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EDITORIAL

As We See It

Officiating at the laying of the cornerstone of the new Washington headquarters of the American Federation of Labor late last week, President Eisenhower chose the occasion for a quotation from Woodrow Wilson's address when that earlier President took part in a similar ceremony for an earlier headquarters of the same union. According to President Eisenhower, President Wilson said this to the American Federation of Labor:

"If you come at me with your fist doubled up, you will find that I will double mine no less swiftly than you do yours. But if you come to me in the spirit of friendliness and negotiation, you will find that I will say, 'Come let us sit down together and there, I assure you, we shall find that our differences are far more imaginary than real.'"

Those, of course, were the days of Samuel Gompers, by comparison with those of this day and time a moderate, reasonable, and broad-minded man. Those were the days of an American Federation of Labor, with hardly more than a shadow of the power now exercised by any of the larger unions and certainly not more than a fraction that exercised by the amalgamated AFL and CIO. They were the days, too, when a man was quite generally accorded the right to work without bowing his head to union bosses.

To those who still have a rather vivid recollection of those earlier days, and who since have lived through the turmoil of later years even to this day of monopoly in labor blessed by the politicians and sanctioned by the great rank and file, the President's remarks tend to induce a marked

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1955 Can Be Best Year For Motor Industry!

By LESTER L. COLBERT*
President, Chrysler Corporation

Mr. Colbert gives as reasons why 1955 can be the best year in history of the motor industry: (1) competition has brought more improvements in autos than ever before; (2) the people have confidence in the future and are buying autos. Supports President's highway program as a sound investment, and predicts all things demanded by our civilization can be provided if business is permitted to do its job in an atmosphere of competition

I come from a manufacturing community where big and exciting things have been happening. The volume of business we have been doing in recent months has exceeded our most optimistic forecasts. It looks now as if this can be one of the motor industry's best years—if not its best year.

L. L. Colbert

Many people have asked why automobile sales are so high this year. The answer has two parts. In the first place, competition in the industry has never been more intense. This has forced more changes and more improvements in our product than in any year for a long way back—and the public has responded by buying these new vehicles in great numbers. In addition, people are showing confidence in the economy and confidence in the future. Buying automobiles is just one way they express that confidence. People are confident because they see business acting with confidence. Throughout the postwar years they have seen business investments in new plant and equipment soaring to unheard-of levels. Within the past 10 days

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*An address by Mr. Colbert at the First General Session of the 43rd Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C., May 2, 1955.

Investment Portfolios Today

By BARNARD FLAXMAN*
Vice-President, Hartford Fire Insurance Company

Investment expert offers data showing common stocks as more favorable than bonds on basis of changes in interest and tax rates, and relative net income. Also maintains country's economic growth, purchasing power trends, and government stimuli, will bolster equity performance. Holds historical perspective suggests common stocks are now in a middle area between dangerous heights and attractive cheapness. For immediate portfolio policy, urges caution with particular emphasis on selectivity.

While the problems of the trust departments in the handling of investment funds for trust accounts may be numerous and varied, generally speaking the philosophy governing such investment problems may not be too different from that of the fire and casualty insurance company. For the common problem is simply investing funds with the utmost safety of principal and getting the greatest amount of current income and with the hope and prospect, looking ahead to the future, for increased income, thus seeking the greatest protection against a possible decline in purchasing power of that income. Trust departments are generally not as concerned with the impact of falling markets as are fire and casualty insurance companies. The prime function of these companies is the insurance business and remaining in the insurance business and, consequently capital accounts must not be impaired by falling markets. True, the trust departments must tread lightly and adroitly between the position of the beneficiary and the remainderman but here

Barnard Flaxman

Continued on page 36

*A paper by Mr. Flaxman delivered before the Annual Trust Conference of the Connecticut Bankers Association, New Haven Lawn Club, April 27, 1955.

STANY PICTURES IN SECOND SECTION—Candid pictures taken at the 19th Annual Dinner of the Security Traders Association of New York, Inc., at the Waldorf-Astoria Hotel, on April 29, appear in the SECOND SECTION of today's issue.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

ELDON A. GRIMM
General Partner, Walston & Co.
New York City
Members of New York Stock Exchange and other leading exchanges

Western Air Lines

Out West in California they have a slogan which reads: "Bring Me Men To Match My Mountains!"

Eldon A. Grimm

In the rapidly-expanding airline industry, one of the major airlines which is out-matching the mighty mountains of the West is Western Air Lines, whose stock sells around $20 a share on the New York, San Francisco and Los Angeles Stock Exchanges.

Western Air Lines (sometimes spelled "Western Airlines") is a fast-growing, domestic airline of medium-size which operates north-south routes up and down the entire length of the Pacific Coast and in other far western areas of the United States. Because of its north-south patterns of flight, the basic position of Western Air in the West roughly parallels that of Eastern Air Lines or National Airlines in the East. However, out West, flying is especially important because distances between major cities are so much greater than they are in the East. Western people are extremely air-minded.

America's Senior Airline: Western Air, now 29 years old, ranks as America's oldest airline. It started flying mail and passengers in 1926. In 1928 it became the famous pioneer of the skies known as "Western Air Express." The present name was adopted in 1941.

Subsidy-Free Operation: Western Air is a subsidy-free operation and has enjoyed that status since 1951.

Operates in Greatest Growth Area: This ambitious carrier operates in the greatest growth area in the nation. It has a 5,525 mile system serving 44 cities located in 12 western states, and in the Province of Alberta, Canada. The most heavily-traveled route, of course, covers the whole length of the Pacific Coast from San Diego on the south to the Seattle-Tacoma area on the north with a wide variety of schedules linking such cities as Los Angeles, San Francisco, Oakland and Portland. This is known as the "Coastal division." A second route, called the "Western division," runs from Los Angeles and vicinity all the way up to the oil city of Edmonton, Alberta, via Las Vegas, Salt Lake City, Great Falls and other intermediate points. A third route, the "Inland division," connects Rocky Mountain cities in Montana and Wyoming with Denver, Colorado, and also goes from Denver to the Twin Cities of Minneapolis and St. Paul. There is also a direct flight from Los Angeles to the Twin Cities via Salt Lake City.

Has Applied For More Routes: Applications are pending for several more routes. One is a proposed 980-mile run between San Francisco-Oakland and Denver via Salt Lake City. A final C.A.B. decision on this matter may be forthcoming this summer or autumn. Western is also seeking permission to offer service between San Diego and Denver via Phoenix; between Portland and Calgary, Canada via Spokane; and between Los Angeles and Mexico City. There are some others too.

Tremendous Further Growth Potentials: Well, let's take a brief look at the tremendous growth potentials in this territory. There is a huge amount of industrial development and new building. Population growth is of mushroom proportions. There is the feverish search for uranium in the Rocky Mountain states. And don't forget those giant atomic energy installations out West plus the big atomic testing grounds such as the one near Las Vegas, Nevada.

California To Be Most Populous State: Take the case of just one state, California, which represents the "hub" of Western Air's route network. Fifty years ago California was the 21st most populous state in the Union. Today it ranks second. By 1965 California will almost surely possess the largest population of any state. Since 1933 the Golden State's population has doubled. In less than the past ten years, the Los Angeles metropolitan area alone has absorbed a migration equal to the combined population of the Eastern cities of Pittsburgh and Baltimore.

Serves Dozens of Vacation Spots: People from all over the free world travel through the western United States to visit dozens of fabulous vacation areas there. Western Air boasts that it reaches several dozen big-name vacation spots such as Puget Sound Playgrounds, Mt. Rainier National Park, Olympic National Park, Columbia River Gorge, Redwood Empire, Golden Gate, Hollywood, the new Disneyland, Palm Springs, Las Vegas, Sun Valley, Grand Canyon, Yellowstone, Grand Teton, Glacier National Park, Bryce and Zion Parks, Canada's Banff and Lake Louise and Jasper, dude ranches in Montana and Wyoming, the Black Hills, Mt. Rushmore, etc.

Passenger Revenues 44 Times Level of 1939: Aided by this "golden" and "radio-active" territory, the company's passenger traffic has shown some most amazing growth trends. Passenger revenues last year were almost 4 times the level of ten years ago and were an astonishing 44 times what they were in 1939, only 16 years ago. Looking ahead over the next several years, it seems easy to predict that traffic will double from present figures. And, eventually, it may triple.

To Buy 12 More Giant Douglas Transports: Western Air now has a fleet of 32 aircraft, including eight 60-passenger Douglas DC-6Bs, six 66-passenger Douglas DC-4 Coachmasters and 18 medium-sized transports. There is a substantial expansion in the works. The company has just announced the largest new equipment purchase program in its history. It will buy 12 more Douglas DC-6B four-engine, 60-passenger transports at a cost of $1,200,000 each, or a total sum of $14,400,000. Of the 12, five will be delivered in 1956 and seven in 1957. All 12 will be financed by a group of several western banks.

Western's Management Has Many New Ideas: Western's alert management has done a wonderful job in instituting new services and ideas for the line's customers. It pioneered "coach" class flights in 1949, and Air Coach now accounts for about one-third of all revenues. It has become the first airline to feature 4-engine flights exclusively along the Pacific Coast. And, last year, Western Air inaugurated its now-famous "Californian" service on several of its top runs, offering free California champagne, filet mignon dinners and reserved seats to passengers, plus vanda orchids for the ladies. Men receive select cigars on deplanning. All this de-luxe, "red-carpet" service is at no extra fare. Western also has a new "Charge-A-Flight" credit card plan. Western, along with other lines, has experimented with transporting first-class mail by air.

Drinkwater's Success Story: Western Air Lines' "team" of transportation experts is headed by President Terrell C. Drinkwater, who became head of the company in 1947, after association with American Airlines as a vice-president, and with Continental Air Lines. Mr. Drinkwater was once an attorney in Denver, specializing in air transportation matters. He has done an outstanding job at Western Air. When he took over at Western 8 years ago the line was government-subsidized, it wasn't making money, no dividends were being paid and the treasury was rather low. Today, thanks to a lot of hard work, new ideas and more efficient equipment, Western Air is a subsidy-free, profitable, dividend paying line that is growing by leaps and bounds.

Mail Pay Only 3% Of Revenues: As another measure of the extraordinary progress at Western Air, mail revenue last year amounted to only 3% of total operating revenues. No mail subsidy is needed. Western again in 1954 had one of the lowest "break-even load factors" in the air transport industry.

Earnings For Early 1955 Set New Record: Western had the best first-quarter results in history in the initial quarter of 1955 and earned 36c a share vs. 24c in the first quarter of 1954. However, profit in the first quarter of last year was due entirely to capital gain on the sale of assets. Hence, the improvement this year is actually greater than it would appear at first glance. Due to a seasonal trend in traffic, the third quarter is almost always the biggest earnings quarter of the year. In the first quarter of 1955 operating revenues soared 30% to another new peak. There are now 740,963 shares outstanding. For the year 1954, profit was $2.04 a share against $1.66 in 1953. Earnings in 1954 included 52c a share, gain on sale of old aircraft, etc. In 1953, profit included 11c a share from the same source. Incoming "cash flow" in 1954 (reported earnings plus depreciation) rose to $4.49 a share.

Dividends At New Peak: Current dividend rate is 15c a quarter, or 60c a year, the best rate in history. In addition, a surprise extra of 15c was paid in March this year.

Other "WSX" Facts: Ticker symbol is "WSX". There are 1,864 employees and 6,500 shareholders. Book value of "WSX" stock has risen to about $15 a share vs. only $4.53 in 1945 when the stock made its all-time peak of 40½. Present price of $20 compares with last year's high of 18¼ and low of 8¾.

Airline Shares In Bull Market: Airline shares have been in a de-

Continued on

We Are Not Overbuilding New Homes

By L. M. CASSIDY*

Chairman of the Board, Johns-Manville Corporation

Mr. Cassidy decries fear of excess home construction, asserting country is merely satisfying the enormously increased demand of people for better living. Says new home construction and growth in child population is the result of a revolution in income, and although annual rate of home construction exceeds increase in new families, the increased marriage rate will soon catch up with current building. Calls on mortgage bankers to provide funds for needs of construction industry.

I shall devote most of my talk to the important contribution the construction industry in all likelihood will make to our economy in the future.

L. M. Cassidy

Before doing so, I would like to point out that we in Johns-Manville have always maintained a deep interest in sound construction financing.

We are quite proud of the fact that, to cope with the reduced purchasing power of the depression years, we pioneered in 1931 a new type of time payment plan of our own for home repairs and home modernization.

Also, many of you may recall that Lewis H. Brown, then President of Johns-Manville, played a key role in the formulation of the new concept of mortgage financing brought about by the National Housing Act of 1934.

Today there are a great many sources of short-term modernization loans available at reasonable rates. And the self-liquidating mortgage has become firmly established as a permanent pattern in the mortgage field.

Moreover, sound and adequate financing in the construction industry assumes added importance when we bear in mind that it is now the country's largest industry. It even exceeds agriculture and defense.

When we consider the wide sector of our economy that is covered by the industry, it is not surprising that roughly well over one-seventh of all money spent for goods and services in 1954 went into construction.

And this year it is estimated that the construction industry's contribution may account for close to one-sixth of the nation's total output. Currently, it is a $60 billion a year industry. We are having some big innings now, but what about the construction industry in the future? I hesitate to attempt any specific predictions.

Perhaps I am not as certain as the woman who called up the Collector of Internal Revenue and asked what the income tax would be on $140,000. He told her and then she wanted to know what the income tax would be on $280,000. Again the tax collector gave her the answer. But he was curious and he said: "Madam, I do not want to be prying into your affairs, but would you mind telling me why you want this information?" She replied: "I'm trying to make up my mind whether to buy one or two Irish Sweepstakes tickets."

I am sure I cannot anticipate coming events as closely as that or with any such degree of cocksureness. But I would like to talk about some trends in our economy which are having an immediate effect and others which will be felt during the next decade.

Currently, as you know, the question is being raised whether we may be overbuilding in the new home field. You have seen some of the published figures which might lead to this conclusion. You read that, although we are building at an annual rate of 1,400,000 homes, net increase in families this year will only be about 650,000. While this is true, another figure which is often overlooked is of greater significance. This is the fact that we will have about 1,600,000 new marriages this year.

Before the war, two-thirds of these new families would have been satisfied to move into old buildings. But today, these young married couples do not want to move into old vacated homes which are mostly obsolete in design and equipment, and are generally in the olders sections of cities and, also, in the older parts of the nation. They insist on moving into newly-built homes of their own in the suburbs or the West or the South, or somewhere else—but not where the older folks of the previous generation were satisfied to live. And what is more, they can afford to move into new homes.

There has been a true revolution in income in the United States, not merely a marking up of wages and prices through inflation. Today nearly three-quarters of our 37,000,000 non-farm families are getting over $4,000 a year and therefore can afford—according to the standard banker's rule-of-thumb — a $10,000 house, which today is a reasonably satisfactory one.

In 1939, only a quarter of these families could afford the equivalent house, then about $5,000. That constitutes a revolutionary change of the most far-reaching importance in the matter of housing demand. It is a change that few people have fully grasped. And today considerably over half of

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*An address by Mr. Cassidy at the Eastern Conference of the Mortgage Bankers Association of America, New York City, May 2, 1955.

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Interest Rates and The Money Supply

By ROBERT B. BLYTH*
Assistant to the Secretary of the Treasury

After reviewing role of interest payments in the economy, Treasury spokesman points out the interest rate is a two-edged sword, viz: (1) it is a cost to borrowers, and (2) it is income to institutional and individual investors. Stresses importance of interest rates in monetary policy, because of impact on money supply, and reveals aim of Treasury is to establish a genuine market for long-term government securities so as to enable institutional investors to acquire such issues. Praises "flexible" monetary policy.

The interest rate is close to the heart of our American free enterprise system. Our commercial banking system, life insurance companies, mutual savings banks, savings and loan associations, are all built around the interest rate. These organizations compete strongly for the dollars of the public — offering interest inducements for savings deposits, conveniences, and banking services for bank deposits and all forms of protection for insurance dollars. They work hard to accumulate the dollars of the public, and then work just as hard to place these dollars with users of capital — perhaps an individual building a home or buying a car, a business that needs additionl productive facilities, or a merchant that needs to add to his inventories. Other members of the financial community—investment dealers and brokers — and mortgage bankers and brokers, also work hard at some aspects of this job of bringing users of capital ~~and~~ suppliers of capital together. No other country in the world has such an effective and fiercely competitive financial community which works first to accumulate capital and then to put it to work. Our ever rising standard of living is properly attributed to the productive genius of American industry and agriculture, but it is only the accumulation of capital brought about through the efforts of the financial community that makes it possible. Our banking system and insurance companes could not exist without the interest rate. The superior utilization of the interest rate mechanism in this country, both to attract capital and put it to work, has been a major force working toward widespread home ownership and higher standards of living.

Robert B. Blyth

In looking into the matter of interest rates let us examine the interest payments that are made by the United States Government on its debt to see who receives the interest that we pay out. Last year the United States Government paid $6.6 billion in interest, including accrual of interest on our Savings Bonds. Of this total, an estimated $1.9 billion went to individuals, and $1.3 billion to government investment accounts; $600 million was paid to insurance companies and savings banks, $300 million to miscellaneous investors which includes pension funds and endowment funds, and $300 million to state and local funds. Other interest payments include $1.4 billion to commercial banks, $400 million to non-financial business and a little over $400 million to the Federal Reserve Banks. These payments go to the direct or indirect benefit of the great mass of citizens of this country. It is current income to owners of most of our securities; it is future income to holders of E bonds and to the beneficiaries of insurance policies and pension plans.

Many of these dollars paid to banks and savings institutions are in turn, paid out as interest to savings depositors. Furthermore, some of the dollars paid to banks, to insurance companies and to many other organizations owning our securities go toward paying the salaries of employees.

The Treasury paid $1.6 billion more interest on the public debt in 1954 than in 1946. Individuals were the principal beneficiary of the increased payments, receiving $700 million more in 1954 than in the earlier year, all of the increase going to Savings Bonds holders. Individuals also received the indirect benefit of an increase of $600 million in payments to government investment accounts (largely Social Security and Unemployment Compensation reserves). In addition, $300 million more interest was paid to the Federal Reserve Banks, who, as you know, return most of their excess earnings to the Government. Commercial banks received the same amount in 1954 as in 1946.

This is the constructive side of our national debt. While the national debt is a liability on our national balance sheet, it is an asset to the many, many citizens that either own a small share of it directly or have an interest in public or private insurance and pension plans. Our E bonds encourage thrift, enabling the citizens of the country to accumulate funds for the future, for emergencies or retirement. The payments made to private pension funds, and to our Social Security and Unemployment funds help individuals plan their futures with less fear of employment and being unable to work as they grow older.

It is a real source of gratification that these interest dollars we are paying out are helping provide jobs; that they are helping encourage habits of thrift; and that they are helping our people provide for the future. In this way, the interest cost to the Government on our national debt is doing much to bring economic security to our citizens which provides a solid base for sound economic progress.

A Constructive Job in Our Economy

In just the same way, the interest that is paid on home mortgages, and on other debt instruments, is doing a constructive job in our economy. It is making it possible for insurance companies to offer individuals insurance protection at attractive rates. It is making it possible for pension funds, for charitable foundations hospitals, college endowment funds, etc., to accumulate capital and use it effectively not only to provide for the future, but to help meet current operating requirements in an orderly fashion.

The level of interest rates in this country is held at reasonable levels by the rapid growth of savings, by the strong competition within our financial community, and by the wholesome influence of the Federal Reserve System. Actually, interest rates in this country, based on our government bond market, are low compared with other countries. Our 3% rate on long governments compares with current rates of about 3¼% in Canada, and about 4% in England. As a matter of fact, the only free country in Europe with a lower rate is Switzerland where their capital needs are well below the volume of capital that they have seeking investment.

The Federal Reserve has the important responsibility for influencing the flow of credit in this country. At times, this means encouraging banks to lend money; at other times, it means restraining the excessive use of credit which could only produce economic instability and perhaps inflation. The Federal Reserve System after experimenting for many years at the request of the Treasury, with pegged markets and price-supporting purchase of government securities, is now following a flexible monetary policy. In reality, this means flexible interest rates. That is what makes monetary policy effective.

A Two-Edged Sword

The interest rate is a two-edged sword. On the one hand, it is a cost to business and to the individual who borrows capital to build a home. On the other hand, it represents income to the individual investor, to the insurance company, to savings institutions, and the banking system.

Changes in interest rates affect the willingness of individuals to save on the one hand, and on the other, they affect the ability of business to use capital profitably, considering the interest cost. In addition, changes in interest rates set in play other forces. For example, when interest rates go up, which results in a decline in bond prices, it affects the willingness of insurance companies and banks to accept this loss when they consider transferring these investments into other new activities.

Specifically, in the case of an insurance company, if a loss is present in their government bond portfolio, they may be more reluctant to sell such issues and make new mortgage loans. This tends to limit the lending activities of insurance companies to the amount of their cash flow. In the long run this should be regarded as a normal situation. Thus, a higher interest rate level not only produces some reluctance of borrowers to use capital, but it also instills caution on the part of the lenders. At certain times in our economic development this is desirable.

The Impact of Interest Rates On Monetary Supply

Interest rates are important in monetary policy because of the impact they have on money supply. The common definition of money supply is the currency in circulation outside the banks, and the adjusted demand deposits of the banking system. This money supply, is in effect, the active working capital of the country—the reservoir of funds that business and individuals keep on hand in liquid form for immediate spending requirements. Generally speaking, when a commercial bank adds to its loans or buys securities, new money supply is created. Monetary policy is concerned primarily with this process of creating money supply. At times, policy is directed toward encouraging the creation of money supply in orders to add to the spending stream and stimulate the economy. At other times it seeks to restrain the creation of excess money supply which could only result in excessive stimulation to the economy and perhaps to unstable conditions and inflation and the usual later deflation.

There is, however, another form of money supply in which you as mortgage bankers are primarly interested. This is the "Pool of Long Term Capital Funds." This pool of savings is steadily being accumulated. It takes the form of savings shares, or deposits, and accumulations of dollars by insurance companies, pension profit sharing and endowment funds. It includes the direct investment of individuals in mortgages, in stocks or bonds of industry or government. Investments or loans made directly by individuals or from funds added to the Pool of Long Term Capital Savings in the hands of institutions do not create new money supply and basically are not inflationary.

It is important to understand this distinction between money supplied by bank credit and money supplied by genuine savings. It is also important to understand that monetary policy has a diametrically opposite impact on these two forms of money supply. Restraints on the creation of bank credit inevitably tend, in the long run, to encourage additions to the Pool of Long Term Capital.

The present Administration believes strongly in the flexible monetary policies that the Federal Reserve System has followed in the last two years. These policies were designed to discourage the excess use of bank credit in early 1953, and to encourage the use of credit in 1954.

Today, the excess reserves that were designed to encourage the use of credit last year have been removed from the banking system, and the discount rate has been raised from 1½% to 1¾%. Basically, these actions have been taken because the economy is so healthy that it no longer needs the stimulus of the excess reserves and the lower discount rate. There are no excess reserves today, but there is no shortage of credit for legitimate business purposes. Under these conditions, future developments in the economy itself will primarly determine the course of the money market. If the economy moves ahead too rapidly, credit restraints will develop largely through natural forces, although ample credit should be available for normal growth. The underlying objective of monetary policy is to promote the sound, long-term growth of the country, and we believe that the flexible monetary policies of the last few years have had a constructive impact.

As I said, the interest rate affects the supply of bank credit and the availability of long-term credit for business and individuals from non-bank sources in opposite directions. A rise in interest rates increases the incentive to save on the part of individuals; it permits insurance companies to offer more attractive terms on insurance; it permits savings banks and savings and loan associations, as well as commercial banks to offer higher interest rates to their depositors to encourage savings; it forces the borrowers of money, such as business and states and local subdivisions to pay a higher rate to attract individual savings. As a matter of fact, a vigorous sound advance in business normally can be sustained only with a background of interest rates high enough to attract a large volume of long-term capital from nonbank sources.

The Record Since 1953

I would like to take you back for a moment to the first half of 1953 which has been described as a period of credit restraint. The

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*An address by Mr. Blyth before the Eastern Conference of the Mortgage Bankers Association of America, New York City, May 3, 1955.

The State of Trade and Industry

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

The trend of over-all industrial output appeared to be approaching an all-time peak in the period ended on Wednesday of last week as indicators of manufacturing activity continued to edge higher. Tonnage output in most industries was well above the corresponding year ago level.

Claims for unemployment compensation declined in all but four states and the gains in those four were negligible.

The United States Department of Labor reported the eleventh straight weekly drop in the number of idle workers getting jobless pay.

For the week ended April 16, the Department's Bureau of Employment Security put the total drawing unemployment compensation at 1,499,000, a drop of 4,300 from the week before and well under the 2,206,200 on the rolls the like week a year ago.

In the steel industry labor will take a tough attitude in wage negotiations which will soon open. Current steel prosperity has placed labor in the best bargaining position in years, "The Iron Age," national metalworking weekly, states this week.

Wages are the only issue, so the steel union will press for all the traffic will bear. It may settle for 8¢ to 10¢ an hour, but it will put up a stiff fight for more.

Steel companies will fight to keep wages within reasonable bounds. This year's first quarter earnings were exceptional. But management is striving to increase stockholder dividends, which have lagged behind other industries and is in no mood to absorb more operating costs, this trade journal notes.

No strike is in sight. Both sides now seem willing to settle the single issue of wages at the bargaining table. There will be sharp words, but the fact is that a good relationship now exists between steel labor and management.

For steel users, the result will be higher prices. Producers will not be under as much pressure to go easy as they were last year, when a 12¢ wage package brought a $3 a ton price increase. Other operating costs have risen and the mills feel they have to recover these costs to maintain a good earning position, declares this trade authority.

The outlook: At least a $4 per ton average price increase if the wage raise follows the pattern.

Many customers are finding their inventories out of balance. They are still struggling with the problem of delayed deliveries. But even when deliveries are on schedule, urgently needed sizes and analyses may not be available. This is happening in bars and will also occur with other important products.

For practical purposes, most steel products are now booked through the second quarter, concludes "The Iron Age."

In the automotive industry, five new weekly United States and Canadian production records were in the offing last week as car and truck building continued to roar.

"Ward's Automotive Reports" forecast the April 25-30 week car-truck output at 219,212 units, with cars alone at 187,060, and combined United States and Canadian production at 232,705, all of them new highs.

The new peaks toppled records of 180,647; 211,998 and 225,074, respectively, set just a week earlier.

Canadian production, "Ward's" said, will also take individual honors with new high counts of 13,493 cars and trucks and 10,488 cars alone on tap. The record volumes top previous crests of 13,076 and 10,241 logged the week before.

The scorching building tempo brings total April United States car-truck output to an estimated 883,000. Cars will tally 755,000 and trucks 128,000.

United States truck construction the past week was pegged at 32,152, a two-year peak. The cumulative 1955 truck erecting, which a week earlier passed the year-ago stage for the first time this year by a slim 0.7% edge, was slated to increase the margin to 3% for the past week—392,950 as compared with 381,196.

Virtually all assembly lines were scheduled to be in operation on Saturday last. Elsewhere, daily overtime and six- and seven-day work weeks were in order at plants producing engines, transmissions and other "hot" components, a shortage of which might cool the current blistering pace.

According to the statistical agency, Canada's combined April

Continued on page 35

Observations . . .

By A. WILFRED MAY

Stock Market as Barometer-Thermometer —Report from Washington—

The raising of doubt about that legendary function of stock price movements as a barometer of business weather—which, incidentally, prompted the final query on the Fulbright Committee's original questionnaire—is one of many constructive components of the Senate Banking and Currency Committee's just-issued Staff Report, captioned *FACTORS AFFECTING THE STOCK MARKET.*

It cites the comprehensive study of statistical indicators by the National Bureau of Economic Research disclosing that a comparison of the turning points of industrial stock prices from 1899 to 1938 with those of general business activity showed that, on the average, stock prices led by six months at the peak and seven months at the trough. However, accompanying this finding is the reminder that the cyclical peaks of stock prices varied from a lead of two months to a lag of three months. And that during that long period, at cyclical troughs stock prices varied from a lead of 21 months to a lag of one month.


A. Wilfred May

Recent Divergence Even Greater

Since World War II there was even less regularity between the turning points of stock prices than in the earlier years. Certainly during the active 1946-'48 period the bearish stock market served as neither a barometer nor a thermometer of business as measured by statistical indicators, as residential building contracts, new orders for durable goods, gross national product, corporate profits, bank debits, or price indexes. And in 1953-'55 the stock price advance certainly, in timing and degree, served as neither a barometer nor thermometer.

General economic indicators which investors watch as presaging business upturns include liabilities of business failures, new orders, construction contracts, hours worked, new incorporations and sensitive wholesale prices. It is also pointed out that in the forecasting of future business activity, consideration is given to the influences likely to determine consumer spending, business spending on investment goods, and government expenditures on goods and services, the volume of bank credit, and the Treasury's fiscal and debt management policies.

While some indicators do seem to be serviceable, the "forecasting of business" surely still remains uncertain (a fact freely admitted by Geoffrey Moore, who prepared the National Bureau's cited Statistical Indicators). Then, with the non-correlation of stock price movements—both as before-the-event barometer and at-the-event thermometer — added thereto it must be appreciated that it is even more difficult to forecast stock prices than business activity.

The Study's Olympian Neutrality

It must be admitted that this conclusion to some extent comprises inferences to fit our own previous convictions, rather than being wholly validated by the Study. The latter's general middle-of-the-road objectivity is in this area of relating economic data to stock price movements demonstrated as follows (pp. 27 and 28):—

"Stock-market behavior, however, is peculiarly concerned with discounting the future. Fluctuations of stock prices presumably reflect the changing anticipations by stock purchasers and sellers of the prospective volume of business, the prospective earnings and the like. With respect to these anticipations, however, current and past statistical records may be only of limited usefulness. Moreover, where judgments of the future are concerned, psychological, as distinct from economic influences, may play a highly significant role. However, despite the waves of optimism and pessimism which may characterize stock-market behavior, generated by uncertainties of the future, the analyst will not readily dismiss such statistical information as has been built up in the past, and which is believed to be relevant in judging future stock-price trends."

Value vs. 1929

Likewise does the Study steer clear of a definite conclusion whether the current market level is determined by criteria of value or elements of old-time speculation—as follows:—"Recent stock market behavior is much closer to the realities of the business situation than was the case in 1929; speculation is less rampant, credit for trading purposes is smaller, stock prices as measured against either earnings or dividends are in sounder relationship, etc. However [sic] it is questionable whether it is prudent to use the point of culmination of one of the worst speculative bull markets in American history as a norm for measuring the soundness of the present state of the market." (p. 39)

Such middle-of-the-roadism, because it is combined with a wealth of supporting data and commentary throughout, makes this volume a highly valuable contribution in clarifying the issues constituting the concurrent status of the securities structure —as in highlighting the importance of *value* criteria.

The Report, a 201-page booklet, compiled under the direction of Robert A. Wallace, the Committee's staff director, contains tables and charts showing market movements, explanations of bank credit in the stock market, the workings of the stock exchanges and the over-the-counter market, the impact of various influences on the market. Submitted as a report to Chairman Fulbright's Committee, it contains no legislative recommendations. The findings of the Committee proper, based on its Hearings, will, as we indicated recently, shortly follow. Meanwhile, this preliminary factual "Bible," so valuable a contribution in various areas, as in tax policies and institutional investing, will be considered further in next week's column.

Rand, McNally & Co. Issues Its New 1955 Bank Directory

Rand, McNally & Co., publishers of the Rand McNally Bankers Directory, now in its 158th edition, reports that consolidated resources deposits and capital funds of the U. S. banks as listed in the 1955 edition, is at an all time high.

Resources were up $11.9 billion from a year earlier to $234.1 billion; deposits were up $10.1 billion to $213.1 billion and capital funds were up $1.4 billion to $18.5 billion.

Nearly half, or $5.3 billion, went into loans; $4.9 billion went into Government securities, and $2.3 billion into other securities. Cash and other assets decreased $0.6 billion.

Last Dec. 31, reports the 1955 Blue Book, there were 14,461 banks and 6,807 branches in the United States, Alaska and Hawaii or 140 fewer banks than a year earlier, but 484 more branches.

Talmage Branch

ST. GEORGE, S. I., N. Y.—Talmage & Co., members of the New York Stock Exchange, have opened a branch office at 27 Hyatt Street under the management of Eugene Rosenfield and Edward A. Love.

Metal Notes

By IRA U. COBLEIGH

Enterprise Economist

Some reflections on metal shares—particularly those of a non-ferrous variety, and stressing copper.

The even keel of our economy for the past 18 months, especially as it relates to the cost of living, has rather soft pedaled current reference to the word, "inflation." You'd almost think it had been licked; as economists, of the Pollyanna persuasion, say we have already licked depressions. Well, we may have built quite a few floors under our economy but we still haven't built a ceiling over it. We can resume our climb on the inflation escalator at any time, and surely any important slippage in employment, production or prices would start the steps moving.

Ira U. Cobleigh

This capsule comment is offered as a brief introduction to today's topic, metal shares, since this class of equity has a considerable history and validity as a hedge against inflation. Further, even at today's exalted market levels, the shopper for yield here, can still tick off some worthy equities yielding 5% and more—items like Anaconda, Kennecott, Phelps Dodge and St. Joseph Lead, to be specific.

The most significant current factor in the metals is the price trend—up that is. Take copper. A month ago the domestic price moved from 33c to 36c a pound. This was impelled not only by high level demand but by a strike in African mines (Rhodesia) and some switching of Chilean output from U. S. to the higher prices obtainable in Europe. This tightness of U. S. price may be moderated in due course, as new domestic production capacity, such as Magma's, and enlarged ore finds in the Michigan area reach the market. At the moment, however, the price structure is favorable to producers, and persuasive to profitability, even at high cost mines. But this sturdy price horse should not be ridden to death. There's always aluminum, an eager and energetic rival of copper for many uses; and it can certainly compete with vigor on the present 12c differential. (Aluminum is around 24c a lb.)

Very well, if copper is a now favorably placed metal for profit and useful in any inflation that might come, what are the top companies to look at? You might well start with **Anaconda.** Its own position and its large holdings in Inspiration should create per share 1955 earnings of $4 or better (against $3.25 for 1954). This would fatten up the coverage of the $3 dividend; but that's not all. Anaconda is thought by many to hold among the largest U. S. acreages of uranium-prone land under a single corporate banner—mostly in Arizona and New Mexico. As and if this land fulfills this estimate, a new and romantic dimension may be added to earning power. In any event, Anaconda (now selling around 59) is regularly included in practically every "atomic energy" stock list, and in the portofolios of investment trusts devoted to nucleonics.

As respects quality of investment, **Kennecott** probably takes top billing. A magnificent balance sheet, a respected management, a long dividend record (unbroken since 1934) and a $42 million investment in South African gold and uranium mines, give Kennecott common both investment status and growth potential. All this on 5½% yield basis (assuming a $6 dividend).

For those of a more speculative bent, we suggest a look at **Cerro de Pasco,** currently selling at around 45, and offering a $1.50 cash dividend, which was supplemented by a 5% stock dividend in each of the past four years.

Cerro de Pasco started out as a copper company and until 1948 that commodity was the main producer of revenue. Copper is still important, and a long range partnership with American Smelting, Newmont Mining and Phelps Dodge in the development of Southern Peru Copper Corp. holds a big profit potential, but that's four or five years off.

The main swing since 1948 has been into expanded zinc and lead production; and at the completion of the present long range program in 1957, Cerro will be possibly the lowest cost producer of lead and zinc in the world. This plant enlargement (in Peru) involves about $45 million in all, and annual outlays for it have been the prime reason for offering low cash dividends, supplemented by stock dividends in recent years.

1954 earnings (adjusted for 5% stock dividend of March, 1955), were $4.80. Analysts feel, however, that full flowering of earning power resulting from the property additions cited above could run the per share figure to $9 or $10; and result in most attractive cash dividends in the future. This estimate is based, moreover, on approximately current prices for lead, copper and zinc. Any substantial price advance could create dramatic addition to net earnings.

For those not averse to an enterprise abroad, Cerro de Pasco is an interesting equity; and Peru is generally regarded as among the more stable of our South American neighbors. Management here is excellent and Cerro common doesn't appear to be overvalued at somewhere around eight times 1955 probable earnings. There is a past history of very liberal dividend declarations.

A while back we mentioned aluminum, as a fairly important competitor of copper. It is, of course, a great deal more than that. Of major metals, it has been the fastest growing one working its way into everything from foil food wraps to skyscrapers. Since aluminum production thrives on cheap power, the fabulous hydroelectric Kitimat development of **Aluminium, Ltd.** has caught the fancy of many growth-minded investors. Here the prospect of the lowest power and production costs in the world, have assured a solid and eager following for the common. This equity currently sells at 92, pays $2 out of earnings running well over twice that. This stock will disappoint those seeking current yield but it's calculated to please and to reward the long-term holder in other ways. The fact is that current yields are pretty slim on all aluminums. For example, **Aluminum Co. of America** sells at 114 but pays a meager $1.60; **Kaiser** at 80 pays $1.30 plus and **Reynolds Metal** at 162 pays only $1.50. You buy Aluminums if growth is your goal. In the past 18 months, this growth factor has paid off with a bang.

Lead and zinc, mentioned above in connection with Cerro de Pasco, do not seem to possess the zing of copper, and lack the drive of aluminum. Lead prices appear quite well stabilized, especially by government stockpiling. An upward price trend, observed in copper, and probably in aluminum, does not seem evident here. As a result, domestic lead stocks are not especially lively in the market, but a number of people seem to think that **St. Joseph Lead,** around 45 paying $3 is a good entry, especially by virtue of a 5.5% yield. It is not, however, geared to excite those in search of market volatility.

For across the board coverage in metals, **American Metal Co. Ltd.** is interesting because of its mining interests in Rhodesia, Mexico and Canada (New Brunswick), its refineries in the United States and its extensive potash holdings in New Mexico. American Metal sells at 54 and pays $2. Another broad enterprise is **American Smelting and Refining Co.,** a virtual investment trust through its holdings in mining shares, and operator of vast properties in U. S., Canada and South America. Shares sell at 49 and pay an indicated $2.

For the specialty speculator in metals, a look at **Howe Sound** might be worthwhile. This is an old name in the non-ferrous department but new lustre has been added because Howe Sound is now believed to have the largest Cobalt deposit in North America. The company had a little trouble handling this mineral a while back, but now has an effective and low cost metallurgical process for expanded production. Cobalt is worth $2.60 a pound and, assuming costs in the order of 80c, Howe Sound can make money for the stockholders. Perhaps this is a speculation around the 20 level you ought to get more facts on.

This hop, skip and a jump over a few metals was presented to point the way to (1) some attractive yields, (2) some glamorous growth stocks and (3) some rather decent vehicles to be riding if inflation resumes.

Competition—Old and New in Gas Industry

By E. H. COLLINS*

Vice-President and Director
Esso Standard Oil Company

Commenting on the Supreme Court ruling that all natural gas produced which is sold directly or indirectly to interstate transmission companies is subject to price and other controls by the Federal Power Commission, Mr. Collins says its effect is to prevent adequate supplies of natural gas. Urges both oil and gas dealers to oppose government price regulation on ground it is an invasion of free enterprise. Mr. Collins also expresses opposition to limitation on heavy oil imports as leading to oil shortages on East Coast.

There are some aspects of the competition that lie ahead of you which cannot be seen clearly now. What will evolve will depend upon what action may be taken by the Congress on proposals now before it. Unless some affirmative action is taken, you will continue to find yourselves selling a product the price of which fluctuates on a short-term basis according to the demand and available supplies, and which may be affected in the long-term by the cost of finding new supplies of crude oil, building and operating refining, transportation, and marketing facilities in competition with a fuel not susceptible to short-term fluctuations and the first price of which is fixed by a government commission and not by free interchange of forces in the market place.

E. H. Collins

I am referring, of course, to natural gas and to the ruling of the U. S. Supreme Court on last June 7 that all gas produced which is sold directly or indirectly to interstate transmission companies is subject to price and other controls by the Federal Power Commission. Before this interpretation, the Natural Gas Act of 1938 which gave the Federal Power Commission regulatory authority over transportation of natural gas in interstate commerce or over sales of natural gas in interstate commerce for resale, had always been understood not to apply to the production or gathering of natural gas and the history of the Act gives evidence the Congress did not intend to regulate independent production and gathering. Following this ruling of the Court the Federal Power Commission directed that without its approval no changes could be made in rates, charges, or services in effect on June 7, whether provided by existing contracts or not, and that no agreement to deliver natural gas to these lines could be discontinued.

So far the problems raised by this Court decision have caused little concern among consumers and distributing companies who feel that they have at the present time an assured source of supply. What they do not realize is that most of the gas supplies that made possible the investment in our present trunk line transmission system have been harnessed to the market. Distress natural gas is no longer available. Every individual gas field that has been "dedicated" to supplying present markets is a reservoir of constantly dwindling capacity. As these reserves are used, where will future supplies come from? The gas producer with uncommitted reserves will not be interested in making interstate sales under conditions where he cannot negotiate a price which will reflect either the prices of competitive fuels or his replacement costs or where once he starts deliveries even under a temporary contract he may never get loose.

Most of the natural gas reservoirs that have been found have been found incidental to the continuing search for more oil supplies. In the postwar years, the cost of drilling has risen sharply and the price of crude oil has advanced with this rising cost and the increased demand for petroleum and, necessarily, the prices of heating oils have followed. Natural gas has been an incidental discovery and the prices at which past sales have been made reflected this fact. The increased demand for natural gas for use as a fuel and the tremendous post-war growth of the petro-chemical industry are bringing about a different supply-demand relationship. It is most improbable that present conditions in the natural gas industry will attract risk-takers to drill with the hopes of finding gas. Bear in mind that such an operation may well cost $100,000 or more and the risk is great.

You will get some idea of the magnitude of this risk when you realize that in 1953 82½% of all the exploratory wells drilled in the U. S. were dry holes and a total loss. Only 3.3% found gas. This was a normal year as these percentages have not varied by as much as 1% in the last five years. The only thing that will make people assume such a risk is the hope of reward, which is to say, the hope of obtaining a price

*From an address by Mr. Collins at the Annual Convention of the Fuel Oil Distributors Association of New Jersey, Asbury Park, N. J., April 28, 1955.

which, if they are successful, will justify that risk.

Concern Regarding Natural Gas Industry

I suppose it is natural for you to wonder why I am concerned about the future of the natural gas industry, and why I think you should be. My company, Esso Standard Oil Company, does not produce it. We have affiliates which produce gas with the production of crude petroleum, but aside from this, natural gas is actually an important competitor of the heating oil which we sell. I am concerned for two reasons. First, I am concerned because I believe there is involved here a principle of government regulation important to everyone who believes in free competitive enterprise, and secondly, because I believe that all of the fuels that compete with each other in any given market should be subject to the action of the market place.

I do not mean to imply from this that the removal of Federal control over gas prices at the well head will result in substantially higher prices there or to the customer. There is little reason to believe that this would happen. As a matter of fact, the price the gas transmission companies pay for gas in the producing areas is only about 10% of the price charged the consumer by the distributors. If a reasonable increase in the price of gas in the producing states follows the removal of restrictive regulations, the effect on the cost to the distant consumer will not be great, but will be a substantial item to the producer.

I am one of those people who subscribe to the theory that you can't be just a little bit pregnant. If the price of one of our major fuels is to be controlled from the well head to the home, it certainly would lend substance to the arguments of those who would like to see the prices of all fuels controlled from production to use. We, none of us, want to see such controls and the obvious thing is to stop it and to stop it now.

The 1954 annual report of Standard Oil Company (New Jersey) comments on this industry problem: "Moreover, because crude oil, as it comes from the ground, almost always has natural gas mixed with it, such regulation might lead to Federal control of oil production itself, which would be a severe blow to the efficiency of the United States petroleum industry, and could endanger the fundamentals of the private enterprise system. It is hoped that suitable legislation will be enacted to correct the interpretation of the present law." There is presently pending before the Congress legislation intended to correct this situation.

Amending the Trade Agreements Acts

Before closing I would like to take a few minutes to mention another problem which may be affected by legislation, and which concerns the oil industry and the whole American economy very much. It is the efforts that have been made, and will continue to be made, to amend the Trade Agreements Act to place quota limitations on the importation of heavy fuel oil into the U. S. Should the ultimate action of the Congress be to adopt an amendment similar to that sponsored by Senator Neely of West Virginia, and other Senators, it would reduce imports of heavy fuel oil, all of which have come into the Eastern Seaboard, by 210,000 barrels a day. Actually, in view of estimated increased requirements for this product and further reduced production by the domestic industry, a shortage would be created in the neighborhood of 280,000 barrels a day. I do not believe that you could back this volume of fuel out of the market without bringing about at least a temporary distortion in the demand for other fuel products that would result in increases in their prices.

Our surveys have shown that a very large proportion of the onshore users of heavy fuel oil could not go to solid fuels. Some of them might be able to secure natural gas. Most of them, we feel, would have to purchase the lighter domestically produced distillate fuels which would put them in competition with the fuel oil dealer and the home owner for available supplies. If such competition came about in a normal, healthy way, I do not think any of us could object. For such a condition to be created by legislation which is proposed for the purpose of helping another competitor, is, I believe, thoroughly unsound.

We oppose such legislation because it would adversely affect our business without accomplishing any offsetting good. On the contrary, we believe it would be damaging to our national security and our relationships with friendly nations who are good potential allies and who are very good present customers. The truth of this and its importance to our future is, I believe, pointed up by the fact that the State Department has taken a stronger position on this matter than they have on any other piece of legislation being considered by the Congress.

I strongly urge you to take an interest in both of these measures, learn all you can about them, take a position on them, for or against, and let those who represent you in Congress know how you feel about them.

H. L. Jamieson Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Orel A. Church is now with H. L. Jamieson Co., Inc., Russ Building.

MOTHER'S DAY *MAY 8, 1955*

A Tribute to Motherhood!

There are six words in the dictionary which men revere more than any others — these words are: Mother, Sweetheart, Wife, Sister, Aunt and Grandmother!

These family relationships mean more to most men than all the other relationships in life.

I think all men can and will agree on this fact: that women are the flowers of the earth and are God's Angels of Love, Mercy, Sympathy, Understanding, Compassion, Romance, and Life itself.

A. W., Millburn, N. J.

Dealer-Broker Investment Recommendations & Literature

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

Atomic Energy Review—Study—Harris, Upham & Co., 14 Wall Street, New York 5, N. Y.

Atomic Map, in four colors (revised)—Describing and locating atomic activity of 97 different companies—Atomic Development Securities Co., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Atomic Ticker—Monthly bulletin on the uranium market—Crerie & Co., Electric Building, Houston 2, Texas. Also available is **Tidelands Ticker**, a similar monthly bulletin on the Gulf Coast tidelands.

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

Foreign Investment Through the Japanese Stock Market — In current issue of "Weekly Stock Bulletin"—Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

Graphic Stocks—1001 charts showing monthly highs and lows, volume of trading, earnings and dividends, latest capitalization and 50 group averages for 12 years up to date on virtually every stock listed on New York Stock Exchange and American Stock Exchange—single copy (spiral bound) $10; yearly (6 revised books) $50; free sample page on request—F. W. Stephens, 87 Nassau Street, New York 38, N. Y.

Investment in Research—"Highlights" No. 30—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

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

Japanese Petrochemical Industry—Discussion in current issue of "Monthly Stock Digest"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y.

New York City Bank Stocks—Quarterly analysis of 14 banks Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Oil Problems and Prospects—Reprint of a talk by B. Brewster Jennings of Socony Mobil Oil Company before the Cleveland Society of Security Analysts—Socony Mobil Oil Co., Inc., 26 Broadway, Room 1620, New York 4, N. Y.

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

Transfer Tax Rates—Booklet giving current Federal and State Stock Original issue and Transfer Tax Rates—Registrar and Transfer Company, 50 Church Street, New York 7, N. Y.

Western Trader & Investor—Investment advisory service specializing in uranium securities — $30.00 per year — sample copies on request — Western Trader and Investor, Beacon Building, Salt Lake City, Utah.

What Every Salesman Should Know About Mutual Investment Funds — Leather-bound, loose-leaf manual containing sales training information for those now in or planning to enter the mutual fund industry—National Securities & Research Corporation, 120 Broadway, New York 5, N. Y.—$10.00 per copy.

* * *

American Marietta Company — Analytical brochure — A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

Archer Daniels Midland Co.—Analysis—J. A. Hogle & Co., 507 West Sixth Street, Los Angeles 14, Calif.

Arvin Industries, Inc.—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Associated Food Stores — Bulletin — Standard Investing Corporation, 40 Exchange Place, New York 5, N. Y.

Barber Oil Co.—Memorandum—Walston & Co., 120 Broadway, New York 5, N. Y.

Bethlehem Steel Corporation — Competitive table of related values—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Bettinger Corp. — Analysis — Boenning & Co., 1529 Walnut Street, Philadelphia 2, Pa.

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

Bullion Monarch Uranium Company — Bulletin (C-5) — E. E. Smith Company, 15 William Street, New York 5, N. Y.

California State School Building Aid Bonds Series J—Circular—Heller, Bruce & Co., Mills Tower, San Francisco 4, Calif.

Canadian Canners Limited — Analysis — James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, Canada, and Royal Bank Building, Toronto, Canada.

Cannon Mills Company—Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. In the same issue is a discussion of **Oil and Gas Reserves**. Also available is a comparative tabulation of **Rails**.

Clark Equipment—Review—Ira Haupt & Co., 111 Broad Street, New York 5, N. Y.

Columbia Pictures Corp.—Memorandum—Auchincloss, Parker & Redpath, 52 Wall Street, New York 5, N. Y.

Giddings & Lewis Machine Tool Company — Analysis — Hill Richards & Co., 621 S. Spring Street, Los Angeles 14, Calif.

Glen Alden Corp. — Analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Harshaw Chemical Company—Review—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y.

Higgins Incorporated—Analysis—Leason & Co., Inc., 39 South La Salle Street, Chicago 3, Ill.

Hoffman Electronics Corporation—Report—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Iowa Southern Utilities—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available are bulletins on **Holeproof Hosiery, American Machine & Foundry** and **Maine Public Service**.

Johnson Service Co. — Memorandum — Bacon, Whipple & Co., 135 South La Salle Street, Chicago 3, Ill.

Kirsch Company—Analysis—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Lindly & Company, Inc.—Analysis—Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.

Loew's—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y.

Mid Continent Uranium—Report—General Investing Corp., 80 Wall Street, New York 5, N. Y.

Northwest Airlines, Inc.—Bulletin—$2.00 per copy—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Riverside Cement Co.—New views—Lerner & Co., 10 Post Office Square, Boston 9, Mass.

United States Freight Company — Analysis — Cohu & Co., 1 Wall Street, New York 5, N. Y.

Warner Company — Analysis — Gerstley, Sunstein & Co., 121 South Broad Street, Philadelphia 7, Pa.

Western Precipitation Corporation—Bulletin—Reynolds & Co., 120 Broadway, New York 5, N. Y.

COMING EVENTS

In Investment Field

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

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

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

May 26, 1955 (Columbus, O.)
Columbus Stock and Bond Club annual outing at the Brookside Country Club.

June 2-3, 1955 (Memphis, Tenn.)
Memphis Securities Dealers Association annual outing at the Chickasaw Country Club.

June 3, 1955 (New York City)
Bond Club of New York annual field day at the Sleepy Hollow Country Club, Scarborough, N. Y.

June 7, 1955 (Detroit, Mich.)
Bond Club of Detroit annual summer golf outing at Plum Hollow Golf Club.

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

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

June 10, 1955 (Philadelphia, Pa.)
Investment Traders Association of Philadelphia summer outing at the Whitemarsh Country Club.

June 15-18, 1955 (Canada)
Investment Dealers Association of Canada 39th annual meeting at the Manoir Richelieu, Murray Bay, Quebec.

June 24, 1955 (Boston, Mass.)
Boston Investment Club annual outing at the Weston Golf Club.

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

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

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

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

Chicago Municipal Bond Club Meeting

CHICAGO, Ill. — The annual meeting of the Municipal Bond Club of Chicago will be held at the Saddle and Cycle Club, 5201

Don G. Miehls

North Sheridan Road on Thursday, May 5, 1955.

The nominating committee appointed by the board of directors of the club announces the following nominees:

OFFICERS

President—Don G. Miehls, William Blair & Company.

Secretary — James G. Brophy, Blyth & Co., Inc.

Treasurer—P. Alden Bergquist, The First National Bank of Chicago.

DIRECTORS: Elmer G. Hassman, A. G. Becker & Co., Incorporated; John F. Kehoe, Stern Brothers & Co.; William N. Murray, Jr., The Illinois Company; Clarke J. Robertson, Fairman, Harris & Company, Inc.; Charles R. Wilson, Smith, Barney & Co.

After the business meeting, which is scheduled to commence at 5:30 p.m., the club will hold a cocktail hour followed by dinner.

Gregory & Sons Formed In New York City

Bonner & Gregory, members of the New York Stock Exchange, announce a change of their firm name to Gregory & Sons and the admission of George M. Gregory, Francis X. Coleman and F. Oakley Crawford as general partners of the firm. Peter E. Follar retired from Bonner & Gregory effective April 29. All remaining partners of Bonner & Gregory will continue as partners in Gregory & Sons.

The firm's offices are located at 72 Wall Street, New York City.

Robt. Rhodes Rejoins Amott, Baker & Co.

Robert S. Rhodes has rejoined Amott, Baker & Co., Incorporated, 150 Broadway, New York City, members of the New York Stock Exchange. Mr. Rhodes has recently been with Ira Haupt & Co.

Thomson & McKinnon Open Branch

LONG BRANCH, N. J.—Thomson & McKinnon, members of the New York Stock Exchange, have opened a branch office at 279 Broadway under the management of Charles H. Thompson.

Continued from page 2

The Security I Like Best

cided bull market due to the sharp upturn in airline earnings, etc. Air traffic is way above a year ago and at all-time highs. In fact, the rate of expansion of airline traffic is little short of sensational. Vast further growth lies ahead. Quite a lot of money has already been made in airline stocks, but it seems that further wide gain potentials exist for the long-term.

Wings Over The West: Western Air Lines, the West's own airline, should continue to reflect the long-range uptrend in airline shares. Western is going places with the West.

W. G. HOBBS, JR.

Vice-President, Russ & Co., Inc.
San Antonio, Texas

Texas Industries, Inc.

The type of security I like best is one which meets the test of satisfying my personal investment objectives as well as those of the clients of our firm.

W. G. Hobbs, Jr.

Our market here in the central section of Texas is primarily an equity market, and therefore we like common stocks, preferably a dividend payer with a solid growth potential.

For these reasons, I like the common stock of Texas Industries, Inc. This is a company which has achieved a remarkable record of past performance and yet its prospects for future development appear unusually promising.

Texas Industries has forged ahead under the dynamic leadership of Ralph B. Rogers, President. His aggressive use of modern management techniques includes the supporting efforts of a hard working research and engineering department permanently assigned to new product development, market analysis and day-to-day checking on products in use. It is my conviction that Texas Industries, Inc., will continue to retain a leadership position in the gigantic concrete industry and the allied products field. The industry, incidentally, is moving toward revolutionary changes in its methods of doing business, and in the development of new products.

Today in he United States more than two tons of concrete are poured each year for every man, woman and child. Thus, from the standpoint of volume in weight, concrete is by far the biggest business in the nation.

Following a survey of the field, "Fortune" magazine in its issue of August, 1951, stated: "Cheapness, simplicity and durability have made concrete the foundation material of the U. S. industrial civilization. Ordinary concrete, with about the same specific gravity as aluminum, can hardly be called heavy. But last year the weight of concrete poured in the U. S. exceeded by far the total consumption of iron and steel . . . plus all the copper, lead, zinc, aluminum, and other non-ferrous metals . . . plus all the brick, tile and glass . . . plus all the lumber, rubber and plastics."

In the Southwest, which continues to show greater economic growth than the national average, Texas Industries has within the last six years become a leading factor in the business of supplying builders with better concrete and better concrete products.

In this six-year period Texas Industries has increased its assets more than 20 fold—from $356,000 in 1950 to $8,468,000 as of Feb. 28, 1955. Sales during this period increased approximately 40 times over, from $217,000 in 1950 to an estimated $9,500,000 for the year ending May 31, 1955. The Texas Industries, Inc. common stockholder has received corresponding benefits. Since the stock went on a dividend paying basis in 1952, an investment of $1,000 in June, 1952, now has a market value of $5,550, at current market levels —a ratio of 5½-to-1, plus dividend payments amounting to $406.82.

The 5¾-year record of growth to Feb. 28, 1955, is detailed further below.

Texas Industries, Inc. is the nation's leading producer of lightweight expanded clay or shale aggregate, sold under the name "Haydite." The company is also a manufacturer of heavyweight natural aggregates such as sand, gravel and stone; Haydite and heavyweight concrete masonry units, lintels, joists and other precast concrete products, and concrete pipes; ready-mixed, mixed-in-transit, and dry-mixed concrete; and Tex-Tile glazed cement block, masonry brick and Holiday Hill stone. Texas Industries is also a distributor of steel and aluminum windows.

Texas Industries and subsidiaries operate 30 plants located in Texas, Louisiana and Oklahoma. Major units include six lightweight aggregate plants, containing 15 rotary kilns, having an annual capacity of 595,000 cubic yards. Four sand and gravel plants have an annual potential of 863,000 tons, and the stone plant has a capacity of 416,000 tons. The seven ready-mixed concrete plants have a capacity of 734,000 cubic yards of concrete and 312,000 bags of Sakrete. Seven masonry plants are operated.

Capitalization, Feb. 28, 1955 — 15-year Sinking Fund Debentures, 6%, 1968, $3,266,000; 5% Cum. Preferred ($10 par) 212 shares; Common Stock ($1 par) 384,947 shares.

The company's marketing territory should continue to experience further industrial and population growth. Construction in Texas is estimated at approximately $1.1 billion for 1954 and is likely to be in the range of $1.4 billion to $1.5 billion in 1955, based upon contract awards now in sight. Texas Industries should obtain a larger share of this market in 1955 because of new product developments and more intensive merchandising efforts. Prospects are also favorable for Oklahoma and Louisiana operations.

Texas Industries "Haydite" lightweight concrete develops strengths equal to natural aggregate concrete, but is 40% lighter. Use of Haydite concrete results in a substantial weight and cost reduction in reinforcing steel in building construction. Labor costs are lower as less manhours are required to handle the lightweight concrete. Many of the recent commercial and industrial buildings in the Southwest have been built with the company's lightweight concrete. The new Hilton-Statler Hotel building in Dallas contains the company's lightweight concrete and masonry units, permitting a weight saving of 29 million pounds.

Texas Industries currently produces over half of all lightweight aggregate in Texas, Louisiana and Oklahoma and more than 75% of all lightweight masonry units. The multi-plant operations permit marketing in all of the important trade areas with a minimum of transportation costs. The sand, gravel and ready-mix plants have a practical marketing radius of approximately 30 miles and the company is the dominant factor in such areas. As choice sand and gravel deposits become depleted, greater use of lightweight aggregate will, of necessity, materialize.

A strong demand for Texas Industries products has been developed in the commercial and industrial construction field, but participation in the multi-million dollar residential market has heretofore been negligible. The recently introduced Holiday Hill stone, produced in 10 colors, three face heights and 16 and 24 inch lengths, has outstanding potentials in the residential field. In order to stimulate interest in cement and masonry products, Texas Industries has a program of underwriting a few housing subdivisions in key marketing areas.

Consequently, for its long-term investment potential, I like best the common stock of Texas Industries, Inc., traded in the Over-the-Counter Market.

TEXAS INDUSTRIES, INC.

	Year Ended May 31 1950	1951	1952	1953	1954	9 Months 1955
Total Assets	$356,000	$2,005,000	$4,774,000	$7,097,000	$7,210,000	$8,498,000
Net Current Assets	29,000	378,000	826,000	1,715,000	1,786,000	2,670,000
Net Sales	217,000	1,906,000	3,807,000	5,773,000	7,341,000	7,033,000
Income before taxes and minority interest	57,000	321,000	386,000	597,000	466,000	803,000
Net Profit	35,000	127,000	169,000	329,000	296,000	467,000
Preferred Stock						
Issued and Outstanding (shares)	None	258	18,155	18,155	18,155	212
At par value ($10)	None	$2,580	$181,550	$181,550	$181,550	$2,120
Com. Stock (par value $1)						
Issued and Outstanding (shares)	27,500	95,420	121,052	*280,454	311,804	384,947
Stockholders' Equity	$316,517	$1,334,241	$1,796,762	$2,618,962	$2,991,650	$4,262,374
Book Value per share	†$5.75	†$6.99	†$7.42	$9.33	$9.59	$11.07
Earns. per share after taxes and pfd. divs.	†.63	†.66	†.68	1.14	.92	1.20

*Common stock split 2-for-1 in February, 1953. †Adjusted for 2-for-1 stock split in February, 1953.

C. D. Murphy Director

Charles D. Murphy, a Vice-President of A. W. Benkert & Co., Inc., New York investment securities organization, has been elected a Director of Detroit & Mackinac Railway Company. Mr. Murphy has been with A. W. Benkert & Co., Inc. since 1940.

New Salomon Bros. Branch

DALLAS, Tex.—Salomon Bros. & Hutzler, members of the New York Stock Exchange, have opened a branch office in the Republic National Bank Building under the management of Joseph C. Graff.

Geo. Washburn With Parker Corporation

BOSTON, Mass. — The Parker Corporation has announced the appointment of George Washburn, formerly with Kidder, Peabody & Co. in New York, as Vice-President and Wholesale Representative for Incorporated Investors and Incorporated Income Fund. Mr. Washburn, who was in charge of Kidder Peabody's mutual fund department, will cover New York City, Long Island, New Jersey, Philadelphia and Delaware.

He graduated from New York University in 1936 and was associated with the Guaranty Trust Company of New York until the war, in which he served as a Lieutenant - Commander in the Navy. After the war he worked with Eastman, Dillon & Co. until joining Kidder, Peabody & Co. in 1949.

Robt. Urban V.-P. of J. Walter Thompson

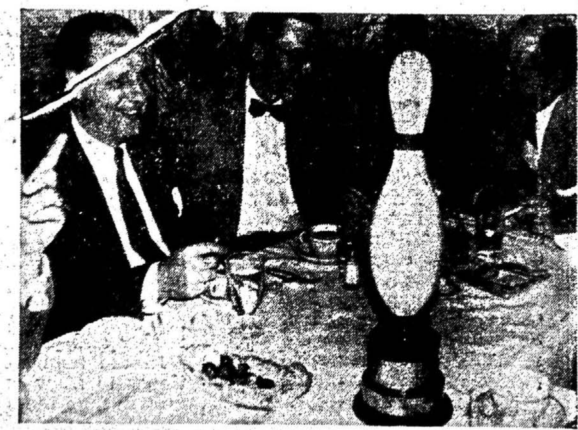
Robert G. Urban joins the J. Walter Thompson Company, 420 Lexington Avenue, New York City, as Vice-President and Markets Director.

Francis X. Lauro

Francis X. Lauro, partner in Whitehouse & Co., passed away on April 26.

J. A. Hogle & Co. Team—Second Place: Jerry Bachar; Cully Mayer; Larry Inman (not in picture)

J. K. Mullen Investment Co. "Champs"—First Place Winners: Leon Lascor, *J. K. Mullen Investment Co.;* Andy Beasley, *J. A. Hogle & Co.;* Roscoe Ayres, *J. K. Mullen Investment Co.*



Edwin L. Beck, *Commercial & Financial Chronicle,* New York; Jim Struthers, *Garrett-Bromfield & Co.;* Jim Powell, *Boettcher & Co.*

Oscar Hasselgren, *Colorado Grain Corp.*—High Game

Denver Bond Club Keglers Complete Season

The Denver Bond Club Keglers completed the 1954-55 season Friday afternoon and evening, April 22, with the usual final session and banquet for members and alternates at the Republican Club.

Prizes and trophies were awarded to winners for the season and final team sweepstakes by Robert L. Mitton who was Master of Ceremonies and contributor of liquid refreshments for the evening. Guest of honor was Ed L. Beck of the "Chronicle."

Final standing of the teams for the season was:

	Won	Lost
J. K. Mullen Inv.	50	28
J. A. Hogle & Co.	46	32
Mutual Funds	45	33
Garrets	42	36
Colorado Grain	41	37
Bosworth Sullivan	36	42
Bromfields	35½	42¾
Harris Upham	34	44
Boettcher	32½	45½
Carroll Kirchner	29	49

J. K. Mullen won High Team Game 604 and Team Series 1690. Oscar Hasselgren (Colorado Grain Corp.) won High Game 268. Cully Mayer (J. A. Hogle & Co.) won High Series 631.

