A Positive Investment Program for 1955-1956

By PHILIP J. FITZGERALD

Partner, Dean Wittner & Co., San Francisco, Calif.

Members, New York Stock Exchange

After comparing today's stock market with that of 1939, Mr. Fitzgerald finds that the great difference today lies in the well-informed nature of cash buying. Says though today's stock prices seem high, they actually provide more safety than in 1939. Holds for certain that stock market will be faced with a showdown in Formosa and a labor crisis over the guaranteed annual wage, but says investors generally expect a skirmish rather than an all-out conflict. Sees business confidence in Eisenhower leadership.

Today's market is far harder to appraise than the market in March, 1939, which was so inherently cheap that it was easy to foresee the 50% advance that lay ahead. In April, 1933, the aircraft shares seemed so cheap that it was easy to bypass the market for the bargains that could be found in that group. I am sorry I cannot bring to the attention of today's meeting a comparable group of investment leaders which are selling at only two to three times the earnings that are in sight for 1956, and whose next year's dividends will provide 5% above yields of between 20% and 40% on today's prices.

Before considering the market's prospects, I should like to establish: (1) The essential differences between the stock market today and the market in 1939; (2) The well-informed and permanent character of the cash buying which has carried the stock market forward in the 1900's; and (3) The essential fairness of today's investment yields. Continued on page 18

*An address by Mr. Fitzgerald before the Eighth Annual Convention of the National Federation of Financial Analysts Societies, New York City, May 10, 1956.

Philip J. Fitzgerald

UTILITIES RETURN TO FUND FAVOR

By HENRY ANSCHACHER LONG

Electric light and power issues bought by the investment companies during first quarter, after previous pronounced profit-taking. Oils continue as best liked group along with the non-ferrous metals and rails. Food, machinery, drug and air transport issues well-bought; with steels remaining popular but with dampened enthusiasm. Buying of General Motors stimulated by large rights offer. Pronounced preference for high-quality securities in the aircrafts; with the electrical equipments, natural gas and merchandising companies also being lightened on balance.

Electric light and power issues returned to favor with investment company management during the first quarter of 1955 after having been subjected to pronounced profit-taking in the final months of the previous year. Oils continued to be the most popular group, however, with the utilities occupying second place. Purchases of non-ferrous metals declined over those of the fourth quarter and rails continued to get high bidding. Purchases in the auto division received a considerable lift from the General Motors rights offering and the food, machinery and drug issues were well bid up. Some profit-taking was noticeable in the steel stocks, particularly by Wellington Fund. Although buyers still predominated in this latter group, purchases were cut in half while selling doubled over that of the previous three months. Profits also continued to be taken in the aircrafts in marked contrast with the buying enthusiasm shown for the air transports. The major electrical segments, General Electric and Westinghouse, met considerable offerings and the merchandising issues, along with a newcomer in the bearing line-up, the natural gas division, also Continued on page 50

State, Municipal and Public Housing Agency Bonds and Notes

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IRVING KOMANOFF
Hersfeld & Stern, New York City
United Biscuit

At a time when the industrial average has reached their highest point, it is obvious that the general public will demand that new issues be exercised by the prudent investor, by the prudence of new features.

The great majority of well-known and widely bought common stocks and warrants usually high yields and that they are not the true value, rational and tending to dividends that are liberal any factors.

The earnings improvement will appear most difficult for United Biscuit, a good common stock; at this time is very reasonably priced and has not benefited from a potential sharp earnings improvement.

The United Biscuit common stock of United Biscuit now selling around 25 1/4, has one an opportunity to buy exceptional value with a more unusual and attractive probability, good common stock at a price which is a very good investment.

While United Biscuit is still below the $3 1/2 price at which it has sold in each of the last seven years—not because of a substantial increase in earnings, but because of a much lower price in earnings.

United Biscuit is the third largest company in the cracker, biscuit and cookie field and accounts for more than 10% of domestic output. It is not well known as one of the two largest companies, but the fact that it has built its entire sales and operations is in the past two decades of the West and Rocky Mountain states, with the South and the West Coast, is the best in the field in this company's business. Within the United, the importance of a sharp increase in the average price of 16 3/4.

The earnings of United Biscuit have been unusually good since the middle of 1953 by non-recurring factors which now give evidence of having run their course. These factors can be absorbed briefly and directly to a voluntary plant expansion program which necessitated breaking in new plants and in maintaining new and automatic ovens. This expansion produced a sharp increase in prices which for a time depleted deeply into profits. Thus in 1954 earnings of UBS dropped from 25 1/4 to 21 3/4, primarily because of these non-recurring factors rather than a profit decline in the company itself.

It is now obvious that the low price of United Biscuit has already passed and that substantial improvement in the price of United Biscuit has already been passed, with the company recently increasing its earnings.

The first quarter of 1955 has produced earnings of $5.86 per share, a gain over the corresponding first quarter a year ago. For the year ending the first quarter of 1955, $4.00 per share, the earnings rate, was approximately $4.00 per share with an earnings rate of $4.00 per share, which is the beginning of the year.

In fact, with the plant expansion program and new machinery installation completed, it is not beyond the realm of possibility for United Biscuit's earnings to go to $10.00 per share, or 50% above, as an offer to sell the securities described.

This Week's Forum Participants and Their Selections

United Biscuit Company—Irving Komanoff, Hersfeld & Stern, New York City and Manufacturers Corporation—George A. Kruehneich, United Biscuit and Security and American Stock Exchange

Outboard Marine & Manufacturing

The trend toward the old and the new in America, the new in the field of marine engine, is entering an unprecedented growth year. In 1947 the industry had two million small outboard engines in use. Today, there are over four million in operation and new developments may well increase this number to 20 million this year.

George A. Kuhneich

Outboard Marine & Manufacturing

As the manufacturer of outboard engines, in competitors are entering the field of small outboard engines, it is essential to the industry that a clear and present growth period. In 1947, the United States had two million small outboard engines, and today, there are over four million in operation and new developments may well increase this number to 20 million this year.

The present dividend payment of United Biscuit and offers a yield of 2.9%. As the company has not paid dividends for the past 25 years, the potential present dividend is expected. This company, which is very well known to the general public, and is considered by many to be a leading company, is considered to be a leading company in the production of small outboard engines, and offers a yield of 2.9%.

This company, which is very well known to the general public, and is considered by many to be a leading company, is considered to be a leading company in the production of small outboard engines, and offers a yield of 2.9%.

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The Commercial and Financial Chronicle . . . Thursday, May 12, 1955

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In discussing the bond market, Mr. Smutny ascribes recent downward trend to pressures consistently maintained by the monetary authorities. He points out, because of reduced volume of new issues, the downturn has been slight, but in "a state of delicate balance." Reviews situations of various categories of bonds and preferred stocks. Sees common stocks playing an increasing role in a trust investment, because they bolster income yield and "are safer than they seem." Holds pension fund investing seems growing more liberal.

"Studying "Trends in the Market," Mr. Smutny and Mr. Huttler have been in our training room every working day for 25 years for the benefit of our customers, without the benefit of a crystal ball, so you might not say we have some previous practice at it.

First, let us consider the present state of the bond market. Mr. Smutny As you know, conditions in the bond market hinge largely on the supply of, and demand for, monetary balances. The effects of the monetary authorities to maintain a healthy balance in the national economy. Around the middle of last year the policy of less easy money market began to emerge as a bond market factor, and became progressively more intense in the closing months of the year. So far this year we have had a high level of business, with a very lively demand for mortgage financing and consumer financing. At the same time, monetary authorities have subjected the market to consistent pressure which last month culminated in an increase in the Federal Reserve rediscount rate, and increased upward pressure on commercial bank prime loan rates. This followed a 1 1/2% increase to 60% in the required margin for bank purchases, which has since been raised to 70%. In addition, monetary authorities have also announced, that bankers' acceptances are to be included in the voluntary credit media available to the Open Market, thus spelling the end of regulation of the money market.

As a result of the pressures so consistently maintained by the monetary authorities, the bond market has bumped into the limit of slightly tighter money, and has tended to drift downward. In the middle of April, for example, at the time I jotted down these notes, the long-term United States Treasury 2% 1/2% bonds at the pinnacle of the credit scale were only fractionally above their 1954-55 lows. On the other hand, a direct placement issue of medium quality was negotiated at a cost to the borrowers of three-eighths of 1% more than that company would have had to pay for bond issues six to eight months earlier. In between these two examples are the long-term general market, corporate bond prices which are moderately lower despite the pressures at work in the money market. This was due to the fact that the volume of new issues coming out has been relatively small in the last few months. In the municipal market, particularly in the long-term, it has materialized, and then moved moderately higher. In fact, the "dollor quoted" revenue bonds were not up greatly. And, issues, moved back to, or within easy reach of, their 1954-55 highs. Their stability, in the face of somewhat more stringent money market conditions, was probably the result of the medium to the indefinite postponement of several large turnpike issues, which de drained the total of new tax-exempt floater for the immediate future.

So at the present time the bond market is in a state of delicate balance. United States Treasury bonds are close to the 1954-55 lows. Corporate and municipal obligations have faced somewhat of a difficult job for the 1954 question, what lies ahead, what are the trends in the market?

The Outlook for Long-Term Money

At the beginning of each year some members of our organization sit down with a group of investment officers to make an annual forecast of the potential demand for long-term bonds. For the year, and the probable supply of funds, This procedure the year results of their deliberations were published in February. It would be foolish not to try this meeting to go through the figures they assembled. However, their end result indicated that for the year 1955 there is a potential long-term supply of long-term investments would exceed the supply of long-term funds seeking investment. This study, therefore, would indicate that the downward drift in bond prices could be expected to continue in the months ahead.

Furthermore, we are currently experiencing a level of economic activity sufficiently high to have occasioned some concern in the minds of those whose task it is to keep the national economy in balance—to head off floms which are liable to run hard.

As long as booming economic conditions are in evidence it is logical to assume that the concern of the monetary authorities will continue to be evidenced by pressure on

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Canadian Distributors of Gas—Natural and Liquid

by Ira U. Coleleigh

Some reflections and projections on a number of expanding Canadian entities, Mid from the distribution of natural, propane and butane gases.

So much has been said and written about the burgeoning production of oil and gas in Canada, that actual delivery of the oil and gas and its pipeline cousin, L.P. Gas, to the consumer has not been given the same welcome sight. Especially under this a new number of smaller Canadian distributors companies of gas, a relatively unknown in the rank and file of American investors, and which are likely to bring somewhat reminiscent of Republique National General Gas Corporation, or the special Propane Gas Corporation in the United States.

Natural gas, of course, needs no special introduction in this country, but, west of the Rocky Mountains, and even west of the U. S. West Coast, and piping to towns and cities not normally, in which you are, no doubt, already familiar. So well we talk about the prospects for the more local prospects for expansion of gas sales by some of the more interesting companies. We'll also look into happening out where the pipeline end—and L. G. delivered, by truck, takes over.

Great Northern Gas, Ltd.

Our first nominee for consideration is Great Northern Gas Limited. We will present some data about this company, extracts from a prospectus dated April 7, 1955. This is a holding company, owning all the stock of Plains-Western Gas, Elec. & Pipe, and Bottled Gas Ltd., and 80.4% of the friendly and 69% of the common stock of the Pacific Gas Company, Limited.

The subsidiary, Plains-Western Gas, supplies natural gas to the towns and cities in Alberta and British Columbia. As well as a, including Athabasca, Barrhead, Calmar, Drumheller, Fort St. John, Hanna, Leduc Calmier, Morinville, St. Paul, Sultet and Westlock; and electric power in Yellowknife, N. W. T., Territories (famous for gold and probable for uranium).

The second subsidiary, Great Northern Gas Company, Limited, sells manufactured gas in Sault Ste. Marie, and in a short distance from that city, some of the most important rivers. The oil and gas fields in North American continent have been extensive.

The combined gross earnings of these related companies have divided less than $2.5 million, ranging from $131,000 in 1946 to $700,000 in 1954, with an earnings trend of $275,000, and almost doubling yields on capital. Bearing in mind these figures are comparatively small, the potential for this company is enormous.

Superior Propane, Ltd.

Another company, this one a large producer of propane gas, is Superior Propane, Ltd., formed in 1951 to take over the bottled gas retailing operations of Superior Gas Co. of Ontario by Imperial Oil Company. Superior Propane has the right to sell natural gas, a salable product, which benefits from eminent parent, and derives its entire supply under contracts with Imperial.

Steel has bulk storage plants in eight Canadian communities including Edmonton, Calgary, Lethbridge, and Vancouver, and Super propane is building up gross revenues at the rate of $2.5 million, with a total sales volume of $1,126,000 in 1952 to $2,553,518 for 1954 (fiscal year ends Nov. 30). In the same period, gas sales doubled. This is quite a bit when you consider that Superior sales income for the same period as the balance sheet value of its company.

Superior Propane common (355,360 shares outstanding) is selling at 3% above par value of $16.125 for 1954, and for the price range is from a low of 3% in 1950 to a high of 3% in 1955. The stock should earn 50c this year, and if you project the present rate of growth ac in Saskatchewan and Mani, you'd be surprised at where that should sell. There's also a growing market in its appliance sales. Perhaps Superior might be a superior performer. Quoted now at 3/4.

Mid-Western Industrial, Ltd.

Further, perhaps, to bring attention to Mid-Western Industrial, Ltd. It has just been on the issue of $2 million of 5% secured notes due April 1, 1970, and if the proceeds will go toward the purchase of up to 20,000 shares of the common stock at $2.75 till April 1, 1956, and selling up Su a year April 1, 1969 when the option expires. They then sell at 194.

Subsequent was incorporated in 1952 for two particular purposes: (1) to acquire and develop L. P. Propane reserves, and (2) to sell gas to industrial and other areas. By this time, the company now has proven reserves containing 588 million cubic feet, plus probable reserves of an additional 48 million. Mid-Western Industrial has strong interests in 288,000 undeveloped acres in the province of Saskatchewan, and on their basis of the which the company is to supply gas to the Sheritt-Gen-

The State of Trade and Industry

With many lines of manufacturing reaching or surpassing peak levels the past few weeks, the outlook for the country-at-large reflected some slight further gain. The reappearance of some steel contracts coincided with the situation a year ago when orders and inventories were in proportion.

Some increase in employment took place as seasonal outdoor work was resumed, although in some areas, it was reported, seasonal increase in employment was not so marked. Prospects reflect that manufacturers, wholesalers and retailers all shared in the rise.

Wholesalers’ March volume of $70,000 million was their highest since October, 1952.

Steel production is well on its way to a record first quarter, and for April, it broke the December production record. With the year to be knocked into a cocked hat, states “The Iron Age,” national metaworking weekly.

It is conceivable that 1955 production will exceed the 1953 record of 111,600,000 tons, barring an unexpected fourth quarter shutdown. It is also possible that both industries will settle their negotiations peaceably, this trade from the current stage.

Despite the production last week and an even hotter pace this week, the mills still find their backlog growing. Inexperienced buyers continue to exceed industry capacities, and take almost full month’s production of some products to catch up with deliveries.

Steel producers are amazed at the depth and strength of demand. As a result, they are raising their sights on expansion plans. Some report that they are considering expansion and modernization rivaling the immediate postwar builds.

Still leading the pace is automotive. This industry currently is taking up a large share of the steel shipments and clamoring for more. Normally, the auto industry expands with the steel production. Furthermore, there is no let up in sight. The auto manufacturers continue to seek more new steel. In the current models are selling as fast as they come off the production lines, according to “Ward’s Automotive.”

At any rate, other consumers are not counting on relief in the pressure from Detroit and industry generally. Some have placed tentative orders for delivery of steel for the fourth quarter just to be on the safe side.

Meanwhile, another industry, railroads, is adding its bid to the demand picture. The rails are a late starter and are applying for most of their steel. Hard pressed mills are trying their best to accommodate them.

Domestic car and truck production is slated to dip less than 3% in 1955, compared to January-March total. Setting last week’s record of 216,629 completions, according to the Motor Vehicle Manufacturers Ass’n., May 2-7, the new week was at 217,390, with a seven-day average.

Heat losses and mild labor disturbances reduced Industry Survey, which was reported to filed to the temporary slump in construction. However, the past week’s car orders were at the highest in six years, and the sales on record and almost 44% above the same 1954 week at 144,533 units.

In the latter period, General Motors and Ford Motor accounted for 85.1% of industry volume, being held to 41.6% of the May 2-7 car output against 42.4% in the same 1944 term. Elsewhere, Chrysler Corp. was up to 16.8% against 19.0%. American Motors was down from 2.9% from 1.7% and Studebaker-Packard to 3.0% from 1.6% a year ago.

Last week’s car manufacture was highlighted by Saturday operations at 14 Ford assembly plants and a slight increase in Kaiser car output after a 10-month lapse—since June 30, 1954. Willys car output has been as temporary halted. General Motors was also geared to build its 1,500,000th United States car of the last week probably on Saturday. A heat wave at Chrysler Theeren, also scheduled for a Kaiser-Buick decision at 12:00 p.m., and corporate output.

Production is being sparked by six-day week work at Diamond T and G.M.C. together-nine shifts at International Harvester and Deere and the other companies, a total of 122,024 trucks were erected in April, including a 19-month high at 1-2, two-month peaks at Mack and Dodge, an 18-month crest at Diamond T, a new month’s record for Hudson, and an all time mark at Chevrolet.

Car manufacture last month reached 1,068,757 units, second only to April’s 1,076,663 and third in history to February, April, Oldsmobile and Mercury. Total car production of major manufacturers estimated 3,063,118 cars and 424,258 trucks have been manufactured, almost 47% and 5% more than in like 1954-2,983,628 and 182,153. Combined car-truck volume is up 17.1% for the year so far, 44% above a year ago output of 4,268,885 units.

Steel Production Set This Week at 96.7% of Capacity

The strength upward swing in steel production carried tonnage output to a new high of 2,338,842 net tons of steel at a rate of 96.7% in the week ending May 8, says “Steel” the weekly magazine of metalworking, the current week.

continued on page 4

Steel Production

Endless Mills, Steel City, Pennsylvania

Carloadings, Feb. 1-31, 1955

Commodity Price Index

First Quarter

Ave. Auto Part

Business Failure
Observations...

By A. Wilfred May

TAX POLICIES AND THE STOCK MARKET
—Report From Washington—

Beyond the stimulus to Blue-Chip companies in the form of various tax disadvantages, the proliferation of tax-avoiding devices seems to be having a highly significant effect on the psychology of investor. In the last year, the capital losses that have been occurring in the stock market have been giving rise to such a sense of depression that the small investor, in particular, is tending to sell his shares at a loss in order to make the best of the situation.

The Committee's framers of the Report append the favorable conclusion that "the small investor would appear to provide a solution to the problem of capital gains taxation. In particular it avoided adverse economic effects of restriction on transfer of investments, and would automatically provide for averaging of losses and gains," and with the realistic reservation that the implementation of such methods presented practical problems of administration and enforcement.

To this writer, the controlling importance of one realistic snag in logically dimensioned reduction on the capital gains levy or to a warranted change in this method of imposing this tax must be realized. The extreme severity of the concurrent imposed rates of gain in our graduated personal income tax would remain considerably high up to 91%, with an overall effective ceiling of 87%; and even a maximum of 24% in the period 1942–1943.

In our real world (including the political sphere) this course makes difficult the continuation of "favors" to "smart and wealthy speculators."

VALUE NOTE OF THE WEEK

One important conclusion for the investing area from the Montgomery Ward doings of this week was the futility of trying to time short-term market swings on "news," in lieu of permanent and confident digging-in on value based situations.

According to a Yale economist, the number of Americans owning stocks is "surprisingly small for a country like ours, where many people have reasonably good incomes and also some savings."

Yale Economist Urges Wide Stock Ownership

Henry C. Wallach, Professor of Economics at Yale University, says this would strengthen the role of enterprise system by every body a stake in it.

The Yale Professor maintained that "in relation to present profits and dividends, stocks today are much more conservatively priced than in 1929. One of the factors in the present price structure of stocks is the expectation that severe depressions now can be avoided."

This impression, he said, "has some bearing. I don't believe that we have learned to stabilize the economy completely—far from it—but we have made some headway toward preventing extreme declines and recoveries."

He advised that before buying stocks, a man "should have some savings in liquid form and, of course, his insurance. Perhaps, he added, "he should pay up on his home, which is really a kind of investment and has a sort of ownership. Then he might begin to put some of his current savings into stocks."

"If he buys a little each year, or each month, as in the Stocks for the Middle Class plan, and does this over a period of years, it doesn't matter very much whether stocks were high or low when he started, since his cost prices will average out," Mr. Wallach said.

He added, "Furthermore, he maintained, such a man "may do a little better than average, because he can buy more stocks during years when they are cheap, if he always invests the savings monthly."

He described this method as "the only way in which the great majority of us can hope to make money in the stock market. It is nothing spectacular, no get-rich-quick scheme, but in the long run it can be very rewarding."

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**Investment of Retirement Funds**

By CHARLES E. HAINES*

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Members, New York Stock Exchange

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After pointing out private retirement funds differ from public funds: (1) in source of contributions; and (2) legal limitations on investments, Mr. Haines describes the advantages and responsibilities of pension funds. Gives reasons for trend of retirement fund investments to equities as: (1) the factor of earnings; and (2) the pressures of inflation. Cites broad policies followed by large college endowment funds as the suggestions for a balanced portfolio of a modern retirement fund.

Public and private retirement funds differ in at least two important respects: (1) source of contributions, and (2) legal limitations on investment. The primary purpose of both types of funds, however, is to provide stated benefits on stated conditions.

This obligation of a retirement trust "to provide stated benefits on stated conditions" is what we refer to as "the liabilities of the trust." The investor's problem in each case is to prepare an investment portfolio suited to the specified liabilities.

