the sum of the total of 31 prices of retail stores and is published weekly. The Food Production Index which shows the trend in the wholesale price of a commodity will not be published this week due to the reorganization of the Physical Statistics Department. Instead, the index will show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Eased in Latest Week

Following Mild Upturn of Prior Period

The Wholesale Commodity Price Index declined 0.9% in the week ending April 22, as compared with 1.6% in the previous week. The latest figure compares with a 1.2% change in the year ago period as well.

The index is based on the market prices of retail stores and is published weekly. Higher in wholesale cost the past week were flour, wheat, corn, potatoes, tallow, pork, eggs and rice, while the down side were barley, beef, hams, lard, sugar, peas, steers, hogs and lambs. The index represents the sum of the total of 31 prices of retail stores and is published weekly. The Food Production Index which shows the trend in the wholesale price of a commodity will not be published this week due to the reorganization of the Physical Statistics Department. Instead, the index will show the general trend of food prices at the wholesale level.
## Indications of Current Business Activity

### AMERICAN IRON AND STEEL INSTITUTE:
- Indicated steel operations (percent of capacity) - May 1
  - May 1, 116.2
  - May 2, 114.2
- Molybdenum ore and molybdenite output (tons) - May 1
  - May 1, 2,130,000

### AMERICAN BARREL COMPANY:
- Barrel and cask output of distilling spirits (drums) - April 21
  - April 21, 67,622,000

### NATIONAL PAPERBOARD OF AMERICAN RAILROADS:
- Transactions Initiated (in thousands of shares)
  - April, 1,090,000
  - May, 1,750,000
  - June, 2,250,000

### CIVIL ENGINEERING CONSTRUCTION — ENGINEERING
- Value of new contracts (in thousands of dollars)
  - May, 1,250,000

### DEPARTMENT STORES SALES PRICE — FEDERAL RESERVE SYSTEM:
- Average 1937-49 Average 100
  - May, 103

### EDISON ELECTRIC INSTITUTE:
- Electric output (in millions of kilowatt-hours)
  - May, 5,087,000

### FAILURES COMMERCIAL AND INDUSTRIAL — DUN & BRADSTREET:
- Number of failures
  - May, 304

### IRON AGE COMPOSITE PRICES:
- Pig iron (per gross ton) - April 1
  - April 1, 4.792
  - April 21, 4.796

### METAL PRICES (E. & B. J. QUOTATIONS):
- Bradsheet (per ton) - May 1
  - May 1, 35.00
  - May 21, 35.50

### MOODY'S BOND YIELD DAILY AVERAGES:
- U. S. government Bonds
  - May, 6.25

### MOODY'S COMMODITY INDEX:
- Commodity prices (in percentages)
  - May, 340

### OIL, PAINT AND DRUG REPORTER PRICE INDEX:
- May, 101.97

### STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS:
- Value of odd-lot transactions (in thousands of dollars)
  - May, 320,000

### SECURITY EXCHANGE COMMISSION — FEDERAL RESERVE SYSTEM:
- Number of shares
  - May, 320,000

### STEEL ALLOTMENTS:
- Total allotments
  - May, 3,000,000

### TOTAL ROUND-OUT SALES OF THE N, Y, STOCK EXCHANGE AND ROUND-OUT STOCK TRANSACTIONS FOR ACCOUNTS MENTIONED (SHARED):
- Total round-out sales
  - May, 71,500,000

### BUSINESS TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:
- Total purchases
  - May, 1,754,000
  - May 2, 1,754,000

### BUSINESS TRANSACTIONS:
- Sales
  - May, 1,754,000

### TOTAL ROUND-OUT SALES:
- Total sales
  - May, 1,754,000

### PRODUCTIVE CAPACITY OF RAILWAY DEPOT SPACE:
- Capacity of freight and passenger space (in thousands of tons)
  - May, 67,000

### CHARTS OF THE MONTH:
- Molybdenum ore and molybdenite output (tons) - May 1
  - May 1, 2,130,000

### COAL OUTFIT (E. & B. J. QUOTATIONS):
- Bituminous coal (cents per ton):
  - May, 4.792

### DEPARTMENT STORES SALES PRICE — FEDERAL RESERVE SYSTEM:
- Average 1937-49 Average 100
  - May, 103

### ELECTRICITY:
- Electric output (in billions of kilowatt-hours)
  - May, 6.25

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- Value of odd-lot transactions (in thousands of dollars)
  - May, 320,000
Securities Now in Registration

Advance Electric Co., Dallas, Texas
March 21 (letter of notification) 2,000,000 shares of common stock (par $1). Proceeds—For equipment, working capital and general corporate purposes. Underwriter—Southwestern Securities Co., Dallas, Texas.

A Air Control Products, Inc., Miami, Fla.
April 15 filed 200,000 shares of common stock (par $1). Proceeds—For equipment, working capital and general corporate purposes. Underwriter—Southwestern Securities Co., Dallas, Texas.

American Power Co. (5/24)
April 27 filed $150,000,000 first mortgage bonds due 1985.
Proceeds—To repurchase bonds and for working capital. Proceeds to be determined by competitive bidding. Proceeds—Halsey, Stuart & Co., New York, N. Y.

Allied Industrial Development Corp., Dover, Del.
April 7 (letter of notification) 200,000 shares of class A stock. Proceeds—For oil and gas activities. Underwriter—Paul C. Fergusson & Co., Houston, Texas.