League Committee members for the season were Oscar Hasselgren (Colorado Grain Corp.), Jimmy Powell (Boettcher & Company) and Jim Struthers (Garrett-Bromfield & Co.).

Alvin Kluesing Joins Municipal Bond Corp.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Alvin V. Kluesing has become associated with Municipal Bond Corp., 39 South La Salle Street. Mr. Kluesing has been with Hugh V. Duggan as Manager of the sales department.

Engle, Dahl With Fewel & Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — Ralph M. Dahl and Edward P. Engle have become associated with Fewel & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange. Both were formerly with First California Company in Los Angeles in the trading department, of which Mr. Engle was Manager.

With Norman Dacey

(Special to The Financial Chronicle)

BRIDGEPORT, Conn. — Joseph N. Aiello has joined the staff of Norman F. Dacey & Associates, 114 State Street.

NSTA Notes

LOS ANGELES-SAN FRANCISCO JOINT OUTING

The Annual Joint Spring Outing of the San Francisco Security Traders Association and the Security Traders Association of Los Angeles is scheduled for Friday, May 20 to Sunday, May 22,

Richard R. O'Neil

Robert M. Green

John R. Nevins

Henry Perenon

Rudolph T. Sandell

Ralph E. Brown

G. B. Tuttle

inclusive. As was the case last year, it is to be held at the Fresno Hacienda, Fresno, Calif.

Transportation is available from either Los Angeles or San Francisco. In charge of transportation and reservations for San Francisco is Ralph E. Brown of Stone & Youngberg and for Los Angeles, Gordon B. Tuttle of Gross, Rogers, Barbour, Smith & Co.

All presidents of affiliates and national officers of the National Security Traders Association have been invited to attend and all members of affiliates are cordially invited. The registration fee for the weekend is $30 for guests. Any members of affiliates interested in coming to this Spring Outing should arrange for accommodations as soon as possible as last year's party was so successful that more than 200 members have already made reservations for this year.

Many events are scheduled by the Entertainment Committee and the facilities of the Fresno Hacienda, which incidentally is the largest motel in the United States, include two swimming pools, an aquacade that may be viewed from the under-water bar, and other surprise events. Naturally, good weather is guaranteed for the weekend by the Los Angeles-San Francisco Joint Committee in charge.

Officers of the Security Traders Association of Los Angeles are Richard R. O'Neil, Fairman & Co., President; Robert Green, Pledger & Company, Vice-President; J. R. Nevins, Lester, Ryons & Co., Secretary.

Officers of the San Francisco Security Traders Association are Henry Perenon, Henry F. Swift & Co., President; Rudolph T. Sandell, Vice-President.

SIX CYMBALING SIMIANS PROMOTE PACIFIC PARTY

Richard R. O'Neil, Fairman & Co., President of the Security Traders Association of Los Angeles, at the dinner meeting of the group held May 2, obtained 75 registrations for the joint Fresno party to be held May 20 through 22 with the San Francisco Security Traders group. At the close of the speech six monkeys appeared on the speakers table and applauded Dick's efforts with cymbals. Guest appearances of these appreciative primates could probably be arranged through Dick.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League standing as of April 28, 1955 is as follows:

Team:	Points:
Donadio (Capt.), Hunter, Fredericks, Demaye, Saijas, Kelly	44
Klein (Capt.), Rappa, Farrell, Veccolli, Strauss, Cohen	37
Growney (Capt.), Alexander, Eiger, Valentine, Burian, Craig	37
Mewing (Capt.), Define, Gavin, Montanye, Bradley, Huff	35
Leone (Capt.), Nieman, O'Mara, Forbes, Greenberg, Murphy	34
Manson (Capt.), Jacobs, Siegel, Topol, Frankel, Tisch	32
Bean (Capt.), Meyer, Bies, Pollack, Lienhardt Weiler	29
Meyer (Capt.), Murphy, Frankel, Swenson, Dawson-Smith Kuehner	28
Kaiser (Capt.), Hunt, Werkmeister, Kullman, McGovan, O'Connor	24
Barker (Capt.), Brown, Corby, Weseman, Whiting, Fitzpatrick	22
Krisam (Capt.), Clemence, Gronick, Stevenson, Weissman McCloud	21
Serlen (Capt.), Rogers, Krumholz, Wechsler, Gersten, Gold	17

200 Point Club

Ray Forbes	212
John Demaye	200

5 Point Club

Jack Manson
Charles Kaiser
Mike Growney

Bowling Dinner June 2, 1955 at the Antlers
Contact Sid Jacobs

BOND TRADERS CLUB OF CHICAGO

Paul J. Bax of The First Boston Corporation, John J. Hack of F. S. Moseley and Company, John D. Kipp of A. G. Becker and Company and F. Girard Schoettler of Wayne Hummer and Company have been appointed directors of the Bond Traders Club of Chicago, Inc., for the current year.

Paul Bax assumes the Chairmanship of the Membership Committee and will be in charge of the summer outing which will be held June 25, at Nordic Hills Country Club.

John Kipp is Chairman of the Bowling Committee and will have charge of the November Party.

Girard Schoettler, the retiring club President, is Chairman of the Financial Committee.

John Hack was chosen to handle Publicity and will be in charge of the annual January Party.

Peter Follar Joins Stern, Lauer & Co.

Stern, Lauer & Co., 120 Broadway, New York City, members of the New York Stock Exchange, have announced that Peter E. Follar is now associated with the firm as Manager of the bond department. Mr. Follar was formerly a Partner in Bonner & Gregory.

The Political Scene in Washington

By ARTHUR KROCK*

Washington Columnist, The New York "Times"

Well-known Washington political observer reviews the campaign promises of the present Administration and the lack of their complete accomplishments. States the Republican Party as a whole has failed to prove its claim of being more fit to govern than the Democrats, but concludes the Eisenhower Administration, by and large, seems a vast improvement over its predecessors. Says Eisenhower is sole means of holding the White House in 1956, because of his prestige and power.

The Eisenhower Administration has suffered from the fact that all campaigners oversell themselves and their party. But when the voters oust the party long in power they can easily be led to expect too much from the substitute. That has happened. Some of the people have been disenchanted. They have special grievances, which the challengers of the existing regime play upon to the limit of vocal and other facilities.

Arthur Krock

In 1952, the Republicans were going to correct everything. No sensible citizen expected them to pass this miracle. But they did expect some of these achievements:

The end of the bloody stalemate in Korea.

Order instead of disorder in Administration and in the making and presentation of policy.

The toughest kind of effort to balance the budget and reduce the public debt.

Economy, without weakening our essential defenses.

Stabilization of the dollar.

The end of most government controls of the economy.

The re-ascendancy of free enterprise over government-in-business.

Personal integrity among government officials.

A better security system against Communist spies and fellow-travelers, with due regard for the Constitution.

Much better working arrangements between the Executive and the members of his party in Congress.

A foreign policy, candidly explained and professionally conducted; firm, but not rigid—so that it could be adjusted to events.

Eisenhower Major Improvements

The Eisenhower Administration satisfied an impressive number of these expectations. In my opinion, the President and his "team" have brought about major improvements over the recent Democratic regimes.

They have stabilized the purchasing power of the dollar. With the sound cooperation of the Federal Reserve Board they have cushioned an economic downward adjustment with extraordinary wisdom and skill. They have guided the economy to its current—I may say, to me, dizzy—heights. (For this, all tribute to Secretary of the Treasury George Humphrey.) They have cut down the military bill, and I for one am willing to take the President's expert judgment that in so doing they have not weakened our security. They have wrought remarkably in restoring the free enterprise system by curbing the invasion of government—even in the political mine-field of public power. And I think the standard of Administration integrity is very high indeed.

But on the other hand, there have been repeated instances of disorder in the making of policy, and the presentation at times has been lamentable.

One of the just complaints against the Democrats was that they scattered responsibility for the same executive province all over the lot, yet at the same time insisted on giving operational functions to the State Department instead of confining it to diplomacy. But President Eisenhower has made special diplomatic assignments to a number of assistants, outside the State Department, in the pursuit of peace, which is the object of our diplomacy. But our diplomacy is the responsibility of the State Department. This seems to me neither efficient nor wise. I should think it would make real difficulties for Secretary Dulles.

I confess I can't see wisdom or consistency in the counsellors who advise the President to make a speech to the hostile A. F. of L. Convention and snub the Convention of the D. A. R. Both outfits oppose some of his most cherished policies.

The efforts of the Administration to balance the budget and reduce the public debt have not been as stout-hearted as in 1952 we were led to expect. That is partly because the Eisenhower campaign group was little acquainted with the hard facts of the Federal system and national politics. It didn't realize how much New Deal spending would have to be retained to protect the rest of the program and maintain working arrangements with Congress. But the Administration had twice to be forced by Senator Byrd to make a better and longer try to live under the debt ceiling; and, considering the 1952 campaign promises and the relation of Secretary Humphrey to this issue, that was disappointing to a lot of people.

The security system was tightened, according to promise. I think the Administration has sometimes enforced the system in a way to arouse bitter protest among true friends of the Constitution and sincere liberals, and it has afforded an opportunity to fake liberals and pro-Communists to give a bad name to a good and essential safeguard of the Republic. The President announces at news conferences that the right to confront an accuser is fundamental in this country. His Administration then tells Congress and the courts that to grant this right in government security cases would lay us bare to the enemy. Could anything be more anomalous?

The Republican Party as a whole has failed to prove its claim of being more fit to govern than the Democrats. On many great issues, forecast, together with the policies to meet them, in the Republican platform of 1952, party leaders have opposed the President: on a world economic system, on foreign aid, on taxes and, most notably, on basic foreign policy.

Administration Has Created Much of Its Own Troubles

The Administration has created many of its own troubles in the field of foreign policy—troubles with Republicans in Congress, troubles with our allies, and open dissensions within the executive ranks themselves. It promised a foreign policy, adjustable yet firm, candidly explained and professionally conducted. But in too many instances, the record is as short of these pledges as the Democratic record was. No wonder the voting majority reveals a lack of confidence in both parties and, in twice shifting control of Congress, has returned only bare party majorities.

This is the natural and proper reaction to being oversold. And among the slogans of this overselling are "bi-partisanship in foreign policy" and "national unity in foreign policy." The phrases are shining and much applauded. Both evoke ideal practices of an ideal Republic.

But, while Communist tactics and targets remain what they are, while the two-party system can be nurtured only by partisan politics, and in the absence of war or its certain imminence, I don't believe that durable bi-partisanship is possible. By the same token, national unity isn't possible either.

In time of war, or when most people feel sure that war is on the verge, dissent is largely masked in silence. But when there is no shooting from without, there will continue to be shooting from within.

Now many prominent Republicans are critical of Secretary Dulles. Some complain he has lost influence for the United States in the world by repeatedly talking tough and then backing down. They say he should not have talked tough in the first place. Others suspect that, though Mr. Dulles is now commenting guardedly about the Matsus and Quemoy, he is convinced the United States must defend them, alone if necessary—not only to assure the security of Formosa, but because he believes the opposite policy will subjugate all Asia to Chinese and Russian Bolshevism.

Still others angrily apprehend that Mr. Dulles has yielded his convictions to the anti-interventionists and changed his counsels to the President.

Bi-Partisan Disunity on Foreign Policy

This is bi-partisan disunity on foreign policy. Only the event can resolve it. If the event is on any scale a shooting war, the disunity will vanish from the surface for the time being.

A third reason why no American foreign policy, or its conduct, can unite the people in these times is the paramount effect of foreign policy on the result of elections. The rise of the United States to a world power which only the Soviets can challenge accounts in part for the change. The indispensable need by the United States for allies, to match with their resources those which Russia's allies and satellites contribute to the world Bolshevist complex, makes up the remainder of the accounting.

In consequence, if the United States is to have and keep allies, it must give and loan abroad a large measure of its material and human wealth and skills. The possession and employment of these at home are necessarily reduced to that extent. This evokes political issues with an important domestic factor. But their origin is in foreign policy.

But this Administration, by and large, seems to me a vast improvement over its predecessors. The President, being the sole means whereby the Republican Party can hold the White House in 1956 for another four years, can restore order in his household, stop the fumbling and whip his party into line if he makes the required use of his prestige and his power.

*An address by Mr. Krock, before the Bond Club, New York City, April 27, 1955.

Armand Erpf Director

Armand G. Erpf, a general partner of Carl M. Loeb, Rhoades & Co., has been elected a director of Minute Maid Corporation. Mr. Erpf is also chairman of the board of Railway & Utilities Investing Corp., President and a Director of New York Capital Fund of Canada, Ltd., a member of the executive committee and a director of Seaboard Air Line Railroad Company, and a member of the advisory board, Wall Street Investing Corp.

Armand G. Erpf

His directorships include: Philippine Long Distance Telephone Company; National-U. S. Radiator Corporation; Conservative Gas Corporation; and Jefferson Insurance Company of New York.

Mr. Erpf has been with Carl M. Loeb, Rhoades & Co. since 1933. He has been a general partner since 1936 except for service as a colonel in the Army 1942-1946 for which he was awarded the Legion of Merit.

New Industrial Techniques And Their Benefits

By S. CLARK BEISE*

President, Bank of America National Trust & Savings Ass'n, San Francisco, Calif.

Executive of our largest banking institution deplores fears regarding the advance of "automation" and points out its advance seems to have increased rather than diminished the demand for workers. Cites progress of automation in various producing and marketing activities, and predicts within 25 years, atomic energy will be in widespread industrial use. Stresses need for more higher education. Concludes, instead of another industrial revolution, we are having a fast-moving evolution that is providing better living and demanding more skills.

We people in the banking businтss are in a unique position to see what is going on. We stand at the hub of every kind of economic activity. Our functions take us in on the problems of every occupation that contributes to the business and fullness of living.

S. C. Beise

From our point of view—and certainly from my own point of view—it is plain that much that is old has been put off, and much that is new is being put on. And the challenge, to educators as well as to those educated, is to keep step with it, to match with their own contributions the imagination and the inventiveness that is moving us forward into a whole world of new creations and techniques.

But every time the human race comes to a point where it is to march en masse into a new Promised Land, the prophets of doom rise to thunder their omens. That, of course, is just a form of fear, and the man who has fear always wants to share it with somebody else. But the push behind the progress-to-be has started long before, and cannot be halted—when the whistles blow and the word goes out to move forward, the mass moves, fears and all.

Among those in the lead we find the courageous ones, the explorers, the inventors, the pioneers. With them are many leaders of industry and business who risk the attacks that are always thrown against progress and the new. Guarding the flanks are the enlightened ones, and among them are those educators who keep in step with progress, who do not permit themselves to be left behind.

There will be progress and it must be accepted. It is instinctive for man to desire it, even while he fears it.

Wisdom is needed to make that progress safe.

In a book which the doom prophets applauded in recent years there is this statement: "There is no rate of pay at which a United States pick-and-shovel laborer can live which is low enough to compete with the work of a steam shovel as an excavator."

I wonder if it isn't better to help the ditch digger out of his ditch? A man aspires to rise above that, certainly, and machines give him the opportunity to progress from the menial to the less arduous means of producing a living.

The same book, after saying that the First Industrial Revolution was the devaluation of the human arm by the competition of machinery, goes on to say that the modern industrial revolution:

". . . is similarly bound to devalue the human brain, at least in its simpler and more routine decisions . . ."

"Of course," it continues, "just as the skilled carpenter, the skilled mechanic, the skilled dressmaker have in some degree survived the First Industrial Revolution, so the skilled scientist and the skilled administrator may survive the Second."

"However," it goes on, "taking the Second Revolution as accomplished, the average human being of mediocre attainments or less has nothing to sell that it is worth anyone's money to buy."

In a few short years since that book had its day, man has been going on to new accomplishments. Ever-expanding segments of the working force have been improving their status with the aid of the increased production made possible by modern machine methods. Today's onset of automation is only a further development of what we have experienced in the past, making a man capable of purchasing more and therefore making it possible for him to raise his standard of living.

At this point I find myself thinking of the retired ditch digger who laid down his newspaper one evening and burst into tears. His anxious wife asked what the trouble was.

He told her he had just read an article about a new machine that could dig a ditch, lay pipe, weld the joints and fill the earth back in, all in one untended operation, directed by radar from a distant station.

The wife replied she didn't see why he should cry about that. After all, he was retired. And his answer was: "That's just the trouble. Without being able to loaf around here and think about my old buddies breaking their backs and sweating over their picks and shovels, I can't enjoy my retirement any more."

He was not helped much when his son came home from school and said he had decided on a career as an automation engineer. Key to the developments which have engendered the Second Industrial Revolution are Automation, or automatic electronic operation, in which radioactivity is more and more being used as a tool . . . and atomic energy as a source of industrial power.

In some other circles it has been built into something abhorrent.

Chairman Benjamin F. Fairless of United States Steel has made the well-quoted comment that there is nothing new about automation except the word itself. He added that the facts and mechanics of it are older than the American Republic.

That dial telephones have been widely installed in recent years, yet the Federal census shows that between 1940 and 1950 the number of employed telephone operators increased 75%. And in spite of the development of automatic business machines and that new "electronic brain" machine that plays whole symphonies in statistics, the number of accountants has increased 71% in the same period. Automobile mechanics and repairmen increased 75% in 14 years in Detroit, where the word Automation was born. Between 1939 and 1953, he said, our population increased 22%; jobs 35%.

The magazine Nation's Business believes automation should be a pleasing word because it identifies the machines which free man from some monotonous forms of labor. We know how those fear-driven French workmen threw their wooden shoes into machines of the First Industrial Revolution and gave birth to another new word: sabotage. It was the same kind of fear that delayed the introduction of textile machinery, automatic typesetting and railroads.

Only two decades ago we lived through a blizzard of loud cries that depression was caused by machines throwing men out of work. That philosophy would have held back air transportation, television, radar, atomic energy, plastics and the electronic industries themselves. The man who works has more to fear from the people who would delay machine development and man's advancement, than he does from the machines.

To the world of modern commercial enterprise, deluged as it is with paper work, automation has come like a life raft to half-drowned business. In American offices, with lots of new office machines to help them, there are three million more clerks today than there were 14 years ago. That new electronic brain machine I mentioned a minute ago is being quite extensively used now by more than two score companies, and we are going to see it even more substantially used in the very near future.

Public utilities are turning to machine processes to cope with monthly floods of bills to customers and to handle paycheck writing. Insurance firms are adapting electronics to mortgage accounting and automatic figuring of commissions to thousands of agents. Retail stores are getting cash registers which not only record sales but aid the control of inventory. And management agrees that inventory control and forecasting becomes more and more vital to our economy. Inventories have been a source of cyclical instability; more effective control is expected to yield steadier employment, less changeover in the factory, lower fixed costs, more regular raw materials buying, better averaging of costs and prices, and less speculation.

Automation will help railroads keep track of their thousands of cars and handle passenger reservations; the Weather Bureau plans to use it to produce better weather predictions, and of course banks are turning to automation.

As banking has become more and more mechanized there has been need for more and more working force because reduced unit cost has broadened the market; a trend which will continue. In my bank we use automation to handle payroll and dividend checks, and we are by no means stopping there. With 20,000 payroll checks twice a month, 200,000 dividend checks four times a year, and 5,700,000 deposit accounts on our books, a daily mountain of accounting has to be moved with speed and accuracy.

Ninety-seven percent of the people of my state use banking services today. Fifty years ago, when clerks were called pen-pushers and even the typewriter was regarded as an enemy of employment, only privileged people used banks.

American private enterprise, in just the past seven years, is said to have invested close to $170

Continued on page 26

*An address by Mr. Beise at the University of Minnesota upon the occasion of receiving the University's Outstanding Achievement Award, St. Paul, Minn., April 21, 1955.

From Washington Ahead of the News

By CARLISLE BARGERON

Carlisle Bargeron

This writer has long since learned not to kiss Mr. Eisenhower off when he has asked something of Congress. Too often his requests have seemed not to have the slightest chance in the world but somehow, out of the stubbornness of the man, he got what he wanted in the end, without much fanfare either.

A case in point is his reciprocal trade legislation which he wants and also his national highways program. His reciprocal trade legislation got through the House only by the skin of its teeth. Then it looked as though the opponents, and they are multiple and well organized and have, I think, a good argument, might move in on him in the Senate. It appears now he will get this legislation pretty much as he wants it.

Take his national highways program: Up until two or three weeks ago it was considered dead. For some unaccountable reason the report of the Clay Committee which the President had created to study the subject of overall needs was held up at the White House for some two months. In the meantime, the Democratic decided they would grab the ball and Senator Gore of Tennessee introduced a much watered down bill, one which in the first instance did not come near to meeting the highway needs as outlined in the Clay Committee report, and in the second instance, imposed such an additional burden upon the States that more than the majority of them said they could not meet it.

The story went around Washington that the President's highway program was dead, that, indeed, if there was any legislation at all it would be nothing like the ambitious program of the President.

Senator Byrd, the Treasury watchdog, was supposed to have given it the death knell when he attacked it as being deceptive financing and as disruptive of the present Federal-state highway relationships. The President's program, he said, meant that the Federal Government would take over control from the State governments of some 40,000 miles of "our most important highways." Now, however, the President's program has been put back on the road, so to speak. Far from being dead, it is again a very lively issue before Congress.

First, slightly more than a week ago, the President told his Congressional leaders that he wanted the legislation passed. Secondly, a group of citizens, some of them vitally interested as automobile and rubber manufacturers, as truck operators and the like and others just prominent people cognizant of highway needs, have been organized into national and regional groups to stir up grass roots interest in the President's program. This Committee, called the "Highways for Survival Committee," includes former Governors of States and publishers and it is to work in close cooperation with the present State Governors who are supporting the program. The Committee is headed by Arthur O. Dietz, Chairman of Commercial Investment Trust.

Already Congress is awakening from the do-nothing attitude. The awakening has been profund on Senator Gore. The Senate sub-Committee which he has headed has reported out a bill greatly advanced from the one he originally sponsored. It takes long strides, in fact, towards the Federal financing proposed in the Clay Committee plan for the interstate highway system.

It is doubtful if the national highway proponents will accept his bill as adequate but the fact is that it does mark a considerable step towards what the President wants.

The financing proposals of the Clay Committee plan have aroused the most controversy. Nearly everywhere there is agreement that something heroic has got to be done about the nation's highway system.

Even the President stepped away from this controversy and said it was up to Congress to work out the financing. The Clay Committee report recommended that a Federal Highway Corporation be established authorized to issue bonds to finance most of the work on the interstate highway system, some 40,000 miles, and these bonds would be payable over a 30-year period from the Federal gas tax.

Senator Byrd contends this is a clever scheme to add to the Federal debt without having it show in that debt. Well, there is going to be so much debate on the subject that the public will unquestionably be quite informed and there can't be any skullduggery about it. Furthermore, there are ample precedents for this kind of capital investment on the part of the government.

It is a fact also that if the project is to be financed within the budget it would exceed the present statutory national debt limit which Senator Byrd has dedicated himself to protect. The Senator is mistaken about existing Federal—State relationships being changed.

In the final analysis you come to the proposition of whether our highway system needs to be modernized to prevent a stifling of the economy and whether or not a national so powerful as ours can afford to make the investment. It seems to be able to continue to give away billions abroad.

Anyway, the President's highway program, far from being dead, has come to be very much alive.

With Bruns, Nordeman

Bruns, Nordeman & Co., members of the New York Stock Exchange, announce that Paul Peers is now associated with the firm as Manager of the Commodity Department at their 323 Broadway office in New York City. Mr. Peers will specialize in trade accounts.

New S. F. Exch. Member

SAN FRANCISCO, Cal.—Francis K. Bottomley, Vice-President of Eastland, Douglass & Co., Inc., has been elected to membership in the San Francisco Stock Exchange, it was announced by Ronald E. Kaehler, President of the Exchange.

The Outlook for Investment In New Plants and Equipment

By DEXTER MERRIAM KEEZER*
Vice-President and Director, Department of Economics, McGraw-Hill Publishing Company, Inc.

Dr. Keezer sees excellent short-run outlook for key economic sector comprised by expansion of business investment in new plant and equipment. Expects this will limit to a rolling readjustment the impact of expected declines in automobile and housing production. Concludes business is planning record-breaking expenditures; it can command the necessary funds, and will have the incentive in the form of high-level consumer expenditure.

My subject is the short-run outlook for business investment in new plant and equipment in the United States. I interpret short-run to mean the outlook for the next year or so.

Dexter M. Keezer

In a word, the outlook for this key sector of our economy is excellent, and getting better right along. I anticipate the expansion of business investment in new plant and equipment later this year is going to offset in substantial measure declines in the production of automobiles and dwellings which are expected. The net result will be that, as a whole, our economy will roll into 1956 in very high gear. Thus, by what has come to be known as a rolling readjustment, a far more ingratiating term than most of those devised by economists, the prophets of pending disaster, by now a rather tattered crew, will again be frustrated, but — happily — not silenced. Contrary to what seems the rather widely held view that it is traitorous to be pessimistic, they seem to me to perform a very useful role.

Survey Results

My confidence in the brightness of the outlook for business investment in new plant and equipment stems primarily from the results of a survey of plans for this type of investment just completed by my department at McGraw-Hill. However, there is much other evidence supporting my optimism to which I shall make reference.

Our survey, the best by all odds we have brought off in our eight years on this surveying job, established two facts about the outlook for business investment in new plant and equipment which provide strong foundations for optimism. One fact is that, after a process of upward revision of plans over recent months, American business as a whole now plans to spend more for new plant and equipment in 1955 than has ever been spent in a year before. The total figure is $29,391,000,000. That exceeds by a small margin the previous record-breaking total for 1953, and is 5% more than was actually spent in 1954.

*A paper by Dr. Keezer before the Fourth Annual Business Economists Conference, The School of Business, The University of Chicago, April 28, 1955.

New High Record Expected

The other key fact established by our survey is that business plans to continue buying new plant and equipment at a very high rate in the years immediately ahead. In fact, the present prospect is that business investment in new plant and equipment next year will establish a new high record.

Here is how our survey unfolded that prospect. It found that in 1956 business is now planning to spend within 3% as much for new plant and equipment next year as it is planning to spend this year. Usually there is a sharp drop off in the expenditure planned a year ahead, and for obvious reasons. It is impossible to anticipate a year ahead all the expenditures which will prove to be necessary. So if business is now planning to spend almost as much next year as it is planning to spend this year, there is the clear prospect that next year's expenditures will shoot well above those for this year as the next year arrives.

So we have business now planning a record-breaking expenditure for new plant and equipment in this year 1955 and giving promise of establishing another new high record of expenditure next year. That, so far as the plans are concerned, adds up to an excellent short-run outlook for this range of expenditure. The outlook is summarized in the following table which, so far as plans are concerned, also shows a bright prospect for the years 1957 and 1958. If you want to explore our survey results in greater detail, our report of them provides a gold mine of material with which to do it, and we would be delighted to share it with you. Summary table below.

It is one thing, of course, to have plans; it is something else again to carry them to successful completion. To do this one of the requisites is obviously command of the money required to carry out the plans.

On this critical score, however, there is little to worry about. Business is going to have access to plenty of money to carry out its plans for new plant and equipment this year. As I have indicated, the total expenditure now planned is about $29.4 billion. Almost half of this amount, about $14 billion, will be available in depreciation allowances to corporations. Even after allowing for a continued uptrend in dividend payments, corporations will have $9 to $10 billion in retained earnings with which to pay for new plant and equipment. It is a conservative estimate that unincorporated business firms will have $3 billion in depreciation allowances and retained earnings. If my arithmetic is correct that adds up to something more than $26 billion, leaving only $3 billion to be raised in the public money markets. Last year these markets supplied business with about $6.5 billion. They will only have to do half as well this year to provide business as a whole with enough money to carry out its plans for investment in new plant and equipment.

The point can be properly made, of course, that the sort of calculation I have just made ignores the fact that relative to their capital requirements some companies, and some industries are much better off than others. This is true. In 1954, for example, in the steel industry depreciation allowances alone about equalled all investment in new plant and equipment while companies in some other industries were rather desperately scrambling around in the public money markets for more capital funds. However, these variations from industry to industry and company to company do not invalidate the proposition that, on the whole, financing will not be a barrier to carrying out plans for business investment in new plant and equipment this year.

What might conceivably become a barrier of imposing proportions, of course, is a contraction in consumption of the products for which it is planned to install new plant and equipment. To be sure, a great deal of the planned expenditure on new plant and equipment is not geared directly to short-run sales performance. It is geared to a long-range sales and production program. In fact the growth of longer-range planning and execution of business plans for capital investment constitutes one of the most far reaching postwar changes in the American economy on the constructive side, and one the significance of which is only slowly, very slowly, being grasped.

When we started our surveys of business plans for investment in new plant and equipment eight years ago, only a small number of the cooperating companies could provide even the haziest estimates of their probable expenditures beyond the period immediately ahead. This year, 87% of the companies cooperating in our survey, and it was a much larger number of cooperating companies than we had eight years ago, were able to give us estimates of their expenditures for the years 1956-58. And of the manufacturing companies, historically far less given to forward planning than utility enterprises, about half reported that that they have capital investment programs extending two or more years ahead. And they are not only making the plans; they are in steadily increasing measure sticking to the plans regardless of short-run fluctuations in sales.

Historically one of the greatest elements of instability in our economy has been provided by the violent ups and downs of capital investment by business. It may very well develop, however, that in the years immediately ahead capital investment by business, increasingly shaped by long-range programs, will prove to be one of the more stable elements of the economy while consumer purchasing, traditionally regarded as the much more stable element, is producing the principal economic gyrations. If so, that strange rattling you hear will probably be John Maynard Keynes turning over in his grave. For in his extremely influential economic thinking he banked on the inherent stability of consumer expenditure and the inherent instability of private capital investment which, in the interest of general stability, he proposed to supplement systematically with public investment in capital equipment.

Contraction in Consumer Purchasing

The fact remains, however, that if there were to be a sharp contraction in consumer purchasing in the period immediately ahead a good many companies, particularly smaller companies, would put their plans for the purchase of new plant and equipment back on the shelf, and thus thwart the attainment of the record-breaking level of investment now planned. Thus to round out fully a report on the outlook for capital investment by business it is necessary to deal with the outlook for consumer expenditure.

Outlook for Consumer Expenditure

This, in the interest of being tolerably short winded, I propose to do in highly summary and dogmatic fashion. Increases in consumer income, now flowing through the economy in the form of substantial wage, salary and dividend increases, will provide any added impetus that is needed to sustain consumer purchasing at high level over the period immediately ahead. This will be the case even if, as it is to be expected, the rate of automobile buying subsides substantially, and the opportunity to buy a house at less than nothing down — an arrangement euphoniously known as the negative down payment, and lifetime to pay — begins to lose its glamour, as is also to be anticipated.

To be sure, these wage and salary increases will in considerable part be showing up a little later as increases in costs, and prices, and to that extent their stimulating effect upon consumption will tend to be nullified. But bear in mind that fact that I am dealing with the short-run outlook. I leave to someone else or another occasion the less cheerful problem of assessing the long-range effects of the current round of wage increases which is apparently going to outstrip by a wide margin any compensating increase in labor productivity. The assessment is one, of course, which runs primarily in terms of price inflation and, I suspect, in increased concentration in business and industry.

So in summary, American business as a whole is planning a record-breaking expenditure for new plant and equipment in the period immedately ahead, it can readily command the money necessary to make this expenditure, and will have the requisite incentive, in the form of a high level of consumer expenditure, to carry through. That adds up to the excellent short-run outlook for business investment in new plant and equipment which I proclaimed at the outset.

BUSINESS' PLANS FOR CAPITAL SPENDING
(Millions of Dollars)

	1954 Actual	1955 Planned	1954-1955 Percent Change	Preliminary Plans 1956	1957	1958
All Manufacturing	$8,915	$9.226	+3	$8,561	$8,237	$8,037
Petroleum Industry	4,900	4.913	0	4,961	4,921	4,920
Mining	396	387	—2	298	237	251
Railroads	854	820	—4	812	795	754
Other Transportat'n & Communications	2,975	2,969	0	3,082	3,026	2,743
Elec. & Gas Utilities	4,219	4,430	+5	3,766	3,544	3,987
Commercial	6,379	7,336	+15	7,556	7,629	6,939
All Business	$27,888	$29,391	+5	$28,380	$27,802	$27,143

P. J. Roosevelt Now S. D. Fuller Partner

The investment firm of S. D. Fuller & Co., 39 Broadway, New York City, announces that P. James Roosevelt has been named a Partner of the firm.

Mr. Roosevelt, a well-known yachtsman, is a resident of Oyster Bay, Long Island. Upon his graduation from Harvard University in 1950, he joined the Chemical Corn Exchange Bank and in January, 1954, became associated with S. D. Fuller & Co.

B. C. Morton Adds Three

(Special to The Financial Chronicle)

DETROIT, Mich.—Gene E. Kohler, Mary H. Kollida and Phillis J. Lawlor are now associated with B. C. Morton & Co., Penobscot Building.

Our Commerce, Both Domestic And Foreign, Must Be Expanded

By DWIGHT D. EISENHOWER*
President of the United States

President Eisenhower extols role of commerce in the propagation of progress, and says what we have done to promote domestic commerce should be extended to the expansion of foreign trade. Points out an enlightened trade policy will be a bridge to international peace and world prosperity.

The very word "commerce" is filled with connotations that are characteristic of our problems of today. Commerce, based upon productivity, the energies and the brains of men, likewise provides that material base to satisfy the material and physical wants of man, and on which are built those opportunities for cultural and spiritual advancement so necessary to his well-being, his progress, and his happiness. Commerce here at home has made us what we are. As I was driving over here a few minutes ago, there crossed my mind a speculation. A hundred years ago today, Franklin Pierce was President. Had he been invited to a body with similar functions, aspirations, and purposes as yours, what would he have talked about?

Pres. Eisenhower

Well, railroads were beginning to come in, and we knew something of steamships. But, largely, even our farms, and certainly our communities were self-supporting. Commerce as such had not attained for people the tremendous significance that it has in this modern day, when almost every man and every community are specialists. The man is a machinist, the steel is a steel city, such as Gary, or Pittsburgh, or an automobile city such as Detroit, or an agricultural town such as Abilene, Kansas.

But everybody does something and produces something in the way of services that must go to someone else or they have no value and bring no profit to the producer.

Commerce—it is free propagation of progress in this country that has brought today the great organism, this great institution that we call modern America. It has done that without the desertion of the basic principles that were applicable a hundred years ago, and 177 years ago, when our foundation document was written. We still believe that in the aggregate the initiative of the individual, his aspirations, his hope of bettering himself and his family, his ambitions, if directed equally toward the common good as toward his own betterment, will produce the greatest good for all of us.

Though today we talk about a greater need for governmental relationships with the private individual and with business and with our various localities, yet we forget that basic principle at our peril, and we must not ever, no matter what we hope for in the way of advantage from governmental regulation or direction, or any kind of regimentation, we must never accept it if it means the surrender of this vital principle of living by our own initiative, and in individual freedom to develop ourselves physically, intellectually and spiritually.

The point I should like to make is this: We have proved these things here at home; we understand them thoroughly. The point I want to make is they are just as vital internationally as they are nationally. It is true we do not accept, and need not accept, any over-all governmental structure that will take the place in international life that our Federal Government takes in our own lives. But think of the things you do by cooperation and by working together. That is the kind of thing we want in the international world, where the central fact of our existence is that we and our system are challenged. We are challenged by a doctrine that holds us to appeal to and act under all of those things most selfish in man. The Communists say "You people boast that you say what you please, you think what you please, you worship as you please, you earn as you please." And they say, "We appeal to all that is idealistic in man. We appeal to him and say 'Forget yourself, build up the state.'" But to do that, they have to make the state not only the ruler but they have to substitute for our convictions as to an Almighty, as to religious faith, they have to substitute likewise, that state organism, and that we flatly reject. In any event, that communistic international dictatorship is seeking to destroy our way of life. If we then will apply among our friends in the world, the independent nations, the same principles in thinking, in cooperation, respect for common values, and in trade, in commerce, that we have among ourselves, we are as certain of defeating Communism as we are that we are all in this hall this morning.

My friends, an enlightened trade policy of the international world for the United States means only this: We are trying to build a bridge, a permanent bridge, that will connect an increasing and growing, widely shared prosperity at home with international peace, and that is all there is to it.

Here and there to do this intelligently and wisely, here and there we are going to uncover what have been some kind of dislocations in our economic development and in the economic developments of others. We must make some concessions. And some of them, for a people here and there, will be a bit painful. But if we keep in sight that underlying aspiration of all America, to continue to grow under the blessings of Almighty God, with the tremendous opportunities that have been our cause of individual liberty, as long as we cooperate together for the common good, we cannot lose. We simply cannot lose. And we will soon adjust all local or painful experiences of the moment into a greater benefit for all, including those temporarily inconvenienced.

So I say, as this country was born in the self-sacrifice of its patriots in their determinations to work together, in their respect for one another, if we apply those today to ourselves at home and to our tackling of our relationships with our friends abroad, we can dispel fear from our minds, and we can, as we achieve success, lead happy and full lives in perfect serenity and security. I feel that the aspirations for global peace based on justice, on decency and respect for others means that we must continue to prosper at home. Those two goals are worthy of the best efforts of any American.

*Remarks by President Eisenhower at the opening General Session of the 43rd Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C., May 2, 1955.

Hourwich & Company Admits L. Kolodny

Hourwich & Co., 27 William Street, New York City, dealers and brokers specializing in telephone company securities, announced that Leo Kolodny has become a General Partner in the firm. Arthur Vare has retired as a General Partner.

Chas. H. Seaver With DeHaven & Townsend

DeHaven & Townsend, Crouter & Bodine, 30 Broad Street, New York City, members of the New York Stock Exchange, announced that Charles H. Seaver has become associated with the firm. Mr. Seaver has been conducting his own investment business in New York City.

With Dietenhofer Firm

(Special to THE FINANCIAL CHRONICLE)

PINEHURST, N. C. — John R. Bowker has been added to the staff of Dietenhofer & Heartfield, 670 Southwest Broad Street.

Recommendations of Cabinet Group on Rail Regulation

In report to President, special committee under Chairmanship of Secy. Sinclair Weeks, finds present transportation regulation obsolete and recommends less rigidity in rate-making control and increased reliance on competitive forces in rate-making. Calls for maintenance of a modernized and financially strong system of common carrier transportation.

On April 18, the White House released the report prepared by the Presidential Advisory Committee on Transport Policy and Organization, the members of which comprise several members of President Eisenhower's Cabinet, together with the Director of the Budget. The introduction to the report, the text of which follows, strongly recommends a revision of Federal transportation policy on the grounds that the present setup of common carrier regulation and control is largely obsolete and excessively rigid, and that in transportation rate-making there should be more reliance on competitive forces rather than regulation.

Sinclair Weeks

The text of the report containing the recommendations follows:

I. Introduction

Within the short span of one generation this country has witnessed a transportation revolution. All elements of the economy have been profoundly affected—investors in transportation property, geographic regions, distribution, individual shippers, the taxpayer, the ultimate consumers of goods and services. As late as 1920, the railroads held a virtual monopoly of intercity transportation with the exception of areas served by water. In striking contrast, there is available today a wide selection of transport methods for the movement of goods and people from one place to another with economy, expedition, and safety. The individual, whether traveling for recreation or business purposes, has a choice as between the private automobile, intercity bus transportation, air transportation, and railroad travel. The shipper, distributing finished products to a nationwide market, is free to elect the use of his own trucks, common or contract carriers by highway, a continental and physically integrated system of common carrier transportation by railroad, pipelines, coastal and intercoastal services, inland water transportation, or the rapidly developing air cargo services.

In major respects, government has played a decisive role in these fast moving and dynamic changes in the organization, financing, and operation of the nation's domestic transportation services. All levels of government have participated. The states have played a dominant role in the provision of an expanding and modernized highway system, although aided by the Federal Government through a program of grants-in-aid. The Federal Government has spent vast sums of the general taxpayers' funds for the improvement of rivers and harbors. More recently it has aided materially in the development of airports, the financing and management of a nationwide system of aids to air navigation, and has advanced substantial sums of money in the form of direct financial assistance for the development of air transportation.

The net result is a competitive system of transportation that for all practical purposes has eliminated the monopoly element which characterized this segment of our economy some 30 years ago.

During this same period, government has failed to keep pace with this change and has, in fact, intensified its regulation of transportation. Paradoxically, the underlying concept of this regulation has continued to be based on the historic assumption that transportation is monopolistic, despite the fact that the power of individual transportation enterprises to exercise monopoly control has been rapidly eliminated by the growth of pervasive competition. The dislocations which have emerged from this intensified competition, on the one hand, and the restraining effects of public regulation on the other, have borne heavily on the common carrier segment of the transportation industry. The shipper and ultimately the consuming public pay the costs of this dislocation. The consequent loss to the public, while incapable of exact estimate, is believed to amount to billions of dollars per year, and calls for prompt and decisive action.

No economy that is based fundamentally on mass production and distribution of products throughout a continental market can continue to prosper without a trans-

Continued on page 30

N. Y. Mun. Bond Club To Hold Outing; New Slate Announced

The annual meeting of The Municipal Bond Club of New York will be held on Friday, June 10, 1955 at 1:00 p.m. at the Westchester Country Club, Rye, New York, it was announced today.

The nominating committee has presented the following slate for the year 1955-56:

For President: Monroe V. Poole, President of Geo. B. Gibbons & Co. Inc.; for Vice - President: Philip M. Hiss, Assistant Vice-President First National Bank of Chicago; for Secretary, Richard N. Rand, partner of Rand & Co.; and Treasurer, Martin J. McAndrews of Hemphill, Noyes & Co.

Joins Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Thomas W. McCausland is now with Harris, Upham & Co., 523 West Sixth Street.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Marguerite H. Whyte has been added to the staff of King Merritt & Co., Inc., 1151 South Broadway.

Basye and Eckard Now With Hall & Hall

(Special to THE FINANCIAL CHRONICLE)

PORTERVILLE, Calif. — Allen G. Basye and Boyd S. Eckard have become associated with Hall & Hall of Fresno. Both were formerly local representatives for Paul C. Rudolph & Company.

The Businessman's Social Responsibilities

By HARRY A. BULLIS*
Chairman of the Board, General Mills, Inc.

Prominent industrialist urges American business to voluntarily increase social responsibility and thus head off the trend of mounting government controls. Praises businesses which have adapted themselves to social changes such as planning ahead to absorb future job-hunters, adjusting to meeting problems of automation, helping handicapped employees, and plowing back profits for research to make better products and services in the future.


Harry A. Bullis

Basically, the social responsibilities of a business are no different from those of an individual—except perhaps in degree. The individual's primary social responsibilities are to the family group and to his community; those of the modern business are to its employees, its stockholders, its customers, its suppliers, and to the cities in which it operates, which may stretch across the nation from coast to coast.

Society Expects More of Business

Society expects more and more of the individual, as he benefits from the fruits of our dynamic economy and the group living made possible by the combined social units of many families. In a similar manner, society expects more and more of business, almost in direct ratio to the economic climate made possible by the specialized and mass markets of the nation.

Business operates by permission of the people. Government may issue a charter, but the charter does not guarantee the success of the enterprise. It can prosper only as it gains the confidence of the public and performs an economic function.

Business in this country still operates, for the most part, under a free market. Some will say it is a seriously abridged free market. Others will call it a free market only in name, and cite various government controls. But the overpowering fact seems to be that in almost every instance in which the free market has been modified by government, it has been done to compel business to accept added social responsibilities. Consider our social welfare legislation, our anti-trust laws, or our minimum wage laws. All of these are attempts to legislate social responsibility.

And so we must ask ourselves—if business had shouldered voluntarily more social responsibility several decades ago, would we have had these controls? I do not know. But we can all think of businesses which have taken the lead in adapting themselves to social changes and which have been cited by social reformers as examples of what should have been achieved by all business on a voluntary basis. And in almost every case, these businesses have continued to accept additional social responsibilities of their own free will—and most of them still continue to be ahead of government's compulsory legislation.

Formalized Public Relations

The question that is now suggested concerns formalized public relations, and its place in the recognition and the acceptance of social responsibility by business. I do not believe that a formalized department by the name of public relations has any concrete value unless it both activates and reflects the thinking of the management. If it does not—if it is merely a "Jiminy Cricket" type of thinking like the conscience of the little wooden puppet Pinochio—then it has no value. Plainly, it is a hypocrisy, and the sooner it is dispensed with, the better.

What I am trying to say is that the recognition of social responsibility and doing something about it, does not depend on a public relations department. At this point, I am reminded about the proprietor of a small plant in a midwestern city. The man had 30 or 40 employees and a few trucks. His business volume was perhaps not over $100,000 a year. He did not have a public relations department—but he had wonderful public relations. It was he who organized a drive to cover up the scar left by an abandoned gravel pit near a residential section of the city. He endeared himself to schools and parents alike by conducting economic educational tours of his little factory. He did that because he wanted teachers to understand the need for his trucks rumbling by the school, and students to eventually buy from and work for him. He contributed of his time and effort to his community. He knew where he was going, and he usually got there. His acceptance of social responsibilities was as much a part of his way of doing business as his need for three or four salesmen. He regarded both operations equally essential.

What I am endeavoring to emphasize is that there is no magic power in the idea of a program of public relations itself, even though great sums of money are poured into it. We have all seen too many programs fail because they were based on an almost cynical attitude toward the public, an attitude which assumed that noise, intellectual sleight of hand, fancy advertising and big headlines could stampede the man in the street. We all know that the public cannot be fooled.

We have learned, as these distinguished public relations spokesmen here today have helped us learn, that only when a company has perfected its product in terms of consumer needs, when it has established sound labor, research and plant expansion policies, and when it affords a fair and steady return to its stockholders, is it ready to start thinking about the broader aspects of public relations.

"What's It to Me?"

There are other achievements a company must have to its credit, too. The public is asking many questions about industry, questions that must be answered clearly and intelligently and in a manner to advance the general public's understanding of the basic economic principles of our competitive capitalism. Every question that consumers and the men and the women who make up the public ask is based on that strongest of all motivations—"What's it to me?"

Here are some of the "What's it to me?" questions we in industry must be, and in most cases are, prepared to answer forthrightly and with pride: Is industry planning well ahead to be able to absorb future job hunters in our rapidly increasing population? Is it giving equal opportunity to everyone who is willing to pay the price in intelligent hard work, regardless of color, race, or creed? Is it providing opportunities for our handicapped citizens who are capable of limited employment? How much of its profits is industry turning back into research, so that the public can have better products and better services in our constantly improving way of life? We face the threat of war today. Is industry just striving for profits, or is it really thinking of helping in the over-all defense effort? What about funds and scholarships from industry to help deserving youth secure a better education?

These are difficult questions to answer and, in attempting to answer them, we in industry should let the public see our problems. We should show not only processes of manufacture, through "open houses" and otherwise, but we should also acquaint the public with decisions that must be made. We in General Mills have been fortunate to witness positive results through our informal regional stockholders' meetings conducted every other year in ten or twelve cities where we have a goodly number of stockholders. I believe that if the informal regional stockholders' meeting idea were universally adopted, it would have a tremendous impact on the thinking of the country. I say this not only from a stockholders' standpoint, but from the standpoint of informing the public about the company's efforts and projects.

Business Should Explain Its Objectives

Business should be presented to the public in the role it really occupies so that its importance to the nation may be thoroughly understood.

Business should play its cards face up. If it has a difficult problem which affects the people, such as a chemical exhaust at a plant, it should tell the public what it is doing to correct the condition. It is a major responsibility of business to create new jobs at satisfactory wages with good working conditions. It is also a major responsibility of business to do everything possible to reduce the costs of production and distribution so as to lower the price of its products to the consumer and at the same time help to increase the productivity of its employees. While business drives forward in such an environment of self-respect and self-confidence, it should not neglect to explain its motives, its aims and its policies to its many large and varied audiences and publics.

It is axiomatic that the most progressive companies are those that take the public into their confidence and let their customers and stockholders "see the wheels go 'round." I think that we must carry to the people, to our employees, to our stockholders, the story of industrial progress and achievement as it affects them.

We know that public good will cannot be written on the books over-night. And it can never be written on the books so that it can stay there without subsequent entries. All ink tends to fade in the great ledger of public opinion—we must make our entries each and every day if we are to create and hold the good will which we must have.

Business cannot stow this ledger of public opinion away on a shelf and assume that all the balances are in its favor. If we are so proud of what we have accomplished that we assume we have gained a secure and favored place in the public mind for all time, we shall be sadly disillusioned.

While business is now doing a good job of "selling" itself and our industrial system to the public, we all know that the task has just started. The goal toward which each man and woman is working is a simple one—a better standard of living. The goal of business is identical with that of the average man—a better standard of living — not just for a chosen few, but for everybody. The job is to convince the public that this simple statement is the truth.

Business Must Keep Its House in Order

But in our zeal to tell the story of business to the public, we shall not overlook one fact. Business must keep its own house in order. No amount of money or effort spent in a campaign will accomplish lasting results if we condone practices within our own ranks which we know are wrong. In any selling campaign, the product and the service must be right.

We know that the profit motive is not purely a mercenary force, since profits are the reward which come to those who furnish the public with what it wants in the most efficient and economical manner. Business renders genuine service—good service. There is no need to allow the public to learn this truth for itself, when we can make the facts known and keep them constantly in the public mind. Business must speak, and continue to speak.

We all know that man cannot live by bread alone—though we in General Mills sometimes wish he did. Businessmen are learning that industry cannot live by simply operating its plants and selling its products. It must sell itself—its aims, its achievements, and an understanding of its problems.

Importance of Motivation

Wherever public relations campaigns have been unsuccessful, you will find that they had not been carefully thought out in advance. Motivation had not been considered. What was the purpose of the campaign? What results were hoped for? What motives did the campaign endeavor to arouse in the stockholder, the employee, the consumer or the public that would be to the company's benefit

The Advertising Research Foundation has launched a penetrating study of motivation, that may ultimately shed some light on the relationship between the ability and willingness of business to accept and honor social responsibilities, and the result of these business attitudes upon the public's opinion of industry generally. The preliminary research indicates that for the most part we have aimed quite wide of the mark in all of this effort. We have not struck within those concentric rings of self-interest girdling every human being. We have failed, somehow, to relate the social consciousness of business to the interest of the individual, be it selfish or otherwise.

Opportunities for Social Service

The social responsibilities of business, large or small, are existent because the public says they are. Now the question is—what can we do about them? How can we so focus our efforts, whether our business be modest or extensive, so that we will get credit in the public ledger for doing something for society above and beyond the sale of a product? How can we cement and reinforce the franchise of quasi free market operation with which we are endowed by society? In other words, how can we motivate people to further condone and accept us?

The answer is for every business, large or small, to get out its broom. The next step is to take that broom and sweep the walk

Continued on page 35

*An address by Mr. Bullis at the Public Relations Luncheon of the 43rd Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C., May 3, 1955.

THE MARKET . . . AND YOU

By WALLACE STREETE

At least a couple of little bear markets showed up in the stock trading this week when notably the aircrafts made themselves prominent by plunging through their previous lows for the year with some of the trims from the peaks rather drastic.

* * *

Douglas Aircraft, which sold above 91 recently, had backed up to below 70 for its new low. Boeing has come from above 88 to below 60 and United Aircraft from 94 to 70 to provide some of the larger declines. Northrop sank into new low ground on a retreat from nearly 40 to the lows 20s and Martin also had a sizable fall from a peak of 44 to the middle 20s.

* * *

Even the defense issues that had some excessive improvements early in the year and were still well above their lows, took a beating. General Dynamics which sold at 80 for a gain from the year's previous low of more than 30 points gave back two-thirds of it at the dour standing this week. Newport News lost a dozen of the three dozen points improvement from the low, and Combustion Engineering was halfway down its 25-point range.

* * *

Nor were the aircraft-defense issues the only ones that had rough times. Bethlehem Steel has been erratic more times than not ever since the quarterly meeting of directors was held last week, what with hopes and doubts over the size of the earnings improvement, the possibilities of a stock split, which didn't come, and the weight of a large financing operation. It sold a dozen and a half points under its year's high.

* * *

American Telephone struck a different note. The stock had had an abnormally erratic trading life earlier this year when the perennial rumors of a stock split were much more active than usual. But with that out of the way earlier — again a case of no split at this time — the most widely-held American stock settled down to some real against-the-trend action and was able to make minor progress occasionally while successfully resisting selling drives. Overall it has made steady uphill progress ever since it last went ex-dividend two months ago.

* * *

Excuses for Reaction

Apart from the special situations that took over the spotlight on pronounced weakness, the market showed somewhat definite signs of wanting a good excuse for a correction. The few dour earnings reports, or annual meeting statements that indicated spots of trouble, were far more powerful as market influences than the favorable reports and management predictions.

* * *

Where profits were sizable over last year's first quarter, as in the cases of Anaconda Copper and American Viscose, the market was able to hail the good news at least momentarily. And Anaconda's report came just in time to help the stock buck a rather broad selling wave. But even good reports from other companies constituted merely one-day rejoicing with easing from the best prices subsequently. The market has been hounded by rather widespread predictions of trouble this month, plus more general expectations of a sizable correction after posting new peaks last week. Offsetting this is the axiom that the market seldom does what is generally expected. Nevertheless, the bearish arguments have had more fodder from the market's action than the school of contrary opinion.

* * *

Hard-Hit Issues

Quite a few of the issues that have been in persistent uptrends recently at least paused this week. Among them were Western Union, which was able to make the company of the harder-hit issues under selling pressure, Foster Wheeler, Zenith Radio, some of the cement stocks including Penn-Dixie and General Telephone.

* * *

The auto shares were also halted rather obviously from continuing to celebrate the splendid first quarter results. The situation was similar in the paper stocks as well as the rubber issues. The oil section was far from distinguished and the Texas Pacific Land-TXL Oil combination was rather prominent in reaching new lows which jumped to half a hundred to make up the longest such list posted this year in the casualty side.

* * *

Chemicals were a bit better acting than the market generally. While no important progress was made, nevertheless it was a change that they were able to stand their ground with grim determination in moments of pressure, to change their old way of life of easing while other sections were more jubilant.

* * *

Rails Irregular

Among the rails the standout was Canadian Pacific which was able to shrug off the heaviness elsewhere. Southern Pacific and Santa Fe favored the casualty section with some determination. The persistent strength in the speculative eastern roads, Central and Pennsylvania, was over for a bit and both sold off from their highs earlier this year when optimism over them was rampant.

* * *

The utility pattern was nondescript. This group which, on average, has yet to confirm the push to new highs by the other indices. The March 4 peak, bettered by the others, still stands for this group.

* * *

Montgomery Ward, apparently anticipating little from the partial victory for the management forces in the proxy fight still in the hands of the tellers, had run out of speculative steam and pursued an uncertain market course a shade under the high posted when all the glowing promises of higher dividends, stock splits and calls for tenders were being bandied about.

* * *

Woolworth failed to participate in a growing confidence over the outlook for the stores stocks and was among the week's new lows. But it didn't take too much to put the stock on the list since this old-time speculative pet has been less than distinguished in recent years and even in the enthusiasm of earlier this year. So far for the four months that have elapsed Woolworth has built up the rather narrow range of a shade over four points.

* * *

Tobacco stocks had a bit of popularity as all the reports indicated the first upturn in consumption in some time but they, too, like most other groups were caught in the selling and eased in sympathy with the market.

* * *

Johns-Manville was distinctly contrary and was able to put a couple of wider gains together right in the face of all the irregularity. The stock had been rather well cutback from its previous high for the year so the performance was more in the nature of a rebound than as an indication of any possible speculative excesses.

* * *

Airlines had run their string of better actions as far as the present news and following warrants. They swayed with the general market consequently although mostly by slim margins that indicated more of a consolidation phase than any new chagrin. Similarly the lift that disclosure of a planned merger with General Dynamics had given Stromberg Carlson briefly was over for at least awhile.

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

Railroad Securities

Gulf, Mobile & Ohio

The common stock of Gulf, Mobile & Ohio, which had been pretty much neglected for some time, has recently been attracting considerable attention at advancing prices. Probably this reflects at least in part the consummation a couple of weeks ago of a comprehensive refunding operation. The road sold $25 million of new 1st & Refunding Mortgage 3⅝s, 1980 and will use the proceeds to redeem four previously outstanding issues in the aggregate amount of $25,211,500, carrying coupons ranging from 3¾% to 5%. While the consolidation of all of the non-equipment fixed interest debt into one package and the saving in interest costs through the lower coupon are in themselves desirable ends, the major benefit to stockholders lies in the reduction in cash outlay through the change in sinking fund requirements. The new bonds will have a fixed sinking fund of $300,000 annually and a contingent sinking fund of $143,504, if earned. This is $183,000 less than on the old bonds and more than $540,000 less than would have been required starting in 1959 under the old indentures. This is equivalent to $0.59 a share on the outstanding common.

Aside from the recent financing, most analysts consider that the long range prospects for this road are quite bright. For one thing, it is a highly efficient operation. Having been set up as a consolidation of four separate railroads, three of which were in bankruptcy or receivership, the management was faced with the necessity of a complete property rehabilitation program which is now completed, and with the further necessity for replacing nearly all of the rolling stock and motive power of the constituent companies. As a result, it was the first of the major railroads to achieve complete dieselization and the average age of its freight cars is well below that of the industry as a whole. Reflecting the heavy capital expenditures the road in 1951 joined that select group of railroad with transportation ratios below 30% and in 1952 and 1953 this ratio was down to 28.6%. With the economic readjustment of 1954 the ratio did increase somewhat but at 30.9% was still well below the industry average.

Another constructive aspect of the Gulf, Mobile & Ohio picture is the favorable long term traffic trend. The main segment of the line runs north-south from Chicago to the Gulf of Mexico at Mobile and New Orleans, with an important east-west route going to Kansas City. Thus, the company has been a major beneficiary of the industrial growth of the south and the sharp increase in import-export business through Mobile and New Orleans. In this connection, the importation of Venezuelan iron ore through Mobile for shipment to Birmingham, which only got under way last year, promises to be particularly lucrative to the road. As with the operating efficiency, the traffic growth trend is expected to be a continuing favorable factor. Industrial growth is still going on in the territory.

Last year earnings on the common stock slipped to $5.09, compared with $7.07 earned in 1953, and this year the company has been off to a rather slow start. Revenues in the opening quarter were off somewhat from a year earlier and, despite continued strict control over expenses, net income of $1,595,735 was $30,729 lower than for the first three months of 1954. On the favorable side, the transportation ratio was again reduced below 30% for the period and by March, even though revenues were still lagging, there was a modest year-to-year increase in net income. Wider improvement over 1954 results is looked for in coming months and at this point it seems likely that the full year 1955 will witness earnings in the neighborhood of $6.50. If so, analysts expect that the $0.50 year-end extra will be resumed this year.

"Automation Is Here— So Adjust Your Sights"

By CLEDO BRUNETTI*

Director, Engineering Research and Development, General Mills, Inc.

Engineering research director discusses requirements and effects of automation, pointing out that future industries will be concerned with new types of skill, experience and training. Decries idea automation will reduce total employment, and holds labor will be upgraded by it. Looks for more decentralization rather than centralization through development of automation.

Automated industries will have certain requirements. Those requirements are rather clean-cut. Future industries will be concerned not so much with numbers of people in any one community, but types of skills, experience and training of the people. For a given output an industry may use fewer people, but there will be more industries, so that we will be needing all of the people, and may even run short in the years to come. I feel sincerely that we will have more production necessities than we will have people to make them. The types of employee skills that we need are represented by the fact that we have to have designers for the machines, draftsmen, tool makers, parts makers, assemblers, testers, troubleshooters, supervisors, and programmers to present the information for the computers to use. We need people to classify documents. We will need more people in sales and installation and servicing. These are the kind of people that industries will be looking for.

Cledo Brunetti

The effect on labor, then is to upgrade it. Automation redistributes but does not reduce manpower requirements. We are very short of engineers. We are very short of trained people of the type mentioned above. We will have more need for educated people, and this doesn't mean college graduates only. We will need more vocational education of a type that will allow unskilled workers to take higher type jobs.

And the skilled workers in general will be wanting better libraries; they will be wanting good technical schools for educating their children. They will want better programs in the public schools, and higher classes of entertainment. The point behind all of this is that, first, to get industry we will have to have the types of labor they need. Second, to get that type of labor, if you don't already have it, you will have to provide the attractions to bring the labor in. So you start way back in that direction.

Just quickly I will mention the effect of automation on space. Automation will mean more space per employee. Each employee will be turning out more work, more products. It will mean more industries so that there will be more of a spread out of industry horizontally. The industry of the future, and there is ample evidence of it now, will be housed more and more in attractive one-story plants, spread out over more acres of space. As a defense measure there will be a small trend to underground plants, well lighted and ventilated. Modern plants will provide a more pleasant and safer working atmosphere. We will need less space per plant for offstreet parking in any one plant, but we will see more plants.

*From an address by Mr. Brunetti at the American Industrial Development Council, Washington, D. C., April 5, 1955.

One of the best references on this subject is Osborn's recent book published by the University of Chicago, **Geographical Features of the Automation of Industry.** (David G. Osborn).

In the interregion possibilities, that is, the shifting of industry between regions, automation will act in two ways. In one way, it will act towards centralization of industrial activity, in another way towards decentralization. In the centralization direction, for example, in the business machine operations, there will be a tendency towards centralizing the activity in main offices, taking daily records from branch offices and shipping it to a central office for reduction of the data or the computations and then shipping the results back. The Bureau of Census did this recently in shipping tapes that had information on them to a Univac at Philadelphia where the big computer did all the calculating.

I believe there will be more forces for decentralization than for centralization of industry. Reasons for these are that we now have better power and transportation systems; we will not have to go to concentrated labor markets and the individual automatic machines will allow the smaller men to compete with the larger manufacturers. Automation will lead to more and more competition because the new or smaller manufacturers don't have to have 25 years of experience. They will buy a machine and the machine will build it for them as well as it will build it for somebody else. They do need capital, but that is where the banks come in. Then they will be attracting to their areas the supporting industries for components, for cabinets, for chasis, and so forth. This will bring dollars into the community and build up the tax reserve.

A situation ideal for industry would be one where the sources of raw material are near manufacturing areas, so that industry would ship only finished products. Naturally, it also depends on the market, and there may have to be a compromise between the two. Industry is not interested in shipping a lot of unusable raw materials, so as time goes on, many industries will try to locate more and more near sources of raw materials. Watch for a shift of reduction and processing plants to remote areas. This includes metals, chemicals, lumber and others. Why ship iron ore all the way to the East to get coal, if you know that in time atomic energy and other sources of energy will change this picture and save you from having to ship a lot of useless dirt? In the sea products industry, it will be to work nearer the ocean cities and even on ships.

Business spending for new equipment will increase, and since this is somewhat the heartbeat of industry, it will make for increased business all around.

I would like to close by saying that to attract the industries of the present and the future, we will want to recognize that industry has to go to automation. Automation demands certain skills in workers. It demands more of the skilled, less of the unskilled. It means your community must have what it takes to attract these people and to keep them there. It will mean more and better vocational schools to develop your citizens, more emphasis on trade schools. Since skilled workers are higher IQ people and are an attraction to industry, it will be of value to conduct your own inventory. I received from Sam McGowan of the Northern States Power Company a chart of information from the United States Department of Labor. This chart shows the percentage of selective service rejections for failures in the Armed Forces qualification test. It would be well to study it and see where your state stands in this picture. If may not be complementary to your state, but if it isn't it will help to point out what problems exist for you. Your state may have a lot of people, buy maybe you ought to have more vocational schools in the area and a civic program to encourage people to take advantage of them. Maybe you can get a chart from Sam. He won't mind, I guess, since his State of Minnesota is second from the top.

Automation isn't new, it's been here a long, long time. Its requirements are something we must get acquainted with. What are we waiting for. I am reminded of the story that Harry Bullis, Chairman of our Board, told. A girl was sitting in her car at an intersection. Se had been waiting for the lights to change, and change they did, from red to green and from green to red. Finally the man behind her became a bit exasperated, got out of his car, went up and said, "Lady, I think you better move on. This is the only shade of green you are going to get."

I feel there is one final point to touch on. It is a point one has to be extremely careful about, because we do have labor readjustments as far as automation is concerned. There is plenty of evidence to show that automation will create more jobs. But there is a readjustment area. When a new machine comes in some workers may have to shift to new jobs. They may have periods between jobs, and no one likes this.

One of the best suggestions, and many of these have come from the labor unions, requests more on-the-job training. Industry is heeding this suggestion, by training people for new assignments before the machine comes in, such as for maintenance or service on the machine itself, or for other jobs within the plant. The responsibility for aiding workers to learn new tasks is not only that of industry, it is also the job of the community itself to develop the spirit and feeling for, and to provide additional vocational training. It is important, therefore, that not only the industrial development members of the industries, but the industrial development members of the State and civic groups pay more attention to vocational training.