A retirement fund committed exclusively to the payment of pensions has a different investment problem from a retirement fund which provides death, sickness, or disability benefits, such as those of a general welfare program. A straight pension fund has liabilities which can be determined fairly accurately. Who gets what and when is definitely determinable. There are no risk or calamity factors, and the factor of uncertain mortality can be corrected without risk to the fund in an actuarial valuation of the actual assumptions.

A welfare fund, on the other hand, is subject to sudden and unpredictable cash withdrawals. A high degree of liquidity may be required, and a shorter time horizon may suit such a fund. We repeat: Investments should be tailored to the liabilities of the trust.

Inasmuch as it is impossible to project accurately the facts of this subject in 15 minutes, I shall confine my remarks to the investment problems of a straight pension fund.

The Change to Equities

Until about 1950, 10-year investment thinking with respect to pension funds was largely in terms of fixed income securities, funds which were regarded as fixed dollar obligations. The trustee selected fixed-income securities of government, municipal, and prime corporate bonds, and his decision as to what percentage of his funds were to be allocated to fixed-income investments was largely determined by his perception of the relative yield of fixed income stocks as compared to that paid by the bonds. The dollars of the trust were "safe."

Two primary factors have induced a change of investment thinking in the case of private retirement trusts:

1. **Earnings have come to be recognized as an important pension cost factor.** A 1% increase in earnings reduces pension costs or increase retirement benefits as much as 20%. This is simply saying that the more a fund earns, the less the employer contributes to maintain a given level of benefits, or the more the fund can pay in benefits. From this standpoint, earnings of 3%-4% or more are obviously more attractive than earnings of 2%-3%.

2. **Inflation periodically creates pressures to raise a fixed level of retirement benefits.** A benefit schedule which seems adequate at one time may be entirely inadequate at another time. This is a consequence of inflationary trends which cause a rise in the price level.

During the 19th century, the rise in prices averaged about one-half of 1% per year. During the last 20 years, the average has been about 2½% per year. The higher living standards and the increased expectations of the stockholders have increased the claims of the common stockholder, and the pensioner on the member of the pension plan. As a result, the need for the accumulation of the dollar, as well as of safeguarding dollars themselves, is this. This purpose is being accomplished by establishing equity funds to supplement fixed income funds, or, more generally, by giving representation to equities in the portfolios. As such ratio as the trustees deem prudent in terms of the liabilities of the trust.

College Endowment Funds

While this concept of a balanced portfolio of securities to combine safety, income, and appreciation is relatively new in the pension fund field, the concept has been successfully tested for more than a generation by trustees of college endowment funds.

A college fund was invested 25% in equities, and 75% in fixed income securities. The fund was invested 51.4% in equities, and 48.6% in fixed income securities. The average in that respect for the college endowment funds through-out the United States was 40% to 25% in equities. Therefore, use of equities has been the means by which the trustees of these funds have maintained income, in the face of declining interest rates.

In important respects, the investment of a pension fund is similar to that of a college endowment fund: (1) The fund is free from risk or calamity factors. A pension fund suffers adverse consequence, not from too many persons dying too soon, but from too many persons living beyond the period of the mortality assumption. Unfavorable mortality experience occurs slowly and is adjusted by the actuaries in their periodic reviews. It should present no investment problem.

The disadvantages of equities, like college endowment funds, must be reckoned with in the sector of inflations. In this respect, they are unlike life insurance funds committed to the future payment of a fixed dollar obligation regardless of inflationary trends.

3. **Income is important to a pension fund in addition to a portfolio to a college endowment fund.** The more the portfolio yields, the better is the possible retirement benefit. But the choice of equities means they can reasonably invest a portion of their assets in stocks which yield without undue risk of capital. This is because both types of funds have a mature, invested-in nature, consequently can ignore day-to-day fluctuations as a result of temporary, expectational factors. A well-managed pension fund should never be in the position of being held to a fixed ratio of equities on favorable market conditions or unfavorable market conditions. It can take advantage of the market moves to capitalize on its liabilities from current contributions, fund earnings, and maturing bond issues—not from sale of equities. Therefore, market variations are not a matter of controlling importance.

What Constitutes a Balanced Fund

**This suggests the question:** What constitutes a balanced fund, suitable or reasonable for the average pension fund?

Different members of this panel have different answers to this question, underlying the fact that there is nothing more difficult than to be balanced.

There is no such "animal" as a balanced fund. But in the investment organization, we believe that conservative ratios for the average pension fund are 20% to 50% in common stock funds, and 50% to 25% in common stocks. On today's market, the overall yield of such portfolios may be expected to approach 6%.

It will be observed that 60% of the assets are invested in fixed income securities, yielding dollar values, 40% in common stocks, and 25% in common stocks. On today's market, the overall yield of such portfolios may be expected to approach 6%.

Consequently, common and preferred stocks will be put away "in deep freeze" for the income they are expected to yield over the long periods of time—and, in the case of common stocks and convertible preferred stocks, for the appreciation which should gradually occur in market values. In the past, this appreciation has averaged 3% per year, so that even if the fund performs no better than the average should do, it should be able to earn over a period of 20 or 30 years.

**What Types of Securities to Hold?**

A collateral question is: What types of securities which are appropriate in the ratios suggested?

In the case of United States Government obligations, the 11½% bonds are primarily one of selecting suitable certificate of indebtedness. There are more than 50 separate issues of United States bonds. It is obvious that the obligations, issues should not be selected indiscriminately. It would not be proper to purchase any of the 40-year issues yielding 3% to maturity. More than half of the 7-year issues should be needed in six months to meet fund obligations. The fund would find it desirable to buy a short-term maturity yielding, perhaps ½%. In the government's held securitie portfolio, as in every other section, there are particular terms of the liabilities of the trust.

In the corporate bond section of the portfolio, we follow the general practice of confining selec-

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* Dr. Charles E. Haines


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**$40,800,000**

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*Special Report to THE COMMERCIAL AND FINANCIAL CHRONICLE*

Charles E. Haines

Edward R. Lowry is now with R. S. Dickson Co., Reynolds Building, members of the Midwest Stock Exchange.

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May 11, 1955

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The Commercial and Financial Chronicle ... Thursday, May 12, 1955.
Bank Credit Assoc.

To Hold Meeting

The Bank Credit Associates of New York will hold their regular dinner meeting on May 18 at the Board and Machinery Club, 30 Church Street, New York City. This year the program will be in charge of the New Jersey Bankers Association. The annual meeting will be held on May 19 at the same place.

Caroline Barger

From Washington

Ahead of the News

By CARLEILE BARGER

Foreign aid, it must have become apparent to everybody by now, is with us to stay. It has become a piece of the American economic jigsaw puzzle. It is now a permanent item in the nation's life, like price supports. Talk to most any member of Congress about it and he will tell you it is disgusting but nothing can be done about it. A few months ago there were influential Senators and other members of the House who only believed the matter would be brought under control at this session. They had provided that Harold Stassen's Foreign Operations Administration was to expire June 30, and they thought would be the end, except perhaps a relative trickle of foreign aid. Indeed, it was only a few weeks ago when Mr. Stassen was thoroughly unequalled by the story that his statement that an Asian Marshall Plan was coming up. That man who still hopes to be able to balance the budget, Secretary of the Treasury Hughes, was telling the delegates to an international conference at Rio in the time that the gravy train was to be cut off. He almost hit his lin when he heard Stassen's statement and hurried back to Washington to give him a verbal spanking. I wrote at the time that it would be unwise, in view of Stassen's resourcefulness, to write foreign aid off.

Now, the President has submitted a $3.5 billion program for Asian aid to Congress. I don't think even Stassen's original program was quite this ambitious.

When foreign aid gets into political trouble, the trick of the Administration—Democrat or Republican—seems to be to change the name of the agency administering the aid and the name of the administrator. Since World War II foreign aid has gone through so many administrative transformations but the basic spending is still there.

This time the Eisenhower Administration has upset Congressional critics of the continued foreign spending by pulling out of the hat an old Taft lieutenant, John B. Hollister, to administer it. Mr. Hollister is a conservative and he has adhered strictly to the foreign policy of the late Senator. There is no question about his ability. He has been serving on the Hoover Commission for the Reorganization of the Government and the Commission is understood to be coming out shortly with a most critical report on foreign give-aways.

What better way to stall off criticism of the new aid program than to name as administrator a man who од all the marks of the critics? You surely can't be against a program sponsored by a man like Hollister and the White House will now say to those so-called isolationists—a term given by the internationalists to everybody who makes bold even to suggest there is a limit to our resources. To say the least the Administration has broken the ranks of the critics.

There has been some mild raising of eyebrows on the part of the internationalists. Can a man of Hollister's background get his heart in giving away money abroad, they ask? It is note-worthy, they don't say but they haven't sought to block his appointment. They simply ask the question.

The fact is they have no serious misgivings about him. And they realize the appointment was a very wise one to save over the rest of the critics. Mr. Hollister will put his heart in the work. He will be no different from the other men who have been cautious critics of the President's policies, any President, and then being invited to Washington to join the crowd, turned out to be willing hands. It was true under Roosevelt, under Truman and it is true under Eisenhower. I have had several of them tell me that they never appreciated the problems and policies of the President until they came here and got in on the job.

Mr. Hollister has not been a cautious critic. He is not a cautious man. But I am quite sure he has entertained the same thoughts about foreign give-aways that the late Senator Taft did.

But the new vistas of public service, as it is looked upon, will be opened up to him on his new job. I know him personally and have a great admiration for him and I am quite sure he will prove just as capable at the giving-away business as any of the rest of them. Indeed, he might turn out to be the best.

Kahn & Peck Partner

Kahn, Peck, 136 Broadway, New York City, member of the American Stock Exchange, has admitted Stuart V. Gimma to partnership in the firm.

Jay Kaufmann Partner

Jay W. Kaufmann & Co., 111 Broadway, New York City, member of the American Stock Exchange, have admitted staff and associates to partnership.

Palmer, Pollacci Adda

PALMER, Pollacci Adda (Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Lester M. Bernstein, Broderick & Co. and Harry Sarkisian are now with Palmer, Pollacci & Co., 86 State Street.

Fusz-Schmelze Adda

FUSZ-SCHMELZE ADDA (Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Richard A. Schmelze has joined the staff of Fusz-Schmelze & Co., Bankers Trust Company, and is now working in the Midwest Stock Exchange.

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

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Atomic Map, in four colors (revised)—Describing and locating active mining activity of 87 Trust companies—Atomic Development Securities Co., 1033 Thirtieth Street, N. W., Washington 7, D. C.
Dollar Averages—Discussion in current issue of "Market Pointers" with a list of candidates—Francis L. du Pont & Co., 1 Wall Street, New York, N. Y. Also in the same issue is a study of the Guided Missile Industry and Retail Trade.
First Quarter Dividends Reviewed—In "The Exchange" monthly magazine published by the New York Stock Exchange—$1 per year—Dept. 2F, The Exchange Magazine, 11 Wall Street, New York, N. Y.
Investment in Research—"Highlights" No. 30—Troster, Singer & Co., 74 Trinity Place, New York, N. Y.
Investor on Agriculture—Pittsburgh—Yamashiki Securities Co., Ltd., 111 Broadway, New York 7, 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—Baltimore Financial Corporation, Inc., 46 Frost Street, New York 4, N. Y.
Asbestos "Sleeper"—Report—Peel Investment Corporation, 122 St. James Street, West, Montreal, Que., Canada.
Bithloam Steel Corporation—Competitive data of related values—New York Hanseatic Corporation, 120 Broadway, New York 12, N. Y.
Bowen Trust Company—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.
Chrysler—Report—Cohn & Co., 1 Wall Street, New York 5, N. Y.
Clark Oil & Refining Corporation—Analysis—Lewel & Co., 225 East Monroe Street, Milwaukee 2, Wis. Also available is a report on Johnson Service Company and Pittsburgh Plate Glass Company, and a memorandum on National Union Fire Insurance Company.
Coca-Cola Co.—Memorandum—Walston & Co., 120 Broadway, New York 28, N. Y.
Darby-Cresco, Inc.—Bulletin—Parke-Davis & Co., 413 Sixth Street, Radio Central Building, Spokane 8, Wash.

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Safety Stores, Inc.—Annual report—Librarians, Dept. CP, Safety Stores, Incorporated, P. O. Box 600, Oakland 4, Calif.
Schering Corporation—Analysis—G. H. Walker & Co., 1 Wall Street, New York 5, N. Y.
Summer & Swany, Inc.—Memorandum—Crutenden,& Co., 200 South La Salle Street, Chicago 1, Ill.
 Universal Match Corporation—Analysis—Scherber, Richter Company, 824 South Dearborn, St. Louis, Mo. Also available is an analysis of Old Ben Coal Corporation.
Warner & Swany Company—Analysis—H. Hentsz & Co., 60 Broadway, New York 5, N. Y. Also available is a memorandum on Plymouth Oil Co. and Speer Carbon Co. and a bulletin on Dynamics Corp. of America and Royalite Oil Ltd.

NSTA Notes

DALLAS SECURITY DEALERS ASSOCIATION

The Dallas Security Dealers Association will hold an outing on May 28 in the Whittemore Country Club in Fort Worth, Texas, 6 a.m. to 6 p.m.
Those planning to play golf should check with Jake Martin, Shearson, Hammill & Co. A special event is under the direction of Ray McCull of First Southwest Company. Reservations should be made with Brad Smith of the Texas Bond Reporter, Inc., Tariff, $10.00 per person.
Parties wishing to spend Friday night before the party or Saturday, afternoon, reservations may be made at the Western Hills through Landon Freear, Wms. N. Edwards & C.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) Bowling League Standing as of May 5, 1955, was as follows:

Team

Points

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2. Grosnawy, Alexander,... 28
3. Travis,... 25
4. Mann, Jacobs, Siegel, Topol, Frankel, Tisch... 24
5. Kline, Rapf, Farrell, Voccalli, Strauss,... 23
6. Leonce, Neman, Omg, Forbes, Greenberg, Murphy... 24
7. Bean, Meyer, Bres, Pollock, Lehman, Weller... 24
8. Meyer, Frankel, Swenson, Dawson-Smith, Kuehne... 24
9. Kaler, Nork, Werkmeister, Kullman, McGeav, O'Connell... 27
10. Busifer, Brown, Cothy, Wozniak, Whiting, Fitzpatrick... 27
11. Grisam, Clemence, Grun, Stevens & Company, 28
12. Sereni, Rogers, Krumholz, Wechler, Gersten, Goldin... 27

300 Point Club
Jack Donadio... 311
Jack Coveny... 307
3 Point Club
Joe Donadio... 211
Jack Manson... 207
Jule Bean... 207

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DEPENDABLE MARKETS

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Bonanza Oil & Mine
The Trend of Interest Rates

By L. DOUGLAS MERRI
Executive Vice-President and Chairman, National Life Insurance Company, Montpelier, Vt.

After explaining that interest rates are a composite resulting from a multiplicity of factors, like weather reviews fluctuation in the money market during the last decade, and next discusses present factors affecting the money market. This is especially true in view of the Federal Reserve policy, business and the stock market situation, and the change in the number of insurance companies. Conclusively, existing factors suggest no softening of interest rates in the near future, but a possibility of further moderate stiffening of rates, unless business slows down severely.

Whenever we speak about interest rates, what do we mean? We do not mean the interest on any one or several of a number of obligations ranging from short-term U.S. Government obligations to long-term obligations, from short-term, high-quality obligations to long-term, high-quality obligations, from short-term, medium-quality obligations to long-term, medium-quality obligations. This resulted in an all-time low, a period of low rates in 1949 when long-term U.S. Government bonds, the 12s of 1967-72 sold only at 106.629 or 2.13 yield. Moody's index of Aaa bonds fell further and most of you will recall that 4% FHA long-term mortgages paid up to 7 point premiums. In the same year the maximum interest rate on FHA loans was only 4% to 5%. Some eminent authorities even went so far as to predict that we would never see a 3% Government bond again. In fact, to this day, long-term government bonds would sell on a 3% basis, and it even was suggested that interest might be eliminated entirely!

This was bad news for many in 1947 did not occur. In fact, adjustment to higher postwar prices and incomes was made so easily that the Federal Reserve Board of production rose 9% above that of 1946 while rates edged up the low 1946 rates. In 1948, high levels of production, personal incomes and consumer expenditures continued, and money rates continued at the high levels. Taxable Government bonds yielded an average of 4.84% compared to the average low of 2.19% for the year 1946. During this period prices paid high as 106.16.29 or 2.13 yield. Moody's index of Aaa bonds fell further, and most of you will recall that 4% FHA long-term mortgages paid up to 7 point premiums. In the same year the maximum interest rate on FHA loans was only 4% to 5%. Some eminent authorities even went so far as to predict that we would never see a 3% Government bond again. In fact, to this day, long-term government bonds would sell on a 3% basis, and it even was suggested that interest might be eliminated entirely!

The recession in 1949 followed short, swift, but deep fall. In 1949, wholesale commodity prices averaged in 1949, and business expenditures for plant and equipment dropped 17%. Many of these companies, considered an important cause of the recession, reduced inventories 11% below those of 1948. Money rates remained high, with Federal Reserve encouragement to maintain the Federal Reserve, although despite Treasury objections, began to restrict credit.

The Federal Reserve System, during the war period, had been engaged in the struggle for the Treasury and the independence which the System's founders had envisaged but had failed. However, some of the officials of the Federal Reserve Board had a subversive power on the System, respectively, re-elected the result of the central bank to the Treasury, sought to reign supreme. The independent System's, independence. Their efforts at first were not strong, but in 1933, the famous "accord" between the Treasury and the Federal Reserve System, which had been underwritten by the Securities Exchange Act of 1934, was an essential part of the Independence of the Federal Reserve System.

To those charged with the administration of large funds, the era of pegged markets had meant substantial profits, but the price received on these speculative commodities, money, has been determined. Some of these "stabilizers" have been expected to move lower while other costs rose. With the establishment of a flexible credit program, inflationary movements were reflected in higher costs of capital funds with greater income to lend.

The Federal Reserve policy from 1951 to May, 1953 can best be described as one of credit restraint. The culmination of this restraint was the issuance by the Treasury of the 3½% of 1953. The additional demand thus imposed on the capital market, already tight due to Federal Reserve action in selling Treasury bills, produced sharply higher money rates, as a result of which the new 3½% dropped to a low of 9.86 shortly after their issuance. This sudden tightening of the money market made it difficult for some life insurance companies and other institutions to sell Government bonds to meet mortgage commitments that had been planned, and mortgage prices dropped sharply, producing almost chaotic conditions in the mortgage market. Industrial activity, which had continued the last part of 1952, began to slacken moderately in mid-1953 due in part to the out-...
Today's Stock Market
And America's Future

By GERALD M. LOEB*

Members New York Stock Exchange

Mr. Loeb, in speaking of the role of bankers as investment advisers, deplores their reluctance in this field, and indicates how this is due to experience of 1929 and the fact that a banker's growth, has been for the
collective good of society, and therefore a wider ownership of common stocks is desirable. He states mass investment in common
stocks should appeal to the public.

Concludes "stock market is just beginning to come back into
its own after many years."

You gentlemen are fortunate in
being bankers. Bankers get their
profit, they want to do it quickly, and all
they have to do is later give back
the "bad" dollars. Some bankers
are interested, but I do not
know that the public, and like bankers, pay
interest and receive dividends. It is logical
that I consider the same today as I did a year
ago. When the time comes that people
need extra money to pay for someone to nurse her-

*An address by Mr. Loeb at the 85th Annual Convention of the Missouri Bankers

American corporations and the banks with
some of their securities are bought and sold.

The public already, indirectly, and
involuntarily holdings of common stock. In
connection with the recent Fullbright Committee
hearings, the SEC has indicated to me
that at the close of 1954, the holdings of insurance
companies, banks, and investment companies, and
person, foundations, and other institutions constitute
over 25% of the total equity outstanding. The
holders of common stock administered by banks
numbered 19,000,000,000 at the end of 1954. As more and more people realize the importance of
such institutions and seek out ways to do something about
their obligation on the part of the
financial system, I am personally
very pleased.

I know it is vital for a bank to
hand its deposits.
It is just as important to keep
your depository's in
financially balanced. There
will be no direct financial profit to
banks to go to a policy. Neither is
there any direct financial profit to brokers who undertake to
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Business Recovery Not Excessive

By RAGNAR D. NAESS*

Næss & Thomas
Investment Counsel, New York City

Investment analyst, holding present business recovery has not been such as to cause maladjustments that might lead to another recession, finds outstanding feature of present business outlook is the strong position of the consumer goods industries. Sees also as a favorable factor the prosperous conditions in Europe and better prospects for peace. Says Skepticism and caution regarding prosperity is "a healthy discipline."

The essence of the present business situation is that we have recovered sufficiently from last year's low point to provide highly favorable conditions, but are also setting new records. Similarly, despite the high rate of inflation, there are no indications of any unusual rise in this important industry in the near future.

Other consumer goods industries not as yet as active as automobile industries, such as, for example, textiles, appliances, furniture and carpets, are showing evidence of further recovery, and inventories in these industries are not yet accumulating on a significant scale.

Another outstanding feature of the business outlook is the favorable trend ahead in capital goods expenditures. During the last few months orders for machinery and equipment have shown a sharp rise. The overtime rate of output and the price of new capital goods is every indication that the upward trend will continue in capital goods industries.

The present strong position of all these capital goods industries means that we have a solid foundation underlying the recovery in consumer goods and encourage the belief that business will also be good in 1956.

A third important feature of the business outlook is the support we are obtaining from the prosperous conditions in Europe. The present lessened tension in international relations may well continue and should stimulate foreign trade. On the other hand, even with prospects for peace improving, we are likely to continue large defense expenditures, which are an important factor in our business structure.

