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EDITORIAL

As We See It

"Saving," "Consumption," "Investment"! What words to conjure with — since John Maynard Keynes flashed across the firmaments of economists, politicians, and many of those elements in the population who like to think of themselves as social philosophers! Keynes evolved out of his own head certain very simple, and often imaginary relations between these three phenomena. Roughly speaking he defined saving during any period of time as the net increase in wealth—that is, that part of net production during the period which was not consumed. Any increase in the stock of goods was to be denominated investment. Thus saving and investment were the same thing by different names. Thus he was able to define out of his path some of the difficult problems about which economists had been arguing for a good while.

Failure either to consume or to invest (in the ordinary sense of the word) income—something which we had long thought of as hoarding—was to Keynes a manifestation of "liquidity preference." Consumption, he thought, bore a close and relatively fixed relation to income. It was the saved part of income which fell victim at times to "liquidity preferences" and at other times flowed freely into productive enterprise. A very simple system (which, of course, has been oversimplified here) but it was not long before facts raised many doubts about it. Nonetheless "saving," "investment," "consumption," and "liquidity preference" and a number of other closely related terms have

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Steel Industry Prospects

By ARTHUR B. HOMER*
President, Bethlehem Steel Company

Prominent steel executive reviews broad aspects of the steel industry's current position and its future prospects. Enumerates factors which have created a condition of confidence and financial strength. Says job ahead in steel industry is to provide the products demanded by a growing population and expanding economy. Urges management speak out with candor and clarity regarding implications of the guaranteed annual wage.

As an introduction to my remarks, I would like to recall to your minds the first few lines of that famous old Hymn written in 1830—

"Watchman, tell us of the night,
What its signs of promise are:
Trav'ler o'er yon mountain's height,
See that glory beaming star."

You will be correct if you assume from this quotation that my theme will be to review some of the broad aspects of where the steel industry stands now in this volatile and expanding economy of ours; where we might be going; and what some of the problems are that will confront us. Perhaps I can describe the subject in a more concise manner by saying that I would like to make some observations regarding the vital role which the steel industry should play in the growing new atmosphere of confidence in stabilized progress.

Arthur B. Homer

My approach is more or less in the nature of talking things over with you who share a common background of experience, problems, and responsibilities as fellow steelmakers, and not in the unrealistic guise of a professional orator or prophet.

I mention this to make sure there is no confusion as to professional status, such as arose in the household of a certain prominent lawyer in this town. As the story goes, his wife came downtown to meet him at the office

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*An address by Mr. Homer at the 63rd General Meeting of the American Iron and Steel Institute, New York City, May 26, 1955.

What Do You Think?

Initial Comments on the Guaranteed Annual Wage

First of letters received in response to the "Chronicle's" invitation for comment on the guaranteed annual wage philosophy published below. As previously noted, the new contract demand of the United Auto Workers of America (CIO) is of vital importance to all industry and labor rather than primary concern of the automobile industry and its workers. Proposal's overall economic significance cited by Frank Rising, General Manager of the Automotive Parts Manufacturers Association, in article "Guaranteed Annual Wage: Blue Sky and Brass Tacks," which appeared in "Chronicle" of May 26. Other commentaries will be given in subsequent issues.

It is crystal clear that the demand of the United Auto Workers of America (CIO) for a contract embodying a guaranteed annual wage for its members, while seemingly the primary concern of the automobile industry and its workers, is actually of vital importance to all industry as well as to labor, whether organized or unorganized. Accordingly, the subject is one that should command the thought and consideration of everyone interested in the continued well-being of the nation's economy. For this reason, the "Chronicle" is pleased to make provision in its columns for any one who cares to comment on the issue and principle involved.

Frank Rising

The invitation, it will be recalled, was made simultaneously with the publication in the May 26 issue of a talk by Frank Rising, entitled "Guaran-

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SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 38.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Columbian Carbon Co. — Gordon Y. Billard, Partner, J. R. Williston & Co., New York City. (Page 2)

Chicago & North Western Railway $5 Pfd. — William G. Kahlert, Resident Partner, Jamieson & Co., St. Paul, Minn. (Page 2)

GORDON Y. BILLARD

Partner, J. R. Williston & Co.
New York City
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Columbian Carbon

Substantial hidden values exist in Columbian Carbon common stock at prevailing price levels (listed NYSE). When such values are more widely recognized by institutional and private investors, considerably higher prices may be expected to prevail. In the meantime, present dividend income offers a reasonably satisfactory yield. Later on, a higher dividend may be anticipated so that income return at present prices should ultimately prove quite handsome.