Management, on the other hand, is also cooperating by providing better jobs, better pensions and increasing wages as they can. They are considering shorter workweeks. But remember, competition is the thing that keeps industry from shortening its working hours too much. I believe industry is examining sincerely, the idea of a guaranteed annual wage. There is only one thing that bothers most industries, and that is how does one guarantee them an annual market. These are things that have to be considered because of the competitive picture. But we believe that these problems can be worked out if the facts are faced squarely and not turned around. Let us not strangle the industry by imposing conditions on it that cannot be sustained economically. Let us not be like the crowd that collected after the motorcycle accident. A fellow who had never ridden on a motorcycle asked his friend if he could go riding with him. His friend agreed but said he would have to have a windbreak of some sort or he would get pretty cold. The fellow took his leather jacket off and put it on backwards, which made a fine windbreak. Down the road they went. Unfortunately they had a serious accident. The motorcycle went off the road, and the driver was killed. A crowd collected, and pretty soon the traffic officers came up. One of them called the leader of the crowd over and asked what happened. The man said, "The men on the motorcycle were going around a curve too fast and went off the road." "Were they both killed?" asked the officer. "No," replied the leader, "as a matter of fact, the second man was living when we got there, but by the time we got his head straightened out, he was dead too."

Joins Carr & Co.

(Special to The Financial Chronicle)

DETROIT, Mich. — Cornelius K. Richardson is now affiliated with Carr & Company, Penobscot Building, members of the Detroit Stock Exchange. Mr. Richardson in the past was with Gordon Macklin & Co. in Cleveland and Elmer E. Powell & Co. in Pittsburgh.

Dahlberg Director of So. Arizona Bank

TUCSON, Ariz.—The Southern Arizona Bank and Trust Company of Tucson, Ariz. has announced that Henry E. Dahlberg, head of Henry E. Dahlberg & Co., has been elected to the bank's board of directors.

Henry E. Dahlberg

An active business and civic leader, Mr. Dahlberg was born in Sweden and came to Tucson in 1929 to attend the University of Arizona. In 1933 he established the Henry Dahlberg firm.

He is currently President and Director of the Tucson Better Business Bureau and the Tucson Social Service exchange. He is also Director of the Arizona Land Title Company and Director and Vice-President of Cal-Ray Bakeries, Inc., in Glendale, Calif. The new bank director is also a member of the Sigma Nu fraternity and the American Legion.

With Avery Eppler

(Special to The Financial Chronicle)

REDWOOD CITY, Calif.—Richard E. Cummings is now with Avery L. Eppler Company, 1839 Broadway.

With Mutual Fund Assoc.

(Special to The Financial Chronicle)

SACRAMENTO, Calif. — William L. Wilson has been added to the staff of Mutual Fund Associates, 1903 Capitol Avenue.

With First California

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Hoit S. Brown has become connected with First California Company, 300 Montgomery Street.

Joins Hannaford Talbot

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Boris P. Martynow has joined the staff of Hannaford & Talbot, 519 California Street. Mr. Martynow was previously with Paul C. Rudolph & Co.

A Look Abroad

By HON. MARGARET CHASE SMITH*
U. S. Senator from Maine (Republican)

Senator Smith, recently returned from a trip around the world, calls for sterner U. S. policies. Advises changes from negative, pessimistic, defensive attitude based on fear of Russia, to one of initiative based on confidence in ourselves and friendly nations. Urges positive action in showing up Russian colonialism instead of just wringing our hands about Communists' exploitation of Asians' hate of colonialism.

During my October trip abroad people repeatedly said to me that they wished President Eisenhower would give the world more vigorous leadership and that they were almost hungry for him to do so and that they would quickly follow.

Margaret C. Smith

During my February trip I found a change in this attitude. Now people in the various countries are encouraged by the manner in which President Eisenhower has been asserting world leadership. They want him to continue to do it and in even greater degree.

I, too have my points of impatience—justified or not—based upon what I saw and heard on my trips. But before I get to those, I would like to give you some of my capsule comments on some of the nations.

WESTERN GERMANY

The brightest spot for us in Europe is Western Germany. The free German people have done an amazing "comeback" job. Western Germany will steadily become the backbone of our resistance to communism in Europe.

BRITAIN

While Britain is a trusted ally, she is a tired ally whose shrinking empire creates an economic weakness that makes her more vulnerable to economic compromises with that modern colonial power, communist Russia, and all of her satellite colonies.

FRANCE

France's heart is good—but her will is weak. She has not toughened up under adversity like Western Germany has.

ITALY

Italy's people are perhaps the most friendly of all to us. But Italy's Government is not learning fast enough how to throw away the economic crutch of American aid and stand on her own feet.

RUSSIA

If there is any perceptible change in Russia, it may be in her recent reversal of stand on the proposed Austria Peace Treaty—an indication that Russia feels we have gotten so strong in Europe that her tough talk, bluffs and dilatory tactics will no longer produce the results she desires—but rather that she will have to start giving in a little in the future.

The most important thing about Russia is to distinguish between the Russian common people and their rulers in the Kremlin. The common people of Russia are neither for nor against Communism — they are simply resigned to it—with no enthusiasm to resist it or defend it.

Actually the position of the common people of Russia on Communism is a policy of coexistence — they merely coexist with Communism. In other words, the status of Communism with the great mass of Russian people is summed up simply in two words "internal coexistence."

*From an address by Senator Smith at the Overseas Press Club Annual Awards Dinner, New York City, April 19, 1955.

JAPAN

Coming out of the occupation status, Japan is like the teenager anxious to show his independence from his foster parents. Unless Japan sells her goods to us at the sacrifice of our higher-waged labor and industries, she will turn to her historical and traditional enemy, Russia and her cultural cousin, China, for trade.

Japan is clearly the industrial pearl of the Orient most coveted by agricultural Red China and Russia.

FORMOSA

The hope of the free Chinese is in the pulse beat of Chiang Kai Shek. When Chiang goes, all their hopes go for retaking the Mainland. But Chiang will never have the chance to retake China unless the Chinese Communists attempt to take Formosa and the United States is drawn into an expanded conflict. The question is what will happen to Formosa when Chiang is gone—and more pointedly what will happen to our personalized foreign policy on Nationalist China?

INDIA

India is Nehru—at least for the present. His neutralist policy on Communism is confusing. Nehru successfully fights and defeats the Communists internally in India. But externally he is quite friendly with Communist China and Communist Russia — and he says he admires Communism but deplores its methods.

We have vacillated too much between the extremes of lavishly catering to Nehru and bluntly offending him. Neither approach will win his respect or friendship. He aspires to be the leader of Southeast Asia and he has realized his aspiration to a certain degree—at least enough for us to be smart enough to seek his opinion and device about Asian matters. If we should show him that courtesy on the Presidential level as well as Ambassadorial level, I feel he would cooperate more with us.

BURMA

In a smaller edition, the same things can be said about U Nu of Burma that are said about Nehru. He has fought and defeated the Communists inside Burma — despite his relatively friendly attitude toward Red China and Russia. Some people make the mistake of considering him a puppet and disciple of Nehru. He is not.

He is an independent little man —just as Burma is an independent little nation that has come through the greatest internal strife of any of the Southeast Asia nations with growing strength and with having rejected Communism.

EGYPT

For the time being Egypt is Nasser, an alert, intelligent young soldier who has had a successful career of conniving. I do not mean connivance in a disparaging form —for surely his internal conniving has been for the great improvement of Egypt.

But he now finds himself in a political arena larger than Egypt —he can be a powerful leader in the Middle East but not through external connivance.

I think he ultimately wants Egypt to be aligned with the United States but that he feels he will have to lead his people gradually away from their suspicions about American foreign policy being designed to take over where Britain leaves off on colonialism.

SPAIN

Spain is a source of strength to our side on the Western end of the Mediterranean. We never have to worry about Spain being opposed to Communism. But prejudice against Spain's neutrality in World War II has blocked her admission to NATO because some believe her neutrality was benevolently in favor of Hitler and Mussolini.

This doesn't make sense. It is not realism on Mutual Security. Western Germany under Hitler and Italy under Mussolini were active enemies in World War II against us and our Western allies —but that has not prevented Western Germany and Italy from being admitted to NATO. If we can do that with former active enemies like Germany and Italy, then why can't we do the same in the interest of real mutual security with a Spain that was not an active enemy but rather a neutralist?

TURKEY

In some respects the biggest inspiration of all that I saw and heard on my trips came in Turkey. That tough little country that neighbors on to Russia and lives under the very threatening shadow of the giant Russian Bear. The Turks have refused to let the Russian Communist frighten or intimidate them. They have defied Communist threats.

Our past aid to Turkey was one of the wisest foreign policy investments we ever made in Mutual Security. It paid off real dividends in combatting Communism in that part of the world where Europe meets Asia. It is in sharp contrast to the uncertain results with countries like Yugoslavia. In our foreign loans we had better concentrate more on nations like Turkey and less on nations like Yugoslavia.

IMPATIENT WITH GLOOM

Now to my points of impatience. First, I am impatient with all the talk of gloom and pessimism. It is true that in these troubled times we must be realistic and face unpleasant facts. But should we permit such realism to degenerate into a phobia of pessimism? Should we permit such realism to blind us to justified optimism? Have we reached the point where it is fashionable, either politically or journalistically, to be excessively pessimistic?

I have listed some accomplishments in overseas areas which justify considerable optimism on our part. I have spoken of achievements which should create great confidence in our nation and our allies. In our adherence to realism, it is only realistic to remember the causes for optimism as well as the causes for pessimism. For pessimism is not the synonym for realism.

To put it one way, realism is nothing more than a proper balance between optimism and pessimism. But today there is too much of a misconception of realism — not enough consideration given to justified optimism for a proper balance.

I am impatient with the manner in which we just wring our hands and fret about the way in which the Communists exploit Asian and African hate of colonialism instead of doing the obviously most effective thing in combatting Communism in Asia.

RUSSIAN COLONIALISM

You know what that obvious move is—merely to show to the Asians that Communism is, as I stated last month in my report to Maine Weekly Newspapers, actually Russian Colonialism — that Communism is the modern day colonialism — that Poland, Czechoslovakia, Hungary, Bulgaria, Albania, Estonia, Latvia and Red China are nothing less than Communist colonies of Russia—and that Russia seeks to make a Communist colony out of every Asian country and every country in the world.

I am impatient with the manner in which we seem to be unable to cope with talk of coexistence. We could throw such talk right back at the Communists with one simple observation. We could observe that the little people of Russia knew most about coexistence since their own attitude about communism at home in Russia is merely one of internal coexistence.

We could say to them, as Menderes of Turkey has said, "if you really believe in coexistence, why don't you stop trying to grab off country after country? Why don't you let them coexist instead of demanding that they exist only as you dictate?"

I am impatient with the greatly professed fears about the Afro-Asian Conference at Bandung. Instead of muddling in pessimism about that conference, let us look at the opportunities we actually have on this conference. After all we do have a few friendly countries attending that conference—Thailand, Turkey, The Philippines, Viet Nam, Iraq, Pakistan, Ethiopia and Japan.

They will not be mere mutes there. They will talk realistically and constructively. They may be outnumbered—but they will be heard.

We should not stop with reliance upon them to carry the responsibility for the free half of the world. The point is that we should not be trembling mutes ourselves. We should seize upon a golden opportunity of taking advantage of this conference.

We should broadcast a message beamed directly at Bandung that we approve of the conference in the objective of raising the world prestige and position of the people of Asia and Africa, that we are in full accord with their opposition to colonialism; and that we support their aspirations for independence and self-reliance.

Yes, instead of pouting and fretting with a negative attitude, we should seize the initiative with such a positive and direct approach. We should show them that we are the opponents of colonialism; that the communists are the present day advocates of colonialism; and that such Russian colonialism would have decisions concerning New Delhi, Rangoon, Cairo, Jakarta, Saigon, Addis Ababa and Johannesburg made in Moscow by the men in the Kremlin instead of each of those cities.

We should warn them that attempts by the Communists to have this conference result in banding brown men together to hate and fight white men are but another step in the Communist evil design and pattern of "confuse, divide, and conquer." For proof we need only to point out the obvious fact that through the "confuse, divide and conquer" pattern, Moscow now makes the decisions for Prague, Budapest, Warsaw, Hanoi and Peiping.

I am impatient with the continued blocking of the admission of Spain to NATO. When we take Western Germany and Italy, who were our active enemies in World War II, into NATO and exclude Spain, a bitter enemy of Communism, one wonders if NATO really is for the purpose of mutual security and defense against aggressive communism.

The time has come when our leadership in world affairs must increase in boldness and firmness if we are to cope successfully with the threat to the freedom of the world.

The time has come when the very basis of our foreign policy must change. It must shift from the past negative basis of fear—fear of Russia—to a positive basis of confidence in ourselves and nations friendly to us. We have every reason for confidence in ourselves. We should start acting that way instead of indulging in pessimism.

We must start charting our course in the confident realism that we are the greatest nation in the world — and the world's greatest hope for peace—that we are through with letting Russia scare us — that we are plenty capable of taking care of ourselves—and that we must strive for positive construction instead of fear-minded, negative defensiveness that stresses countermoves instead of maintaining the initiative.

Harry Sebel Pres. of Selected Investments

CHICAGO, Ill—The election of Harry L. Sebel as President and a Director of Selected Investments Company, national underwriter

Harry L. Sebel

Edward P. Rubin

and distributor of Selected American Shares, $42 million mutual fund, has been announced.

Mr. Sebel also was admitted to partnership in Security Supervisors, the investment counsel organization which manages the investments of Selected American Shares and other institutional and individual accounts.

Widely known among securities dealers, Mr. Sebel is a graduate of the Northwestern University School of Commerce and was a pioneer in the wholesale distribution of investment fund shares. In 1933 he helped organize and became Vice-President of A. R. Hughes & Co. of Chicago, which later was absorbed by Lord, Abbett & Co. of New York. Since 1942 he has been Chicago resident Vice-President of Hugh W. Long & Co., in charge of its midwestern operation. He has made many appearances in the midwest and south before bank-sponsored finance forums as a lecturer on investments and securities.

In his new affiliation, Mr. Sebel will direct the wholesale distribution of Selected American Shares through registered investment dealers, with emphasis on firms situated in mid-America.

Edward P. Rubin, former President of Selected Investments Company, has been elected Chairman of the Board; Alvin H. Baum is the newly elected Executive Vice-President; and Mrs. Eva B. Kind, Secretary of the company, was elected Vice-President and Secretary.

Mr. Rubin is a founder of Selected American Shares, Director of the fund and its President since 1942, to which positions he has been re-elected.

With Hooker Fay Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Mrs. Gwenn Dodge is now affiliated with Hooker & Fay, 221 Montgomery Street.

With Shuman, Agnew

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Philip D. Chapman has become affiliated with Shuman, Agnew & Co., 155 Sansome Street, members of the New York and San Francisco Stock Exchanges.

Richfield Reports on 1954...

BALANCE SHEET AT DECEMBER 31, 1954 AND DECEMBER 31, 1953

Assets

	1954	1953
Current Assets:		
Cash	$ 12,743,038	$ 11,581,891
United States Government securities, at cost	23,294,171	12,385,340
Accounts receivable, less reserves of $840,159 in 1954 and $569,724 in 1953	31,482,947	28,251,390
Inventories:		
Crude oil and refined products, on basis of cost determined by the annual last in first out method and, in the aggregate, below market	27,461,171	30,182,472
Materials and supplies, at or below cost	6,435,002	6,459,162
	$101,416,329	$ 88,860,255
Investments and Advances	$ 4,245,053	$ 3,145,547
Capital Assets—Oil and gas lands and leases, oil wells and equipment, refineries, marketing facilities, transportation equipment and facilities, terminals, office buildings, etc., at amounts established by the Board of Directors as at March 13, 1937, plus subsequent additions at cost, less retirements	$333,177,661	$301,287,291
Less—Reserves for depreciation and depletion	153,654,572	135,642,159
	$179,523,089	$165,645,132
Deferred Charges:		
Taxes, insurance and rents	$ 4,215,328	$ 3,267,188
Other	504,578	788,656
	$ 4,719,906	$ 4,055,844
	$289,904,377	$261,706,778

Liabilities and Capital

	1954	1953
Current Liabilities:		
Accounts payable	$ 10,834,209	$ 14,906,908
Federal taxes on income less United States Government securities of $12,700,000 in 1954 and $23,600,000 in 1953 held for payment thereof	24,071	90,708
Other taxes	7,797,015	6,788,113
Instalments dues within one year on long term debt	3,000,000	3,000,000
Other liabilities	3,249,118	2,041,786
	$ 24,904,413	$ 26,827,515
Long Term Debt (due after one year):		
Notes payable to banks (3.25%), due in equal annual instalments to 1963	$ 20,000,000	$ 22,500,000
Twenty-five year 2.85% sinking fund debentures, due 1974	25,000,000	$ 25,000,000
Thirty year 3.85% sinking fund debentures, due 1983	39,000,000	23,500,000
	$ 84,000,000	$ 71,000,000
Reserve for Contingencies	$ 202,647	$ 202,647
Stockholders' Equity:		
Capital stock:		
Authorized—7,500,000 shares without par value Outstanding—4,000,000 shares	$ 74,496,630	$ 74,496,630
Earnings employed in the business	106,300,687	89,179,986
	$180,797,317	$163,676,616
	$289,904,377	$261,706,778

INCOME ACCOUNTS FOR THE YEARS 1954 AND 1953

	1954	1953
Gross operating income	$223,310,969	$202,039,003
Cost of sales and services	$130,205,210	$108,572,187
Selling, general and administrative expense	25,772,250	23,742,528
Depreciation and depletion	20,633,985	15,171,533
Dry hole losses and abandonments	7,671,135	8,846,286
	$184,282,580	$156,332,534
	$ 39,028,389	$ 45,706,469
Nonoperating income	1,416,918	1,583,941
	$ 40,445,307	$ 47,290,410
Interest on bank loans and debentures	2,874,606	1,964,924
	$ 37,570,701	$ 45,325,486
Provision for Federal taxes on income	12,000,000	16,450,000
Net income	$ 25,570,701	$ 28,875,486
Net income per share	$6.39	$7.22

Operating Statistics—Barrels	1954	1953
Production of crude oil—gross	26,746,000	26,499,000
Production of crude oil—net	20,809,000	20,603,000
Crude oil processed at refinery	41,137,000	40,751,000
Sales of refined products	40,122,000	37,752,000
Employees and Payroll		
Payroll and employee benefits	$31,736,557	$28,650,000
Number of employees at year end	5,520	5,196

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RICHFIELD

Economic Tasks Confronting Us

By LEON H. KEYSERLING*
Former Chairman, Council of Economic Advisers
President, Conference on Economic Progress

After indicating there should be no new big depression, Mr. Keyserling lists as immediate economic tasks: (1) eliminating the economic slack which results in a $30 billion annual loss in output; (2) reduction in unemployment; (3) providing for workers unemployed because of "automation"; (4) raising living standards of lower income groups; (5) raising farm income; (6) increasing basic resources; (7) upward revision of pension benefits, and (8) intensification of our international efforts.

In recent years, there has developed a majority viewpoint that downswings of depressionary magnitude in the American economy are a thing of the past. This view I share. The stabilizers already built into our economy, the advance of economic knowledge, and, above all, changes in the popular psychology, make it unlikely that we will again countenance an accumulation of forces which could carry us downward to depressionary depths. This profound change should be comforting to us at home, and sustaining to other peoples in the free world.


Leon Keyserling

But there is an unfortunate tendency in many quarters to jump from the tenable assumption that economic misfortune of depressionary magnitude is unlikely, to the untenable conclusion that we can be complacent in the face of the large economic problems and tasks which still confront us. This resting on gains already achieved does not do justice to the restless spirit of progress which is one of our prime national assets. When in our medical science we conquered such great killers as smallpox, and then reduced to a fraction the death-dealing incidence of the great white plague, we did not then relinquish our efforts to find an antidote for polio, on the ground that in the number of its victims this was a relatively minor evil. And now that we seem to be on our way toward the prevention of polio, if not its cure, nobody proposes that we slow down the further support of medical research and health services toward further improvements in the public's health. Quite similarly, the conquest of the great scourge of depression, if it be a *fait accompli*, merely creates a base from which we can move forward with greater confidence toward the eradication of lesser but nonetheless very serious deficiencies and threats in our economic system.

There are a number of vital and immediate economic tasks now confronting us, which may be summarized as follows:

First. We now have the technology and skills to lift our total national product to an annual rate of at least $500 billion by 1960, and thus, allowing for population growth, to lift our general standard of living by about 25%. But there are those who, enamored of this prospect, do not care enough whether we reach this 1960 goal through continuous full employment over the intervening years, or instead remain acquiescent in the so-called minor ups and downs in our economy which like small diseases take their toll even though they may not reach epidemic proportions. Since the middle of 1953, we have experienced an economic slack which even now is resulting in a $30 billion annual loss of national product and a true level of unemployment at least twice as high as it ought to be. And if we should continue to countenance these so-called minor inroads upon our economic health, we might achieve a $500 billion annual output by 1960 but nonetheless suffer cumulatively during the intervening years an aggregate loss of more than $200 billion in our national product. We must, therefore, strive for the salubrious climate of full employment all of the time, and not just part of the time, rejecting the quackery of the economic medicine men who say that small diseases are necessary landmarks on the road to economic health.

Second. We must recognize that excessive unemployment cannot be justified on the spurious ground that it promotes efficiency, develops discipline, or is necessary to fight to avoid inflation. The "frictional" unemployment necessary for a flexible labor force is not more than about 2½%, or somewhere in the neighborhood of 1½ million in view of the current size of the labor force. Pious extenuation of unemployment of more than three million is sheer defense of economic waste and social injustice. To the unemployed breadwinner, it makes little difference whether he is one of three million or one of six million jobless; in either event, he is an outcast from an economic system which is strong and intelligent enough, and should be righteous enough, to draw him back into the ranks of useful employment.

Third. The accelerated pace of productivity under the impact of "automation" and other technological progress threatens us increasingly with random unemployment, which cannot be defended on the ground that in the long run this kind of progress makes more jobs for all. Unemployed workers do not live for the long run; they are forced to exist from day to day. Workable combinations of public and private economic policy must be developed, so that any short-term cost of long-term gains may be borne by the society which in the long run benefits from these gains and not shifted inequitably to that hapless portion of the working population that gets run over by a new machine.

Fourth. Despite the highest general living standards in the world, and enormous progress during the past generation, there are still millions of American families who subsist on levels of income less than half the requirements for an American standard of living. The elimination of unmerited poverty in a land of rapidly advancing productivity requires not only a general full employment policy, but also a variety of specific measures—for example, minimum wage laws adjusted to the second half of the Twentieth Century rather than to the first half.

Fifth. Despite a long-term shift toward urban living, about 14% of our population still derive their basic livelihood from agriculture, and have been subjected during the last few years to an over-all 21% drop in their incomes which has brought their per capita income down to a level only about one-third that of the nonfarm population. This should not be attributed to so-called farm "surpluses," when several million American families have inadequate diets even by the bare standards of the nutrition expert, and when starvation is rife in many underdeveloped parts of the free world. We need a policy to translate potential agricultural abundance into an adequate food supply, plus parity of income for farm families.

Sixth. Well over a fifth of all American families still live in rural and urban slums. Juvenile delinquency and gangsterism, and the other malodorous manifestations of slum living, cannot be cured by men in blue uniforms patrolling the streets nor by women in white uniforms at reformatories for girls. At a time when we have so much unused resources of manpower and facilities begging to be used, and when technology threatens to displace workers in some industries, we should be on our way with the training programs and the financial backing required to replace at least three million slum dwellings with good housing by 1960.

Seventh. While some of the talk about shortages of basic resources is undoubtedly alarmist, our fundamental programs of resource development—power, water, soil, highways—have been pressed far below the levels required for a growing population and an expanding economy. We must reject the new forms of financial legerdemain which hold out the glittering magician's promise that such national developments as are essentially public in character can be expanded without spending money, or at least without spending public money. The Federal Budget is an instrument of the national economy; the Budget cannot be truly protected without protecting the national economy.

Eighth. Millions of our senior citizens, the so-called retired, are living at a level of old age insurance benefits or pensions no higher than one-quarter of the modern requirements for an American standard of living. We need drastically and boldly to reexamine and revise our whole social security system, not only in order to do justice to these senior citizens, but also to enable them as consumers to buy their necessary share of goods and services in support of our rapidly accelerating productive power.

Ninth. Last but not least, we need to scale our international efforts, both by way of economic programs and by way of offensive and defensive deterrent military implements, not to the inadequate levels that the unrealistic say we can "afford," but rather to the realistic levels that we cannot afford to do without.

These are the urgent and outstanding tasks of the current American economy. These tasks we have the resources and the brains to carry forward successfully, provided only that we set about affirmatively to actualize our true economic potentials, instead of contenting ourselves with building economic Maginot lines to ward off depression and disaster. Defense alone will not win the battles in which free people everywhere are now engaged, on the economic front as well as on other fronts. But if our leadership and our vision match our innate endowments, our economic advances in the years immediately ahead can far exceed the great gains of the past generation, and thus provide on this vital front increasing protection, both material and moral, against the aggressions of the international barbarians and their brutality or blandishments among other free peoples who still need our assistance.

*From an address by Mr. Keyserling at the Golden Anniversary Meeting League for Industrial Democracy, New York City, April 22, 1955.

The Real Estate Outlook

By LEFFERT HOLZ*
Superintendent of Insurance, State of New York

Contending New York City real estate is still one of the best media for investment funds, despite indications in some quarters that the country is being overbuilt, Mr. Holz, however, warns of unwarranted optimism, and suggests that basic factors which should carefully be weighed in evaluation of real estate are: (1) supply and demand; (2) the utility and adequacy of the buildings; and (3) the economic condition of the country.

It has been my lot to be actively identified with real estate for more than 30 years and, while I hasten to add that I am not an expert on real estate values, my long experience and study of the problems affecting real estate have given me an unusual opportunity to become familiar with the values and trends of real estate in the City of New York. I have also during those many years been privileged to meet many prominent real estate people and to discuss varied real estate problems with them. One thing I have learned about the real estate fraternity generally — they are either extremely pessimistic or extremely optimistic. During a period of depression there is no doubt in their minds that there is no bottom to the market. During a period of inflation they are absolutely sure that real estate values can only go to higher and still higher levels. Undoubtedly, this thinking on the part of real estate men accounts for the complete absence of buyers during a depression and the frenzied demand for acquiring property during periods of inflation.


Leffert Holz

It is my firm conviction that good real estate in the City of New York is still one of the best media for investment funds. Not without reason is our town the greatest city in the world. The City of New York is the financial, residential and cultural capital of the world—and that distinguished position will continue to be enhanced. The preeminence of New York as a commercial, residential and cultural center is not dependent upon its geographical location and its matchless harbor alone. Its industries, financial institutions, universities, museums, theatres, hotels, department stores, as well as its shipping and transportation facilities, materially add to the City's unrivaled position. New York provides the most diversified pool of skills, talents and intelligence of any community in the world. It attracts people from all parts of the country and, for that matter, from the entire world. Indeed, the City of New York has and always will have the greatest labor market of any community.

However, I cannot overemphasize the frequently overlooked fact that not every parcel of real estate is a sound investment. As I have already pointed out, real estate people generally are extreme in their thinking. During a period of depression when land is cheap and building costs are very low, nobody ventures into the construction field. Years can go by without a single major construction project. I dare say that when construction begins after a long lull in the building industry, many eyebrows are raised and the oldtimers shake their heads in disapproval. But no sooner are the jobs completed and successfully rented when the optimism of real estate people begins to surge and then there starts a period of unprecedented building, to the point where not only is saturation reached but the danger of overproduction becomes very real. So great is this sometimes unwarranted optimism that the minus factors, which must always be seriously considered when trying to determine the future trends of real estate, are frequently minimized if not actually totally disregarded.

I suggest that three basic factors should be carefully studied and weighed in considering the evaluation of real estate. They are supply and demand, the utility and adequacy of the buildings and the economic condition of the country.

I have been told that notwithstanding the tremendous amount of construction during the last few years, both of office buildings and apartment houses, we are still far from reaching the saturation point in either type of structure. My attention has been called to the fact that since World War II there have not yet been constructed as many commercial or residential units as were constructed during the period from 1918 to 1945. It is persuasively argued that in view of the fact that our population, our productivity and our per capita wealth and purchasing power have tremendously increased since the end of World War II, we have a long way to go before reaching the saturation point.

Furthermore, commercial buildings and apartment houses alike which were constructed during the last few years have been tremendously improved in utility and design and undoubtedly will compare favorably with any buildings which may be constructed in the foreseeable future.

As to the economic condition of the country, business conditions generally are good; our per capita wealth is great; our purchasing power is tremendous. These all spell out continued prosperity. There is no doubt whatever that so long as these conditions continue the future of real estate is excellent.

But there is also another side to the picture. Our national debt is increasing; our taxes remain high; our economy is influenced by inflationary conditions, and, to say the least, world conditions are unsettled. These factors should act as a sobering influence on our thinking when weighing the economic condition of our nation.

What is the outlook for real estate in 1955? If common sense and a fair degree of caution are exercised, I say unhesitatingly that the outlook is good.

*An address by Mr. Holz before the Eastern Mortgage Conference of the Mortgage Bankers Association of America, New York City, May 2, 1955.

H. L. Jamieson Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Robert P. Rothrock has joined the staff of H. L. Jamieson Co., Inc., Russ Building.

Two With Sutro Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Albert C. Massa, Jr. and Arthur Wolkow are now with Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Toward a Favorable Business Climate

By ARTHUR R. UPGREN*
Dean, Amos Tuck School of Business Administration, Dartmouth College

Dean Upgren, on the basis of two years' experience in Europe and his study of domestic business progress, expresses view that the trend toward a more favorable climate for business is going to be extremely rapid. Says American businessman's contribution to the world is recognized in Western Europe, and in the eyes of the people there "we are doing very well." Reviews our economic progress in recent years, which, he holds, indicates a move away from direct controls and liberal policy toward enterprise.

I am hopeful that our progress toward a favorable climate for business is going to be extremely rapid. My hope flows from my experiences in Europe more than two years ago and from the progress business has made here in promoting the general welfare and domestic tranquility since 1952.


Arthur R. Upgren

I found after study and interviews with economists, public servants, newspapermen and businessmen that, in the economic area, the people of Western Europe have three great envies of the United States. First, they envy us for having the American businessman. The American businessman with his remarkable ability to enlarge production has made, in their view, our greatest single contribution to the culture of the world and to the world's welfare and security. Though I do not intend to speak about them, you may be interested in the other two: the envy of our debts and the envy of our wives—and possibly the two are synonymous. Our debts they envy because they recognize that debt is the means for securing those domestic conveniences and 200 horse-power evidences of prosperity that relieve us of human drudgery. According to the famous definition of a Dane, the late General William S. Knudsen, these conveniences "allow us to go places sitting down." Our better halves supply the pressure for higher productivity, encouraging all who work to improve personal productivity and incomes in order to secure the better things of life.

Recognition that the businessman is America's great contribution to the world is, as I have said, widespread in Western Europe. We see evidences of that envy in the efforts that many countries, particularly England and the Netherlands, are making to uncover the secrets of our great productivity. They are planning to establish schools of business administration such as the Graduate School of Business Administration of Harvard University and the Tuck School at Dartmouth. They are receptive to displays of American merchandising techniques and manufacturing techniques. They purchase large amounts of the ingenious machines which are management's primary tool for enlarging labor productivity and therefore, labor incomes.

Thus in the eyes of the people of Western Europe, we are doing very well. How are we doing at home? The impetus toward a favorable reappraisal of the important role of business in promoting the general welfare came in World War II. Former Governor Harold Stassen of Minnesota then pointed out that the American people would have a high regard for the achievements of business as a result of their experience in the 1940's compared to their experiences in the 1930's. In the earlier period the government attempted to organize both jobs and production. The resulting production was not strictly high-class nor would it stand rigorous inspection. The jobs themselves were, perhaps unavoidably, low pay.

Then came the war and an immense outburst in production. The members of the Armed Services saw the magnificent equipment which flowed forth for their use, though perhaps not every GI was supplied with a jeep. We produced enough to meet our needs and more than $50 billion more which spilled out abroad in lend-lease. Thus did the members of the Armed Services observe the high productive achievements of industry.

Moreover, those who worked in factories and who may formerly have worked for WPA saw the improved organization of production and appreciated the increased incomes which flowed therefrom. In fact, from 1939 to the present time labor income in the United States has increased by $160 billion while the dividends paid by corporations have increased by $6 billion. Here is a payoff to labor of more than 25 to 1 and this, of course, is far above any "payoff" expectations at the racetrack the poker table or slot machine. It is true, of course, that corporations do not account for all labor income but they do account for a large part of it. Consequently, with the smallest amount of priming of corporate income, we have had a tremendous increase in labor income. The efficiency of this machine to grind out monetary rewards to workers is remarkable.

In the same period, as Dr. Arthur Burns, Chairman of the President's Economic Advisory Council, has ponted out, we have moved 60% of the way toward absolute equality of distribution of income. The greatest social revolution of all has taken place in the United States. Karl Marx essentially had asserted that the rich would get richer and the poor would get poorer as the result of capitalist exploitation. What has happened is that the rich are relatively less rich and the poor are more prosperous. As Dr. Burns pointed out, from 1929 to the late 1940's the income of the richest 5% of our income receivers declined from approximately $13,500 to $8,994 while the per capita income—the incomes of all of us since no one is really poor—increased from about $600 to $1,600. Someone has said that we in the United States have had the great advantage of an **uneven** distribution of income when that contributed to most rapid progress and we have had the advantage of a more **even** distribution of income when that contributed most to the advance of the general welfare. The same authority has observed that in England it has rather been the other way 'round with an **uneven** distribution of income when it did the least good and today's more **even** distribution of income acts as a brake upon the processes of capital formation which are vital to economic progress.

Then in 1946 we in the United States made a fateful decision for producing that remarkable progress in production which is the essential cause of a more favorable climate for business. Controls over prices (and wages, of course) were abandoned in 1946. Three powerful forces for the postwar period were built up during the war—a doubled monetary income with many of the dollars having, as Leon Henderson put it "no place to go"; an increase in liquid savings of more than $200 billion; and a starved demand for durable goods which was then variously estimated at figures ranging between $50 to $100 billion. The release of these powerful forces and of price controls produced the loudest signal that business would be profitable and economic expansion would become the order of the day as soon as hostilities ceased. By May 1946, industry was on the road to reconversion. That signal was needed to overcome the inertia of the stagnant 1930's and it did the job so well that we got full economic expansion and moderate inflation. In light of the depressed 1930's, an era of admitted minimum expansion, the rise in prices after 1946 certainly was forgivable and understandable.

With the benefit of hindsight, we can now see that the decision of the Congress, then led by Senator Taft, still stands as a remarkably courageous decision. Some economists argued that we should retain controls for a period "somewhat longer than they would seem to be needed." However, Congress decided that we would abandon these controls before their ineffectiveness was proved. We did just that and produced most remarkable economic expansion at the price of a large but not excessive inflation.

As a result of the decisions of 1946 and 1953 we now have a more free economy. That freedom of the economy has been accompanied both by a remarkable stability in prices since 1948 or since April 1951. Thus in the last six or seven years we have had very high productive advance, reasonable price stability, and expansion of employment and capital formation which contributes so heavily to the rise in worker productivity and therefore makes possible the continuous rounds of wage increases which now are coming, thanks to the appreciation of the fact by labor, closely to equate productivity advances.

By the end of 1953 and in the first three-quarters of 1954 there was modest economic recession. The amount of the recession measured in terms of gross national product was 3¾%. An intelligent set of tax reductions and fiscal policy. Wise use of monetary policy, and more liberal means for financing homes, have turned the economy upward and there is at present a remarkable period of economic expansion. All of the lost ground of the recession in output has been recovered. This has been accomplished in face of declining total government expenditures for all goods and services (chiefly due to a substantial $12 billion cut in Federal outlays for national security) and in face of no increased investment in inventories until the moderate increase of March 1955. Consequently it has been the remarkable tax adjustments of a year and a quarter ago which served to increase consumers disposable income during every quarter of the modest recession. The resulting enlargement of personal consumption expenditures and housing expenditures has turned total production, incomes and total welfare in an upward direction.

Thus we have made progress towards a better understanding of our best **general** measures for the control of the economy and we have moved away from the use of **direct** controls as a means of assuring economic progress and expansion. This choice we have made in favor of general controls—fiscal policy, monetary policy, house financing policy — and against direct controls — direct regulation of prices and wages—has created a climate of freedom for business. In that climate business makes that great progress, and will continue to do so, which will win public esteem and a renewed franchise for the private enterprise system.

*An address by Dean Upgren before the New England Chapter of the Public Relations Society of America, Boston, Mass., April 22, 1955.

Shearson, Hammill Wins Coast Award

LOS ANGELES, Calif.—Shearson, Hammill & Co.'s weekly radio program "Private Wire" was awarded first prize in Class I of the first annual Alexander Hamilton Free Enterprise Public Relations contest, during "Invest in America Week" in Los Angeles. Rupert C. King, Resident Manager for the firm, received the plaque at a luncheon held April 29th.

The firm's broadcast is a weekly feature on Radio KABC. The current series features one outstanding Southern California business enterprise each Sunday evening at 5:45.

With Bankers Bond & Secs.

(Special to The Financial Chronicle)

HANNIBAL, Mo.—Mrs. Opal F. Ealum is now connected with Bankers Bond & Securities Co., B. & L. Building, members of the Midwest Stock Exchange.

Main Street's Stake in World Trade

By EUGENE E. HOLMAN*
Chairman of the Board
Standard Oil Company of New Jersey

Stressing the need of world-wide prosperity, Mr. Holman condemns economic isolationism as "not profitable." Points out advantages of American investments overseas, and favors reducing tariffs and quota restrictions. Urges businessmen keep informed and make their views known to U. S. representatives on international bodies. Is optimistic about the future.

The way world political affairs affect all of us is not difficult to see. However, when we come to consider more specifically the subject "World Affairs and You" from the economic angle, the picture may not seem so clear. This is particularly the case if you are a businessman who has no plants or investments abroad and who neither exports nor imports products or raw materials. Such businessmen—who may consider foreign trade as being remote from their affairs—may well ask, "Well, how do economic decisions and actions in the world at large affect me?"

Eugene E. Holman

Actually, such decisions have a great effect upon all of us. We know how modern transportation and communication have brought all parts of the globe closer together. They have increased the speed and intensity with which events in one part of the world have impact on another. But even though this point has been made many times before, it is perhaps worth repeating here. The English poet, John Donne, said "No man is an island." If that was true in his day of the 17th Century, it is doubly true today. Certainly it is true in the economic field, and we might paraphrase the poet and say that "In today's world, no nation is an economic island."

It is, I might add, a good thing not to be an economic island. Being attached to one's neighbors through trade can have an excellent effect upon the political relationships of nations. On the constructive side, commerce brings us in close touch with our neighbors. To know people is to understand them. Wider understanding can pay dividends in world peace as well as in world prosperity.

Moreover, economic isolationism is not profitable. Our country, large and wealthy as it is, needs much from other lands. They, in turn, need what we export. To give you some idea of how important these exports are to us, last year—excluding all military items—they amounted in value to more than $12 billion. This was a sum almost equal to all the money spent during the same time for U. S. residential construction. It is equal to more than the total personal income of all the families in Texas or the combined personal incomes of families in the states of Colorado, Idaho, Kansas, Montana, Nebraska, North Dakota, South Dakota, Utah and Wyoming.

Prosperity or depression in one country—particularly a country of substantial size—can well have an effect upon the prosperity or lack of it in other countries. To bring the matter down to the scope of an individual business, let's suppose you have a retail hardware store in an agricultural area of this country. You don't, yourself, do any export business. But if incomes of farmers in your locality are down because of depressed world prices for agricultural products, you will very likely feel the result in your own store.

While farm products make up an important part of our exports, there is not a state in the Union that does not export some raw material or manufactured products. For example, a recent survey of U. S. exports to just one of our overseas customers—Venezuela—shows that country bought more than $500 million worth of goods from us during 1954. The goods included laundry equipment from Central Falls, R. I.; glassware from Jeanette, Pa.; stoves from Mansfield, Ohio; pencils from Nashville, Tenn.; motorcycles from Lincoln, Neb.; wallboard from Forest Grove, Ore.; and textiles from Lanett, Ala. Add thousands of other products from towns all over the United States, multiply by the many other nations buying American goods and you can begin to see that Main Street, U.S.A., does have a large stake in world trade.

The U. S. exports, of course, have to be paid for. I think most people agree that giving dollars for this purpose to other nations through large-scale loans and grants-in-aid on a government-to-government basis is a poor substitute for their earning the dollars themselves. In the long run, the best way for customers in other nations to get dollars to pay for our exports is through private trade and investment. It is always healthier for nations as well as individuals to stand on their own feet.

There are many methods by which other countries get the dollars to pay for our goods. The American tourist does a pretty good job of keeping our currency in circulation abroad. Last year U. S. tourists spent more than a billion dollars visiting foreign countries. These dollars paid for a tenth of all the products exported from U. S. factories and farms. In the case of France, the $70 million spent by American travelers there paid for 20% of the purchases by French customers of materials and goods from the United States.

"Overseas" Investments

Investments of American private capital overseas are also potent dollar producers for good customers in other lands. These investments have the advantage of helping develop our neighbor's internal economies as well. Since the war, $11 billion of American private funds — one-third of which represent the investment of oil companies—has been put to work to accomplish these two excellent aims. The same aims can be advanced through sound private loans by Americans who are now bankers for the world.

We should not overlook the fact that trade with other nations also brings us materials and goods without which we could not maintain our own economy. Among these items are such necessities as tin, nickel, uranium ore, and chrome. Perhaps more important are the ideas we give and get through trade. What people create with their minds—new processes, inventions, discoveries—are a beneficial influence as well as are the products of their hands. If you want a small example to judge what I mean, just watch your wife's wardrobe the next time a new fashion decree is issued in Paris. All of these material and intangible contributions play a far larger part in our lives than most of us realize at first glance.

I do not mean to give an impression here that I think we'd all go broke if we didn't have a great deal of foreign trade. Our nation's prosperity is chiefly a result of activity in the domestic market. But just as we have built this vast market by fostering the free exchange of goods within the wide expanse of our own country, so we can, by enlarging the areas of our trade, strengthen and increase our prosperity still more. It lifts the ceiling so that our whole economy can expand.

Trade in the international aspect is a pretty complicated affair. Often it is difficult to point out precisely how an action in one country has a reaction on the economy of another. But there are examples which, though not of tremendous economic significance by themselves, illustrate the close relationship of one national economy to another. I'm not qualified to judge all the pros and cons, but I think U. S. restrictions in 1951 on the importation of foreign cheese throws light on this problem. Because we made it more difficult for European countries to sell cheese to us, those countries immediately had less dollars to spend. The first result was that they could not buy and pay for such American products as machinery, typewriters, flour, and citrus fruit. A second result was to increase the attractiveness of markets within the Soviet bloc. The Soviet countries have persistently made alluring offers to buy the products of many free-world countries, sometimes at premium prices. These Soviet bloc governments seek to bring pressure on the free world's strategic trade controls by linking their offers with demands for strategic items. When we abruptly cut off our free-world partners from access to our markets, we strengthen the force of these divisive Soviet tactics. So, first we lose good customers. Then we adversely affect our security by pushing our friends toward the Russian's camp.

Similar effects follow whenever are raised—in our own or any other country — or when quotas and other restrictions are applied. These actions lead to countermeasures by other nations either as a matter of necessity or of retaliation. A backward step is thereby taken on the road to world prosperity. The volume of world trade—which lately has been steadily increasing—slows down. Whether this slow-down can be seen immediately or not, it cannot help but have a harmful influence eventually on American factories and farms and on American workers and consumers.

Hindrances to Foreign Trade

These walls of excessive tariffs, quotas, and restrictions reached staggering heights in the early 1930's. All of us remember the resulting stagnation that took place behind them. Then, in 1934, the United States adopted the Trade Agreements Act and thus started actively to remove these road blocks in the path of world commerce. At the same time, our government set up the Export-Import Bank. Within its properly limited field of activity it is stimulating the sale of American goods abroad. Our membership in the World Bank, which we joined after the war, and our own foreign aid programs such as the Marshall Plan have also helped to improve international trade.

Now, after nine extensions covering the past twenty years, the Trade Agreements Act is once more up for renewal. This has touched off a great debate which directly affects the welfare of every American businessman. As I have said before, my opinion is not that we should abolish all tariffs. Our tariffs, with a few exceptions, are certainly not outrageously high. But I firmly believe that it is to the long-range benefit of all U. S. citizens to have our government move consistently toward reducing tariffs and quota restrictions.

H. R. 1 as passed by the House of Representatives is, I believe, a constructive step in that direction. The eyes of our friends throughout the world are at this time focused upon what action is now to be taken by the U. S. Senate. It now seems likely that the Senate will also approve the Bill without crippling amendments and I certainly hope such proves to be the case.

The position the Chamber of Commerce of the United States has taken on this legislation is an enlightened one and is to be highly commended. Certainly no one wants any domestic industry, or any part of a domestic industry, to be swept away by a flood of imports. But we should have faith in our proven ability to meet and thrive on competition. And let's not forget that the present Peril Point and Escape Clause provisions of the Trade Agreements Act offer protection to domestic industry from any possible threat from excessive imports.

Business Should Make Views Known

If world events do affect us businessmen, what can we do about them? The first thing we should do, it seems to me, is to keep informed. Public opinion in the United States can be of great weight in framing internal or foreign policies which may touch upon the interests of the American business community. By making our views known to representatives in our own government and to those U. S. representatives on international bodies, each of us can be a constructive force. We can also effectively work together in associations such as our local and national Chamber of Commerce to be sure that what we believe is heard.

As individuals, it seems to me that in this same respect American businessmen have a great obligation and opportunity right at home. Today there is apparent in many parts of our country evidence of impatience and discouragement about relations with people of other nations. Much of it stems, understandably, from having our own expression of good-will misunderstood. When we see people in other lands apparently disliking us in spite of the money and technical skill we have given to help them rebuild, it is sometimes hard to hide our disappointment. The final result may be a feeling to let the other people "go fly their own kites."

Such an attitude is contrary to the American character and can only breed unhappiness for ourselves and the world. If we as individuals are familiar with the true import of world economic developments, it will help us explain to our neighbors on Main Street that other free-world nations are really not unfriendly. Peace and prosperity are, in general, international aims. Only by patience and tolerance on both sides can the minor dissatisfactions be resolved. And these virtues are already showing results. A trip I took to Europe last summer convinced me that people are increasingly sympathetic to one another's problems. This is in contrast to their attitude immediately after the war.

In closing let me say I am optimistic about the future of our nation and of our business system in a world which is certainly not without peril to both. For we have a system which helps people get what they need and want in the most efficient and reasonable way. Its strength is not a matter of theory. It has proven to work well in serving people where other systems have shown clearly that they do not. Supported by the knowledge of that proof we can, and should, work hard to influence world events which bear so importantly upon our economic life. In that way we shall be helping ourselves and others to achieve the things for which men hope.

*An address by Mr. Holman at the General Luncheon of the 43rd Annual Meeting of the Chamber of Commerce of the United States, Washington, D. C., May 2, 1955.

Morgan Stanley Group Underwrites Texas Instruments Financing

Texas Instruments Inc., of Dallas, Texas is issuing to holders of its common stock rights to subscribe at $25 per share for 165,945 shares of new 4.48% cumulative convertible preferred stock, series A ($25 par value) at the rate of one share for each 18 shares of common stock held of record on May 2, 1955. The subscription rights will expire at 3:30 p.m. (EDT) on May 19, 1955. The offering is being underwritten by a group of investment firms headed by Morgan Stanley & Co.

The new preferred stock is convertible into common shares at any time on or prior to May 1, 1965, the conversion rate being 1½ shares of common for each share of preferred and being subject to adjustment upon certain conditions. It is subject to redemption at $26.15 per share if redeemed on or before May 1, 1957 and thereafter at prices decreasing to $25.25 per share. It is also redeemable under a sinking fund after May 1, 1965.

The company is engaged in the manufacture of electronic and electromechanical equipment principally for the Armed Forces, including radar, sonar, transistors and components. Through wholly-owned subsidiaries it furnishes contract geographical services and is engaged in the development and production of geophysical instruments and equipment and optical components. Texas Instruments is currently one of the three leading companies manufacturing transistors for sales to others. Its groups of geophysical subsidiaries rank among the world's three largest geophysical contracting organizations.

Operating revenues of the company and consolidated subsidiaries for the year ended Dec. 31, 1954 were approximately $24,000,000 of which about 50% was derived from sales of electronic and electromechanical equipment to the U. S. Government, 35% from geophysical services and 15% from its other business. Net income was $1,200,995.

The approximately $4,000,000 net proceeds from sale will be used in part to repay outstanding bank loans amounting to $2,000,000 incurred in connection with the company's expansion program. The balance of proceeds will be added to general funds and used for further expansion and other purposes. Addition of new products and an expanding program of research and development required investments in plant and equipment of $3,150,000 in 1953 and 1954. A further expansion of the Dallas plant, to cost about $375,000, principally for transistors and related products, is under construction. Construction of new facilities for Houston Technical Laboratories, a subsidiary, will begin shortly and will cost approximately $390,000. Expanding geophysical operations also require additional investment for instruments and working capital.

With J. H. Goddard Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John D. Laber is now connected with J. H. Goddard & Co., Inc., 85 Devonshire Street members of the Boston Stock Exchange.

Joins McGhee Staff

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Arthur E. Spears is now connected with McGhee & Co., of Cleveland.

Hear! Hear!

"I, for one, am highly impatient with the reactionary thinking of some union leaders who stand resolutely against progress, who resist the introduction of new machines and methods, who seek to preserve obsolete trades and skills, who generally are wedded to the mean and miserly concept of a mature economy that's going nowhere—in short, the advocates of guaranteed annual stagnation.

Henry Ford, II

"I am just as impatient with the slavish and stereotyped thinking which has led some business men to consider 'security' a bad word and to brand all concern for human and social progress as communism or 'creeping socialism.'

"I say that the real American political issue is between those who hold that business should be geared to immediate, short-range social issues and those who believe that the great long-term social gains will come from letting industry respond to natural economic forces under the stimulus of the profit motive."—Henry Ford, 2nd.

Without necessarily endorsing every word, we heartily commend to our readers the general tenor of these remarks.

Guaranteed Wage Requires Guaranteed Market

May issue of the "Guaranty Survey," issued by the Guaranty Trust Company of New York, in editorial article, points out, it is the consumer, in the final analysis, who must provide any "guarantee" of wages.

In an editorial article published in the May issue of the "Guaranty Survey," monthly publication of the Guaranty Trust Company of New York, the question is asked "Who will guarantee the market for the producer" who pays a guaranteed annual wage?

"There is one basic objection," says the article, "which proponents of wage guarantees do not seem to have faced. This is that, in the final analysis, it is not the employer who hires labor and pays wages. It is the consumer. The employer is merely an agent, an intermediary. The ultimate demand for labor can come from only one source: the buyer of the product. It is he alone who determines what things shall be produced, and how much of each. To ask the employer to guarantee employment or wages is to hold him responsible for the behavior of consumers, over whom he has no control.

"All the way through the argument for the guaranteed wage runs the assumption that it is the employer's duty to provide stable employment. The booklet on the Guaranteed Employment Plan published by the Education Department of the UAW states flatly that the costs of the guarantee 'are essentially penalties for failing to provide steady work.' These penalties are defended on the ground that 'when employers fail in their responsibility to provide steady work, they have a moral obligation . . . to see that the workers and their families do not suffer.'

"The desire of a union to find safeguards for the welfare of its members and their families is natural and legitimate. The tendency to look to the employer for such safeguards also is understandable, since the employer is the most accessible party and the most visible source of funds. Yet he is not the real source. He cannot assume the full responsibility for providing steady work, because the decision does not rest with him. His capacity to provide work is both created and limited by the market for his product.

"When employees ask for a guaranteed wage, they are in effect asking for a guaranteed demand for their labor. The aspiration is easy to understand but impossible to meet, because the demand for labor is determined by the demand for the products of labor, and in a free society this can be guaranteed by no one. Employers also would like to have a guaranteed market for their wares, but who is to give such a guarantee? The only way to guarantee final demand would be to reverse the whole economic order and, instead of requiring industry to produce what consumers want, require consumers to buy what industry might choose to produce. . . .

"Within the limits imposed by economic realities, the more adequate protection of employees and their families against the hardships due to unemployment is a worthy objective. It seems very unlikely, however, that the plans going by the name of wage or employment guarantees offer the right approach to it. The causes of unemployment lie deep within the structure of the economy, and the problems arising from it are problems of the economy as a whole. Individual employers, along with their employees, are among its victims, not its authors."

Blewer, Glynn Co.: New Firm Name

ST. LOUIS, Mo.—The firm of Blewer, Heitner & Glynn, investment brokers, has become Blewer, Glynn & Co., effective May 2. Norman E. Heitner, a partner in Blewer, Heitner and Glynn, is resigning.

Blewer, Glynn & Co. will continue its usual investment brokerage activities in its offices at 320 No. Fourth St., Clarence F. Blewer and Joseph A. Glynn, Jr., the partners, announced. The firm is a member of the Midwest Stock Exchange, and has been in business since 1945.

Joins Renyx Field

(Special to The Financial Chronicle)

BOSTON, Mass. — Ernest S. Colletti is now with Renyx, Field & Co., Inc. He was formerly with Trusteed Funds, Inc.

Public Utility Securities

By OWEN ELY

Pacific Gas & Electric Company

Pacific Gas & Electric now ranks second among U. S. electric and gas utilities on the basis of annual revenues, which in 1954 approximated $386 million. The company has enjoyed tremendous growth—revenues are now six times those of 1929 and nearly two-and-a-half times as large as in 1945. It supplies electricity and natural gas to the greater part of central and northern California, including San Francisco, with a total population of about 5,800,000.

Generating capacity at the end of 1954 approximated 4,000,000 kw. (about two-thirds steam and one-third hydro) vs. a peak load of slightly less than 3.7 million kw. Last year the company added about 600,000 kw. steam generating facilities, and this year expects to add 300,000 kw. steam and 84,000 kw. hydro. Since the company has now achieved a more normal reserve capacity both in electricity and gas, construction outlays are declining. Last year $171 million was spent, bringing to $1.3 billion the amount expended in the postwar period. Expenditures in 1955-1956 are expected to drop to an average of $135 million annually.

In order to finance its huge construction program Pacific G. & E. did equity financing through issuance of rights in each of the seven years 1947-53. There was no common stock financing last year (however, 381,000 shares were issued in exchange for securities of acquired companies) and none is expected in 1955. The company recently sold $50 million bonds and will incur some bank loans; depreciation, retained earnings and deferred taxes will also contribute to construction costs. The company has not yet decided whether to take advantage of the provisions of the 1954 Tax Code which permit new forms of accelerated depreciation, with resulting tax savings.

Since 1949 the equity ratio has been increased from 25% to 33%. Capitalization at the end of 1954 was approximately as follows:

	Millions	%
Long-term debt	$763	47
Preferred stock	322	20
Common stock equity*	538	33
	$1,623	100

*16,256,000 shares.

The company's electric sales account for 69% of total revenues and gas about 31%, with water and steam service contributing less than 1%. Electric revenues are nearly 47% residential and rural, 20% commercial, 24% industrial, 5% to sales to other utilities and 4% miscellaneous. Average annual sales to domestic customers reached 2,424 kwh. in 1954.

Common share earnings increased from $2.16 in 1945 to $2.88 last year, and earnings for the 12 months ended March 31, probably slightly exceeded $3. The company had an excellent first quarter this year, with cold winter helping gas sales. New gas and electric customers increased 56% over last year's first quarter on a comparable basis. Hydro conditions were not particularly favorable, but the water outlook for the balance of the year has improved slightly, recent storms having added about a foot of snow in the mountains. The range of hydro conditions from good to bad now means a swing in share earnings of about 15-20 cents.

The rapid growth in gas sales as well as the deterioration in the Kettleman Hills Field reserves, has made it necessary to bring increased gas from outside the State. Last year the transmission system was enlarged to permit an increase in such deliveries from 550 to 700 million cubic feet per day. In 1954 Pacific Gas & Electric earned about 5% on its gas rate base, and to offset the higher cost of gas purchased from El Paso Natural Gas, the State Commission allowed the company a rate increase of about $7 million effective Dec. 1—which would net about 20 cents a share of common stock. However, El Paso has again raised its rates by over $8 million and the company is seeking another offsetting rate increase. The picture is further complicated by the fact that both the El Paso increases are still before the Federal Power Commission awaiting approval, being collected under bond.

Pacific's electric earnings are running below 6% on estimated rate base, but the management apparently has no present intention of asking for higher electric rates. It is contemplating joining the Federal Government in a "partnership program" to develop the Trinity River irrigation and power project. The government would build a tunnel to divert the water into Central Valley, and the company would buy the water at $3.5 million a year, building two power plants to generate 60,000 kw. more power. This would save the government $50 million, create tax revenue, and develop 60,000 kw. more power than currently planned. The total development would be about 200,000 kw.

Pacific G. & E. has also shown some interest in sharing in the power aspects of the proposed Feather River Development of the State of California, which would include the world's highest and most massive concrete dam. Norman R. Sutherland, newly elected President, thinks the State should not go into the power business. "We can do it more efficiently and at less cost," he declared, "when the state and Federal governments go into it they can supply only a certain class of customers. This creates a different class of citizenship. When private companies are allowed to generate power the public utilities commissions fix the rates and all are treated alike."

The stock has been selling recently at 48, and paying $2.20 to yield 4.6%. Based on current earnings around $3, it is selling at about 16 times earnings. These ratios conform fairly closely to the industry averages.

Mintzer & Goldman Formed in N. Y. C.

Stanley Goldman, senior attorney and trial attorney for the United States Securities and Exchange Commission for the past nine years, has left to enter private practice with Albert Mintzer. The firm will be known as Mintzer & Goldman, with office at 55 Broadway, New York City, and will specialize in securities, corporate and real estate matters. Mr. Mintzer, a practicing attorney for 25 years, is President of The Small Investors Real Estate Plan, Inc. and its affiliates, and is the founder of the nationally known "Sire Plan" method of mutual real estate investment.

Stanley Goldman

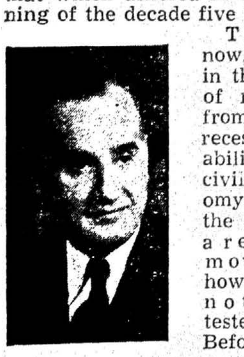
"Modern" Monetary Policy Contributes to National Progress

. By M. S. SZYMCZAK*

Member, Board of Governors, Federal Reserve System

Federal Reserve Governor says flexibility and prompt adaptation to changing financial needs is basis of present monetary policy.

The last half of the 1950's has begun on a note reminiscent of that which ushered in the beginning of the decade five years ago.



M. S. Szymczak

Then, as now, we were in the process of recovering from economic recession. The ability of the civilian economy to carry the weight of a recovery movement, however, was not fully tested in 1950. Before that recovery was complete, the sudden outbreak of hostilities in Korea, with the need for greatly enlarged military expenditures, catapulted us into a new economic peril, inflation.

Today, whatever the future may hold, we can find in the broad recovery achieved in 1955 evidence that the civilian economy does have great strength — the strength to carry the burden of national progress. To this strength, I think, "modern" monetary policy has made a substantial contribution.

In speaking of "modern" monetary policy, I am referring to the policy born four years ago in March, 1951, out of the anguish of the post-Korean inflation surge—a policy that has since served with some success in the front line of our defenses against the economic dangers of both inflation and deflation.

A notable characteristic of this policy, as administered by the Federal Reserve System, has been flexibility, or prompt adaptation to the sharply changing financial needs of our dynamic economy.

The most dramatic instance of flexible adaptation came in May and June of 1953, about the midpoint of the period we have covered. This was a time of marked deceleration of advance in the major indexes that chart the course of progress in production and employment and national output. The Federal Reserve in these two months shifted its operations in the field of credit from the exertion of restraint to what subsequently became known as the promotion of "active ease."

When business activity subsequently entered a phase of downward adjustment, the Federal Reserve made vigorous, combined use of the policy instruments at its disposal—open market operations, reserve requirements, and discount rates—to provide reserves to the banking system so that funds would be readily available, on favorable terms, to creditworthy borrowers throughout the nation. That these funds aided in cushioning readjustment and fostering reemployment of resources is now a familiar story.

Nothing in that episode, however, should be allowed to obscure the accomplishment of the preceding policy of restraint from early 1951 to early 1953 in moderating the later downturn and providing a base for the recovery that followed. Restraint, by helping to keep credit expansion in line with productive and consumption activity, contributed to stability of prices and reduced the dangers of over-commitment by businessmen and consumers. In this way, monetary policy cushioned the decline in activity that did come when national defense expenditures and business commitments for inventory and facilities were cut back.

The purpose of the Federal Reserve System, in combating inflation or deflation, is to foster stable economic progress and a rising standard of living for the American people. The test of the policies it pursues to that end is not the direction they take—toward expansion or restraint—but whether they are appropriate to the times in which they are applied.

*Excerpts from remarks by Mr. Szymczak before the Third Member Bank Assembly of the Federal Reserve Bank of Minneapolis, Minneapolis, Minn., April 25, 1955.

Anchor Precision Pfd. Stock Offered at $5

Offering of 118,000 shares of Anchor Precision Corp., 5½% cumulative convertible preferred stock at a price of $5 per share was made on May 3 by D. Gleich Co. of New York City.

The shares are convertible into common stock at the rate of two and one-half shares of common for each share of convertible preferred stock until April 30, 1957, and thereafter at the rate of one share of common stock for one share of convertible preferred stock.

Net proceeds from the sale of the preferred stock will be used by the company to finance the purchase of additional manufacturing equipment; for the setting up of an assembling and distributing plant in the Midwest, and for additional working capital.

Anchor Precision Corp., is engaged principally in the manufacture of high precision instruments, zipper machines and replacement parts and zipper fasteners. Instruments manufactured under prime and sub-contracts for various agencies of the Government include fire control devices for artillery, gauges for both defense and civilian needs, hydraulic valves, main rooters and controls for helicopters, pilot control sticks for jet planes and other aircraft parts. High speed zipper making machines are made for manufacturers in a number of foreign countries and the company believes it is among the 10 leading manufacturers of zipper fasteners in the United States.

Geo. Stadtler Joins Stone, Webster Secs.

PHILADELPHIA, Pa.—George J. Stadtler, Jr. has become associated with Stone & Webster Securities Corporation in its Philadelphia office, Packard Building. Prior to joining Stone & Webster Securities, he was a Trust Investment Officer of Girard Trust Corn Exchange Bank.

With Coburn Middlebrook

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Edward C. Bender is now associated with Coburn & Middlebrook, Inc., 75 State Street. He was previously with Schirmer, Atherton & Co.

With Hanrahan & Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William M. Connell, Jr. is now affiliated with Hanrahan & Co., 332 Main Street, members of the Boston Stock Exchange.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

At the regular meeting of the board of directors of **The First National City Bank of New York** held May 3 John D. Hashagen, formerly Manager at the East Midtown Branch was appointed an Assistant Vice-President. He will be assigned to the bank's Personal Credit Department at its Central Office, 42nd Street. Robert P Fallon, formerly Assistant Manager, was appointed Manager at East Midtown Branch.

* * *

The First National City Bank of New York announced on April 27 that it has received word that the **Republic of Panama** has authorized the bank to open a second branch in **Panama City** To be located in the Exposicion section of the city, the branch will occupy the ground floor and mezzanine of a new building to be built by Cia Ford S.A., on Avenida Justo Arosemena at 35th Street. It is presently scheduled to open in late 1955. The branch will offer the worldwide banking facilities of The First National City Bank of New York. The bank's first Panama branch was opened in 1904 by the International Banking Corp. which later became part of First National City. The new branch will be the bank's 60th overseas branch.

* * *

The Federal Reserve Bank of New York through Allan Sproul, President, announced on April 27 that the **Tappan Zee National Bank of Nyack**, a newly organized bank in **Nyack, N. Y.**, was granted a charter by the Comptroller of the Currency on April 26, 1955, and on the same day became a member of the Federal Reserve System. The new bank was scheduled to open for business on May 2 with capital of $225,000 and surplus of $175,000. Officers of the new bank are: Henry Hoyle, President and Chairman of the Board; Frederick Palmer, Executive Vice-President and Cashier; Lester C. Stillwell and James V. Conti, Assistant Cashiers.