Alabama Co. of America
April 22 filed 1,301,264 shares of common stock to be outstanding upon final sale of First Old Country Road, Munro, N. Y. Proceeds—Smith, Barney, New York, N. Y.

American Asbestos, Co.
Feb. 17 (Regulation "D") 600,000 shares of common stock (par $1). Price—50 cents per share. Proceeds—For general business purposes. Underwriter—General American Securities, Inc.

American Cyanamid Co., New York
March 15 filed 5,000,000 shares of $10 par value common stock, series of 1954. Price—At par ($10 per share). Proceeds—For working capital.

American Cyanamid Co., New York
March 31 filed $1,500,000 of 3% convertible debentures due 1980 with interest payable semiannually. Proceeds—To retire bank loans and notes payable; for general corporate purposes. Underwriters—Van Alstyne, Noel & Co., New York; and Crowell, Weedon & Co., Los Angeles, Calif.

American Cyanamid Co., New York

American Cyanamid Co., New York
March 2 filed 200,000 shares of common stock (par $1). Proceeds—For general corporate purposes. Underwriter—Smith, Barney, New York, N. Y.

American Cyanamid Co., New York
March 13 filed 18,000,000 shares of 5% cumulative preferred stock (par $1). Price—At par ($1 per share).

American Domestic Co. of Georgia
April 12 filed 5,000,000 shares of 5% cumulative preferred stock, series of 1954. Price—At par ($50 per share). Proceeds—For working capital.

American Family Life Assurance Co., Sioux City, lowa

American Electronics, Inc. (5/2-6)
March 31 filed $1,250,000 of 3% convertible debentures due 1957 with 6% interest payable semiannually. Proceeds—To retire bank loans and notes payable; for general corporate purposes. Underwriters—Van Alstyne, Noel & Co., New York; and Crowell, Weedon & Co., Los Angeles, Calif.

American Express Co.
March 21 (Regulation "D") 500,000 shares of common stock (par $1). Price—At par ($1 per share). Proceeds—For general business purposes. Underwriter—General American Securities, Inc.

American Instrument Co., New York
March 23 filed 2,000,000 shares of common stock. Price—at $5 per share.

American Lighting Co.

American Stockholders Insurance Co.

American Stockholders Insurance Co.
March 21 filed 1,500,000 shares of common stock (par $1). Proceeds—For general corporate purposes. Underwriter—Jack F. Hyatt, Inc., New York, N. Y.

American Telephone & Telegraph Co., New York

American Telephone Co.
March 2 (letter of notification) 1,200,000 shares of common stock (par $1). Price—$1.15 per share. Proceeds—For general corporate purposes. Underwriters—Southwestern Securities Co., Dallas, Texas.

American Storage Co., New York
April 10 filed 1,000,000 shares of preferred stock (par $1). Proceeds—To be supplied by amendment. Proceeds—For acquisition of Southern Newspapers, common stockholders to be contributd to common stockholders; and for general corporate purposes. Underwriters—Joe Henry, Lane, Spalding, Ga.

Auburn Interstate Systems, Inc.
March 3 filed 540,000 shares of common stock (par $1). Proceeds—For general corporate purposes. Proceeds to be used for expansion program, inventory and working capital. Underwriters—Van Alstyne, Noel & Co., New York.

April 12 (letter of notification) 15,000 shares of common stock (par $1). Proceeds—To be supplied by amendment. Proceeds—For general corporate purposes. Underwriters—R. D. Dugger, Phoenix, Ariz.

Bancroft Steel Corp. (5/2)

Better Business Life Co., Los Angeles
April 11 filed 50,000 shares of common stock (par $1). Proceeds—To be supplied by amendment. Proceeds—To redeem and buy back 50,000 shares of common stock at any price.

Beverly Hills, Calif.
March 15 filed 2,000,000 shares of common stock (par $1). Proceeds—To be applied toward development of the Beverly Hills Country Club. Underwriter—Sidney K. Beers, Beverly Hills, Calif.

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Beverly Hills, Calif.
March 14 filed 2,000,000 shares of common stock (par $1). Proceeds—To be applied toward development of the Beverly Hills Country Club. Underwriter—Sidney K. Beers, Beverly Hills, Calif.

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March 27 filed 2,000,000 shares of common stock (par $1). Proceeds—To be applied toward development of the Beverly Hills Country Club. Underwriter—Sidney K. Beers, Beverly Hills, Calif.

Dayton Rubber Co. (5/10) April 13 (letter of notification) 1,000,000 shares of common stock (par $1) to be underwritten by Morgan & Co., Galt, New York. Proceeds—To increase capital, etc.—Underwriter.—Morgan & Co., New York.


Electronics Co. of Ireland (3-29) April 1 filed 2,000,000 shares of common stock. Price—At par ($1 per share). Proceeds.—For machinery and building operations. Office—M. J. Schenin & Co., Washington, D.C.

Eagle Minerals Co., Inc., New York. April 11 (letter of notification) 25,000 shares of common stock (par $1), offered to the public underwritten by American Trading Co., the selling stockholder. Underwriter.—Brown, Ltd., Toronto, Canada, on a "best-efforts" basis.