Gordon Y. Billard

The history of Columbian Carbon dates back to nearly half a century. Numerous corporate changes and mergers have taken place during this time. The principal business of the company and its subsidiaries is the manufacture of carbon black, special blacks, inks and pigments and the production of oil, natural gas, gasoline, butane and propane, and commercial sulphur.

Carbon black is produced from oil and natural gas and is used primarily by manufacturers of tires and other rubber goods. Special blacks are used in making artificial leather, inks, paints, textiles, carbons and explosives. Iron oxides and other pigments are used in synthetic enamels and paints. For many years the company has been actively engaged in oil and gas operations. Large quantities of natural gas are supplied under contract to various pipe line companies, public utilities, industrial companies, and others. Principal natural gas fields owned or leased are in West Virginia, Louisiana, Kentucky and Kansas. The company owns a 20% interest in a group venture, headed by Tide Water Associated Oil, holding extensive acreage in Saskatchewan, Canada, on which large proven oil and gas reserves exist. Active exploration work is carried on in most of the oil producing states of the Mid-Continent area. Last year emphasis was placed upon Gulf Coast areas.

Capitalization of the company consists of 1,600,000 shares of capital stock. This is preceded by approximately $10.4 million in minority interest and long-term debt. At the end of last year, net working capital was in excess of $19 million, the largest for any comparable period in the company's history, and nearly double that reported at the end of 1945. Book value of the common stock at the end of last year was about $35 per share but this represented a gross understatement. At the recent annual meeting of stockholders, the President indicated a more realistic valuation would be in the order of $70-$75 per share.

The price of the common stock is well below the high mark reached in 1952. Yet the price index for comparable equities is much higher today than then. In 1952 a price index of 10 chemical stocks, including Columbian Carbon, recorded a high of approximately 241, and today is in the neighborhood of 300, or about 25% higher. Columbian Carbon at today's prices would have to advance more than 30% to even equal its 1952 high. This situation warrants careful investigation.

Sales have shown considerable expansion during the past decade. Last year's sales volume of around $53 million was nearly double that of 1945. Yet earnings per share of $2.83 in 1954 were not much higher than in 1945. If income accounts are carefully analyzed in the postwar World War II period through 1954, it will be found that the cash throw-off has been approximately $78 million, or equal to a net average of more than $5.50 per share per year. Deducting dividends paid during this period in the amount of $29.2 million means that approximately $48.8 million, or about $30 per share, has been added to equity values. If Columbian Carbon was worth 40 (the mean price) in 1946—the stock in that year at its high sold higher than present prices — then the stock today ought to be worth somewhere around 70.

Earnings for the first quarter were $1.03 per share, compared with 80¢ in the same period a year ago. Present prospects are that results for the year 1955 will top the 1954 results by a wide margin. Dividends have been paid each year without interruption for a long period of years with 1954 representing the 39th consecutive year of dividend payments. At present dividends are being paid quarterly at the annual rate of $2 per share per annum so that the yield at present prices is around 4¼%.

No comment on Columbian Carbon values would be even partially complete without reference to the company's oil and gas operations. At the beginning of 1946 total proven gas reserves owned and under contract were about 1 billion MCF but were more than 50% higher at the end of last year. Proven recoverable oil reserves were about 800,000 barrels at the beginning of 1946, and at the end of last year were nearly 20 times higher.

The total market valuation of Columbian Carbon, taking market prices for the common stock and prior obligations at par less net working capital, is in the order of $60-odd million. It is the writer's opinion that Columbian Carbon's oil and gas reserves alone at anywhere around this figure would be a bargain of the first order. Careful accumulation at prevailing levels is recommended for longer term investment accounts seeking current income with rather limited price risks in relation to price appreciation.

WILLIAM G. KAHLERT

Resident Partner, Jamieson & Co., St. Paul, Minn.
Members New York Stock Exchange and other principal Exchanges

Chicago & North Western Railway $5 Preferred

Two years ago, Northern Pacific in the low 30's was the security I liked best. Last year it was Baltimore & Ohio common around 30. The security I like best now is Chicago & North Western Railway $5 preferred selling at 36 on the New York Stock Exchange. It sold at 76 in 1946 and it should sell there again some day. It is entitled to $5 per share in dividends and participates with the common to the extent of $1 per share additional after the common has received $5.