* * *

As a result of a stock dividend of $12,220 the **Long Island National Bank of Hicksville, Long Island, N. Y.**, increased its capital, effective April 1, from $611,000 to $623,220.

* * *

Effective Feb. 21 the capital of the **First National Bank of Farmingdale, Long Island, N. Y.**, become $550,000, having been increased from $500,000 as a result of a stock dividend of $50,000.

* * *

Approval was given on Feb. 17 by the New York State Banking Department to the **Patchogue Bank of Patchogue, Long Island, N. Y.**, to a certificate authorizing an increase in the bank's capital stock from $150,000 (in 6,000 shares, par $25), to $180,000 consisting of 7,200 shares of the same par value.

* * *

An agreement to merge **The Central National Bank of Yonkers, N. Y.** and **The County Trust Company of White Plains, N. Y.**, under the name of the latter institution has been reached, according to a statement under date of April 29 from Gerald S. Couzens, President of the Yonkers bank, and Andrew Wilson and Joseph E. Hughes, Chairman and President, respectively, of The County Trust Company. Endorsed by County Trust directors on April 27 and by directors of The Central National Bank on April 28, the merger agreement is still subject to the approval of State and Federal banking authorities and stockholders of the two banks before the consolidation takes place. Such approval is expected within six weeks, the statement said. Mr. Couzens, President of The Central National Bank since 1932, will become a member of the board of directors of The County Trust Company and will be Chairman of the bank's Executive Committee. The statement indicated that no other changes in personnel are anticipated.

In our issue of April 7, page 1636, reference was made to a statement in a local Yonkers paper to reports of plans of the Central National Bank to establish a branch office in the northeast section of Yonkers, which appear to have been supplanted by the consolidation arrangements.

Under the terms of the merger agreement, stockholders of The Central National Bank will receive 1⅔ shares of County Trust Company stock for each of their present shares. There are 550 stockholders owning a total of 141,000 shares in the Yonkers bank, which means that upon completion of the merger, The County Trust Company will have 1,178,950 shares of stock outstanding and upwards of 4,723 stockholders. Total capital funds of the enlarged institution will exceed $20,100,000. During the tenure of office of Mr. Couzens as President, the deposits, it is said, of The Central National have increased from approximately $3,000,000 to more than $27,000,000, while the capital funds have increased from $750,000 to $2,662,272. When the proposed merger is completed, the County Trust Company will have total assets of more than $314,000,000. The merger will increase The County Trust Company's number of offices in Yonkers to six, including the proposed Central National office at Central and Verona Avenues. When this merger and one pending with The Irvington National Bank and Trust Company are completed, County Trust will have 34 officers in 21 communities throughout Westchester.

* * *

The Lincoln National Bank of Newark, N. J., with common capital stock of $2,000,000 was absorbed effective April 15 by the **National State Bank of Newark.** In our issue of March 3, page 1035, an item appeared bearing on an announcement that a merger of the two banks was imminent. The present announcement states that the liquidating bank was operating three local branches.

* * *

The absorption of the **First National Bank of Bloomingdale, N. J.** by the **First National Bank and Trust Company of Paterson, N. J.** occurred on April 1, it is learned from a U. S. Treasury Bulletin made available April 25. The Bloomingdale institution had a common capital stock of $750,000. Preliminary agreements looking toward the merger were noted in our March 3 issue, page 1035.

* * *

As of March 15, the **Peoples National Bank of Norristown, Pa.** added $10,400 to its capital as a result of a stock dividend of that amount, thereby increasing the capital from $520,200 to $530,600.

* * *

A consolidation of the **First National Bank of Perkasie**, at Perkasie, Pa. with common stock of $90,000; the **Dublin National Bank of Dublin, Pa.** with common stock of $50,000; the **Quakertown Trust Co. of Quakertown, Pa.** with common stock of $150,000 and the **Perkasie Trust Company of Perkasie, Pa.** (common stock $150,000) was effected under date of April 4 under the name of the **Bucks County Bank & Trust Co., Perkasie Borough, Bucks County, Pa.**

* * *

Effective April 20 the capital of the **Central National Bank of Richmond, Va.** was increased to $2,000,000 from $1,750,000, by a stock dividend of $250,000.

* * *

A stock dividend of $100,000 has served to increase the capital of the **Second National Bank of Beloit, Wis.** from $100,000 to $200,000, the latter having become effective March 30.

* * *

The First National Bank of St. Paul, Minn. reports a capital of $9,240,000 as of April 18, increased from $6,000,000 by a stock dividend of $3,240,000.

* * *

J. C. Higdon, President of the Business Men's Assurance Company, Kansas City, Mo., was elected a director of **City National Bank & Trust Company of Kansas City, Mo.**, on May 3. On City National's board, Mr. Higdon takes the place of the late W. T. Grant, founder of B. M. A. and Chairman of the B. M. A. board at the time of his death in November, 1954. Mr. Higdon has been associated with B. M. A. since December, 1923, serving as Assistant Secretary, Actuary and Secretary. He was named Vice-President in 1931, director in 1934, Executive Vice-President in 1944, and President in 1945. Mr. Higdon is a director or officer of 22 business and civic organizations and is a past President of the Kansas City Chamber of Commerce; trustee and Vice-President of Park College, etc.

* * *

Effective Feb. 24, the **Columbia National Bank of Kansas City, Mo.** increased its capital from $500,000 to $600,000 by a stock dividend of $100,000.

* * *

The Gulf National Bank, of Gulfport, Miss. has doubled its capital, effective April 19, increasing it from $125,000 to $250,000. The addition to the capital was brought about by the sale of $62,500 of new stock, and the issuance of a stock dividend of the same amount, viz.: $62,500.

* * *

Following the issuance of a charter on April 20 to the **First National Bank of Altheimer, at Altheimer, Arkansas**, the bank opened for business on April 29. The institution has a capital of $75,000 and surplus of $30,000. Charles C. Willey is President; R. S. Barnett Jr., Vice-President; and Ralph E. Justice, Cashier.

* * *

A capital of $1,750,000 was reported by the **Merchants National Bank of Mobile, Ala.**, on Feb. 23, on which date it was increased from $1,500,000 as a result of the sale of $250,000 of new stock.

* * *

A stock dividend of $500,000 has served to increase the capital of the **Calcasieu-Marine National Bank of Lake Charles, La.** from $1,500,000 to $2,000,000, effective March 22.

* * *

The First Western Bank and Trust Company of San Francisco, Calif., has received permission from the State Superintendent of Banks to open an office in the new Hillsdale regional shopping center in San Mateo, Calif., it was announced on April 25 by T. P. Coats, Chairman of the bank's Board of Directors. The new Hillsdale office is the tenth new office that has been approved for First Western to date this year. Additionally, it has applications pending for five additional offices in as many cities and towns. The

First Western is now operating 57 offices in 42 communities.

* * *

As of March 4 the capital of the **County National Bank & Trust Company of Santa Barbara, Calif.,** reported a capital of $750,000, increased from $600,000 as the result of sale of $150,000 of new stock.

* * *

Advices April 28 from the **Citizens National Trust & Savings Bank of Riverside, Calif.** announce the reaching of a tentative agreement on April 6 by directors of that bank and those of the **Fontana National Bank, of Fontana, Calif.** for the consolidation of the two banks. The stockholders are to meet May 27 to vote on the proposal. It is announced that the agreement provides that:

(1) The two banks shall be consolidated under the charter of Citizens of Riverside.

(2) Shareholders of Fontana National Bank shall receive 1.1 shares of Citizens for each share of Fontana National stock owned by them.

(3) Citizens shall increase its shares outstanding by 11,000 to a new total of 236,000. There will be no change in the number or par value of Citizens shares owned by you.

(4) All of the assets and liabilities of the two banks (except for provision for Citizens regular semi-annual dividend) shall be taken into the consolidated bank.

(5) The consolidated bank will have a capital structure as follows:

Capital, 236,000 shs. of $16 par	$3,776,000
Surplus	3,776,000
Undivided profits, of at least	2,148,000
Total capital funds, of at least	$9,700,000

* * *

By a stock dividend of $1,875,000 the **National Bank of Washington, at Tacoma, Washington,** increased its capital from $1,875,000 to $3,750,000 effective April 1.

* * *

The Baker-Boyer National Bank of Walla Walla, Wash. increased its capital, effective March 1, from $400,000 to $500,000 by a stock dividend of $100,000.

Texas Mun. Advisory Council Is Formed

HOUSTON, Texas—The investment dealers handling municipal bonds in Texas have formed the Municipal Advisory Council of Texas to promote the development of the financial, and industrial life of the State of Texas. The Council's program is to compile, interpret and disseminate statistical information about the financial condition and fiscal operations of the State of Texas and its sub-divisions; to establish standards of classifications and ratings for the investment quality of Texas municipal securities; and to place at the disposal of the executive and legislative bodies of the State and local governments advice and counsel on matters of public finance.

At the present time membership is limited to resident dealers in Texas, but it is contemplated to expand this in the near future to include out-of-state dealers who are interested in Texas municipal finance.

Three With Baker, Simonds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Jack B. Anderson, Joseph P. Keane and David C. McClary have become associated with Baker, Simonds & Co., Buhl Building, members of the Detroit Stock Exchange.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The fifteen-month 2% note which was offered by the Treasury for the purpose of refunding, directly and indirectly, maturing certificates and tax saving notes was "right on the market," according to Treasury spokesmen. The money market specialists as a group appear to have accepted such a conclusion also, because when there is a bear market in government obligations there isn't too much one can do about it. The one issue refunding note, nonetheless, appears to fit well into the current pattern of things and there is no question about it being well received. This operation will wind up the Treasury's financing for the fiscal year which ends June 30.

There is no change in the course of the government market, which continues to be on the defensive. Demand for Treasury obligations is almost entirely in the near-term issues, where the market is broad and sizable. This is in contrast with the other segments of the list, where the demand is small and the market very thin.

No Market Surprise

The Treasury offer of $6.4 billion on a 15-month 2% note to refinance maturities which come due in the next two months, was not unexpected as far as the money market was concerned. Approximately $3.9 billion of the new issue was offered in exchange for the one-year 1⅛% certificate which matures on May 17. The balance of about $2.5 billion was put on sale to raise new money which will be used for the purpose of paying off $2.5 billion of non-marketable Treasury Series "B" tax and saving notes coming due during May, June and July. These new notes will be dated May 17, 1955 and will mature on Aug. 15, 1956.

It is expected that corporations, the largest holders of the maturing tax notes, will reinvest their funds in the new 15-month 2% note. It is customary, as in this instance, to refinance indirectly tax notes by a cash offering rather than directly by an exchange offer. It is also believed that corporations will take substantial quantities of the new note in exchange for the certificates which they own and which come due on May 17. Non-bank investors, mainly corporations, owned $1.5 billion of maturing certificates, with an additional $1.7 billion held by the Federal Reserve Banks. The remaining $700 million of the 1⅛% certificates were held chiefly by commercial banks.

"Basket Deal" Ruled Out

The Treasury evidently decided not to make a "basket deal" of the refunding and new-money-raising operation because it was reported that a spokesman for the government indicated that a choice of offerings or an option at this time would not attract substantial subscriptions. There is no great demand for long-term government securities at this time, because there are so many other ways in which funds can be put to work, with more attractive income, in non-government obligations. Mortgages still appear to have the inside track as far as most of the large institutional investors are concerned.

Even though the 15-month 2% note was not a surprise as far as money market specialists were concerned, there had been considerable talk about a 13-month note being used, with speculation that the rate of such an issue would be 1⅞%. Also, there was a not unimportant following in the money market at one time that a two and one-half year or a two year-nine month issue would be part of the operation of the Treasury. A coupon rate of 2½% was being talked about for such an obligation.

However, the Treasury decided against such a course of action and, for the first time since August 1953, holders of and investors in government securities were not given a choice or an option in a refunding and new money raising operation.

Money-Tightening Policy to Continue

There is apparently no let-down in the money tightening movement of the powers that be, and in the past few months the discount rate has been upped, margins have been increased twice and some minor changes have been made in mortgage financing, all of which are intended to slow down some of the excesses which have come into the economic picture.

To be sure, it will take time before these or other measures yet to be adopted will be effective, but it seems as though the feeling is growing in money market circles that the monetary authorities will eventually accomplish what they have set out to do.

Demand Centers on Short-Terms

Accordingly, under such circumstances, it is not expected that there will be much of a demand for government securities, other than the shorter most liquid obligations. As long as the uncertainty of the credit limiting and the interest rate raising operations are with the money market, there is not likely to be very much more than a token demand around for the longer-term government securities.

With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Ann Taylor has joined the staff of B. C. Morton & Co., Penobscot Building. Miss Taylor was previously with Smith, Hague, Noble & Co.

Joins Watling, Lerchen

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Donald T. Mathes is now connected with Watling, Lerchen & Co., Ford Building, members of the New York and Detroit Stock Exchanges.

With Barrett Herrick

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Manley J. Goodspeed, Jr. is now connected with Barrett Herrick & Co., Inc., 1016 Baltimore Avenue.

Joins Lucas, Eisen

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Arthur B. Church, Jr. is now affiliated with Lucas, Eisen & Waeckerle, Inc., 916 Walnut Street, members of the Midwest Stock Exchange. He was previously with Wadell & Reed, Inc.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

One estimate of the damage from the visitations of Carol, Edna and Hazel last year has set the figure at $300,000,000. This devastation was a matter of, in each case, a relatively few hours, and the affected area was not a very large part of the country. Yet the amount of this estimate puts it at, roughly, one-third of the entire nation's annual fire losses.

But if these misplaced hurricanes can be said to have given the writers of extended coverage a hard time, certainly our securities markets can be said to have far more than made up for this setback.

A group of some 200 stock companies showed, according to Alfred M. Best Company, investment gains of well above $1,000,000,000. This subject as applied to individual companies was covered in an earlier article in this column. This week is given the shareholder's gain for 1954. This consists of the change in his equity, or liquidating value, plus cash dividends for the year. The total for each company is then related to the stock's liquidating value at Dec. 31, 1953. Adjustments have been made for stock splits and stock dividends, and, also, in two cases where subscription rights of more than nominal value were issued. As liquidating value is made up of capital, surplus, any voluntary reserves and a formularized proportion of the unearned premium reserve, it necessarily is a reflection of the improvement in the valuations of security portfolios of the companies.

Naturally, those companies with proportionately large holdings of common stocks will be found to have fared better than the units whose holdings are more heavily weighted with bonds. And it might also be pointed out that this trend in the valuation growth has been greatly added to since the close of 1954, an indication of which may be had from the improvement in the Dow-Jones industrial average for that date and the present, 280.90 and 404.39, respectively.

	Increase in Liquidating Value 1954	Dividend 1954	Total Gain	Ratio of Total Gain to 12/31/53 Liq. Value
Aetna Casualty	$43.26	$3.00	$46.26	29.4%
Aetna (Fire) Insurance	12.79	2.40	15.19	14.8
Agricultural Insurance	9.54	1.60	11.14	20.4
American Insur. (Newark)	9.74	1.20	10.94	28.3
American Re-Insurance	6.97	1.00	7.97	24.3
American Surety	12.89	3.00	15.89	14.7
Automobile Insurance	40.70	2.00	42.70	36.8
Bankers & Shippers	20.73	2.40	23.13	21.7
Boston Insurance	9.10	1.40	10.50	22.2
†Continental Casualty	13.85	1.32	15.17	37.9
Continental Insurance	30.27	3.00	33.27	33.9
Federal Insurance	5.68	0.70	6.38	21.6
†Fidelity & Deposit	16.21	3.25	19.46	21.6
Fidelity Phenix	36.03	3.00	39.03	35.5
*†Fire Association	12.16	2.20	14.36	19.5
†Fireman's Fund	12.15	1.35	13.50	22.5
Firemen's Insur. (Newark)	18.74	1.05	19.79	43.3
†General Re-Insurance	11.84	1.75	13.59	23.2
Glens Falls Insurance	17.47	2.00	19.47	23.1
Great American Insurance	13.06	1.50	14.56	30.3
Hanover Fire	12.77	1.80	14.57	21.0
†Hartford Fire	26.90	3.00	29.90	19.4
Home Insurance	12.14	2.00	14.14	22.8
Insurance Co. of No. Amer.	24.14	2.50	26.64	33.7
Maryland Casualty	9.30	1.25	10.55	34.2
Massachusetts Bonding	7.88	1.50	9.38	22.6
National Fire	20.88	3.00	23.88	17.3
†National Union Fire	8.76	2.00	10.76	17.6
New Amsterdam Casualty	13.72	1.65	15.37	20.4
New Hampshire Fire	8.88	2.00	10.88	15.4
†Northern Insurance	28.53	2.80	31.33	33.5
North River	9.68	1.50	11.18	24.4
Pacific Fire	30.15	3.40	33.55	23.7
†Phoenix Insurance	19.44	3.40	22.84	20.5
Providence Washington	—5.83	1.40	—4.43	——
St. Paul Fire & Marine	5.15	1.00	6.15	18.0
Security Insurance	8.18	1.60	9.78	14.9
Springfield Fire	14.65	2.00	16.65	19.4
Standard Accident	13.33	1.80	15.13	21.0
†United States Fidel. & Gty.	19.34	2.00	21.34	29.0
United States Fire	11.96	1.80	13.76	21.3
Westchester Fire	7.52	1.10	8.62	23.1

*Data not comparable because of capital change.
†Adjusted to Dec. 31, 1954 capitalization.

Probably never before did this group of companies show any such large gain, either dollarwise or percentagewise. Here we have eight stocks whose shareholder's gain for the year exceeds one-third of the equity at the start of 1954, an outstanding performance.

With Westheimer

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Albert C. Mullin, Jr. is now with Westheimer and Company, 326 Walnut Street, members of the New York and Cincinnati Stock Exchanges.

Joins Edward Siegler

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Alan Lertzman has joined the staff of Edward N. Siegler & Company, Union Commerce Arcade.

A Danger of Competition

By ROGER W. BABSON

Mr. Babson contends that competition which forces the employee's loyalty to the business ahead of his loyalty to his family is a destructive force to our national well-being. Says it is a responsibility of "Big Business" to see that employees spend more time with wives and children.

We have an enemy in this country eating away at us from within in a way that may be very destructive to our national well-being. That enemy is **competition**, which forces us to put an employee's loyalty to the business ahead of his loyalty to his family. When praising the "American Way" of free enterprise, let us not forget that it has serious dangers.

Roger W. Babson

Business Can Help Wreck the Home

Big Business is surely contributing to juvenile delinquency by the high priority it claims on a man's evenings and week-ends. When father should be spending time with his wife and children he is entertaining customers or whittling down the paper work on his desk. He is a stranger in his own home. This almost hysterical pursuit of company business at any cost to family life is evidence of the decline in moral values that has hit too many business executives.

There are millions of sad homes across the land, homes where fathers have awakened with a jolt to find sons already grown up. Sons have gotten into serious difficulties because they never received the kind of guidance and discipline they needed from father. I recall a plaintive cry from a "corporation wife" which appeared in "Fortune" magazine a couple of years ago. She particularly condemned the type and amount of entertainment that she, as a corporation wife, was expected to offer to her husband's business associates. In this case, the corporation left little time for either parent to spend with the children.

Constant Change Is Dangerous

It is a mistake for companies not to allow sales managers to stay in any one place long enough to become part of their community. They must move every two or three years. Of course, the wives become irritable; children have a hard time in school; and husbands develop ulcers. Marriage and the family don't have a chance.

Graduates of Colleges of Business Administration have been criticized in recent years for being unwilling to be away from home five nights a week for their dear old employer; but these graduates may be justified. The present generation of fathers and mothers of teen-agers haven't a very good record. Perhaps the new crop of prospective fathers and mothers will do a better job!

Parental Guidance Lacking

A father tells about the very good prep school to which he is sending his teen-agers. Says he, "Why I don't have to be bothered with the kids at all. This winter the school taught my boy how to ski and to skate. Saved me a lot of time and trouble!" School and college guidance offices are filled with records of young people who are emotionally unstable because their parents never played with them enough, never gave them the understanding and guidance they needed.

A friend recently stated that when he suggested a plan for fathers and sons to raise money together by planting and marketing certain garden crops, he was nearly booed out of the meeting. "Whoever heard of such a ridiculous idea? We're all too busy," was the reply. Don't blame the schools for all the shortcomings of the younger generation!

Responsibility of "Big Business"

How often have you heard a business executive say that he doesn't want his children to work as hard as he has had to? So he hands them out fat allowances, automobiles, expensive education, and perhaps even subsidies for marriage. This eases his conscience; he can say he has given his children everything — "everything," the children will tell you, except what they really wanted most—companionship.

Such prolonged wet-nursing can develop a generation of young people who are egocentric, emotionally immature, and who believe the world owes them a living. Who is to blame? I have a hunch that the pace business sets has something to do with the situation. In fact, when asked as to what will bring on the next depression, I forecast: "Employers, executives, wageworkers, and even consumers will some day get **tired** and just quit the struggle. Many parents are now reaching this stage."

Verner Kraft Again A Proud Papa

LOS ANGELES, Calif.—Verner H. Kraft, Oscar F. Kraft & Co., is the proud father of a second daughter, Nolinda, born April 14. His older daughter is Wendie, who has attained the ripe age of 14 months.

This makes Oscar Kraft a grandpa four times over.

Frank Hargear 35 Yrs. With Sutro & Co.

LOS ANGELES, Calif. — Frank F. Hargear is celebrating his 35th year with Sutro & Co., Van Nuys Building. Mr. Hargear joined the firm on May 1, 1920 following his graduation from the University of California. He became a partner in 1927 and in 1929 opened the Los Angeles office as resident partner. From 1931 to 1936, from 1937 to 1943 and from 1951 to 1954 he was a Governor of the Los Angeles Stock Exchange.

Smith, LaHue Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — Robert W. Stein has been added to the staff of Smith, LaHue & Co., Pioneer Building.

With State Bond & Mtg.

(Special to THE FINANCIAL CHRONICLE)

ODESSA, Mo.—Robert C. Neubauer has joined the staff of State Bond and Mortgage Company, of New Ulm, Minn.

Goldman, Sachs Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Harry E. Corley has become affiliated with Goldman, Sachs & Co., Boatmen's Bank Building.

Bethlehem Steel Corp. Offer Underwritten

One of the largest underwritten offerings of corporate debt securities on record is being made by Bethlehem Steel Corp. with the offering to its common stockholders of the right to subscribe for $191,659,000 of 3¼% 25-year debentures, due May 1, 1980 and convertible into common stock through May 1, 1965. Kuhn, Loeb & Co. and Smith, Barney & Co. jointly head of an underwriting group of 234 members which will purchase any unsubscribed debentures.

Under the offer holders of common stock of record on May 2, 1955 receive the right to subscribe for the debentures at the rate of $500 principal amount for each 25 shares of stock held. The subscription price is 100%. The offer expires on May 23, 1955.

The conversion price per share of common stock through May 1, 1957 is $140; payable by surrender of $100 principal amount of debentures and payment of $40 in cash. The conversion price and the amount of cash payable on conversion will increase $5 per share on May 2 in each of the years 1957, 1959, 1961 and 1963.

Net proceeds derived by Bethlehem from the sale of the debentures will be added to funds of the company and used for corporate purposes as determined by the management. In this connection Bethlehem pointed out that during the period 1950-1954 it expended more than $500,000,000 for property additions and improvements and acquisitions of properties; that during this period outstanding funded debt deceased and there was no increase in outstanding capital stock; and that expanded sales volume during the period has materially increased the need for working capital. Further, it will be required to expend in the future approximately $171,000,000 for additions and improvements authorized but not completed at March 31, 1955. Bethlehem will also be required to make substantial future expenditures under agreements to purchase 45% of up to $207,000,000 of bonds of Erie Mining Company, and to provide Bethlehem's proportionate share of all sums required by Erie Mining for the completion of its taconite project and for working capital not obtained by the sale of bonds. Bethlehem has a 45% stock interest in Erie Mining. Erie Mining owns or holds under lease lands in Minnesota containing large quantities of taconite, a low grade iron ore requiring beneficiation and further processing to make it suitable for use in blast furnaces. It has under construction a taconite processing plant and related facilities, expenditures on which totalled approximately $57,000,000 prior to April 1, 1955; estimated cost of completing the plant and related facilities is $243,000,000, not including interest charges or other financing costs during the period of construction.

The debentures carry a sinking fund under which Bethlehem will retire through purchase, redemption or conversion $7,500,000 principal amount of the debentures on or before Nov. 1 in each of the years 1965 to 1979, inclusive.

On March 31, 1955 consolidated long-term debt of the corporation and its subsidiaries was $149,-214,000. Capital stock comprised 933,887 shares of 7% preferred stock with a par value of $100 a share and 9,582,942 shares of common stock.

Consolidated assets on Dec. 31, 1954, totalled $1,613,443,531. Net billings in 1954 amounted to $1,-656,809,455; income available for interest, 269,290,145; interest and other charges, $6,852,991; and net income, $132,837,154.

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New Industrial Techniques And Their Benefits

billion in new plant and machines. The consequent gain in production is estimated as equal to the work of 15 million men. Yet the total employment today is not lower by 15 million, but higher by 3¾ million workers.

Automation may play one more important role in actually protecting American employment and living standards . . . that is to help us meet that low wage competition from abroad. And now —the A-bomb has become housebroken, both as a tool to aid automation, and as a new and major source of industrial power . . . already making its dramatic appearance on the industrial stage.

When these things were first talked of we were looking forward in terms of 50 years . . . then we lowered the estimate to 40. Progress came so fast that each time there was a pause for breath the time schedule had to be shortened. Already we have one submarine successfully powered by it, and new ones on the way. The nation's first commercial project to generate electricity from an atomic reactor is right now under construction. Use of atomic power for airplanes, trains and surface ships is getting close.

And it is easy to foresee the irrigation of arid lands with water from the exhaustless oceans, extracting the salts and pumping the pure water long miles at bearable cost.

It is now forecast that within the next 25 years, half of our industrial power will be coming from atomic plants. By that time our present sources of power, at least the generating facilities, will be pretty well depreciated, and in that part of the economy we will see not revolution but evolution, taking place step by step, normally and without harmful disruptions. By then, also, we can expect the present higher cost of atomic power to be more closely approaching that of steam plants, or perhaps even bettering them.

One great advantage of A-power is that the plants can be established in remote areas, and in areas where existing sources are at capacity or exhausted, and where conventional fuels are not easily available. Also, A-power can be brought to sources of raw material and contribute to lowering costs where other factors assist.

We see these concepts at work in the activities of the many other countries.

Britain is planning to use it to supplement coal in meeting its rising demands for industrial power, and is erecting a system of nuclear power stations to operate at a cost fully competitive with coal. Switzerland, whose need for electric power doubles every decade, is rushing research with an atomic pile financed by industrial concerns, assisted by the State. A similar plan is being prepared in West Germany. Sweden is speeding its three-stage program, the first of which is already producing power, the second to be working by 1959, the third by 1965. Norway, too, has projects under way, and France seeks to supplement its too scant hydro resources. Canada has works under construction, and down in South Africa the plan is to provide cheap A-power to the mining areas, where water power is far distant but uranium is abundant. India, an enthusiast on the subject, is now undertaking new work at a plant in Bombay with some help from the United States, and with hopes of further help from other countries.

It is interesting to see that the same thing is happening to the split atom, first devoted to war, as happened to many other inventions.

The short club became a carpenter's hammer; the battering ram became a piledriver; the sword, of course, became a plowshare; powder and dynamite became something with which to tear out tree stumps and reduce hills; the army tank became a bulldozer and roadbuilder.

And as I have intimated, the A-bomb is becoming domesticated as an aid to electronics and automation, and a source of industrial power of a scope to stagger the imagination.

The application of the nuclear sciences to the needs of our everyday world call for the greatest skills yet developed. These skills are demanded alike of the technicians, engineers and physicists, and of industrial and commercial management in applying them to products, operations and sales. An application of skill is needed as well to persuade the people at large to lose their fear of the split atom as domesticated. Progress can be faster when this specter vanishes.

The man who won't drive within miles of a nuclear installation for fear it might blow up, form a mushroom cloud and scatter radioactive fall-out, is not likely to enjoy operating with radioactivity in the factory where he is a skilled machinist. People are gaining some familiarity with it. This is apparent from the fact that well over a thousand industrial plants in this country are now employing radioactivity as a tool. According to the Atomic Energy Commission, more than 50,000 shipments of radio-isotopes have been sent to 2,200 different institutions in the United States; and more than 3,000 shipments of radioactive materials have been sent to 43 foreign countries. In addition, 2,000 scientists have been trained in the handling of radioactive materials; these in turn are training others.

We are told that radioactive tools are no more dangerous than high-voltage lines and toxic chemicals which skilled men handle every day with ease. As most of you in this audience know, the radio-isotope is any chemical element that has been exposed to radiation in an atomic pile, or to bombardment in an atom smasher, until it has been made radioactive. It can then be made into tools for automatic-machine use in metals inspection, quality control, chemical process control; can be used in measuring and maintaining a uniform thickness of materials in process of manufacture; also in swiftly and cheaply locating leaks in buried piping, and so on, and on. These tools work without making your products radioactive, and there are no problems of security.

One type now in use opens and closes pipeline valves automatically, and starts and stops pumps. Another in the hands of chemists who deal in plastics and rubber results in improvement of quality and tensile strength. Even in agriculture it has been used to study the metabolism of a cow, and is now being used in the study of trees.

There is presently in the development stage a method of food treatment, designed to kill bacteria and prevent new bacteria from appearing, and thus promising to solve problems of food preservation without refrigeration such as confronts armies in the field and mass movements out of disaster areas. The Atomic Energy Commission has estimated that radioactive tools are now saving 100 million per year in production costs, and may reach the rate of a billion in the next decade.

Being involved in management, myself, I see a great need for special attention to the management phases of this evolutionary industrial revolution. As business has grown in scope and complexity, the demand, burdens and pressures on management have grown. And many of us, concerned with the problem of getting competent help in management, see the need for new educational courses, especially in the post-graduate area, and for teachers equipped to give the advanced, practical instruction required. To be sure, there is increased activity in adult education, and more and more firms are sending promising employees to attend short courses, summer schools and the like.

These prove the value of post-graduate work which can be applied directly to the problems of a business position. New advances are needed. Heads of enterprises would welcome facilities and willingly bear the expense of advanced training of their lieutenants on a more comprehensive scale.

Many of us in this audience have grown up along with our multiplying problems and have learned about them the hard way, by trial and error. The younger fellow finds himself up against the total accumulation of all these things, plus the new problems that are coming his way as industrial advances continue to develop around him. Among his continuing problems are those of his working force, not only their scientific selection, their indoctrination and training, but also encouragement of their ability to orient for greater and greater production, in order to yield higher standards of living and to create resources for a real retirement security . . . of more significant meaning and in larger proportions than we have thought of before. Then there are responsibilities to stockholders, who now are found in more varied categories of society and are shaping a more penetrating and more democratic kind of capitalism.

In an area increasingly recognized, that known as "corporate conscience," he must realize and work out his proper relationship to the communities in which his business operates; realize and assume his place, and exercise his voice, when appropriate, in local, state and national governmental affairs; accept the newer responsibilities of business in philanthropy, induced by the present-day tax situation which has made personal philanthropy less and less possible on the old scale, and has shifted part of the obligation to business enterprises.

All colleges are facing rising costs, are having a struggle to survive, especially those supported by private funds.

Many larger business institutions are making generous scholarship contributions, but these seem to total less than $10 million in annual value, and much more is needed.

Here we have another tie between education and business, in which each can help the other with substance and with dignity.

The field ever-widens in which educational institutions can work with business management, developing curricula to fit into employee training programs.

Educators realize, of course, today's need to keep education flexible and forward, to follow their students into business life and design their supplementary training.

And, as already hinted, we all have the problem of public acceptance of the revolutionary and evolutionary advances we have been discussing.

Changes, new concepts, ventures into the unfamiliar, naturally bring problems of adjustment to many people, who may well be concerned about what these things may do to them, or demand of them.

Business must itself accept a share of the responsibility of interpreting these developments in terms of human welfare, of better living and higher standards, a more pleasant life for all of society.

And business needs the help of education in all this.

By way of conclusion, now, let's see what we have here:

A great change in the making; less of a disrupting, alarming revolution; more of a fast-moving evolution that is promising exciting advances into better living, but demanding more skills in return for less manual effort—skills from individual workers in every line of gainful activity; skills from the scientists, from the managers of business, and from our educators.

There never were such mutually-intriguing prospects for good teamwork between elements which have not always been at peace with each other.

It might be that things which have troubled men for centuries will be resolved by the developments we are now witnessing, and in which it is our privilege to participate. We might, in all innocence perhaps, be working out a charter of peace which can rest not merely on earnest but unsupported wishes, but on worked-out solutions to man's human needs. It seems to me this could be mankind's greatest opportunity—an evolutionary revolution eliminating want, banishing the slavery of man, removing incentive to war and putting mankind above the primitive struggle for survival that has haunted him from the dawn of time.

Let's grasp that opportunity!!

Keith Funston on European Mission

Keith Funston, President of the New York Stock Exchange, has left New York for a three-week visit to European financial centers. The purpose of his trip is to meet with officials of foreign stock exchanges and financial and industrial leaders to discuss matters relating to European trading in American securities and means of stimulating interest here and abroad in the international flow of capital. Mr. Funston visited Europe on a similar mission in March of last year.

G. Keith Funston

Mr. Funston is scheduled to visit Holland, Germany and Italy. He plans to return to New York by the middle of May. He will be accompanied by Phillip L. West, Vice-President of the Exchange, who will extend his visit to include Belgium, France and England.

Smith With Zoering

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Ralph R. Smith has become associated with E. L. Zoernig & Co., Inc., 315 North Seventh Street. Mr. Smith was formerly with Albert Theis & Sons, Inc., and Barrett Herrick & Co.

Loewi Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — William B. White has been added to the staff of Loewi & Co., 225 East Mason Street, members of the Midwest Stock Exchange.

Is a Higher Bank Rate In Britain Coming?

By PAUL EINZIG

Dr. Einzig, referring to reactions of the rise in the Bank of England discount rate to 4½%, finds there are grounds for holding the rate may go even higher, because of the proposed reduction of £140 million in taxation. Says, at present, there is no public feeling against the high bank rate, and that the question now is, can this "dear money, without tears," produce the desired effect on the British balance of payments?

LONDON, Eng.—Until recently it was assumed that the 4½% Bank rate was purely temporary, and that the next change would be in a downward direction. Following on Mr. Butler's Budget statement on April 19 many people have now come to the conclusion that the Bank rate is likely to be raised further before it is lowered. Its increase to 5½% and even 6% is now freely predicted. The reason for this change of sentiment is the announced reduction of taxation to the extent of some £140 million. In view of the fact that Britain's economy is already overloaded, such a release of additional purchasing power is bound to increase the inflationary demand. Mr. Butler's hopes that consumer demand is not likely to rise is not shared by most economists, financial journalists and businessmen. It is true, some £60 million of the tax cuts will be received by business firms, and part of the rest will be received by higher income-groups which are likely to save much of the additional money to be received. Even so, allowing for the "multiplier" effect of the additional consumer demand, the increase of the already excessive buying pressure is likely to be appreciable.

Dr. Paul Einzig

Those who are inclined to criticize Mr. Butler must be reminded that he was confronted by the choice of two evils. Had he introduced an "austerity Budget," or had he even refrained from making some tax concessions, the government's chances of winning the impending general election would have weakened considerably. While in the crisis of 1931 the Conservative Party was able to appeal to the electorate with a program of austerity, in 1955 the economic difficulties calling for unpopular measures are neither sufficiently acute nor sufficiently obvious for the electorate to respond to them in the right spirit. And if, as a result of an orthodox Budget, the Socialists assumed power once more, they could be depended on pursuing even less "sound" policies than the one represented by Mr. Butler's Budget. So the choice was between a relatively moderate inflation now and a much more advanced inflation in case of a Socialist victory.

Those who are inclined to blame Mr. Butler for his "electioneering" Budget should remember that finance and economy do not exist in a vacuum, and that in given situations purist considerations have to be sacrificed for considerations of political expediency. Moreover, Mr. Butler has succeeded in producing theoretical foundations for his budgetary policy. He flatly rejected the modern fiscal conception according to which business trends must be managed with the aid of budgetary surpluses or deficits instead of the monetary weapon. That was the policy pursued by the three Socialist Chancellors, who sought to improve the balance of payments from time to time with the aid of higher taxation instead of the conventional device of a higher Bank rate. Mr. Butler has now returned to the use of the Bank rate device. It is not unreasonable to assume, therefore, that, should the tax concessions lead to a further weakening of the balance of payments, Mr. Butler would seek to offset it by a further increase of the Bank rate.

Until recently this return to conventional monetary policy would have been inconceivable. For two decades dear money was denounced as one of the major evils. Popular opinion identified itself with cheap money to almost the same extent as it identified itself with full employment. It would have been risky for the Goverment to face a general election with a Bank rate at 4½%. During recent weeks, however, it was found that there was practically no public feeling against the high Bank rate. This is because, up to the time of writing at any rate, the high Bank rate has not produced any of the adverse effects attributed to it. There has been no credit stringency, and employment has remained as overfull as ever. Most firms can well afford to pay the higher interest rates on their bank loans, because business is good and prices are sufficiently high to enable them to pass on to the buyers the additional cost. There can be no doubt that a Gallup Poll on the choice between higher Bank rate and higher taxation would show an overwhelming preference for the former.

The question is, can this "dear money without tears" produce the desired effect on the British balance of payments? Unless the Bank rate is accompanied by a decline in the volume of bank credit it cannot reduce consumer demand. And unless consumer demand is reduced there can be no improvement in the balance of payments. So sooner or later the British authorities will have to make the high Bank rate effective by enforcing a credit squeeze similar to that of 1952. Possibly if the Bank rate is raised high enough it may produce such effect automatically without any direct official intervention to reduce the volume of credit. This is what Mr. Butler presumably has in mind.

Although Mr. Butler's policy in replacing the Budget by the Bank rate as the principal monetary device is highly orthodox, in a different sense the reduction of taxation at a time when the Budget shows a large overall deficit is not exactly in conformity with orthodox British budgetary traditions. His differentiation between expenditure incurred in connection with current and capital items has been carried too far. There is no real difference between an amount spent on the erection of Government office buildings (which appears as current expenditure) and an identical amount spent on financing a housing scheme (which appears as capital expenditure). Their effect is identical from a fiscal, monetary and economic point of view. For this reason there appears to be no justification for claiming that the latter need not be covered by current revenue. In this respect, however, there seems to be complete agreement between Mr. Butler and his Socialist predecessor in office, Mr. Gaitskell. Both feel justified in leaving uncovered what they choose to regard as capital items.

Fortunately the date of the general election is very near, and the amount of damage that may be caused by unsound policies in a few weeks is not likely to be great. And the chances are that, should Mr. Butler be confirmed in office by the result of the general election, he would take firm measures to undo the temporary harm that political budgeting is liable to do.

Fred Kirtland V.-P. Of Mid South Secs.

NASHVILLE, Tenn.—Mid-South Securities Co., American Trust Building, announces that Fred K. Kirtland has become associated with them as Vice-President in charge of the municipal bond department. Mr. Kirtland for many years has been head of his own firm, Hermitage Securities Company.

Fred Kirtland

Boston Inv. Club to Hold Annual Outing

BOSTON, Mass. — The annual outing of the Boston Investment Club will be held June 24 at the Weston Golf Club. Information may be obtained from Lowell A. Warren, Jr., Dominion Securities Corporation, Publicity Chairman.

Security Supervision To Be Formed in NY

Effective May 14, Security Supervision, Inc. will be formed with offices at 1 Wall Street, New York City. Officers of the new firm, which will hold membership in the New York Stock Exchange, will be Alfred B. Cornell, President; O. Donald Noble, Vice-President; and Otto Fuerst, Secretary-Treasurer. Mr. Fuerst holds the Exchange membership.

A. C. Allyn & Co. Opens New Branch in Tulsa

TULSA, Okla.—A. C. Allyn, & Co., member of the principal stock exchanges, announced the opening of an office in Tulsa, Oklahoma, with John L. Rowe as Registered Representative. The firm and its affiliated investment banking organization, A. C. Allyn and Company, Incorporated, now has offices in 24 cities in addition to headquarters in Chicago. The Tulsa office is located at 11 E. 5th Street.

Joins Beil & Hough, Inc.

ST. PETERSBURG, Fla.—John E. Eustis, a native of St. Petersburg, who has recently returned to this City from New York is now associated with the Trading Department of Beil & Hough, Inc., 33 Fourth Street, North, members of the Midwest Stock Exchange.

With Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Donald J. Pierce has been added to the staff of Daniel D. Weston & Co., 140 South Beverly Drive.

Industrial Construction Ups Sharply

Dr. George Cline Smith, economist for F. W. Dodge Corporation, says contract awards for industrial construction in 37 Eastern States in March totaled $176 million, an increase of 120% over same month last year.

Addressing the annual Business Economists Conference of the University of Chicago on April 28, George Cline Smith, Economist for the F. W. Dodge Corp., said that in March, contract awards for industrial construction in the 37 eastern states covered by Dodge reports totalled $176 million, an increase of almost 120% over March of last year.


Dr. George C. Smith

He said the current high levels of construction activity reflect an expansion of industrial and other nonresidential building comparable in scale with the much more widely publicized increase in housing.

"During the first quarter of this year," Mr. Smith reported, "industrial contract awards ran nearly 26% ahead of the same period of 1954. This is the first substantial upturn in the industrial category since it dropped from a peak in 1951. Industrial construction has for the past several years been the one major type which has failed to keep pace with the general expansion of construction, and it has generally been predicted that it would come out of the doldrums by 1956, in response to demand pressures for industrial products. Apparently the expected upturn has been moved forward by the rapid improvement in business activity in the past few months.

"The rise in industrial contracts is not a fluke, confined to one or two large industries. In March, 17 of the 24 categories of manufacturing buildings reported by Dodge showed increases over last year. This broad base is also reflected in the figures for the quarter, with 14 of the 24 categories showing increases.

"These increases, combined with others in commercial buildings, schools, churches, hospitals and other nonresidential types, have brought nonresidential construction contract awards to a level in March which was 43% ahead of March, 1954. This compares favorably with the increase in residential building, which was 48% over the same period.

"Public works and public utilities, not included in the nonresidential building category, also showed a substantial, although less spectacular, increase of 18% over March, 1954.

"Emphasis on housing in recent discussions has tended to obscure the fact that residential construction is only one part of the industry. In 1954, housing accounted for about 43% of the total contract awards, in spite of record-breaking dollar volume; the remaining 57% of the construction industry consisted of nonresidential buildings and heavy engineering. The fact that this important nonresidential part of construction is expanding should not be overlooked."

Continued from first page

As We See It

nostalgia. In the minds of those whose memory goes no further back than the mid-'Thirties, there too often, we are afraid, seems to be nothing exceptional or blameworthy in what has become known as mass picketing by which any and all who would take up the tasks strikers have laid down are prevented by force from entering the struck premises. To them, too, probably there is little that is anomalous in thousands of workers refusing to perform their regular duties because a handful of members of some union of which they are not members throw a picket line around an establishment.

No Checkoff Then

In those earlier days the so-called checkoff was the exception rather than the rule, and no way usually existed for a handful of troublemakers to oblige all men to join a union and keep their membership in good standing upon pain of not being able to find work. Indeed, there were large segments of the economy in which no such thing as a labor union existed. A situation such as that now confronting the President and the nation in the form of a combination of the American Federation of Labor and the CIO would have been all but unthinkable. Anything in the nature of a labor monopoly almost anywhere was, by the vast majority of the people of this country, regarded as undesirable as were other kinds of monopoly.

Those were the days, too, when wise old Samuel Gompers steadfastly refused to try to make either of the political parties his prisoner or his vassal. It was much later that the union leaders, who themselves are really politicians in another field, began to try to deliver the votes of the members to one or the other of the great political parties. In this they have not always been successful, but the effort is now their regular line of policy. In Samuel Gompers' day, too, any thought of a combination of the farmers of the country and the wage earners into a "I scratch your back; you scratch mine" arrangement was at most not more than a dream of a few imaginative souls.

In the years that have flowed by since the Administration of President Wilson, organized labor with the active aid and assistance of most of the politicians, has become more and more powerful and more and more greedy. Times, at least since our entry into World War II in 1941, have been extraordinarily good, and the managers of the unions have found it possible to push heretofore unheard-of demands, the one after the other, to successful conclusions. Minimum wages, virtually compulsory unionism (always the dream of union bosses), countless "fringe benefits" and a dozen other gains have come to them. Now the hue and cry is for guaranteed annual wages.

All this places union managers in a very strong position with rank and file of the membership, but let no one suppose that all of it has really been clear gain. It was inevitable, of course, that all this, together with shorter and ever shorter hours of work and less and less vigorous effort on the part of workers, would drive prices up. Of course, there were other causes, too, but prices would have had to rise anyhow or else labor could not have been heir to all the "gains" they now are so proud of. What it all has done to the rest of us is another and different story.

So much for where we are today and how we got there. What of the future? What should the attitude of government be, and what is it likely to be? And what will the union leaders do now that they have joined forces to form an organization larger than any ever known in this country? Not very much information, we are afraid, is to be had from the words of the President, or from anything that the American Federation of Labor representatives had to say the other day in Washington. "So far as the Almighty will give this Administration and to me personally the ability to discern the proper tasks," said the President, "we shall do nothing but devote our efforts to try to lead this world—this nation of ours—toward enduring peace, toward a better prosperity and equal justice for all."

These words could mean a good deal or they could mean exactly nothing. Interpreted in the light of the habits of politicians, it would appear that the latter alternative is the more plausible.

Words, Words, Words!

Said the President of the American Federation of Labor: "In the present struggle against the aggressive forces of communism, the workers of America will stand up and do their full part to preserve world peace and the free way of life—the only way of life which offers them the opportunity to strive for a better day to come for themselves and for all humanity." Let him who thinks he knows say what these words mean, if anything.

Let's be candid about all this. With the hold that labor unionism now has upon the great rank and file, it is hardly reasonable to expect any political regime to go very far in eliminating the abuses that have arisen in this area of labor monopoly. Yet some way must be found to get this situation in hand if we are to go ahead in the future as all would like to do.

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We Are Not Overbuilding New Homes

all our non-farm families earn, not $4,000 but over $5,000 per year. They can therefore afford a $12,500 house. For that price the home-building industry can give excellenet value in most parts of the country even at today's prices and wages. No such situation ever existed in the old days when almost three-quarters of all non-farm families could not afford any kind of a new dwelling.

The financial ability to buy new homes is immensely reinforced by one of the most fundamental forces at work in this country, namely, the spectacular increase in the civil population since 1939. To reiterate a well-known fact, in 1954 there were almost twice as many children born as in the average prewar year of the 1930's. And in only 10 years more, so enormous is the level of births today, we will have at least 26,000,000 more children than in 1939.

Spectacular Migration to the Suburbs

Growing families have to find space for the vastly increased number of youngsters to run around in and grow up in. Thus we have a spectacular migration to the suburbs. It is there where the great bulk of home building goes on.

Side by side with the vast migration to the suburbs, we have a continuous regional migration from farms, towns and cities in the more developed parts of the United States to rim of the country, including the West, the Gulf Coast, the Southeast and the Great Lakes.

But regardless of where homes are built, the ancient maxim of the building industry still applies: when it is as cheap to build as to rent, people build. Since the war myriads of families have discovered that they can own a house in the suburbs where they want to live and bring up their children just about as cheaply as they could rent an old house in an older section of the city where they do not want to live. The long repayment period of present-day mortgage makes this possible. That has been and continues to be one of the major "dynamizers" of the enormous present-day housing demand.

Finally, there is the draft, which has brought another revolutionary change into the home-building picture. About a million young men, all in the marriageable age, leave the armed forces each year. Since practically every able-bodied male of marriageable age is or soon will be a veteran, the great bulk of new families can buy or build a new home with little or no down payment.

Not Overbuilding Homes

All these factors add up to this:

We are not really overbuilding homes at all, although, of course, this is not to say that there will not be overbuilding in specific localities from time to time. We are merely satisfying an enormously increased demand.

Some people talk as if builders erect houses for speculation and then press an unwilling public to buy them. The reverse is the fact. Builders have been straining every nerve to put up houses where families by the millions insist on living.

The demand is a result of a revolution in income, a revolution in where people want to live, and, of course, easy credit terms. Many people have not grasped these facts. Or they tend to become panicked by the immensity of these postwar changes. They still think in terms of the long-dead days before the war.

Home building, of course, is but one phase of our economy. What other forces will be at work in the next decade? From the available statistics and trends, there is little doubt in my mind that 10 years from now our American economy will be a truly gigantic affair.

By 1965, the population should be well on the way to 200,000,000. We will be called upon to provide jobs for close to 80,000,000 people or nearly 12,000,000 more than are in today's labor force. And it will be necessary to produce $500 billion, or half a trillion, of goods and services annually, compared with the current yearly rate of approximately $370 billion. There is no doubt that the American economy is capable of such a performance. But will it be done? That is the question.

Prime Movers

To stimulate a nation to so great an effort requires an enormously powerful economic "dynamizer" or prime-mover. In the past we have had such prime-movers. And they have brought about great periods of prosperity. For example, the building of railroads and the early industrialization of our country before and after the Civil War were notable stimulants to our progress. So, too, were the opening up of the West and the revolutionary mass production methods which brought the automobile within reach of so many people in the 1920's.

Although no peace-loving nation would resort to war to bring about prosperity, nevertheless a by-product of the two World Wars was the acceleration of technological improvements and a vast increase in our productive capacity.

And since V-J Day, the remarkable growth of our population and a truly spectacular further development in technology have been among the outstanding prime-movers that have kept our economy humming at a near-record pace. But from now on, what "dynamizers" will we have to support a labor force or 80,000,000 and a Gross National Product of $500 billion 10 years or so hence? To be sure, we may expect a further massive population growth, particularly when the war and postwar children begin to reach the marrying age after 1962 or thereabouts. Moreover, we should be able to rely upon an ever-accelerating rate of technological advance.

These two prime-movers, however, will not be sufficient to carry our economy forward.

Fortunately, a third prime-mover of colossal proportions is now clearly taking shape. And that is the necessity to rebuild America, the construction industry's special and prime responsibility.

There are two basic reasons why this prime-mover towers up before us at this time. In the first place, we are in the atomic age with its ever-present threat of war. No one but a lunatic wants atomic war. Yet we must face realities. There may be no peace. There may be ahead many years or even decades during which sudden overwhelming attack on our cities is an ever-present possibility. Hence the rebuilding of our cities and environments for rapid dispersion of the population is a survival-imperative. In the second place, a rebuilt America is what our population will want most 10 to 12 years from now and thereafter.

Better Homes Wanted

Now why do I come to this conclusion?

I am convinced that by 1965 or so, few Americans will want more or better food and clothing. Those problems will have been pretty well solved. There will be an abundance of these products of excellent quality.

It is my belief that a home, one of the prime requisities of man, represents more opportunities for attractive improvements than any other item that competes for the consumer's dollar. Today, millions of American families would like better, more spacious, modern and pleasantly located homes.

As I said earlier, we, in the building industry, are too prone to visualize our markets in terms of new family formations. Let's broaden our sights and develop bigger future housing markets by stimulating the desire of Americans for more modern, more efficient and more comfortable housing.

Our life today is dominated to a considerable extent by the automobile. Yet its use is frustrated in every direction and in a thousand ways by the present horse-and-buggy transportation pattern of our cities, towns, urban approaches and highways. We have not satisfied in a modern way a fourth basic desire in man—the urge to move around. Here we are definitely hamstrung. The automobile has provided the instrument but we attempt to use this modern means of transportation in a framework inherited from the horse-and-carriage days.

It will require a stupendous effort on our part if we are to solve these twin problems of shelter and mobility. But it is this all-out effort to solve them that will constitute the prime-mover that will enable our economy to perform on a scale big enough to support 200,000,000 people and a labor force of 80,000,000 or more.

Role of the Construction Industry

I have mentioned the important role already being played by the construction industry in our economy. It has never been so important as today. But it will not and cannot hold back. Today it may represent almost one-sixth of our total output of goods and services. I can envision a period, say 10 or 12 years from now, when it will represent one-fifth of our economy's annual output.

I may appear to be overly optimistic. And, of course, I realize that there will always be an occasional year of lessened activity. Yet in our generation we have seen how fast the demand for construction can skyrocket.

Before World War II, a rate of a million new homes a year was approached only once. That was in 1925. In those days, the laborer, the office worker and the just-married couple barely dreamed of owning a new home. Today, if home starts dropped below a million a year, the government would do everything possible to boost the level. Today, the young couple, the laboring man and the office clerk expect to live in a new home as a matter of course —not once, but several times in their lives.

Last year expenditures for highway construction amounted to $4 billion, four times as much as before the war. And not so long ago, the President of the United States called for an expenditure of $10 billion a year on highway construction for a period of 10 years. And that is only a beginning.

We are on the threshold of an age when the great thruways, the express highways will radically and fundamentally remake America. Just as the building of the railroads in another era gave the stimulus to our economy so, too, great express highways across the country will create new industries, new housing projects and other developments.

It is one of the outstanding characteristics of the construction industry that its many phases set in motion many subsidiary activities. Thus, when more than a million homes a year are built, additional new construction develops automatically.

New shopping centers, schools, churches, theatres, office buildings and factories to utilize the labor pools created by housing projects—all of these follow as a matter of course.

When we envision an ever-growing volume of construction in this country, we have behind us the logic of history. Whenever civilizations have come close to solving man's most elemental wants, even on a primitive level, they have sought outlets for their surplus energies. They have either built or gone to war.

When ancient Egypt was assured of a surplus food supply, because the overflow of the Nile covered its fields with rich silt, the pyramids and temples were built. Similarly, the Rome of Augustus in the first century was assured a surplus food supply from a conquered world. And so it initiated one of the greatest building booms of all times, the present century excepted.

When I speak of this greatly expanded economy in 1965, some concern may be expressed that building-product manufacturers will not be able to supply the materials needed to support such a huge construction market.

I have no such concern. I am sure that there will be sufficient materials. On occasion there may be temporary shortages of certain materials. But these, for the most part, will be spotty. All available statistics seem to indicate that there is nothing to warrant fear of any important shortage of construction materials. As a matter of fact, a great deal of research is going on in this field. Today manufacturers are spending much more on building-product research than would have been deemed advisable in the past.

Greater utilization of raw materials, which are available in abundant supply, is a major objective of this research in product development. For example, we in Johns-Manville are spending 10 times as much for research on building materials as we did in 1932, and almost four times as much as shortly after the end of World War II. And I am happy to report that not only manufacturers but building contractors are spending substantial sums on research. These contractors are seeking improved construction techniques and better ways to use less materials and still turn out a better job.

Those of us in the building industry take pride in the 1955 house that is being constructed. There have been many improvements over the house of just 10 years ago. In the next 10 years, we may expect even greater progress. And the finished product will have to be better if we are to sell it to the home-owner who becomes more discriminating with each passing year.

From what I have said I hope that I have not created the impression that building is merely the job of the construction industry. That is far from the case. It involves everybody, and none more so than our financial leaders. For they are the ones who mobilize the savings of a nation and direct them into various channels. Construction, of course, is one of these all important channels.

All of us must collaborate to assure volume, quality and the necessary financial support for the big job ahead of rebuilding America.

We manufacturers must provide an unlimited stream of building materials of the highest quality.

Our distributors must see that the materials are quickly available when and where they are needed.

The building contractors, handling an ever-increasing volume, must see that the materials are efficiently put in place with first-rate workmanship.

And on your mortgage bankers, the financial leaders of the construction industry, will rest a very large part of the burden. The responsibility will rest with you that ample funds will become available for the rapidly growing needs of the industry.

More funds will be needed. I leave with you gentlemen the problem of determining if our present methods of financing will be sufficient to cope with the future demands of the people for more and more construction.

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Conclusion

In conclusion, let me leave the industry with this challenge.

It is always true that there are things one cannot afford. But least of all can one afford to lose a war, or, in peacetime, to permit a depression. The sound and competent leaders of private enterprise must not fail to provide the type and size of economy that the American population will be demanding in 1965. There are too many unsound incompetents ready to offer to take over if they fail. I am confident we will meet the challenge.

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Interest Rates and The Money Supply

record of that period speaks for itself. In this period of so-called restraint, more money was raised than at any other first half year up to that time for consumer credit, mortgage loans, and municipal borrowing. An increase in interest rates took place in this period and it has a great impact on individual savings and investing. In the first half of 1953 individuals alone invested about $4½ billion in securities as against only $2 billion in the first half of 1952. In addition, individuals increased their savings shares and accounts $4½ billion in this period, as contrasted with an increase of $3½ billion in the first half of the previous year. Thus, individuals supplied $3½ billion more to the capital pool in the six-month period than they did in a like period just one year before.

I would like to suggest that monetary policy assisted in creating a situation where the greatest capital requirements in history up to that time were supplied from proper sources, without the inflationary consequences that could have resulted from pegged markets and the creation of money through excessive inflation of bank credit.

In the first half of 1954, with lower interest rates in the bond market, individuals reduced their net purchases of securities to less than $3 billion, based on preliminary estimates, a decline of over $1½ billion from the rate of accumulation in the first half of 1953. On the other hand, the rate of accumulation of savings accounts continued to accelerate in response to a continued upward trend in interest paid on savings, and $5 billion were added to such savings as contrasted with $4½ billion in the 1953 period.

Nowhere has the response to the changing pattern of interest rates been so striking as in individual holdings of marketable government securities. In the first half of 1952 individual investors made little change in their holdings of marketable governments. In the first half of 1953 they increased their holdings by over a billion, at least partly in response to more attractive interest rates; while in the strong bond market of 1954 they turned to the selling side again, disposing of nearly $1 billion of marketable government issues. These figures clearly demonstrate the responsiveness to the public to changing patterns of interest rates.

Debt management policy plays an important part in the interest rate picture and in the money supply picture. As you know, in the readjustment last year the Treasury refrained from selling any long-term bonds in order not to interfere in any way with the pool of capital that was available for business and for individuals.

Early this year, on the other hand, the business recovery was so strong that we felt we could issue a long-term bond. Accordingly, plans were developed, and with the help of the financial community we placed $1.9 billion of 3%, 40-year bonds due in 1995. This offer was successful, and the movement of business since that time demonstrates that long-term financing can be undertaken without interrupting the course of a business recovery. The sale of this bond was part of our long-range plans to improve the structure of our debt, reducing the concentration of very short maturities and placing more of our debt in the hands of permanent investors.

Establishing Better Market for Long-Term Federal Issues

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, including the mortgage market, if long-term investors are able to make a free choice of investments and are not forced to make investment decisions by the lack of supply of long-term government securities. To a degree, we were providing investors with an alternative to common stock investment, and, if you will, to mortgage loan investment. The manager of a pension fund, and the trustees of an insurance company today, for example, are now able to obtain a 3% return on their investments without departing from the very conservative government bond field.

The stock market, we believe, rests on a sounder base, and lending practices in the mortgage field will be sounder if investors are not forced to consider common stock investments, or mortgage loan commitments just because it is difficult or impossible to come close to their actuarial requirement through investment in government securities.

The sale of the long-term, 3% bonds was, in our opinion, a highly constructive move. In a limited degree, the sale of the bonds may have reduced the Pool of Long-Term Capital because some investors purchased this security instead of holding funds for an alternative investment. However, the mortgage market was benefited by reduced pressure on bank money supply because the sale of the issue made possible the shift of some debt away from the banks. Furthermore, the long-term, 3% bond gave needed encouragement to habits of thrift which are particularly important in a period such as we have today, when the capital needs of the country are very great.

Fast Moving Sectors of the Economy

Three sectors of our economy have been moving ahead very rapidly in recent months — the stock market, construction activity (particularly residential construction), and consumer durable goods production (particularly automobiles). All of these activities have been taking increased amounts of credit. The Treasury has watched all of these advances with interest. We believe in the constructive value of a high-level stock market. We believe in the importance of widespread home ownership, and we would like to see everyone own an automobile if the country had enough highways. There is a danger that any of these movements will be carried to excess, particularly if they are supported by too much newly created bank credit. A rapid advance in any sector of our economy, if not soundly based, can contribute more to unstable conditions—and even to deflation— than to sound economic progress.

That is basically why even in your own mortgage field you should welcome the wholesome impact of flexible monetary policy. In the present active business situation, moderately higher interest rates should increase the pool of available capital. At the same time, flexible monetary policy may lay a modest restraining hand on excess building activity by reducing the availability of bank credit. Furthermore, increased interest cost, which in the mortgage field sometimes takes the form of discounts on the price of the mortgage, may also slow building activity a little. These are natural developments that tend to bring our economy into balance. In my opinion, we can achieve maximum home ownership in this country only with the use of flexible monetary policy dedicated to the maintenance of conditions in which individuals not only will have the opportunity to acquire their own homes in the first instance, but will have steady, productive jobs that will enable them to meet the financial obligations they assume.

Moore & Schley Mark 75th Anniversary

The New York Stock Exchange firm of Moore & Schley, 100 Broadway, New York City, representing one of the oldest names in Wall Street, is observing its 75th anniversary. Starting operations on May 1, 1880 as Groesbeck & Schley, the firm adopted its present name five years later. Through all of the changes in personnel down through the years the firm as always had in its organization at least one partner who was a descendant, direct or collateral, of a founding partner.

Industrial Construction Ups Sharply

Dr. George Cline Smith, economist for F. W. Dodge Corporation, says contract awards for industrial construction in 37 Eastern States in March totaled $176 million, an increase of 120% over same month last year.

Addressing the annual Business Economists Conference of the University of Chicago on April 28, George Cline Smith, Economist for the F. W. Dodge Corp., said that in March, contract awards for industrial construction in the 37 eastern states covered by Dodge reports totalled $176 million, an increase of almost 120% over March of last year.

Dr. George C. Smith

He said the current high levels of construction activity reflect an expansion of industrial and other nonresidential building comparable in scale with the much more widely publicized increase in housing.

"During the first quarter of this year," Mr. Smith reported, "industrial contract awards ran nearly 26% ahead of the same period of 1954. This is the first substantial upturn in the industrial category since it dropped from a peak in 1951. Industrial construction has for the past several years been the one major type which has failed to keep pace with the general expansion of construction, and it has generally been predicted that it would come out of the doldrums by 1956, in response to demand pressures for industrial products. Apparently the expected upturn has been moved forward by the rapid improvement in business activity in the past few months.

"The rise in industrial contracts is not a fluke, confined to one or two large industries. In March, 17 of the 24 categories of manufacturing buildings reported by Dodge showed increases over last year. This broad base is also reflected in the figures for the quarter, with 14 of the 24 categories showing increases.

"These increases, combined with others in commercial buildings, schools, churches, hospitals and other nonresidential types, have brought nonresidential construction contract awards to a level in March which was 43% ahead of March, 1954. This compares favorably with the increase in residential building, which was 48% over the same period.

"Public works and public utilities, not included in the nonresidential building category, also showed a substantial, although less spectacular, increase of 18% over March, 1954.

"Emphasis on housing in recent discussions has tended to obscure the fact that residential construction is only one part of the industry. In 1954, housing accounted for about 43% of the total contract awards, in spite of record-breaking dollar volume; the remaining 57% of the construction industry consisted of nonresidential buildings and heavy engineering. The fact that this important nonresidential part of construction is expanding should not be overlooked."

Continued from first page

As We See It

nostalgia. In the minds of those whose memory goes no further back than the mid-'Thirties, there too often, we are afraid, seems to be nothing exceptional or blameworthy in what has become known as mass picketing by which any and all who would take up the tasks strikers have laid down are prevented by force from entering the struck premises. To them, too, probably there is little that is anomalous in thousands of workers refusing to perform their regular duties because a handful of members of some union of which they are not members throw a picket line around an establishment.

No Checkoff Then

In those earlier days the so-called checkoff was the exception rather than the rule, and no way usually existed for a handful of troublemakers to oblige all men to join a union and keep their membership in good standing upon pain of not being able to find work. Indeed, there were large segments of the economy in which no such thing as a labor union existed. A situation such as that now confronting the President and the nation in the form of a combination of the American Federation of Labor and the CIO would have been all but unthinkable. Anything in the nature of a labor monopoly almost anywhere was, by the vast majority of the people of this country, regarded as undesirable as were other kinds of monopoly.

Those were the days, too, when wise old Samuel Gompers steadfastly refused to try to make either of the political parties his prisoner or his vassal. It was much later that the union leaders, who themselves are really politicians in another field, began to try to deliver the votes of the members to one or the other of the great political parties. In this they have not always been successful, but the effort is now their regular line of policy. In Samuel Gompers' day, too, any thought of a combination of the farmers of the country and the wage earners into a "I scratch your back; you scratch mine" arrangement was at most not more than a dream of a few imaginative souls.