Florida Power Corp. (5/12) April 14 (letter of notification) 222,557 shares of common stock (par $7.50) to be offered for subscription by common stockholders of record May 11 on a 1-for-10 basis; rights to expire June 28, 1954. Proceeds—To increase capital and surplus. Underwriter.—First National Bank, Miami, Fla.

Florida Telephone Corp. March 6 filed 177,730 shares of common stock (par $10) being offered for subscription by common stockholders of record February 25, 1954, and by certain officers and employees of the company, rights to expire April 28. Proceeds.—For construction purposes. Underwriter.—None.

Foremost Dairies, Inc., Jacksonville, Fla. April 21 filed 489,524 shares of common stock (par $1). Proceeds—$1.97 per share. Proceeds—To retire $2,500,000 in the rate of of mortgage bonds of Foremost-Dental Dairy Co., Inc., and $68,605 shares of common stock (par $25) at the option of the board of directors. Underwriter.—Morgan & Co., Philadelphia Dairy common stock; and 152,499 shares are to be reserved for issuance to employees of Employees' Restricted Stock Option Plan. Proceeds—For controlling interest and key employees.

Fortis Co., Dallas, Texas (5-9-13) April 15 filed 127,500 shares of common stock (par none), of which 27,500 shares are to be offered to officers and employees of the company, and 70,000 shares are to be offered to account for C. E. Oellin, a founder and largest stockholder, at $1.50 per share.
Price—At $18

- Hawaiian Paint Corp, San Francisco, Calif.
- Hawk Lake Uranium Corp. (5/9-13)
- Helio Aircraft Corp., Canton, Mass.
- Heligen Products, Inc.
- Kenmore Sewing Machine Co., Inc.
- Kentucky Utilities Co.
- Laura Manor, Inc.
- Louisiana Pacific Corp., Canton, Tex.
- Magnavox Corp., Englewood, Colo.
- Mercantile Trust Co., Dallas, Tex.
- Methyl Alcohol Co., Inc., New York, N.Y.
- Missouri-Pacific Railroad Co., St. Louis, Mo.
- National Hardware Co., Chicago, Ill.
- New York Central & Hudson River Railroad Co., N.Y.
- Ohio Edison Co., Columbus, Ohio.
- Oklahoma Oil & Gas Co., Tulsa, Okla.
- Penobscot Paper Co., Milford, Maine.
- Pollyanna Corp., Kansas City, Mo.
- Reynolds Metals Co., Richmond, Va.
- Rochester Gas & Electric Co.
- St. Louis-San Francisco Railway Co., St. Louis, Mo.
- Western Union Telegraph Co., New York, N.Y.
- Wisconsin Telephone Co.
- Wisconsin Telephone Co., Chicago, Ill.
- Wisconsin Telephone Co., Milwaukee, Wis.
- Wisconsin Telephone Co., Racine, Wis.
- Wisconsin Telephone Co., Waukesha, Wis.
- Wisconsin Telephone Co., Green Bay, Wis.
- Wisconsin Telephone Co., Madison, Wis.
- Wisconsin Telephone Co., Menasha, Wis.
- Wisconsin Telephone Co., Milwaukee, Wis.
- Wisconsin Telephone Co., Oshkosh, Wis.
- Wisconsin Telephone Co., Racine, Wis.
- Wisconsin Telephone Co., Sheboygan, Wis.
- Wisconsin Telephone Co., Superior, Wis.
- Wisconsin Telephone Co., Wausau, Wis.
- Wisconsin Telephone Co., Wisconsin Dells, Wis.
- Wisconsin Telephone Co., Wisconsin Rapids, Wis.
- Wisconsin Telephone Co., Wisconsinville, Wis.
- Wisconsin Telephone Co., Winneconne, Wis.
- Wisconsin Telephone Co., Wixom, Wis.
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- Wisconsin Telephone Co., Wisconsin Dells, Wis.
March 31 filed $357,232 of installment note certificates to be issued in exchange for the 4,576 shares of authorized and outstanding common stock of Marine Trans. Co. at a rate of $224 per share. The balance of $1 of a total purchase price of $323 per share is to be paid in cash. The exchange will be contingent upon acceptance of the certificates by not less than 91/2% of the Marine Trans. stockholders.


McKay Oil & Gas Corp., Denver, Colo. March 20 (letter of notification) 10,000,000 shares of common stock (par $1) being offered for subscription to stockholders of Rocky Mountain Oil & Gas Co., Grand Junction, Colo. Underwriter—Underwriter.


Miner Sales Co., Denver, Colo. April 15 (letter of notification) 3,571 shares of capital stock (par $2) being offered for subscription to stockholders of Miner Sales Co., Denver, Colo. Underwriter—Underwriter.

Mineral Corp. of America (5-26) March 31 (letter of notification) 300,000 shares of common stock (5 cents) being offered for subscription to stockholders of Mineral Corp. of America, New York, N.Y. Underwriter—Underwriter.


Morrell (John) & Co., Ottumwa, Iowa March 19 (letter of notification) 30,000 shares of common stock (no par) to be offered for exchange for a $1,000 note. Precedents—Unclear. Offices—Ottumwa, Iowa. Underwriter—None.

Motor Credit Co., Dunn, N. C. April 8 (letter of notification) $200,000 of investors’ income certificates, viz: $50,000 of series A 6% certificates and redemption of series B 6% certificates. Price—at 100% of par value. Precedents—To retire bank loans, etc., and for working capital. Underwriter—Standard Securities Corp., Spokane, Wash.