William G. Kahlert

Why railroads? Because they are still hauling a ton of freight one mile for 1¼¢. In this day of high wages, high taxes, high material costs and general inflation that is one of the most necessary and cheapest services we can buy. The railroads should be treated as a public utility—which they are. They should be given the same rate treatment that telephone companies or electric light and power companies receive and railroad securities should sell on the same investment basis. The railroad industry has earned the right to favorable treatment and our national safety requires it—in the event of a third world war.

Why North Western preferred? It is grossly underpriced. If N. Y. Central common is worth $39 per share can anyone believe that N. W. preferred is worth only $36? North Western common is selling at 17⅜ but cannot get a penny until the preferred receives $5. If the common is worth 17, and the market says it is, the preferred should be selling for at least 50. Baltimore & Ohio common is 44 and Chicago Great Western common is 41, all of which makes N. W. preferred look like the greatest railroad bargain in the country.

The present low price is due largely to last year's poor earnings when a deficit of $6.46 per share was reported on the preferred. In 1953 there was earned and paid $3.30 on the preferred. In 1949 only 14¢ was available for dividends but in 1950 that jumped to $6.44. The preferred stock advanced from 24 in 1949 to 52 in 1951. Something like that in earnings and prices should occur over the next year or two. In 1942 earnings amounted to $28.06 on the preferred, which is an indication of what can be done.

During the '40s when the Rock Island was buying Diesels by the dozen the old management of the North Western was still buying steam locomotives. Two years ago, the North Western started con-

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Rent Control Crippling Urban Housing Market

By JOHN R. WHITE
Adjunct Assistant Professor, School of Commerce, New York University
Consultant, Brown, Harris, Stevens, Inc., New York City

Real estate specialist sets forth problems and historical background of rent control, together with the long-term implications. Deplores the psychology that rent control is a necessary peacetime function of our democratic system, and contends present rent restrictions are so onerous that it is impossible to obtain an economic rent. Says result has been withdrawal from market of thousands of rental units. Denies real housing shortage exists, and lays blame for present unsatisfactory situation to rental curbs.

The Problem

The recent conflict over rent control in the New York State legislature, the somewhat inflammatory statements made in the press, the positions of the protagonist and antagonist of this difficult problem point up the need for a detached and impersonal re-appraisal of the economic aspects.

John R. White

Far too much effort and thought has been devoted by the real estate trade associations to the legal aspects while the various tenant groups have concentrated their appeals for continuance of rent control on humanitarian and sociological grounds. The appropriate perspective of the problem has been lost in a maze of conflicting self-interest statements and has been ignored by many individual state legislators conscious of the need for supporting popular local issues which will give them greater assurance of self-perpetuation in public office. This view has been nurtured by that particularly fortunate group, the tenants who have been established in the same residential quarters since rent control. In an unguarded moment, they admit being in the "driver's seat." Their income has risen higher than other commodity prices while they still have a rental unit at a bargain price. This group is very anxious to have rent control retained and strengthened and the legislators pay this special interest group special heed.

On the other hand, the antagonists of rent control, the real estate owners and agents, have long since given up the prospect of winning a decontrol. They feel they are being "realistic" by agreeing to the continuance of controls while seeking means of obtaining minor increases by tortuous techniques of proving hardship, "voluntary" increases, installing new capital equipment, inequality, and other similar devices. During this period, they have failed the public and their own interests by forgetting the fundamental weaknesses implicit in long-term controls and through their inability to make the general public see the inequities, although admittedly, a sorely trying task. This is particularly tragic since over 50% of the families in New York State are home owners.

In the interim, it becomes increasingly more difficult to terminate controls. Statesmanship is abandoned in favor of expediency. The community has fed so long on low rents that tenants honestly believe they cannot afford to pay more. New Yorkers have adjusted their scale of living to provide for a lesser allowance out of their income dollars for rent while, on the other hand, they state their desire for other commodities from the surplus money saved from uneconomic rents.

It is incredible that rent control has now been with us for 12 years and is assured of continuance for at least two more years beyond June 30 and probably thereafter. It is not so surprising, however, that it has become a virtual political impossibility to face the prospect of decontrol. The "shortage," we are told, is as acute as ever. Many well-intentioned people insist that controls continue until this "Shortage" disappears, yet it is somewhat elementary economics to observe that a shortage will always exist where a commodity can be purchased or leased for less than its market value. The artificial restraint on rental prices provoked by rent controls thus tends to intensify and prolong rather than abate or eliminate a shortage as many have hoped.