In the years that have flowed by since the Administration of President Wilson, organized labor with the active aid and assistance of most of the politicians, has become more and more powerful and more and more greedy. Times, at least since our entry into World War II in 1941, have been extraordinarily good, and the managers of the unions have found it possible to push heretofore unheard-of demands, the one after the other, to successful conclusions. Minimum wages, virtually compulsory unionism (always the dream of union bosses), countless "fringe benefits" and a dozen other gains have come to them. Now the hue and cry is for guaranteed annual wages.

All this places union managers in a very strong position with rank and file of the membership, but let no one suppose that all of it has really been clear gain. It was inevitable, of course, that all this, together with shorter and ever shorter hours of work and less and less vigorous effort on the part of workers, would drive prices up. Of course, there were other causes, too, but prices would have had to rise anyhow or else labor could not have been heir to all the "gains" they now are so proud of. What it all has done to the rest of us is another and different story.

So much for where we are today and how we got there. What of the future? What should the attitude of government be, and what is it likely to be? And what will the union leaders do now that they have joined forces to form an organization larger than any ever known in this country? Not very much information, we are afraid, is to be had from the words of the President, or from anything that the American Federation of Labor representatives had to say the other day in Washington. "So far as the Almighty will give this Administration and to me personally the ability to discern the proper tasks," said the President, "we shall do nothing but devote our efforts to try to lead this world—this nation of ours—toward enduring peace, toward a better prosperity and equal justice for all."

These words could mean a good deal or they could mean exactly nothing. Interpreted in the light of the habits of politicians, it would appear that the latter alternative is the more plausible.

Words, Words, Words!

Said the President of the American Federation of Labor: "In the present struggle against the aggressive forces of communism, the workers of America will stand up and do their full part to preserve world peace and the free way of life—the only way of life which offers them the opportunity to strive for a better day to come for themselves and for all humanity." Let him who thinks he knows say what these words mean, if anything.

Let's be candid about all this. With the hold that labor unionism now has upon the great rank and file, it is hardly reasonable to expect any political regime to go very far in eliminating the abuses that have arisen in this area of labor monopoly. Yet some way must be found to get this situation in hand if we are to go ahead in the future as all would like to do.

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We Are Not Overbuilding New Homes

all our non-farm families earn, not $4,000 but over $5,000 per year. They can therefore afford a $12,500 house. For that price the home-building industry can give excellenet value in most parts of the country even at today's prices and wages. No such situation ever existed in the old days when almost three-quarters of all non-farm families could not afford any kind of a new dwelling.

The financial ability to buy new homes is immensely reinforced by one of the most fundamental forces at work in this country, namely, the spectacular increase in the civil population since 1939. To reiterate a well-known fact, in 1954 there were almost twice as many children born as in the average prewar year of the 1930's. And in only 10 years more, so enormous is the level of births today, we will have at least 26,000,000 more children than in 1939.

Spectacular Migration to the Suburbs

Growing families have to find space for the vastly increased number of youngsters to run around in and grow up in. Thus we have a spectacular migration to the suburbs. It is there where the great bulk of home building goes on.

Side by side with the vast migration to the suburbs, we have a continuous regional migration from farms, towns and cities in the more developed parts of the United States to rim of the country, including the West, the Gulf Coast, the Southeast and the Great Lakes.

But regardless of where homes are built, the ancient maxim of the building industry still applies: when it is as cheap to build as to rent, people build. Since the war myriads of families have discovered that they can own a house in the suburbs where they want to live and bring up their children just about as cheaply as they could rent an old house in an older section of the city where they do not want to live. The long repayment period of present-day mortgage makes this possible. That has been and continues to be one of the major "dynamizers" of the enormous present-day housing demand.

Finally, there is the draft, which has brought another revolutionary change into the home-building picture. About a million young men, all in the marriageable age, leave the armed forces each year. Since practically every able-bodied male of marriageable age is or soon will be a veteran, the great bulk of new families can buy or build a new home with little or no down payment.

Not Overbuilding Homes

All these factors add up to this:

We are not really overbuilding homes at all, although, of course, this is not to say that there will not be overbuilding in specific localities from time to time. We are merely satisfying an enormously increased demand.

Some people talk as if builders erect houses for speculation and then press an unwilling public to buy them. The reverse is the fact. Builders have been straining every nerve to put up houses where families by the millions insist on living.

The demand is a result of a revolution in income, a revolution in where people want to live, and, of course, easy credit terms. Many people have not grasped these facts. Or they tend to become panicked by the immensity of these postwar changes. They still think in terms of the long-dead days before the war.

Home building, of course, is but one phase of our economy. What other forces will be at work in the next decade? From the available statistics and trends, there is little doubt in my mind that 10 years from now our American economy will be a truly gigantic affair.

By 1965, the population should be well on the way to 200,000,000. We will be called upon to provide jobs for close to 80,000,000 people or nearly 12,000,000 more than are in today's labor force. And it will be necessary to produce $500 billion, or half a trillion, of goods and services annually, compared with the current yearly rate of approximately $370 billion. There is no doubt that the American economy is capable of such a performance. But will it be done? That is the question.

Prime Movers

To stimulate a nation to so great an effort requires an enormously powerful economic "dynamizer" or prime-mover. In the past we have had such prime-movers. And they have brought about great periods of prosperity. For example, the building of railroads and the early industrialization of our country before and after the Civil War were notable stimulants to our progress. So, too, were the opening up of the West and the revolutionary mass production methods which brought the automobile within reach of so many people in the 1920's.

Although no peace-loving nation would resort to war to bring about prosperity, nevertheless a by-product of the two World Wars was the acceleration of technological improvements and a vast increase in our productive capacity.

And since V-J Day, the remarkable growth of our population and a truly spectacular further development in technology have been among the outstanding prime-movers that have kept our economy humming at a near-record pace. But from now on, what "dynamizers" will we have to support a labor force or 80,000,000 and a Gross National Product of $500 billion 10 years or so hence? To be sure, we may expect a further massive population growth, particularly when the war and postwar children begin to reach the marrying age after 1962 or thereabouts. Moreover, we should be able to rely upon an ever-accelerating rate of technological advance.

These two prime-movers, however, will not be sufficient to carry our economy forward.

Fortunately, a third prime-mover of colossal proportions is now clearly taking shape. And that is the necessity to rebuild America, the construction industry's special and prime responsibility.

There are two basic reasons why this prime-mover towers up before us at this time. In the first place, we are in the atomic age with its ever-present threat of war. No one but a lunatic wants atomic war. Yet we must face realities. There may be no peace. There may be ahead many years or even decades during which sudden overwhelming attack on our cities is an ever-present possibility. Hence the rebuilding of our cities and environments for rapid dispersion of the population is a survival-imperative. In the second place, a rebuilt America is what our population will want most 10 to 12 years from now and thereafter.

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record of that period speaks for itself. In this period of so-called restraint, more money was raised than at any other first half year up to that time for consumer credit, mortgage loans, and municipal borrowing. An increase in interest rates took place in this period and it has a great impact on individual savings and investing. In the first half of 1953 individuals alone invested about $4½ billion in securities as against only $2 billion in the first half of 1952. In addition, individuals increased their savings shares and accounts $4½ billion in this period, as contrasted with an increase of $3½ billion in the first half of the previous year. Thus, individuals supplied $3½ billion more to the capital pool in the six-month period than they did in a like period just one year before.

I would like to suggest that monetary policy assisted in creating a situation where the greatest capital requirements in history up to that time were supplied from proper sources, without the inflationary consequences that could have resulted from pegged markets and the creation of money through excessive inflation of bank credit.

In the first half of 1954, with lower interest rates in the bond market, individuals reduced their net purchases of securities to less than $3 billion, based on preliminary estimates, a decline of over $1½ billion from the rate of accumulation in the first half of 1953. On the other hand, the rate of accumulation of savings accounts continued to accelerate in response to a continued upward trend in interest paid on savings, and $5 billion were added to such savings as contrasted with $4½ billion in the 1953 period.

Nowhere has the response to the changing pattern of interest rates been so striking as in individual holdings of marketable government securities. In the first half of 1952 individual investors made little change in their holdings of marketable governments. In the first half of 1953 they increased their holdings by over a billion, at least partly in response to more attractive interest rates; while in the strong bond market of 1954 they turned to the selling side again, disposing of nearly $1 billion of marketable government issues. These figures clearly demonstrate the responsiveness to the public to changing patterns of interest rates.

Debt management policy plays an important part in the interest rate picture and in the money supply picture. As you know, in the readjustment last year the Treasury refrained from selling any long-term bonds in order not to interfere in any way with the pool of capital that was available for business and for individuals.

Early this year, on the other hand, the business recovery was so strong that we felt we could issue a long-term bond. Accordingly, plans were developed, and with the help of the financial community we placed $1.9 billion of 3%, 40-year bonds due in 1995. This offer was successful, and the movement of business since that time demonstrates that long-term financing can be undertaken without interrupting the course of a business recovery. The sale of this bond was part of our long-range plans to improve the structure of our debt, reducing the concentration of very short maturities and placing more of our debt in the hands of permanent investors.

Establishing Better Market for Long-Term Federal Issues

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, including the mortgage market, if long-term investors are able to make a free choice of investments and are not forced to make investment decisions by the lack of supply of long-term government securities. To a degree, we were providing investors with an alternative to common stock investment, and, if you will, to mortgage loan investment. The manager of a pension fund, and the trustees of an insurance company today, for example, are now able to obtain a 3% return on their investments without departing from the very conservative government bond field.

The stock market, we believe, rests on a sounder base, and lending practices in the mortgage field will be sounder if investors are not forced to consider common stock investments, or mortgage loan commitments just because it is difficult or impossible to come close to their actuarial requirement through investment in government securities.

The sale of the long-term, 3% bonds was, in our opinion, a highly constructive move. In a limited degree, the sale of the bonds may have reduced the Pool of Long-Term Capital because some investors purchased this security instead of holding funds for an alternative investment. However, the mortgage market was benefited by reduced pressure on bank money supply because the sale of the issue made possible the shift of some debt away from the banks. Furthermore, the long-term, 3% bond gave needed encouragement to habits of thrift which are particularly important in a period such as we have today, when the capital needs of the country are very great.

Fast Moving Sectors of the Economy

Three sectors of our economy have been moving ahead very rapidly in recent months — the stock market, construction activity (particularly residential construction), and consumer durable goods production (particularly automobiles). All of these activities have been taking increased amounts of credit. The Treasury has watched all of these advances with interest. We believe in the constructive value of a high-level stock market. We believe in the importance of widespread home ownership, and we would like to see everyone own an automobile if the country had enough highways. There is a danger that any of these movements will be carried to excess, particularly if they are supported by too much newly created bank credit. A rapid advance in any sector of our economy, if not soundly based, can contribute more to unstable conditions—and even to deflation—than to sound economic progress.

That is basically why even in your own mortgage field you should welcome the wholesome impact of flexible monetary policy. In the present active business situation, moderately higher interest rates should increase the pool of available capital. At the same time, flexible monetary policy may lay a modest restraining hand on excess building activity by reducing the availability of bank credit. Furthermore, increased interest cost, which in the mortgage field sometimes takes the form of discounts on the price of the mortgage, may also slow building activity a little. These are natural developments that tend to bring our economy into balance. In my opinion, we can achieve maximum home ownership in this country only with the use of flexible monetary policy dedicated to the maintenance of conditions in which individuals not only will have the opportunity to acquire their own homes in the first instance, but will have steady, productive jobs that will enable them to meet the financial obligations they assume.

Moore & Schley Mark 75th Anniversary

The New York Stock Exchange firm of Moore & Schley, 100 Broadway, New York City, representing one of the oldest names in Wall Street, is observing its 75th anniversary. Starting operations on May 1, 1880 as Groesbeck & Schley, the firm adopted its present name five years later. Through all of the changes in personnel down through the years the firm as always had in its organization at least one partner who was a descendant, direct or collateral, of a founding partner.

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portation system that is dynamic, efficient, and capable of delivering goods and people with safety, expedition, with a high degree of dependability, and at the lowest cost in the expenditure of manpower and other scarce resources. Historically, these requirements have been met most satisfactorily by common carriers, who by statute are charged with the heavy obligation to serve all individuals and shippers alike to the extent of their physical capacities, on known schedules at published rates, and without discriminations. The availability of this type of stable and dependable service is of equal importance in the day-to-day business operations, production and market planning of large and small businesses alike. Moreover, in a broader sense, the availability of this type of transportation system is essential to the orderly and healthful operation of a peacetime economy and is indispensable to the national security in time of war.

Your advisory Committee has proceeded from these fundamental premises in its reappraisal of national transportation policy: namely, that the transportation industry operates today in the general atmosphere of pervasive competition; that adjustment of regulatory programs and policies to these competitive facts is long over-due; and that the restoration and maintenance of a progressive and financially strong system of common carrier transportation is of paramount importance to the public interest.

Although it remains true that there is some rail-bound traffic and some water-bound traffic that is not competitive in one sense, the bulk of this traffic is competitive in the commercial sense even though not directly among carriers serving the same points.

Even where there is no direct inter-carrier competition, the great development of competitive industry in various parts of the country has placed indirect competitive pressures on transport rates. For example, producer A may be impelled to ship all his output of, say, heavy steel, into a given market by rail, but producer B may be able to reach the same market by a lower-cost water haul. The self-interest of the railroad serving producer A demands that transportation rates be maintained low enough to enable producer A to compete in the market.

Such competition is not confined to the products of different firms in a given industry; related industries compete for certain markets in which alternative goods and services may be substitutable. A notable example is competition among fuels such as coal, natural gas, and fuel oil. Thus high freight rates on rail-bound coal would directly affect coal's competitive position, and reduce the coal traffic of many railroads.

In short, competitive conditions have been substituted with the growth of new forms of transportation, both public and private, for much of the monopoly element in the common carrier industry which in the past prompted so much of our present transport policy, both regulatory and promotional.

Obsolete Regulation

In many respects, government policy at present prevents, or severely limits, the realization of the most economical use of our transportation plant.

Notwithstanding the rapid growth and current pervasiveness of competitive elements in transportation, government policy holds regulated competitive forces within a tight rein. Railroads and motor carriers are most broadly competitive, their rivalry extending to the movement of nearly all commodities over short hauls and to a considerable range of traffic even on the longer hauls. Extensive competition also prevails among rail, water, and pipeline carriers for long-haul quantity movements of bulk commodities and general traffic.

In the case of railroads and motor carriers, their economic characteristics are virtually opposite, the one characterized by heavy investment and large elements of indirect and fixed costs while the other requires little investment and encounters a high proportion of direct and variable costs. The one is capable of heavy long-haul mass transportation at very low costs while the other can afford superior service conducted in relatively small units but at comparatively high unit costs beyond the shorter distances. Clearly they are fitted for different roles in the development of the most effective and co-ordinated transportation system of which technology and managerial skills are capable.

We do not find it possible to define the limits of the tasks which these and other forms of transport should perform in a transportation system which best meets the needs of the public. On the contrary, we believe that such a system, in the face of rapidly developing technology and a high rate of innovation, is to be achieved only by the exercise of greater freedom for competitive experimentation which enables the purchaser of transportation to adapt both service and cost opportunities to his own requirements.

The Essentiality of Common Carrier Transportation

The public interest requires the maintenance of a sound and vigorous common carrier transportation service by all of the available means of transport, each operating within its respective capabilities and developing in accordance with the indicated demand for its services. Such common carrier service is indispensable, yet the financial position of some of the major common carriers is precarious and they lack the means to offer superior service and to apply technological advances with desirable rapidity.

Our national policy has not provided us with the best transport of which we are capable, either in rate of technical development or in adjustment of the several types of carrier to their areas of greatest usefulness. Both the present force of competition, including that from other than common carrier transportation, and the unusual obligations which are placed upon common carriers argue for relieving these carriers as far as possible from restraints designed to meet conditions which have, in recent years, either disappeared or been greatly altered.

With some exception, regulated common carriers today encounter large and growing competion by exempt for-hire carriers or pseudo carriers whose operations are largely opportunistic in character. There operations are conducted without the necessity to publish rates, with freedom to discriminate in rates and service, and with no obligation to serve the general public. The continuing growth of this exempt for-hire carriage would seriously impair the maintenance of a strong and healthy common carrier industry, which by contrast is generally obliged to serve all of the public without discrimination.

An appraisal of the efficiency of present and proposed transportation policy to promote the strength of this Nation for defense requires, first, some analysis of the probable utility of and burden to be placed upon each form of transport in the event of full mobilization or war. Although we may expect that all-out involvement would create a two-front war with some familiar aspects, we must also fully expect that in such an event the continental United States would be placed under heavy attack and might sustain severe damage both to its industrial production and to its transport facilities. Hence we must be prepared to face a situation without precedent in our history.

All estimates of our economic potential under full mobilization conditions are subject to a considerable margin of error. While traffic estimates and transport requirements are no exception, it is probable that full use of our present economic potential would create a domestic traffic burden far in excess of any hitherto encountered. The expansion would be large and rapid and there is no such reserve of idle capacity as existed at the beginning of World War II. It would seem prudent to make every possible provision now to support with transport our full economic capability, without allowance for reductions imposed by attack.

While a general transportation policy should concern itself primarily with our developing national economy, it must also be concerned with potential defense requirements. In the latter context two primary objectives may be noted: (1) to emphasize the growth and development of the several forms of transport somewhat in accord with the proportional demands that defense will make upon them and (2) to support their financial well-being to the end that they will be physically in excellent shape and possessed of a desirable flexibility and some degree of excess capacity. A policy under which the transportation enterprises generally live in precarious financial position is not a policy calculated to enhance our preparedness. Any policy which has the effect of weakening any form of transportation on which we must place major reliance in the event of war is not a satisfactory defense policy.

It may be necessary that particular modes of public transportation absorb a large share of the anticipated increase in domestic traffic and in addition take on substantial diverted loads in the face of conditions which prevent any material expansion of their physical plant or equipment because of the competition of higher priority items for available materials and productive capacity.

The railroads may be expected to have the greatest flexibility in accommodating an expanded domestic traffic with a minimum increase in equipment, since other forms of transportation as a rule require additions to equipment in direct ratio to an increase in traffic handled, and this is not the case with the railroad industry. Any policy which strengthens the railroad base will tend to increase the built-in flexibility of our transportation plant. Public interest, however, attaches to a national policy which enables all segments of the carrier industry including air, water, highway, and pipeline industry to make their respective contributions. For example, in the case of extensive domestic damage, it might be necessary to place greater reliance on waterway facilities which are relatively more immune from destruction.

Related to the foregoing considerations is the problem of developing and strengthening our coastal, intercoastal, and inland services by water. It is important to the national economy and to defense that these operations be both financially strong and prepared to meet their role in emergencies.

A common difficulty in wartime is the maintenance of carrier operations other than those of the regulated common carriers, particularly in the motor carrier field. The supply, under rationing or other procedures, of fuel, tires, repair parts, and other items is difficult to handle with large numbers of unregulated carriers which do not normally report to any Federal body. It is, moreover, characteristic of these operations that they do not obtain an equally intensive utilization of equipment and manpower, and hence they contribute less to a war effort than do common carriers in proportion to the input of scarce materials and equipment. A stronger common carrier segment attained in part by the substitution of common carriers for others, greatly simplifies the problem of wartime supply.

Emphasis on the essentiality of common carrier transportation does not imply that *bone fide* private carriage and true contract transportation are not useful and economic components of the national transportation system. The proper role of these services is discussed later in the report.

II. Recommended Actions

The major objectives of the following recommended actions and revisions of public policy affecting transportation are: (1) Increased reliance on competitive forces of transportation in rate making in order:

(a) to have transportaion enterprises function under a system of dynamic competition which will speed up technical innovation and foster the development of new rate and service concepts; and

(b) to enable each form of transport to reflect its abilities in the market by aggressive experimentation in rates and service in order to demonstrate to the full its possibilities for service to the shipping and traveling public;

(2) Maintenance of a modernized and financially strong system of common carrier transportation;

(3) Encouragement of increased efficiency and economy in the management of all transportation services in order to give the ultimate consumer the benefit of the lowest possible transportation costs; and

(4) Development of an efficient transportation system for defense mobilization or war.

Declaration of National Transportation Policy

RECOMMENDATION: Revise the National Transportation Policy to Assure Maintenance of a National Transportation System Adequate for an Expanding Economy and for the National Security, to Endorse Greater Reliance on Competitive Forces in Transportation Pricing, to Reduce Economic Regulation of Transportation to a Minimum Consistent with Public Interest, and to Assure Fair and Impartial Economic Regulation.

The first and essential step in the recommended program is the revision of the declaration of policy in the Interstate Commerce Act. The present policy statement has placed undue restraints upon competitive rate and service experimentation by the several types of transportation subject to the Act.

The present declaration of policy reads as follows:

"It is hereby declared to be the national transportation polic of the Congress to provide f fair and impartial regulation of a modes of transportation subject the provisions of this Act, *so ad ministered as to recognize an preserve the inherent advantag of each;* to promote safe, adequat economical, and efficient servi and *foster sound economic cond tions in transportation and amo the several carriers;* to encourag the establishment and mainte nance of reasonable charges f transportation services, withou unjust discriminations, undu preferences or advantages, or u fair or destructive competiti practices; to cooperate with th several States and the duly a thorized officials thereof; and encourage fair wages and equ table working conditions; — a to the end of developing, coo dinating, and preserving a na tional transportation system b water, highway, and rail, as we as other means, adequate to me the needs of the commerce the United States, of the Posta Service, and of the national de fense. All of the provisions this Act shall be administered an enforced with a view to carri out the above declaration policy." [1]

In major respects the tone the policy declaration in existin statutes, as interpreted, has bee relied upon to justify the subst tution of the judgment of the reg ulatory body for that of manage ment, especially in the adjustme of competitive rates between high way, rail, and water carriers.

The declaration of policy shou be revised to make it clear (1 that common carriers are to b permitted greater freedom, sho of discriminatory practices, utilize their economic capabil ties in the competitive pricing their service, and (2) that in a such matters the regulatory Com mission is expected to act as a adjudicator, not a business mana ger.

The recommended policy de laration would read substantial as follows:

It is hereby declared to be the national transportation policy of the Congress:

(1) To provide for and develop, under the free enterprise system of dynamic competition a strong, efficient and financially sound national transportation industry by water, highway and rail, as well as other means, which is and will at all times remain fully adequate for national defense, the Postal Service and commerce;

(2) To encourage and promote full competition between modes of transportation at charges not less than reasonable minimum charges, or more than reasonable maximum charges so as to encourage technical innovations, the development of new rate and service techniques and the increase of operating and managerial efficiency, full use of facilities and equipment and the highest standards of service, economy, efficiency and benefit to the transportation user and the ultimate consumer but without unjust discrimination, undue preference or advantage, or undue prejudice and without excessive or unreasonable charges on non-competitive traffic;

(3) To cooperate with the several States and duly authorized officials thereof, and to encourage fair wages and equitable working conditions;

(4) To reduce economic regulation of the transportation industry to the minimum consistent with the public interest to the end that the inherent economic advantages, including cost and service advantages, of each mode of transportation may be realized in such a man-

1 The Interstate Commerce Act, N tional Transportation Policy, 54 St 899. (Emphasis supplied.)

ner so as to reflect its full competitive capabilities; and

(5) To require that such minimum economic regulation be fair and impartial, without special restrictions, conditions or limitations on individual modes of transport.

All the provisions of this Act shall be construed, administered and enforced with a view of carrying out the above declaration of policy.

Increased Reliance on Competitive Forces in Rate Making

Increased reliance on competitive forces in rate making constitutes the corner-stone of a modernized regulatory program. Recommendations contemplate revisions of four elements of current statutory provisions relating to: (a) maximum-minimum rate control; (b) suspension powers; (c) the long-and-short-haul clause (section 4); and (d) volume freight rates.

(a) Maximum-Minimum Rate Control

RECOMMENDATION: Limit regulatory authority of the Interstate Commerce Commission to determination of reasonable minimum or maximum rates with no change in existing provisions making undue discriminations and preferences unlawful.

Under current provisions of the Interstate Commerce Act, the ICC is authorized after hearing to prescribe the maximum and/or minimum rate or exact rate of common carriers subject to its jurisdiction upon a finding that the rate being investigated is unreasonable or unjustly discriminatory or unduly preferential. The Commission possesses like authority when it finds that any intrastate rate causes undue or unreasonable preference or discrimination against interstate or foreign commerce. In practical effect this means that upon a finding of the stated conditions, the ICC may determine and prescribe the precise rate, the ceiling or floor of the rates to be observed, or the range of rates (zone of reasonableness) considered lawful.

These rate controls were vested in the ICC during the period when the railroads were the sole or predominating intercity form of transportation. The principal purpose of these controls was to protect the general public against railroad monopolistic pricing or unfair or discriminatory rate cutting and to maintain reasonable rate relationships between competing shippers, markets, localities, or traffic. A related purpose was to prevent the accumulation of extortionate earnings by an industry vested with public interest. Regulatory authority over intrastate rates was granted to remove restraints on the free flow of interstate commerce.

With the changed character of transport organization and the development of greatly increased regulated and unregulated service and cost competition for traffic, there is no longer a need in the public interest to continue the present scope of rate controls if the Nation is to have a healthy common carrier industry, and to help assure the most economic use and needed development of our transport capacity.•

The value of service today for any method of transport is in most instances fixed by the rates of competitors or by the cost at which the service can be privately performed by the shipper. As there are differences in the quality of service and in the ancillary costs to the shipper, forms of transport which have inferior service or service attended by additional costs borne by the shipper directly must have a cost advantage which is reflected in the rate to secure business. Although it was one of the objectives of the enactment of the Motor Carrier Act in 1935 to secure a controlled transition toward a cost-of-service rate structure, this objective has not been attained.

Analysis of cost and rate relationships indicates that some forms of transportation have a cost superiority over others on volume movements over longer distances. On the other hand, some modes of transport, both from a service and cost standpoint, have advantages in the shorter movements, and for some type of commodities have a cost advantage for intermediate distances. However, analysis of the rate-cost relationships under which traffic is distributed as between forms of carriage discloses striking inconsistencies and an essentially unsound economic situation for which regulation is at least partly responsible.

If the market is to determine the appropriate use of each form of transportation in accord with shippers' judgments of the utility to them in terms of cost and service, rates must be allowed to reflect cost advantages whenever they exist and to their full extent. Present regulatory policy defeats this prospect in large part since carriers, notwithstanding demonstrated lower costs, are permitted to do no more than to meet the competition facing them which, with some exceptions, means to name the same rate regardless of cost relationships. Especially where private or unregulated competition or the prospect of its establishment is involved, even this much opportunity may be permanently denied the common carriers because of the long delay in deciding cases when proposed reduced rates have been suspended for investigation, thus leaving the old rates in effect during the critical period.

Moreover, outstanding maximum rate orders covering a wide range of common carrier traffic have been important in causing carriers to seek revenue relief through general rate level increases in *ex parte* decisions. This procedure for obtaining additional revenues has created difficulties for the carriers in adjusting their rates to meet particular competitive situations. In addition, regulation has held down a substantial portion of the common carrier rate structure to a level which appears to fail to cover the costs of the transport service rendered.

In brief, these rate maladjustments, in part enforced by regulation, deprive the public of the economy which would result from a distribution of the traffic in accord with the real capabilities of the several types of carrier just as they deprive the shipper of many valid choices which would be available to him were rate competition more free from restraint as to its character and timing. There is, however, danger that unrestrained rate competition may result in undue depression of rate levels. While competition among carriers in their lawful reach for traffic will generally serve to keep rates within a maximum reasonable level, the Interstate Commerce Commission should have authority to restrain carriers from charging excessive rates on traffic which is non-competitive. Moreover, the shipper is entitled to protection against unjust discrimination and carriers are entitled to protection against discriminatory picking and choosing in the making of competitive rates.

Hence it is proposed to continue regulatory authority:

(1) To prescribe minimum rates of common carriers subject to the Interstate Commerce Act which shall not be less than a just and reasonable minimum. The Committee believes that rates are unreasonbly low when not compensatory, i.e., when they fail to cover the direct ascertainable cost of producing the service to which the rates apply.

(2) To prescribe maximum rates of common carriers which shall not be in excess of a just and reasonable maximum; provided, that rates cannot be forced by the Commission below the full cost of performing the services to which such rates apply exclusive of losses in other services. In this connection the Commission should be required to take into consideration the extent and effect of competition with respect to the service to which the rates apply to the end that carriers shall be prevented from charging excessive or unreasonable rates on traffic which is non-competitive.

(3) To determine rate relationships which would avoid unjust discrimination or undue preferences in event the latter are found to characterize any existing rate relationships, including the relationship of rates to be maintained as between intrastate and interstate commerce where state commissions have prescribed a basis of intrastate rates which is inconsistent with the basis currently in force on interstate traffic in a degree shown to burden interstate commerce.

Since particular standards to guide the ICC in determining the reasonableness of rates are set forth with its authority to exercise minimum and maximum rate controls, the need for present uncertain statutory rules of rate making disappears. This repeal would remove one of the most objectionable features of rate regulation, namely, th necessity that the Commission substitute its own judgment for that of carrier management as to "the effect of the [proposed] rates on the movement of traffic by the carrier or carriers for which the rates are prescribed."

(b) Suspension Powers

RECOMMENDATION: Continue on a More Restrictive Basis Commission's Authority to Suspend Proposed Changes in Rates: Shorten Suspension Period to Three Months; and, Continue Provision that Places the Burden of Proof Upon Carrier Proposing a Changed Rate, Unless the Protestant Is Also a Carrier.

Since 1910 the Interstate Commerce Commission has had authority upon complaint or its own initiative to suspend proposed changes in rates pending a determination of their lawfulness. The ICC may also allow the rates in question to become effective, or may enter upon a hearing concerning their lawfulness without suspension. Upon suspension, the Act requires simply that the ICC shall attach to the filed schedule and deliver to the carrier or carriers affected "a statement in writing of its reasons for such suspension." At present the suspension period may not exceed seven months. In practice, however, many carriers voluntarily defer application of the proposed rates until the proceeding is terminated.

The Committee believes that suspension of new rates should be considered as a special and unusual remedy. However, those affected by proposed changes in rates are now given an opportunity, without adequate restriction, to have new rates postponed until the ICC has adjudicated the matter or the suspension expires. There is no practicable method of indemnifying carriers for possible losses in traffic or revenues over the period of suspension if it is later determined that the rates are just and reasonable. Moreover, at any hearing involving a proposed rate change, contrary to the usual practice in complaint actions under the Administrative Procedure Act, the burden of proof is upon the carrier to show that its proposed changed rate is just and reasonable.

If a rate is already in effect, a complainant's remedy is different, for the burden rests upon him to prove that the assailed rate is unlawful.

While there is justification in the case of shippers for requiring a carrier to assume the burden of proving that a proposed change in rates is just and reasonable prior to its becoming effective, there appears no sound reason why a complaining carrier competitor should not be required to prove his allegations of unlawfulness particularly when temporary relief during suspension is available upon a proper showing of need.

The power of suspension frequently has been used by competing carriers merely to delay decisions. Currently, nearly all the protested changes in rates involve reductions and by far the grestest number of complaints are filed by carriers. In this connection the standards which have been developed for determining the lawfulness of suspended schedules have become unduly restrictive, holding the carriers to the meeting of competition only and largely denying them the right to give effect of their full economic capabilities.

In order to remedy this situation and to be consistent with the proposed revisions in transportation policy which place more reliance on competitive forces in rate making, the power of suspension should be exercised only after the ICC determines on the basis of factual information supplied by the protestant, or a result of its own investigation that the proposed rates, or related matters are probably unlawful, and that making the rate effective would result in injury to the complainant, and that in the absence of suspension, the complainant would have no adequate remedy. The period of suspension should be shortened to three months. The requirement that places the burden of proof upon the carrier proposing a changed rate should be continued except in cases where the protestant is also a carrier.

By so circumscribing the power of suspension, carriers would be protected from unwarranted attacks by competitors and shippers on their pricing adjustments. Unnecessary suspension of new rates would be eliminated on the one hand and, on the other, adequate emergency relief would still be available in situations where a proper showing indicates its desirability.

The interest of carriers and shippers alike in prompt action demands that administrative procedures should be adjusted to accommodate their needs accordingly. While the above recommendations should produce a marked decrease in the number of suspension dockets, the Commission should use every possible method for expediting such litigation.

The Bureau of Accounts, Cost Finding and Valuation of the ICC should be strengthened to the full extent necessary for it to carry on its studies and research on transportation costs to provide current information for measuring cost competition in the transportation field and in order to form a basis for the Commission's judgment of what constitutes compensatory rates.

In addition, the ICC's resources and means of developing current information covering transport operations and the movement of traffic should be strengthened. This knowledge is essential if the Commission is to effectively carry out its necessary regulatory functions.

(c) Long-and-Short Haul Clause (4th section)

RECOMMENDATION: Remove Requirement that Rail or Water Common Carriers Obtain Prior Approval for Charging Greater than Aggregate of Intermediate Rates, and for Charging Less for Longer than for Shorter Distances Over the Same Line or Route in the Same Direction, the Shorter Being Included Within the Longer, if Necessary to Meet Actual Competition and the Charge Is Not Less than a Minimum Reasonable Rate.

Except on the Commission's special authority — usually after a hearing—the railroads, for example, for years have been prevented from charging a lower rate from A to C than from A to the intermediate B, or charging a higher rate from A to C than the aggregate of the intermediate rates A to B and B to C. These prohibitions might be justified if there were no competition for such carriers to meet or the competition were evenly distributed among their stations and equally potent at each.

The fact is, however, that competition exists between stations in varying degrees, and when the railroads seek (for instance) to publish rates which are lower to the further distant point which is located on water than to the intermediate point which is inland, they are not creating preference and prejudice. They are already present by virtue of the existence of water service to the further distant point and will continue — regardless of any action the railroads may or may not take. The question in such cases is, are the railroads entitled to make themselves competitive or is the traffic to be handled to the further distant point exclusively by a competing pipeline, railroad, water or other carrier?

Should instances arise where economic interests would be subjected to undue disadvantages by reason of this proposed amendment to section 4, remedial measures remain available under section 3 which prohibits undue or unreasonable preference or prejudice.

Although the long-and-short haul clause is applicable to common carriers by water, as well as by railroad, it may be noted that comparable provisions are not applicable to motor carriers governed by the Interstate Commerce Act.

(d) Volume Freight Rates

RECOMMENDATION: Make lawful such volume rates as are based on cost differences which rates are established to meet competition.

The prime economic benefit of rail, water and pipeline transportation clearly lies in heavy long-distance and large-scale transportation. It is invariably cheaper to haul traffic in volume from one point of origin to a single destination. Heavier loading produces lower per-ton cost. The public is denied these cost benefits when obstacles are placed in the way of lower rates for volume movements. Consequently, carriers should be permitted to make incentive minimum weights and volume rates, provided that such rates are open upon equal terms to all who may wish to use them and further provided that such rates meet the compensatory test. Price differentials having a suitable relation to cost are generally accepted in the pricing of goods and services in all parts of our economy.

A Modernized and Financially Strong System of Common Carrier Transportation Must Be Maintained

Historically, common carrier service has been recognized as the

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hard core of our transportation system. Yet, in recent years there have been a number of developments that have mitigated against the maintenance of a financially strong system of common carrier transportation.

Among such developments are the rapid growth of privately operated fleets of trucks, the relatively less regulated status of contract carrier service, and statutory exemption of the transportation by water of commodities in bulk from the regulatory controls imposed on common carriers. These developments have had the effect of diverting profitable sources of traffic from the common carriers. To this must be added the large deficits resulting from the enforced maintenance of unprofitable services.

(a) Private Carriage

RECOMMENDATION: Redefine a private carrier by motor vehicle as any person not included in definition of a common or a contract carrier who transports property of which he is the owner, provided that the property was not acquired for the purpose of such transportation.

Private truck operations should be limited to the distribution of the owner's products and supplies from plants, the distribution centers, and the return haul of materials to be used in his own operation.

A primary problem in transportation at present concerns the infringement of private carriers upon the field of common carriage and the need for remedial action in the form of more effective regulation of private carriers or enactment of legislation to delineate more adequately the proper place and status of such carriers.

Legitimate private carriage is not in issue. The practice of shippers handling their own merchandise is sanctioned legally and is frequently sound economically. The problem is created by those practices of private carriers which undermine the common carrier transportation system which must bear the main burden of the Nation's transportation requirements in peace and war.

The Commission has pointed out that where so-called private carriage is a subterfuge for engaging in public transportation, it constitutes a growing menace to shippers and carriers alike; is injurious to sound public transportation; promotes discrimination between shippers; and threatens existing rate structures.

Provision should be made for appropriately franchising, upon application, either as a contract carrier or a common carrier as the case may be, carriers who have been operating legally as private carriers but who would not be entitled to continue to operate as private carriers under the new provisions of the Act, and who make application within a specified period.

(b) Contract Carriers

RECOMMENDATION: Redefine motor and water contract carriage as being that transportation providing services for hire but otherwise equivalent to bona fide private carriage and require that actual, rather than minimum, charges be filed.

The definition of contract carrier by motor vehicle and contract carrier by water provided in the Interstate Commerce Act should be sharpened to make clear that such carriers are of a specialized nature, and that they should be so regarded only if they clearly substitute for a feasible private carrier operation and do not perform common carrier services which would ordinarily be undertaken by common carriers. Provision should be made for conversion, after hearing, of existing contract carrier permits to common carrier certificates where the carriage is not that of a contract carrier as above defined, and where the holder of the permit makes application within a specified time and shows that he is engaged in *bona fide* transportation for hire which is not contract carriage as so defined.

To further assure that motor and water contract carriers will operate in their appropriate roles in the transportation system, the Interstate Commerce Act should be amended to require the filing and publication by contract carriers of actual rates, charges, and regulations affecting transportation under their contracts or the publication of those contracts in entirety at their option.

The purpose of these recommendations is to protect common carriers against contract carriers who are in effect engaged in common carrier operation without having had to demonstrate the "public convenience and necessity" of the service offered.

There has developed an area of conflict between certain motor contract carriers and competing motor and rail common carriers over whether the contract carriers are not, in many instances, actually performing a common carrier service. These contract carriers are taking substantial blocks of traffic in their service areas through excessive numbers of shipper contracts constituting in effect common carriage. The provisions of part II of the Interstate Commerce Act with respect to publication of rates are also more lenient to contract than to common carriers. The former are required only to post their minimum rates in contrast to the requirement that actual rates of common carriers be published. Due to this disparity it is not possible for common carriers to compete effectively because they have no means of determining the actual rate charged by contract carriers. For this reason, the Committee advocates that the Interstate Commerce Act should be amended to require the publication of actual rates charged together with the contracts and other descriptions of the services to be rendered by contract carriers.

(c) Bulk Commodity Exemptions

RECOMMENDATION: Repeal the bulk commodity exemption applicable to water carriers so as to subject such transportation to regulation similar to that applicable to other transportation.

Part III of the Interstate Commerce Act exempts from regulation the carriage of commodities in bulk when ". . . the cargo space of the vessel in which such commodities are transported is being used for the carrying of not more than three such commodities." For purposes of the Act, barge tows are considered as single vessels. Economic regulation is applied to bulk commodities in a vessel or a tow when more than three commodities or non-exempt commodities are being carried.

Both railroads and many common carriers by water, in their competing service in the carriage of bulk commodities, are fully regulated, including the requirement that actual rates be published. Bulk water carriers in exempt operations, on the other hand, need not publish their rates and are able to obtain competitive traffic by quoting lower than the published rate. Common carriers by water contend that if they are to obtain the benefits of the exemption they must segregate their tows to exclude non-exempt commodities. This procedure is often impossible, in which case they must quote published rates with the risk of losing the business to another carrier quoting a secret exempt rate. It is claimed that conformity with the requirements for exemption results in operating inefficiencies such as smaller tows, and poorer service to some shippers.

Repeal of the bulk commodity exemption would bring under Commission regulation common and contract water carriers engaged in transportation of such commodities on the inland waterways, coastal waters and deep sea routes, and the Great Lakes. However, the repeal would not affect the bulk commodity exemption now applicable to the transportation of such commodities by contract carriers in non-ocean going vessels on international waters. Nor would it disturb the right of contract carriers to seek exemption of transportation which, by reason of the nature of the commodities or requirement for special equipment, is not competitive with rail or motor common carriers. Of course, provision should be made for granting appropriate operating authority to carriers now engaged in the transportation of bulk commodities if application is made within a stated period of time.

(d) Freight Forwarder Associations

RECOMMENDATION: Provide definite statutory standards for determining which shippers or shipper associations involved in consolidation or distribution of volume freight on a non-profit basis for securing lower rates are entitled to exempt status.

Some shipper or shipper associations involved in consolidation or distribution of volume freight on a non-profit basis for the purpose of securing lower rates, although termed non-profit, in fact absorb costs which include overhead, and the expenses involved go beyond those paid to a carrier. In effect, this exemption opens the way to establishment of non-regulated forwarding enterprises. Definite statutory standards should be provided as a basis for determining which of such associations are entitled to exemption and which should be subject to regulation.

(e) Service Deficits

RECOMMENDATION: Empower the ICC to override certain state service requirements if continuance of such service would result in a net revenue loss or otherwise unduly burden interstate and foreign commerce provided reasonable adequate service in lieu thereof is available.

The need for this correction is illustrated by the fact that the railroads have suffered for many years from a persistent and creeping malady of unprofitable passenger service operations. The provision of freight and passenger services by railroads constitutes a common enterprise. Consequently, the actual losses incurred from passenger service operations must be borne from earnings realized from freight service. Thus, in final analysis, the railroad shippers of the country are being required to subsidize in substantial and growing amounts those who benefit from the utilization of passenger train services.

Class I railroads have incurred a deficit in their passenger service operations every year since 1930 with the exception of the war years, 1942-45. The deficit averaged about $250 million annually between 1936 and 1940, with the annual average rising to nearly $625 million between 1948 and 1953. The peak deficit—$705 million—occurred in 1953. These figures, however, fail to reveal the full extent of the total deficit because individual company and train losses have been offset in part by trains showing passenger profits. Moreover, these data make no allowance for return on investment in passenger service facilities nor do they reflect the cost of transporting fuel and materials for the benefit of the passenger service.

These substantial losses have an extremely adverse effect on the overall financial position of the railroads. In unregulated business enterprises, prudent management would abandon even at the loss of capital investment, any plant or product which for any period of time operated at a loss or showed no prospect of becoming profitable. The common carrier transportation industries, however, faced with a similar situation are not permitted to operate as prudent business managers. For, under the public utility theory, common carriers certificated either by the Federal or state authority, are required to maintain satisfactory service for all segments of their transportation plant for which public authorization has been given.

Many trains, particularly those engaged in short-haul local operations do not produce enough revenue to pay their out-of-pocket costs. Furthermore, in many cases such operations are no longer needed because of the development of alternative transportation service, particularly by improved highways. Curtailment and abandonment of these unprofitable trains offer a means of substantially reducing the passenger deficits. Service abandonments, however, are almost uniformly subject to approval of state regulatory commissions. These commissions have shown reluctance to grant permission because of opposition to the service curtailment from local interests and railroad employees. The ICC has held that its jurisdiction extends only to the complete abandonment of line and operations.

In order to alleviate this situation, the Interstate Commerce Act should be amended to provide that where the Commission finds that continuance of unprofitable facilities or services imposes an undue burden upon interstate commerce, and that adequate service by other forms of transportation are available to meet the public need, it may order the discontinuance of such services or facilities irrespective of the law of any state or the order of any state authority. We believe it is desirable than consideration be given by the Congress to extending this principle to carriers subject to Parts II and III of the Interstate Commerce Act.

(f) Agriculture Commodity Exemptions

In the enactment of Part II of the Interstate Commerce Act providing for the economic regulation of service by trucks, the Congress exempted from regulation trucks carrying certain agricultural products from farm to market.

These exemptions have grown under current court rulings so that now, for example, the ICC has before it a case involving the question of whether green coffee and cocoa beans are "exempt" commodities, although neither is produced by any farmer in this country. A continual expansion of these exemptions could destroy the fundamental purpose of the Act.

The ICC which has jurisdiction in this matter has asked Congress to allow it to testify on this complex subject. The Act should be clarified to indicate what exemptions the Congress now wishes to give without undue interference with the main purposes of the legislation.

III. Special Governmental Rates

In addition to the basic issues of transportation policy discussed above, the special problem of government rates merits attention.

RECOMMENDATION: Continue Authority for Carriers to Establish Voluntary Special Government Rates but Subject Such Rates to All Provisions of the Act (Including Public Filing) Except Suspension and Long-and-Short Haul Provisions, With Authorization for Application of Special Government Rates Retroactively and on Short Notice in Special Instances and With Authorization for Waiver of Filing Requirements in Cases Where National Security Is Involved.

The use by carriers of that portion of Section 22 of the Interstate Commerce Act granting free or reduced rate transportation to government traffic has given rise to abuses and evils which are not in the public interest. It is recognized also, however, that government procurement practices and the peculiar exigencies affecting movement of its traffic as distinguished from normal movement in commercial channels require special consideration.

For these reasons existing statutory provisions authorizing carriers to tender special government rates and fares to the United States, State, and Municipal Governments should be amended in such a way as to preserve the features which accommodate the special needs of government traffic movements yet will overcome the present abuses.

Except for rates and fares subject to security, such special government rates and fares should be published in tariffs and filed in accordance with the provisions of the Interstate Commerce Act and regulations thereunder, provided that filing and publication requirements of the Interstate Commerce Commission may be waived to assure application of such rates or fares on less than statutory notice or retroactively.

Upon enactment of legislation to accomplish the above recommendations, a savings clause should be inserted to permit carriers sufficient time to review and incorporate then existing provisions of Section 22 tenders in published tariff form.

Members of Presidential Advisory Committee on Transport Policy and Organization:

Sinclair Weeks, Secretary of Commerce, Chairman.

Charles E. Wilson, Secretary of Defense.

Arthur S. Fleming, Director of the Office of Defense Mobilization.

Ad Hoc Participating Members:

George M. Humphrey, Secretary of the Treasury.

Arthur E. Summerfield, Postmaster General.

Ezra Taft Benson, Secretary of Agriculture.

Rowland R. Hughes, Director, Bureau of the Budget.

Joel Cooper Returns To Willis Burnside Co.

Willis E. Burnside & Co. Inc., 30 Pine Street, New York City, announce that Joel Cooper has returned to the firm from active military service.

George Stewart Admits

On May 15 Emanuel J. Matkowsky will be admitted to partnership in George Stewart & Co., 350 Fifth Avenue, New York City, members of the New York Stock Exchange.

Continued from first page

1955 Can Be Best Year For Motor Industry!

we have learned that in 1955 business investments in new plant and equipment are likely to set another all-time record. People are confident because they know they have an Administration in Washington that is conscious of the dynamics of the American economy — an Administration which has formed and executed many policies making for stability and encouraging forward-looking business action. People are confident in the future because they understand better than ever before the virtues of our system of private enterprise. They know it has been a major force in creating the kind of civilization we enjoy. They know it has opened up new possibilities for growth. They know our American business economy is an open economy which is geared to exploring and developing the unfenced frontiers of the future.

Ours is an open economy because it gives every man a choice of a thousand roads toward the kind of life he wants for himself and his family. It is an open economy because it is built on a belief in constructive change—and upon all the freedoms that make change possible. It is an open economy because it is always headed toward an open and unscheduled future.

Creative Force of Competition

What I am urging today is a reconsideration and a rededication to the firm faith that the principal force moving us all ahead into that open future is the creative force of competition. At no time in the past have the values of competition been more obvious than in the present period. Competition presents itself to the American people as a continuous process of creation and change—in which competence and progressiveness are rewarded for bringing us new and better ways of living. The speed of this process permits no business to remain static.

In this competitive world of innovation, of new products and services, no one, big or little, can stake out a claim and hold his ground by virtue of squatter's rights. Gains can be held only by performance.

I speak of the virtues of competition with conviction because of current experience. Many of you know that my own company has helped to set the pace this year in the automobile business. But we know that to consolidate the gains we have made we must move hard and fast — and keep right on moving. This is the reason for our nine-figure investment this year in the company's future—not only expanded plants for building engines, bodies and transmissions, but also sharp increases in research and engineering facilities and manpower.

Our own program of expansion is evidence of our belief that the next 20 years will be one of the industry's greatest periods of accomplishment. Beautiful and efficient and useful as the modern automobile is, the cars of tomorrow will be even more responsive to people's needs. Research will continue to create new markets in this as in other industries.

Whatever happens to the design of the automobile and its power plant, we are confident that its use will increase greatly. By 1975 the one-car family could be in the minority—and a large proportion of families may be using three or more cars.

More Cars for the Family

All of us feel optimistic about the long-range prospect for the economy—but at the same time we all recognize that there is no ironclad guarantee that it will go right on becoming stronger and stronger and bigger and bigger. Our free and open economy has a wide open future. In that future there is always the possibility of both failure and success, for individuals and for companies. There will be ups and downs for the economy as a whole. But there need not be anything like a serious and prolonged depression in this country if competitive business continues to do its work in the atmosphere of confidence.

One of the best reasons for being confident about the future is of course our rapidly growing population. It will continue to make heavy demands on business —demands which will keep our economy driving ahead to new records. A very important record was set last year when four million sixty thousand babies were born in the United States. This was the biggest baby crop in our history, but it was only the most recent of a long line of bumper crops in the years during and since World War II. And when those youngsters born in the war years grow up and begin to marry and have their own children a few years from now, the population will really begin to grow. The census experts say it will reach 190 million by 1965 and 221 million by 1975.

All of this means that American business has its work cut out for it. The challenge is big and exciting. But there is one aspect of the growth in our population that presents us with a more than ordinary challenge. That is the fact that the working population, those from 20 to 65, will increase much more slowly than the population as a whole. The young men and women now coming of age and entering the working force were born in the depression years when the birth rate was low, and it will be 10 to 20 years before those born since the war become workers. In other words, we will add many millions of older people and children to the population during the next 20 years, but not many people of working age. The population is growing fast at both ends and slow in the middle.

The job ahead is to produce enough goods and services to meet the needs of a rapidly growing population with a slowly growing force of productive workers. To do this job successfully will take the ingenuity of our engineers, the vision and hard work of management, farsighted policies on the part of labor, and heavy investments of capital. It will also require a continued understanding and constructive attitude by government toward the needs of the business community.

About Automation

We have heard a lot about automation lately. Some are concerned about its threat to employment. Automation is really nothing new. It is only a new name for the constantly improving use of machinery and power so as to perform work more efficiently. The result of this continuous development is to raise productivity, multiply opportunity, and raise the general standard of living. Any advances we make in our production methods in the years immediately ahead will help us to expand the economy and, at the same time, support a greatly increased population. So automation—if we want to use that word to describe recent progress in efficient production—is far from being a threat of any kind. Instead, it is a timely blessing—a very timely blessing indeed.

Automation is only one of a thousand avenues of opportunity that are opening out into the future. In the field of atomic energy new developments are coming so fast that it takes a specialist to keep up with them. Just a few weeks ago the Atomic Energy Commission announced that four groups of electric power producers are planning to build atomic power plants for the strictly commercial production of electricity. What this means is that the nation's newest industry—the atomic power industry — is moving out from under the wing of government control. From now on the country is going to watch with the greatest interest as competitive private managements test the comparative efficiency of rival methods of power production.

We are now being told that before too many years have passed, the use of atomic energy to make steam to make electric current will be followed by the use of atomic batteries which will convert nuclear energy directly into electricity. Think of the new markets that will be opened up by this one development alone. Think of the revolution it will cause in the way we design and equip our homes and the way we build and operate our factories and offices.

In every other branch of science and technology similar gains are being made. We are on the verge of harnessing solar energy. We are tapping the ocean floor for petroleum. Within the lifetime of some of us in this auditorium it is possible that the great deserts will be irrigated with water from the sea—made fresh by processes yet unknown.

The most significant of all the advances made in recent years are those made by medical science. The recent announcement about the Salk vaccine and its great victory in the fight against infantile paralysis thrilled all of us. Other equally important victories over other diseases are sure to follow.

Every achievement we make as a nation—whether in science, the arts, education, or the general welfare—will depend in part upon the strength of the economy. And the better the performance of business the faster our advance is likely to be in those other fields.

Business and the Defense Program

Nowhere is the importance of our contribution as businessmen more visible than in the defense program. The reliability and to a great extent the design of the weapons of defense depend upon the ingenuity and efficiency of private industry. And the size of the defense program we can afford is related directly to the size of the nation's economic base. The national defense will remain strong as long as we continue to have an industrial community made up of strong companies that compete and compete hard.

It is not our job as businessmen to expert the defense program. But it is our job to produce defense goods and services. And every time we succeed in cutting the costs of producing tanks or planes or shoes or rations or any of the other million and one defense goods and services the government buys from business we are helping our country to get more for its defense dollar. Here as elsewhere it is competition that provides the principal incentive for bringing costs down—and in this sense competition itself is one of our most powerful weapons of defense.

Helping to build a strong national defense is only one of the nation's great challenging tasks to which competitive business makes a major contribution. Another task which is high on the agenda of the nation's unfinished business is the task of providing an adequate education for our rapidly growing population. Here again, our ability to do this job depends directly upon the performance of the competitive business community of America. The new products we create, the efficiencies we achieve, the selling job we do, the economic activity we generate—all these will determine how much the nation can accomplish in building school facilities and attracting a continuing flow of talent into the teaching profession.

To their everlasting credit, businessmen from coast to coast are giving strong support to the drive for better schools. They know that good schools make for a good society. They know that the real dynamics of the future are generated in the minds of the young. But business support for schools is not entirely altruistic. It makes good sense from a practical standpoint. Foward-looking businessmen know that the greatest asset of any organization is people — well trained, well balanced people who can carry responsibility and generate ideas. They also know that well educated communities make better markets for goods and services of business.

Another item high on the list of unfinished business is the building of an adequate system of roads and highways. Those of us who are in the business of building and selling automobiles have a deep and immediate business interest in better highways. We speak on this subject often and we speak from conviction. Great as our interest is, however, it is small compared with the nation's interest in a large-scale, soundly conceived program of highway building.

Year after year we have seen the number of cars and trucks in use grow steadily and rapidly. We have seen tremendous advances in the mechanical excellence of our products. We have seen great technical progress in the fuel that powers the modern vehicle and the rubber it rolls on. And here and there we have seen remarkable advances in the design and construction of super-highways and expressways and traffic controls. Wherever these advances have been made they have generated new values—for industry, for suburban development, for interstate travel and trucking, and for the tourist and resort business. They have made highway travel safer. They have given people a new sense of freedom.

We have made a start toward building the kind of roads and streets and highways we need. Some states and cities have made an excellent start. But in the nation as a whole we are still operating with a highway plant that is hardly an improvement on the facilities we had 20 years ago. And this out-of-date highway system is costing us money — big money.

In his message to Congress on our highway needs President Eisenhower said that the present highway inadequacies are costing motorists an average of one cent for every mile they drive. This means that as a nation we are spending needlessly about $5 billion a year—in the cost of accidents, the waste of time and fuel, and the many other expenses of operating vehicles on crowded roads and streets.

Far more important than the money we would save with adequate roads is the certainty that well engineered roads would mean a tremendous reduction in the number of lives lost in highway accidents. On the basis of safety records established on a number of highways of modern design, highway engineers estimated that up to 40% of all traffic accidents could be eliminated automatically if an adequate road program were carried out.

The Highway Problem

The present Administration has roused the nation to the urgency of the highway problem. It has sounded the call to action. At last the people of this country have been made aware of the enormous cost of our obsolete road system. At last they know the tremendous advantages to the economy of a road program on the scale the President has recommended. At last we are thinking big enough about one of our biggest challenges.

I believe that anything less than the size of the program suggested by the President is less than enough to fill the country's needs. Many of the nation's wisest heads have concluded that this is a charge against the future which the country can safely finance now. It is a sound investment if ever there was one.

This country will be able to invest in highways, schools, an adequate defense, and all the other things that are being demanded by our great and growing civilization—if business is permitted to do its job in an atmosphere that encourages competition. I know I speak for you businessmen here today when I say that American business asks no favors from Washington. You are not here to demand special consideration. What you want is the right climate for continuing to do the work that American business has been doing so successfully up to now.

What you are advocating is more reliance on the tried and proven system of free and private enterprise. You are not interested in promoting a system of sheltered and guarded enterprise. You and I have seen strength and efficiency being forged in the heat of competition. We know this has meant risk and venture and courage. You know and I know that in the business life of this country no company—no individual— ever has it made for keeps. No man, no company is beyond the reach of a competitor with a fire in his heart and a big idea in his head. And this is the way we like it.

As a people we Americans know that there is only one kind of security that means anything. That is the security you gain when you know you are growing and advancing—the security you gain by moving out into the open future—by exploring the tremendous range of possibilities in this Twentieth Century world—and by acting fast on good opportunities when they appear.

There may be a few people in our midst who would build a closed society in America — who would limit competition — who would prescribe the products of industry and plan the level of production and consumption — who would try to determine the future in advance.

I for one do not believe they will succeed. They are singing a song that strikes no response in the American soul. We have been lovers of liberty for a long time. For an equally long time we have been exploring the fabulous possibilities of the universe we live in. And as far ahead as you can see we are going to be showing the world what it means to be dedicated to a free and open and wonderful future for men.

Reynolds Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Tullis A. Hardy, Jr., Lew Michelson and William H. Bryan, Jr., are now connected with Reynolds & Co., 425 Montgomery Street. Mr. Bryan was formerly with Bailey & Co.

I.D.S. Forms Canadian Fund

A new Canadian investment company, Investors Group Canadian Fund Ltd., has been organized under the laws of the Dominion of Canada by Investors Diversified Services, Inc., of Minneapolis, Minn. This company is the eighth in the Investors Group of affiliated and subsidiary companies whose securities are being offered to the public. The I.D.S. organization is the investment advisor and distributor for these companies. I. D. S. currently has under management assets of more than $1.6 billion. Home office of the new company will be in Winnipeg, Manitoba.

The registration statement filed with the Securities and Exchange Commission proposes a public offering of 20 million common shares with a par value of $1 per share, priced at $5.41 apiece. Shares will be distributed in the United States, but not in Canada.

Investors Group Canadian Fund Ltd. will operate as a mutual diversified management investment company of the open-end type. It is, however, a special type of mutual investment company, designed to provide the well-to-do United States investor in the upper income tax brackets with a medium for investment which looks towards long-term accumulation of capital rather than the receipt of current dividends.

The managers intend to concentrate the Fund's investment principally in long-term capital growth securities of Canadian industries — primarily common and preferred stocks—with a view towards participating over the years in the economic development of Canada. They do not propose to distribute to the Fund's shareholders, as dividends, any of the ordinary income or capital gains which may be realized, but rather to reinvest such income and gains, thereby increasing the asset value of the Fund to a corresponding extent.

Inasmuch as it was organized as a Canadian, not a United States corporation, and because of its proposed methods of operating, the Fund will not be subject to United States income taxes under the existing tax laws; it is expected that the Fund will obtain certain tax benefits afforded under present Canadian tax laws.

This tax feature should result in substantial tax benefit to the investor of large income. The investor of average income also may find it advantageous to defer payment of personal taxes in connection with an investment in the Fund, until he desires to liquidate his investment, it was said.

Mutual Funds

By ROBERT R. RICH

CONFIDENCE in the stability by and promise of the Canadian economy was reaffirmed recently by Calvin Bullock, sponsor of Canadian Fund, Inc., as it announced that the fund's holdings of U. S. corporate securities had declined from 9% of assets to 3% in the year ending March 31, 1955 and that the entire balance is invested exclusively in Canadian securities.

At the same time, it was announced that total net assets of Canadian Fund, Inc., were $30,167,097, equivalent to $15.24 per share, as of March 31, 1955, compared with $12.22 a share a year ago, which represents a rise of approximately 25% in per share asset value for the year.

Some of the reasons for this confidence in the growing economy of Canada were detailed in a recent statement by Sir Louis Beale, consultant to Calvin Bullock, pointing out that Canada now ranks first in the world in production of nickel, asbestos, platinum and newsprint; second in aluminum, zinc, cadmium, gold and hydro-electric power; third in uranium and silver; and fourth in copper, lead and cobalt. Shortly, Canada promises to become the world's largest exporter of iron ore.

NET ASSET value of New York Capital Fund of Canada, Ltd. as of March 31, 1955 was $24,991,272, equivalent to $24.99 per share on the 1,000,000 shares of outstanding stock, according to the Fund's quarterly report for the first three months of 1955 issued for publication by Henry C. Brunie, Chairman, and Armand G. Erpf, President. Such asset value compared with $24,853,112 or $24.85 per share on Dec. 31, 1954 and $23,350,165 or $23.35 a share on Aug. 24, 1954 when the Fund commenced investment operations. As of April 27, 1955, net asset value per share was $25.63.

Equities added to the portfolio during the first quarter were Western Leaseholds, Ltd., St. Lawrence Corporation Limited, and Ventures Limited. Increases in stocks previously held included Crown Life Insurance Co.; Trans Mountain Oil Pipe Line Company; Famous Players Canadian Corporation Limited; The Shawinigan Water and Power Company; Royalite Oil Company, Limited; Westminister Paper Company Limited; Canadian Westinghouse Company Limited; N. V. Philips' Gloeilampenfabrieken; Aluminium Limited; Cerro de Pasco Corporation; General Mining and Finance Corporation Limited; and Dominion Foundries and Steel, Limited. An investment was also made in Anglo American Exploration Ltd. convertible debentures.

THE MARCH 31, 1955 quarterly report, accompanying the four cent dividend paid to Wisconsin Fund shareholders on April 30 from net investment income, showed net assets at an all-time high of $8,628,523 compared with $5,947,562 a year earlier. On a per share basis this was equivalent to $5.40 compared with $4.34 on March 31, 1954. The number of shareholders were 4,624 compared with 3,873 a year ago.

PERSONAL PROGRESS

NEWTON I. STEARS, Jr., President of the Atomic Development Mutual Fund, announced the appointment, effective on May 1, of Wesley Zaugg as the Fund's wholesale representative for the Southeastern region.

Mr. Zaugg will maintain offices at 1033 30th Street, N. W., in Washington, and will supervise the Fund's relations with investment dealers in Alabama, Florida, Geor-

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National Revises Sales Manual

National Securities & Research Corporation announced publication of a new edition of its sales training manual for the mutual fund industry.

Entitled "What Every Salesman Should Know About Mutual Investment Fund," the 198-page leather bound, loose-leaf manual has been prepared by the corporation's staff for the purpose of making available important sales training information "to the large number of men and women now in or contemplating entering the rapidly growing mutual fund industry."

It is the only manual of its kind. The original edition published in 1951 was so helpful to dealers, salesmen and other interested parties that National Securities & Research Corporation decided to revise it and bring it up to date, including material on the new Statement of Policy of the Securities and Exchange Commission.

No mutual fund is mentioned by name in the manual as it is not aimed at selling any particular fund; instead, it is designed as a sales educational medium for those interested in mutual funds generally.

Ten Million Electronics Fund Makes Initial Share Offering

The initial offering of two million shares of Electronics Investment Corporation, a mutual investment fund with headquarters in San Diego, Calif., has been released this week for public offering at $5.00 a share. William R. Staats & Co., of Los Angeles, member of the New York Stock Exchange, heads a group underwriting the $10 million capital stock issue.

Electronics Investment Corporation management policy as set forth in the registration statement will be to maintain a widely diversified position in the higher grade securities of the growing electronics field. At least 66% of its investments, other than government securities and cash, are to be maintained for shares of firms devoting important operations to electronics.

Offices of EIC and its allied firms, Electronics Investment Management Corporation, and Salik & Co., have been established in San Diego.

Charles E. Salik, President of all three companies, said regional offices will be opened in New York, Chicago, San Francisco, Los Angeles and Dallas. Within six months foreign offices will be opened in London, England, and Berne, Switzerland.

John P. Chase, Inc., of Boston, well-known investment counselling firm, has been retained to serve as investmen advisor to EIC. The Chase Company, now in its 23rd year, has more than 175 accounts, with market values exceeding $250 million.

Technical advisors to EIC are Dr. Charles Stark Draper, Professor at Massachusetts Institute of Technology, and also director of MIT's instrumentation laboratory; Dr. Joseph M. Pettit, Professor of electrical engineering at Stanford University; Henry P. Kalmus, Specialist in electronics research and development, Washington, D. C., and formerly research physicist in basic television development, Zenith Radio Corporation; William S. Ivans, a director of EIC, is chief electronics engineer and head of Electronics & Engineering Laboratories, Convair, San Diego, a division of General Dynamics Corporation; and Bernard Koteen, also a director of EIC, and former Senior Attorney of the Federal Communications Commission, Washington, D. C.