National Electric Co., New York, N. Y. April 11 filed 2,000,000 shares of common stock (par $1), offered for subscription to stockholders of the company. The company's board of directors has determined to offer the shares to its stockholders in a liquidation in exchange for the common stock. Proceedings—To settle a property dispute. Underwriter—Chippawa Securities Corp., New York.

New England Uranium & Oil Corp. March 4 (letter of notification) 2,000,000 shares of common stock (10 cents). Price—25 cents per share. Precedents—To build a new controlling stockholders having undertaken to market their holdings directly.

Northen-Ketary Corp., New York March 16 (letter of notification) 300,000 shares of common stock (par $1) being offered for subscription to stockholders of Northen-Ketary Corp., New York, N.Y. Underwriter—None.


Pacific Clay Products (5-11) April 13 filed 250,000 shares of common stock (par $1). Price—to be determined by amendment. Proceeds—to be used in the purchase of equipment and for working capital. Underwriter—Booth & Co., San Francisco.


Public Service Co. of Indiana, Ind. March 18 filed 206,411 shares of 4.20% cumulative preferred stock (par $100). Precedents—for property additions and improvements. Proceeds—for property additions and improvements. Underwriter—None.

Public Service Co. of Oklahoma (5-17) April 3 filed 400,000 shares of preferred stock (par $100). Precedents—for property additions and improvements. Proceeds—for property additions and improvements. Underwriter—None.


Rittel Finance Corp., Inc., Santa Fe, N. M. April 14 filed 150,000 shares of common stock (par $.001). Price—to be determined by amendment. Proceeds—to be used in the purchase of property. Underwriter—Morgan Guaranty Trust Co., Washington, D. C.


San Rafael Uranium Co. of Maryland March 28 filed 15,000,000 shares of common stock (par $1). Price—at par (one cent per share). Proceeds—for mining operations. Underwriter—Lever- luen-Bybee Co., Washington, D. C.


Scholz Homes, Inc., Toledo, Ohio (5-10) April 18 filed 180,000 shares of common stock (par $1). Price—Expected to be $5 per share. Precedents—For property additions and improvements. Proceeds—not applicable. Underwriter—Stauss & Co., Chicago, Ill.


Silver Creek Precision Corp. (5.2)
March 21 filed 560,000 of 15-year convertible 6% debentures with principal of $5,000,000 (in denominations of $100 each). Proceeds — For general corporate purposes. Underwriter — Silver Creek, N. Y. Underwriter — General Investment Corp.

Sinclair Oil Corp. New York March 7 filed 337,830 shares of common stock (no par), 50% for sale within 90 days, and 50% for subscription purposes, by Sinclair Oil Corp. (invested for by the Houston Oil Co.) offered for subscription for the account of Sinclair Petroleum Co. in the ratio of five shares of common stock for each share of Houston common stock tendered for exchange. The offer will expire on May 3, 1955, and is subject to the allotment of at least 20,000 shares with a holder of record as of April 1 in New York City.

Sinclair Oil Corp. New York April 18 filed 150,000 shares of common stock to be offered under amended stock purchase and option plan for subscription by certain officers and employees of common stockholders of the company, for options to purchase 25,000 shares of common stock (par $1). Proceeds — For working capital and general corporate purposes. Underwriters — P. M. Martin & Co., Boston, Mass.; Boening & Co., Philadelphia, Pa.; and New Hampshire Corp., Concord, N. H.

Southern Public Service Co.
Jan. 24 (letter of notification) 25,000 shares of common stock, $1 par value, offered in exchange for Hamilton Gas Corp., capital stock (par $1) on the basis of 2.85 shares of common stock for each share of preferred stock of Hamilton. Offer will terminate when offers shall have been accepted for and paid for the full amount of common stock to be exchanged.

Southern Union Oil Co., Ltd.
Feb. 14 filed a maximum of $43,650,000 of convertible debenture stock to be offered for subscription by holders of preferred common and common stock on the basis of 5 for each share of debenture stock offered and 1 for each share of common stock offered. Proceeds — For working capital for a new construction. Underwriter — None.

Southern Uranium Corp., Toronto, Canada
April 18 filed 20,000 shares of cumulative convertible preferred stock, series A (par one cent). Proceeds — For working capital and for general corporate purposes. Underwriters — United Securities Inc. and F. H. Curren & Co., both of New York.

Stouffer Corp.
Cleveland, Ohio
April 18 (letter of notification) an undetermined number of shares of common stock (par $2.50). Proceeds — To be used for general corporate purposes. Underwriter — None.

Sun Hotel, Inc., Las Vegas, Nev.
Feb. 20 (letter of notification) 1,500 shares of common stock (par $1). Proceeds — For working capital. Underwriter — None.

Sunshine Park Racing Association, Inc. (Fla.)
Nov. 18 filed 870,000 of 6% convertible sinking fund debentures (par $1000 each). Proceeds — For working capital. Underwriter — Gulf & Atlantic, Inc., Tampa, Fla.

Sunco Constr. Corp., Chicago, Ill.
April 11 filed 400,000 shares of common stock (par $1), of which 75,000 shares are for the account of C. O. Sutton Corp., and 2,000 shares are for the account of C. O. Sutton, Jr. Proceeds — To be used for corporate purposes. Underwriter — None.