The Historical Background

What are the facts, from an economic viewpoint, about rent control? Can we assess the economic ramifications of rent control from the vantage place of history? A brief review of market conditions and the circumstances under which rent control was imposed will serve as a necessary prelude to a full discussion of the topic.

The depression of the 1930's, intensified by a significant oversupply of housing and commercial reality, plunged real estate prices to inconceivable depths. Forced sales, high vacancies, cessation of construction, infrequent sales—all the indicators of a distressed market were present. These conditions continued without significant improvement up to the start of the Second World War. Some slight relief was felt in local areas as defense needs in 1939 to

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Regular Features

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Resilient Steel

By IRA U. COBLEIGH
Enterprise Economist

A brief hearthside comment on the current pace of the steel trade; plus a few investor-slanted notes on certain equities.

Every so often somebody comes forward with the brash notion that steel is a declining element; that newer metals such as aluminum, nickel or some wonder metal may soon take over, leaving nothing but crickets on the (furnace) hearth. The statistics of the steel trade, however, make a donkey out of such a prophet. Why, for the first 18 weeks of this year, the production of steel ingots in that decadent capitalistic country, the U. S. A., was at the annual rate of 114 million tons! If this pace were continued for 52 weeks, it would be the largest steel production in our history; and the present rate of output is probably three times that of Communist Russia and all her satellites combined. No wonder Russia is sending out a covey of peace doves. Steel is a strategic sinew of war; and Russia is short on steel.


Ira U. Cobleigh

Now for the record it must be stated that we shall not produce here 114 million tons of steel this year; the actual year-end total should be around 100 million. That, however, is a sizable plus over 1954 (88.3 million tons) and especially noteworthy for a year in which motor car production and private housing were supposed to slump. No, don't list steel as on the down grade. We'll be turning out 180 million tons in 1970 and thinking nothing of it.

This advance in steel operations, present and prospective, does raise a few questions about ore supply. As we all know, until quite recent years we relied on rich deposits of the Mesabi Range (Minnesota) to produce most of our ore. There still are probably a billion tons of reserve ore there (though there is some reticence to declare maximum reserve valuations on account of a Minnesota State Tax provision). Big steel companies such as U. S. Steel, and three ore specialists—M. A. Hanna Co., Cleveland Cliffs Iron Co. and Great Northern Iron Ore—are important here. With Mesabi declining, however, and lower iron content ore being produced in the area, there has been an intensive search for needed, new and large scale ore sources.

One of these new sources has been found in the Lake Superior District itself — the digging and beneficiation of a low grade and hitherto non-commercial ore, taconite. New processes have been developed to make high iron content (64%) pellets out of this thin (but very extensively found) taconite. A pioneer in this extraction was Reserve Mining Co., owned fifty-fifty by Armco and Republic, who are making a total investment of $250 million for production of 3¾ million tons annually. (Eight to ten million tons have been indicated as ultimate capacity planned.) This investment should add measurably in the next five years to Republic and Armco and it has a special value to an independent enterprise, Mesabi Iron Co., which is to receive one-third of net profits (of Reserve Mining Co.) plus some incidental royalties for use of the lands it owns and has under lease. And Mesabi doesn't have to put up any of the development dough. Mesabi sells on American Stock Exchange around 36½.

Another large scale taconite project is Erie Mining Co. with Bethlehem and Youngstown each holding a 45% interest. A $300 million outlay is under way here with full production targets scheduled to be reached in 1957.

Outside the United States are the new mines of Labrador Mining and Exploration Co. with 135 million tons of proven iron ore reserves already located over 50% of it of unusually high (60%) iron ore content. Hollinger Consolidated Gold Mines (Am. Stock Exchange, around 23½) owns 51% of Labrador Mining. Then there are the Steep Rock mines, much nearer to the American steel mills.

Liberia is a large and increasing producer of iron (for Republic Steel). U. S. Steel has the fabulous Cerro Bolivar ore deposits in Venezuela. Brazil is another country delivering ore to us.

After the foregoing brief excursion into ore sources, let us now return to the main motif of this piece—steel production. Nineteen fifty-four was a considerable slip off from 1953 which brought forth 111.6 million tons; but it did prove that, with a reasonably solid price structure, most companies can turn in pretty decent operating results at 70% of capacity. This fact is of considerable interest to investors, some of whom have rather shied away from steel shares on the grounds that (1) they were highly cyclical, and (2) because of vast plant investment and rather high overhead and fixed charges, they could deliver fat net earnings only at the crests of business cycles. Greater diversity of product, increased plant efficiency and no great excess of plant capacity (and that due mainly to obsolescence) have tended to flatten out steel operations, and have caused steel stocks to be regarded as much more dependable equities than they were during the over-capacity and price-cutting era of the early '30s. Volume is of course still important but the present level of motor production and home building, industrial plant expansion and defense requirements does not suggest any significant diminution in the volume of the steel demand in the immediate future.