According to Mr. Salik, the world today is poised on the threshold of the electronics era. Every phase of business, industry, and home life will be affected by the miracles of this new science.

Continued from page 5

The State of Trade and Industry

car and truck total will be 53,200, a new top mark. This represents 42,200 cars and 11,000 trucks.

Steel Output Set This Week to Establish a New Record of 2,328,000 Tons

If steel ingot output goes any higher, it will set a new tonnage record, says "Steel," the weekly magazine of metalworking, the current week.

Production of 2,317,000 net tons of steel for ingots and castings in the week just ended (May 1) about equaled the record of 2,324,000 tons made in the week ended March 29, 1953 when the Korean War was in progress. This shows there can be high steel output without a shooting war, declares this trade journal.

Current output it states, is not likely to go much higher, adding there have been times when the steel industry has run at more than 100% of rated capacity, but those were war times and capacity was not so great as it is now. Without the spur of war, the industry is not inclined to run that high. To exceed its present level of 96% of capacity, the industry would have to use some of its older and less efficient stand-by facilities and otherwise resort to costly practices, such as pushing good equipment to the limit, it states.

Before it will be willing to go much higher, the steel industry will have to be convinced high demand is here to stay for a long time. It isn't convinced of this. It wants to see what happens to automotive demand.

If the automobile industry slows only moderately, the over-all demand for steel could remain high, for many other businesses are doing well. The machine tool industry received a larger volume of orders in March than in any month since September, 1953. This trend is in line with plans of businessmen to spend more for new plant and equipment this year than in 1954. Expenditures for new plants, the second largest user of steel, are helping push up construction, and dollar volume of heavy construction is running 10% ahead of record 1953, "Steel" magazine concludes.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 96.5% of capacity for the week beginning May 2, 1955, equivalent to 2,328,000 tons of ingots and steel for castings as compared with 95.6% (revised) and 2,307,000 tons a week ago. The former tonnage will set a new record output.

The industry's ingot production rate for the weeks in 1955 is based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

For the like week a month ago the rate was 95.3% and production 2,300,000 tons. A year ago the actual weekly production was placed at 1,654,000 tons or 69.4%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Electric Output Registered Mild Increase the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, April 30, 1955, was estimated at 9,699,000,000 kwh., according to the Edison Electric Institute.

This week's output increased 2,000,000 kwh. above that of the previous week, when the actual output stood at 9,697,000,000 kwh.; it increased 1,309,000,000 kwh., or 15.6% above the comparable 1954 week and 1,760,000,000 kwh. over the like week in 1953.

Car Loadings in Latest Week Advance 4.7% Despite Labor Trouble

Loadings of revenue freight for the week ended April 23, 1955, despite a continuation of labor trouble on several railroads in the Southern District, increased 31,459 cars, or 4.7% above the preceding week, according to the Association of American Railroads.

Loadings for the week ended April 23, 1955, totaled 705,848 cars, an increase of 79,606 cars, or 12.7% above the corresponding 1954 week, but a decrease of 73,956 cars, or 9.5% below the corresponding week in 1953.

U. S. and Canadian Automotive Output Set New Highs In Latest Week

The automobile industry for the latest week ended April 29, 1955, according to "Ward's Automotive Reports," assembled an estimated 187,060 cars, compared with 180,647 (revised) in the previous week. The past week's production total of cars and trucks amounted to 219,212 units, an increase above the preceding week's output of 7,214 units, setting a new high peak, states "Ward's."

Last week's car output rose above that of the previous week by 6,413 cars, while truck output showed a gain of 801 vehicles during the week. In the corresponding week last year 124,844 cars were assembled.

Last week the agency reported there were 32,152 trucks made in the United States. This compared with 31,351 in the previous week and 23,394 a year ago.

Canadian output last week was placed at 10,488 cars and 3,005 trucks. In the previous week Dominion plants built 10,241 cars and 2,835 trucks, and for the comparable 1954 week 8,956 cars and 2,012 trucks.

Business Failures Rose Slightly in Past Week

Commercial and industrial failures edged up to 212 in the week ended April 28 from 204 in the preceding week, Dun & Bradstreet, Inc., reports. While casualties remained below the 234 occurring a year ago, they exceeded the toll of 169 for the comparable week of 1953. Mortality continued 35% below the prewar level of 326 in 1939.

Failures with liabilities of $5,000 or more rose slightly to 177 from 174 but were not as numerous as last year when 206 of this size were recorded. Among small casualties under $5,000, the toll moved up to 35 from 30 in the previous week and 28 a year ago.

Eleven businesses failed with liabilities in excess of $100,000 as compared with 19 in the preceding week.

Wholesale Food Price Index Dipped Last Week to Two-Year Low

A general downtrend in foodstuffs last week caused a sharp dip in the Dun & Bradstreet wholesale food price index which fell to $6.42 on April 26, from $6.52 a week earlier. This brought the current level to the lowest in almost two years, or since May 12, 1953 when it also stood at $6.42 and widened the decline from the comparable year-ago figure of $7.39 to 13.1%.

Moving upward in wholesale cost the past week were flour, wheat, rye, oats, beef and rice. These were heavily outweighed by declines in corn, hams, bellies, lard, butter, sugar, coffee, tea, cocoa, beans, peas, eggs, hogs and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Moved In a Narrow Range the Past Week

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., moved in a narrow range last week and showed little change for the period. The index closed at 274.31 on April 26, as compared with 275.11 a week ago, and 275.90 on the corresponding date last year.

Grain markets continued nervous and irregular the past week. Prices generally tended toward higher levels, reflecting uneasiness regarding developments in the Far East.

Some of the buying in wheat was influenced by a potential tightness in free wheat and adverse weather conditions in dry areas of the Winter wheat belt where dust storms and high winds largely minimized the effects of recent rainfall.

Corn offerings were in limited volume but demand was not so aggressive and prices were slightly easier. Field work in corn was retarded somewhat by rains last week. Oats displayed independent firmness while rye advanced largely in sympathy with wheat. Trading in grain and soy-bean futures on the Chicago Board of Trade was more active. Daily average purchases last week totaled about 44,000,000 bushels, against 38,400,000 the week before and 60,600,000 in the same week last year.

Coffee prices were mostly steady with a substantial interest shown in nearby arrivals since roasters' inventories are reported at a low level.

A late report from South America quoted a Brazil official as proposing an export tax of 30% on coffee to be used for stabilization purposes.

Raw sugar was steady with limited demand reflecting the slow seasonal movement of the refined product.

Spot cotton prices turned upward in the latter part of the week to finish with slight net gains for the period. The rise was attributed to mill price-fixing with some buying influenced by the government's announcement of grants to Spain and Yugoslavia. Activity in spot markets was slow with reported sales in the 14 markets totalling 61,700 bales, the smallest for any week this season. CCC loan entries as well as repayments continued in small volume. Exports of cotton during February totaled 307,000 bales, bringing total exports for the first seven months of the current season to 2,267,000 bales, against 1,910,000 bales in the same period last year.

Trade Volume Rose Slightly in Latest Week and Compares Favorably With Like Period a Year Ago

The continued high levels of employment and personal income were reflected in the expanded volume of retail trade. Consumer buying advanced slightly in the period ended on Wednesday of last week and compared favorably with that in the corresponding week a year ago.

Because most retail prices were slightly lower this year than last, the rise in unit volume was larger than that in dollar sales.

The total dollar volume of retail trade in the week ranged from 3 to 7% above a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the year-ago levels by the following percentages: New England and East +2 to +6; South +4 to +8; Middle West and Pacific Coast +3 to +7; Northwest +1 to +5 and Southwest +6 to +10.

Spring apparel buying recovered from the post-Easter slackness. Women shoppers were noticeably more interested in hosiery, lingerie and accessories, while retail volume in men's wear dipped slightly; sports clothing usually sold briskly. There was a moderate increase in sales of children's wear with unusual interest in "Davey Crockett" shirts, hats and other accessories.

Consumer purchases of household durables and new automobiles remained at very high levels.

While retail volume in washing machines and refrigerators exceeded that of a year ago, there was a slight dip in television sales. Hardware and home redecorating specialties were heavily purchased as consumers' Spring home refurbishing programs got under way. Spot enthusiasts increased their buying of equipment with particular emphasis on baseball, golfing and fishing apparatus.

The dollar volume of wholesale trade was noticeably above that in the corresponding week a year ago.

Department store sales on a country wide basis as taken from the Federal Reserve Board's index for the week ended April 23, 1955, advanced 10% from the like period last year. In the preceding week April 16, 1955, a decline of 13% was registered from that of the similar period of 1954, while for the four weeks ended April 23, 1955, an increase of 3% was recorded. For the period Jan. 1, 1955 to April 23, 1955, a gain of 6% was registered above that of 1954.

Retail trade volume of department stores in New York City last week, according to trade observers was unchanged to 5% greater than in the corresponding week of 1954.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended April 23, 1955, advancd 4% above that of the like period of last year. In the preceding week, April 16, 1955, a drop of 19% (revised) was recorded. For the four weeks ending April 23, 1955, a decline of 3% occurred. For the period Jan. 1, 1955, to April 23, 1955, the index recorded a rise of 1% from that of the corresponding period of 1954.

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The Businessman's Social Responsibilities

clear of inertia and do-nothing philosophy in front of its own front door. In short, **every business should do something to discharge its social responsibility.** And the amazing fact is that with everyone doing something, there is no doubt that the effect will be magnificent and compelling. Such combined effort will register with great impact, and the motivation for increased public support and approval of our enterprises is bound to grow.

But how, you say, can I develop a project with social consciousness? I am taking the liberty of suggesting a few opportunities that are before the door of everyone.

(1) **Education.** This is the number one social problem of our day. Inadequate school plants. Lack of trained teachers. Unsatisfactory teaching curricula. Lack of funds for liberal arts colleges. The need for scholarships. No candidates for school board jobs. There are innumerable opportunities here.

(2) **Employee self improvement.** Is the paycheck the end-all of your employee plan? How about night study courses, subsidized? How about credits for ideas, communication seminars, and promotion meetings? Is stabilized employment a factor in your planning? Do you schedule orders to maintain level job rolls? Do you tell employees of your problems, and take them into your confidence on matters affecting job fluctuations?

(3) **Community Service Projects.** Are you willing to volunteer your company's services to augment your local community fund agencies where necessary? Do you cooperate with service clubs on special projects? Are you interested in creating more jobs in your community and in working with other groups to achieve this?

(4) **Contact your Chamber of Commerce Office.** Have you ever considered that your local Chamber of Commerce office needs help on a number of worthy projects involving social responsibility? Have you ever considered writing the national office for suggestions? There are innumerable opportunities here, if you show a willingness to shoulder them.

Conclusion

Yes, the opportunities for social service are legion before the businesses of America today. Truly they are numbered in proportion to the opportunity enjoyed by the enterprises themselves. It behooves us therefore, to move confidently and enthusiastically forward, and each to do his part. It matters not that the role we play may be a minor one; it isn't necessary to set the world on fire, so to speak. But it is essential that every business yoke itself to the implement of social responsibilities, and then pull forward down the furrow of public appreciation and understanding. And it is time for every businessman to speak up and report on the way he fulfills his responsibilities to society.

Only thus, with a public believing that we understand the problem, can we hope to motivate people to act in their enlightened self interest and ours, at the polls and elsewhere. Only then can we lead aggressively on voluntary social amenities, instead of staggering blindly as we are driven by compulsory legislation.

It has been said that the future belongs to them that prepare for it. Just so, as business faces up to its social responsibilities, will society stand up for business. In this combination rests the destiny of our expanding economy, and an America with increasing opportunity and happiness for all.

Continued from first page

Investment Portfolios Today

I as an insurance man, am on rather dangerous ground to venture the opinion that the human rights of beneficiaries must be emphasized against the legal rights of the remainderman. Actually, a program which should increase the value of principal over a period of time and give protection against inflation and against the decline in the purchasing power of the dollar should be of equal benefit to the remainderman.

Comparative Yields

In the latter part of the 1920's, common stocks yielded about the same, or slightly less on the average, than high grade corporate bonds, and in that period the Federal Corporate Income Tax was at a relatively low figure, so that the differential in net after taxes was not significant. The same relationship would apply for the individual taxpayer. Over the subsequent period to date the level of interest rates declined considerably whereas the level of income tax rates increased substantially. Furthermore, over the entire period 1937 to date the common stock yields were very much in excess of high grade bond yields, and since 1940 common stock yields were, for the major part, substantially in excess of preferred stock yields.

A fire and casualty insurance company pays the Federal corporate income tax rate of 52% on the income from fully taxable government and corporate bonds. Thus, a long-term high-grade corporate bond with a 3% gross return yields 1.44% after taxes. Dividends on common stocks are exempt to the extent of 85% of the total, so that in effect a tax of 52% is paid on 15% of dividend income, or a tax of 7.8% on the total dividend income. Thus, to use the Standard & Poor's Index of Fifty Stocks, the current yield of 4⅛% gross becomes 3.80% net after taxes. Whereas in the late 1920 period there was no significant difference between the net after taxes from corporate bonds vs. common stocks, today these figures would indicate a net yield after taxes on common stocks of approximately 2.7 times the yield on high-grade corporate bonds and in excess of three times the net yield on an average portfolio of government bonds. The same relationship would prevail in a comparison of yields on common stocks vs. municipal bonds over these two same periods. In 1929 the yield on municipal bonds averaged about 4.25% vs. a yield of 3.24% on common stocks at their highs. Currently municipal bonds yield 2.43% and common stocks yield 4⅛% This condition has continued now for quite some time with the ratio of stock yields to bond yields, particularly after taxes, at a omparatively high level since about 1937. Thus, common stocks have become a much more desirable holding to corporate investors from the angle of relative income. The individual taxpayer has been adversely affected in a similar manner by the changes in interest and in tax rates. Common stocks, therefore, have become more attractive to holders, both corporate and individual.

Increased Income A Reserve

The very substantial increase in net yield through investment in equities or common stocks was and is compensation to the fire and casualty insurance companies for the greater risk. This increased income may be considered a reserve against a possible decline in market value, assuming that this additional income is not disbursed too generously in the form of dividends. A substantial reserve can be created in this manner to cushion the impact of declines in security values. Consequently, just so long as an insurance company has adequate capital resources to absorb temporary market declines, this additional income is a powerful advantage. And the longer the stock market may be depressed and the longer the corporate investor may be wrong, the more nearly is he right, because of the accumulation of additional income from common stocks as against income from bonds.

Over the period of the last 20 years holders of common stocks have enjoyed larger income, both actual and in terms of purchasing power, than holders of fixed income securities, and the value of this principal has also increased greatly. It seems reasonable to assume that with the continued growth in population, in gross national product and in the increased income of the peoples of this country—and this should be reflected in increased corporate earnings—common stocks should perform favorably over the future.

Real Income

Over a long period of time the purchasing power of the dollar has declined and the real income from very high-grade bonds has been reduced very drastically. At the present time the decline in that real income is 75% since 1913 and about 60% since 1929. On the other hand, dividends on common stocks over this period have increased and the real income, likewise, has increased. An investment policy must give recognition to social and political trends and their impact on the future value of the dollar and on the trend of security values. Common stocks in a fire and casualty insurance company portfolio, therefore, provide the stockholders with protection against inflation and against the resulting decline in purchasing power of the dollar. Common stocks should provide this same protection to individuals—both to the beneficiary in the form of higher income and to the remainderman in larger principal.

Wars and inflation have contributed in no small degree to the favorable experience in common stocks over the past 15 years, but there have been other significant developments which also contributed to that favorable experience, and forces of a character which should continue to have favorable impact in the future. During the post-depression period, the country has undergone a great social revolution in the form of a significant redistribution of income. In 1953, 63% of this country's family units had incomes of between $3,000 and $10,000 as compared with only 29% 25 years ago. Two-thirds of all family units in 1929 earned less than $3,000 per year in today's prices, this group receiving one-third of the total cash income. Today over 70% of all family units earn more than $3,000 a year and the 35,700,000 families in this group get over 90% of the total income. The $4,000-$7,500 group now contains 19,700,000 families or 38% of the total, with this group now getting 40% of all income. This group has more than trebled since 1929 in both numbers and real purchasing power.

The redistribution of income has resulted, quite naturally, in the tremendous increase in purchasing power in the hands of vast numbers of people, creating mass demands for all types of goods on a wide front. The impact of increased purchasing power of the people has a favorable effect on business generally; it influences the living habits of people, resulting in part in migratory trends, with people moving from cities to the suburban areas and from the suburban to the nearby rural areas. This trend is again beneficial to business, with its effect on residential building, on the furniture industry, on the household appliances industry, automobile industry, development of shopping areas, building of schools, construction of churches, road building and capital expenditures for sewers, water and public utilities. Equally important is the fact that the economy is now supported by a much broader base, by a large segment of population with its huge buying power as contrasted to the narrow base of 25 years ago. This should mean a healthy stabilizing influence in any business recession.

Stimuli to Purchasing Power

Another social measure which has been a favorable influence in sustaining the economy is unemployment insurance, and in the years to come pension funds will be increasingly important sustaining and contributing forces toward maintenance of purchasing power. I would like to mention just briefly, without going into detail, other factors which have had very important influences on the value and desirability of common stocks and which will continue to be important long-term influences:

(1) The increasing power and strength of unions which will work against substantial mass wage cuts except in special circumstances.

(2) The level of interest rates, which is always an important consideration. With the increased influence of monetary management as well as fiscal management, money rates will continue to be relatively low compared with the level of interest rates prevailing in the 1920 to 1929 period.

(3) The role of government in our economy has assumed increasing importance. The history of the past two years in the use of these mechanisms is illuminating and it is now recognized that it is politically inexpedient to permit interest rates to rise to a level which would really compensate the investor for the risks involved in ownership of bonds. Monetary management will probably be a one-way affair—easy money and low interest rates are always popular and the reverse unpopular.

(4) Price supports not only to the farmer but to other important segments of the economy. The income of the farmer is pretty much maintained at minimum levels. Also, we have seen price supports for important raw materials such as lead, zinc and copper through stock piling.

(5) The Employment Act of 1946. This law charges the government with the responsibility of promoting national employment, production and purchasing power, and this law assumes that the government can and must bring about and maintain employment. This means that the government has no choice but to use all the tools at its command to carry out this mandate. The political life of any party is at stake if reasonably full employment is not maintained. The Federal Reserve Board must take heed of this mandate, for if it does not, Congress might amend the Federal Reserve Act, and perhaps unwisely, so as to result in grievous damage to it and to its non-partisan character.

Under the 1946 Employment Act, the policy toward relatively easy money is a fact. The inferences to be drawn are obvious. Increased volume of money will be injected into the economy when business shows any signs of sliding and further expansion of money will follow with any improvement of business because expanding credit requirements will automatically expand bank deposits. Both parties have the same responsibility under this Employment Act and certainly we have had every indication that both political parties will carry out this mandate. It is, therefore, reasonable to assume that the constant erosion of the purchasing power of the dollar might continue over the next 50 years as it has over the past 50 years. The question seems to be not one of direction but one of degree. Thus, if interest rates can be expected to rise at best to a level which would only be moderately higher than at the present time, and consequently still furnish a relatively low real income to investors, and if the inflationary forces over the next decade or longer continued to be a real threat, then there can be no question about the role of common stocks in the portfolios of fire and casualty insurance companies and of individuals.

Other factors in the consideration of common stock equities include the role of the Securities and Exchange Commission which has been an important factor making for sounder common stocks, for it has meant full disclosure of facts, figures and other information having important significance on the affairs, operations and outlook for companies listed on the registered Exchanges or engaging in public financing. Self-regulation by the Exchanges has had the effect of making for sounder practices. The supervisory measures taken by the Federal Reserve System have also been a factor in the reduction of excessive speculative influences. Corporation managements are very much more cooperative and the relationship with stockholders much more enlightened, for they go out of their way in most instances to discuss their affairs in complete detail, giving figures and an insight into policies having a bearing on future prospects. The leading corporations today are much more seasoned, have sound financial positions and are strongly entrenched.

Another important factor in the consideration of equities has been the liberalization of laws governing investments by trust funds and by other types of funds. The amount that can be invested in equities has been increased substantially. Pension funds have become important factors as have mutual funds, life insurance companies, savings banks and college and endowment funds. The stock market today is becoming more of an institutional affair, with transactions on the Exchange by the institutional investor growing more important daily. All these factors contribute to the increasing investment stature of common stocks and their growing acceptance as a suitable investment medium for various types of institutions, including the fire and casualty companies.

Implications for the Future

While a good portion of what has been said is past history, nevertheless it includes factors which indicate favorable appraisal values for the future. At the moment, however, we are all concerned with the problem of investing funds today. The sharp rise in common stock prices, particularly over the last 19 months, has made for caution and rightfully so. Many are questioning the level of the market. Mr. Bernard Baruch made an interesting contribution on that score in a statement before the Senate Banking and Currency Committee, Washington, D. C., Mar. 23, 1955, which I shall quote:

"At the outset let me emphasize that no one knows whether stocks are too high today. No one—not even the most experienced trader, economist or businessman — can predict with certainty the course of the stock market."

A review of the past again is advisable, this time a study of common stock prices, earnings and dividends and of certain related phases of the economy over the last 30 years, which may supply a background of data from which you may be able to find your own answer as to the current level of the market. Memories are short and most of the data currently presented and reviewed does not cover a long enough period, and that is why this presentation covers a period of nearly 30 years. The common stock figures used here are derived from Standard & Poor's Index of Fifty Industrial Stocks, based on 1926 as 100, and the earnings and dividends thereon, using the same base.

The year 1926 was one of general prosperity, following a steady improvement in business activity when had begun after the 1921 depression. By the beginning of 1926, stock prices had already approximately doubled from their 1921 lows. In 1926 the stock price index ranged between 8.6 and 11 times 1926 earnings and the dividend yield ranged from a high of about 6.3% to a low of around 5%. During that year, high grade bonds yielded about 4¾%.

After a slight reduction in 1927, which was a year of minor business recession, earnings recovered in 1928, and by 1929 were 30% above the 1926 level. During this period, the dividend payout increased and dividend payments rose by about 50%. Meanwhile stock prices advanced steadily, disregarding the business recession (this is reminiscent of 1954), and after only slight hesitation in 1928 and the summer of 1929, reached a 1929 peak at which the price-earnings ratio was about 19.5 times and the dividend yield was only 3.2%, well below the yield of close to 5% on high grade bonds at that time.

With the market slump which began in the fall of 1929 and the collapse of the entire economy in 1931 and 1932, many leading companies reported only nominal profits or even deficits. As a result, price-earnings ratios for this period are not meaningful. However, most of these companies continued to pay dividends, giving the high yields of this period considerable significance.

Earnings and dividends recovered after 1933 and stock prices advanced more rapidly. At their 1937 high, stocks were selling at almost 17 times 1937 earnings and yielding only about 4¼%. In 1938, a year of sharp business recession, earnings dropped nearly 50% and dividends more than 40%. Stock prices in that year were relatively high in relation to the low earnings and dividends; the price-earnings ratio ranged from a low of 15 to a high of over 24 and the dividend yield ranged from a high of 5.4% to a low of only 3.3%.

Toward the end of 1938 the stock market apparently was discounting a recovery in earnings and dividends which actually occurred in 1939, 1940 and 1941. However, this recovery did not result in higher stock prices; on the contrary, the market worked irregularly lower as war broke out in Europe, France fell, and the United States was attacked and suffered serious initial defeats in the Pacific. During this period, the lowest rates of stock prices to earnings and dividends occured at the end of 1941, when the price-earnings ratio fell to 7.6 and the dividend yield rose as high as 8%.

During the war period, stock prices rose, price-earnings ratios advanced and yields declined until at the end of 1945, discounting future earnings unburdened by the excess profits tax, the price-earnings ratio reached a peak of 20 times and the dividend yield dropped to 3.6%. At this time high grade corporate bonds yielded about 2.6%.

As in 1939-41, earnings and dividends did increase from 1946 through 1950, but stock prices pursued a generally downward course from mid-1946 to the summer of 1949. From a 1946 high of 17.5, the price-earnings ratio slumped to 5.8 in 1948, 5.5 in 1949 and 5.6 in 1950. From a 1946 low of 3.6%, the dividend yield soared to 8.7% in 1949 and 9.4% in 1950.

Since 1950, earnings and dividends have not changed greatly, but market prices have worked steadily higher. At the end of 1954, the price-earnings ratio at close to 13 times was well over twice its 1948-50 lows and was the highest since 1946. The dividend yield at 4¼% was less than half the 1949 and 1950 peaks and likewise the lowest since 1946.

Conclusions From Past Performances

What tentative conclusions may we draw from this review of 1926-54 experience? One is that favorable general buying opportunities for common stocks are usually, but not always, characterized by relatively low price-earning ratios. During the period covered here, the best buying opportunities were present in 1926, 1932-35, 1941-42, and 1947-50. All of these, except 1934, were years in which the price-earnings ratio reached a relatively low point. On the other hand, this ratio also reached a relatively high level in 1932, 1933 and 1934, these being years of relatively low earnings and bankrupt prices.

High price-earnings ratios do not appear to be especially reliable indicators of times to sell common stocks, for the reason that such times may be periods of low earnings. During the period reviewed, the highest price earnings ratios were recorded in 1930, 1931, 1933, 1938 and 1945.

Dividend yield seem to offer more reliable signposts than price-earnings ratios. During the 1926-54 period, high yields were present at the 1932, 1937, 1941 and 1950 lows, and yields almost as high at the 1931, 1940, 1942 and 1949 lows. All of these represented general buying opportunities in common stocks. Conversely, times when dividend yields were low represented appropriate points for selling stocks in 1929, 1938 and 1945-46, but not in 1933 and 1934.

What light do these observations throw on the postwar period and particularly on the present situation? In retrospect, the high price-earnings ratios and low yields prevailing in 1945-46 were entirely justified in that they were discounting a future improvement which did occur. As earnings and dividends increased from 1946 through 1950, and as prices failed to rise commensurately, price-earnings ratios dropped, and yields rose, to levels which in historical perspective were clearly abnormal. In due course, this abnormality had to be resolved either by a rise in prices or by a drop in earnings and dividends. Its existence shows that investors in general distrusted the historically high earnings, ascribing them to a boom which appeared temporary and to a price inflation which in due course could be expected to collapse. These fears date back to the history of earlier major wars, which were soon followed by sharp price declines and severe business recessions, and also to the bitter experience of the great 1930-1935 depression and the 1938 relapse. Moreover, it was apparent that the national burden of debt had grown so heavy that any extended slump in commodity prices would be disastrous to the whole economy.

The years immediately after the war's end were shadowed by the fear of business recession. A downturn finally came in 1949, but it proved relatively short and mild. Then the Korean War, beginning in 1950, produced a new wave of inflation and inventory accumulation, the latter being washed out in 1954, again without serious consequences to the health of the economy. In the meantime, the Republicans in 1952 had taken over the Presidency and control of Congress under a middle-of-the-road Administration which showed little or no desire to "turn back the clock" and reverse any of the major institutional changes, such as redistribution of wealth, which had accurred under the New and Fair Deals. These events —particularly the successful negotiation of the two postwar recessions and the convincing evidence of the permanency of the new plateau of prices and the new high levels of earnings—were a cumulative stimulus to investment confidence.

Recently my good friend Howard Vultee in a talk given on Dean's Day at the New York University Graduate School characterized this entire period in the following fashion:

1928-1929 — Recklessness
1929-1932 — Disillusionment
1932-1950 — Safety
1950-1954 — Disillusionment
1954-1955 — Recklessness

Current Return of Confidence

There is a great deal in that characterization, but I would disagree with respect to the 1950-1954 period, which I consider one of frustration and uncertainty, and as to the 1953-1955 period, which I consider one of return of confidence and readjustment in values. Some years ago, institutional investors and regulatory authorities began to recognize the relatively attractiveness of common stock yields as against yields in other categories of investment securities. These professional investing groups became and continued to be buyers, and this cumulative buying had its effect on market prices. Later on, the public generally began to awaken to these values and to be impressed by the excellent performance of common stocks, the good current return and the probability of increasing return, versus the danger of further shrinkage in the purchasing power of fixed income securities, and began to turn more and more to common stocks. Consequently, I term the 1953-1955 period one of readjustment in values, reflecting the rebirth of confidence and the cumulative expansion of confidence of all investing groups in common stocks as against other types of securities. However, we may now be entering into a period of mild recklessness initially.

At the present time, still in terms of Standard & Poor's Index of Fifty Industrial Common Stocks, based on 1926 as 100, industrial stock prices have reached an all-time high of about 390. On the same base, earnings in 1954 were $28.76 a share and a reasonable estimate for 1955 might be about $31. Dividends in 1954 amounted to $15.62 a share or about 54% of earnings; allowing for some further liberalization of the dividend payout, 1955 earnings of $31 might produce dividends of around $18 or 58% of earnings. Thus, the current level of industrial stock prices represents a price-earings ratio of about 13½ times 1954 and 12½ times estimated 1955 earnings, and a yield of about 4% based on 1954 and 4.6% based on projected 1955 dividends.

In historical perspective, these ratios do not suggest that common stocks are either dangerously high or attractively cheap, but rather somewhere in a middle area, such as was the case in 1927, 1935, 1939 and 1943. At times like these, lacking the relatively clear guidance which would be offered by extreme relationships of market prices to current earnings and dividends, the investment manager finds himself in the uncomfortable position of having to depend upon his analysis of the probable future trend of earnings and dividends.

Like Mr. Baruch, I do not presume to be able to tell you what the future holds in terms of the general level of prices, the rate of business activity, corporate earnings and dividends, or stock prices. I can, however, say with some assurance that after more than a decade of almost unbroken business prosperity and rising stock markets, we cannot confidently look forward to an indefinite continuation of this pleasant state of affairs. Although it may be tactless to say so, I believe that to a large extent (but not exclusively so) the postwar business prosperity has been a direct result of the war, and that the extended rise in earnings, dividends and stock prices has been a reflection of that prosperity and of the great inflation in the general price level which, although delayed, was a direct consequence of the war and the inflationary methods employed to finance it.

Only Creeping Inflation

Unless there is another major war—the consequences of which to the United States economy might be much less favorable than those of World War II—it seems unlikely that there will be any further general price inflation of more than the creeping variety. Moreover, the backlogs of demand for housing, automobiles and consumer durables left over from the War have been largely liquidated, and some experts are beginning to worry lest the current super-boom in residential building may result in a housing surplus before very long. A further cause for concern lies in the rate at which mortgage and consumer debts have risen since the War and especially during the past year; this can perhaps continued indefinitely, but the longer it does the more serious will be the eventual repercussions on the economy when people finally stop going into debt and begin paying it off.

On the other hand, there are some basic trends of favorable long range significance. One is that our population continues to grow at a rapid rate and that this growth centers in the under-18 and over-65 groups who consume much more than they produce. This impels those in the working age groups to produce more in order to maintain their accustomed family standard of living, tends to create a chronic labor shortage and an upward pressure on wages and salaries, and generates a strong incentive for businesses to invest heavily in new plants and better equipment to increase efficiency and offset the higher cost of labor. On the basis of children already born, this population trend is certain to continue at least through 1960.

Another favorable factor lies in the tremendous, and only partially exploited, body of scientific and technical knowledge developed from the intensive research efforts of recent years. Electronics, automation and atomic energy may well create new products and industries of which we are even now largely unaware.

It is interesting as well as encouraging to note that nearly all of the economists and other students of business trends who have been willing to publish long range forecasts have been uniformly optimistic, although with some difference in degree. For example, Gerhard Colm, economist for the National Planning Association, in 1952 predicted that by 1960 gross national product would be nearly 20% above the 1954 level ($357 billion). Another projection by the economics staff of McGraw-Hill Publishing Company, headed by Dexter Keezer, suggests a 17% rise in gross national product between 1954 and 1960. A projection made for Weyerhaeuser Timber Company by the Stanford Research Institute points to gross national products of $412 billion in 1960, $465 billion in 1965 and $586 billion in 1975, representing increases of 15%, 30% and 64% above the 1954 level. A relatively optimistic projection by the staff of the Joint Committee on the Economic Report points to a 1965 gross national product of $535 billion, 50% higher than the actual 1954 figure. All of these forecasts are in terms of recent prices and do not rely on any further price inflation.

The studies referred to include years other than those mentioned and series other than gross national product. Moreover, I could cite other reports, but I thing this will suffice to indicate the general tenor of the many projections which have been made. Without important exception, they assume further long range growth in our economy, with variations only in the assumed rate of growth.

If I cannot tell you whether the stock market is likely to rise or fall over the next year or several years, I might offer a little advice of more modest scope concerning selection of common stocks. There is, in my opinion, an unfortunate tendency for investment managers to be swayed by fashion and historical favoritism rather than by intelligent and practical analysis of the record.

A recent study brings out this point quite clearly. This study, comparing 1953 with 1939, revealed that many of the companies generally considered to have outstanding growth characteristics, and whose common stocks sell at commensurately liberal price-earnings ratios (and low dividend yields), have actually shown a lesser improvement in sales and earnings than other companies whose stocks sell at relatively lower market prices. For instance, only three out of eight leading diversified chemical companies showed increases in earnings as large as the average rise (6.8 times) in total pretax profits over this 14-year period. In contrast, four out of five leading paper companies greatly outdistanced the average gain in profits. Yet leading chemical stocks are currently selling at 17 to 25 times 1954 earnings (after adjustment for excess amortization), while leading paper stocks are typically selling at only 12-16 times.

No doubt many of you are generally familiar with the market record of the major industrial stocks during the postwar period, but let me remind you of a few examples of the importance of selectivity. On average, industrial stocks haxe approximately doubled since their 1946 highs. Yet over the same period paper stocks have almost quadrupled, while aircraft, oil and rubber stocks have approximately tripled, taking the index for each group. Some individual stocks, of course, have done much better. On the other hand, electric utility stocks on average have risen only about 33% and New York City banks 29% since their 1946 highs, while textile stocks have declined by 15%, cigarettes by 20%, and motion pictures by 30%. The importance of selectivity within an industry is suggested by the following changes for various kinds of nonferrous metals: aluminum up 228%, copper up 83% and lead-zinc down 16%; and in the relative market performance of stocks of banks in growth areas, such as the Pacific Coast against those of banks in New York and other major eastern cities.

Caution in Order

In closing, I would suggest that caution be exercised at this point and as the level of common stock prices reaches new highs that still greater caution be exercised, particularly as mommon stock yields decline and corporate bond yields remain stationary or increase. Portfolios able to assume the risks of market fluctuations should continue to include a balanced component of common stocks selected after careful analysis and concentrated in those industries and companies which can demonstrate a convincing record, capable management, strong financial position and favorable long-term outlook. While proper timing should also be emphasized, nevertheless selectivity is most important at this time and enough stress cannot be put on the need for careful and thorough research and study of the long-term prospects of industries and of companies within those industries.

Morgan Stanley Group Underwrites Riegel Paper Financing

An underwriting group headed by Morgan Stanley & Co. offered for public sale yesterday (May 4) a new issue of $15,000,000 Riegel Paper Corporation 25-year 3¾% sinking fund debentures. The debentures were priced at 100% and accrued interest. The same group, also managed by Morgan Stanley & Co., is underwriting an offering by the company to holders of its common stock to subscribe at $23 per share for 190,960 shares of additional common stock at the rate of one share for each four shares held of record on May 3, 1955.

Proceeds from the sale of the debentures and the additional common stock will be applied to the redemption of $13,729,000 long term debt, and $2,520,000 preferred stock representing the entire long term debt and preferred stock of the company and its subsidiaries presently outstanding, at an aggregate redemption cost of $16,607,000 plus accrued interest and dividends. Remaining proceeds will be used in connection with the expansion of capacity of the company's pulp mill at Acme, North Carolina, estimated to cost $5,800,000.

Annual sinking fund payments of $600,000 annually, beginning in 1956, will be sufficient to retire the entire debenture issue by maturity. Sinking fund redemption prices range from 101⅞% for the first four years to the principal amount and optional redemption prices scale from 103¾% for the first four years to the principal amount.

Riegel Paper Corp. produces a broad line of papers and pulps. Its papers include glassine, grease-proof and other flexible packaging papers, specialized industrial and printing papers and base papers for toilet tissue and household rolls of waxed paper. The company is one of the two largest domestic producers of glassine and grease-proof papers. In the years 1950 to 1954 annual sales increased from $28,031,000 to $45,589,000. Net income for 1954 was $1,638,000.

Central Inv. Co. Opens New Branch in Lubbock

LUBBOCK, Tex. — The Central Investment Company of Texas has opened a branch office in the Great Plains Life Building under the management of Joseph W. Smith. Mr. Smith has been with the Central Investment Company since 1947. Also associated with the new office is James O. Mullins.

American Loan & Inv.

RIVERSIDE, Calif. — Marvin Bledsoe is engaging in a securities business from offices at 3840 Seventh Street under the firm name of American Loan and Investment Company.

J. E. Des Rosiers Inc. In New York City

J. E. Des Rosiers Inc. is engaging in a securities business from offices at 420 Lexington Avenue, New York City.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	May 8	§96.5	§95.6	95.3	69.4
Equivalent to—					
Steel ingots and castings (net tons)	May 8	§2,328,000	§2,307,000	2,300,000	1,654,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of	Apr. 22	6,831,800	6,828,450	6,862,600	6,586,450
42 gallons each)	Apr. 22	¶7,099,000	7,131,000	7,334,000	6,812,000
Crude runs to stills—daily average (bbls.)	Apr. 22	23,974,000	24,017,000	23,990,000	23,319,000
Gasoline output (bbls.)	Apr. 22	2,250,000	2,177,000	2,273,000	2,155,000
Kerosene output (bbls.)					
Distillate fuel oil output (bbls.)	Apr. 22	10,382,000	10,841,000	11,831,000	9,418,000
Residual fuel oil output (bbls.)	Apr. 22	8,005,000	8,026,000	8,154,000	8,361,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Apr. 22	179,741,000	181,864,000	184,157,000	178,033,000
Kerosene (bbls.) at	Apr. 22	20,429,000	19,451,000	18,890,000	18,518,000
Distillate fuel oil (bbls.) at	Apr. 22	65,678,000	63,360,000	62,657,000	58,932,000
Residual fuel oil (bbls.) at	Apr. 22	44,619,000	44,741,000	46,050,000	43,779,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Apr. 23	705,848	674,389	639,447	626,182
Revenue freight received from connections (no. of cars)	Apr. 23	618,396	606,292	598,039	565,866
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Apr. 28	$458,531,000	$382,790,000	$335,750,000	$241,103,000
Private construction	Apr. 28	308,490,000	233,676,000	245,535,000	144,295,000
Public construction	Apr. 28	150,041,000	149,114,000	90,215,000	96,808,000
State and municipal	Apr. 28	124,484,000	116,194,000	71,840,000	76,596,000
Federal	Apr. 28	25,557,000	32,920,000	18,375,000	20,212,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Apr. 23	8,610,000	*8,445,000	7,900,000	6,845,000
Pennsylvania anthracite (tons)	Apr. 23	387,000	385,000	374,000	443,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Apr. 23	111	103	103	101
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Apr. 30	9,699,000	9,697,000	9,804,000	8,390,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Apr. 28	212	204	237	234
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Apr. 26	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	Apr. 26	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	Apr. 26	$35.67	$36.00	$37.00	$26.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Apr. 27	35.700c	35.700c	32.700c	29.700c
Export refinery at	Apr. 27	36.500c	37.750c	36.575c	29.525c
Straits tin (New York) at	Apr. 27	91.375c	91.875c	91.375c	97.000c
Lead (New York) at	Apr. 27	15.000c	15.000c	15.000c	14.000c
Lead (St. Louis) at	Apr. 27	14.800c	14.800c	14.800c	13.800c
Zinc (East St. Louis) at	Apr. 27	12.000c	12.000c	11.500c	10.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 3	96.29	96.25	96.63	100.52
Average corporate	May 3	109.24	109.24	109.42	110.70
Aaa	May 3	112.75	112.93	112.93	115.63
Aa	May 3	110.52	110.70	110.88	112.75
A	May 3	109.42	109.60	109.79	110.34
Baa	May 3	104.31	104.31	104.48	104.66
Railroad Group	May 3	107.44	107.62	107.62	109.42
Public Utilities Group	May 3	109.97	109.97	110.15	110.70
Industrials Group	May 3	110.15	110.34	110.52	112.19
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 3	2.77	2.77	2.75	2.45
Average corporate	May 3	3.21	3.21	3.20	3.13
Aaa	May 3	3.02	3.01	3.01	2.87
Aa	May 3	3.14	3.13	3.12	3.02
A	May 3	3.20	3.19	3.18	3.15
Baa	May 3	3.49	3.49	3.48	3.47
Railroad Group	May 3	3.31	3.30	3.30	3.20
Public Utilities Group	May 3	3.17	3.17	3.16	3.13
Industrials Group	May 3	3.16	3.15	3.14	3.05
MOODY'S COMMODITY INDEX	May 3	398.9	400.7	402.7	437.1
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Apr. 23	235,321	235,891	242,594	199,437
Production (tons)	Apr. 23	263,794	266,031	267,445	225,054
Percentage of activity	Apr. 23	95	92	95	85
Unfilled orders (tons) at end of period	Apr. 23	483,631	514,762	451,822	350,855
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Apr. 29	106.91	107.07	107.07	109.77
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Apr. 16	1,362,579	919,857	1,538,967	789,682
Dollar value	Apr. 16	$71,621,860	$47,931,382	$80,834,406	$36,077,922
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Apr. 16	1,399,849	872,921	1,565,782	848,921
Customers' short sales	Apr. 16	6,213	3,505	11,510	3,733
Customers' other sales	Apr. 16	1,399,849	869,416	1,554,272	845,188
Dollar value	Apr. 16	$65,689,065	$43,803,793	$78,572,088	$37,018,685
Round-lot sales by dealers—					
Number of shares—Total sales	Apr. 16	362,770	238,190	427,350	283,815
Short sales	Apr. 16				
Other sales	Apr. 16	362,770	238,190	427,350	283,815
Round-lot purchases by dealers—					
Number of shares	Apr. 16	447,310	294,180	439,740	217,310
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Apr. 9	318,220	574,860	498,490	398,130
Other sales	Apr. 9	9,547,130	14,275,030	16,522,120	10,500,110
Total sales	Apr. 9	9,865,350	14,849,890	17,020,610	10,898,240
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Apr. 9	1,160,660	1,754,360	2,303,570	1,189,560
Short sales	Apr. 9	189,890	532,690	286,100	226,390
Other sales	Apr. 9	972,080	1,428,140	1,831,170	1,009,160
Total sales	Apr. 9	1,161,970	1,760,830	2,117,270	1,235,550
Other transactions initiated on the floor—					
Total purchases	Apr. 9	206,290	377,030	361,560	392,600
Short sales	Apr. 9	6,400	36,900	30,100	20,800
Other sales	Apr. 9	201,370	370,910	428,610	384,990
Total sales	Apr. 9	207,770	407,810	458,710	405,790
Other transactions initiated off the floor—					
Total purchases	Apr. 9	385,880	532,661	559,100	388,728
Short sales	Apr. 9	60,270	89,100	68,920	47,100
Other sales	Apr. 9	445,394	573,701	670,620	386,016
Total sales	Apr. 9	505,664	662,801	739,540	433,116
Total round-lot transactions for account of members—					
Total purchases	Apr. 9	1,752,830	2,664,051	3,224,230	1,970,888
Short sales	Apr. 9	256,560	458,690	385,120	294,290
Other sales	Apr. 9	1,618,844	2,372,751	2,930,400	1,780,166
Total sales	Apr. 9	1,875,404	2,831,441	3,315,520	2,074,456
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Apr. 26	110.4	110.3	110.5	111.1
Farm products	Apr. 26	92.8	*92.1	93.8	100.4
Processed foods	Apr. 26	102.8	102.4	103.7	105.4
Meats	Apr. 26	84.1	83.4	86.8	95.0
All commodities other than farm and foods	Apr. 26	115.8	115.8	115.5	114.6

*Revised figure. ¶Includes 692,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 tons. ‡Corrected figure. †Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of March	130,272	116,236	122,339
Stocks of aluminum (short tons) end of March	11,970	14,458	63,246
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES — Month of March:			
New England	$22,232,353	$23,245,925	$23,411,307
Middle Atlantic	106,256,795	75,968,217	128,170,912
South Atlantic	54,570,182	46,488,242	46,453,570
East Central	99,021,764	80,905,186	94,290,437
South Central	96,005,691	98,976,940	76,275,782
West Central	42,651,962	22,074,312	41,116,159
Mountain	29,963,928	18,690,754	20,660,514
Pacific	92,135,424	69,983,474	82,284,930
Total United States	$542,838,099	$436,333,050	$512,663,611
New York City	59,577,583	47,687,734	99,045,726
Outside New York City	483,260,516	388,645,316	413,617,885
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES—Month of February (millions of dollars):			
Manufacturing	$43,600	$43,600	$46,100
Wholesale	11,700	11,500	11,900
Retail	22,400	22,200	22,400
Total	$77,700	$77,400	$80,400
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of April (000's omitted):			
Total U. S. construction	$1,449,047	$1,986,841	$1,439,441
Private construction	831,892	1,340,803	872,503
Public construction	617,155	646,038	566,938
State and municipal	489,229	490,130	464,906
Federal	127,926	155,908	102,032
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of March 31:			
Total consumer credit	$29,948	$29,518	$27,833
Instalment credit	22,974	22,508	21,381
Automobile	11,053	10,641	9,919
Other consumer goods	5,479	5,484	5,443
Repair and modernization loans	1,530	1,550	1,614
Personal loans	4,912	4,833	4,405
Noninstalment credit	6,974	7,010	6,452
Single payment loans	2,481	2,427	2,150
Charge accounts	2,735	2,831	2,564
Service credit	1,758	1,752	1,738
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of January (000's omitted)	38,197,992	37,092,518	34,253,942
Revenue from ultimate customers—month of January	$660,153,000	$644,528,000	$612,078,000
Number of ultimate customers at Jan. 31	51,277,150	51,214,559	49,956,674
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of March:			
Gas-fired furnace shipments (units)	58,200	46,100	**
Gas conversion burner shipments (units)	7,700	5,700	**
Gas operated boiler shipments (units)	5,200	3,600	**
Domestic gas range shipments (units)	217,000	193,900	188,200
Gas water heater shipments (units)	259,600	218,500	188,900
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of Feb. (000's omitted):			
Ordinary	$2,169,000	$2,177,000	$1,847,000
Industrial	529,000	503,000	516,000
Group	616,000	376,000	418,000
Total	$3,314,000	$3,056,000	$2,781,000
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of February (millions of dollars):			
Inventories—			
Durables	$24,439	*$24,372	$26,168
Nondurables	10,204	*19,253	19,947
Total	$43,643	*$43,625	$46,115
Sales	25,200	24,900	23,600
MONEY IN CIRCULATION—TREASURY DEPT. As of March 31 (000's omitted)	$29,795,000	$29,817,000	$29,707,000
NONFARM REAL ESTATE FORECLOSURES—FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION—Month of December	2,224	2,181	1,971
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of March:			
Total number of vehicles	894,597	*744,942	633,003
Number of passenger cars	791,280	*677,705	531,529
Number of motor trucks	102,992	67,061	101,177
Number of buses	325	176	297
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of February (in billions):			
Total personal income	$292.4	*$291.4	$285.0
Wage and salary, receipts, total	199.9	*199.3	194.7
Commodity producing industries	85.8	*85.2	84.6
Distributing industries	53.5	*53.5	51.8
Service industries	26.4	*26.4	24.9
Government	34.2	34.2	33.4
Less employee contributions for social insurance	5.1	*5.2	4.8
Other labor income	6.6	6.6	6.6
Proprietors and rental income	49.9	*49.5	49.6
Personal interest income and dividends	24.7	24.7	23.9
Total transfer payments	16.4	*16.5	15.0
Total nonagricultural income	276.3	275.5	268.2
REAL ESTATE FINANCING IN NONFARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of Feb. (000's omitted):			
Savings and loan associations	$702,007	$688,457	$517,138
Insurance companies	150,944	164,519	104,813
Bank and trust companies	365,144	378,699	274,350
Mutual savings banks	115,786	127,953	84,553
Individuals	228,138	245,547	208,470
Miscellaneous lending institutions	395,683	419,185	235,869
Total	$1,957,702	$2,024,360	$1,425,193
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of March (000's omitted):			
Exports	$1,337,000	$1,230,500	$1,125,200
Imports	998,000	849,700	861,796

*Revised. **Being revised on basis of new data.

Securities Now in Registration

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• ITEMS REVISED

Advance Exploration Co., Dallas, Texas
March 31 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.15 per share. **Proceeds**—For equipment, working capital and general corporate purposes. **Underwriter**—Southwestern Securities Co., Dallas, Texas.

Air Control Products, Inc., Miami, Fla.
April 26 filed 300,000 shares of common stock (par $1), of which 250,000 shares are for account of company and 50,000 shares for account of Henry A. Keller, President. **Price** — $6 per share. **Proceeds** — For construction and equipping of extrusion plant, payment of obligations and other general corporate purposes. **Underwriter** — Scott, Horner & Mason, Inc., Lynchburg, Va.

Alabama Power Co. (5/24)
April 27 filed $15,000,000 first mortgage bonds due 1985. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Union Securities Corp., Equitable Securities Corp. and Drexel & Co. (jointly); The First Boston Corp.; Lehman Brothers; Harriman Ripley & Co. Inc., Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Bids**—To be received up to 11 a.m. (EDT) on May 24 at office of Southern Services, Inc., 250 Park Avenue, New York 17, N. Y.

All State Uranium Corp., Moab, Utah
April 19 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—For mining operations. **Underwriter**—General Investing Corp., New York.

Allied Industrial Development Corp., Dover, Del.
April 7 (letter of notification) 300,000 shares of class A stock. **Price**—At par ($1 per share). **Proceeds**—For oil and gas activities. **Underwriter** — Paul C. Ferguson & Co., Houston, Tex.

Amcrete Corp., Briarcliff, N. Y.
Dec. 6 (letter of notification) 7,500 shares of 6% participating preferred stock. **Price** — At par ($10 per share). **Proceeds**—For working capital. **Business**—Distributor of prefabricated concrete wall panels and buttresses made of steel reinforced dense concrete, etc. **Underwriter**—None.

American Asbestos Co., Ltd.
Feb. 17 (Regulation "D") 600,000 shares of common stock (par $1). **Price** — 50 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Maine Investment Co., Ltd.

• **American Discount Co. of Georgia (5/9-13)**
April 15 filed 15,000 shares of 5% cumulative preferred stock, series of 1954. **Price**—At par ($50 per share). **Proceeds**—For working capital. **Office** — Charlotte, N. C. **Underwriters**—A. M. Law & Co., Spartanburg, S. C., and Johnson, Lane, Space & Co., Inc., Savannah, Ga.

• **American Electronics, Inc.**
March 31 filed $1,250,000 of 5% convertible debentures due May 1, 1967. **Price**—100% and accrued interest. **Proceeds**—To retire bank loans and notes payable; for loans to subsidiaries; and for working capital. **Underwriters** — Van Alstyne, Noel & Co., New York; and Crowell, Weedon & Co., Los Angeles, Calif. **Offering**—Expected today (May 5).

• **American International Minerals Corp.**
Feb. 25 filed 460,000 shares of common stock (par 10¢). **Price**—$1 per share. **Proceeds**—For exploration and development of mining properties of subsidiary and for working capital, etc. **Office**—Dover, Del. **Underwriter**—Vickers Bros. New York. **Offering** — Expected today (May 5).

American Locomotive Co.
March 11 filed $25,000,000 sinking fund debentures due March 15, 1980. **Price**—To be supplied by amendment **Proceeds**—Together with other funds, to redeem $18,700,000 of 7% cumulative preferred stock (par $100) at $115 per share and prepay $10,000,000 loan from Metropolitan Life Insurance Co. **Underwriter**—Smith, Barney & Co., New York. **Offering**—Temporarily postponed.

Appell Oil & Gas Corp., Alice, Texas
March 10 (letter of notification) 4,000 shares of common stock (par 10 cents). **Price** — At market (estimated at about $1.50 per share). **Proceeds**—To Minnette Prinz, the selling stockholder. **Underwriter**—Lawrence & Murray Co., Inc., New York.

★ **Arizona Amortibanc, Phoenix, Ariz.**
April 4 (letter of notification) 300,000 shares of common stock, class A. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—807 West Washington St., Phoenix, Ariz. **Underwriter**—First National Life Insurance Co. of Phoenix, same address.

★ **Arizona Bancorporation, Phoenix, Ariz.**
April 29 filed 100,000 shares of common stock (par $10) to be offered for subscription by common stockholders on the basis of one new share for each three shares held. **Price** — $15 per share. **Proceeds** — For working capital and future general corporate purposes. **Underwriter**—None.

★ **Armstrong Manufacturing Corp., Plymouth, Mass. (5/6)**
April 21 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For expansion and working capital. **Underwriter**—Sheehan & Co., Boston, Mass.

Augusta Newspapers, Inc., Augusta, Ga.
April 5 filed 40,000 shares of 6% cumulative preferred stock (par $10) and 50,000 shares of class A common stock (par $1). **Price** — To be supplied by amendment. **Proceeds**—To acquire stock of Southeastern Newspapers, Inc.; $100,000 to be contributed to capital surplus of latter; and for general corporate purposes. **Underwriter**—Johnson, Lane, Space & Co., Savannah, Ga.

★ **Automatic Garage Corp. of New York**
May 2 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To construct automatic parking garages. **Office** — 15 West 44th St., New York, N. Y. **Underwriter**—None.

Automatic Remote Systems, Inc.
March 3 filed 540,000 shares of common stock (par 50 cents). **Price**—$3.75 per share. **Proceeds**—For manufacture of Teleac Sending and Receiving Units, working capital and general corporate purposes. **Office**—Baltimore, Md. **Underwriter**—Mitchell Securities, Inc., same city.

Bankers Fire & Marine Insurance Co.
April 12 (letter of notification) 15,000 shares of common stock (par $5) to be offered for subscription by stockholders. **Price**—$14 per share. **Proceeds**—To increase capital and surplus. **Office**—312 N. 23rd St., Birmingham, Ala. **Underwriter**—None.

★ **Benrus Watch Co., Inc.**
April 28 (letter of notification) 20,000 shares of common stock (par $1). **Price**—At market (estimated at $10 per share). **Proceeds**—To four selling stockholders. **Office**—50 West 44th St., New York, N. Y. **Underwriter**—Ralph E. Samuel & Co., same city.

★ **Benrus Watch Co., Inc.**
April 28 (letter of notfication) 10,000 shares of common stomk par $1). **Price**—At market (estimated at $10 per share). **Proceeds**—To Oscar M. Lazrus, the selling stockholder. **Underwriter**—L. F. Rothschild & Co., New York, N. Y.

Best American Life Insurance Co., Mesa, Ariz.
Feb. 11 filed 800,000 shares of class A common stock (par $1) to be offered to present and future holders of its life insurance policies with stock purchase rights; 75,000 shares of class B common stock (par $1) to be offered to present and future life insurance salesmen, district managers and state managers; and 455,208 double option coupons with and attached to policies of whole life insurance, to be offered to the general public. **Proceeds**—To build up capital and surplus of company to permit to qualify as a full legal reserve company and expand into other states. **Underwriter**—None. Richard G. Johnson of Mesa, Ariz., is President.

• **Bethlehem Steel Corp.**
April 11 filed $191,659,000 3¼% 25-year convertible debentures due 1980, being offered for subscription by common stockholders on the basis of $500 of debentures for each 25 shares of common held on May 2; rights to expire on May 23. **Price**—100% of principal amount. **Proceeds**—For general corporate purposes. **Underwriters**—Kuhn, Loeb & Co. and Smith, Barney & Co., both of New York.

★ **Bonnyville Oil & Refining Corp., Montreal, Can.**
April 29 filed $2,000,000 5% convertible notes due July 1, 1975 to be offered for subscription by common stockholders at rate of $100 of notes for each 100 shares of stock held. **Price**—95% of principal amount to stockholders and 100% to public. **Proceeds**—For development costs and general corporate purposes. **Underwriter**—None.

★ **Boston Fund, Inc., Boston, Mass.**
April 29 filed 1,250,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Bountiful Uranium Co., Reno, Nev.
March 7 (letter of notification) 2,900,000 shares of common stock (par 2½ cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — Room 402, First National Bank Bldg., 15 East First St., Reno, Nev. **Underwriter**—Northern Securities, Inc., Seattle, Wash.

• **Braniff Airways, Inc. (5/10)**
April 19 filed 460,644 shares of common stock (par $2.50) to be offered for subscription by common stockholders of record on or about May 10 on a basis of one new share for each three shares held; rights to expire on May 24. **Price**—To be supplied by amendment. **Proceeds**—Together with other funds, to purchase seven new DC 70 aircraft on order from Douglas Aircraft Co. for delivery during 1956 and early 1957. **Underwriter**—F. Eberstadt & Co., Inc., New York.

Bridgeport Brass Co., Bridgeport, Conn.
March 28 filed 202,547 shares of 4.50% cumulative convertible preferred stock (par $50) being offered for subscription by common stockholders of record April 26 on basis of one preferred share for each six shares held; rights to expire on May 10. **Price**—$50 per share. **Proceeds** — To retire outstanding long-term debt (3¾% serial debentures, 2½% notes, and 4% mortgage on Indianapolis plant) and for general corporate purposes. **Underwriters**—Blyth & Co., Inc.; Hornblower & Weeks; and Stone & Webster Securities Corp.; all of New York.

Brockton Edison Co. (5/25)
April 26 filed $6,000,000 first collateral trust bonds due 1985. **Proceeds**—For redemption of 3⅝% bonds, to repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Salomon Bros. & Hutzler (jointly); Stone & Webster Securities Corp.; Kidder, Peabody & Co., White, Weld & Co. and Shields & Co. (jointly). **Bids**—To be received up to 11 a.m. (EDT) on May 25 at 49 Federal St., Boston, Mass.

Brown Co., Berlin, N. H.
March 17 filed $14,217,100 of debentures due May 15, 1975, and 142,171 shares of common stock (par $1) to be offered for subscription by holders of "called" $5 cumulative convertible first preference stock who have not surrendered their shares for redemption or conversion into common stock. These holders may subscribe for $100 of debentures and one share of common stock for each $5 preference share held. **Price** — $100 per unit. **Proceeds**—For redemption of $5 preference stock. **Underwriter**—None.

California Tuna Fleet, Inc.
Feb. 15 filed (amendment) $500,000 of 6% sinking fund debentures due 1967 and 50,000 shares of common stock (par $1) to be offered in units of a $1,000 debenture and 100 shares of stock. **Price**—Expected at $1,100 per unit. **Proceeds**—For expansion and working capital. **Office**—San Diego, Calif. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ **Capital Gains Investment Co., Sacramento, Calif.**
April 12 (letter of notification) 2,750 shares of common stock. **Price**—At par ($100 per share). **Office**—4336—4th Ave., Sacramento, Calif. Letter subsequently withdrawn.

Carling Brewing Co., Inc., Cleveland, Ohio
March 15 (letter of notification) 3,803 shares of capital stock (par $15) to be offered for subscription by stockholders. **Price**—$40 per share. **Proceeds**—To repay loan from Canadian Breweries, Ltd. **Office** — 9400 Quincy Ave., Cleveland, O. **Underwriter**—None.

• **Chicago Corp.**
April 14 filed 672,000 additional shares of common stock (par $1) being offered for subscription by common stockholders of record May 2 on the basis of one new share for each five shares held; rights to expire on May 19. **Price**—$18 per share. **Proceeds**—For new construction and working capital; and to prepay outstanding notes. **Underwriters**—Glore, Forgan & Co., Chicago, Ill., and Ladenburg, Thalman & Co., New York.

★ **Cohen (Harry) Merchandising Corp.**
May 2 (letter of notification) $250,000 of 6% subordinated debentures due June 1, 1965. **Price**—100% of principal amount. **Proceeds**—To repay bank loan and accounts payable; for inventories and expansion; and for working capital. **Office** — 1177 Broadway, New York, N. Y. **Underwriter**—None.

Collins Radio Co.
April 5 filed 122,500 shares of 4% convertible preferred stock (par $50) being offered for subscription by class A and class B common stockholders on the basis of one new share for each 12 shares held as of April 26; rights to expire on May 11. **Price**—$50 per share. **Proceeds**—To redeem presently outstanding preferred stock and for working capital. **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co., both of New York.

• **Colohoma Uranium, Inc., Montrose, Colo. (5/26)**
April 21 filed 2,960,000 shares of common stock (par one cent), of which 2,500,000 shares are to be offered publicly. **Price**—50 cents per share. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Underwriters**—General Investing Corp., New York; and Shaiman & Co., Denver, Colo.

★ **Colorado Sports Racing Association**
April 29 filed 60,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For purchase of land and other facilities and for working capital. **Office**—Grand Junction, Colo. **Underwriter**—General Investing Corp., New York.

Commonwealth Uranium, Inc.
March 17 (letter of notification) 7,500,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office** — Suite 29, Salt Lake Stock & Mining Exchange Bldg., Salt Lake City, Utah. **Underwriter**—Trans-Western Brokerage Co., same city.

★ **Comstock Uranium-Tungsten Co., Inc.**
April 8 (letter of notification) 440,000 shares of common stock (par two cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Office**—405 Henderson Bank Bldg., Elko, Nev. **Underwriter** — Utah Uranium Brokers, Salt Lake City Utah.

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Confidential Finance Corp., Omaha, Neb
March 11 (letter of notification) 150,000 shares of 7% cumulative preferred stock (par 95 cents) and 15,000 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $10 per unit. **Proceeds** — For working capital. **Underwriter**—J. J. Riordan & Co., Inc., 42 Broadway, New York City.

Consolidated Fenimore Iron Mines Ltd.
Jan. 24 filed 204,586 shares of common stock (par $7), to be offered for subscription by common stockholders of record Feb. 7, 1955 at the rate of one new share for each five shares held. **Price**—$2.20 per share. **Proceeds**—From sale of this stock, plus $440,000 to be available from sale of 200,000 shares to Alator Corp. Ltd. and Yam Securities Ltd., and $175,000 treasury funds, to be used to pay for geological surveys and metallurgical research, for drilling expenses and other general corporate purposes. **Office**—Toronto, Canada. **Underwriter**—None.

★ **Consolidated Gold Uranium Corp., Denver, Colo.**
April 20 (letter of notification) 186,666 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining expenses. **Office**—1548 South Sherman St., Denver, Colo. **Underwriter**—None.

★ **Consolidated Natural Gas Co. (6/2)**
April 27 filed 738,721 additional shares of capital stock (par $10) to be offered for subscription by stockholders of record June 2, 1955 at rate of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and to purchase securities from or make loans to company's subsidiaries for use for their construction programs. **Underwriter**—None.

Consolidated Sudbury Basin Mines, Ltd., Toronto, Canada
Jan. 31 filed 3,000,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of properties. **Underwriter**—Stock to be sold on Toronto Stock Exchange or through underwriters or selected dealers in United States.

Constellation Uranium Corp., Denver, Colo.
March 22 (letter of notification) 2,855,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—206 Mercantile Bldg., Denver, Colo. **Underwriter**—Bay Securities Corp., New York.

Copper Range Co.
April 14 filed 282,464 shares of common stock (par $5) to be offered for subscription by common stockholders of record May 5 on the basis of one share for each five shares held; rights to expire on May 19. **Price**—To be supplied by amendment. **Proceeds**—To retire obligations and for general corporate purposes. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York. **Offering**—Expected to be made today (May 5).

★ **Cuba (Republic of) (5/23-24)**
April 29 filed $2,500,000 of 4% Veterans, Courts and Public Works bonds due 1983. **Price**—To be supplied by amendment. **Proceeds**—To Romenpower Electra Construction Co. **Underwriter**—Allen & Co., New York.

Cutter Laboratories, Berkeley, Calif.
April 25 filed 144,500 shares of series LV common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter** — Blyth & Co., Inc., San Francisco, Calif., and New York, N. Y. **Offering**—Indefinitely postponed.

Dal-Tex Uranium Corp., Dallas, Texas
March 24 (letter of notification) 2,850,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—6051 Del Norte Lane, Dallas, Tex. **Underwriter** — Selected Securities Ltd., Las Vegas, Nev.

Daybreak Uranium, Inc., Spokane, Wash.
April 4 (letter of notification) 800,000 shares of common stock (par 10 cents). **Price** — 15 cents per share. **Proceeds**—For mining operations. **Office**—415 Paulsen Bldg., Spokane 1, Wash. **Underwriter**—Pennaluna & Co., same city.