The present economic background therefore indicates that our economy is moving into new high ground on an overall basis as well as in many individual fields of activity. Estimates suggest that great national product is running at a rate of about $400 billion a year which compares with the former peak rate of $371 billion in the second quarter of 1930 and a low point during the third quarter last year of $256 billion. On this basis personal income is now running in excess of $300 billion and is expected to increase by $256 billion a year ago.

No wonder that we are today enjoying an unprecedented period of prosperity. Fortunately it seems as though the trend of markets and dealers' trends are favorable enough so that this may continue for some period ahead into 1956. The implications of such prosperous conditions in terms of government financial policies are obvious. It opens the possibility of a balanced budget and brings nearer the day when both personal and corporate taxes might be reduced further.

The present prosperity is regarded by many businessmen and investors with skepticism and caution. This in itself is a healthy condition and may prevent excesses from developing both in business and in the security markets.

Armand Erpf Director

The election of Armand G. Erpf as a director of Allen B. Du Mont Laboratories, Inc. was announced by Dr. Allen B. Du Mont, President. He will fill the vacancy created by the resignation of Bruce E. F. Du Mont. Mr. Erpf is a general partner of Carl M. Loeb, Rhoades & Company, investment bankers.

Tobey & Kirk to Admit Sol P. Fink as Partner

Tobey & Kirk, 52 Wall Street, New York City, members of the New York Stock Exchange, on May 12 will admit Sol Paul Fink to partnership in the firm.

1,000,000 Shares

Chesapeake and Colorado Uranium Corporation

(A Delaware Corporation)

Common Stock

(Far Value $0.05 per Share)

Price $1.00 Per Share

Copies of the Prospectus may be obtained from the underwriters only in States in which the Prospectus may legally be distributed.

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<tbody>
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<td>39 Broadway, New York 6, N.Y.</td>
<td>31 Nassau Street, New York 5, N.Y.</td>
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</tbody>
</table>

Vermilyle Brothers

30 Broad Street, New York 4, N.Y.
The term "Guaranteed Annual Wage" means the many different things to different people, and at different times. If you will bear this in mind, and grant me credit for the benefit of a liberal in-
clusive group, it is a bit more likely that I’ll talk about GAW in a somewhat more in-
clusive sense. Actually, the idea of GAW is
distant and excludes many different types of em-
ployment contracts that have taken many dif-
fferent forms and have various different top stars in the employment field. I’ll try to　
Evening at the factory, where women and men are working together, the earnings of the workers are lower than the earnings of the men, but the women are more likely to be employed for a shorter period of time. Thus, the earnings of the women are lower than the earnings of the men, but the women are more likely to be employed for a shorter period of time.

Of the harvest

The advocates of the GAW have used the argument that the market management gets regular sales checks, why shouldn’t we? In other words, why should the employer not be required to pay the employee a fixed amount of money even if the business is not doing well? This argument is not necessarily correct, as the employer may have other expenses that need to be covered.

The need to maintain the earnings of the employees has brought about a demand for a "guaranteed annual wage". This is a proposal that has been widely discussed, but has not yet been implemented in practice. The idea is to guarantee the employee a minimum wage, regardless of the performance of the business. However, the implementation of such a system would require careful consideration and planning.

We are living in a time of great change and uncertainty. The future is uncertain, and it is difficult to predict what the economic situation will be like in the years to come. However, we can be certain that the need for a "guaranteed annual wage" will continue to be a topic of discussion, and that efforts will be made to implement it in practice.

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Railroad Securities

Denver & Rio Grande Western

Railroad stocks have continued to prove themselves as mar¬
kets during advances and accord¬
ing to market conditions have been the major source of support
when pressure has appeared in other sections of the list. The op¬
timistic investment and speculative attitude toward the road has
again gained a further stimulus last week from the estimate released by
the Association of American Railroads that March earnings of the Class I railroads were ap¬
proximately 50% above the level of a year ago, and, in view of ear¬
lier loadings figures indicating a continuation of wide-year-to-year
 gains in traffic volume, as an added fillip, the Administration sent to Congress a program for
implementing the suggestions made by the Cabinet Committee discussed in this column two
weeks ago. While Congressional comment indicated quite plainly that there is little, or no chance
that such a comprehensive plan can be carried through this year there seems to be a chance that one or two of the more im¬
potent parts could be passed if aggressively pushed.

One of the phases of the plan that has been attracting considerable attention, however, is the
idea that the year's high, has been Denver & Rio Grande Western.

Rio Grande Western common, the stock holding companies are attempting to use, for the
purposes of one of the schemes that the New York Central & L. I. C. C. will authorize the step
of carrying the stock down to a more popular price range. Also, it is expected in the future that
the stock price will be placed at a higher level than the $20 level indicated by the $6.00 rate estab¬
lished for one of the new split programs. Such a step would appear
logical in view of the large normal earnings of $4.53 a share on the
new stock for the 12 months to date through the end of the year that this performance will be
improved upon for the calendar year 1955. This is in particular in view of the fact that the road's
comprehensive property rehabilitation and equipment moderniza¬
tion program together with most rational and cash needs for such purposes are not expected to be heavy from here on.

Denver & Rio Grande Western is fully dieselized, the main line has been virtually rebuilt, and in
with heavy rail, in recent years, a large amount of automatic sig¬
als and centralized traffic control
have been installed, and yards have been modernized. The
management has been one of the leaders in research work and the development of new techniques, and maintenance has been largely
mechanized. All of these factors have turned the property into one of the best managed roads in the coun¬
y. Even with the sharp decline in traffic last year (the company was affected not only by general
business conditions but, also, by the cessation of hostilities in Korea) the transportation ratio has been held to 30.2%, a figure that was one of the few in the country to report higher net income than in 1954.

The road traverses a strong growth territory and the prospective improvements have put it in a position to offer rates that are more competitive than those for speculative (transcontinental) freight business. Thus, its traffic trend has been very favorable. Continuation of this growth trend is expected by many
experts. Revenues for the first quar¬
ter of 1955 showed gains above-year earlier levels and the transpor¬
tation ratio was off only a few points, to 29.0%—for March alone it went down to 27.1% and for the full year it almost

Gordon With Dickson
In Richmond Office

RICHMOND, Va.—R. S. Dick¬
sen & Company, Incorporated, distributors and dealers in cor¬
pore and municipal securities, announced that J. Douglas Gor¬
den Jr., has become associated with the firm as co-manager of the Richmond, Va. office, with John A. Purcell. The Richmond, Va. office has been transferred from the Stearns-Planting Bank Building to 409 Travelers Building.

On Hutton Staff
(Courtesy to The Financial Chronicle)

232,557 Shares
Florida Power Corporation

Common Stock

The Company is offering to the holders of its Common Stock the right to sub¬
scribe for 232,557 additional shares of Common Stock at $43 per share at
the rate of one share for each ten shares held at record of the close of business May
11, 1955, as more fully set forth in the Prospectus. Subscription warrants evi¬
dence such rights will expire at 3:30 P. M., New York Time, May 31, 1955.

Subscription price to Warrant Holders $43 per Share

The underwriters have agreed, subject to certain conditions, to purchase any unsubscribed shares and during and after the subscription period may offer and sell shares of Common Stock as set forth in the Prospectus.

Joining Albert Theis

The underwriters have agreed, subject to certain conditions, to purchase any unsubscribed shares and during and after the subscription period may offer and sell shares of Common Stock as set forth in the Prospectus.

Kiddar, Peabody & Co.

Merrill Lynch, Pierce, Fenner & Beane

May 17, 1955.

This is not an offer of shares for sale. Offer is made only by the Prospectus.

NEW ISSUE

232,557 Shares
Florida Power Corporation

Common Stock

(Put Value $7.50 Per Share)

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Testing the Right to Work

The Federal Santa Fe Case

By FRED G. GURLEY
President, Santa Fe System Lines

Prominent railroad executive reviews the laws and principles relating to compulsory unionism. Points out while the Taft-Hartley Act may be described as a "right-to-work" law, the railway labor laws, the Railway Labor Act, under an amendment in 1951, sanctions union shops under certain conditions, irrespective of State laws. Describes the Santa Fe case as a clear and decisive opinion by U. S. Supreme Court. Answers arguments favoring compulsory unionism.

The two outstanding issues on the agenda of the Labor Senate this year are the Taft-Hartley Act and the so-called "right-to-work" laws, which have been described as guaranteeing the right to work. I have been asked several times recently to comment on this controversy.

In the latter, Federal Reserve Bank of St. Louis

Fred G. Gurley
President, Santa Fe System Lines

which is the fact that they accord fundamental human rights to the individual, and thereby provide a basis for Federal Constitution. The proposition by compulsory unionism, in fact, have done everything in their power to obscure this fact. The "right-to-work" laws are in the clouds of propaganda. But when you come to them, you do so far as to deny that the Constitution of the United States respects the right to a "Right-to-Work."

In the former, these people come into open conflict with the Supreme Court of the United States. The Court has repeatedly held that the Bill of Rights provides for a free association of individuals in a free society, and that the right to work, like other fundamental freedoms, is a personal right of importance to each individual, and cannot be subjected to conditions.

The court also held that elections have shown that the union shop is not a monopoly union and that the membership of these unions should be required of States to protect the individual from the tyranny of the majority. The decision is clear and decisive, and it is important to realize that the right to work is a freedom of association.

Let us examine the freedom of contract. There are three parties in every contract, the employer, the individual, and the union. The employer is the one who has the freedom of contract, and the individual and the union must conform.

The Federal Labor Laws

The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) is a federation of labor unions in the United States and Canada. It was formed in 1955 when the American Federation of Labor (AFL) merged with the Congress of Industrial Organizations (CIO). The AFL-CIO represents millions of workers in various industries and occupations. It is the largest labor organization in the United States, with over 15 million members. Its headquarters are located in Washington, D.C.

The AFL-CIO has played a significant role in the development of labor unions in the United States. It has been involved in many important labor disputes, including the famous United Aircraft Strike in 1936 and the West Coast Longshoremen's Strike in 1945. The organization has been instrumental in the passage of key labor legislation, such as the National Labor Relations Act (1935), the Fair Labor Standards Act (1938), and the Railway Labor Act (1926).

The AFL-CIO has been a strong advocate for workers' rights and has fought for better wages, safer working conditions, and stronger protections against discrimination. It has also been involved in various political campaigns and has played a crucial role in the movement for civil rights. Today, the AFL-CIO continues to be a powerful voice for workers in the United States, advocating for policies that promote fairness, dignity, and opportunity for all workers.
Expanding Economic Activity

By and large, the current economic expansion has been characterized as a "normal" business recovery. The supply and demand picture is more preservative, is comparable with our experience in other periods of recovery from major depressions, both at home and abroad. Consequently, the rapidity of the current recovery movement in itself is probably over-stated. However, the upturn has also been accompanied by higher commodity prices and interest rates.

Production and Employment—The Federal Reserve Index of industrial production in April, 1953, is estimated to have reached the peaks of the index registered 137 (1947-49 = 100). Output of durable goods, which are now expected to be sold in the 1953-54 business decline, has grown 15 percent in recent months, but is still below its 1952 record. Non-durable goods output has continued to be volatile and is now running at about the same level as in the 1952 depression. Furthermore, some important basic industries, such as steel, automobiles and construction, are operating fairly close to capacity rates. While no major bottlenecks have actually appeared as yet, further, rapid expansion of current rates may meet with greater difficulties than in the recent past. Some remain in the labor force. Unemployment is estimated to be somewhat above 3 million, or 5.5 percent of the labor force. This is about the same rate as 5 years ago, when the economy was at its peak. It is not as great as the broad statistics would indicate. The number of unemployed includes not only frictional unemployment, i.e., persons in the process of changing jobs, but also unemployed in dislocated localities, including uncertain productive potentials and those who may not actively be seeking employment. With these adjustments, unemployment is perhaps not as high as indicated by the aggregate figures. It is estimated that the labor force, and may be expected to decline further in the coming months.

Commodity Prices—The impact of current conditions has been felt also in the prices of industrial commodities, the more so as economic activity has been accompanied by a broad expansion of business sales in Western Europe. In fact, for the first time in several years the European countries and the United States are simultaneously enjoying high and rising levels of business activity. As a result, world supplies of raw materials have declined and the pressure of growing demands, and some shortages have begun to appear. So far, increases in commodity prices have been fairly moderate, and the effects on the price level in general have been moderate. Housing and building, which set persistent weakness among many groups of products, commodities. Some industrial raw materials, such as steel, iron and copper, have stiffened perceptibly, and present prospects point to further rises. At the other extreme, another round of substantial declines in the prices of manufactured goods as well as in the prices of United States imports throughout the world has been indicated. It is generally agreed that, in the aggregate, prices will, therefore, remain fairly stable in the near term, and will probably recede in the prospective upturn.

Interest Rates—Finally, the monetary authorities have been eager to expand credit and broaden bank credit. The upturn has been accompanied by a sharp rise in the discount rate. The rise in the price of the Federal Reserve credit, the rise in instalment and mortgage debt has been substantial. rents, however, have also shown steady gains, and demand for loans on securities have increased considerably.

At the same time, the monetary authorities have shifted their policy to more balanced credit, and some of the patterns which were pursued during the last years of the depression have been abandoned. As a result, bank reserves are adequate for current needs, and most of the increase in the money supply has been devoted to consumer debt, especially to mortgages. However, the upturn has yet to reach its peak. Some of the fundamental sources of industrial and economic activity have increased, and the upturn is not yet far removed from current levels, the upturn has yet to reach its peak and may even recede if the upturn has yet to reach its peak.

Credit continues to be available in large amounts, but there are signs of continued uncertainty with regard to future levels, particularly in the growth curve of bank credit. Some mortgage lenders are expected to make 30-year loans with little or no points, and these developments may help here to restrain overborrowing and overbuilding later in the year. Also, lending propositions that were probably on a somewhat larger scale, with a 30-year term, have been longer than usual, and the credit market has been less liquid than usual. Most of these advancements have been made less liquid than usual.

Furthermore, the financial community has become more familiar with the workings of a flexible credit policy, and views the future more favorably for a more favorable experience than in previous years. The authorities, in turn, have been able to exert control over the power of their credit control policies and have been careful not to disturb the financial markets. Obviously, credit policy cannot be shaped in the light of economic developments. Consequently, while some further tightening of credit cannot be ruled out, a relatively favorable condition is expected to be maintained in the near period.

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Current Strength in Business

An encouraging feature of the current upturn is the fact that it reflects largely the initiative of private business activity, and the use of larger Federal spending, and is being sustained without the stimulus of large expenditures on consumer or business, of which the Government has been responsible through most of the recent postwar period.

Accordingly, government policies have provided some assistance in moderate increases in business activity, and in encouraging the ensuing recovery: these increases have helped to maintain disposable income and encouraged consumer spending. However, it is important that the treatment of depression give the same incentive to business spend-
Securities Salesman’s Corner

BY JOHN DUTTON

Clarify Client’s Thinking

Some years ago a very good friend of mine who has developed a large clientele of investors said something like this to me: “I never began to attend to the details of business until I decided what I wished to accomplish in the investment business.” He then explained to me what it was that he did for many years, held a completely molded conception of his own reasons for selling investments, and said that when he decided that people needed the advice and counsel of a seriously dedicated advisor who would take them into his confidence, and lead them along the paths that were soundly conceived, that he reached a standing of his proper place in the business world in which he was engaged.

You Must Have Experience

There are many men in the business today who will agree with me when I say that you cannot be successful in the play around with the investment of other people’s money if you wish to achieve the satisfaction and the tangible rewards that are available to you in the securities business. It is its own reward, but it can also bring you a very top of the profession if you will only develop and utilize the full Securities that fit the individual’s needs. A man knows sales psychology and can add this knowledge to his daily contacts with investors, can absolutely control such an ever increasing volume of business that it would otherwise be an impossible task to accomplish this without effort. Then if you combine this skill with a real knowledge of investment principles and market technical procedures, as well as the ability to select the various types of investment media to suit the needs of a client, that client is not going to do anything without first checking it with you.

Why This Is So

How few people know anything about long-term market trends? How few know how to speculate? How few know the exact tips on how to avoid the trap of the mob psychology in determining both “bull” and “bear” market movement? How few read the financial page and understand it? How many investors are able to make money correctly on the part of the Federal Reserve and the Treasury, of rediscout rate changes, of short-term bill rates? How many of your customers watch the trends of business, of personal lending and installment buying, of mortgage financing?

How many know the difference between the growth stock and the income stock, or of a cyclical investment? How many know how to follow the facts that are necessary to make a decision whether to buy or “sell,” or “switch,” and after they have bought? How many understand that the light of their own position, the phase of the market cycle we may be in at the time, and the “limiting” factor related to each individual stocks themselves? A man who knows the investment business and should experience no indication in them, but he knows his business, and he will be the one who can get you complete confidence.

And What About The Errors?

And you may ask, “All well and good, but how about the inevitable mistakes that even the most skillful and informed investment advisor make, what then?” The answer is also also an easy one. Your study and knowledge. Your customers must know that you can do a better job for them than they can do for themselves but also that you are not God. It is a matter of understanding between you and your customer, and you can constantly inform and educate your clients to the real truths of this business. These truths are simply that risk should not be reduced never eliminated. Some mistakes must be made but all will be first for the attention of your clients if you find that you are not.

You cannot calculate blindly but you must calculate risk. Reserve funds are a menace and should be used for protection against a turn in the trend (long-term not short) and also those who wish “dollar safety” should buy it and not try to have “growth” or speculative enhancement. If you are a doctor, be a doctor, but be a good doctor. If you are an experienced salesperson, use only those who wish to be the type of thing that you are looking at these people who are looking for protection and who know how to help them invest.

This Market Today

We are in a phase of the market cycle when more inexperienced people are coming in to the stock market every day. The psychology of the usual bull market has been fully from now on. If you can educate them, gain their complete confidence, and if you know your business, you are going to sustain their own in their accounts in such a way that you’ll have a clientele when the next long-term, major bear market is upon us. A cycle exists of a major bull market and a major bear market and unless your customer is ready to allow you to show how to make the transition from one to another for a full market cycle, instead of just on a short-term basis, they are going to be too. There and I am afraid you will too.

In conclusion, I am not trying to say anything with your business, but when the politician and the speculator, who say, “It can’t happen again because we have controls,” I will not say that you are the only best opportunities for demonstrating in your clients that you are true. The answer is: “the investment of your money is a full time, day in and day out job.”

To Test the Right to Work

To test the right of the 299,400 investors who are involved in the industry, as well as to find the best opportunities for demonstrating to your client that you and your customer, who is the truth is: “the investment of your money is a full time, day in and day out job.”

Continued from page 14

Testing the Right to Work

The Santa Fe Case

You must have experience in the railroad industry does not stand alone. It has its parallel in the growth in the rail industry, the movement in the industry, the movement in the railroad industry. The railroad industry has been mentioned. Later, in the official report of a study he had made which revealed that labor unions have enjoyed unprecedented growth in Texas in recent years, including 1947-1948, where the railroad union, in the state in which it was established.

The statute not only protects these unions which have enjoyed outstanding success. By 1952 each had collective bargaining contracts with substantial all—between 94 and 95%—of the employees in the country.

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We hope that we have made a contribution to an understanding of the issues and have made clear the reasons why the fact that it is unfair to the fundamental bases of our society.

This advertisement appears as a matter of record only.

16,525 SHARES RE-MARK CHEMICAL CO., INC.
MANUFACTURERS OF AGRICULTURAL CHEMICALS AND ANHYDROUS AMMONIA HIGH NITROGEN FERTILIZER
10 PER CENT CUMULATIVE PREFERRED STOCK PRICE ($1.00 PAR VALUE)
SUBSCRIPTION PRICE $1.25 PER UNIT
PAUL M. HARKS
UNDERWRITER
64-80 N.E. 73rd Street, Miami, Fla.
THE MARKET... AND YOU
By WALLACE STREETE.

Financial Market of New York: In the commercial division of the New York Stock Exchange, the industrial stocks were very active this week after three consecutive weeks when market weaknesses were discerned. Better action was indicated by the averages. The net result was that a narrow trading range of a mere quarter point for the industrials has been built up which is being watched closely for a decisive break-through in either direction. For the rails the trading area is even narrower, running less than four points.

The day-to-day picture is similarly that of a market pretty well stabilized, at least temporarily. The industrials have been both plus and minus days, but the strength fails to bring out with any consistency buying and the selling likewise hasn't been able to inspire any follow-through. An air of cautions and watchful waiting is prevalent.

Some Erratic Behavior
What excitation there has been has been in pinpointing a handful of specific situations. Montgomery Ward was something of a one-day wonder, with a gain of a half dozen points on the news that its chairman for a quarter century had retired. The action was somewhat drastic because, for one, the retirement had been rather broadly anticipated since the annual meeting recessed for the long job of proxy-counting. Moreover, an appreciation of the size can develop in a market that has a lot of good news, so it wasn't at all surprising that the net effect of the short buying was some profit-taking that kept the price restrained afterward.

Zenith Radio was even more erratic, running out of strength after falling a couple of points to its 16-point gain of last week in the week's initial session. But then it, too, came in for some profit-taking on the theory that a climb of this nature was going far to offset benefits of a couple of good-gaining sessions together without attracting profit-taking. It is one of the well-known issues around that is still far from setting any historic peaks although it has worked back halfway to its best price since the historic 5-1/2 points of 1929.

The electrical equipment group settled down to an undisturbed market life, although Westinghouse was a bit heavier than the others, largely because of its poor comparative earnings report. It was something of a feature on the new lows lists when the going was rough, which is somewhat misleading since the stock has held in a range of only around a dozen points until its recent easiness. That, in comparison with some of the other wide-moving good names, is a smallish range. General Electric also has a narrow band out of which it could move on any sudden shift of sentiment; so far this year it has traveled over an arc of less than 10 points. It hasn't been threatening either side on any break-through possibilities.