Texas Instruments Inc. (5.3)
April 17 filed 3,000,000 of 6% convertible preferred stock (par $25), to be offered for subscription by common stockholders of record May 2 on the basis of one share of preferred stock for each $25 of common stock held; rights to expire May 18. Proceeds — To be supplied by new capital issues and operating and working capital. Underwriter — Morgan & Stanley & Co.

Texas International Sulphur Co.
June 21 filed 455,000 shares of common stock (par $10) and 1,000,000 of 6% convertible debenture stock (par $1000) to be offered for subscription by common stockholders at the rate of one share for each 4% share held and 70,000 shares are for the account of certain officers and employees. Proceeds — For exploration and drilling operations. Underwriter — Vickers Brothers, New York, N. Y. Underwriter — Standard & Poor's Corp.

Texboard, Inc., Dallas, Texas
Jan. 17 filed $1,500,000 of 6% series A debentures due January 17, 1955, and a floatation. Proceeds — For working capital and to provide funds for a modernization of the company's operations. Underwriter — Emerson Cook Co., Palm Beach, Fla.

Time Plans, Inc., Kansas City, Mo.
March 4 filed 10,000 shares of 6% preferred stock (par $100), a floatation. Proceeds — For working capital and other expenses. Underwriter — Bluth & Co., and Dean Witter & Co., both of San Francisco, Calif.

Tri-State Milling Co.
March 7 (letter of notification) 4,700,000 shares of common stock (par $1) to be offered for subscription by shareholders. Proceeds — For mining costs. Underwriter — 651 G. Flegg & Co., Ltd., New York.

March 3 (letter of notification) 2,000,000 shares of common stock (par $5) and 100,000 shares of common stock (par $10) to be offered in units of three preferred and 10 common stock shares. Proceeds — $100 per unit. Proceeds — For purchase of property, construction of hotel and for working capital, utilities, and working capital. Underwriter — None, but sales will be made through agents.

Union Discount Co., Colo.

March 14 (letter of notification) 100,000 shares of common stock (par $1). Proceeds — To be used for working capital, with right reserved to pay off bank loans. Underwriter — 195 Lakeview Ave., Pampa, Texas.

Universal Finance Corp.
Dallas, Texas
Feb. 16 (letter of notification) 27,000 shares of 70-cent cumulative preferred stock (par no) and 27,000 shares of common stock (par 15) to be offered in units of one share of each class of stock. Proceeds — $2.50 per unit. Proceeds — To repay 6/8% series of debentures due March 16, 1955, of $1,000,000. Proceeds — For working capital. Underwriter — J. P. F. Perkins & Co., Dallas, Texas.

Uranium Exploration Co.

Uranium Ventures Corp., Reno, Nev.
April 11 (letter of notification) 2,000,000 shares of capital stock (par $1) to be offered for subscription by common stockholders of record April 15. Proceeds — For mining operations. Address — Box 709, Winnemucca, Nev. Underwriter — Winnemucca Building, Winnemucca, Nev.

Vanzandt Queen Uranium Corp.
April 18 filed 845,000 shares of capital stock (par $10), of which 75,000 shares are for the account of Vanzandt & Van Anda, and 100 shares for the account of A. O. Sutton, Jr. Proceeds — To be used for corporate purposes. Underwriter — None.
Denver & Rio Grande Western RR. (4/28)

Bids will be received for the Construction of the Denver & Rio Grande Western Railroad, Denver, Colo., up to noon (MST) on April 28 for the purchase from it of $3,340,000 equipment trust certificates due July 1, 1957. The certificates are to be fully retired in 12 years at the maturity semi-annually from Dec. 1, 1955 to June 1, 1957, with 4.5% coupon. LOAN—Hermosa Bros. & Hutzler, Kidder, Peabody & Co.

Detroit Edison Co.

Jan. 21 it was announced that stockholders on May 2 will vote on authorizing about $60,000,000 of convertible debentures, Preferred debate on the usefulness of the debentures was made to stockholders without underwriting.

Doman Helicopters, Inc.

Feb. 11 117 million shares of common stock were offered. President, announced stockholders voted to increase authorized capital stock from $1,000,000,000 to $10,000,000,000. Johnston & Halsey, Bruenn & Weeks.

Federated Department Stores, Inc.

April 21 stockholders approved an offering of 58,000 shares of additional preferred stock (par $10) on basis of one new share for each five shares held of record April 5, 1955; rights to expire on May 20. Proceeds—To increase capital and surplus.

Ford Motor Co., Detroit, Mich.

March 19 it was reported that following a probable 10-for-1 stock split, an offering of approximately 2,000,000 new shares will be made to the public. Price—Expected to be about $20 per share.

Howard Motor Co., Detroit, Mich.

March 19 it was announced that stockholders will vote May 10 on the increasing the debt authority to $20,000,000. Underwriter—Rooney & Company, Inc., Chicago, Ill. Proceeds—To provide funds for new common stock issues and other corporate purposes.

Hartford Gas Co.

March 15 stockholders approved the proposed issuance and sale of 100,000 shares of cumulative preferred stock. First to preferred and common stockholders at rate of $1,500 per share. Underwriter—First Boston & Company, and Tucker, Anthony & Co., both of New York.

Hammerrill Paper Co.

April 25 it was announced that stockholders will vote May 10 on increasing the debt authority to $20,000,000. Underwriter—Rooney & Company, Inc., Chicago, Ill. Proceeds—To provide funds for new common stock issues and other corporate purposes.