Dayton Rubber Co. (5/10)
April 15 filed $3,000,000 convertible subordinated debentures due Dec. 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—For increased inventories and for working capital, etc. **Underwriter** — Lehman Brothers, New York.

Desert Queen Uranium Co., Salt Lake City, Utah
Jan. 26 (letter of notification) 259,500 shares of common stock (par two cents). **Price**—$1 per share. **Proceeds**—For mining operations. **Office**—506 Judge Building, Salt Lake City, Utah. **Underwriter** — Selected Securities Ltd., Los Vegas, Nev.

Desert Sun Uranium Co., Inc.
April 18 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office** — 343 South State St., Salt Lake City, Utah. **Underwriter** — J. W. Hicks & Co., Inc., Denver, Colo.

★ **Detroit Edison Co.**
May 3 filed $60,000,000 general and refunding mortgage bonds, series O, due May 15, 1980. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Coffin & Burr, Inc. and Spencer Trask & Co. (jointly); Kuhn, Loeb & Co.

Devon-Leduc Oils, Ltd., Winnipeg, Canada
March 31 filed warrants for the purchase of 200,000 shares of capital stock (par 25 cents—Canadian) at $1.50 per share and 200,000 shares of such stock. **Price** — At the market price prevailing at the time of the sale of the warrants. **Proceeds** — For general corporate purposes. **Underwriter** — American Securities Corp., New York. No public offering contemplated at this time.

Devonian Gas & Oil Co., Renovo, Pa.
March 1 (letter of notification) 500,000 shares of common stock (par 10 cents) to be offered for subscription by stockholders. **Price**—25 cents per share. **Proceeds**—For drilling operations and working capital. **Office**—704 Erie Ave., Renovo, Pa. **Underwriter**—None.

Durango Kid Uranium Corp., Moab, Utah
April 1 (letter of notification) 30,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Underwriter**—Guss & Mednick, Arches Building, Moab, Utah.

Dyno Mines, Ltd., Toronto, Canada.
March 25 filed 1,100,000 shares of common stock (par $1). **Price**—To be related to the current market price on the Toronto Stock Exchange. **Proceeds**—To American Trading Co. Ltd., the selling stockholder. **Underwriter**—R. W. Brown Ltd., Toronto, Canada, on a "best-efforts basis."

East Texas Loan & Investment Co.
Jan. 20 (letter of notification) 25,000 shares of common stock (no par). **Price** — $10 per share. **Proceeds**—For working capital. **Office**—203 East Cotton St., Longview, Tex. **Underwriter**—D. G. Carter Investment Co., same address.

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and building and working capital. **Office** — 407 Liberty Trust Bldg., Philadelphia, Pa. **Underwriter**—None.

Elk Mountain Uranium Corp.
March 18 (letter of notification) 12,500,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—For mining expenses. **Office**—c/o The Corporation Trust Co. of Nevada, 206 No. Virginia St., Reno, Nev. **Underwriter**—Coombs & Co., of Washington, D. C.

● **Excelsior Insurance Co. of New York**
April 11 (letter of notification) 25,000 shares of capital stock (par $6) being offered for subscription by stockholders of record April 20 on a pro rata basis. Rights to expire May 16. **Price** — $10 per share. **Proceeds**—For working capital. **Office**—123 Erie Boulevard East, Syracuse, N. Y. **Underwriter**—None.

★ **Federal Security Insurance Co. (5/6)**
April 21 (letter of notification) 6,000 shares of common stock (par $10) to be offered first to stockholders on the basis of one new share for each five shares held. **Price**—$40 per share. **Proceeds**—For general corporate purposes. **Office**—Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Allied Underwriters Co., same address.

Federated Uranium Corp.
March 14 (letter of notification) 3,000,000 shares of common stock (par one cents). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office**—122 West Second South Street, Salt Lake City, Utah. **Underwriter**—I. J. Schenin Co., New York.

Fidelity Insurance Co., Mullins, S. C.
March 25 (letter of notification) 86,666 shares of common stock (par $1). **Price**—$1.87½ per share. **Proceeds**—To increase capital and surplus. **Underwriters**—McDaniel Lewis & Co., Greensboro, N. C.; Dietenhofer & Heartfeld, Southern Pines, N. C.; and Calhoun & Co., Spartanburg, S. C.

● **Financial Credit Corp., New York**
Jan. 29, 1954 filed 250,000 shares of 7% cumulative sinking fund preferred stock. **Price**—At par ($2 per share). **Proceeds** — For working caiptal. **Underwriter** — E. J. Fountain & Co., Inc., New York. **Offering**—Withdrawn.

Florida Home Insurance Co., Miami, Fla.
March 14 (letter of notification) 3,000 shares of common stock (par $10). **Price**—$24 per share. **Proceeds**—To increase capital and surplus. **Office**—7120 Biscayne Blvd., Miami, Fla. **Underwriter**—None.

Florida Power Corp. (5/12)
April 14 (letter of notification) 232,557 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 on May 31. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters** — Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane.

Foremost Dairies, Inc., Jacksonville, Fla.
April 21 filed 495,524 shares of common stock (par $2), of which 343,025 shares are to be offered in exchange for 68,605 shares of common stock (par 25 cents) at the rate of five Foremost common shares for each Philadelphia Dairy common share; and 152,499 shares are to be reserved for issuance under Employees' Restricted Stock Option Plan for Foremost officers and key employees.

Frito Co., Dallas, Texas (5/9-13)
April 15 filed 127,500 shares of common stock (no par), of which 27,500 shares are to be offered to officers and employees by company at $9.50 per share; 90,000 shares are to be offered for account of C. E. Doolin, a founder and largest stockholder, at $10 per share; and 10,000 shares are to be offered for Mr. Doolin's account to directors who are not employees at $9.10 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Dittmar & Co., San Antonio, Tex.

GAD Enterprises, Inc., Alexandria, Va.
March 15 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of factory and working capital. **Office**—1710 Mount Vernon Avenue, Alexandria, Va. **Underwriter**—T. J. O'Connor and Associates, Washington, D. C.

Gair (Robert) Co., Inc.
March 28 (letter of notification) 2,306 shares of preferred stock (par $100) being offered in exchange for 1,237 shares of first preferred stock (par $100) and 1,069 shares of second preferred stock (par $100) of Great Southern Box Co., Inc. on a share-for-share basis; offer to expire May 16. **Underwriter**—None.

● **Garrett Corp. (5/10)**
April 20 filed 182,033 shares of common stock (par $2) to be offered for subscription by common stockholders of record May 9 in the ratio of one new share for each four shares held; rights to expire on May 23. **Price**—To be supplied by amendment. **Proceeds** — To reduce bank loans. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

General Controls Co., Glendale, Calif. (5/10)
April 18 filed 60,000 shares of common stock (par $5). **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For plant expansion, new equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

● **General Telephone Co. of Kentucky (5/10)**
April 22 filed 26,000 shares of 5% cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and advances from parent (General Telephone Corp.) and for construction program. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York.

★ **General Telephone Corp., New York (5/23-24)**
May 3 filed 300,000 shares of convertible preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds** — For additional investment in common stock equities of subsidiaries. **Underwriters**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York; and Mitchum, Jones & Templeton, Los Angeles, Calif.

Georgia Power Co. (5/10)
April 13 filed $12,000,000 of first mortgage bonds due 1985. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers; Union Securities Corp. and Equitable Securities Corp. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co.; Shields & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Bids**—To be received up to 11 a.m. (EDT) on May 10 at the office of Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y.

Grace (W. R.) & Co. (5/18)
April 26 filed $30,000,000 of convertible subordinate debentures due May 15, 1975. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes, including capital expenditures for chemical operations in the United States and Canada. **Underwriter**—Goldman, Sachs & Co., New York.

★ **Grand Canyon Life Insurance Co., Phoenix Ariz.**
April 11 (letter of notification) 173,887 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For capital and surplus. **Office** — 3827 N. Central Ave., Phoenix, Ariz. **Underwriter**—None.

Great Frontier Mining Corp.
March 21 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—1320 Continental Bank Bldg., Salt Lake City, Utah. **Underwriter**—J. E. Call & Co., Reno, Nev., and Salt Lake City, Utah.

Greenfire Uranium Corp.
April 18 (letter of notification) 7,500,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office** — 201 Pacific National Life Bldg., Salt Lake City, Utah. **Underwriter**—Uranium Mart, Inc., same city.

Gulf Cities Gas Corp. (5/16)
April 21 filed 75,000 shares of class A stock (par $1). **Price**—To be supplied by amendment (expected to be about $8.75 per share). **Proceeds**—For repayment of bank loans, etc., expansion and working capital. **Underwriter**—Eisele & King, Libraire, Stout & Co., New York.

Gulf Uranium & Development Corp., Gallup, N. M.
April 4 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—First State Bank Bldg., Gallup, N. M.—**Underwriter**—Coombs & Co., of Ogden, Utah.

Harley Patents, Inc.
April 6 (letter of notification) 10,000 shares of capital stock (par 10 cents.) **Price**—$1.50 per share. **Proceeds**—For working capital. **Office**—580 Fifth Ave., New York 36, N. Y. **Underwriter**—E. E. Smith Co., same city.

● **Hawk Lake Uranium Corp. (5/23-27)**
April 12 filed 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For mining expenses, etc. **Underwriter**—Dobbs & Co., New York City, will act as agents.

Helio Aircraft Corp., Canton, Mass.
March 31 (letter of notification) 48,000 shares of common stock. **Price**—$6.25 per share. **Proceeds**—To pay off obligations, for working capital, etc. **Office**—Metropolitan Airport, Canton (Norwood P. O.), Mass. **Underwriter**—None.

Heliogen Products, Inc.
March 7 (letter of notification) 22,670 shares of common stock (par $1), of which 12,670 shares are being offered for subscription by stockholders up to and including June 15, 1955, and 10,000 shares are to be offered publicly. Price—$5 per share. Proceeds—For working capital, etc. Office—35-10 Astoria Blvd., Long Island City, N. Y. Underwriter—Smith & Co., Waterville, Me.

★ **Hidden Valley Uranium Co., Inc.**
April 21 (letter of notification) 5,950,000 shares of common stock. Price—At par (five cents per share). Proceeds—For mining expenses. Office—705 Judge Bldg., Salt Lake City, Utah.

High Pressure Equipment Co., Inc., Erie, Pa.
April 8 (letter of notification) 26,000 shares of common stock (par $1). Price — $2.25 per share. Proceeds—To repay short-term loans, and for new equipment and working capital. Office—1222 Linden Avenue, Erie, Pa. Underwriter—Reitzell, Reed & Co., Erie, Pa.

Horseshoe Bend Uranium, Inc.
March 16 (letter of notification) 150,000 shares of common stock (par one cent). Price—$2 per share. Proceeds—For exploration and development expenses. Office—10 West 2nd South, Salt Lake City, Utah. Underwriters—James Anthony Securities Corp., New York; Lawrence A. Hays Co., Rochester, N. Y., and Ned J. Bowman Co., Salt Lake City, Utah.

★ **Horsethief Canyon Uranium, Inc.**
April 12 (letter of notification) 6,000,000 shares of capital stock. Price—At par (five cents per share). Proceeds—For mining expenses. Office — 701 Newhouse Bldg., Salt Lake City, Utah. Underwriter — Van Blerkom & Co., same city.

Horton Aircraft Corp., Las Vegas, Nev.
April 26 filed 500,000 shares of common stock (no par), of which 400,000 shares are to be offered for account of company and 100,000 shares for account of William E. Horton, President. Price—$1 per share. Proceeds—For construction of model of "Horton Wingless Aircraft" and expenses incident thereto. Underwriter—None.

Humble Sulphur Co., Houston, Texas
April 25 filed 500,000 shares of common stock (par 1¢). Price—$1.20 per share. Proceeds—For exploration for sulphur and related activities. Underwriter—Garrett & Co., Dallas, Texas.

● **Ibex Uranium, Inc. (Wyo.) (5/10)**
April 1 (letter of notification) 1,200,000 shares of common stock (par 10 cents). Price—25 cents per share. Proceeds—For exploration and development expenses. Office—Denver, Colo. Underwriter—Garden States Securities, Hoboken, N. J.

Industrial Hardware Manufacturing Co., Inc.
March 9 filed $3,000,000 of 6% debentures due March 1, 1975, of which $2,596,600 principal amount are to be offered first to stockholders. Price—To be supplied by amendment. Proceeds—To purchase preferred stock of Hugh H. Eby Co., at par; to purchase real estate, machinery and equipment, etc.; for the acquisition of all common stock of Eby company and to pay certain bank loans and notes payable of Eby. Underwriters—Milton D. Blauner & Co., Inc., New York; Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., New York).

Inland Western Loan & Finance Corp.
Feb. 17 filed 2,500,000 shares of class A non-voting common stock (par $1). Price—$1.25 per share. Proceeds—To be used as operating capital for its two subsidiaries, and to finance establishment and operation of additional loan and finance offices. Office—Phoenix, Ariz. Underwriter—None.

Inter American Industries, Inc., New York.
March 25 filed 150,000 shares of common stock (par 10 cents). Price—$5 per share. Proceeds—For exploration and development expenses. Underwriter—Baruch Brothers & Co., Inc., New York, on a "best-efforts basis."

International Fidelity Insurance Co., Dallas, Tex.
March 30 filed 110,000 shares of common stock (no par). Price—$6.50 per share. Proceeds—To 12 selling stockholders. Underwriter—Name to be supplied by amendment.

Iowa Public Service Co. (5/11)
April 20 filed 270,220 shares of common stock (par $5) to be offered for subscription by common stockholders of record May 11, 1955 at rate of one new share for each 10 shares held (with an oversubscription privilege); rights to expire on June 1. Price—To be supplied by amendment. Proceeds—To repay bank loans and for construction program. Underwriter—None.

Israel Pecan Plantations, Ltd.
Feb. 28 filed 24,900 shares of ordinary common stock (par one Israeli pound). Price—$10 per share. Proceeds—For capital expenditures. Underwriter—None. Offices—Natanya, Israel, and New York, N. Y.

Jarmon Properties & Oil Development Corp.
Jan. 17 (letter of notification) 30,000 shares of captal stock. Price—At par ($10 per share). Proceeds—For further exploration and development. Addres—P. O. Box 1109, Wichita Falls, Tex. Underwriter—John A. Aicholtz & Associates, 505 Macon St., Fort Worth, Tex., and another.

Jersey Central Power & Light Co. (5/10)
April 14 filed $20,000,000 first mortgage bonds due May 1, 1985. Proceeds—To refund $8,500,000 of bonds; repay bank loans and for new construction. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair & Co. Incorporated; Lehman Brothers; Union Securities Corp., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly); White, Weld & Co.; Kidder, Peabody & Co. Bids—To be received up to noon (EDT) on May 10 at office of General Public Utilities Corp., 67 Broad St., New York, N. Y.

Junction Bit & Tool Co., Grand Junction, Colo.
March 31 (letter of notification) 33,745 shares of common stock (par $1) to be offered for subscription by stockholders at the rate of one new share for each two shares held. Price—$5.35 per share to stockholders; and after 30 days, to public at $6 per share. Proceeds—To purchase new plant site and shop building, and to increase inventory and working capital. Office — 801 Fourth Ave., Grand Junction, Colo. Underwriter—Taylor & Co., Chicago, Ill.

Kane Creek Uranium Corp.
April 1 (letter of notification) 6,000,000 shares of capital stock. Price—At par (five cents per share). Proceeds—For mining expenses. Address—P. O. Box 528, Moab, Utah. Underwriter — Mid-America Securities, Inc. of Utah, 26 West Broadway, Salt Lake City, Utah.

King Oil Co., Salt Lake City, Utah
March 31 (letter of notification) 260,000 shares of capital stock to be offered for subscription by stockholders. Price—50 cents per share. Proceeds—For development and drilling expenses and other corporate purposes. Office — 23 West Second South, Salt Lake City, Utah. Underwriter—None.

★ **King'el Uranium Corp., Reno, Nev.**
April 11 (letter of notification) 300,000 shares of common stock. Price—At par ($1 per share). Proceeds—For mining expenses. Office—139 No. Virginia St., Reno, Nev. Underwriter — None; sales to be made through Clarence King, President and a director.

★ **Knapp Uranium & Development Co.**
April 21 (letter of notification) 20,000,000 shares of common stock. Price—At par (one cent per share). Proceeds—For mining expenses. Office—2174 S. Main St., Salt Lake City, Utah. Underwriter — Guss & Mednick Co., same city.

★ **Kropp Forge Co., Cicero, Ill.**
April 20 (letter of notification) 18,081 shares of common stock (par 33⅓ cents). Price—At market. Proceeds—For selling stockholders. Undewriters—L. D. Sherman & Co., New York; and Sincere & Co., Chicago, Ill.

★ **Kurman Electric Co., Inc.**
May 2 (letter of notification) 100,000 shares of common stock (par 25 cents). Price—$3 per share. Proceeds—For equipment and working capital. Business—Electromagnetic control apparatus. Office—35-18 37th St., Long Island City, N. Y. Underwriter—John R. Boland & Co. Inc., New York.

LeBlanc Medicine Co., Inc., Lafayette, La.
April 6 filed 1,000,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For purchase of land, plant, warehouse, office building and equipment; and additional working capital. Business—Processing, packaging and merchandising of new proprietory medicine, KARY-ON. Underwriter—None.

Lockhart Basin Uranium Corp.
March 4 (letter of notification) 270,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For mining expenses. Office—2761 Washington Blvd., Ogden, Utah. Underwriter—Mid-America Securities, Inc., Chicago, Ill.

★ **Lockheed Aircraft Corp., Burbank, Calif.**
May 4 filed $30,000,000 of subordinated (convertible) debentures due May 1, 1980. Price—To be supplied by

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NEW ISSUE CALENDAR

May 5 (Thursday)

American Electronics, Inc. ____ Debentures
(Van Alstyne, Noel & Co. and Crowell, Weedon & Co.) $1,250,000

American International Minerals Corp. ____ Common
(Vickers Brothers) $460,000

Copper Range Co. ____ Common
(Offering to stockholders—underwritten by Paine, Webber, Jackson & Curtis) 282,464 shares

May 6 (Friday)

Armstrong Manufacturing Corp. ____ Common
(Sheehan & Co.) $300,000

Federal Security Insurance Co. ____ Common
(Offering to stockholders—underwritten by Allied Underwriters, Inc.) $240,000

May 9 (Monday)

American Discount Co. of Georgia ____ Preferred
(A. M. Law & Co. and Johnson, Lane, Space & Co., Inc.) $750,000

Frito Co. ____ Common
(Dittmar & Co.) $900,000

Minerals Corp. of America ____ Common
(Vickers Brothers) $300,000

National Container Corp. ____ Common
(Van Alstyne, Noel & Co.) 250,000 shares

National Container Corp. ____ Debentures
(Halsey, Stuart & Co. Inc. and Van Alstyne, Noel & Co.) $7,000,000

Transamerica Corp. ____ Common
(Blyth & Co., Inc. and Dean Witter & Co.) 1,346,800 shares

May 10 (Tuesday)

Braniff Airways, Inc. ____ Common
(Offering to stockholders—underwritten by F. Eberstadt & Co. Inc.) 460,644 shares

Dayton Rubber Co. ____ Debentures
(Lehman Brothers) $3,000,000

Garrett Corp. ____ Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) 182,033 shares

General Controls Co. ____ Common
(Dean Witter & Co.) 60,000 shares

Georgia Power Co. ____ Bonds
(Bids 11 a.m. EDT) $12,000,000

Ibex Uranium, Inc. ____ Common
(Garden States Securities) $300,000

Jersey Central Power & Light Co. ____ Bonds
(Bids noon EDT) $20,000,000

New York, Chicago & St. Louis RR. ____ Eq. Tr. Ctfs.
(Bids noon EDT) $4,080,000

Schmieg Industries, Inc. ____ Common
(S. D. Fuller & Co. and Vermilye Brothers) $299,640

Scholz Homes, Inc. ____ Common
(Strauss, Blosser & McDowell) $900,000

May 11 (Wednesday)

Iowa Public Service Co. ____ Common
(Offering to stockholders—no underwriting) 270,220 shares

McLouth Steel Corp. ____ Common
(The First Boston Corp.) 155,324 shares

Pacific Clay Products ____ Common
(Kidder, Peabody & Co.) 94,875 shares

May 12 (Thursday)

Florida Power Corp. ____ Common
(Offering to stockholders—underwritten by Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane) 232,557 shares

May 16 (Monday)

Gulf Cities Gas Corp. ____ Class A
(Eisele & King, Libaire, Stout & Co.) $656,250

Pomona Tile Manufacturing Co. ____ Common
(Crowell, Weedon & Co.) 120,928 shares

Progress Manufacturing Co., Inc. ____ Common
(Blair & Co. Incorporated and Emanuel, Deetjen & Co.) 200,000 shares

Stewart Oil & Gas Co. ____ Common
(Barrett Herrick & Co., Inc.) $750,000

Western Nebraska Oil & Uranium Co., Inc. ____ Com.
(Israel & Co.) $300,000

May 17 (Tuesday)

Ohio Edison Co. ____ Bonds
(Bids 11 a.m. EDT) $30,000,000

Public Service Co. of Oklahoma ____ Preferred
(Bids 11:30 a.m. EDT) $10,000,000

Southern California Edison Co. ____ Debentures
(Offering to stockholders—no underwriting) $40,950,600

Trav-Ler Radio Corp. ____ Debentures
(Lee Higginson Corp. and Straus, Blosser & McDowell) $1,100,000

May 18 (Wednesday)

Grace (W. R.) & Co. ____ Debentures
(Goldman, Sachs & Co.) $30,000,000

May 23 (Monday)

Cuba (Republic of) ____ Bonds
(Allen & Co.) $2,500,000

Hawk Lake Uranium Corp. ____ Common
(Dobbs & Co.) $300,000

Potomac Electric Power Co. ____ Common
(Offering to stockholders—underwritten by Dillon, Read & Co. Inc. and Johnston, Lemon & Co.) 511,660 shares

May 24 (Tuesday)

Alabama Power Co. ____ Bonds
(Bids 11 a.m. EDT) $15,000,000

May 25 (Wednesday)

Brockton Edison Co. ____ Bonds
(Bids 11 a.m. EDT) $6,000,000

Washington Gas Light Co. ____ Bonds
(Bids to be invited) $8,000,000

May 26 (Thursday)

Colohoma Uranium, Inc. ____ Common
(General Investing Corp. and Shaiman & Co.) $1,250,000

June 1 (Wednesday)

Public Service Co. of Colorado ____ Common
(Offering to stockholders and employees—underwritten by The First Boston Corp.; Boettcher & Co.; and Bosworth, Sullivan & Co., Inc.) 303,010 shares

June 2 (Thursday)

Consolidated Natural Gas Co. ____ Common
Offering to stockholders—no underwriting 738,721 shares)

Silver Creek Precision Corp. ____ Debentures
(General Investing Corp.) $600,000

June 3 (Friday)

Illinois Bell Telephone Co. ____ Common
(Offering to stockholders—no underwriting) 663,469 shares

June 7 (Tuesday)

Central Illinois Electric & Gas Co. ____ Bonds
(Bids to be invited) $4,000,000

Southwestern Gas & Electric Co. ____ Preferred
(Bids to be invited) $6,000,000

Virginia Electric & Power Co. ____ Bonds
(Bids to be invited) $25,000,000

September 13 (Tuesday)

Utah Power & Light Co. ____ Bonds
(Bids to be invited) $15,000,000

Utah Power & Light Co. ____ Common
(Bids to be invited) 177,500 shares

November 9 (Wednesday)

Southern Co. ____ Common
(Bids to be invited) 500,000 shares

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amendment. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Blyth & Co., Inc. and Hornblower & Weeks, both of New York.

Lone Star Uranium & Drilling Co., Inc.
April 7 (letter of notification) 570,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—1100 Fidelity Union Life Bldg., Dallas, Tex. **Underwriter** — Christopulos-Nichols Co., Las Vegas, Nev.

Lost Creek Oil & Uranium Co.
March 25 (letter of notification) 2,995,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—507 West Spruce St., Rawlins, Wyo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

Lucky Lake Uranium, Inc., Salt Lake City, Utah
Feb. 9 (letter of notification) 8,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining expenses. **Office**—201 Boston Building, Salt Lake City, Utah. **Underwriter**—Kastler Brokerage Co., same city.

Lucky Strike Uranium Corp.
Jan. 4 (letter of notification) 4,300,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—38 South Main St., Salt Lake City, Utah. **Underwriter**—Seaboard Securities Corp., Washington, D. C.

Majestic Uranium Corp.
March 10 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds** — For mining expenses. **Office** — 715 Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Van Blerkom & Co., same city.

McLouth Steel Corp., Detroit, Mich. (5/11)
April 21 filed 155,324 shares of common stock (par $2.50). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—The First Boston Corp., New York.

● **McRae Oil & Gas Corp., Denver, Colo.**
March 24 filed 712,149 shares of common stock (par 10 cents), of which 400,000 shares are to be sold by the company and 312,149 shares by selling stockholders **Price**—$4 per share. **Proceeds**—To repay bank loan of $242,000 and a secured note of $384,000; for acquisition of new properties and the drilling of wells; and for other general corporate purposes. **Underwriters**—First California Co., San Francisco, Calif.; William R. Staats & Co., Los Angeles, Calif.; and Allen & Co., New York. **Offering**—Now being made.

Mechling (A. L.) Barge Lines, Inc., Joliet, Ill.
March 31 filed $837,252 of instalment note certificates to be offered in exchange for the 3,578 shares of authorized and issued common stock of Marine Transit Co. at rate of $234 per share. The balance of $1 of a total purchase offer price of $235 per share is to be paid in cash. The exchange will be contingent upon acceptance of the offer by holders of not less than 81% of the Marine Transit shares.

★ **Mehadrin Plantations, Inc., New York**
April 28 filed 70,000 shares of common stock (par $10). **Price**—$10.75 per share. **Proceeds**—For acquisition of additional groves and working capital and other general corporate purposes. **Business**—Production and sale of citrus fruits in State of Israel; also plans to grow subtropical fruits. **Underwriter**—None.

Metalphoto Corp., Cleveland, Ohio
April 4 (letter of notification) 108,070 shares of common stock (par one cent) to be offered first to stockholders. **Price**—$1 per share. **Proceeds**—For purchase of equipment, expansion of facilities and working capital. **Office**—2903 E. 79th St., Cleveland 4, Ohio. **Underwriter**—Wm. J. Mericka & Co., same city.

Micro-Moisture Controls, Inc.
Jan. 13 (letter of notification) $250,000 of 6⅝% income convertible debentures (subordinated) due Feb. 1, 1965, to be offered initially to stockholders. **Price**—100% of par (in units of $100 or multiples thereof). **Proceeds**—For working capital, etc. **Office**—22 Jericho Turnpike, Mineola, N. Y. **Underwriter**—None.

Millsap Oil & Gas Co., Siloam Springs, Ark.
March 17 (letter of notification) 599,200 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds**—For oil and gas activities. **Office**—518 Main St., Siloam Springs, Ark. **Underwriter**—Dewitt Investment Co., Wilmington, Del.

● **Minerals Corp. of America (5/9-13)**
March 31 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For exploration and development expenses and working capital. **Office**—Grand Junction, Colo. **Underwriter**—Vickers Brothers, New York.

Moab King, Inc.
April 4 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—210 Zions Savings Bank Building, Salt Lake City, Utah. **Underwriter** — Potter Investment Co., same city.

Moab Minerals, Inc., Moab, Utah
March 28 (letter of notification) 30,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds** — For mining expenses. **Office** — Archer Bldg., Moab, Utah. **Underwriter**—Guss & Mednick, Salt Lake City, Utah.

★ **Mojave Uranium Co., Salt Lake City, Utah**
April 13 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office** — 130 S. 13th East St., Salt Lake City, Utah. **Underwriter** — Peters, Writer & Christensen, Inc., Denver, Colo.

Monarch Uranium Co., Salt Lake City, Utah
March 28 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—430 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Ned J. Bowman Co., same city.

Montezuma Uranium, Inc., Denver, Colo.
Jan. 5 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For exploration and development operations. **Office**—Ernest and Cranmer Bldg., Denver, Colo. **Underwriter**—Investment Service Co., same city.

Morrell (John) & Co., Ottumwa, Iowa
March 31 (letter of notification) 16,000 shares of capital stock (no par) to be offered in exchange for a like number of shares of John J. Felin Co., Inc., plus a cash payment. **Underwriter**—None.

● **National Container Corp., New York (5/9-10)**
April 18 filed $7,000,000 of 15-year sinking fund debentures due 1970. **Price**—To be supplied by amendment. **Proceeds** — To repay bank loans; for machinery and equipment; and for expansion. **Underwriters** — Halsey, Stuart & Co. Inc. and Van Alstyne, Noel & Co., both of New York.

● **National Container Corp., New York (5/9-10)**
April 18 filed 250,000 shares of common stock (par $1). **Price**—To be related to the then current market price on New York Stock Exchange. **Proceeds**—For expansion and general corporate purposes. **Underwriter**—Van Alstyne, Noel & Co., New York.

National Rural Electric Cooperative Association, Washington, D. C.
April 22 filed $720,000 of 2½% first trust notes. **Price**—At par (in multiples of $1,000). **Proceeds**—For construction of new headquarters building. **Underwriter**—None, notes to be offered through officials to member systems.

Nevada-Utah Uranium & Oil Corp.
March 18 (letter of notification) 1,175,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For exploration and development expenses. **Offices**—1501 Broadway, New York, N. Y., and Hundred, W. Va. **Underwriter**—Chippewa Securities Corp., 226 West 47th Street, New York City.

New Bristol Oils, Ltd., Toronto, Canada
April 11 filed 2,400,000 shares of common stock (par $1), of which 1,600,000 shares were issued to Newton-Conroe Oil Corp. and 800,000 shares to The Phoenix-Campbell Corp., in exchange for properties. Newton-Conroe is distributing its stock to its stockholders in a liquidation. As holder of 51% of the Newton-Conroe stock, Phoenix-Campbell will receive about 800,000 shares which it proposes to offer to the public, together with the 800,000 shares received directly from New Bristol Oils. **Price**—At market. **Proceeds**—To selling stockholder. **Underwriter**—None, the distributing stockholders having undertaken to market their holdings directly.

Norden-Ketay Corp., New York
March 16 filed 22,500 shares of common stock issuable pursuant to exercise of 90,000 stock purchase warrants sold to the underwriters of the public offering in 1951 of 400,000 shares of common stock of The Norden Laboratories. The warrant holders are entitled to receive one share of Norden-Ketay stock for each four warrants exercised at $12 per share. **Proceeds**—For general corporate purposes.

★ **North Penn Gas Co., Port Allegany, Pa.**
April 29 filed 419,000 shares of capital stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To John Fox of Boston, Mass., who is the selling stockholder. **Underwriter**—To be named later.

Ohio Edison Co. (5/17)
April 20 filed $30,000,000 of first mortgage bonds due May 1, 1985. **Proceeds** — For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Glore, Forgan & Co., White, Weld & Co. and Union Securities Corp. (jointly); The First Boston Corp. **Bids**—To be received up to 11 a.m. (EDT) on May 17 at office of Commonwealth Services, Inc., 20 Pine St., New York 5, N. Y.

Pacific Clay Products (5/11)
April 20 filed 94,875 shares of capital stock (par $8). **Price**—To be supplied by amendment. **Proceeds**—To Pacific-American Investors, Inc., Los Angeles, Calif. (45,000 shares) and Kidder, Peabody & Co. (49,875 shares). **Underwriter**—Kidder, Peabody & Co., New York.

● **Pacific Northwest Pipeline Corp.**
March 9 filed 1,549,100 shares of common stock (par $1) being offered for subscription by common stockholders of record April 27 on the basis of 2.221 shares for each share held; rights to expire May 9. **Price**—$10 per share. **Proceeds**—For new construction. **Underwriter**—None.

Payrock Uranium Mining Corp.
March 28 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For mining operations. **Office** — 901 Texas Ave., Grand Junction, Colo. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

★ **Peoples Finance Corp., Denver, Colo.**
May 2 filed 50,000 shares of 60-cent cumulative convertible preferred stock (par $5). **Price**—$10 per share. **Proceeds**—To reduce bank loans. **Underwriter**—Paul C. Kimbal & Co., Chicago, Ill.

★ **Peruvian Oils & Minerals, Ltd., Toronto, Can.**
April 27 filed 225,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development work and working capital. **Underwriters**—Doolittle & Co., Buffalo, N. Y. and Davidson Securities, Ltd., Toronto, Canada.

Philadelphia Daily News, Inc.
Feb. 24 (letter of notification) 50,000 shares of common stock (par $1) to be offered for subscription by stockholders of record March 24. **Price**—$6 per share. **Proceeds**—For modernization and improvements. **Office**—22nd and Arch Streets, Philadelphia, Pa. **Underwriter**—None.

Pioneer Mortgage & Development Corp.
April 27 filed 300,000 shares of common stock (par $1), with warrants attached entitling the holder to purchase one additional share at prices ranging from $13 to $20 depending upon the exercise date. **Price**—$10 per share "as a speculation." **Proceeds**—For working capital and general corporate purposes. **Office**—Houston, Tex. **Underwriter**—None.

★ **Poly-Seal Corp. (N. Y.)**
April 27 (letter of notification) 40,000 shares of capital stock (par 10 cents). **Price**—$3.37½ per share. **Proceeds**—For machinery acquisition, mold construction, inventory purchases and other general corporate purposes. **Office**—405 Lexington Ave., New York, N. Y. **Underwriter**—None.

● **Pomona Tile Manufacturing Co. (5/16-20)**
April 25 filed 120,928 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loan and for general corporate purposes. **Underwriter**—Crowell, Weedon & Co., Los Angeles, Calif.

★ **Potomac Electric Power Co.**
May 2 filed $10,000,000 of first mortgage bonds due 1990. **Proceeds**—To repay $3,000,000 bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; The First Boston Corp.; Kidder, Peabody & Co., Merrill Lynch, Pierce, Fenner & Beane and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co., Inc.; Dillon, Read & Co., Inc. and Johnston, Lemon & Co. (jointly).

★ **Potomac Electric Power Co. (5/23)**
May 2 filed 511,660 shares of common stock (par $10) to be offered for subscription by common stockholders of record on or about May 23, 1955 on the basis of one new share for each 10 shares held. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters** — Dillon, Read & Co. Inc., New York; and Johnston, Lemon & Co., Washington, D. C.

★ **Precision Radiation Instruments, Inc., Los Angeles, Calif.**
April 28 filed 225,000 shares of common stock (par 50 cents), of which 165,000 shares are to be offered for account of company and 60,000 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of real property and other new plant facilities; and for working capital. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

★ **Progress Manufacturing Co., Inc. (5/16-20)**
April 29 filed 200,000 shares of common stock (par $1), of which 122,053 shares are to be offered for account of company and 77,947 shares for selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Office**—Philadelphia, Pa. **Underwriters**—Blair & Co. Incorporated and Emanuel, Deetjen & Co., both of New York.

Public Service Co. of Indiana, Inc.
March 18 filed 202,431 shares of 4.20% cumulative preferred stock, par $100 (convertible into common stock after July 1, 1956) being offered for subscription by common stockholders of record April 13 on the basis of one preferred share for each 21 shares of common stock held; rights to expire on May 9. **Price**—$105 per share. **Proceeds**—For repayment of bank loans and for property additions. **Underwriter**—None.

★ **Public Service Co. of New Hampshire**
May 4 filed 413,016 shares of common stock (par $5) to be offered for subscription by common stockholders on the basis of one new share for each six shares held. Employees to be offered right to subscribe for up to 10,000 unsubscribed shares. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Kidder, Peabody & Co. and Blyth & Co., Inc., both of New York.

Public Service Co. of Oklahoma (5/17)
April 20 filed 100,000 shares of cumulative preferred stock (par $100). **Proceeds**—For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. Inc. and Central Republic Co. Inc. (jointly); Smith, Barney & Co.; Glore, Forgan & Co.; Kuhn, Loeb & Co. **Bids**—Expected to be received up to 11:30 a.m. (EDT) on May 17.

Public Service Electric & Gas Co.
Dec. 22 filed 250,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for construction program. **Underwriters**—Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co. **Offering** — Temporarily delayed.

★ **Pyramid Electric Co., North Bergen, N. J.**
May 3 filed 75,000 shares of 5% cumulative convertible preferred stock (par $10). **Price** — To be supplied by amendment. **Proceeds** — For new facilities, equipment and machinery and working capital. **Underwriter**—S. D. Fuller & Co., New York.

★ Pyramid Electric Co., North Bergen, N. J.
May 3 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter** — S. D. Fuller & Co., New York.

● Pyramid Life Insurance Co., Charlotte, N. C.
Feb. 15 filed 250,000 shares of capital stock (par $1 being offered for subscription by common stockholders of record March 1, 1955 on the basis of one new share for each three shares held; rights expire on May 9. **Price** —$3.75 per share. **Proceeds**—To expand business. **Underwriter**—None.

Revere Realty, Inc., Cincinnati, Ohio
March 8 filed $1,000,000 of 5½% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). **Price**—Par for debentures and $100 per share for stock. **Proceeds** — To purchase real estate or interest therein. **Underwriter**—Stanley Cooper Co., Inc., Cincinnati, O.

★ Richfield Uranium Corp., Seattle, Wash.
April 8 (letter of notification) 2,500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds** — For mining operations. **Offices** — 1810 Smith Tower or 311 Douglas Bldg., Seattle, Wash. **Underwriter** —None; sales to be made through Walter G. Petersen, President.

● Riegel Paper Corp.
April 13 filed 190,960 shares of common stock (par $10), being offered for subscription by common stockholders of record May 3 on a one-for-four basis; rights to expire May 18. **Price**—$23 per share. **Proceeds**—To redeem presently outstanding preferred stock and to help finance the proposed expansion of the company's Acme, N. C., pulp mill. **Underwriter**—Morgan Stanley & Co., New York.

Ritter Finance Co., Inc., Syncote, Pa.
Feb. 24 filed 4,000 shares of 5½% cumulative preferred stock, third series (par $50) and 40,000 shares of class B common stock (par $1) to be offered in units of one preferred share and 10 class B shares. **Price**—$75 per unit. **Proceeds**—To reduce bank loans and for working capital. **Underwriter**—None. Statement effective Mar. 31.

Samicol Uranium Corp., Santa Fe, N. M.
Sept. 14 filed 300,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For development and exploration expenses, etc. **Underwriters**—R V. Klein Co. and McGrath Securities Corp., both of New York.

San Miguel Uranium Mines, Inc.
Jan. 6 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds** — For mining operations. **Office** — Mineral Bldg., Grand Junction, Colo. **Underwriter** — Tellier & Co., Jersey City, N. J.

San Rafael Uranium Co. of Maryland
March 4 (letter of notification) 15,000,000 shares of common stock. **Price** — At par (one cent per share). **Proceeds**—For mining expenses. **Underwriter**—Lewellen-Bybee Co., Washington, D. C.

★ Saxon Uranium Mines Ltd., Toronto, Canada
April 29 filed 1,500,000 shares of common stock (par $1). **Price**—40 cents per share. **Proceeds**—For exploration and working capital; also to repay advances and other liabilities. **Underwriter** — Degaetano Securities Corp., New York.

Schmieg Industries, Inc., Detroit (5/10-16)
April 25 (letter of notification) 99,880 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—For working capital. **Underwriters**—S. D. Fuller & Co. and Vermilye Brothers, both of New York.

Scholz Homes, Inc., Toledo, Ohio (5/10)
April 14 filed 180,000 shares of common stock (par $1). **Price**—Expected to be $5 per share. **Proceeds**—To prepay notes; to establish and equip new plant; and for inventories and working capital. **Underwriter** — Straus, Blosser & McDowell, Chicago, Ill.

★ Seaboard Finance Co., Los Angeles, Calif.
April 7 (letter of notification) 9,677 shares of common stock (par $1) to be offered for subscription by employees of company and its subsidiaries. **Price**—At market (estimated at $31 per share). Not to exceed $300,-000 in the aggregate. **Proceeds**—For working capital. **Office**—945 So. Flower St., Los Angeles 15, Calif. **Underwriter**—None.

★ Security Electronics Corp. (Del.)
April 27 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds** — For electronically operated camera, working capital and general corporate purposes. **Office** — 347 Madison Ave., New York, N. Y. **Underwriter**—None.

★ Shoni Uranium Corp., Riverton, Wyo.
April 21 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds** — For mining expenses. **Address** — Box 489, Riverton, Wyo. **Underwriter** — Melvin F. Schroeder, Denver, Colo.

Silver Creek Precision Corp. (6/2)
March 31 filed $600,000 of 10-year convertible 6% debentures due June 30, 1965. **Price**—At 100% of principal amount (in denominations of $100 each). **Proceeds**—For working capital and general corporate purposes. **Office**—Silver Creek, N. Y. **Underwriter**—General Investing Corp., New York.

● Sinclair Oil Corp., New York
March 7 filed 337,830 shares of common stock (no par) being offered in exchange for shares of capital stock of Venezuelan Petroleum Co. in the ratio of five shares of Sinclair stock for each eight shares of Venezuelan stock tendered for exchange. The offer will expire on May 5 and is subject to deposit of at least 450,000 shares with Chemical Corn Exchange Bank, New York City. There shall be no further extension.

Sonic Research Corp., Boston, Mass.
April 18 filed 150,000 shares of common stock (par $1). **Price**—$7 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriters**—J. P. Marto & Co., Boston, Mass.; Boenning & Co., Philadelphia, Pa., and First New Hampshire Corp., Concord, N. H.

★ Sonoma Quicksilver Mines, Inc., San Farncisco, Calif.
April 27 filed 800,000 shares of capital stock (par 10 cents), of which 80,000 shares are to be initially offered to public. **Price**—To be fixed on the basis of the market value at the time of their first sale or $1 per share, which ever is lower. **Purpose** — To increase facilities and invest in other quicksilver properties; and for working capital. **Underwriter** — Norman R. Whittall, Ltd., Vancouver, B. C., Canada.

● Southern California Edison Co. (5/17)
April 19 filed a maximum of $40,950,600 of convertible debentures due July 15, 1970, to be offered for subscription by holders of original preferred and common stock on the basis of $5 of debentures for each share of stock held as of record May 17, 1955; rights to expire on June 14. **Price**—At principal amount (in denominations of $100 each). **Proceeds**—To retire short term bank loans and for new construction. **Underwriter** —None.

● Southern Union Oils, Ltd.
Feb. 16 filed 1,211,002 shares of common stock (par $1) of which 511,002 shares were offered for subscription by stockholders on a basis of one new share for each share held, as of March 17, rights expiring on April 12. **Price** —To stockholders, 50 cents per share; and to public, at a market price to be equivalent to last sale on Toronto Stock Exchange—83c-85c (ex-rights) per share. **Proceeds** — For exploratory and developmental expenses; for possible acquisition of additional oil and gas interests; and to meet current liabilities. **Office**—Toronto, Canada. **Underwriters**—Willis E. Burnside & Co., Inc., New York; and Canadus Corp., Ltd., Toronto, Canada.

Stancan Uranium Corp., Toronto, Canada
April 18 filed 200,000 shares of cumulative convertible preferred stock, series A (par one cent). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Underwriters**—Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc., both of New York.

Stewart Oil & Gas Co. (5/16-20)
March 14 filed 750,000 shares of common stock (par 10¢). **Price**—$1 per share. **Proceeds**—To repay bank loan, and for development of properties and other activities incident to oil and gas operations. **Office** — San Angelo, Texas. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Sun Hotel, Inc., Las Vegas, Nev.
Feb. 16 filed 760,000 shares of pfd. capital stk. (par $9.50) and 1,540,000 shares of common capital stock (par 25 cents), of which 680,000 shares of preferred and 1,360,000 shares are to be offered in units of one preferred and two common shares; the remaining 80,000 shares of preferred stock and 180,000 shares of common stock may be exchanged for properties. **Price**—$10 per unit. **Proceeds**—To purchase property; for construction of hotel; and for working capital. **Underwriter**—Coombs & Co., Salt Lake City, Utah.

★ Sun Oil Co.
May 2 filed 14,000 memberships in Stock Purchase Plan for the Employees of this company and of its subsidiaries, together with 149,200 shares of common stock (estimated number of shares anticipated may be purchased by trustees of Plan during period of July 1, 1955 to June 30, 1956, with respect to 1955 Plan and 186,700 shares of common stock (maximum number of shares which it is anticipated may be offered for public sale by certain selling stockholders during the same period.

Sunshine Park Racing Association, Inc. (Fla.)
Nov. 18 filed $700,000 of 6% convertible sinking fund debentures due 1960 and 70,000 shares of common stock (par 10 cents). **Price** — 100% and accrued interest for debentures and $2 per share for stock. **Proceeds**—To repay bank loans, for new construction and for working capital. **Underwriter**—Gulf-Atlantic, Inc., Tampa, Fla.

★ Tanisse Uranium Mining Co. of Nevada
April 7 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—319 Fremont St., Las Vegas, Nev. **Underwriter**—None.

● Texas Instruments Inc.
April 13 filed 165,945 shares of 4.48% convertible preferred stock (par $25), being offered for subscription by common stockholders of record May 2 on the basis of one share of preferred stock for each 18 shares of common stock held; rights to expire May 19. **Price**—$25 per share. **Proceeds**—To repay bank loan for expansion and working capital. **Underwriter**—Morgan Stanley & Co., New York.

Texas International Sulphur Co.
June 21 filed 455,000 shares of common stock (par 10 cents), of which 385,000 shares are to be offered for subscription by common stockholders at the rate of one new share for each 4½ shares held; and 70,000 shares are for account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For exploration and drilling, and payment of bank loans and advances **Underwriter**—Vickers Brothers, New York, on a "best efforts" basis. Statement withdrawn.

★ Texas State Petroleum, Inc., Alice, Texas
April 18 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds** —For oil and gas activities. **Office**—Fitzsimmons Bldg., Alice, Tex. **Underwriter**—R. V. Klein Co., New York.

Texboard, Inc., Dallas, Texas
Jan. 17 filed $1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and $1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. **Price**—To be supplied by amendment. **Proceeds**—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. **Underwriter**—Emerson Cook Co., Palm Beach, Fla.

● Transamerica Corp. (5/9-10)
April 18 filed 1,346,800 shares of capital stock (par $2). **Price**—To be suppiled by amendment. **Proceeds**—To repay bank loans and for additional investments in banking and other subsidiaries. **Underwriters**—Blyth & Co., Inc. and Dean Witter & Co., both of San Francisco, Calif.

★ Trav-Ler Radio Corp., Chicago, Ill. (5/17)
April 27 filed $1,250,000 of 12-year 6% sinking fund debentures due May 15, 1967 (with detachable 12-year common stock purchase warrants), of which $1,100,000 to be offered publicly and $150,000 to officers and employees. **Price**—To be supplied by amendent. For each $500 debenture, the purchaser will receive warrants for the purchase of 50 common shares at $4 per share, exercisable until May 15, 1967. **Proceeds** — To repay bank loans; for loan of $170,000 to Orleans Mfg. Co., a wholly-owned subsidiary, to repay its bank loan; and for working capital. **Underwriters** — Lee Higginson Corp., New York; and Straus, Blosser & McDowell, Chicago, Ill.

Tri-State Uranium Co.
March 7 (letter of notification) 4,700,000 shares of common stock (par three cents). **Price**—Six cents per share. **Proceeds**—For mining costs. **Office**—270 South State St., Salt Lake City, Utah. **Underwriter**—Coombs & Co. of Ogden, Utah.

Turner Uranium Corp.
April 1 (letter of notification) 2,000,000 shares of common stock (par 2½ cents). **Price**—10 cents per share. **Proceeds** — For mining operations. **Office** — 130 Social Hall Avenue, Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., same city.

Union Club, Inc., Hollywood, Calif.
March 1 filed 30,000 shares of preferred stock (par $50) and 100,000 shares of common stock (par $10) to be offered in units of three preferred and 10 common shares. **Price**—$400 per unit. **Proceeds**—For purchase of property, construction of hotel, athletic and health facilities, and working capital. **Underwriter**—None, but sales will be made through agents.

Union Uranium Co., Denver, Colo.
March 2 (letter of notification) 10,650,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** —For mining operations. **Office** — 230 East 19th Ave., Denver, Colo. **Underwriter**—J. W. Hicks & Co., same city.

U. S. Igniter Corp., Philadelphia, Pa.
March 18 (letter of notiifcation) 100,000 shares of class A common stock (par 50 cents). **Price** — $3 per share. **Proceeds**—To pay debt, buy equipment and machinery and for working capital. **Business**—Manufactures a new type of spark plug. **Underwriter** — Allen E. Beers Co., Philadelphia, Pa.

★ Uranium Development Corp., Longview, Texas
April 8 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—137 East Tyler St., Longview, Tex. **Underwriter**—None.

Uranium Geophysical Exploration Co.
March 14 (letter of notification) 7,400,000 shares of common stock (par one cent). **Price**—Four cents per share. **Proceeds**—For mining expenses. **Office** — 414 Denver National Building, Denver, Colo. **Underwriter**—Floyd Koster & Co., same city.

Uranium Prince Mining Co., Wallace, Ida.
April 18 (letter of notification) 1,750,000 shares of common stock. **Price** — 10 cents per share. **Proceeds**—For mining operations. **Address** — Box 709, Wallace, Ida. **Underwriter**—Wallace Brokerage Co., same city.

Vanadium Queen Uranium Corp.
April 18 filed 845,000 shares of capital stock (par 10 cents), of which 70,000 shares are for the account of selling stockholders and 775,000 shares for the company's account. **Price**—$2.50 per share. **Proceeds** — To repay notes and for exploration and development expenses. **Office** — Grand Junction, Colo. **Underwrtier**—Van Alstyne, Noel & Co., New York. **Offering**—Expected latter part of May.

★ Wall Street Investing Corp., New York
April 29 filed (by amendment) an additional 100,000 shares of capital stock (par $1). **Price** — At market. **Proceeds**—For investment.

Webster Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—James Anthony Securities Corp., New York. **Offering**—Expected in two or three weeks.

Western Development Co. of Delaware
March 14 (letter of notification) 18,773 shares of capital stock (par $1) being offered in exchange for 124,165 shares of class A and class B capital stock of Excalibur Uranium Corp. on basis of one Western share for each 6.6 shares of Excalibur stock held; offer to expire on June 15. **Address**—65 Sena Plaza, or P. O. Box 1201, Santa Fe, N. Mex. **Underwriter**—None.

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● Western Electric Co., Inc.
April 13 (letter of notification) 1,155,000 shares of common stock (no par) being offered for subcription by stockholders of record April 12 on basis of one new share for each 10 shares held; rights to expire on May 27. **Price** — $45 per share. **Proceeds** — For expansion. **Office**—195 Broadway, New York. **Underwriter**—None. American Telephone & Telegraph Co. owns 11,528,585 shares (99.81%) of presently outstanding stock.

Western Hills Inn, Fort Worth, Texas
Jan. 31 filed 200,000 shares of capital stock (no par). **Price**—$5 per share. **Proceeds**—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. **Underwriter**—Schwanz & Co., Inc., Aurora, Ill.

● Western Nebraska Oil & Uranium Co., Inc. (5/16-20)
April 4 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For exploration and development costs and working capital. **Office**—924 Broadway, Denver, Colo. **Underwriter**—Israel & Co., New York.

Wilrich Petroleum, Ltd., Toronto, Canada
March 24 filed 2,000,000 shares of capital stock (par $1), of which 1,000,000 shares are to be issued in payment for certain properties to be acquired from American Trading Co., Ltd. who will purchase the remaining 1,000,000 shares for $455,000. **Proceeds**—For exploration and development costs and working capital. **Underwriter**—None.

★ Wisconsin Power & Light Co.
May 4 filed 263,140 shares of common stock (par $10) to be offered for subscription by common stockholders of record May 16 on the basis of one new share for each 10 shares held. Unsubscribed shares to be offered to employees. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Smith, Barney & Co., New York; and Robert W. Baird & Co., Inc., Milwaukee, Wis.

★ Wisconsin Power & Light Co.
May 4 filed 20,000 shares of new cumulative preferred stock (par $100) to be first offered for subscription by preferred stockholders of record May 16 and employees of company. **Price**—To be supplied by amendment. **Proceeds**—To redeem presently outstanding preferred stock, for payment of bank loans and construction program. **Underwriters** — Smith, Barney & Co., New York; and Robert W. Baird & Co., Milwaukee, Wis.

W & M Oil Co., Lincoln, Neb.
Feb. 25 (letter of notification) 225,000 shares of common stock (par $1). **Price**—$1.30 per share. **Proceeds**—For oil and mining activities. **Office**—116 S. 15th St., Lincoln, Neb. **Underwriter** — None. J. Keith Walker is President.

Woodland Oil & Gas Co., Inc.
Dec. 21 (letter of notification) 299,900 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For equipment, drilling expenses and working capital **Office**—42 Broadway, New York, N. Y. **Underwriter**—E. M. North Co., Inc., same address.

Wyco Uranium, Inc., Salt Lake City, Utah
April 7 (letter of notification) 2,900,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—429 Ness Bldg., Salt Lake City, Utah. **Underwriter** — Rocky Mountain Securities, Las Vegas, Nev.

Wy-Okla Oil & Uranium Co., Denver, Colo.
March 29 (letter of notification) 3,000,000 shares of common stock (par two cents). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Office** — 804 Denver Club Bldg., Denver, Colo. **Underwriter**—Carroll, Kirchner & Jacquith, Inc., Denver, Colo., and Robert R. Baker & Co., Inc., Fort Collins, Colo.

Yellow Queen Uranium Co.
April 1 (letter of notification) 1,425,000 shares of common stock (par 10 cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office**—208 First National Bank Building, Denver 2, Colo. **Underwriters** — Peters, Writer & Christensen, Inc., and Mountain States Securities Co., both of Denver, Colo.

Zonolite Co., Chicago, Ill.
March 30 (letter of notification) not in excess of 18,181 shares of common stock (par $1). **Price**—At market. **Proceeds** — To a selling stockholder. **Underwriter** — Paine, Webber, Jackson & Curtis, Chicago, Ill.

Prospective Offerings

Alleghany Corp.
Feb. 10 company offered 1,367,440 shares of 6% convertible preferred stock (par $10) in exchange for the outstanding 136,744 shares of 5½% cumulative preferred stock, series A (par $100) on the basis of ten shares of 6% stock for each 5½% preferred share held. Offer to expire on May 31. Dealer-Manager—Kidder, Peabody & Co., New York.

★ American Machine & Foundry Co.
May 4 it was announced company plans to make an offering to its stockholders. **Underwriters**—May be Lehman Brothers and Union Securities Corp., both of New York.

American Telephone & Telegraph Co.
April 20 stockholders approved a new issue of not to exceed $650,000,000 convertible debentures. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably on the basis of $100 of debentures for each eight shares of stock held). **Underwriter**—None.

American Trust Co., San Francisco, Calif.
April 7 stockholders approved proposal to increase authorized capital stock (par $10) from 2,500,000 shares to 3,500,000 shares. Of the additional stock, 556,250 shares are being offered for subscription by stockholders of record April 5, 1955, on basis of one new share for each four shares held; rights to expire on May 10, 1955. **Price**—$35 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

★ Artloom Carpet Co., Inc.
April 27 it was announced directors have authorized a common stock subscription offer (about 98,170 no par shares) to its stockholders on the basis of one new share for each four shares held. **Price**—$5 per share. **Proceeds**—To repay bank loans.

Baltimore & Ohio RR.
Feb. 10 company received ICC exemption from competitive bidding of up to $345,000,000 of new securities. **Proceeds**—For refunding. **Underwriter**—Feb. 16, Howard E. Simpson, President, announced Glore, Forgan & Co., Halsey, Stuart & Co. Inc. and Alex. Brown & Sons have been engaged to continue studies and formulate plans looking towards a simplification of the railroad's debt structure and a reduction in over-all interest costs. So far, four issues have been placed privately.

Blackhawk Fire & Casualty Insurance Co.
April 5 it was reported company plans to issue and sell 200,000 shares of common stock. **Price**—Expected at $5 per share. **Proceeds**—To acquire Blackhawk Mutual Insurance Co., Rockford, Ill. **Underwriter** — Arthur M. Krensky & Co., Inc., Chicago, Ill. **Registration**—Expected late in April.

★ Bliss (E. W.) Co.
April 26 stockholders increased the authorized common stock (par $1) from 1,000,000 shares to 1,500,000 shares. **Underwriter**—Previous financing was handled by Allen & Co., New York.

Bridgeport Hydraulic Co.
March 7 it was reported company plans to offer 22,688 additional shares of common stock (no par) to its stockholders on a 1-for-8 basis. **Underwriter**—Smith, Ramsay & Co., Inc., Bridgeport, Conn. **Offering** — Expected in June.

Cavendish Uranium Mines Corp.
April 19 it was announced company plans issue and sale of a debenture issue of several million dollars. **Proceeds**—For a concentrating mill, mining equipment and for underground development. **Underwriter**—James Anthony Securities Corp., New York.

Central Illinois Electric & Gas Co. (6/7)
March 28 it was reported company plans to issue and sell $4,000,000 of first mortgage bonds. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kidder, Peabody & Co. **Bids**—Expected to be received on June 7. **Registration**—Planned for May 6.

Central Maine Power Co.
Dec. 31, W. F. Wyman, President, stated that company plans to issue and sell some additional common stock par $10 (probably to stockholders) in the latter part of 1955. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and kidder, peabody & Co. (jointly). **Meeting**—Stockholders will vote May 11 on increasing the authorized common stock from 3,250,000 to 3,500,000 shares. **Offering**—Probably in September.

● Clinton Trust Co., New York
April 27 stockholders voted to increase the authorized capital stock (par $10) from 120,000 shares to 130,000 shares. The additional 10,000 shares are being offered for subscription by stockholders of record April 15 on the basis of one new share for each 12 shares held; rights to expire on May 20. **Price**—$20 per share. **Proceeds**—To increase capital and surplus. **Office**—857 Tenth Ave., New York, N. Y. **Underwriter**—None.

★ Coal Operators Casualty Co., Greensburg, Pa.
April 25, it was announced capital and surplus would soon be increased to more than $3,500,000 and name changed to Old Republic Insurance Co. **Underwriter**—May be The First Boston Corp., New York.

Continental Can Co., Inc.
April 18, preferred stockholders approved creation of not to exceed an additional $25,000,000 of debentures or other indebtedness maturing later than one year after the date thereof. The company has no present plans for making any additional borrowings. **Underwriters**—Goldman, Sachs & Co. and Lehman Brothers, both of New York.

★ Daitch Crystal Dairies, Inc.
April 28 stockholders approved a proposal to increase the authorized common stock (par $1) from 500,000 shares to 1,000,000 shares to provide for future financing and expansion. **Underwriter**—Hirsch & Co., New York.

● Detroit Edison Co.
May 2 stockholders approved a proposal authorizing about $60,000,000 of convertible debentures. Previous offer of convertible debentures was made to stockholders without underwriting.

Federation Bank & Trust Co.
April 21 stockholders approved an offering of 58,000 shares of additional capital stock (par $10) on basis of one new share for each five share held as of April 28, 1955; rights to expire on May 20. **Price**—$20 per share. **Proceeds**—To increase capital and surplus.

Florida Power Corp.
April 14 it was announced company may issue and sell late in 1955 about $12,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp.

Ford Motor Co., Detroit, Mich.
March 15 it was reported that following a probable 10-for-1 stock split, an offering of approximately 4,000,000 new shares will be made to the public. **Price**—Expected to be around $60 per share. **Proceeds** — To the Ford Foundation. **Offering**—Probably in June.

General Precision Equipment Corp.
April 26, Hermann G. Place, President, announced that the company is considering the issue of $10,000,000 of new non-convertible preferred stock, of which approximately $6,500,000 par value are expected to be offered in exchange for present non-convertible preferred stock on a share-for-share basis. **Proceeds** — To retire outstanding non-convertible preferred stock and $2.90 cumulative convertible preferred stock, and for working capital. **Underwriters**—The First Boston Corp. and Tucker, Anthony & Co., both of New York.

Hammermill Paper Co.
Feb. 25 it was announced stockholders will vote May 10 on increasing the debt authority to $20,000,000. **Underwriter**—A. G. Becker & Co. (Inc.), Chicago, Ill.

★ Idaho Power Co.
April 22 the company applied to the Federal Power Commission for authority to issue and sell 15,000 shares of cumulative preferred stock (par $100) and requested exemption from competitive bidding. **Proceeds** — For construction program. **Underwriter**—Blyth & Co., Inc.

Illinois Bell Telephone Co. (6/3)
March 29 the company petitioned the Illinois Commerce Commission for authority to issue and sell 663,469 additional shares of common stock to stockholders of record June 3 on the basis of one new share for each six shares held; rights to expire on June 30. American Telephone & Telegraph Co., the parent, owns 99.32% of the presently outstanding stock. **Price**—At par ($100 per share). **Proceeds**—For improvements and additions to property. **Underwriter**—None.

International Bank, Washington, D. C.
April 25 it was announced company, in addition to placing privately an issue of $500,000 convertible debentures in the next few weeks, will offer additional convertible debentures to shareholders, probably sometime in the Autumn of this year. **Office**—726 Jackson Place, N. W., Washington, C. D. **Business**—Industrial merchant bankers.

● International Breweries, Inc.
April 27 it was announced company plans to offer publicly 500,000 shares of common stock. **Price**—$9.50 per share. **Proceeds**—Together with other funds, to acquire Iroquois Beverage Corp. and Frankenmuth Brewing Co. **Underwriter**—Shields & Co., New York. **Offering**—Expected in June.

★ Investors Group Canadian Fund Ltd.
April 28 it was announced early registration is expected of 20,000,000 shares of common stock (par $1). **Price**—To be initially offered at $5.41 per share. **Proceeds**—For investment. **Office**—Winnipeg, Canada. **Distributor**—Investors Diversified Services, Inc., Minneapolis, Minn.

Isthmus Sulphur Co. (Texas)
March 30 it was reported early registration is planned of an undertermined number of common shares. **Underwriter**—Garrett & Co., Dallas, Tex.

● Jerrold Electronics Corp., Philadelphia, Pa.
April 25 it was reported company plans to sell $2,750,000 of 6% convertible debentures and 200,000 shares of common stock some time in the near future. **Underwriters**—Van Alstyne, Noel & Co., New York; and Butcher & Sherrerd, Philadelphia, Pa.

★ Kansas City Power & Light Co.
April 28 the directors authorized an offering this Summer of approximately 245,000 shares of common stock to stockholders on a 1-for-10 basis. **Proceeds** — For construction program. **Underwriters**—Blyth & Co., Inc., and First Boston Corp.

Keystone Wholesale Hardware Co., Atlanta, Ga.
Jan. 27 it was stated that the company plans at a later date to offer additional shares for sale nationally. An offering of 16,666 shares of common stock was recently made to residents of Georgia only at $3 per share. **Office**—517 Stephens St., S.W., Atlanta, Ga.

Long Island Lighting Co.
April 19, Errol W. Doebler, President, announced that as additional funds will be required to finance construction, the company is contemplating the sale of about 650,000 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 & Co., Inc., The First Boston Corp. and W. C. Langley & Co., all of New York.

★ Long Island Lighting Co.
April 23 it was announced company plans to sell an issue of about $15,000,000 first mortgage bonds, series H, due 1985. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); W. C. Langley & Co.; Smith, Barney & Co.; Baxter, Williams & Co. **Offering**—Expected late in 1955.

★ **Lucky Stores, Inc.**
April 20 stockholders approved a proposal to increase the authorized common stock (par $1.25) from 1,000,000 shares to 2,000,000 shares (there are 804,063 shares outstanding). It was reported previously that the company proposed to raise approximately $1,500,000 through the sale of 150,000 shares. However, no immediate financing is planned. **Underwriter**—Probably Blair & Co. Incorporated, New York.

Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. Office—Room 717, 141 Broadway, New York 6, N. Y.

Missouri Pacific RR.
Bids are expected to be received in April for an issue of $3,765,000 equipment trust certificates due 1956-1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blair & Co. Incorporated; Kidder, Peabody & Co.

Murphy (G. C.) Co., McKeesport, Pa.
April 12 stockholders approved a proposal to increase the authorized limit of indebtedness from $3,000,000 to $20,000,000. **Proceeds**—For expansion program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York, handled preferred stock financing in 1942.