Stechs have been enlivened only by some wide swings in Bethlehem which occasionally turn weak with determination and have shown an ability to rally well as soon as the sinking spell subsides. National Security, after a lagging of a poor earnings statement casualty, has been lagging more times than not and has settled into a rut somewhat further below its year's high than is the case with most of the others which have been advancing just a shade below their best prices.

Recurrent Troubles in Aircraft
Aircrafts keep having their recurrent troubles, even the newest arrival to trading. Temco, sliding into an appearance on the new low list to keep the dour action somewhat unanimous, United Aircraft is one of the few that hasn't been a feature in new low ground with any regularity, and good earnings helped Curtiss-Wright hold well above the casuality line. But the action of the group shows the world to be bit more heartening than it has been recently and most of the issues have shown some resistance to any further invasions from the pessimistic selling.

Despite the excellent pick-up in earnings for the first four months of this year, however, the rails have failed to show any decisive picture. They have been losing in recent weeks, mostly with some wider but meaningless movements breaking out sporadically from the winter demand moving issues, such as Santa Fe and Union Pacific. The Eastern roads quelled as the big play in them petered out.

All the conflicting statements being made over the oil prices continued to affect the market for the best oil, which has been hovering just a few points from the year's high and has not been able to hold well above the casuality line. But the action of the group shows the world to be bit more heartening than it has been recently and most of the issues have shown some resistance to any further invasions from the pessimistic selling.

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Scott Re-elected as
Cmn. of NYSE Govs.

Harold W. Scott has been re-elected to serve a second 2-year term as Governor of the New York Stock Exchange. Mr. Scott, a former executive of a brokerage firm, has been re-elected to the board of the exchange on a ticket of re-election. Scott was re-elected by a margin of 40% of the vote, and the election results were announced by the exchange's public relations department.

The election was held on January 15, 1955, and Mr. Scott received 4,000 votes, compared to 2,000 votes for his opponent, Mr. Brown. The results were announced by the exchange's public relations department.

T. M. Hawthorne Opens Office

T. M. Hawthorne has opened a new office in the Financial District of New York City. The office is located at 25-35 Street and will be open Monday through Friday, from 9:00 a.m. to 5:00 p.m.

The office is equipped with the latest in computer technology and will be staffed by a team of experienced professionals dedicated to providing excellent customer service.

The office will offer a full range of financial services, including investments, estate planning, tax advice, and retirement planning.

continued from first page

Positive Investment Program for 1955-1956

In 1929, the total value of the stocks listed on the NYSE was $100 billion. By 1955, this had increased to $500 billion. The exchange has been a leader in the development of new investment products and services, and has played a key role in the growth of the financial market.

The election of Mr. Scott as Governor is a testament to the exchange's commitment to excellence and innovation. The exchange continues to be a leader in the financial industry, and Mr. Scott's re-election is a clear indication of the trust and confidence that investors have in the exchange's leadership.
TACAN

Amazing New IT&T development
will revolutionize aircraft navigation

Gives position of aircraft instantly, automatically, and with accuracy never before attained.

TACAN (tactical air navigation) provides both distance and bearing information in a single “package” about the size of an ordinary shoe kit. This has never been done before!

By integration of functions, and miniaturization into one small unit, TACAN represents a giant stride in aircraft navigation equipment. Add extreme accuracy, and adaptability to varying installation conditions such as on shipboard or for mobile land equipment, and you know why TACAN is described by military and civil aviation officials as one of the most significant advances in many years.

TACAN is the result of a series of development programs sponsored by the U.S. Navy and the U.S. Air Force at Federal Telecommunication Laboratories, a division of IT&T. It is another of the outstanding IT&T research and engineering “firsts,” and major contributions to safer, more dependable flying.

A light, simple, comprehensive TACAN airborne unit can be made available for private flying.
Continued from page 18

A Positive Investment Program for 1955-1956

has absorbed Koreson War-score selling in 1956 and the selling by the cyclically minded investors in 1953, when the combined tighter-money policies of the new Administration and the smaller money supply, a feature that has been emphasized in a stable business correction.

The 1954 market resembles, in many ways, the markets of both 1926 and 1933 when the advance in stocks preceded, and then vigorously participated in, the recovery at the last quarter of those years. Last November's market advance was particularly brisk, because many of the declines of 1955 were accommodated promptly, while such stocks would react to a Democratic victory in the Congressional elections. It is to be the return in their favor, their favorable image, and the pretation coincided with splendid business news so that this pent-up buying power created a veritable "runaway" on the upside. The peak of this advance was so swift that it around the shades of 1929 and so far has resulted in a boom in both margin requirements and the re-discount rate in a Senate investigation.

FAIR VALUES

While today's stock prices seem high when compared with the depression-minded years of 1940-46 and low when compared with the New Era years of 1929—they actually provide eminently fair investment values. In reaching this conclusion, we have re-calculated the price-earnings-ratio of the Dow-Jones Industrial Average for the first time in five years 1953-58 and have correlated a representative price for that period and the average price-earnings-ratios of 1940 and 1941.

On balance this was not an exuberant period, because it started with a depression and depression, and finished with the world at war. The 1937 boomlet was offset by the 1938 recession. While the Dow-Jones Industrial Average moved 43% higher during the 1939-40 period, the price-earnings-ratio of 140 is a representative one since:

(1) It was far below the average of the usual arithmetical mean

(2) In about two-thirds of the 12 months under review, the Average either sold over 130 or below 150.

(3) The Dow-Jones Industrial Average for 1953-39, the Dow-Jones Industrial stocks sold at an average price-times-earnings-ratio of 18.3 and yielded 4.3% on the average of dividends paid. This appears to be a very reasonable appraisal of what investors considered fair prices in the prewar period when interest rates averaged 4.2% on government bonds.

Today, the Dow-Jones Industrial Average sells at only 14.8 times the 1945 earnings and provides yields of 4.5% based on the current dividend income in the five prewar years 1938-35 in amount to less than 66% of last year's earnings, while the 1939-33 period amounted to something like 60% of the earnings reported for that period. Therefore, today's price levels are actually far below the fair-investment value levels established by the stock market itself in the 1935-39 period as valued by earnings and dividends. (See Table.)

However, from a more realistic analysis, the present day earnings are further undervalued in comparison with the prewar period. Today's earnings do not produce capital appreciation that far exceed those of the prewar period and, in many cases, they have also been penalized by very heavy amortization charges for which there was no appreciable business recovery and after World War II. Research expenditures are essentially an investment in the future, and the products from these expenditures are usually established by Union Carbide, which reported that 28% of the cost and 42% of the profits were derived from products which did not exist in 1930.

In other instances, today's earnings are understated because of the high charges for amortization of facilities which were put in service at a time when the facilities were built. Also, during some periods, the charges for amortization of facilities such as machinery and equipment, their amortization charges run several times the normal depreciation charges. The effect of such amortization upon the reported earnings power is so marked that some analysts prefer to consider their market prices in relation to the cash flow into their treasuries rather than to the earnings powers which have been so minimized.

The 1955 MARKET

As we move into the second quarter, it is clear that 1955 will be a record-breaking year for both business and corporate earnings and dividends, but it may be held back investment- wise because of the high inflationary forces of psychological factors and a very strong acceleration in the growth of new common stock financings. The principal outside factor is the fear in the minds of many sellers that 1953 may be either the 1928 or 1929 of the postwar boom in stock prices. Because the Dow-Jones Industrial Average has advanced 68% from September 1953 to 340 in April, it is an open question whether the scope of the advance may well presage a technical reaction. It is not surprising, then, that we have witnessed such wide swings as investors fear of a repetition of 1929, threw their stocks overboard in January and February, they were rationale. The Dow-Jones Industrial Average began to test the resistance of 340 in May and it appears to have reached a high level. The American Business is in a strong position to meet a possible shock. The investor who owns common stocks, whether through a mutual fund or in an individual portfolio, is in a strong position to absorb any disturbance in the market. The investor who owns common stocks, whether through a mutual fund or in an individual portfolio, is in a strong position to absorb any disturbance in the market.

DOW-JONES INDUSTRIAL AVERAGE

<table>
<thead>
<tr>
<th>Date</th>
<th>Price</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929 Peak (Sep.)</td>
<td>302.5</td>
<td>0.24</td>
</tr>
<tr>
<td>1939 Peak (Mar.)</td>
<td>154.2</td>
<td>0.05</td>
</tr>
<tr>
<td>1953 Peak (Mar.)</td>
<td>316.9</td>
<td>0.15</td>
</tr>
<tr>
<td>1955 Peak (Apr.)</td>
<td>340.6</td>
<td>0.20*</td>
</tr>
</tbody>
</table>

*Estimated.

The Commercial and Financial Chronicle . . . Thursday, May 13, 1955

The utility of the market to absorb the General Motors' stock offering during the unsettled trading in March indicates that new stock offering in 1955-56 will not advance the advance of the market, rather than unsettle stock prices.

In the months ahead, it is quite possible that the stock market will be faced with a slowdown in Formosa and a labor crisis over the Guaranteed Annual Wage. Never before has an international crisis been so widely considered as Formosa, but for one, have relieved my earlier concerns and now agree with the stock market's attitude. This indicates that this crisis will be minimized just as the Indo-China crisis was minimized last year. The same type of reasoning holds for the Guaranteed Annual Wage, which has received so much publicity that the market's lack of concern would appear to indicate that investors generally are expecting a skim from 1955 rather than an all-out conflict.

Because Britain felt it necessary to raise its re-discount rate by 1.50%, some investors feared the possibility that the record-breaking totals of international trade may be diminishing. It should be recognized that the British action was taken to curb inflation at home rather than to curtail world trade. Therefore, it would seem that so long as the U. S. A. goes along with a postwar adjustment, the attitude of the international business community is unlikely to affect international commerce falling to a point that would have serious repercussions of the sort as well as the economy of the rest of the world. In addition, these other economies have an unprecedented degree of protection which will be in practice.
Safeway's Story in Figures...

<table>
<thead>
<tr>
<th></th>
<th>1954</th>
<th>1953</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALES</td>
<td>$1,813,516,636</td>
<td>$1,751,819,708</td>
</tr>
<tr>
<td>Income from dividends, interest and other sources</td>
<td>226,002</td>
<td>283,199</td>
</tr>
<tr>
<td>Cost of merchandise—paid out to farmers and other suppliers of goods and expended for manufacturing and warehousing</td>
<td>1,531,502,208</td>
<td>1,484,147,500</td>
</tr>
<tr>
<td>Total operating and administrative expenses, other charges and provision for income and excess profits taxes</td>
<td>268,256,659</td>
<td>233,410,675</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>13,983,771</td>
<td>14,544,732</td>
</tr>
<tr>
<td>Dividends to preferred stockholders</td>
<td>1,915,397</td>
<td>1,914,418</td>
</tr>
<tr>
<td>Net Profit applicable to common stock</td>
<td>12,068,374</td>
<td>12,630,314</td>
</tr>
<tr>
<td>NET PROFIT PER SHARE OF COMMON STOCK based on average number of shares outstanding during the year</td>
<td>3.52</td>
<td>4.31</td>
</tr>
<tr>
<td>Dividends to common stockholders</td>
<td>8,336,264</td>
<td>7,090,916</td>
</tr>
<tr>
<td>Dividends per share to common stockholders</td>
<td>2.40</td>
<td>2.40</td>
</tr>
<tr>
<td>Number of new stores opened during the year</td>
<td>44</td>
<td>16</td>
</tr>
<tr>
<td>Number of stores closed during the year</td>
<td>83</td>
<td>71</td>
</tr>
<tr>
<td>Number of stores in operation at end of year</td>
<td>1,998</td>
<td>2,037</td>
</tr>
</tbody>
</table>

Quick Facts:

Safeway set a new sales record in 1954. Total net sales showed an increase of $61,696,928 over 1953.

Due to the Company's decision to meet trading stamp competition head-on throughout its operating territory, net profit was slightly less than earned in 1953.

All of the Company's 4½% Convertible Preferred Stock was called for redemption April 1, 1954. All outstanding Convertible Preferred was converted into common stock.

April 21, the Company issued and sold 267,000 shares of new 4.30% Convertible Preferred Stock. Proceeds from the sale were applied on short term bank loans.

Uninterrupted cash dividends have been paid on all outstanding shares of Safeway's common and preferred stocks since the Company's incorporation in 1926.

1954 was impressive from the standpoint of Safeway's construction program. 44 new retail stores, 39 in the United States and 5 in Canada were completed.

74 retail stores were under construction and should be completed by July, 1955. Plans and specifications were prepared or in the process of preparation for 94 retail stores. These stores should be in operation before the end of 1955.

Excellent relations existed between Safeway, its employees and their union representatives during 1954. No serious labor controversies or work stoppages took place during the year and none existed at the year end.

Liberal group insurance, retirement and profit-sharing programs are available to Safeway employees.

Lingan A. Wilber
President

Safeway Stores
INCORPORATED

Safeway is the World's Second Largest Retail Food Concern
Continued from page 20

A Positive Investment Program for 1955-1956

and have become owners of equity stocks, either directly or through their pension, profit sharing, or insurance funds. Their savings and safety-minded withdrawal of money from vacations with pay, and job security. It is this remarkable living policy, which their money of the past 50 years, which has made complete non- 
(5) The recognition that Socialism has joined Fascism on the junction of the opinions of the world today, Italy are presently governed without Socialist support, and in the eyes of leading politicians are publicly recanting their errors as they run for office.
(6) The satisfaction of witnessing a real relaxation in the domestic political tension, with the moderates and conservatives parties—embarrassed rather than dominated by their ex-
(7) The conviction that future business corrections can be limited both in extent and duration, because—
(a) The mean power, buttressed by various governmental agreements, was so well-sustained in both the 1949 and the 1953-54 recriminations; and
(b) Of better fiscal control, under which the Federal Reserve has tightened money to curb unwarranted boom tendencies and has held all rates to cushion the subsequent periods of read-

A STIMULATING OUTLOOK

This new sense of reassurance may not prove to be fully war-
rented, despite the optimism of the present situation.
(1) (1) The President Eisenhower's economic advisors, that our econ-
y will expand by the early 1960's to a Gross National Product of over $500 billion vs. today's $375 billion;
(2) The Clay Commission's report that by 1965 there will be 25 million homes in the hands of apartment owners, of whom about 2 million will be owners of the 101 billion worth of assets that were found in 1951; also the hearts of the manufacturers of autos, steel, tires, glass, and building supplies; and
(3) The longer the construction economists, who forecast that by the early 1960's our new family formations will exceed the present rate by 50%, at least, which depends upon the replacement mar-
ket to a very considerable extent.

These enticing predictions are influencing almost every major line of thinking in the country. When the bulk of the people are planning to meet our expanding economy, with improved technology which will make the consumer sector of the economy the most important to the future, they will probably be encouraged by the fact that the continuing institutional demand for investment-grade stocks is still in excess of the available supply of these shares. Even if this institutional buying is postponed, it will provide an extran-
dinary structure of support under the market and probably will help the market to avoid the high price-earnings multiples which we witnessed last November.

REALITIES

Each period of extreme optimism has been preceded by a prolonged period of unrealistic investment caution. The years 1922-24 were preludes of 1928 and 1929; 1934 was a prelude of 1940; 1942-43 of 1946; and 1947-48 of the unrealistic caution of the years 1946-49. Probably the easiest way to measure the soundness of conditions is the ratio of the country's real income to its debt. By far the most significant event during the period of rapid inflation is the inevitability of a postwar depression, because the confidence was reflected in investment psychology last year; it is almost inevitable that their growing optim-
ism for the future will in due course be reflected in investment psychology. This prospect is made rather certain by the fact that the continuing institutional demand for investment-grade stocks is still in excess of the available supply of these shares. Even if this institutional buying is postponed, it will provide an extran-
dinary structure of support under the market and probably will help the market to avoid the high price-earnings multiples which we witnessed last November.

Before the forces of optimism can be expected to take over, we must be certain that the world will not be influenced by the critical outside factors and the prospect of the Administration stepping-up its measures of restraint. However, these external forces can last for only a definite period, and it is my guess that their restraining influence will be on the wane by the time it becomes certain Ike will be a candidate for re-election. Once that
TO STOCKHOLDERS OF UNION PACIFIC RAILROAD COMPANY:

The Board of Directors submits the following report for the Union Pacific Railroad Company, including its Leased Lines, for the year ended December 31, 1954.

CONDISRED INCOME

Operating revenues .................................................. $418,781,451
Operating expenses .................................................... 259,732,800
Net income from all sources .......................................... $159,048,651

Released from "Reserved against possible refunds on U. S. Government shipments" .......................... $33,127,651

Total for disposition .................................................. $192,176,302

The number of tons of revenue freight carried was 6.7 percent less than in 1953, and the number of revenue passenger-miles was slightly down. The reduction in the volume of freight traffic was principally in the movement of domestic manufactures and bulk material, and resulted from the slow-down in economic activity, in many industries, which started in the latter part of 1953. Freight revenue was also adversely affected by a decline in the volume of coal shipped, resulting from a greater decrease in the volume of commodities (such as manufactured products) carried at higher freight rates than in the volume of commodities carried at lower rates.

Total income from all sources, after preferred dividends, amounted to $147.6, or 31 cents less per share than in 1953.

OPERATING REVENUES

The revenues from all sources, less income and gas and oil operations and other non-transportation sources, were $409,427,346 in 1954 and $379,244,396 in 1953. This increase was due to higher sales of oil and gas products, resulting from increased exploration and production activities, and the mild winter of 1953-1954. Operating charges, including income taxes, would have been $463.5 million in 1954 and $432.4 million in 1953. Income from oil and gas operations contributed $22,200,426 to total income in 1954, as compared with $18,610,680 in 1953.

NET INCOME

The decrease in income was due chiefly to a 7.23 percent decline in the division of profits before taxes, which resulted from the higher costs of carrying on the railroad's operations. The result was a net income of $76,382,872, a reduction of $11.11, or about 1.25 percent, over the 1953 earnings, but still $48,178,450 in excess of the net loss of $29,595,578 in 1952.

TAXES

Federal income taxes were less because of decreased taxable income in 1954, and adjustment of overpayment of income taxes for 1953. In determining income taxes for 1954, taxable income was reduced approximately $23,223,646, or $8,358,609 more in 1953, representing amortization, on a 5-year basis, of certain amounts of the cost of equipment and other improvements purchased by the Office of Defense Mobilization to be necessary in the interest of national defense. This amount represents taxes against income, under Interstate Commerce Commission regulations, for depreciation on such improvements, by $17,750,681, or $6,253,756 more in 1953, than increases in income taxes during the years 1950, 1951, 1952, or 1953, as the case may be.

The consequence of these reductions in income taxes was a decrease in 1954 of $21,621, or 8.99 percent, as compared with the 1953 income taxes of $243,800. The decrease in income taxes was also equivalent to $44.33 per share of common stock, or 41 cents less than the 1953 income taxes.

MODERN POWER

The Union Pacific took a long stride forward in 1954 toward the complete modernization of its motive power. At a cost of about $33,000,000, the Company increased its ownership of diesel and gas-turbine locomotives by more than a third with the acquisition of 244 diesel units for freight service, 15 diesel units for passenger service, and 15 gas-turbine locomotives for freight service.

In 1954, the Company acquired the first diesel locomotive ever constructed for transcontinental passenger service and has used diesel locomotives for transcontinental streamlined passenger service since that time. The first 10 of these locomotives were delivered for freight service, however, were not purchased until 1947 because the steam fleet was being extensively modernized and increased in capacity and because there is an abundant supply of coal adjacent to Union Pacific lines in Wyoming, belonging to the Union Pacific Coal Company, a wholly owned subsidiary.

In more recent years, with the increase in use of diesels by railroads generally, it has become increasingly desirable to obtain locomotives at prices except for changes in the laws affecting an increase from $300 to $550 per year in the maximum amount of compensation per employee subject to the taxes beginning July 1, 1954.

The total for taxes in 1954 were equivalent to 13.2 percent of total operating revenues and $1,278,378, as compared with 13.6 percent of total operating revenues and $794,207 in 1953. This also equivalent to $44.33 per share of common stock, or 41 cents less than the 1953 income taxes.

The anticipated benefits from use of the new power during 1954 were reflected in improved efficiency in handling the traffic and in economies realized in maintenance and transportation; and the result of the extent of the increase in proportion of operations handled by diesel and gas-turbine locomotives in 1954 is indicated in the following five-year tabulation:

<table>
<thead>
<tr>
<th>Percentage of Total</th>
<th>Percentage of Fuel Costs</th>
<th>Percentage of Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1951</td>
<td>79.6</td>
<td>73.3</td>
</tr>
<tr>
<td>1952</td>
<td>80.4</td>
<td>71.7</td>
</tr>
<tr>
<td>1953</td>
<td>81.4</td>
<td>72.4</td>
</tr>
<tr>
<td>1954</td>
<td>82.4</td>
<td>72.7</td>
</tr>
<tr>
<td>1955</td>
<td>83.1</td>
<td>73.2</td>
</tr>
</tbody>
</table>

Such percentages will be even greater in 1955, because the new locomotives will be in service throughout the entire year. More than 150 new units and 200 additional locomotives have already been delivered for service in 1955.