For those attracted to the steel industry by the buzzing level of current operations, a belief in sustained steel demand due to population growth, and by the attractive yields now afforded, a few market notes on certain issues are presented.

No one ever writes about steel stocks without starting out with United States Steel Corp. That figures. U. S. Steel (X on the Dow Jones ticker) is the biggest steel corporation in the world, has paid dividends since 1940, is not only big in basic steel but, through Universal Atlas Cement Co. (wholly-owned), controls the largest cement company in the world. Railways owned, ore properties in Minnesota and Venezuela, lake ore carriers, The American Bridge Co., and a big pre-fab house building entry — all these together spell U. S. Steel — big, prosperous, with its common stock, an across-the-board equity at 84, paying $4 a share. This common stock is held by many mutual funds and other institutional investors. Recommendation of this premier equity here would be redundant.

Second among American steel producers is a splendidly managed and highly profitable enterprise—Bethlehem Steel Corporation. This is the largest domestic shipbuilder and if we build an atomic powered commercial vessel, Bethlehem will, no doubt, build it.

In Bethlehem, you find a completely integrated steel company deriving basic ore from Venezuela, Chile, Cuba, Canada and taconite (Erie Mining Co.); and with installed capacity as of 1/1/55 (in eight plants) of above 19 million tons per year. BS is a large fabricator of special purpose steels including railway cars, castings, rails, oil well equipment and, in lighter steels, sheets and tinplate.

Profits on the common stock (9,582,942 shares) were $13.18 per share in 1954. This year they should be still larger, perhaps as high as $18 per share. On the strength of strong working capital, expanded earning power, the interesting merger possibilities contained in the Youngstown Sheet and Tube proposals, and the new capital raised via $191,659,000 of 3¼% debentures (convertible into common at $140), BS is a favorably regarded steel. It has been a marvelous vehicle for stockholders, dividend and gain, since World War 1. Current share price 132½, and indicated dividend $6.75 per share.

Another interesting steel stock is National Steel Corporation, currently selling at 64 and paying $3. It is the only steel company to show net profits in each year since 1929. It is the fifth largest steel company with a capacity of six million tons. It specializes in lighter grade steels—sheets, strips, bars, tinplate, plus structurals and rail supplies, with the auto industry the best customer.

NS has 14,500 stockholders to whom it has paid some dividend since 1907. Per share earnings of $4.13 in 1954 are expected to be substantially improved this year and many analysts predict a larger dividend than $3.00. Fifty-five million dollars in funded debt precedes 7,362,045 common shares (27% locked up in the portfolio of M. A. Hanna Co.). Here is a solid steel equity with a cash dividend capable of substantial improvement.

If you think we've skipped over the steels too swiftly, then perhaps you ought to look at Armco, selling at 8½ times earnings; Republic, just split two-for-one; Youngstown, still probable as a merger unit into Bethlehem; and Allegheny Ludlum, an expanded company with romantic overtones in titanium.

In any event, don't discount the steels! They're basic in our whole industrial scheme; they have expanded and improved plant capacity; and they are no longer to be regarded as strictly cyclical performers. Steel is an industry that, with research and smart management, will continue big, profitable, and ingratiating to investors.

The State of Trade and Industry

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

There was a moderate decrease in overall industrial production for the country-at-large in the period ended on Wednesday of last week, but compared with a year ago, output remained about 10% higher.

Applications for unemployment insurance benefits again declined with latest reports indicating that continued and initial claims were more than 36% below the level of a year ago. Since the week ended Jan. 22, the volume of continued claims decreased 32% or the sharpest decline for any comparable period since the close of World War II.

The United States Department of Labor reports that idle workers' first claims for unemployment compensation have dropped below 200,000 a week for the first time in 19 months.

New claims for jobless pay fell by 14,100 to 192,900 in the week ended May 21, the agency states. This compared with 283,900 a year earlier and with 192,719 in the week ended Oct. 19, 1953, over a year and a half ago.

In the week ended May 14, the total of workers drawing compensation dropped by 49,000 to 1,297,600. This compared with 2,119,500 a year earlier. Some 41 states shared in the decline.