National Co., Inc., Malden, Mass.
March 29 stockholders increased authorized common stock (par $1) from 300,000 shares (260,100 shares outstanding) to 400,000 shares. Joseph H. Quick, President, said it is contemplated that some financing will be arranged during 1955 to provide additional capital in connection with the current expansion program. **Underwriter**—Probably A. C. Allyn & Co. Inc., New York.

● **National Newark & Essex Banking Co.**
April 23 it was announced stockholders on May 9 will vote on approving a proposal to offer to stockholders 28,880 additional shares of capital stock (par $25) on basis of one new share for each eight shares held on May 19; rights to expire on June 14. **Price**—To be named later. **Proceeds**—Expected to be about $2,000,000—to increase capital and surplus. **Underwriter**—Clark, Dodge & Co., New York.

★ **National Telefilm Associates, Inc., New York**
May 2 it was reported company plans to issue and sell 312,500 shares of common stock. **Underwriter**—Charles Plohn & Co., New York. **Registration**—Expected around May 16.

New York, Chicago & St. Louis RR. (5/10)
Bids are expected to be received by company up to noon (EDT) on May 10 for purchase from it of $4,080,000 equipment trust certificates to mature semi-annually from Dec. 15, 1955 to June 15, 1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated.

New York State Electric & Gas Corp.
April 7 it was announced holders of the serial preferred stock will vote May 6 on a proposal to authorize 200,000 new shares of preferred stock (par $100) to be issued in series. Company plans to raise about $21,500,000 through the sale of new securities this year. Last preferred stock financing was done privately.

New York Telephone Co.
Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than $100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately $200,000,000. Underwriter—For and bonds, to be determined by competitive bidding. Probable bidders: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.

Northern States Power Co. (Minn.)
March 29 it was announced that new capital requirements for 1955 will approximate $31,000,000. Present plans contemplate these funds will be obtained temporarily from short-term bank loans to be repaid from proceeds of the sale of additional bonds late in 1955 or early 1956. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); Glore, Forgan & Co.

Northwest Nitro-Chemicals, Ltd., Alberta, Can.
March 4 company plans to issue and sell publicly debentures and common stock to finance its proposed chemical project. **Underwriter**—Eastman, Dillon & Co., New York.

Oklahoma Gas & Electric Co.
Feb. 23 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds later this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); The First Boston Corp.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Smith, Barney & Co.

Peoples Gas Light & Coke Co.
April 5 it was reported that the company plans to offer to its common stockholders about $15,000,000 of additional common stock. **Underwriter**—None.

● **Public Service Co. of Colorado (6/1)**
April 27 it was announced company plans to register with the SEC 303,010 shares of common stock, of which 275,464 shares are to be offered for subscription by common stockholders on a 1-for-10 basis; and 27,546 shares are to be offered to employees. **Proceeds**—For construction program. **Underwriters**—The First Boston Corp., New York; and Boettcher & Co. and Bosworth, Sullivan & Co., Inc., both of Denver, Colo., underwrote previous common stock offer.

Puget Sound Power & Light Co.
April 5, Frank McLaughlin, President, said that "it will be necessary in 1955 to obtain funds for construction purposes from outside sources—at least to the extent of several million dollars." The company has scheduled a large-scale expansion program, involving $75,000,000 in order to keep abreast of estimated load growth over the next five years. **Underwirters**—Probably Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co.

Pure Oil Co.
April 9 stockholders approved the possible issuance of a convertible debenture issue. This would not exceed $50,000,000 and would be issued at the discretion of the directors any time within the next 12 months. **Underwriter**—Probably Smith, Barney & Co., New York.

Radio Receptor Co., Inc.
Feb. 28 it was reported that a public offering is soon expected of about 250,000 shares of common stock, of which 100,000 shares will be sold for account of company and 150,000 shares for selling stockholders. **Underwriter**—Bache & Co., New York.

Reading Co.
April 18 it was announced stockholders on June 7 will vote on increasing the authorized indebtedness of the company to $125,000,000. Funded debt at Dec. 31, 1954 totaled $84,077,350. If, in the future, the directors should deem it in the best interests of the company to issue bonds, the board will determine the amount of the issue and the terms and conditions of the bonds. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Rheem Manufacturing Co.
April 14 it was announced registration is planned in near future of 400,000 shares of common stock. **Proceeds**—To Bethlehem Steel Corp. the selling stockholder. **Underwriters**—Blyth & Co., Inc., Kuhn, Loeb & Co. and Smith, Barney & Co., all of New York.

St. Louis-San Francisco Ry.
April 11 it was announced stockholders will vote May 10 on approving an additional issue of up to $25,000,000 of first mortgage bonds, of which it is planned to sell initially $19,500,000 principal amount. **Proceeds**—For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Union Securities Corp.; Blyth & Co., Inc. and Harriman Ripley & Co. Inc. (jointly).

Southern California Gas Co.
Feb. 28 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds. Application has been filed with California P. U. Commission for exemption from competitive bidding. Bids received on last sale of bonds were from Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co. and Union Securities Corp. (jointly); Lehman Brothers.

Southern Co. (11/9)
Dec. 30 it was announced company plans to issue and sell to the public 500,000 additional shares of common stock (par $5). Proceeds—To repay bank loans and for investment in additional stock of subsidiary companies. Underwriter—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Ladenburg, Thalman & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane. Bids—Tentatively scheduled for Nov. 9. Registration—Not expected until Oct. 12.

Southland Frozen Foods, Inc.
April 18 it was reported company plans to offer $600,000 of 6% debentures and 60,000 shares of common stock. **Office**—160 Broadway, New York City. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York. **Offering**—Expected in June or July.

● **Southwestern Gas & Electric Co. (6/7)**
May 3 company sought SEC authorization to issue **and sell $6,000,000 of cumulative preferred stock (par $100). Proceeds—To prepay bank loans and for construction program. Underwriters—To be determined by competitive bididng. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); W. C. Langley & Co.; Harri**man Ripley & Co. Inc. **Bids**—Expected on June 7. **Registration**—Planned for May 16.

★ **Southwestern States Telephone Co.**
April 25 company applied to the Arkansas P. S. Commission for authority to issue and sell 40,000 shares of cumulative preferred stock (par $25). **Proceeds**—Together with funds from proposed issue (probably privately) of $2,000,000 first mortgage bonds, to be used for construction program. **Underwriter**—Central Republic Co. (Inc.), Chicago, Ill.

Sterling Precision Instrument Corp., Buffalo, N. Y.
April 14 it was reported company plans to issue and sell $3,000,000 of convertible preferred stock.

Texas Eastern Transmission Corp.
Jan. 12, George T. Naff, President, referred to the possibility of some $85,000,000 in new financing when and if the company's current application for the reconversion of the Little Big Inch pipeline and the construction of the new natural gas facilities is launched. He indicated that it was possible that $40,000,000 of that assumed $85,000,000 new financing might be in the form of new first mortgage bonds, (to be placed privately), and that based upon the assumptions that he was making he believed that the remainder of the financing would be accomplished by the issuance of debentures and preferred stocks (he did not assume the sale of any common stock). Plans for the possible issuance of new securities are not at all definite as yet, it was announced on March 4. **Underwriter**—Dillon, Read & Co., Inc., New York.

United Aircraft Corp.
April 26 stockholders approved a new issue of 500,000 shares of preference stock (par $100). **Proceeds**—To redeem present 5% cumulative preferred stock (233,500 shares outstanding), and for working capital. **Underwriter**—Harriman Ripley & Co., Inc., New York.

United Gas Corp.
Feb. 24, N. C. McGowen, President, announced that corporation plans to raise $35,000,000 to $40,000,000 in the first half of 1955 through the sale of additional common stock to stockholders. **Proceeds**—For construction program of company and of United Gas Pipe Line Co., a subsidiary. **Underwriter**—None.

United Gas Corp.
Feb. 24, N. C. McGowen, President, stated that company might be doing some debt financing, with this year's total financing program reaching about $50,000,000 (including about $35,000,000 to $40,000,000 of common stock). **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; White, Weld & Co. and Equitable Securities Corp. (jointly); Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly).

★ **United Gas Corp.**
April 28 directors of Electric Bond & Share Co. approved a distribution of rights to its stockholders to purchase 525,036 shares of common stock (par $10) at rate of one share of United Gas stock for each 10 shares of Bond and Share stock. **Price**—To be announced later. **Proceeds**—To selling stockholder. **Underwriter**—To be determined by competitive bidding. Probable bidders—Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; Goldman, Sachs & Co.; Blyth & Co., Inc.; Lehman Brothers; The First Boston Corp. **Offering**—Expected in June.

Utah Power & Light Co. (9/13)
March 28 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds due 1985. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co.; Salomon Bros. & Hutzler; White, Weld & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly). **Bids** — To be received Sept. 13.

Utah Power & Light Co. (9/13)
March 28 it was reported company plans public sale of 177,500 shares of common stock. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; The First Boston Corp. **Bids**—To be received on Sept. 13.

Virgina Electric & Power Co. (6/7)
Feb. 19 it was reported company plans to issue and sell $25,000,000 of first mortgage bonds in the near future.. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.; Salomon Bros. & Hutzler; White, Weld & Co. **Bids**—Expected June 7.

Washington Gas Light Co. (5/25)
Feb. 26 it was announced company plans to issue and sell about $8,000,000 refunding mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Equitable Securities Corp.; Union Securities Corp. **Bids**—Tentatively expected to be received on May 25. **Registration**—Planned for May 5.

Westcoast Transmission Co., Ltd.
April 25 it was reported company now plans to issue and sell publicly about $20,000,000 of securities, probably in units of notes and stock. Bonds are expected to be placed privately. **Underwriter**—Eastman, Dillon & Co., New York. **Offering**—Expected in July.

Westpan Hydrocarbon Co.
March 2 it was announced Sinclair Oil Corp. has agreed with the SEC to divest itself of its investment of 384,380 shares of Westpan stock (52.8%). **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. White, Weld & Co., New York, may be included among the bidders.

Western Union Telegraph Co.
March 15 it was announced that consideration is being given to the issuance of some additional shares of common stock through an offering to stockholders. Stockholders April 13 voted to approve a 4-for-1 split of the company's stock and the issuance of an additional 1,580,000 new shares, part of which are expected to be offered as aforesaid, but no definite financing plans have been formulated. **Underwriters**—Expected to include Kuhn, Loeb & Co.; Lehman Brothers; and Clark, Dodge & Co.

Securities Salesman's Corner

By JOHN DUTTON

Control the Situation

One of the most important attributes that a good securities salesman should possess is the ability to control his relations with his customers. The psychology of selling securities is based primarily upon certain factors, and if you will recognize and accept them it will clarify the reasons for emphasizing the importance of "control" in every phase of your work. By "control" I refer to your ability to lead your customer's thinking and direct it along the lines it should follow.

Here are some of the factors basic to securities salesmanship:

Most investors realize they do not know how to invest money. They may try to hide their inadequacies but underneath the exterior of various degrees of supposed confidence, they are actually afraid to trust their own guesses. They know they don't know — and they therefore fear that any decision they make on their own is tenuous at best.

Most investors are afraid of losing their accumulated capital. Others fear old age, sickness, or the misfortunes that may come to their families. Most people are afraid a great part of their lives —and they fear losing their money as much, or more so than their health, or their reputations. Fears are greater during certain periods of our lives and there are cycles of fear that come and go throughout the entire world. Fear is one of the great motivating forces behind the activities of mankind.

Most people are lazy. Few wish to do any more hard thinking than is sufficient to enable them to survive. Many people have accumulated some capital due to good luck, or a fortunate experience that came about through only a small effort on their part, and they know in their own honest soul-searching that providence helped them immeasurably. But when it comes to the trying and painstaking study that is required in order to select a group of investment securities that are selected and supervised over a period of years, with definite investment objectives firmly resolved, most people are not up to it. If you want to find out how lazy you can be just select a course of study in some phase of your own work and try to do a good job of it over a six months period. See how far you can go without tiring of it, or taking short cuts. Pick out some recognized method of market analysis for example, such as a study of trends in the stock market, cycles, charting, and try to learn something about another phase of this business in which you are engaged. If you've ever done this you'll know what I mean. Or just read a prospectus carefully, or analyze one single company from top to bottom and do it well—this is hard work and it takes patience, care, and a will to do it.

When you understand that these factors are operating in your favor every time you uncover a person with a desire to increase their capital, you can see immediately why they are psychologically floundering around in a hopeless maze of their own ignorance, fear, and laziness. These are not polite adjectives but they are easily remembered. Ignorance, fear, and laziness are working for you every time you enter into a business relationship with an investor.

Since this is the case, in a greater or lesser degree depending on the individual circumstances, then it behooves you to offer the answers to these emotional conditions. If you know your business you will eradicate the lack of knowledge on the customer's conscience and you will erase his doubts, not by bluff or showing off, but by the conviction that comes to you from KNOWING. If you know something you don't have to blast it from the housetops. Your prospect will know quickly enough. Your attitude, your voice inflections, and your ability to adjust your first interview to YOUR APPRAISAL OF HIS SITUATION will control the interview.

Once you have control, your customer will desire that you retain it. His fears will gradually become lessened as his confidence in your judgment increases. That is where performance enters the picture, as well as your ability to keep his thinking straight on the path you have laid out for him.

Eventually he will leave more of the decision making to you. His laziness will see to that. Control of the customer, comes after you control interview number one, and two, and so on. CONTROL IS VITAL IN EVERY PHASE OF YOUR SALES WORK IN THE INVESTMENT BUSINESS — YOUR CUSTOMERS WANT IT THAT WAY.

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Mutual Funds

gia, Maryland, Mississippi, North Carolina, South Carolina, Virginia and the District of Columbia.

Mr. Zaugg has broad experience in investment work. Following his graduation from Ohio State University in 1934 with a major in economics, he was connected with New York security dealers until joining American Airlines in 1939 as an assistant in the office of the President.

Following four years' service with the Air Transport Command in World War II, he served for three years in the Plans and Policies Division of the International Bank for Reconstruction and Development.

In 1949, he became the Southeastern representative for North American Securities Company of San Francisco, the position he now holds.

THE PARKER Corporation announced today the appointment of George Washburn, formerly with Kidder, Peabody & Co. in New York, as Vice-President and Wholesale Representative for Incorporated Investors and Incorporated Income Fund. Washburn, who has headed up Kidder, Peabody's mutual fund department, will cover New York City, Long Island, New Jersey, Philadelphia and Delaware.

He graduated from New York University in 1936 and was associated with the Guaranty Trust Company of New York until the war, in which he served as a Lieutenant Commander in the Navy. After the war he worked with Eastman, Dillon & Co. until joining Kidder, Peabody & Co. in 1949.

THE ELECTION of Theodore Roosevelt, III, to the board of directors of Delaware Fund was announced by W. Linton Nelson, President.

Mr. Roosevelt, Pennsylvania's former Secretary of Commerce under Governor Duff and grandson of President Theodore Roosevelt, is a partner of the Philadelphia investment banking firm of Montgomery, Scott & Co. which he joined in 1945 following his release from the United States Navy.

Commissioned an Ensign in February, 1942, the new Delaware director left the service with the rank of Lt. Commander. He served in virtually all combat areas in the Pacific and was awarded the Air Medal by Admiral Chester W. Nimitz for his part in a spectacular night combat mission in 1944. Prior to his Naval service, Mr. Roosevelt was associated with the du Pont Company.

Among his civic activities, he is a member of the Board of Managers of Episcopal Hospital, director of the United Fund, a member of the World Affairs Council, President of the Americans for the Competitive Enterprise System, member of the Philadelphia Harvard Club, and a member of the Philadelphia Club. Mr. Roosevelt is a graduate of Harvard College. His election to Delaware's board has the effect of increasing the Fund's directorate to 8 members.

NET ASSETS of The Bond Fund of Boston at the close of its fiscal year on March 31 were $3,347,907, equal to $8.20 per share, according to the annual report just published. This compares with $3,215,151 on March 31 of last year, amounting to $8.28 per share. During the 12-month period the number of shares outstanding increased from 388,132 to 408,062.

The current report notes that all bonds owned are of bank quality, with 51% rated Aaa or Aa, and the balance rated A or Baa. Of the Fund's total shares at the end of the latest fiscal year, 39% were held by individuals, 23% by fiduciaries, 10% by insurance companies, 15% by other corporations and the balance by religious, charitable and educational institutions or profit sharing funds.

Bankers Offer "Vornado" Shares

Public offering of 400,000 shares of common stock of The O. A. Sutton Corporation, Inc., was made yesterday (May 4) by an underwriting group headed jointly by F. Eberstadt & Co. and Shillinglaw, Bolger & Co. The stock was priced at $12 per share. Of the offering, 300,000 shares are being sold by the company, a leading manufacturer of room air conditioners and air circulating electric fans. The remaining 100,000 shares are being sold for the account of O. A. Sutton, President and chairman of the company, who, after completion of this sale, will own 600,000 shares of the common stock out of a total 1,400,000 to be issued and outstanding.

This represents the second public offering of the company's common shares, the initial offering of 400,000 shares in July 1954 having comprised 200,000 shares for the account of the company and 200,000 for Mr. Sutton.

Of the company's share of the proceeds from the present offering, $750,000 will be used to provide additional facilities for the production of its newly developed central home air conditioners. The balance will be added to general funds.

On the basis of net sales for the fiscal year ended Nov. 30, 1954, about 42% of the company's business consisted of the manufacture of room air conditioners and air circulating electric fans for sale under the company's own trade name "Vornado"; about 43% the manufacture of room air conditioners for Westinghouse Electric Corp., Hotpoint Division of General Electric Co. and American Motors Corp. for sale by these companies under their respective trade names. The balance of production was principally jettison fuel tanks for the U. S. Air Force. The company's plants are in Wichita, Kansas.

Our Reporter's Report

Notwithstanding that they have been noticeably cool toward most new issues coming to market over a period of months, insurance companies, including the big ones, turned up as substantial buyers of Chicago Rock Island & Pacific's recently offered debentures.

Bankers underwrote $65,000,000 of the new issue which was offered at a price to yield 4.50% and were more than pleased with the results of the deal.

They had to take down $62,000,000 or thereabouts of the total, but found this decidely to their liking since they had "laid-off" more than $50,000,000. Preferred stockholders revealed little interest in the debentures, and to what extent they converted into common stock remains to be disclosed.

But the big point, so far as bankers are concerned, is that the Rock Island debentures really roused the interest of big institutional buyers.

The latter had been sitting pretty much on their hands for a long spell, taking only meager interest in new securities and being satisfied to pick up investments by the direct route along with pushing their funds liberally into the mortgage market.

Whether the Rock Island experience carries any real significance as a harbinger of the future is hard to tell, since it is generally agreed that the liberal yield is what really made the Rock Island debentures attractive.

Aircraft Firm Issue

A little variety was due to be added to the list of prospective new issues this week with one of the major builders of aircraft preparing to come into the market for new money.

Lockheed Aircraft Corp., it develops, is planning to raise at least $30,000,000 through the same to the public of that amount of subordinated debentures.

The company is expected to go into registration shortly with the Securities and Exchange Commission covering the issue which will provide funds for expansion and new working capital.

Capital and Cost

An official of the Treasury Department, made it plain this week that the Washington monetary chiefs are keeping a close eye on the general business situation with a view to acting to head off any excesses that may threaten.

Robert Blyth, Assistant Treasury Secretary told mortgage bankers that it is watching the stock market, housing activity and the auto industry against such conditions growing out of excessive banking credit.

But, he expressed the opinion that "in the present active business situation, moderately higher interest rates should increase the pool of available capital."

New Prospects

The current week produced little in the way of additions to the roster of securities going into registration for future offering.

But Georgia Power Co. set next Tuesday for the opening of bids on its $12,000,000 of new bonds on which information meetings are scheduled to be held late today for the benefit of prospective bidders.

Meanwhile Potomac Electric Power Co. disclosed plans for the sale of $10,000,000 of bonds plus 511,660 shares of common, the latter to be offered first to present holders of record May 23.

Proceeds will be used to pay off bank debt and to finance new construction costs.

Midwest Exchange Announces Nominees

CHICAGO, Ill. — George E. Barnes, senior partner of Wayne Hummer & Co., Chicago, members of the Midwest, New York and American Stock Exchanges, has been nominated to serve as Chairman of the Board of the Midwest Stock Exchange. This was announced by John R. Burdick, Chairman of the Nominating Committee, and is tantamount to election. Guybert M. Phillips, Caldwell, Phillips Co., St. Paul, Minnesota, was nominated Vice-Chairman of the Board.

Mr. Barnes is a former Governor and Chairman of the Executive Committee of the Midwest exchange and former Vice-President and member of the board of the Association of Stock Exchange Firms. He is author of the tax plan to give relief from double taxation of dividends and the elimination of filing returns by the small wage earner. Mr. Barnes served with both state and national tax committees. He conceived and developed the present money-involved commission table which was adopted by the New York and other stock exchanges throughout the country. He has been active in a broad field of civic work, particularly the Community Fund of Chicago and is a member of the national budget committee of the Community Chest and Councils of America. Mr. Barnes is director of the Suburban Trust & Savings Bank, Four Wheel Drive Auto Co. and the LaSalle Extension University.

Also nominated and tantamount to election, it was announced by John R. Burdick, were the following members of the Board:

From Chicago: Clyde H. Bidgood, Floor Member; Thomas S. Koehler, Floor Member; Robert C. Wilson, Floor Member; James W. Pope, Glore, Forgan & Co.

From Cleveland: Leslie B. Schwinn, L. B. Schwinn & Co.

From Detroit: Clarence A. Horn, First of Michigan Corporation.

From Minneapolis: Robert L. John, Woodard-Elwood & Co.

From St. Louis: Oscar H. Wibbing, O. H. Wibbing & Co.

The following were elected members of the 1956 Nominating Committee:

Chancellor Dougall, Chicago; Joseph P. Brown, Chicago; Paul R. Doelz, Kalman & Company, Minneapolis; Arch C. Doty, Chicago; Daniel M. Hawkins, Hawkins & Co., Cleveland; George F. Noyes, The Illinois Company, Incorporated, Chicago; Leonard J. Paidar, Goodbody & Co., Chicago; and Edwin R. Waldemer, Stix & Co., St. Louis.

With First Western Secs.

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Joseph A. Peters has joined the staff of First Western Securities, Inc., 1419 Broadway.

With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Clarke D. Williams is now with California Investors, 3924 Wilshire Blvd.

Almar Shatford

Almar H. Shatford, partner in Merrill Lynch, Pierce, Fenner & Beane, passed away at his home at the age of 83. Mr. Shatford was the oldest member of the firm.

Leslie Thompson

Leslie H. Thompson, partner in Delafield & Delafield, passed away at the age of 76.

DIVIDEND NOTICES

DOME MINES LIMITED

April 25, 1955

DIVIDEND NO. 151

At a meeting of the Board of Directors of Dome Mines Limited, held this day, a dividend of Seventeen and One-Half Cents (17½c) per share (in Canadian Funds) was declared payable on July 29, 1955, to shareholders of record at the close of business on June 30, 1955.

CLIFFORD W. MICHEL,
President and Treasurer.

ALUMINIUM LIMITED

DIVIDEND NOTICE

On April 28th, 1955 a quarterly dividend of Fifty-five Cents per share in U.S. currency was declared on the no par value shares of this Company, payable June 4th, 1955 to shareholders of record at the close of business May 9th, 1955.

Montreal — JAMES A. DULLEA
April 28th, 1955 — Secretary

AIRCRAFT RADIO CORPORATION

Boonton
New Jersey

Dividend No. 89

On May 2, 1955, the Directors of Aircraft Radio Corporation declared a dividend of twenty cents (20c) per share on the common stock of the Company, payable May 25, 1955 to stockholders of record at the close of business May 18, 1955.

H. M. KINGSLAND, *Secretary*

acf INDUSTRIES
INCORPORATED

Preferred Dividend No. 193

A dividend of 62½¢ per share on the $50.00 par value 5% cumulative convertible preferred stock of this Corporation has been declared payable June 1, 1955 to stockholders of record at close of business May 13, 1955.

Common Dividend No. 142

A dividend of $1.00 per share on the common stock of this Corporation has been declared payable June 15, 1955 to stockholders of record at close of business June 1, 1955.

C. ALLAN FEE,
Secretary

April 28, 1955

BERKSHIRE HATHAWAY INC.

The Board of Directors of The Berkshire Hathaway Inc. has declared a dividend of 25 cents per share on the Common Stock, payable June 1, 1955 to stockholders of record May 6, 1955.

MALCOLM G. CHACE, JR.
President

April 28, 1955

HARBISON-WALKER REFRACTORIES COMPANY

Pittsburgh — Pennsylvania

April 28, 1955

Board of Directors has declared for quarter ending June 30, 1955 DIVIDEND of ONE and ONE-HALF (1½%) PER CENT or $1.50 per share on PREFERRED STOCK, payable July 20, 1955 to shareholders of record July 6, 1955.

Also declared a DIVIDEND of FIFTY CENTS per share on COMMON STOCK, payable June 1, 1955 to shareholders of record May 10, 1955.

G. F. CRONMILLER, JR.
Vice President and Secretary

THE FLINTKOTE COMPANY

30 ROCKEFELLER PLAZA — NEW YORK 20, N. Y.

FLINTKOTE PROTECTION

A quarterly dividend of $1.00 per share has been declared on the $4 Cumulative Preferred Stock payable June 15, 1955, to stockholders of record at the close of business June 1, 1955.

A quarterly dividend of $.60 per share has been declared on the Common Stock payable June 10, 1955, to stockholders of record at the close of business May 27, 1955.

CLIFTON W. GREGG,
Vice-President and Treasurer

May 4, 1955.

ELECTRIC BOND AND SHARE COMPANY

TWO RECTOR ST., NEW YORK 6, N. Y.

Common Stock Dividend

The Board of Directors has declared a dividend, subject to the approval of the Securities and Exchange Commission, on the Common Stock, payable June 13, 1955, to stockholders of record at the close of business May 13, 1955. The dividend will be payable in shares of United Gas Corporation Common Stock at the rate of 1.8 shares for each 100 shares of Electric Bond and Share Company Common Stock. No scrip representing fractional shares of United Gas Corporation Common Stock will be issued to stockholders. The Company proposes to arrange for the Company's dividend agent to handle fractional share equivalents for the stockholders.

B. M. BETSCH,
Secretary and Treasurer

April 28, 1955.

AMERICAN-Standard

PREFERRED DIVIDEND
COMMON DIVIDEND

A quarterly dividend of $1.75 per share on the Preferred Stock has been declared, payable June 1, 1955 to stockholders of record at the close of business on May 24, 1955.

A quarterly dividend of 32 cents per share on the Common Stock has been declared, payable June 24, 1955 to stockholders of record at the close of business on June 3, 1955.

AMERICAN RADIATOR & STANDARD SANITARY CORPORATION

FRANK J. BERBERICH
Secretary

HOOKER ELECTROCHEMICAL COMPANY

Niagara Falls, N. Y.

Dividend Notice

The Board of Directors on April 29, 1955, declared dividends as follows:

Quarterly dividend of $1.0625 per share on the $4.25 Cumulative Preferred Stock, payable June 29, 1955, to stockholders of record as of the close of business June 2, 1955.

Quarterly dividend of $.25 per share on the Common Stock, payable May 31, 1955 to stockholders of record as of the close of business May 16, 1955.

ANSLEY WILCOX 2nd, Secretary

Half a Century of Chemicals From the Salt of the Earth
1905—1955
HOOKER CHEMICALS

NORFOLK SOUTHERN RAILWAY COMPANY

Common Dividend

The Board of Directors of Norfolk Southern Railway Company have declared a dividend of thirty cents (30¢) per share on the common stock of said Company, payable on June 15, 1955, to stockholders of record at the close of business June 1, 1955.

J. RAYMOND PRITCHARD, *President*

THE W. L. Maxson CORPORATION

460 West 34th St., N.Y. 1, N.Y.

Notice of QUARTERLY CASH DIVIDEND
10¢ a share*

Payable June 1, 1955
Record date, May 19, 1955

*On March 24, 1955, the capital stock was split two-for-one. This dividend is on the currently outstanding 697,194 shares.

April 28, 1955

CITIES SERVICE COMPANY

Dividend Notice

The Board of Directors of Cities Service Company has declared a quarterly dividend of fifty cents ($.50) per share on its $10 par value Common stock, payable June 13, 1955, to stockholders of record at the close of business May 12, 1955.

ERLE G. CHRISTIAN, *Secretary*

DIVIDEND NO. 62
Hudson Bay Mining and Smelting Co., Limited

A Dividend of one dollar ($1.00) (Canadian) per share has been declared on the Capital Stock of this Company, payable June 13, 1955, to shareholders of record at the close of business on May 13, 1955.

J. F. McCARTHY, *Treasurer.*

TITLE GUARANTEE and Trust Company

DIVIDEND NOTICE

Trustees of Title Guarantee and Trust Company have declared a dividend of 30 cents per share designated as the second regular quarter-annual dividend for 1955, payable May 27, 1955 to stockholders of record on May 5, 1955.

WILLIAM H. DEATLY • *President*

The United Gas Improvement Company

DIVIDEND NOTICE

A quarterly dividend of 50c per share on the Common Stock, par value $13.50 per share, has been declared payable June 30, 1955 to stockholders of record May 31, 1955.

A quarterly dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable July 1, 1955 to stockholders of record May 31, 1955.

JOHNS HOPKINS, Treasurer

Philadelphia, April 26, 1955

pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of 50 cents per share on the common stock ($10 par value), payable June 1, 1955, to stockholders of record May 16, 1955, was declared by the Board of Directors on April 27, 1955.

B. C. REYNOLDS, *Secretary*

United States Pipe and Foundry Company

Burlington, N. J., April 28, 1955

The Board of Directors this day declared a quarterly dividend of seventy-five cents (75¢) per share on the outstanding Common Stock of this Company, payable June 20, 1955, to stockholders of record on May 31, 1955.

The transfer books will remain open.

UNITED STATES PIPE AND FOUNDRY COMPANY
JOHN W. BRENNAN, *Secretary & Treasurer*

THE SAFETY CAR HEATING AND LIGHTING COMPANY, INC.

DIVIDEND NO. 232

The Board of Directors has declared a dividend of 25¢ per share on the outstanding Capital Stock of the Company of the par value of $12.50 per share, payable July 1, 1955, to holders of record at the close of business June 1, 1955.

J. T. CULLEN,
April 26, 1955 — *Treasurer*

NATIONAL DISTILLERS PRODUCTS CORPORATION

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 25c per share on the outstanding Common Stock, payable on June 1, 1955, to stockholders of record on May 11, 1955. The transfer books will not close.

PAUL C. JAMESON
April 28, 1955 — Treasurer

SOCONY MOBIL OIL COMPANY, INC.

Dividend No. 177

The corporate name of Socony-Vacuum Oil Company, Incorporated, has been changed to SOCONY MOBIL OIL COMPANY, INC.

The Board of Directors on April 26, 1955, declared a quarterly dividend of 50¢ per share on the outstanding capital stock of this Company, payable June 10, 1955, to stockholders of record at the close of business May 6, 1955.

W. D. BICKHAM, *Secretary*

TENNESSEE GAS TRANSMISSION COMPANY

HOUSTON, TEXAS

AMERICA'S LEADING TRANSPORTER OF NATURAL GAS

DIVIDEND NO. 31

The regular quarterly dividend of 35c per share has been declared on the Common Stock, payable July 1, 1955 to stockholders of record on June 3, 1955.

J. E. IVINS, *Secretary*

Common and Preferred Dividend Notice

April 28, 1955

The Board of Directors of the Company has declared the following quarterly dividends, all payable on June 1, 1955, to stockholders of record at close of business May 10, 1955:

Security	*Amount per Share*
Preferred Stock, 5.50% First Preferred Series	$1.37½
Preferred Stock, 4.75% Convertible Series	$1.18¾
Preferred Stock, 4.50% Convertible Series	$1.12½
Common Stock	$0.35

Secretary

TEXAS EASTERN *Transmission Corporation*
SHREVEPORT, LOUISIANA

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — It looks like the politicos have finally settled upon the design for their principal line of 1955 merchandise, which is business concentration, or mergers.

Stanley N. Barnes, himself one time a football star and a member of the Football Hall of Fame, will carry the ball for the Eisenhower Administration. The days of sympathetic consideration of all the unavoidable economic factors which would make for concentration of business appear to have ended. The days of busting monopolies are here.

In this the Administration has a certain advantage over the loyal Democratic opposition in Congress, because the Department of Justice antitrust division, of which Mr. Barnes is head, has got the bow and a full quiver of arrows to shoot at any business that provides a convenient target.

On the Hill Rep. Emanuel Celler (D., N. Y.), who is Chairman of the House Judiciary Committee, is planning a grand-scale inquisition into the current merger trend. It is said this will rival in scope and length the studies and hearings of the Temporary National Economic Committee of the 1930's, which produced voluminous volumes of testimony and no amount of nervousness among businessmen. Mr. Celler has enlisted the aid of the very "forward-looking" Dewey Anderson who helped Joe O'Mahoney run the TNEC inquiry, to help in the latest hunt for all the facts which will show the alleged evil designs of business.

Then, too, there is a return to fear about business capital expenditures. When business is not to be condemned for failing to buy machinery and build factories so as to expand the "Gross National Product" (always capitalized, of course) or when business is not to be cajoled into expanding under forced government draft, then it is time for business to be put on the spot for buying machinery.

The time for the latter is now, and Rep. Wright Patman (D., Tex.) as chairman of the "stabilization" subcommittee of the Congressional Joint Committee on the Economic Report, is the man. Mr. Patman is going to undertake an inquiry on "automation," the who, what, when, where, and why thereof.

This correspondent recalls during the 1930's, and about the time of the TNEC, how many highly-placed people in government seriously discussed, if perhaps not on the record, the possibility that unemployment was due to business investing too heavily in machines and plant capacity for the sake of making profits, and that maybe there should be a curb on new inventions.

Of one thing there is a sure outlook. Only a few timid voices will have much to say about how high labor costs and high tax costs, themselves attributable to government, make it difficult for the weak in business to become strong and move the strong to become stronger to cope with these problems.

Holding Company Bill Hangs in Balance

Related to the merger merchandise is the pending bill to regulate further the bank holding companies. This issue has been kicking around since Caesar was a pup, but has now reached the stage where the House Banking Committee is attempting to write a bill for this purpose.

Ostensibly the purpose of this legislation is to provide for regulating the growth of bank holding companies, and requiring them to divest themselves of ownership of non-banking assets.

For some four years the Federal bank supervisory officials have been in favor of legislation to accomplish these two ostensible purposes. For almost the same period most of the holding companies, if not officially, were agreeable to such legislation, as embodied in a bill which Senator A. Willis Robertson (D., Va.) has pending, and a slightly new version of which he will introduce shortly.

When the "independents" were asked to agree to a bill which would carry out these purposes, however, they would always back down. What the independents want is a bill which will impose grave restrictions upon any purchase of banks by bank holding companies, and which by Federal law would prevent a state from treating a holding company any differently from branch banking.

Rayburn Backs Independents

Knowing that they might lose their shirts if they formally agreed to a mild bill, the holding companies tactically for the last couple of years have come out on the record against any holding company legislation.

In this situation Speaker Sam Rayburn has backed the "independents" and it appears that if it has not already done so by today, the House committee, packed with nine new members largely "liberal," will vote out a bill largely cutting off the growth of bank holding companies.

Federal bank supervisory officials, while favoring the additional regulation of bank holding companies, do not want to choke them off. They recognize that these businesses are useful in themselves. They also provide a market for small banks when owners die, the death taxes require the forking over of a large amount of cash, and in the unhappy state of the market for bank equities under present income tax laws, bank holding companies are sometimes the only place some banks can go.

Senator Robertson has served notice in effect that if the "independents" can, as they seem to be doing, force their way with the House, there is likely to be no legislation, for he will go no farther than the Federal Reserve Board in providing additional regulation of these enterprises.

Cites Competitive Aid Of Federal Credit

When the first Hoover Commission in 1949 reported, there was a great deal of confusion between what the various "task forces" recommended, and what the Commission itself recommended. Each specialized field of Federal activity was assigned to a "task force" to sift out the facts and make preliminary recommendations. Often the Commission itself fails to go along, now as well as in 1949, with the "task forces."

For this reason the Commission this time has been "playing down" the reports of its task forces. As a result, some of the gems of the task forces have failed to see much daylight in the press.

Typical was the report of the task force on lending agencies, headed by Paul Grady of Price, Waterhouse. This task force report noted that in general, government credit aids served three purposes. They provided the nation with new and improved credit facilities. They have strengthened the national position and that of foreign powers. These objectives the task force did not criticize.

"However, this report is critical of government lending where its object is to help individual people and businesses improve their competitive positions and, in this way, to discriminate against those who do not qualify for similar assistance," the group reported.

"Ever since the depression of the early 1930's, we have made virtually a fetish of financial security for the individual, and and by each governmental effort to enhance it, we have loaded more of the financial risks of our economic life on the Federal Treasury. . . .

"Our risks have continued to grow, as they must with the growth in the volume of enterprise, but by our efforts to escape them as individuals or small groups, we have assembled more and more of them in the national public debt where we hope that they somehow will cease to plague us, or cancel one another out, or in any event await the coming of future generations for their settlement.

"No economic system is free from loss. The most that can be done about them is to shift them around so that some people are relatively more secure and others relatively more exposed financially. In recent years a favorite device politically has been to shift them around by law, relieving those of risk who complain the most about it, and loading it on to those who do not or cannot complain either because they are unaware of the load, or because they are voiceless.

"Among others, future generations are both unaware of the load and voiceless.

"The savings of our people must stand the losses of our enterprise if there are losses. There is no way around this, no matter how remote we are able to make the settlement appear. There is no way around it even under our system of insurance on bank deposits and insurance on investments in savings and loan associations.

"Losses will be minimized if the risks and incentives of the private enterprise system are not dislocated by governmental interference, even interference motivated by good intentions.

"Primarily on the ground that the further development of our homes, communities, and enterprises will become more solidly founded, and secondarily on the ground that the government's administrative machinery will become much less complex, the task force feels that the Federal Government should curtail its lending and that it should encourage the direct investment of savings in property ownership and in the equity shares of business enterprises."

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ

"Temperature 102—He keeps yelling: 'sell at 103'!"

Business Man's Bookshelf

America's Needs & Resources: A New Survey—J. Frederic Dewhurst and Associates—The 20th Century Fund, 330 West 42nd Street, New York 36, N. Y. (cloth) $10.

Cash Flow Through a Business—Where Does the Money Go?—John A. Griswold—Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H. (paper).

How Localities Can Develop a Workable Program for Urban Renewal—Housing and Home Finance Agency—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) 10c.

New York University's Institute on Federal Taxation—Complete Proceedings—Mathew Bender & Company, Inc., Albany 1, N. Y. $25.

Stock Exchange Official Year-Book 1955 Vol. 1 (for the London Stock Exchange)—Thomas Skinner & Co., 111 Broadway, New York 4, N. Y. (cloth) $33 for two volumes.

With Harbison Henderson

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Kenneth E. Mangum and William L. Sneed have joined the staff of Harbison & Henderson, 210 West Seventh Street, members of the Los Angeles Stock Exchange. Mr. Mangum was previously with Hopkins, Harbach & Co.

Joins Powell, Johnson

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif.—Victor Von Bohm is now with Powell, Johnson & Powell, Inc., Security Building. Mr. Von Bohm was previously with Samuel B. Franklin & Co.

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In 2 Sections—Section 2

The COMMERCIAL and FINANCIAL CHRONICLE

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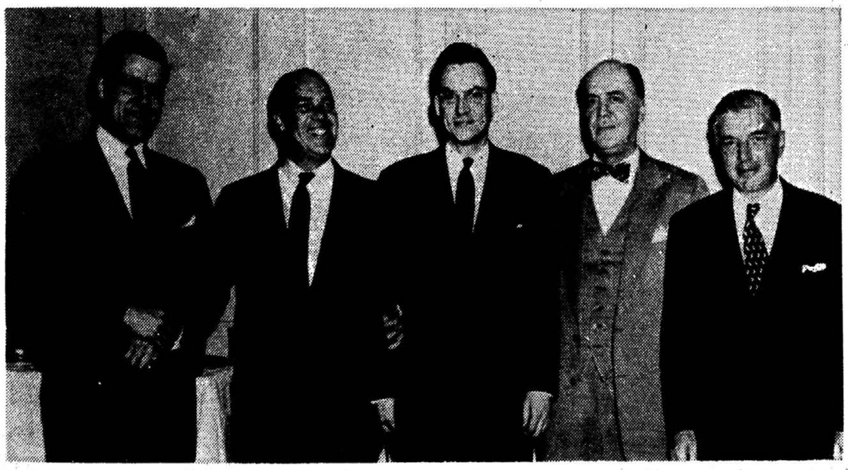

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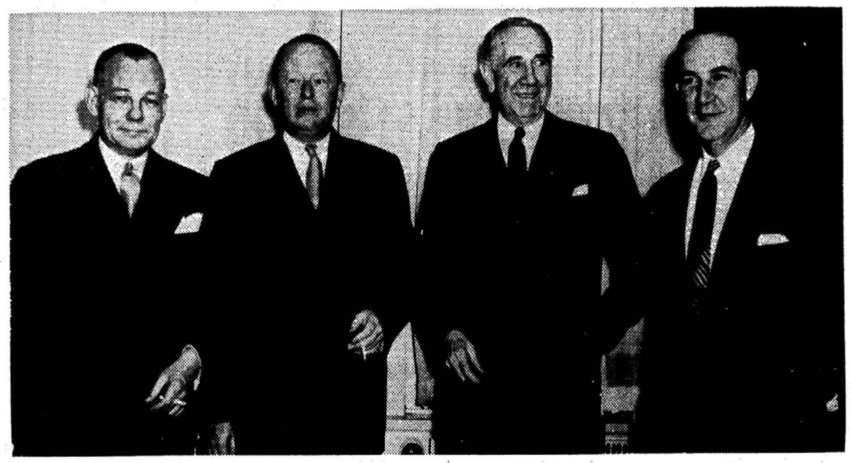

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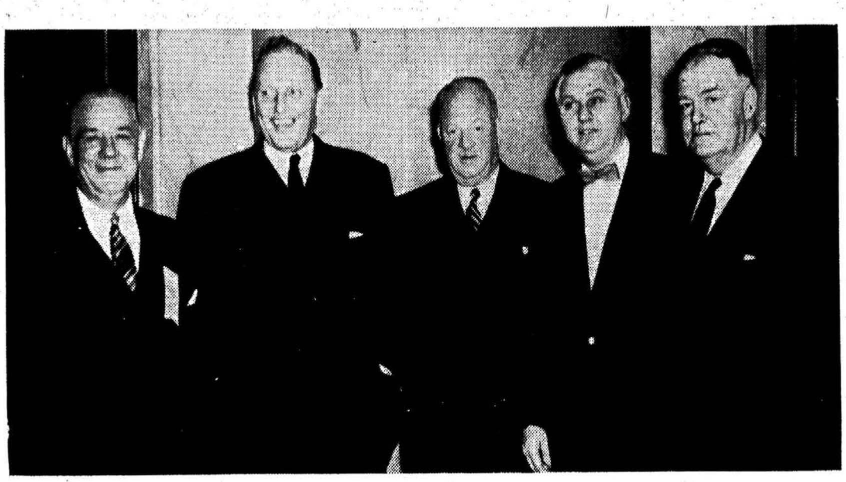

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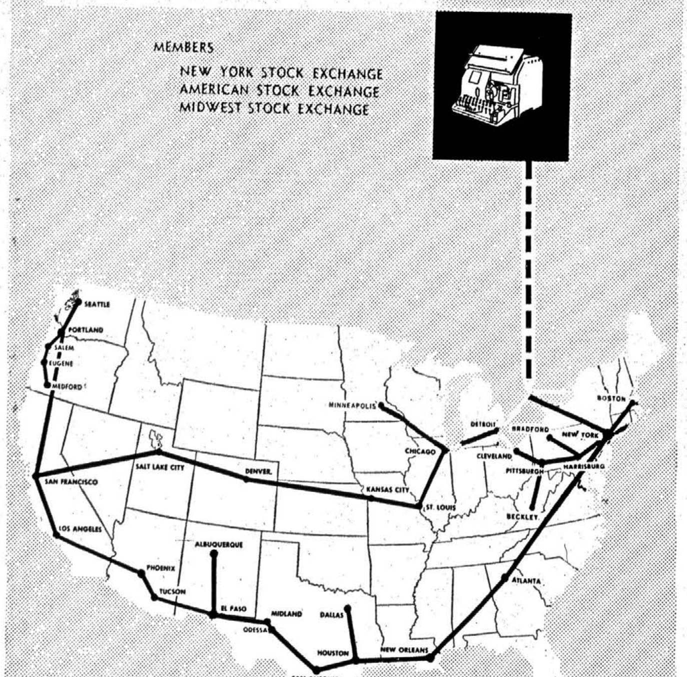

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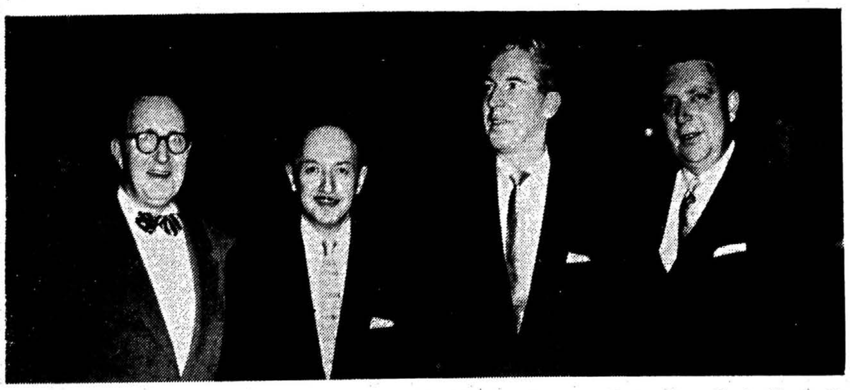

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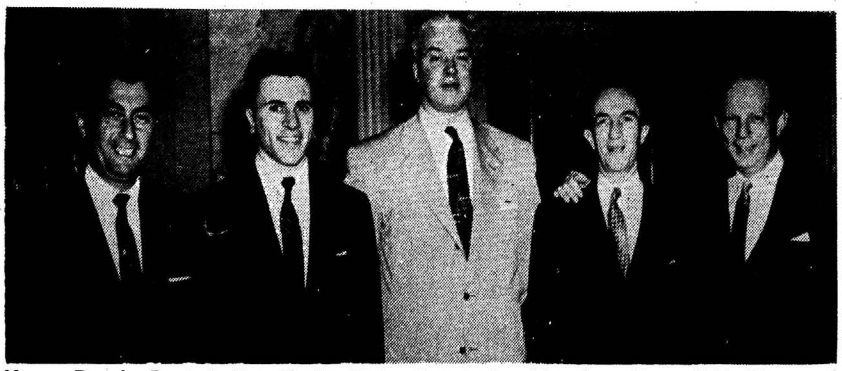
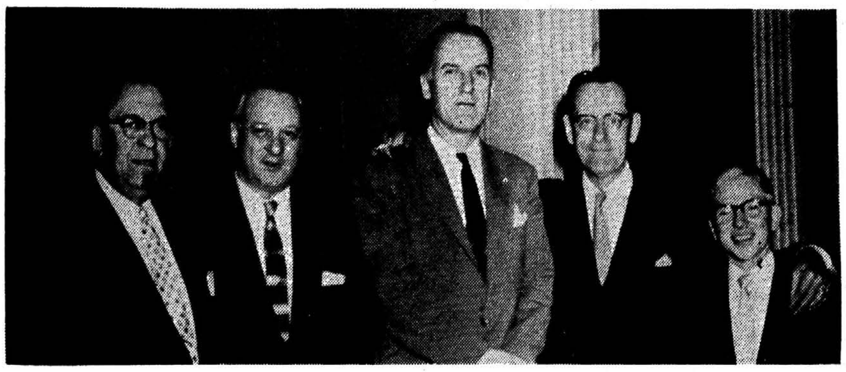
Joe Markman, *Newburger & Co.*, Philadelphia; Frank Ronan, *New York Hanseatic Corporation*; Corb Liston, *Prescott & Co.*, Cleveland; Fred Shorsher, *Ball, Burge & Kraus*, Cleveland

James C. Siepser, *Shaskan & Co.;* William D. O'Connor, *Shelby Cullom Davis & Co.;* Joseph Masek, *M. H. Bishop & Co.,* Minneapolis; John McLaughlin, *McLaughlin, Cryan & Co.;* Tom Bailey, *White, Weld & Co.,* New Haven, Conn.; Frank T. Harrington, *H. D. Knox & Co., Inc.,* Boston; Joe Lann, *Joseph J. Lann Securities Inc.*



Murray Barysh, *Ernst & Co.;* Charles Freda, *Eastern Securities, Inc.;* Henry Tabb, *Townsend, Dabney & Tyson,* Boston; James J. Canavan, *Eastern Securities, Inc.;* James Siepser, *Shaskan & Co.*



Herman J. Keller, *Keller Brothers Securities Co.,* Boston; Eddie Opper, *J. B. Maguire & Co., Inc.,* Boston; Carl Stolle, *G. A. Saxton & Co., Inc.;* Ed Enright, *New York Security Dealers Association;* Jim Moynihan, *J. B. Maguire & Co., Inc.,* Boston

Mike Voccoli, *Savard & Hart;* Irving Grace, *W. C. Pitfield & Co., Inc.*


John Maher, *Merrill Lynch, Pierce, Fenner & Beane;* Les Gannon, *Peter Morgan & Co.;* Charles O'Brien Murphy III, *John R. Boland & Co., Inc.*


Joe Craig, *Goodbody & Co.;* John O'Mara, *Goodbody & Co.;* J. H. Lederer, *J. H. Lederer Co.*


Charles Bezer, *Sutro Bros. & Co.;* Newt Parkes, *New York Hanseatic Corporation,* Philadelphia; Sam Magid, *Hill, Thompson & Co., Inc.*

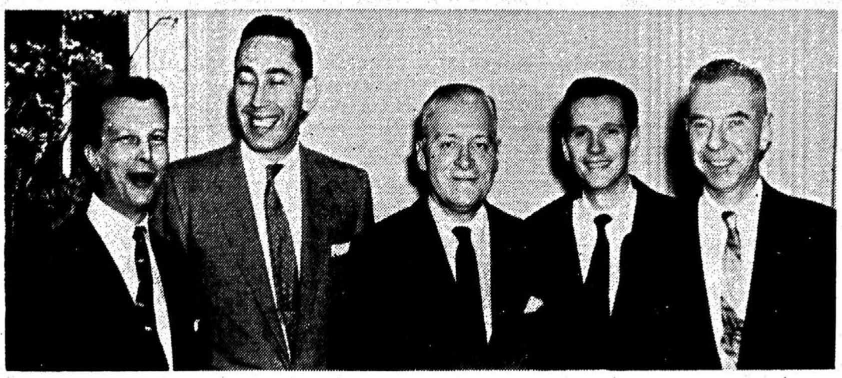
John Kugel, *Kugel, Stone & Co., Inc.*; Edward Russell, *Henry Edelmann & Co.*; Fritz Stamm, *G. C. Haas & Co.*; Dick McKee, *American Express Co.*; Ted Wechsler, *G. C. Haas & Co.*

Tom Davis, *A. C. Allyn & Company, Inc.*; Harry Fahrig, *Reynolds & Co.*, Philadelphia; John Jennings, *Reynolds & Co.*, Philadelphia; Harry Casper, *John J. O'Kane, Jr., & Co.*; Elbridge Smith, *Stryker & Brown*

Ely Batkin, *Batkin & Co.*; Walter Winfield, *Wellington Hunter Associates*, Jersey City, N. J.; Philip J. Chasin, *Trust Company of North America*; Ralph De Pasquale, *General Investing Corp.*; George La Sala, *General Investing Corp.*

Fremont W. Robson, *F. B. Ashplant & Co.;* Ace Hudkins, *Bank of Montreal;* Paul Crosby, *Bell, Gouinlock & Company, Incorporated;* Lloyd Clearihue, *A. E. Ames & Co., Inc.;* John Clancy, *A. E. Ames & Co., Inc.*

Thomas D. Call, *Lilley & Co.,* Philadelphia; Joe McNamee, *Hopper, Soliday & Co.;* Al Wells, *Lilley & Co., Philadelphia;* Joe Cummings, *Brooke & Co.,* Philadelphia



Herb Gesell, *Kugel, Stone & Co., Inc.;* John Kavanewsky, *M. A. Schapiro & Co., Inc.;* George Collins, *American Securities Corporation;* Donald MacLeod, *Blair & Co., Incorporated;* Robert N. Anderson, *Kugel, Stone & Co., Inc.*

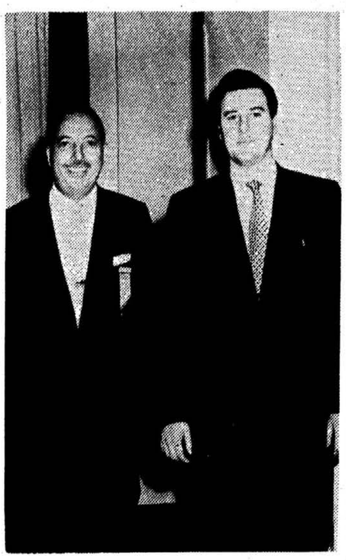
Charles Bodie, *Stein Bros. & Boyce,* Baltimore; John J. O'Kane, Jr., *John J. O'Kane, Jr. & Co.;* Jim Campbell, *H. C. Wainwright & Co.;* Charles Zingraf, *Laurence M. Marks & Co.;* Prevost Boyce, *Stein Bros. & Boyce,* Baltimore

Lou Wade, *Dominion Securities Corporation;* Ted Pollard, *Burns Bros. & Denton, Inc.;* Jim Concagh, *Nesbitt, Thomson Inc.;* Terrence Simmons, *Dawson, Hannaford Inc.;* Rex Stevenson, *Nesbitt, Thomson and Company, Inc.*

Mickey McBride, *Midland Securities Corpn., Limited,* Toronto; Jack Carleton, *Eastman, Dillon & Co.;* Brad Firstbrook, *Greenshields & Co. (N. Y.), Inc.;* Tony Hutchison, *A. E. Ames & Co., Inc.;* Don Robitaille, *Burns Bros. & Denton, Inc.*

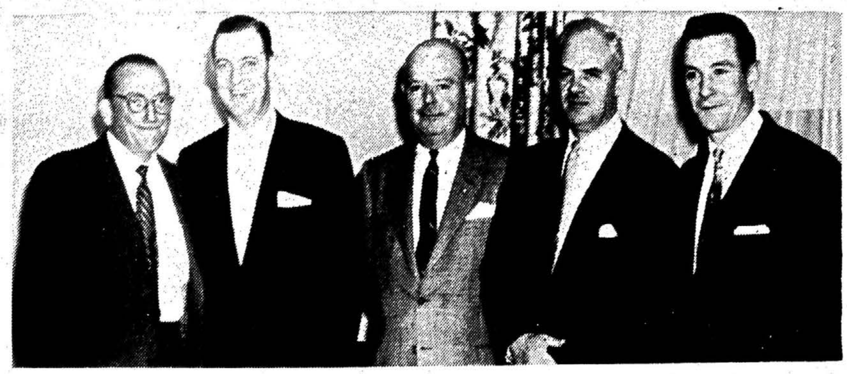
Ed F. Mulqueen, *Mills, Spence & Co., Inc.;* Les Scott, *Ross, Knowles & Co., Ltd.,* Toronto; Mike Bulford, *Greenshields & Co. Inc.* (N. Y.); John Calef, *Dominion Securities Corporation;* Desmond Magee, *Dominion Securities Corporation*

Arthur Vare, *Kalb, Voorhis & Co.;* Tom Greenberg, *C. E. Unterberg, Towbin Co.;* Herb Gesell, *Kugel, Stone & Co., Inc.;* John Keelin, *Fahnestock & Co.*

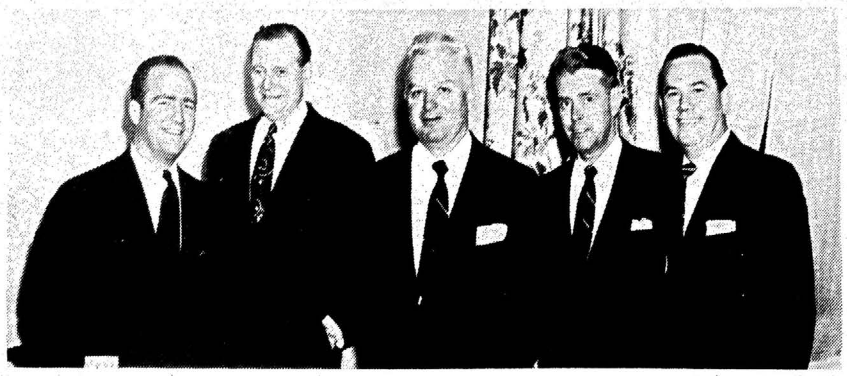


Nat Krumholz, *Siegel & Co.;* Ray Forbes, *Shearson, Hammill & Co.*

Irving Feltman, *Mitchell & Company;* John de Maye, *Sutro Bros. & Co.*



Herck Mottino, *Harris Upham & Co.;* Merritt Coleman, *Allen & Company;* John Fant, *Penington, Colket & Co., Philadelphia;* Joe Titolo, *Harris, Upham & Co.;* Joseph Corby, *Allen & Company*



Win Eldredge, *Morgan Stanley & Co.;* Bruce Briggs, *J. R. Williston & Co.;* Thomas J. Hickey, *J. W. Sparks & Co.;* Pete Brochu, *Allen & Company;* Walter Haubert, *Jesup & Lamont*

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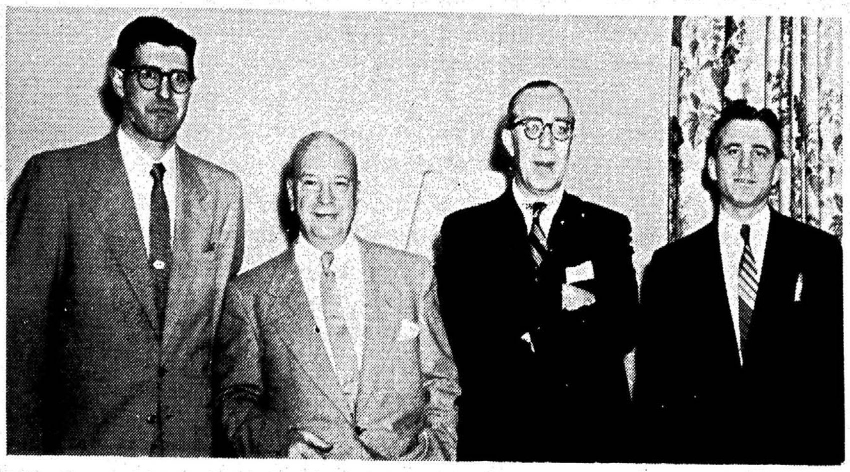
Arthur Schwartz, *Bache & Co.;* Eddie Opper, *J. B. Maguire & Co., Inc.,* Boston; Dave Buckner, *Stein Bros. & Boyce;* Bert Stern, *Allen & Company.*



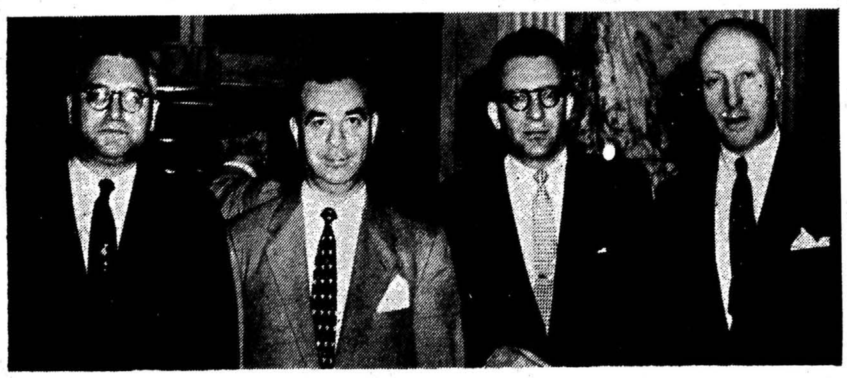
Eddie Amendola, *Bache & Co.;* Morris Seiler, *Bache & Co.;* John C. Reilly, *G. H. Walker & Co.;* Larry Lyons, *Allen & Company*

Robert Mottershead, *G. H. Walker & Co.;* Larry Wren, *Allen & Company;* Irv Hood, *Lee Higginson Corporation;* John Barker, *Lee Higginson Corporation;* Carl Swenson, *G. H. Walker & Co.;* Harry Michels, *Allen & Company*

Lester P. Cunningham, *F. R. Chatfield Co.,* Springfield, Mass.; Bill MacDonald, *McCoy & Willard,* Boston; Albert Rieth, *Rieth & Co.,* Philadelphia; Quentin Smith, *Albert Frank-Guenther Law, Inc.*

Dick Shipman, *L. D. Sherman & Co.;* Herman Frankel, *Singer, Bean & Mackie, Inc.;* Eddie Fischer, *Robert S. Byfield;* Thomas C. Darrie, *P. W. Brooks & Co., Inc.*

Abe Strauss, *Strauss, Ginberg & Co., Inc.;* Martin Gilbert, *Bache & Co.;* Martin Lipsky, *Burnham and Company;* Joe Bond, *Candee, Moser & Co.*



Philip Wershil, *David J. Greene & Co.;* John J. Laver; Irwin Frumberg; Jim Hodes, *Third Avenue Transit Co.*

Arnold J. Wechsler, *Ogden, Wechsler & Co.;* Everett W. Snyder, *E. W. Snyder and Co.,* Syracuse, N. Y.

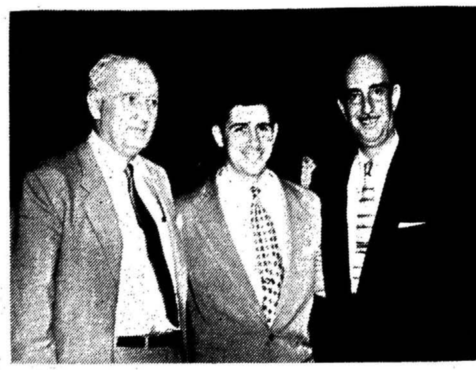
Bob Mathews, *Pyne, Kendall & Hollister;* Jack Crowley, *Reed, Lear & Co.*

Stan Dawson-Smith, *Cruttenden & Co.;* Sal Rappa, *F. S. Moseley & Co.;* John De Marco, *Edwin L. Tatro Company;* King Ghegan, *Edwin L. Tatro Company;* Thomas Casson, *Edwin L. Tatro Company*

Irving A. Greene, *Greene and Company;* Jerry Monahan, *Edward A. Purcell & Co.;* Bill Sabah, *Cohu & Co.;* Al Kaidy, *Cohu & Co.*

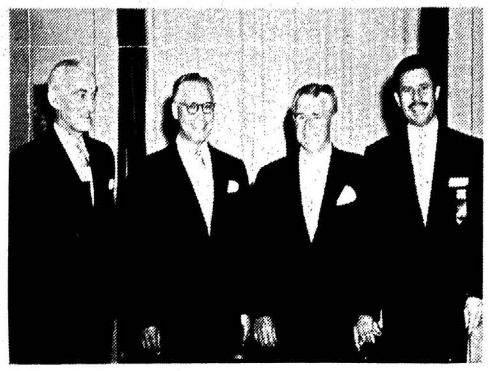
Robert Payne, *Bache & Co.;* J. Vincent Lytle, *Shields & Company;* Lou Walker, *National Quotation Bureau;* Richard Goodman, *Shields & Company*

Abraham Metz, guest; Mr. & Mrs. Walter F. Tellier, *Tellier & Co.*, Jersey City, N. J.



G. Everett Parks, *Hunter Securities Corporation;* Murray Levin, *Singer, Bean & Mackie, Inc.;* Milt Capper, *Capper & Co.*

Kurt Helstern, *Bank of Nova Scotia*, Toronto; Bellman Mason, *Anderson & Co., Limited*, Toronto; Joseph Eilert, *Harriman Ripley & Co. Incorporated;* Joseph Cabble, *Burns Bros. & Denton, Inc.*



"Duke" Hunter, *Wellington Hunter Associates*, Jersey City, N. J.; Norman Baum, *Cruttenden & Co.*, Chicago; John Blockley, *Harris, Upham & Co.;* "Hank" Serlen, *Josephthal & Co.*

Nat Krumholz, *Siegel & Co.;* Al Tisch, *Fitzgerald & Company, Inc.;* John Bunn, *Stifel, Nicolaus & Company, Incorporated*, St. Louis; Ed Kelly, *Carl M. Loeb, Rhoades & Co.*