While substantial increases in the diesel fleet, the Company at the same time continues to develop gas-turbine locomotives, its ownership of this type of power being has increased from a total of 120 units to 234 units, and the Company locomotives have proved particularly adaptable to heavy duty freight service in mountainous terrain and have been used principally between Wyoming and Ogden, Utah. These locomotives have many advantages over diesels, such as (a) the concentration on one chassis of horsepower equivalent to the three diesel units currently in service (1,200 hp); (b) fewer moving parts; (c) use of low cost Bunker "C" oil for fuel; and (d) lower cost for lubricating oil.
Continued from page 22

A Positive Investment Program for 1955-1956

(4) Canadian companies which are in the van that country's outstanding industrial record—

<table>
<thead>
<tr>
<th>Company</th>
<th>1955</th>
<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aluminum, Ltd.</td>
<td>$2.20</td>
<td>2.30</td>
</tr>
<tr>
<td>Canadian Pacific</td>
<td>1.2</td>
<td>1.4</td>
</tr>
<tr>
<td>Imperial Oil</td>
<td>4.50</td>
<td>4.60</td>
</tr>
<tr>
<td>International Nickel</td>
<td>3.20</td>
<td>3.30</td>
</tr>
</tbody>
</table>

(6) Continental rails, which in addition to their prospects for excellent earnings are not significantly reflected in the present market prices—

<table>
<thead>
<tr>
<th>Company</th>
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<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atchison, Topeka &amp; Santa Fe</td>
<td>$4.70</td>
<td>4.90</td>
</tr>
<tr>
<td>Northern Pacific</td>
<td>3.00</td>
<td>3.20</td>
</tr>
<tr>
<td>Southern Pacific</td>
<td>1.10</td>
<td>1.30</td>
</tr>
<tr>
<td>Union Pacific</td>
<td>1.60</td>
<td>1.80</td>
</tr>
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The most important areas which are bound to attract investment in Canada in the near future are the following:

(1) Ti e field of atomic power, which divides between—

(a) The investment grade companies engaged in mining and refining of the elements thorium, uranium, and a minor element, molybdenum, Homesteak Mining, Atchison, Topeka & Santa Fe, Union Caribbean, and Catalina, and

(b) The companies which are expected to develop profits out of the industrial and military application of atomic power—

American Machine & Foundry, Babcock & Wilcox, General Electric, North American Aviation, Westinghouse Electric, and two major chemicals—du Pont, and Union Carbide; and

(2) The creation of a national steel industry, which is bound to be a great stimulus to the Canadian economy—

<table>
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<tr>
<th>Company</th>
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<tbody>
<tr>
<td>American Airlines</td>
<td>$0.40</td>
<td>0.50</td>
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<td>0.40</td>
<td>0.50</td>
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</tbody>
</table>
For domestic drama at its most dramatic, few scenes can rival an important dinner party when the husband carves into a well-browned roast—and finds it practically raw.

It can happen in any household... or it could until January 10, 1955.

On that date Philco announced the Philco Electric Roastmeter Range—the first range in history that makes it possible for any woman to cook a perfect roast every time.

If you have only contemplated roast meat from the end of a fork, the extent of this miracle in the kitchen may not be at once apparent. You may not realize, for example, that even experienced cooks can never be sure with a roast.

There are too many variables—size of the roast, its shape, density, and bone or fat content, to name a few. No cook or cookbook can juggle all these factors.

Nor can you tell when the roast is done by looking at it in the oven, because meat cooks from the outside in. The only accurate index is its internal temperature.

A frustrating picture, even for Philco engineers who tackled the problem.

What they wanted was clear enough—a system that would measure accurately the inside temperature of a roast and transmit the information up to a dial on the control panel where it could be seen without opening the oven door.

It had to be electrical, yet safe for use with wet hands... the sensing device going into the roast could contain no mercury, yet must be accurate and consistent... and the needle on the dial had to register heat, yet not be moved by kitchen temperatures.

Thus was born the Philco Roastmeter Range, and a new era in cooking.

Now you see the roast cook on the control panel. It’s never underdone when you want it Rare, or overdone when you want it Medium. Every roast is perfect, every time.

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Two centuries ago Voltaire said, "He who makes two blades of grass grow in place of one renders a service to the State." The job of Standard Oil Company (New Jersey) and its affiliates is something like that—to produce oil where none was produced before and, by so doing, to create wealth for everybody.

How well have we been doing this job? Our Annual Report for 1954, which has just been sent to the 300,000 shareholders who own Jersey Standard, tells about it.

It tells how wealth was created by extending known oil fields... And by discovery of new ones... By converting crude oil, itself of little value, into hundreds of useful products... By moving petroleum products from where they were made to where they were needed.

All these things helped the people and strengthened the nations where we do business.

Some highlights of these activities, drawn from the Annual Report, are set forth here as a matter of public information.

1. During 1954, the free world used more oil than ever before. And oil is energy, which is basic to the world’s progress.

2. To meet these needs, our affiliates produced and refined more oil than ever before in the Company’s history. But additions to oil reserves were greater than the oil used.

3. We had vigorous competition everywhere. There is nothing like competition to bring you better products and service.

4. 1954 was our top year in sales, earnings, and dividends paid to owners.

5. During the year, we spent 764 million dollars for new equipment and for exploration. Since World War II, we have spent 5 billion dollars for the means to meet your future oil needs.

6. Research was productive. Our research affiliate obtained more patents on products and processes than any other oil company. In Linden, N. J., the first atomic laboratory in the oil industry is being built to study the uses of radiation in oil refining.

7. Current developments in atomic energy will mean greater availability of electric power: increased mechanization, expanded industry, and greater use of petroleum products. The oil business will gain, and you will have the benefits of both kinds of energy.

8. We played an important part in arranging to return Iran’s oil to world markets.

9. A world’s safety record for major refineries was set by Esso employees at Baton Rouge, La.... 7,911,769 man-hours with no disabling injury. This passed the previous record by more than a million man-hours.

10. We have long supported education through our taxes. We have also felt an obligation to aid privately supported colleges and universities, which are an important source of new employees and of informed citizens. During 1954, we contributed about a million dollars to such institutions.

If you wish a copy of the full Report for 1954, write to Standard Oil Company (New Jersey), Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.
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As We See It

sense would deny that such a state of affairs is to be deeply regretted.

Yet we venture the opinion that there are matters far more important to the nation as a whole than the problem of holding mutually repellent elements together in one political party. This, we hold to be true, regardless of whether that party is Democratic or Republican—or any other. For that matter, it may well be better to have two major parties of this type than to suffer from innumerable and stubborn splinter parties as some of our contemporaries do, but certainly it leaves a great deal to be desired. It is difficult for us to believe that—political ties and political prejudice aside—the American people could not be rallied and held in two major parties whose tenets are both real and meaningful.

Far From It Now

It may be doubted whether the rank and file realize how far we are from such a situation today. The fact is that at the present time both of the major parties are so engrossed with “making a record” for next year that it is all but impossible to tell what either party really stands for and is willing to fight for—if anything. Of course, there are those leaders who never tire of proclaiming themselves “liberals” and insist that their party must always be found under the liberal banner. The term “liberal” has come to be a word to conjure with, and not many politicians dare not to bow down before this image, however ridiculous they may appear in doing so or however strange the meaning they assign to the term.

But what does the word really mean? Since practically everybody claims this distinction it can obviously not mean very much. If the word is being used to mean universally assigned to it when the great liberal, Adam Smith, was laying down the general principles on which this country was founded and upon which it grew to greatness, then the real liberals of this day and time are ordinarily not among those who proclaim themselves such. The fact is that one now holding the beliefs then regarded as the epitome of liberalism would be and is today labeled an extreme reactionary. Such vague general terms as “liberal” and “conservative” as employed today therefore have little or no real meaning.

But there must be large numbers of good, hard-headed, patriotic Americans who are fully convinced of the need for sanity in the handling of public finances, who believe that no good can be done in the end come of wild extravagance financed with borrowed money and often indeed with something very nearly approaching fiat money. These must be millions who doubt lasting economic gain can be had by amassing more and ever more debt, or by artificial stimulation of outlays for goods the real and effective demand for which is in serious doubt. We are quite willing to grant that many citizens of this country have little faith in either the equity or the practical wisdom of repeatedly soaking the rich to provide hand-outs for the many with votes.

We can scarcely doubt that a great many in this country fail to see economic blessing in the vastly extended interference by government with business. Are there none left who are sure that no economic millennium can be reached by tinkering with money and credit? Is it possible that a vast majority of the people of this country think that the farm policies of the past two or three decades are either truly American or in the interest of either the farmers or the rest of us in the long run? How many of us really believe it wise to keep the securities business of the country in shackles? These seem to us to be a few of the really important issues around which political parties ought to be organized.

Special Interests

We are fully aware, of course, that there are substantial numbers of citizens who have a special interest in these issues—that is, who are specially favored by them at the expense of the remainder of the people. The farmer gets his in various places other than the market place. Many recipients of subsidies or largesse in one form or another find themselves for the time being at least enriched by this, that and the other scheme often concocted by the politicians especially to please these elements in the population. It may not be somewhat more than the usual or garden variety of understanding and courage to be willing to pass up such favors—or rather to insist upon their being passed up—in the knowledge or belief that in the long run the country, and hence the individual citizen, will be better off by complete abolition of all such quackery no matter what the immediate consequences seem to be.

But we cannot rid ourselves of the faith that with the proper leadership enough of the people of this country could be brought to such a state of intelligent citizenship that constructive action in these matters could be made effective. The trouble in recent years is that all, or very nearly all, of the leadership has been in the other direction. The deep and really terrible years of depression during the Thirties seem somehow to have made willing victims of many people who at other times would have spurned the paternalism and the quackery of the New Deal and the Fair Deal.

We make no pretense to political wisdom or insight, but we should much like to see the development of a party, whether one of the old ones or some other, devoted to sanity and constructiveness in this country, unified, but unified behind sound tenets.
Continued from page 3

Trends in the Market

the money supply in the market place. Should these events take place, the money supply will grow greater, and will be registered in the monetary statistics. A separate concern is that this pressure can spill over into the bond market. As bond prices, as a result, move higher, they will exert pressure on yields. As yields change their direction, and center upon heading off a recession rather than a depression course to actively easy money would be likely. For, far from this would, of course, serve to lower yields, so that this eventuality seems to me to appear to me that the upward pressure of slight pressure in the money market, and therefore, a inflow of funds permits easy arrangement of portfolio patterns regardless of market conditions. New ratios can be achieved merely by directing new money into the fund. And, lastly, if investment quality is maintained, the fund can take fair advantage of equalitarian requirements, pension fund managers and all, attention to the relation between market value and book value.

At this point, I would like to introduce the subject of funds, and one is to sound basing on the fact that a pension fund, one is to make a switch in the discussion for the purpose of up-grading the market fund. One is to make a switch to the discussion of the market fund for the purpose of up-grading the market fund. One is to make a switch in the discussion of the market fund for the purpose of up-grading the market fund. One is to make a switch in the discussion of the market fund for the purpose of up-grading the market fund.
By PAUL EINZIG

Commenting on the recent fluctuations in prices on the London Stock Exchange, Dr. Einziger finds that the short-lived recovery, following the announcement of a general election, was due to be followed by a decline. Points in his argument are:

1. There is a realization that even if the Conservatives are confirmed in office, the task in the economic sphere would be far from easy. Moreover, Stock Exchange tendencies will be determined by a complex of factors.

2. The recovery was followed by a setback, especially in the Commonwealth markets.

3. The effect of the short-lived recovery was due to the optimism views taken by investors and speculators.
spending power, plus confidence in the future.

Money Rates Decline in 1954
Money rates in 1954 declined. The average yield on Treasuries dropped to 2.53% and Moody's Aaa bond index dropped to 2.90%. Bond prices fluctuated upward during the year but stabilized in the latter part of the year.

The Federal Reserve's policy of active ease continued until late 1954. This was necessary to promote economic recovery gaining momentum following a policy of restraint during 1953. This policy of "ease" or neutrality was reversed when the policy of credit restraint was adopted in 1953.

Although at the present time the System is not aggressively tightening, there is considerable doubt as to whether a touch of restraint in its present posture is not desirable at this time. The recent increase in the rediscount rate, however, is not the only indication of a possible action, it reflects further evidence of the firming in industrial and business activity, and it is to be little doubt that the Federal Reserve is keeping a close watch on this activity, with its large capital demand, rise much beyond present

The history which has just been somewhat sketchily reviewed possesses its greatest value in establishing the position which the Federal Reserve System now plays as monitor of the American economy's strength and weakness. The importance of Federal Reserve policy is greater now than ever before since it is linked with credit. Consequently, in analyzing the coming trends we may well examine what has gone before them, frequent reference

Supply and Demand of Investment Funds
Evidently the year 1955 was the target of humors and aspirations in the financial world. As a result, the monetary factors that are made of the supply of and demand for credit have had a tremendous effect on the Federal Reserve cannot be avoided.

Influence of the State of Business Activity
No appraisal of the trends or conditions of the monetary meaning unless it takes into ac-

The Federal Reserve Bank of St. Louis

The Long Range View Point
From the longer range point of view, the world banking community agrees that financing the United States with a new dollar is a major objective both because of the high cost of living and the increase in the economic activity. For example, in the year 2001, the world will be able to finance the United States with a new dollar, which is a major objective both because of the high cost of living and the increase in the economic activity.

The Stock Market
No current discussion of the trends of interest rates can ignore the price movement of the stock market. Whether the market is in a bullish or bearish phase, interest rates always reflect it. The present high or relatively low becomes a matter of individual determination in the future. When, for example, at any time in the future, the market is in a bull market, interest rates are likely to be higher than when the market is in a bear market. This is because the market is the primary source of funds for the economy, and hence, it is the primary determinant of interest rates.

Commitment Pricing of Life Insurance Companies
Another important factor influencing the trend of interest rates is the commitment position of these companies. During the last few years, the investment research staff of the major life insurance companies have worked to create a database of the near-term market outlook. This database is used to estimate the commit-ment position of these companies. According to the database, the near-term market outlook for 1955 is for a slight decrease in interest rates. This decrease is expected to be little from their high, stood at $3.4 billion, and is not expected to be taken down during the next six months. It is interesting to note that one year ago, in April 1954, the near-term market outlook was for a slight increase in interest rates. This increase was expected to be $0.4 billion, and was not expected to be taken down during the next six months.

Part Played by Federal Financing
Next, what part do Federal fi-

All of our comments thus far have emphasized the importance of a high rate of business activity, a rate so high, in fact, that in certain parts of the country it is difficult not to foresee a slowing down in the future. It is possible that the mobile industry certainly is an important factor in the business cycle, and the housing industry may be a similar position. In any case, if business, in spite of present op-

The Federal Reserve Bank of St. Louis

The Commercial and Financial Chronicle --- Thursday, May 12, 1955
well decline. To whatever extent the stock market might be advisable, the loaned form of credit for this quarter probably would be also abate. The Treasury, desirous of not contributing to a tightening of the financial market, during the period of declining busi- ness, would undoubtedly avoid loopholes. The Federal Reserve System, in an effort to avoid a credit squeeze, has maintained its present course. Any abrupt alism its policies to those of active economic control, he would have to point lower in interest rates but, unless you are willing to bet on a possible sharp decline in business, don't count on a major falling off until next year.

To summarize our views:

(1) The Federal Reserve Sys- tem does seem to have been servient to the Treasury and to have been independent in policy determination to exert its influence and force on the market if the volume of new business is sufficiently and, it deems for the best interest of the country.

(2) The Federal Reserve System has supplanted its policy recommendations in both of which may be described as "easy" or "tight" money. This is because of the threat of further moves in the direction of "easy" money.

(3) The demand for investment funds in 1935 will exceed the supply of such funds in a substantial amount.

(4) Business activity is running at a rate which agrees with a high rate only if it may possibly slow down later in the year. This is possible either because of the present year's growth is not as great as in the past year even though it may not be entirely an all-time record.

(5) The rapidly growing popu- lation and technological advances provide the impetus for the economy and to create a growing demand for capi- tal.

(6) Continued increases in stock market values has been limited early in the year, but less business begins to slow down somewhat, let alone a recession.

This conclusion, in turn, points to soft prices for mortgage loan prices, particularly in the current year. This is the reason why those evidences may require strong action on the part of the Federal Reserve.

(7) The need of the Treasury to "be right in the future" on a sub¬ stantial scale and the Treasury's policy in the past is a matter of maturities constitute a constant threat that the Treasury will do long-term finan- cing. Though the housing finan- cing activity continues at a high rate and money rates are favor- able;

(8) The life insurance com- panies, banks, and trust compa- nies.

Any suggestion in softening interest rates in the near fu- ture and the possibility of further moderating in the volume of new building activity is not losing.

This is because of the threat of the near future as interest rates in the future. This is the reason why those evidences may require strong action on the part of the Federal Reserve.

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Harris, Upham & Co.
In New Quarters

Harris, Upham & Co., one of the nation's oldest and largest investment brokerage firms, announces that the main office will move to new and enlarged quarters in the Equitable Building, at 120 Broadway, New York City.

Occupying an entire city block, the new office will be air-condi- tioned, and equipped with the very latest in modern office ma- chinery.

The business of Harris, Upham & Co., was established in 1835 and today the firm maintains memberships in the N. Y. Stock Exchange and other leading se- curity and commodity exchanges, and a network of branch offices and correspondents in more than 600 cities from coast to coast.

With Makeir Firm
(Special to The Financial Chronicle)
MIAMI, Fla.—Nick P. Christou, Paul B. Hadji, James W. Stenzel and David J. Williams II have joined the staff of Makeir Investment Bankers and Company, Ains¬ ley Building.

With Daniel Reeves
(Special to The Financial Chronicle)
BETHLEHEM, Pa.—Edward H. Van Cott has been as¬ sociated with Daniel Reeves & Co., 398 South Beverly Drive, members of the New York, and Los Angeles Stock Exchanges. Mr. Van Cott was previously with Cowell, Weeden & Co.
Reflections on the Business Outlook

Judging from current observation, there seems to be a significant degree of mutability and pervasive.

However, new houses are now being built in far larger numbers than twice that of family formation, and this, together with the easing in home building is likely destined to continue. The building of new and older housing of any may already be under way. At the same time, the level and timing of residential starts, together with the course of new and older housing will decline in home building is not likely to be significant.

For non-residential construction, the other hand, the recent and ongoing overactive has suggested a higher level of activity in the months ahead. Commercial construction is soaring, and institutional construction is again manifesting itself. Last, but not least, is the steady rise in State and local construction which has persisted over the years despite some economic fluctuations; in fact, the backlog of public works is still very large.

Plant and Equipment—One of the most significant factors that has faced the recent weeks was the result of the Federal Reserve's survey of industrial expectations. Interest in plant and equipment expenditures is increasing, although it is still not significant in our economy. Such expenditures, with some exceptions, have not reached their 1953 peaks, having previously given signs of leveling off, and in some cases, have now indicated that their direction overall has been distinctly upward. We are indicating a normal wave of business confidence in the future. In fact, business in this country is even larger outlays during the course of 1955, but also for new expenditures and equipment spending in 1956. If that is the case, the capital goods industries may well be regarded as an important clue to the business outlook for the turn of the year.

Business Inventories—So far this year, there has been no important accumulation of inventories. This, however, is not unusual, since inventories tend to lag behind production and sales. Business inventories continued to increase in 1953, apparently because of the lack of growth of peak business activity had already been passed, and continued to increase. The tendency toward accumulation seem definitely increasing. There is little doubt that business requirement for inventories from inventory liquidation to accumulation, although an appreciable increase in stocks has been largely prevented by the vigor of the economic recovery. The expansion in production and sales suggests that businesses will be required to increase their end-of-year inventories in the coming months, and this should be an important source of demand in the later part of the year.

Government Spending—The rise has continued in Federal expenditures is likely to be continued in 1955. The growth in federal expenditures continued to increase in 1953, apparently because of the lack of growth in fiscal policies has already been passed, and continued to increase. The tendency toward accumulation seems definitely not increasing. There is little doubt that business requirement for inventories from inventory liquidation to accumulation, although an appreciable increase in stocks has been largely prevented by the vigor of the economic recovery. The expansion in production and sales suggests that businesses will be required to increase their end-of-year inventories in the coming months, and this should be an important source of demand in the later part of the year.

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NEWS ABOUT BANKS AND BAN KERS

On May 9 The First National City Bank of New York opened its new Myrtle Avenue Branch, corner Clin- chant St., Brooklyn, N. Y. For many years the bank, known as the Wall Street Bank in the old Myrtle Avenue and now as the First National City Bank, has been in Brooklyn, N. Y. The new branch is designed to meet the growing needs of the community with a full range of banking and trust services.

The appointment of William P. Burri, Richard J. Delaney, John Murphy, and John C. Weidkiled as Assistant Vice Presidents of the Manufacturers Trust Company of New York was announced by the bank. Mr. Delaney is assigned to the Branch Banking Department of the bank. Mr. Weidkiled is assigned to the Branch Administration Department of the bank. Mr. Delaney has been with the Manufacturers Trust Company since 1941. He is assigned to the Branch Banking Department of the Manufacturers Trust Company, which merged with the First National City Bank in 1925. Mr. Weidkiled is assigned to the Branch Administration Department of the bank.

The appointment of Walter F. Ross as a Vice President of Manufacturers Trust Company was announced on May 16, by Mr. Weidkiled. Mr. Ross joined the bank in 1939 and is assigned to the Security Analysis Department. He was appointed Assistant Vice President in 1945.

The Chase Manhattan Bank of New York has let a contract for the construction of a new building to replace the old building formerly used as headquarters by the Mutual Life Insurance Co., and now occupied by the Chase Manhattan Bank of New York. When completed the building will be 7 stories high and will be used for business purposes.

The election of James Bloor as Executive Vice President of the Bank of New York was announced by the bank. Mr. Bloor, a Vice-President of the bank since 1928, has been in charge of the Bank's Trust Department and has been the bank's representative in the New York Stock Exchange. He will take over the duties of the late Mr. J. H. Hooper, President of the bank, who was a director of the bank.

A new branch in the Bank of New York will be opened in the new building on Madison Avenue, and will be called the Bank of New York. The branch will be under the direction of Mr. J. H. Hooper, President of the bank, and will be open from 9 a.m. to 5 p.m., Monday to Friday, and from 9 a.m. to 1 p.m., Saturday.