The Bureau of Labor Statistics, meanwhile, reported that factory hiring dipped seasonally in April while the layoff rate remained unchanged. Factories took on workers at the rate of 34 per 1,000 employed, against 36 a month earlier. Layoffs ran at a rate of 13 per 1,000—the same as in March.

Steel demand is entering into the summer months at an all-time high. Incoming orders continue to exceed shipments, and the terrific pace amazes the most optimistic among steel producers, "The Iron Age," national metalworking weekly, states this week.

The situation poses a real problem for the mills. They are trying to maintain production in order to cut into backlogs and avoid further extension of delivery promises.

However, producers know that a summer letdown is inevitable. It may amount to no more than a few points from the present ingot rate, but at today's pace, even a few points mean a lot, declares this trade journal.

Necessary maintenance has been postponed about as long as it can be on some equipment. Steelmaking furnaces have been pushed to the limit. Blast furnaces have been operated to the hilt in order to provide more hot iron and to offset the effect of record steel production on scrap supply, but the wear and tear is beginning to tell. Further, vacation schedules and warm weather always cost the mills some production.

The pressure from consumers will hold steady even though there will be some consumer plant shutdowns. Most of these plans anticipate acceptance of steel shipments during the vacation period.

Another factor is steel labor negotiations which will get underway on June 7. Although the betting favors a peaceful settlement, there is a certain amount of strike hedging, particularly among tinplate consumers. Other users are pressing for delivery to beat the steel price increase that is certain to follow a wage settlement, continues this trade weekly.

The question of consumer inventories is bothering some people, but there is still no evidence that much steel has been going into stock. The auto companies, for instance, have been chewing up steel so fast that, if anything, their inventories are considered low. Some Detroit sources believe that even if there is an auto strike, the car producers would require at least 60 days to build inventories to what they would consider adequate. Meanwhile, more steel producers are thinking in terms of a possible record production year in 1955. If production continues at about the present pace—and there is a good chance that it will—1953's record of 111.6 million tons will be broken, concludes "The Iron Age."

In the automotive industry last week United States car and

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Observations . . .

By A. WILFRED MAY

IN LIEU OF THAT FUTILE QUESTION

Again last Sunday Senator Fulbright on a popular radio program warned of "heavy speculation" in the stock market, advising that margin requirements be raised to 100%. On the same day the CIO, also deeming it appropriate to ruminate on the state of the market, gave its expert verdict that an examination of the facts behind the rise in stock prices "reveals the development of an unhealthy lack of balance within the economy," and drew discomfiting parallels with the 1920's.


A. Wilfred May

In its publication "The Economic Outlook," labor's spokesman maintained that another increase in margins may be necessary; accompanied by the "revitalizing" of the Securities and Exchange Commission; and "more effective" regulation of corporate stock issues and stock transactions. It went on to urge that the wage-price-profit and investment polices of the big corporations require reform, with particular stress on profits; that the buying power of labor and farm income be considerably lifted; and that the tax structure get a new look.

These two echoes of the *Stock Market Study* are highly significant in highlighting the sharp contrast between the validity of conclusions about "the state" of the market at any given time on the one hand, and the specific elements operating the market place on the other.

The Improper Questions

The immeasurability and imponderability obstructing any attempt within the province of a Congressional Committee at scientific objective conclusions about the price level or the degree of attending speculation, permeated the Committee's Hearings and the subsequent Report containing the individual views, majority and minority, of the members.

In its commentary on increased speculative activity, the report frankly includes the warning that some of the signs are "of necessity qualitative, since speculative activity operates under the influence of psychological forces which do not altogether lend themselves to quantitative treatment." But, it seems to this writer, this factor of psychological immeasurability has not been given enough weight, either before, during, or after the hearings.

"Speculative activity becomes evident when businessmen and the public generally become unduly occupied with the stock market and stock prices," reports the Report. "New highs in stock-price averages are front page news, the tipster increasingly flourishes, flamboyant advertising keyed to the lure of quick profits becomes more widespread and there is a rash of security offerings of dubious merit. The expansion in the volume of short-term trading is facilitated by an increasing use of bank credit for stock speculation."

How Much Is Much?

This statement of course is unexceptionable. But, the importance of these elements' presence is a matter of degree, which is so very difficult to evaluate. How much is much — related to the quantitative as well as to the qualitative factors?

Senator Fulbright largely rests his speculative indictment on the increases in brokers' loans (to the highest levels reached since 1936), and the data showing a marked rise in short-term trading.