International Bank, Washington, D.C.

April 25 it was announced company, in addition to placeing $2,000,000 in new convertible debentures in the next few weeks, will offer additional common stock. Preference for possible sale in the Autumn of this year. Offered by John W. E. Mauk, New York, C. B. Business—International merchant.

International Breweries, Inc.

April 6 it was reported company plans to offer publicly $500,000 shares of common stock (par $9.25 per share). Proceeds—Together with other funds, to acquire Iron &Chemical Co. and Procter & Gamble Co. Underwriter—Shields & Co., New York. Offering—Ex- tended in June.

Ithasmus Sulphur Co. (Texas)

March 20 it was reported early registration is planned for the sale of 17,000,000 common shares. Underwriter—Garrett & Co., Dallas, Texas.


April 15 it was reported company plans to issue some convertible debentures some time in the near future. Underwriter—First Boston & Company, New York; and Fritts & Sherrard, Philadelphia, Pa.

Keston Wholesale Hardware Co., Atlanta, Ga.

March 27 it was reported company plans to issue two additional shares of preferred stock. Proceeds—To increase capital and surplus.

Lockheed Aircraft Corp.

April 11 it was reported company may offer about 400,000 shares of common stock for $35 per share to stockholders—Probably Blyth & Co., Inc. and Horsnower & Weeks.

Long Island Lighting Co.

April 16, President, announced that as additional funds will be required to finance construction, the company is contemplating the sale of about 50,000 shares of common stock in June or early July. Rights will again be offered to common stockholders to subscribe to the new stock, probably in the ratio of one new share for each ten shares held. Underwriters—Blyth & Company, Inc.; First Boston & Company, Inc.; and W. C. Langley & Co., all of New York.

Bids are expected to be received in April for an issue of 3,050,000 equipment trust certificates due 1954-1970. Underwriter—McKinney & Co., Atlanta, Ga.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.


April 11 stockholders approved a proposal to increase the authorized capital stock from 32,000,000 shares to $20,000,000. Proceeds—For expansion program. Underwriter—For bonds, Preferred stock—Mercantile Safe & Surety Co., New York, handled preferred stock financing in 1942.

Newark & Essex Banking Co.

April 23 it was announced that stockholders on May 5 will vote on approving a proposal to offer to stockholders each June $3,750,000 in common stock. Required to be expected to be about $2,000,000—to increase capital and surplus.

New York & St. Louis RR. (5/10)

Bids are expected to be received by the company on May 10 for the purchase from the company for $3,729,000 equipment trust certificates due 1954-1970. Underwriter—Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co., Incorporated.

Northern States Power Co. (Minn.)

May 11 it was announced that offering of 650,000 shares of new common stock of capital requirements for 1955 will approximate $31,000,000. Proceeds—To provide funds for increasing short-term bank facility and for the purchase of additional facilities. Proceeds—To be used to retire short-term bank facility and for the purchase of additional facilities. Proceeds—To be used to retire short-term bank facility and for the purchase of additional facilities.

Ohio Gas & Electric Co.

Feb. 23 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds later this year. Underwriter—To be determined by common holders. Underwriter—Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Ritter & Co., Inc.

Northwest Nitro-Chemicals, Ltd., Alberta, Can.

March 4 company plans to issue and sell public debentures and common stock. Proceeds—To provide funds for construction expenditure.

Pennsylvania Electric Co.

Feb. 21 it was reported company plans to issue and sell $6,000,000 of first mortgage bonds. Proceeds—To repay bank loans and for new construction. Proceeds—To be used to retire short-term bank facility and for the purchase of additional facilities. Proceeds—To be used to retire short-term bank facility and for the purchase of additional facilities. Proceeds—To be used to retire short-term bank facility and for the purchase of additional facilities. Proceeds—To be used to retire short-term bank facility and for the purchase of additional facilities.
Our

Reporters' Report

The investment world finds itself in a bit of a quandary these days. Valuations and interest rates equate closer together with the return on fixed yield issues considered an attractive substitute on stocks tapers off.

The Wall Street Journal interviewed with the task of investigating other people's news. It appears clients on what they should do with their money is a far from happy with their analysis.

Investment-type bonds now yield from around 3.1% to 3.6%

on the average, with top grade investment entities offering 2.5% to 2.3%. In other words, this "spread" or "gap" has now become the breaking point that, in the past, has been hazardous in some degree.

The gap, it is pointed out, has never been this small. This leaves the investors with the difficult task of making mind whether stocks are too high or too low.

In addition, prevailing levels are cheap.

To return to 3% yield basis with the return on cash in the current levels, things would be viewed more clearly in line with established norms.

But with money rates not inclined to move, and many observers to see how bond yields can be expected to shrink.

Money rates are not high, it is but those precluding when top-grade bonds were around 3.5% basis.

Bethlehem Steel Standby

Only Bethlehem Steel Corp.'s convertible debenture must be currently debenture "on rights," serves to pay its lagging calendar in the week ahead. And underwriters don't find the minds of bond buyers.

Bethlehem's $191,659,000 of debenture holders of record as of May 23, or the 500 principal amount, will pay the offer May 23 and any proceeds will go the issuer's cash available bondholders, which means it.

Substantial Prospects

The wall street brokers of new prospects into the running to the market at the expiration of the registration with the Securities and Exchange Commission.