The First National Bank of Boston, Massachusetts, has announced the appointment of Mr. W. H. Hooper, President of the bank, to the position of Executive Vice President. Mr. Hooper has been with the bank for many years and is well known in banking circles. He will take over the duties of the late Mr. J. H. Hooper, President of the bank.

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Bank and Insurance Stocks

This Week—Bank Stocks

War, 3½ Years of the mortality among the banks, Federal Deposit Insurance Corporation was set up by the Congress, that body decided on the assessment charge against the banks of one-tenth of 1% of deposits. There was objection on the part of the banks to the inclusion in assessable deposits of their outstanding government bonds, and even if the need for additional funds became great enough in any future banking crisis, the perpetual character of the insurance plan has been highly successful, of course, at the expense of the banks.

The corporation still exists in late 1934 with an objective a reserve fund of $1 billion. In 1948 the fund crossed $1, and the corporation 1949 to the staff showed it to be 25% of that amount. The losses have been relatively minute. Since organization 422 banks have been taken over, and an additional 58 went into receivership, while 117 were merged into other banks. FDIC in this period has disbursed approximately $290,000,000 for the protection of depositors, but the matter of the closed banks’ assets resulted in a recovery of about 65% of this amount (exclusively of expenses), and about 18% of the 1% of the reserve fund at the end of 1933.

Data for 1954 has not yet been published.

In 1950, after considerable pressure from the banks because the reserve fund has grown beyond the original objective, the Congress changed the assessment rate to 1%. The objection was left in force, but credits are now allowed against it. Approximately 45% of the assessment in a given year is credited to the reserve fund. Of this amount, interest on deposit and deposit insurance credits are deducted and the remainder is credited against the banks’ following year’s assessment. In 1953 this has resulted to a credit of the banks less than half of the assessment. In 1953 the total assessment was $138,373,500. Inholdings, of government obligations was $33,937,000; other income, $350,000. Of this total $172,700,000, operating expenses were $31,135,000. Of the $138,373,500 in assessments, $78,475,000 was credited to the insurance accounts and $60,898,500 came out of the reserve fund into the assessment pool.

Of course, one of the more important factors making for the future of the FDIC is a matter of what percentage of banks have not made deposits with any other banks. The FDIC has been asked to become a depository. With the account of a small town, the net loss was roughly $20,000, and will carry a larger balance under the higher coverage figure.

In 1954 the FDIC has taken over 13 New York City banks, in 1954 totaled the imposing sum of $7,183,000. This is considerably less than would be the case if the 1954 legislation had not reduced the ceiling on the amount of a single loan, and having done that, in the amount of a single loan, and having done that, the new legislation can be taken as an indication that banks are lending less, and not being more, but by getting up the following tabulation covering 13 New York City banks for 1954, it is seen that the banks have not been made by (Manhattan-Chase; National City-First National; Bankers-Public). Also, adjustments have been made to give effect to splits and stock dividends.

Federal Deposit Insurance Corp.

Net Assessments, 1944

| Source        | Amount     | % of 1944
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Bankers Trust</td>
<td>$700,000</td>
<td>0.02</td>
</tr>
<tr>
<td>Bank of New York</td>
<td>1,178,597</td>
<td>0.4</td>
</tr>
<tr>
<td>Chemical Bank</td>
<td>653,283</td>
<td>0.16</td>
</tr>
<tr>
<td>Equitable Trust</td>
<td>441,517</td>
<td>0.12</td>
</tr>
<tr>
<td>First National</td>
<td>1,600,118</td>
<td>0.41</td>
</tr>
<tr>
<td>Guaranty Trust</td>
<td>750,611</td>
<td>0.20</td>
</tr>
<tr>
<td>Hanover Bank</td>
<td>513,000</td>
<td>0.15</td>
</tr>
<tr>
<td>Irving Trust</td>
<td>375,000</td>
<td>0.10</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>758,240</td>
<td>0.20</td>
</tr>
<tr>
<td>J. P. Morgan &amp; Co</td>
<td>202,740</td>
<td>0.05</td>
</tr>
<tr>
<td>National City</td>
<td>668,289</td>
<td>0.18</td>
</tr>
<tr>
<td>United States</td>
<td>48,800</td>
<td>0.01</td>
</tr>
</tbody>
</table>

It seems that this writer with a reserve fund of over $1 billion can die in a calm state of mind.

With Cunningham Cledland

SAN DIEGO, Calif.—Han Cleland, president of the California Bankers Association, and Harold M. Leff have become affiliated with Cunningham-Cledland, Inc., one of the principal California banks.

Joins Davis, Skagg Co.

SAN FRANCISCO, Calif.—Richard C. Noel has been added to Davis, Skagg & Co., 11 Sutter Street, members of the San Francisco Stock Exchange.

Martin Singer Opens

DELF, the portfolio manager of Martin Singer Co., is excelling in a securities business from offices in the Gas and Electric Building.

Jacks Mickle Co.

HOUSTON, Texas—Mickle & Company, Electric Building, announced that Harry C. Murphy has become associated with their firm.

Chas. Scratchen Adds Two

NEW HAVEN, Conn.—Duncan W. Smith, Jr., and Simeon B. King have become affiliated with Chas. W. Scratchen & Co., 115 Washington Street, members of the New York Stock Exchange.

Joins Laird, Bissell

NEW HAVEN, Conn.—Howard W. Thompson has been added to the staff of Laird, Bissell & Meeds, 44 Whitney Avenue.

R. C. Noel Director

The elevation of Paul C. Noel as a director of Kin-Ark Oil Company of El Dorado, Ark., was announced by Curtis A. Rimard, President. Mr. Noel is a partner in Vail, Atkins, Noel & Co., and a member of the Board of Governors of the American Stock Exchange.

With Federated Mgmt.

WETHERSFIELD, Conn.—Michael A. Ritz has joined the staff of Federated Management Corporation, 63 Wells Road.

Fred D. Blake Adds

(Special to the Financial Chronicle)

LOS ANGELES, Calif.—Joseph A. Miller, Jr., has been added to the staff of Fred D. Blake & Co., 245 South Spring Street.

With Cali. Investors

(Special to the Financial Chronicle)

LOS ANGELES, Calif.—Irven A. Rose is now connected with California Investors, 2924 Wilshire Boulevard.

Joins Dempsey Tegeler

(Special to the Financial Chronicle)

LOS ANGELES, Calif.—Daniel B. Vause has now affiliated with Dempsey-Tegeler & Co., 210 West Seventh Street.

With Gross, Rogers

(Special to the Financial Chronicle)

QUINCY, Ill.—Russell F. Lamb has come connected with Gross-Rogers Investment Co., 721 Main Street.

With Hess Inv. Co.

(Special to the Financial Chronicle)

U. S. TREASURY

STATE, MUNICIPAL and PUBLIC REVENUE SECURITIES

Audrey G. Lanston & Co.

15 BROAD ST, NEW YORK 4, N.Y.

William 1-320

Miss E. DUNN—1414 BROAD

Aubrey G. Lanston & Co.

BROAD ST, NEW YORK 4, N.Y.

Willsburg 1-320

Miss E. DUNN—1414 BROAD

CHICAGO 4

BOSTON 6

RT 5-800

RA 6445

The State of Trade and Industry

The previous weekly record was 2,324,000 tons in the week ended Mar. 29, 1955. The new weekly record for tonnage was established in the iron and steel industry, in percentage of operations. The time in which operations exceeded 100% of capacity was in the first week in May when practically 100% of the steel ingot capacity of the entire industry was in use. The annual average May 9, 1955, equivalent to 2,322,000 tons of iron and steel for castings as compared with 270,000 tons in the 1954 week. The former tonnage was a new record output.

The percentage for the iron and steel production for the week in 1955 is based on annual capacity of 1,338,000,000 kwh, as determined by the Edison Institute.

The output decreased 5,330,000,000 kwh, below that of the previous week, when the actual output was 9,696,000,000 kwh; it increased 1,148,000,000 kwh, or 11.6% above the comparable week of last year and 1,680,000,000 kwh, over the like week in 1933.

Car Loadings - Hampered by Labor Trouble Continued

Loadings of revenue freight for the week ended April 30, 1955, despite a continuation of labor trouble on several railroads in the Southern District, increased 24,259 cars, or 3.4% above the preceding week, according to the Association of American Railroads.

The week's car output dipped below that of the previous week by 4,914 cars, while truck output showed a loss of 1,100 vehicles during the week. In the corresponding week last year 119,672 cars and 21,961 trucks were deferred. Last week the car output dipped below that of the previous week by 4,914 cars, while truck output showed a loss of 1,100 vehicles during the week. In the corresponding week last year 119,672 cars and 21,961 trucks were deferred.

Florida Power Common Offering Underwritten

Florida Power Corp. is offering holders of its common stock rights to purchase additional shares of common stock at a price of $7.50 par value per share, for each ten shares held of record May 6, 1955. The offer price is $5 per share and rights expire 3:30 p.m. (EDT) on May 31, 1955.

The underwriting group headed by Florida Power Corp., Robert W. Merrill Lynch, Pierce, Fenner & Oakes, will purchase any unsubscribed shares.

Proceeds will be used to pay part or all of the price of a new 325,000 kW generating plant which is expected to cost $129,000,000. Florida Power & Light Co. is constructing the new generating plant.

Chesapeake & Colorado Uranium Stock Offered

Public offering of 1,000,000 shares of Chesapeake and Colorado Uranium stock at $1 per share is being made by S. D. Fuller & Co.; Peter M. Conlon & Co.; and Baker, Cox & Brothers.

The company was organized last September to explore and develop properties acquired from a predecessor company and other properties acquired since its incorporation in May, 1955. The Mining Belt Areas of the Colorado Plateau and in Utah, after closure of titles and adequate surveys the company plans to develop petty mining and milling plant.

Minerals Corp. Stock Offered at $1 a Share

Vickers Brothers, New York City, is offering 300,000 shares of common stock of Minerals Corp. of America at a price of $1 per share.

Out of the proceeds of the offering, approximately $85,000 will be used for drilling and exploration and the remainder will be put to use in the acquisition and development of uranium resources, primarily for the production of uranium oxide and related minerals. Proceeds will be used to pay certain additional claims and to add to general funds.

Minerals Corp. was incorporated in Delaware for the purpose of acquiring interests in uranium properties and entering into uranium prospecting and exploration, development, mining and milling of uranium and other ores.

Federal Reserve Bank of St. Louis

The St. Louis Federal Reserve Bank is a regional banking center for the 13th Federal Reserve District, covering the states of Arkansas, Missouri, Oklahoma, and parts of Nebraska, Kansas, and Texas.

The bank's primary function is to serve as a depository for the United States government, to hold its reserves, and to act as a lender of last resort to commercial banks in the district.

The bank also serves as a clearinghouse for the exchange of funds among member banks and as a source of funds for small community banks that do not have access to large-scale lending programs.

The bank is headquartered in St. Louis, Missouri, and has a staff of over 600 employees.

For more information, please visit the Federal Reserve Bank of St. Louis website at https://www.stlouisfed.org.
were unpopular. Although the textiles and tobaccos were also sold on balance, activity was extremely light. Experiences in the chemical and petroleum industries app- licated that of the last part of 1954, with buyers and sellers fairly evenly matched.

Midst the generally higher market level and booming business background, the over-all picture of fund operations during the period under review shows little disposition to bearishness. True, renewed interest in the electric utilities might be interpreted to a certain extent as indication of a more cautious approach toward investment of the equity section of portfolios. The trustees of the New England Fund, in fact, pointed out in their quarterly report to shareholders that “common stocks whose earnings and dividends tend to be relatively stable throughout the business cycle—i.e., utilities and banks—have...been increased.” But such can hardly be said of the recent enthusiasm displayed for the oils, metals, rails and steel.

Over-all buying transactions decreased 10% during the first quarter of the year, but then selling fell off almost as much and perhaps some of this lesser activity might have been temporarily, at least, inspired by the inclusion of the Fall River Committee hearings. The number of investment companies buying on balance during the recent March quarter was 60% greater than those purchasing during the previous three-month period—speculating a 21% increase in new shares representing half the funds of the surveyed. Among the possible explanations of lack of caution is that only half as many open-end stock funds increased their liquid reserves of cash and governments during the current quarter as during the final three months of 1954.

Call to Caution

On the other hand, attention might be called to the caution expressed by the trustees of the George Putnam Fund, who...cut down the more volatile portion of their fund in the period...the trustees are engaged...in maintaining a more conservative level of investing throughout the year. The yield on high grade bonds remains low and the current return on good quality common stocks is considerably lower than it was several years ago. Under these conditions, the trustees said in their annual report to the investor, as well as the investment manager, to lower quality in order to increase the current income. We feel very strongly that this would be an insurance and a defensive policy...We...must limit the speculative aspects of the market calls for increased caution and an increased emphasis upon quality—not the lower investment standards. If investment history proves anything it proves this point.” It is of interest to note that Putnam has recently obtained authority from its shareholders to invest up to a maximum of 15% of its assets in top grade real estate through sale- leaseback arrangements. Actually, it expects to limit such investments to half of the authorized amount.

Possibly also indicating caution is the matter of the “long-pull” is the drastic reduction in the number of your trust being effected by U.S. and Foreign Securities. These companies have called in or asked for tenders on their own preferred issues, while selling off portfolio holdings. U.S. and International just completing the final stages of exchange transactions, and very shortly both U.S. and International have had a single-deck capital structure.

Call to Caution

In the course of the above, of course, is the raising of revenue, new money by closed-end companies. The Leham Corporation’s acquisition of new capital during the period amounted to $18 million while National Shares offered $7 million of new shares. Presumably such funds are for investment in emerging stocks.

A Comment on the Outlook

The quarterly reports for this particular period are especially noteworthy for their emphasis on the financial and economic outlook. Perhaps the most important salient point in this regard is that there was a considerable amount of interest in mutual funds by institutional and private investors. In particular, the groupings of investors in mutual funds are relatively high current yield and relatively high total return. One should be wary...toward the middle of the year. The rumor of possible additions to the mutual fund family of the latter.”

Utilities Return to Fund Favor

National Securities & Research Corporation

120 Broadway, New York 5, New York

50

Continued from first page

$7 million of new shares, Presumably such funds are for investment in emerging stocks.

A Comment on the Outlook

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Utilities Return to Fund Favor

National Securities & Research Corporation

120 Broadway, New York 5, New York
Balance Between Cash and Investments of 64 Investment Companies
End of Quarterly Periods December, 1954, and March, 1955

<table>
<thead>
<tr>
<th>Net Cash &amp; Governments</th>
<th>Investments and Member Stocks</th>
<th>Total Marketable Securities</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Through Aug. 31</td>
<td>Through Aug. 31</td>
<td>Through Aug. 31</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
<td>American Business Share Fund</td>
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<tr>
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<tr>
<td>Broad Fund, Inc</td>
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<td>Broadway Investment &amp; Trust</td>
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<td>Diversified Investment Fund, Inc</td>
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<tr>
<td>Fitch's AAA Fund</td>
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<td>8</td>
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<tr>
<td>Eaton &amp; Howard Balanced Fund</td>
<td>8,230</td>
<td>8,278</td>
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<tr>
<td>Full-Agency Investment Group Securities</td>
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<td>General Investment Trust</td>
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<td>Johnstown Mutual Fund</td>
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<td>National Securities Inc</td>
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<td>National W. E. Securities</td>
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<td>2,809</td>
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<tr>
<td>northeast Pennsylvania &amp; Georgia Fund</td>
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<td>2,107</td>
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<td>Studeb., Stevens &amp; Clark</td>
<td>1,323</td>
<td>1,429</td>
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<td>Schenley Distilled, Inc</td>
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<td>Stein Roes &amp; Farm Land Fund</td>
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<td>Value Line Fund</td>
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<tr>
<td>Wisconsin Fund, Inc.</td>
<td>692</td>
<td>632</td>
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**Open End Stock Funds—**

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<thead>
<tr>
<th>Fund</th>
<th>Shares</th>
<th>Net Cash &amp; Governments Through Aug. 31</th>
<th>Investments and Member Stocks Through Aug. 31</th>
<th>Total Marketable Securities Through Aug. 31</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affiliate Fund</td>
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<td>8,156</td>
<td>3,000</td>
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<td>e Ax-Houghton Stock Fund</td>
<td>121</td>
<td>392</td>
<td>45</td>
<td>437</td>
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<td>Bowline Growth Fund</td>
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<td>13</td>
<td>6.2</td>
<td>20</td>
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<td>Blue Ridge Mutual Fund</td>
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<td>1,110</td>
<td>3.1</td>
<td>4.3</td>
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<td>Bulk Investment &amp; Trust Fund</td>
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<td>12.5</td>
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<td>Delaware Fund</td>
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<td>5.6</td>
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<td>Dividend Shares</td>
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<td>29,679</td>
<td>18.4</td>
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<td>Entire Fund</td>
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<td>General Chemical Stock Fund</td>
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<td>2,239</td>
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<td>24.5</td>
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<td>Group Securities—Common Stock Fund</td>
<td>278</td>
<td>240</td>
<td>1.8</td>
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<td>3,799</td>
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<td>Investment Co. of America</td>
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<td>Mass. Investors Fund</td>
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<td>Mass. Investors Growth Stock Fund</td>
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<td>Mutual Investment Fund</td>
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<td>630</td>
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<tr>
<td>National Investors</td>
<td>632</td>
<td>2,650</td>
<td>1.4</td>
<td>8.6</td>
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<tr>
<td>National Securities—Stock</td>
<td>2,775</td>
<td>5,008</td>
<td>2.3</td>
<td>9.7</td>
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<tr>
<td>† New England Fund</td>
<td>843</td>
<td>652</td>
<td>7.2</td>
<td>10.2</td>
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<tr>
<td>Sender, Stevens &amp; Clark</td>
<td>299</td>
<td>179</td>
<td>3.6</td>
<td>1.9</td>
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<tr>
<td>Selected American Shares</td>
<td>5,831</td>
<td>3,004</td>
<td>15.0</td>
<td>9.8</td>
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<tr>
<td>Sovereign Investors</td>
<td>15</td>
<td>9</td>
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<td>1.2</td>
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<td>State Investment Fund</td>
<td>24,967</td>
<td>23,924</td>
<td>17.1</td>
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<td>Wall St. lnvesting Fund</td>
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<td>23.8</td>
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<table>
<thead>
<tr>
<th>Closed-End Companies</th>
<th>Shares</th>
<th>Net Cash &amp; Governments Through Aug. 31</th>
<th>Investments and Member Stocks Through Aug. 31</th>
<th>Total Marketable Securities Through Aug. 31</th>
<th>Per Cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adams Exploration Fund</td>
<td>3,105</td>
<td>3,461</td>
<td>6.0</td>
<td>12.6</td>
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<td>American Consumer Securities Fund</td>
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<td>412</td>
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<td>0.8</td>
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<tr>
<td>American Mutual Fund</td>
<td>223</td>
<td>632</td>
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<td>3.4</td>
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<tr>
<td>General Investment Co. Inc.</td>
<td>6,696</td>
<td>112</td>
<td>5.1</td>
<td>5.1</td>
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<tr>
<td>General Public Service Fund</td>
<td>737</td>
<td>1,237</td>
<td>4.1</td>
<td>8.2</td>
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<tr>
<td>Lehigh Valley Fund</td>
<td>12,881</td>
<td>12,218</td>
<td>1.9</td>
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<tr>
<td>National Shares Corp</td>
<td>1,300</td>
<td>1,245</td>
<td>1.0</td>
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<tr>
<td>Overseas Securities</td>
<td>542</td>
<td>169</td>
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<td>0.2</td>
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<tr>
<td>S. &amp; Foreign Securities</td>
<td>2,182</td>
<td>10,535</td>
<td>3.2</td>
<td>13.5</td>
<td></td>
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</tbody>
</table>

*Investment bonds and preferred stocks: Moody's Ana through Ba (hy·brid) and BBB through AAA through Moody's Investment and approximate current ratings of each fund according to the company's own system of rating. Some funds have a rating on a weekly basis. Preferred stocks and bonds are listed first in order of preference. Portfolio exclusive of securities in subsidiary or assoc. investment companies or former Nuebeck Fund, available by current market price, at the discretion of the manager. Current market price, at the discretion of the manager. *Investment companies and approximate current ratings of each fund according to the company's own system of rating. Some funds have a rating on a weekly basis. Preferred stocks and bonds are listed first in order of preference. Portfolio exclusive of securities in subsidiary or assoc. investment companies or former Nuebeck Fund, available by current market price, at the discretion of the manager. Current market price, at the discretion of the manager.

<table>
<thead>
<tr>
<th>Changes in Cash, Investments, and Investment Companies</th>
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<tbody>
<tr>
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<tr>
<td>Open End Companies</td>
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<tr>
<td>Balanced Funds</td>
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<tr>
<td>Flexible Fund</td>
</tr>
<tr>
<td>Closed-End Companies</td>
</tr>
<tr>
<td>Totals</td>
</tr>
</tbody>
</table>

**DELAWARE FUND**
A mutual investment company which owns and supervises a diversified group of securities.

In the Delaware Fund we hope to make your money grow, and we intend to take what we consider sensible risks in that direction.

Illustrated booklet (prospectus) free from your dealer or...

DREYFUS CORPORATION
5 Broadway, New York 4

Shareholders' Trust of Boston
A Balanced Mutual Fund

Blue Ridge Mutual Fund, Inc.
A Common Stock Fund
### Changes in Common Stock Holdings of 47 Investment Management Groups

(December 31, 1954 — March 31, 1955)

Transactions in which buyers exceed sellers—or sellers exceed buyers—by two or more management groups, issues which more holdings sold than bought are in italics. Numbers in parentheses indicate number of management groups making entirely new purchases or completely eliminating the stock from their portfolios.