These are quantitative factors which are indeed indisputably symptomatic of speculative interest. But, by themselves they constitute a one-sided over-simplification. Did the rise in both tnese phenomena start from an abnormally low level? By what standard is their present level to be condemned? At just which practical or theoretical point would we wish to freeze the speculative market elements?

The difficulty in applying a thermometer to speculative fever is additionally demonstrated in the apparent change that happens to have occurred since the close of the hearings, with a perceptible sobering of attitude and quieting-down of excitement — but without change in the tune of the Chairman's own findings.

The Counteracting Value Factors

Also, how shall the foregoing factors be weighed against the *value* context of the market's price level—that is, the relationship of prices to value factors? On this basis, there surely is no convincing case. Even now, the leading Stock Averages are selling at only about 15 times last year's earnings, and 14 times current earnings per share.

And evidence introduced before the Committee by its highly regarded witness, Benjamin Graham, seems definitely reassuring. In the first place, he showed that the Dow-Jones Industrials are now at a lower ratio to their average earnings in the past than they were at their highs in 1929, 1937 and 1946 — with interest rates now lower than previously. In the second place, he cites the record of the *central value* of the Dow-Jones Industrial Average, by capitalizing 10-year average earnings at twice the interest rate for high-grade bonds. This mechanical method applied to the current situation indicates, said Mr. Graham, that the market based on value criteria, is no higher now than it was in 1926, or in early 1936, or late 1945. "It is probably fair to say that the market is not too high today if we have really managed to lick the business cycle."

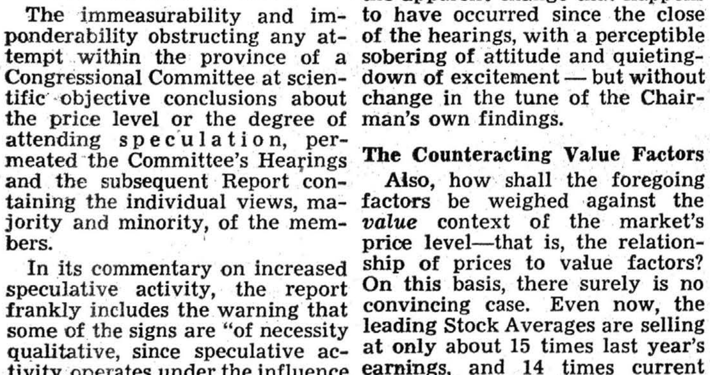
Your columnist is of course not expressing an opinion whether the present market is "high" or "low." What we are saying is that the picture of rampant speculative psychology must be ranged against the quantitative factors of value, before arriving at a balanced conclusion. The Committee Report says, "Speculative psychology is characterized by fixation on capital gains rather than by attention to earnings and other sound investment criteria. In its more extreme form, it has been described by a number of witnesses as a flight from reality." Then, surely, the sound investment criteria and the "reality" must be weighed in the balance.

Should Pursue Specific Questions

We maintain that it would be more fortunate for the Senate Committee to concentrate on specific problems of the market place —including those harboring possible legislative attention. Among such areas developed by the Committee are: margin regulation; institutional investment (a field of inquiry requiring and warranting vastly more statistical information); investment advising; stock options; the proxy system; and tax policies. Also useful, would be clarification of the unlisted markets, including their constructive phases.

These assuredly are also two-sided problems. For example, institutional holdings may be well justified, per Mr. Dorsey Richardson's defense quoted in the Committee Report:—"Institutional holdings of common stocks have, in my opinion, a most desirable stabilizing effect. Institutional investors are cash buyers, not margin buyers. They have long-term investment objectives and are not subject to panic selling in the face of market decline and not harried by short-term fluctuations. Their approach is professional, They do not follow stock market prices up."

But the answers to the category of questions thus broadly concerned with the investment field have validity as well as constructive use, in contrast to "market opinion"; — particularly when pursued by a Congressional committee.



Neuberger Berman Partners

On June 1, Neuberger & Berman, 160 Broadway, New York City, members of the New York Stock Exchange, will admit Henry J. Bash to general partnership and Janet B. Berman, Jean Lipman, Walter S. Salant and William A. Salant to limited partnership in the firm. On May 31, Donald Dryfoos will withdraw from partnership.

Getscher Enterprises

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Frank Getscher Enterprises, Inc. is engaging in a securities business from offices in the California Building. Officers are Franklin K. Getscher, President; P. E. Getscher, Vice-President; and G. L. Getscher, Secretary-Treasurer.