W. R. Grace & Co. has placed an offering of $34,000,000 of convertible debentures to be offered to the underwriters.

The underwriters will be keenly interested in the fact that the company is indicating its intentions of seeking market approval.

On the same day, May 23, Enbridge Transport Co., Ltd., will open bids for $250,000 of 3% first mortgage bonds, which will be sold at 100 for the first half of 1955 through the sale of additional common stock in the underwriter's company of the underwriter's program of company and of United Gas Pipe Line Co., announced.

Looking Ahead

Once the Bethlehem "standby" is out of the way there is little in relief immediately. The following week may see some medium-sized utility issues up for bids.

First of these is $12,000,000 of preferred utility bonds from the Georgia Power Co. being offered by their financial broker. That competition might be keen is evident from the fact that the underwriters indicated their intentions of seeking market approval.

On the same day, May 23, Standard Oil Co., will open bids for $20,000,000 of 3%-year first mortgage bonds, which will be sold at 100 for the first half of 1955 through the sale of additional common stock in the underwriter's company of the underwriter's program of company and of United Gas Pipe Line Co., announced.
$30 Million State of California Bonds Offered to Investors

A syndicate managed by Bank of America N. T. & S. A is offering first mortgage bonds of the State of California totaling $30,000,000. The bonds are first mortgage bonds of the State of California, 5½% per annum, payable semi-annually, commencing June 1, 1955, for a term of 20 years, with provision for redemption at the option of the State at 100.75 per cent of the principal amount thereof at any time after December 1, 1965. The bonds are secured by first mortgage on all modern railroad property of the State. The proceeds will be applied toward the acquisition by the State of property upon which extensive improvements are to be made, to increase the capacity of the state railroad network.

Founders Mutual In New Quarters

DENVER, Colo.—Because of the rapid growth of the Founders Mutual Fund during the past several years the Sponser Corporation has now moved its operations into the Founders National Bank Building. Denver, Colo. It has been necessary to obtain substantially larger space for the operation of the Fund which has doubled in value during the past 12 months and approximately $36,000,000 face amount of Systematic Payment Plans on the books. There are now over 150,000 accounts in the Fund and some 250 persons required to maintain the bookkeeping routine.

H. A. Geer Co. Formed

LOS ANGELES, Calif.—Henry A. Geer has formed a company with office at 1353 Myrtle Street in a securities business.

White River Propane Securities Sold

Eisele & King, Libera Stout & Co., members of the New York Stock Exchange and of the American Stock Exchange Association, have announced that their offering of $400,000 6% convertible debentures, due May 15, 1962, and 50,000 shares of common stock of White River Propane Gas Co., Inc., has been completed, all of said securities having been sold.

The debentures, dated April 1, 1955, and due April 1, 1965, were placed at 100% and accrued interest, while the stock was sold at $6 per share.

DIVIDEND NOTICES

AMERICAN GAS AND ELECTRIC COMPANY

Common Stock Dividend

A regular quarterly dividend of 88 1/2 cents per share on the common capital stock of the Company has been declared payable May 16, 1955, to stockholders of record at the close of business May 10, 1955.

J. A. HALE, Secretary

DIVIDEND NOTICE

The Board of Directors of the American Gas and Electric Company has declared a dividend of 88 1/2 cents per share on the common capital stock payable May 16, 1955, to stockholders of record at the close of business May 10, 1955.

J. A. HALE, Secretary

SOUTHERN RAILWAY COMPANY

Common Dividend

A dividend of seventy-five cents ($.75) per share has been declared payable June 1, 1955, to stockholders of record at the close of business May 19, 1955.

W. J. ROE, Secretary

AMERICAN & FOREIGN POWER COMPANY INC.

Common Stock Dividend

The Board of Directors of the Company, at a meeting held this day, declared a quarterly dividend of 15 cents per share on the common stock for payment June 15, 1955, to the stockholders of record May 30, 1955.

J. W. BALGOTEN, President

DIVIDEND NOTICE

The Board of Directors of the American & Foreign Power Company have declared quarterly dividend No. 147 of one dollar and seventy-five cents ($.75) per share on the preferred stock payable June 1, 1955, to stockholders of record at the close of business May 19, 1955.

GERARD J. ROGER, Secretary
The second and more potent reason is politics. The vested interests in a housing boom are enormous. They consist of the building contractors, material men, and organized labor, none of whom, the housing official will dare to tackle until they are double sure there is really a boom getting out of hand.

If, and only if, the government becomes satisfied that housing starts are pushing 1.4 million units this year and are going to go higher, will officials have the hardihood to tackle the veterans' housing problem. If they can demonstrate the housing boom is for sure getting out of hand, the entire vested portion of the industry will fall over backwards in a slow-down on housing credit.

Just how quick this vested interest in the credit to the building industry would be is illustrated by the reaction of a Washington official when asked by a reporter of the Wall Street Journal, a slow-down on veterans' housing credit.

The word had no more got to the Veteran Housing committee than the latter called VA officials on the carpet to explain such evil designs.

Finally, housing officials are conscious of the ever-present dilemma of the "economic planner," What if they should go so far as to reduce payments or larger cash payments, and maybe also some rate repayment terms. They cannot be sure that this will not frighten the industry so that they will be afraid to make plans and housing will come down construction in 1956 (incidentally an election year) below the ideal level officials want, of 1.2 to 1.3 million housing units. 