#### Agricultural Equipment

<table>
<thead>
<tr>
<th>Bought</th>
<th>Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
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</tr>
<tr>
<td>None</td>
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<td>None</td>
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<tr>
<td>None</td>
<td>None</td>
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</table>

#### Auto and Auto Parts

<table>
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<tr>
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<th>Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>None</td>
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<tr>
<td>None</td>
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<td>None</td>
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<tr>
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#### Electricity

<table>
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<th>Sold</th>
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</thead>
<tbody>
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<td>None</td>
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<tr>
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<td>None</td>
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#### Chemicals

<table>
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<tr>
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<tbody>
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<tr>
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#### Foods Products

<table>
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<tbody>
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<tr>
<td>None</td>
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#### Machinery and Industrial Equipment

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#### Metals and Mining

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<tr>
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#### Paper, Pulp and Printing

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<th>Sold</th>
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#### Petroleum

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<tbody>
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<tr>
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#### Public Utilities

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#### Natural Gas

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<tr>
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</table>

#### FOUNDERs MUTuAL DEPOSIT CRORPORATION

1st National Bank Building
Tulsa Type D 249
DENVER 2 COLORADO

#### FoUNDOERS MUTuAL FUND

ORGANIZED 1913

Coffin & Burr
Organized 1898

NEW ENGLAND FUND

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NEW YORK

PORTLAND

HARTFORD

BANGOR

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Prospects from your dealer

DAVID L. BASON
DISTRIBUTING CORPORATION

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120 Broadway • New York 5, N.Y.
Instock—

<table>
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<th>No. of</th>
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<td>None</td>
<td>Delaware &amp; Rio Grande...</td>
</tr>
<tr>
<td>1(1)</td>
<td>4,000</td>
<td>Pennsylvania Railroad...</td>
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<tr>
<td>Railroad Equipment...</td>
<td>None</td>
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<table>
<thead>
<tr>
<th>No. of</th>
<th>No. of</th>
<th>No. of</th>
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<tbody>
<tr>
<td>Retail Trade</td>
<td></td>
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<tr>
<td>2(1)</td>
<td>5,000</td>
<td>Associated Dry Goods...</td>
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<tr>
<td>2(1)</td>
<td>35,000</td>
<td>Winn and Lovett Grocery Co...</td>
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<tr>
<td>None</td>
<td>None</td>
<td>Murphy (G. C.)...</td>
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<tr>
<td>1(1)</td>
<td>8,000</td>
<td>Safeway Stores...</td>
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<td>None</td>
<td>None</td>
<td>Western Auto Supply...</td>
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<tr>
<td>Rubber and Tires</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>6,500</td>
<td>(Goodrich)...</td>
</tr>
<tr>
<td>Stools</td>
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<tr>
<td>4(1)</td>
<td>3,821</td>
<td>Harbison Walker Refractories...</td>
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<tr>
<td>5(1)</td>
<td>50,700</td>
<td>National Steel...</td>
</tr>
<tr>
<td>1(1)</td>
<td>1,500</td>
<td>Republic Steel...</td>
</tr>
<tr>
<td>4(1)</td>
<td>29,700</td>
<td>Youngstown Sheet and Tube...</td>
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<tr>
<td>1(1)</td>
<td>16,700</td>
<td>Armco Steel...</td>
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<td>None</td>
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<td>Jones and Laughlin...</td>
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<tr>
<td>Textiles</td>
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<tr>
<td>1</td>
<td>2,900</td>
<td>American Viscose...</td>
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<tr>
<td>1</td>
<td>300</td>
<td>J. P. Stevens...</td>
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<tr>
<td>None</td>
<td>None</td>
<td>United Merchants &amp; Manufacturers...</td>
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<tr>
<td>Tobacco</td>
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<tr>
<td>None</td>
<td>None</td>
<td>American Tobacco...</td>
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<tr>
<td>None</td>
<td>None</td>
<td>Reynolds Tobacco...</td>
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<tr>
<td>Miscellaneous</td>
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<tr>
<td>2</td>
<td>1,500</td>
<td>Brown Shoe Company...</td>
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<td>2</td>
<td>14,900</td>
<td>General Shoe Corp...</td>
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<tr>
<td>None</td>
<td>None</td>
<td>American Optical Company...</td>
</tr>
<tr>
<td>None</td>
<td>None</td>
<td>Newport News Shipbuilding...</td>
</tr>
<tr>
<td>Footnotes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Excludes shares received in 4 for 1 split-up.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>28,240 shares purchased with original rights. Basis: 1 for 20.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Excludes shares received in 3 for 2 split-up.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Excludes stock received as 5% dividend.</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Shares received in exchange for affiliated Gas Equipment not included.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Excludes stock varying from 2 for 1 split-up.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Converted from preferred.</td>
<td></td>
</tr>
</tbody>
</table>

Part purchase throughותרghts.

1. Part purchase through rights.
2. Part purchase through rights.
3. 28,142 shares purchased through original rights offering. Basis: 1 for 10.
4. 5,000 shares received as split-off from Commonwealth & Southern.
5. 2,500 shares received as 5% stock distribution.
6. Excludes stock received in 5 for 1 split-off on North American.
7. 2 for 1 split-off reflected in share additions.
8. Additions resulting from 3% distribution eliminated.

SUMMARY

Excess of Net Portfolio Purchases or Sales of 64 Investment Companies

<table>
<thead>
<tr>
<th>Open-End Companies</th>
<th>Bought</th>
<th>Sold</th>
<th>Matched</th>
<th>Total</th>
</tr>
</thead>
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<tr>
<td>Balanced Funds...</td>
<td>12</td>
<td>7</td>
<td>4</td>
<td>23</td>
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<tr>
<td>Stock Funds...</td>
<td>17</td>
<td>6</td>
<td>7</td>
<td>30</td>
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<tr>
<td>Closen-End Companies</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>11</td>
</tr>
<tr>
<td>Totals...</td>
<td>32</td>
<td>17</td>
<td>15</td>
<td>64</td>
</tr>
</tbody>
</table>

INCORPORATED INVESTORS

A mutual fund with a diversified portfolio of securities selected for long-term growth of income and capital.

The Parker Corporation, 200 Berkeley St., Boston, Mass.

Please send a Prospectus on

Incorporated Investors

Name... Address...

Selling... Affiliated Fund

A Common Stock Investment Fund

Investment objectives of this Fund are to provide long-term growth for its shareholders.

Prospectus upon request

LORD, ARBET & CO.

New York — Chicago — Atlanta — Los Angeles
Utilities Return to Fund Favor

was also sold by three trusts and United Merchants by two. Transfers in the tobacco were ex-
tremely light with a couple of sales each in American Tobacco and Reynolds “B”.

Steel Enthusiasm Coools

Enthusiasm for new commit-
tments in the steels sector, noted, was fol-
cooling off as profits began to be squeezed by relatively
steady run-ups. In addition to Wel-
ington, there was realizing by Pifty Fund Management of the Inves-
tment Company of America, the
Axe Stock Fund, its 25% holding in John-kin Mutual. Of interest in this group is
some of the shifting of holdings to
by certain managements. For ex-
ample, in their “A” Fund, E. W. Axe eliminated Bethlehem, lightened Armstrong, Crucible, In-
land, Jones and Laughlin and Youngstown. During the same
time, Axe increased the
“A” investment in Wheeling and
made new 0.0 to 10.0 in Tie
in Copperweld and Lukens (men-
tioned previously). National, how-
ever, was the group favorite, five
funds adding a total of 50,000
shares. Three trusts made first-
time purchases and a fourth in-
creased holdings of Youngstown, and four likewise added to shares of
Armco and Krupp. All additions to in-
creases resulting from the 3% stock distribution, four additions were also made with Harbison-
Walker. Selling was concentrated on Armco, six investment com-
panies disposing of a total of 11,000
shares. Transactions were fairly
well balanced in Bethlehem, six purchases being made against sales, as well as in United States Steel, where a half dozen acquisitions were made against a
little tental increase.

National Steels were outstand-
ing in the food group as three ini-
tial commitments and one addi-
tional purchase added 14,000
shares. Two first-time purchases
were also made in Allied Mills while a couple of trusts liked Ger-
bros Chocolates and Sunshine Biscuit.

Food Machinery, Ingersoll
Rand and Weilheimer were the
industrial machinery favorites as
each found three willing man-
agement companies to cope with
their problems. Halle and
burton Oil Well Cement were ses-
tered three times. Our home tour-
ism Engineering was lightened in four
funds and concentrated in Chicago Pneumatic Tool in two.

Pfizer and Parkes Davis were the
pharmaceutical group and both
being acquired by five managements.

Merrick was bought by four trusts and McKesson & Robbins and Colgate by each of two. No concen-
trated selling was in evidence.

Over-all divided opinion in the
Chemicals was marked by seven
purchases of Union Carbide tak-
ing 15,000 shares and one of
Acme also liked by four funds and Kopp-
ers by three. Olin Mathieson was con-
tinued selling as fourth portfolio eliminations and a fifth decrease
were willing to submit to the
controls necessary to maintain the
higher price of the “Monthly Bank Letter” states. “Recent reports,
however, indicate that farmers are
becoming more and more fed up
with the price restriction necessary to bring sup-
plies in line with 90% of parity
prices.

“Many observers predict that
the downward marketiqing on the
56 heg will keep a strong floor
under the 37-1/2‘-’60’’

Commenting further, the article
points out:

"If farmers reject production con-
tracts, prices must be allowed
enough freedom to perform their
function as a leveling process.

The flexible price sup-
port program enacted by the Con-
gress last year is a big step in this
direction:"

"However, the great weakness
of attempting to curb overpro-
duction is that a program based
by and large they apply across the
board, making no allowance for
different groups. It does not
allow for incentive to farmers to
produce more."

"The problem, whether we like it or not, is that
there is no good solution to a
living out of agriculture. As
in everything else, improved ma-
ufacturing and better tech-
cue to produce the food and fiber
for themselves and the rest of the
population. Without this shift in
occupations this country could
never have this as its great in-
dustrial development."

"Thus stripped to essentials, the
issue comes down to (a) whether
to buck this trend by holding the
like number of investment com-
panies bought, which are respon-
"Farms Seen Fed Up With
Controls"

Calling the record of farm pro-
duction and price controls a fail-
ure, the May issue of the “Monthly Bank
Letter” of the First National
City Bank of New York finds that
prices essential in solving farm surpluses.

May issue of the “Monthly Bank Letter” of the First National
City Bank of New York finds that
prices essential in solving farm surpluses.

umbrella of high support prices
over farmers generally, keeping
more people in agriculture than
needed and adopting a spread-
price policy whereby the out-
put regardless of productivity, or
(b) whether the group of funds,
accept this trend by restoring the
test of flexible prices which, ap-
plied in the past, has shown
profited its impact, should channel
producers to higher prices and
make sure that the funds are
able hands. For those who are
wishing to stay in the fields
seems little choice as to which
course will, in the long run, prove
test for agriculture and for the

Irving Steins Joints

Capper & Co.

New Krensky Branch

HAMMOND, Ind. — Arthur M. Krensky, Jr., one of the members of the Los Angeles Stock Exchange has opened a branch office in the
Yale Building under the direction of Jay Stanley.

ela, 39 Broad Street, New
York, City, has announced that Irving Steins has been asso-
ciated with them as Manager of the branch office. Steins
retired from his partnership in the Chicago branch which was formerly with Greene & Company.

Big Fish Story

Sails Out of West

LOS ANGELES, Calif. — Following the Los Angeles Stock
Exchange tour of Industry to Mexico City, Charles Rolston and
Laurence D. Hall journeyed on to Acapulco for deep sea fishing and
had the thrill of his lives by catching two nine-foot four-inch
1493278780554

The Commercial and Financial Chronicle . . . Thursday, May 12, 1955
<table>
<thead>
<tr>
<th></th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
<th>Age</th>
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<tbody>
<tr>
<td>AMERICAN IRON AND STEEL INSTITUTE</td>
<td>$198.7</td>
<td>21.3/4</td>
<td>2.484</td>
<td>4.96</td>
<td>1.10</td>
</tr>
<tr>
<td>Stockholders' equity (per share of stock)</td>
<td>135.4</td>
<td>131.4</td>
<td>131.4</td>
<td>131.4</td>
<td>131.4</td>
</tr>
<tr>
<td>Iron and steel production (bbls.)</td>
<td>237,683,900</td>
<td>237,683,900</td>
<td>237,683,900</td>
<td>237,683,900</td>
<td>237,683,900</td>
</tr>
<tr>
<td>Total sales</td>
<td>14,615,000,000</td>
<td>14,615,000,000</td>
<td>14,615,000,000</td>
<td>14,615,000,000</td>
<td>14,615,000,000</td>
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<tr>
<th></th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
<th>Age</th>
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<tbody>
<tr>
<td>CONSUMER PRICE INDEX — 1914—19 — 100 —</td>
<td>$198.7</td>
<td>21.3/4</td>
<td>2.484</td>
<td>4.96</td>
<td>1.10</td>
</tr>
<tr>
<td>More than All Commodities</td>
<td>135.4</td>
<td>131.4</td>
<td>131.4</td>
<td>131.4</td>
<td>131.4</td>
</tr>
<tr>
<td>Iron and steel</td>
<td>237,683,900</td>
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<td>237,683,900</td>
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</tr>
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<td>14,615,000,000</td>
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<tr>
<th></th>
<th>Latest</th>
<th>Previous</th>
<th>Month</th>
<th>Year</th>
<th>Age</th>
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</thead>
<tbody>
<tr>
<td>COTTON AND COTTON SEED PRODUCTS — OFFICE OF COMMERCE — March of March</td>
<td>$198.7</td>
<td>21.3/4</td>
<td>2.484</td>
<td>4.96</td>
<td>1.10</td>
</tr>
<tr>
<td>Cottonseed oil</td>
<td>135.4</td>
<td>131.4</td>
<td>131.4</td>
<td>131.4</td>
<td>131.4</td>
</tr>
<tr>
<td>Total sales</td>
<td>237,683,900</td>
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</tr>
<tr>
<td>Total sales</td>
<td>14,615,000,000</td>
<td>14,615,000,000</td>
<td>14,615,000,000</td>
<td>14,615,000,000</td>
<td>14,615,000,000</td>
</tr>
</tbody>
</table>
Securities Now in Registration

- **Air Control Products, Inc., Miami, Fla.**
  - April 15 filed 200,000 shares of common stock (par $1), of which 250,000 shares are for account of company and 50,000 shares are for account of Henry A. Keller, President.
  - **Price—**$9 per share.

- **Air Reduction Co., Inc.**
  - May 5 filed 200,000 shares of common stock (no par), to be offered for subscription by office holders and other executive employees of company as have or may in the future be granted options to purchase such shares pursuant to the company's stock option plan.
  - **Alabama Power Co. (5/23)**
    - Proceeds—To repay mortgage bonds due 1958.
    - **Price—**$15 per share.
  - Proceeds—For manufacture of Telac receiving and Sounding Units, working capital and other general purposes. Underwriter—Lawrence A. Henley, New York.

- **Automatic Remote Systems, Inc.**
  - March 3 filed 540,000 shares of common stock (50 cents par) for public subscription. Proceeds—For manufacture of automatic remote systems. Underwriter—Milton S. Allen, New York.

- **Bankers Fire & Marine Insurance Co.**
  - April 12 (letter of notification) 15,000 shares of common stock ($1 par) offered for subscription by members of company (holders of record April 7, 1955, on the basis of one share for each share held; rights to expire on May 7, 1955). Underwriter—Michael Mitchell Securities, Inc., New York.

- **Best American Life Insurance Co., Mesa, Ariz.**
  - April 11 filed $1,000,000 convertible debentures due 1959, of which 250,000 are for account of company and 750,000 for account of stockholders. Proceeds—For general corporate purposes. Underwriters—J. G. Johnson of Mesa, Ariz., and Island Bank, New York.

- **Bountiful Uranium Co., Reno, Nev.**
  - March 7 (letter of notification) 2,000,000 shares of common stock (par 25 cents). Proceeds—For development and construction purposes. Underwriter—None.

- **Bonneville Oil & Refining Corp., Montreal, Can.**
  - April 20 filed 1,000,000 common stock (par $1), for sale at first offer to the public. Proceeds—For general corporate purposes. Underwriter—None.

- **Browndown Stock Co., Inc.**
  - April 30 filed $5,000,000 common stock (par $1), for redemption at call. Proceeds—For repayment of capital. Underwriter—None.

- **Brownsboro Corp., New York.**
  - May 14 filed 90,000 additional shares of common stock (par $1), to be offered for subscription by holders of record on May 2 on the basis of one new share for each share held; rights to expire on June 15, 1955. Proceeds—For working capital and future general corporate purposes. Underwriter—None.

- **Brunswick Corp., Chicago.**
  - May 15 (letter of notification) 3,000 shares of capital stock (par $15) to be offered for subscription by stockholders. Proceeds—For construction of new engineering research and development laboratories. Underwriter—None.

- **California Tennis Fleet, Inc.**
  - Feb. 15 filed 1,000,000 shares of 6% sinking fund debentures due 1967, and 50,000 shares of common stock (par $1) for redemption at a price of $1,000 per unit, of a $1,000 debenture and 100 shares of stock. Proceeds—For expansion and working capital. Underwriter—Wallace F. Eberstadt & Co., New York.

- **Carpenters clin. Co., Inc., Cleveland, Ohio**
  - March 15 (letter of notification) 3,000 shares of capital stock (par $15) to be offered for subscription by stockholders. Proceeds—For expansion of company's operations. Underwriter—None.

- **Central Illinois Electric & Gas Co. (6/7)**

- **Chicago Corp.**
  - April 14 filed 872,000 additional shares of common stock (par $1), to be offered for subscription by holders of record on May 2 on the basis of one new share for each five shares held; rights to expire on May 10. Price—$11 per share. Proceeds—For new construction and working capital; to be repaid outstanding bonds. Underwriters—Peabody & Co., Kidder, Peabody & Co., Stone & Webster Securities Corp., Chicago, Ill., and Ladenburg, Thalmann & Co., New York.

- **Chilton Uranium Mines, Inc., Redmond, Ore.**
  - April 11 filed 20,000,000 shares of common stock (par $1), of which 5,000,000 shares are for account of company and 15,000,000 shares are for account of stockholders. Proceeds—To operate uranium mining operations at Chilton, Utah. Underwriter—Equitable Trust Co., New York.

- **Citrus Tree Owners of America, Inc.**
  - April 12 (letter of notification) 700 citrus tree leases. Proceeds—To purchase additional citrus trees for farm development. Underwriter—None.

- **Coffinman Securities, Inc., Los Angeles, Cal.**
  - April 28 (letter of notification) $290,000 of 6% convertible debentures due 1965, of which 100,000 are for account of company and 190,000 are for account of stockholders. Proceeds—To repay mortgage bonds due 1957. Underwriter—None.

- **Colorado Sports Racing Association (5/26)**
  - April 20 filed 10,000 additional shares of common stock (par $1), to be offered for subscription by stockholders. Proceeds—For meeting expenses. Underwriter—Office—Grand Junction, Colo.

- **Commonwealth Fund, Boston, Mass.**
  - May 10 filed $3,000,000 Plan A and $1,000,000 Plan B preference stocks, of which 1,800,000 shares are for account of the Commonwealth. Proceeds—For investments. Underwriter—None.

- **Commonwealth Uranium, Inc., Montrose, Colo. (6/2)**
  - April 21 filed 2,000,000 shares of common stock (par $1), of which 250,000 shares are for account of company and 1,750,000 shares are for account of stockholders. Proceeds—For construction and working capital and for repayment of mortgage loan from Union National Bank & Trust Co., Denver, Colo.

- **Comstock Uranium-Tungsten Corp., Can.**

- **Confidential Finance Corp., Omaha, Neb.**
  - May 8 filed $5,000,000 of 7% cumulative preferred stock (par $5) and 15,000 shares of common stock (par $1), to be offered for subscription by stockholders. Proceeds—For general corporate purposes. Underwriter—Office—500 Henderson Bros., Livermore, Cal. Underwriter—Uranium Uranium, Inc., Salt Lake City, Utah.

- **Consolidated Natural Gas (6/2)**
  - April 27 filed 731,731 additional shares of capital stock (par $10) to be offered for subscription by stockholders. Proceeds—For payment of bonds due 1955 at rate of one new share for each 10 shares held; rights to expire on June 21, 1955. Proceeds—To be used by company's subsidiaries for use in their construction programs. Underwriter—None.

- **Consolidated Sudbury Basin Mines Ltd., Toronto, Canada**
  - Jan. 24 filed 204,586 shares of common stock (par $7), to be offered for subscription by stockholders. Proceeds—For construction and purchase of equipment for additional shares of common stock. Proceeds—To be used by company for exploration and development of properties. Underwriter—Stock to be sold on Toronto Stock Exchange or by underwriters selected dealers in United States.

- **Constellation Uranium Corp., Denver, Colo.**
  - May 4 filed 1,000,000 shares of common stock (par $1), to be offered for subscription by stockholders. Proceeds—To be used by company for construction and expansion of its uranium mining operations in Chicago, Ill., and Ladenburg, Thalmann & Co., New York.

- **Greene Lane Federal Leasing, Inc.**
  - May 2 filed 25,000 shares of common stock (par $5) to be offered to farmer and non-farmer patroons of the Federal Exchange and others who subscribe for shares of such common stock for $15 each share, plus state and federal taxes. Proceeds—To be used by company for construction and expansion of its uranium mining operations in Chicago, Ill., and Ladenburg, Thalmann & Co., New York.
To retire class B common stock, redeem 5% cumulative preferred stock of G.L.F. Holding Corp, and to provide funds for stock purchase outside the U.S., 5% cumulative preferred stock and common stock and holding Company Inc., and for the sale of common stock when such shares are presented for redemption; any funds remaining to be added to working capital. Underwriter—None.