(Tom Sweeney, who in effect runs the housing loan guaranty program for the Veterans Administration, had a large cut to de- fer the VA loan in which the veteran house buyer neither makes a downpayment nor closing charges. This, Mr. Sweeney told the House Veterans Committee, is a "negative no downpayment loan").

Gives Answer on
Housing Credit

By inference the Housing and Home Finance Committee, under

White House-approved housing amendments to Congress for action this year, has given the answer to the Hoover Commission program for tightening up on government-sponsored housing. The answer is that FHA is "agin" the Hoover Commission program for its housing amendments are practically entirely in variance with the FHA Commission recommendations.

Thus, the FHA proposes a new two-year public housing program of 70,000 units, with considerably more eligible restrictions. The present modernization and improvement schemes would be continued, but for a couple of years, and for five years. The size of an apartment house project FHA could insure would be raised from $12.5 million. Without any survey of possible tight housing funds, the FHA wants $4 billion more multi-family housing for that agency. The Hoover Commission proposed to end the temporary program of loans, and to take over the public works planning. The Administration proposed to make this permanent and raise the authorization to $18 million to $40 million.

Tie Benefits With
Local Controls

President Eisenhower also seems to have had a "pep talk" with the public housing program. President Eisenhower also seems to have had a "pep talk" with the public housing program. This means that FHA will require a local community, in effect, to be a "credit grantor," translated, means Federal gifts to local communities for urban and rural renewal.

This large, the public housing, would also be tied in with complete Federal domination of local urban planning. No city would be eligible for these gifts or public housing unless it conducted its housing planning in a manner approved by an official of the Housing and Home Finance Agency.

This means that the city plans its housing future according to Federal specifications, and if the city as a whole, but by neighborhoods within the city, that the city is making its plans to do away with and prevent slums, and so on. Before any city becomes eligible FHA gives a city a "certificate" that it is complying with the Federal law.

Thus, the housing amendments sent up by the Administration are not only in conflict with the Hoover Commission proposals. Essentially they are also in conflict with those recommendations of another Eisenhower-appointed commission, the Commission on Tax and Governmental Relations. The latter Commission was named to study ways of reducing Federal en-\n
Washington... And You

trapment upon state and local functions, and is scheduled to come up with its report and recommendations about June of this year.

Bull Won't Get His China Shop

House Wright Patman, who often argues vehemently for mandatory official pegs at par for Federal Government securities, seemed to have got an opening for a chance to call the Federal Open Market Committee to the Senate and ask for demand that isn't done. The apparent opening came when the House Banking Committee Tuesday informally agreed on a resolution offered by the Texas Democrat. This resolution would authorize a Banking subcommittee to call the OMC before it is answer to the Texas Democratic Congressman.

Mr. Patman would have the inquiry go into the fluctuations in the government bond market and their effect upon the economy (since he favors a mandator y market rigged at par), and it would also go into speculation in government bonds, pending proposals for Federal assistance to state and Federal financing, and so on. It happens, however, that the Banking Committee in the House has no "original jurisdiction" over proposed investigations. Under House procedure, investigation by any committee must first be approved by the Rules Committee.

Therefore all the Banking Committee can do is to petition to the Rules Committee that it be allowed to have such an inquiry. That is that what the Tuesday vote on the Patman resolution would amount to.

While the present Democratic leadership of the House is not distinguished for ultra-conservatism, it may be doubted that the Democrats as such are prepared to launch a show de-nu to bring the resolutions for mandatory pegs at par.

Furthermore, the Patman resolution would also transgress the jurisdiction of the Ways and Means Committee, the Public Works and Roads Committee, upset the Proxeny, and generally raise enough heat to get the ire of a lot of people up.

Therefore, the thinking on the Hill is that nothing will come of it, at the Rules Committee, but meanwhile the China Shop, as Patman is known, will be a little nervous while the ball is waiting outside to be led away.

All This and Heaven Too

Congress has been showing at least customary regard for the plight of farmers these last few years. There will be passed shortly a bill to remove any formula on the allotment of REA funds for states. Originally some 80% of any REA funds were allotted on the basis of the number of unelec-

trified farms any state had in relation to the total number of unelectrified farms in the nation, with no state getting as much as 19%. The other 20% of REA funds was allotted on a completely discretionary basis as the REA Administrator de-termined.

Congress is about to abolish all the formula because 95% of all farms are electrified. From now on the REA can lend the money wherever an REA storage "Cooperative" needs the funds for line improvements and ex-

This column is intended to re-

flect the "behind the scene" interpre-

tation from the nation's capital and the author's view of the "Chronicle's own views."

Sidney M. Louis Opens

Sidney M. Louis is conducting a securities business from offices at 120 Broadway, New York City.

Joints Hamilton Man'gt

(Joint is to The Financial Chronicle)

DENVER, Colo.—Congressman W. Hunt is now connected with Ham-

ilton Management Corp., 445 Grant Street.

J. L. M. French Opens

(Joint is to The Financial Chronicle)

DENVER, Colo.—J. L. M. French, has opened offices at 1444 Logan Street to conduct a securities business.

With Mutual Fund Assoc.

(Joint is to The Financial Chronicle)

SACRAMENTO, Calif.—Paul M. Clark is now with Mutual Fund Associates, 1803 Capital Avenue.