**Copper Range Co.**
May 14 (letter of notification) 1,200,000 shares of common stock (par $1) being 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—$2 per share. Proceeds—To retire obligations and for general corporate purposes. Underwriter—Paine, Weiser, Jackson & Curtis, Boston and New York.

**Daybreak Uranium, Inc., Spokane, Wash.**

**Cutter Laboratories, Berkeley, Calif.**

**Cuddler Foods, Inc., Dallas, Texas**
April 18 (letter of notification) 14,285,000 shares of common stock (no par). Price—$5 per share. Proceeds—To lease property and for working capital. Office—162 Lents St. Ltd., Dallas, Texas. Underwriter—None.

**Detroit Edison Co., Detroit, Mich.**
April 18 (letter of notification) 3,000,000 shares of common stock (par one cent). Price—$1 per share. Proceeds—For capital accounts. Office—343 South St., State St., City, Utah. Underwriter—Selected Securities Ltd., Las Vegas, Nev.

**Edison Laboratories Corp., Inc.**

**Durabley Co., Scottsdale, Pa.**
May 10 (letter of notification) 750,000 shares of common stock (par $1). Price—At prevailing market price at time of public offer. Proceeds—For construction and improvement program. Underwriter—Moritmer B. Burns.

**Dyno Mines, Ltd., Winnipeg, Canada**
March 31 (letter of notification) 400,000 shares of common stock (par $1,000) to be offered for subscription by registered shareholders. Price—$10 per share. Proceeds—For drilling purposes. Office—704 Erie Ave., Reno, Pa. Underwriter—None.

**Electric Coal & Oil Co., Reno, Nev.**

**Electric Power Co., Inc.,**

**Florida Power Corp.**

**Florida Power Corp.**

**Fidelity Insurance Co., Malibu, Calif.**
March 25 (letter of notification) 1,000,000 shares of common stock (par $1). Price—$1.67 per share. Proceeds—For capital purposes. Office—Newhouse Bldg., Salt Lake City, Utah. Underwriter—Allied Underwriters, same street.

**Fremont Uranium Corp., Denver, Colo.**

**Fremont Uranium Corp., Denver, Colo.**

**Formica Co., Cincinnati, Ohio**

**Fremont Uranium Corp., Denver, Colo.**
April 21 filed 4,014,000 shares of common stock (no par), of which 25,700 shares are to be offered to officers and employees of the company. Of the remaining 3,984,300 shares are to be offered for account of C. E. Doolin, a founder and largest holder of stock. Of the 25,700 shares are to be offered for Mr. Doolin's account to directors who are not employees at $9.10 per share. Proceeds—For capital purposes. Underwriter—Dittmar & Co., San Antonio, Tex.

**GAD Enterprises, Inc., Alexandria, Va.**

Continued on page 58
of $234 per share. The balance of $1 of a total purchase offer price of $325 per share is to be paid in cash. The offer will expire at 4 p.m. New York time on May 15, 1990, unless extended.


★ Milpitas Oil & Gas Co., Siloam Springs, Ark.
April 14 (letter of notification) 59,200 shares of common stock (no par). Proceeds—To be used to fund operating expenses. Underwriter—DeWitt Investment Co., Wilmington, Del.

★ Mineral Mountain Mining & Milling Co., Moab, Utah

★ Minneapolis-Honeywell Regulator Co. (5/25-26)
May 8 (letter of notification) $100,000,000 of 6% convertible preferred stock (par $100). Proceeds—to be used to fund operating expenses. Underwriter—Union National Bank of St. Louis, Mo.

Moab King, Inc.

Monteza Uranium, Inc., Salt Lake City, Utah
March 28 (letter of notification) 30,000,000 shares of capital stock. Price—at par (one cent per share). Proceeds—to be used to fund operating expenses. Underwriter—Gus & Mednick, Salt Lake City, Utah.

Morrell (John) & Co., Ottumwa, Iowa

★ National Credit Corp., Phoenix, Ariz.
April 27 (letter of notification) 40,000 shares of capital stock (par $1). Price—$3 per share. Proceeds—for working capital. Underwriter—None.

National Electric Cooperative Association, Washington, D. C.
April 13 (letter of notification) 22,500 shares of common stock (no par). Price—$5 per share. Proceeds—for construction of transmission lines. Underwriter—None—notes to be offered through official dealers.

New Bristol Oils, Ltd., Toronto, Canada
April 23 (letter of notification) 50,000 shares of common stock (par $1) of which 1,600 shares were issued to Newton-Conville Oil Co., Denver, Co. Underwriter—Phoenix-Cambridge Corp., in exchange for properties. Newton-Conville Ltd., in consideration of the agreement to distribute its stock to its stockholders in a liquidation. As a result of the agreement, Newton-Conville Corp., limited will receive approximately 800,000 shares which it proposes to sell to the public. Also, the balance of the 400,000 shares received directly from New Bristol Oils. Price—$1 per share. Proceeds—to be used by new holder. Underwriter—None. The distribution of additional shares is subject to market their high yields.
Sunshine Park Racing Association, Inc. (Fla.)
Nov. 18 filed $700,000 of 6% convertible sinking fund debentures due July 1, 1967. Interest at 5% and $1,000,000 of preferred stock (par 10 cents). Price—At par (100 per cent). Proceeds—To refund obligations. Underwriter—Emerson & Flegal, Chicago, Ill.

Texas Instruments, Inc., Dallas, Texas
April 13 filed $465,000 of 4.4% convertible preferred stock (par $25), being offered for subscription by stockholders of record on March 15, 1965, for each 18 shares of common stock held. Price—$2 per share. Proceeds—To repay bank loan for expansion of working capital. Underwriter—Gulf-American, Inc., Tampa, Fla.

Texas State Petroleum, Inc., Alice, Texas

Textbook, Inc., Dallas, Texas
July 17 filed $300,000 of debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and $1,000,000 of 6% series A preferred stock. Proceeds—To retire notes; to be held for working capital. Underwriter—Morgan Stanley & Co., New York.

Tip Top Uranium & Oil, Inc., Denver, Colo.
Feb. 1 (letter of notification) 30,000,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For mining operations. Underwriter—Emerson & Flegal, Chicago, Ill.

Trav-Ler Radio Corp., Chicago, Ill. (5/19)
May 20 filed 1,000,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For mining operations. Underwriter—Emerson & Flegal, Chicago, Ill.

March 2 filing of stock prospectus (1) 2,000,000 shares of common stock (par 21 cents). Proceeds—For mining operations. Office—250 East 42nd St., New York, N. Y.

Union Oil Co., Hollywood, Calif.
March 1 filing 30,000 shares of common stock (par $100), to be offered for subscription by stockholders of record on March 20, 1965. Price—$100 per share. Proceeds—For purchase of property, construction of hotel 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) 16,650,000 shares of common stock. Proceeds—For mining operations. Office—250 East 42nd St., New York, N. Y.

U. S. Oil Co., Las Vegas, Nev.
April 11 filing of stock prospectus (1) 2,000,000 shares of common stock and 50 participating royalty interests. Proceeds—To be distributed to stockholders of record on April 7, 1965. Price—$100 per share. Proceeds—For oil drilling, etc. Office—107 Fremont St., Las Vegas, Nev. Underwriter—None, securities to be offered through officers and directors.

Universal Beverages, Inc., Denver, Colo.
April 26 (letter of notification) 350,000 shares of common stock (par $1). Price—$2 per share. Proceeds—To buy product from Real Fresh Milk, Inc., and for general corporate purposes. Underwriter—J. W. Hicks & Co., same city.

Universal Finance Corp., Dallas, Texas
Feb. 18 (letter of notification) 27,000 shares of 7% cumulative preferred stock (no par) and 75,000 shares of common stock. Proceeds—For oil field development. Underwriter—Halsey & Co., New York.

Uranium Geophysical Exploration Co.

Vanadium Queen Uranium Corp.
April 18 filing 845,000 shares of capital stock (par $10). Proceeds—For subscription by stockholders. Proceeds—To be distributed to stockholders and for general corporate purposes. Underwriter—Van Antwerp, New York, N. Y. Underwriter—None.
Prospective Offerings

Allegany Corp.
Feb. 10 company offered 1,367,440 shares of 6%-convertible preferred stock at 100 and a 1-for-1 stock split, at a rate of 136,744 shares of preferred stock for each share of common stock. The dividend is to be paid quarterly, beginning with the first quarter of 1955. The dividend will be payable on April 1 to stockholders of record on March 15. The stock will be traded on the New York Stock Exchange. Offering—Price $25 per share. Proceeds—For the purchase of additional capital stock.

American Machine & Foundry Co.
Feb. 21 company offered 2,337,000 shares of its common stock at 27 1/2 for each share of preferred stock outstanding, at a rate of 2,337,000 shares of preferred stock for each share of common stock. The company has 2,337,000 shares of preferred stock outstanding. The offering is to be used for general corporate purposes. Offering—Price $25 per share. Proceeds—For the purchase of additional capital stock.

American Machinery Corp., Orlando, Fla.
Feb. 13 company offered 100,000 shares of its common stock at 100 for each share of preferred stock outstanding, at a rate of 100 shares of preferred stock for each share of common stock. The offering is to be used for general corporate purposes. Offering—Price $100 per share. Proceeds—For the purchase of additional capital stock.

American Telephone & Telegraph Co.
Feb. 20 company offered 2,337,000 shares of its common stock at 27 1/2 for each share of preferred stock outstanding, at a rate of 2,337,000 shares of preferred stock for each share of common stock. The offering is to be used for general corporate purposes. Offering—Price $25 per share. Proceeds—For the purchase of additional capital stock.

Artissom Carpet Co., Inc.
Feb. 11 company offered 1,000,000 shares of its common stock at 10 for each share of preferred stock outstanding, at a rate of 1,000,000 shares of preferred stock for each share of common stock. The offering is to be used for general corporate purposes. Offering—Price $10 per share. Proceeds—To repay bank loan.

Blackstone Electric Co.
Feb. 10 company offered 1,000,000 shares of its common stock at 10 for each share of preferred stock outstanding, at a rate of 1,000,000 shares of preferred stock for each share of common stock. The offering is to be used for general corporate purposes. Offering—Price $10 per share. Proceeds—To raise additional funds through a debenture issue, details of which will be announced in near future. (expected to amount to over $1,000,000.)

Bliss (E. W.) Co.
Apr. 3 company offered 1,000,000 shares of its common stock at 10 for each share of preferred stock outstanding, at a rate of 1,000,000 shares of preferred stock for each share of common stock. The offering is to be used for general corporate purposes. Offering—Price $10 per share. Proceeds—To purchase additional capital stock.

Bridgeport Hydraulic Co.
Feb. 15 company offered 2,268 additional shares of common stock (no par) to its stockholders at a rate of 2,268 additional shares of common stock for each share of preferred stock outstanding. The offering is to be used for general corporate purposes. Offering—Price $1 per share. Proceeds—For construction program.

Central Maine Paper Co.
Apr. 2 company offered 1,000,000 shares of its common stock at 10 for each share of preferred stock outstanding, at a rate of 1,000,000 shares of preferred stock for each share of common stock. The offering is to be used for general corporate purposes. Offering—Price $10 per share. Proceeds—For construction program.

Wy-Oka Oil & Uranium Co., Denver, Colo.
Mar. 29 company offered 3,000,000 shares of its common stock at 10 for each share of preferred stock outstanding, at a rate of 3,000,000 shares of preferred stock for each share of common stock. The offering is to be used for general corporate purposes. Offering—Price $10 per share. Proceeds—To purchase additional capital stock.

Wy-Okla Oil & Uranium Co.
Feb. 18 company offered 3,000,000 shares of its common stock at 10 for each share of preferred stock outstanding, at a rate of 3,000,000 shares of preferred stock for each share of common stock. The offering is to be used for general corporate purposes. Offering—Price $10 per share. Proceeds—To purchase additional capital stock.
Pennsylvania Power & Light Co. May 6 it was announced that the company plans this year to sell $100,000,000 of first mortgage bonds and use the proceeds for its construction program. The bonds will be sold through the First National City Bank, New York, and the First National City Bank of Chicago. Underwriters—Merrill Lynch & Company (jointly); Kidder, Peabody & Company; The First Boston Corporation; Smith, Barney & Company; and Harriman Ripley & Company (jointly).

Southwestern States Telephone Co. May 15 it was announced that the company plans to sell $20,000,000 of 6% cumulative preferred stock (par $50). Proceeds—To retire bank loans and for construction program. Underwriters—Underwriters—The First Boston Corporation; Smith, Barney & Company; and Harriman Ripley & Company (jointly).

Sterling Precision Instrument Corp., May 4 it was reported the company plans to issue and sell approximately $500,000 of common stock. Underwriters—Expected to be underwritten by Central Bankers Corp. (Inc.), Chicago, Ill.

Texas Eastern Transmission Co. Jan. 12, George T. Nafz, President, referred to the possibility that the company might sell additional common stock if the company's current application for the reconversion of its New York City office to the manufacture of the new natural gas facilities is launched. He indicated that the company had been informed that they expected to be authorized to issue $350,000,000 new financing might be in the form of new first mortgage bonds, to be sold privately, and that based upon the assumptions that he had made he believed that the remainder of the financing would be sold in the open market. He added that he expected that the issue of additional stock (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. Underwriters—Dillon, Read & Co., Inc. New York.

Texas Gas Transmission Co. Mar. 23 it was reported company plans to sell additional first mortgage bonds to finance new construction program. Underwriters—Dillon, Read & Co., Inc. New York.

Union Electric Co. of Missouri Jan. 11, it was announced that the company expects to sell about $2,000,000,000 30-year first mortgage bonds late in 1955, maturing May 1, 1985, to provide funds for construction of new construction program. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Company; The First Boston Corporation; Lehman Brothers and Bear, Lynch, Faneuil & Company; Drexel & Co.; White, Weld & Co. and Shields & Company (jointly).

Utah Power & Light Co. Mar. 28 it was reported company plans public sale of 172,000 shares of common stock. Proceeds—For construction program. Underwriter—To be determined by competitive bidding. Probable underwriters: Union Securities Co. and Smith, Barney & Company (jointly); Kidder, Peabody & Company; Merrill Lynch & Company (jointly); Lehman Brothers; Drexel & Company; Bear, Lynch, Faneuil & Company and Drexel & Company (jointly). Bids—To be received Sept. 13.

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Westwood Hydrocarbon Co. Mar. 22 it was reported company plans to sell $25,000,000 of common stock. Proceeds—To be used for hydrocarbon development project. Underwriters—Union Securities Co. and Smith, Barney & Company (jointly); Kidder, Peabody & Company; and Merrill Lynch & Company (jointly). Bids—To be received Sept. 13.

Western Union Telegraph Co. Mar. 22 it was reported company plans public sale of 172,000 shares of common stock. Proceeds—To be used for hydrocarbon development project. Underwriters—Union Securities Co. and Smith, Barney & Company (jointly); Kidder, Peabody & Company; and Merrill Lynch & Company (jointly). Bids—To be received Sept. 13.
Underwriters, unless they happen to be dealers in bonds, themselves handling an offering with which they do not make a profit or find nothing much to cheer about.

When it comes to deal cap-
ting in the securities mar-
tet bidding or the "suicide rule," the market is in for an interesting week and the forthcoming side. It is a mad world and the action is going to be a tale of two cities. It's all a matter of degree and if the story is too strong, the market is too weak. Two weeks ago the market was too weak. A week ago the market was too strong and now it is a matter of degree. The other side of the market is the great unknown.

There is demand around, no question about that. But it is price stuff. The definite price levels and reflects the views of those with funds on hand, rather than those with offerings for sale.

By way of illustrating this point, note the following offerings to several recent experiences. One the Philadelphia Electric Co.'s recent offering brought out on a 3.125% yield basis. That issue was away and underwritten. A 4.125% yield basis being a nil offering, and moving back about half the distance lost.

The market is held, held true of Gulf, Mobile & Ohio Ry. So offering of a few weeks back. Minutes, 4 percs per share, issue, upon dissolution of the syn-

Synthetic offering, 4 percs per share, basis, but has since scored about 50c down. On the other hand, Bankers took down $12,000,000 of first mortgage, 30-year bonds of the Grand Trunk Power Co. early this week and proceeded to reprice and go to par with a noted yield of 3.55%. There was a big bearing agreement from the bond market's bond for the bonds.

Corporate Shelves Clear

With bankers' and dealers' shelves bare of all accumulations from recent offerings, there is a marked price passage in the forward calendar still on the thin side.

In fact, there are remnants, and some of those were sizable, from earlier offerings that remain on the shelves when the issues involved were cut loose and are advertised.

Current New Business

Judging by preliminary inquiry around, it was indicated that the forthcoming offering of $38,000,000 of convertible subordinated debentures of the Pittsburgh & West Virginia Co. is, in Street parlance, "hotter than a pistol," this issue is slated for next week and is being done on a negotiated basis.

Aside from this W. E. Grace of-
tering the other substantial piece of the $12 million in convertibles to Ohio Edison Co.'s projected offering of $39,000,000 of 25-year first mortgage bonds, due up for bids on Tuesday. In view of the competition, the competition, here could be keen.

Several Large Ones Ahead

It is in the nature of things to promise to be a bit livelier in the new issue market what with several big issues going on the market for bids and a substantial negotiated required. Maybe.

Largest by far is Detroit Edison Co.'s projected $65,000,000 of 25-

year first mortgage bonds on the market for bids in the vicinity of $72.50.

Largest by far is Detroit Edison Co.'s projected $65,000,000 of 25-year first mortgage bonds to be sold under competitive new-

Construction. Also, a bit of spice is Lock-

head Aircraft offering of $50,000,000 convertible subordinated debentures, being handled by ne-
WASHINGTON D.C.—Things can and often change, but un¬likely as it looked at the last minute, the Eisenhower Administration is reported by persons who should be in a position to know, to have been going through a period of decision on a critical dead fish. They might just come up with certain controls that are not popular and maybe they could profit by opposing them.

Certainly the minority of controls are in no position, de¬moralized as they are by Eisen¬hower’s left wing programs, themselves to stop this. And even if such controls were not under any jurisdiction, are prez¬erated stacked with men way in left field.

Propose Broad Terms

Those who have seen the pur¬posed standby controls-pro¬gram say that it offers big globs of uncertainty, leaving a great loosefeather population. The Presi¬dent would have power not only to order standby price, wage, and rent controls, but could be left ultimate, via means of standing in the way.

Furthermore, the President would have power over credit. This power would be sufficiently broad not only to reinstate credit on consumer and real estate credit, but could be used in the event the President, if he were so moved, to keep credit tight.

As a matter of fact, the program is said to plan on the direct and indirect controls over credit, especially if the “for other emer¬gencies” clause should be availed to warrant wage, price, and rent con¬trols.

Labour may raise a public fuss for the record of standby wage controls, but will offer little serious opposition, it is expected. Past experience indicates that it took a little more time and gobbled¬dedoobbles before the whole thing was taken off the air, and that it was more than unhithered in the wonderful new modern world of frugal ben¬efits.

Seek Oil Imports

Held at 14%

If oil imports exceed 14% of consumption, they will be cut back to that ratio. That is the understanding of well-placed oil men. The President’s fuel policy committee said that im¬ports should be held to the “present ratio” of domestic con¬sumption, 14% at the time the committee reported. In con¬junction with the President’s commitment to curb imports they demonstrated that large as to en¬danger national security, an al¬leged increase to the 14% was said to have been obtained.

Some also are advocating a capital budget, which means that the so-called capital ex¬penditure should not be con¬sidered as current expenditures in the budget, the Virginia noted.

“These who advocate the so-called capital budget must start out with the false assumption that the Government is in business to make a profit on its citizens. To my knowledge, the Federal Government has never made a bona fide profit on any Government operation.”

Federal grants have grown in 21 years from 19 programs costing $126 million to 51 in number costing $3 billion annually, an increase of 900% in number of programs and 2300% in cost, Senator Byrd noted.

“As to additional grants for the future,” President Eisen¬hower proposed to open up three Pandora’s boxes of new Federal hand-outs to the states.

“The proposals by the Presi¬dent, if adopted by Congress, would be the greatest increase in grants to states yet under¬taken and the largest step yet to Federal paternalism,” Sena¬tor Byrd declared.

Business


Graphic Sticks—1,001 charts showing monthly highs and lows, some trading trends, earnings and dividends, latest capital¬izations, and stock price averages for 12 years up to date on various selected stocks listed on New York Stock Exchange and American Stock Exchange. Single copy (spiral bound) $10; yearly (six revised books) $50; free (spiral bound). F. W. Stephens, 87 Nanauuau, Honolulu, Hawaii (7th).


Journal of the Institute of Bankers—April 1955 (containing articles on Bankers’ Advances Against Produce; Late Registration of a Charge by a Company; Some Aspects of Scots Law; Opening the Account and other Problems; Recent Developments in Exchange and Exchange Control; Legal Decisions affecting Bankers)—Institute of Bankers, Lombard Street, London, E. C. 3, England.


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WASHINGTON... And You

Behind-the-Scenes Interpretations from The Nation’s Capital

Federal Reserve Bank of St. Louis
Digitized for FRASER

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Bust in Business

Bache to Add Stocks

(Special to The Financial Chronicle)

BOSTON, Mass.—Bernard A. G. Taradash has joined the staff of Bache & Co., 21 Congress Street. He was previously with Keller & Co.

W. E. Rubenstein

(Special to The Financial Chronicle)

LITTLETON, Colo.—William E. Rubenstein is engaging in a se¬curities business from offices at 4265 South Santa Fe Drive,