Public Relations Progress In the Steel Industry

By J. CARLISLE MacDONALD*
Assistant to the Chairman
United States Steel Corporation
Chairman, Public Relations Committee
American Iron and Steel Institute

In commenting on the progress of public relations in the steel industry, Mr. MacDonald says the credit for it is shared by all the industry's leaders. Pays tribute to various public relations officials who have succeeded in improving the public attitude toward the industry, which "stands best" in the naton. Lists as public attitudes still be to overcome: (1) that a steel mill is a dangerous place to work; (2) that bad working conditions persist; (3) that steel prices are too high; (4) that there is not enough competition among producers; and (5) that the industry is not altogether friendly toward its employees.

The public relations people in the steel industry view the survey of the Opinion Research Corporation as distinctly encouraging. It is encouraging because it shows that the public relations activities carried on by the steel companies and by the Institute have made substantial progress. It is also encouraging because it reveals so clearly the new challenges which face the industry. And, based on the progress that has been made since 1946, we are encouraged to believe that success will follow our efforts to deal with these challenges.


J. C. MacDonald

The credit for the progress shown in this survey may be shared by all the leaders of our industry. The managements of our companies have adopted and carried out sound policies that have served the public's interests, as well as the industry's. These include the tremendous postwar increase in steelmaking capacity, permitting record production for Korean defense and consumer markets, as well as higher wages for our employees, better working conditions, improved safety and the investment of millions of dollars annually for research and development.

All of these sound policies have paid rich dividends in public esteem. They truly had laid the foundation for good public relations. Without such a brilliant record of accomplishment in the public's interest, we in public relations would have had little to work with.

We want to pay tribute to our managements also for their willingness to assume national and local responsibility for speaking up in public forums. They have countered unfair attacks upon the industry, and have taken the truth to the public forthrightly and convincingly.

We also believe that our managements properly can feel considerable gratification since this survey so solidly confirms the wisdom of their action in launching individual company public relations activities, and in supporting the national program of the Institute.

In this connection, we in public relations want to pay tribute particularly to Edward L. Ryerson who was the guiding spirit of the Institute's public relations program for so many years.

A Public Opinion Survey

Among those of us who remember the last public opinion study made in 1946, there is a firm conviction that our industry has come a long way in its position with the public. I think it fair to say that this study proves that public attitudes can be changed from the negative to the positive through the adoption of sound

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*An address by Mr. MacDonald before the Meeting of the American Iron and Steel Institute, New York City, May 25, 1955.

Factors Affecting Municipal Credit Today

By DAVID M. ELLINWOOD*

Vice-President, Moody's Investors Service

Speaking to municipal financial officers, Mr. Ellinwood discusses the various factors and phases relating to the qualities of both direct and indirect obligations of municipalties. Points out two most important matters relating to municipal credit are: (1) assurance regarding future debt increases; and (2) assurances regarding future ability-to-pay. Describes the various provisions in municipal revenue bond issues, and warns that such obligations, though indirect, involve governmental costs and fixed charges as sure and even larger than general obligation indebtedness. Stresses the value of sound municipal capital planning, and warns that "credit does not spring from a single root."

Many of you have been in office over two or more decades. During this time you have helped to bring bond issues to market at irregular intervals. Sometimes your communities have been selling general obligations, by which we mean bonds secured by the full faith and credit. Sometimes you have been selling limited liability obligations, more popularly, but less accurately known as revenue bonds.

David M. Ellinwood

Over the years and particularly as you have had different types of bonds to sell you must have been perplexed at times and possibly annoyed at the questions asked of you—the variety of statistical, financial, economic, and assorted miscellaneous information you have been asked to supply.

People approach a single object of study—such as the quality of your bonds—from individualistic points of view. This is one of the reasons different people ask different questions and seek different materials from you. These vary according to the extent of information already available to the student, investor, bond buyer, bond analyst or whatever you call him. Also, they vary according to the previous training of the investigator and according to the uses to which his conclusions will be put.

Points of emphasis vary in detailed particulars between general credit bonds and revenue bonds. I hope to show you, however, that the broad, basic, underlying elements which determine bond quality are common to all types of public debt instruments. In doing so, I hope to offer you some specific suggestions which you may take home with you, mull over and perhaps make use of, to the end that your community may offer to investors as time goes on better bonds which fetch better prices and lower interest costs.

*An address by Mr. Ellinwood at the Sectional Meeting on Financial Planning, 1955 Annual Conference, Municipal Finance Officers Association, New Orleans, La., May 3, 1955.

Considerations About Bond Quality

There are two considerations about bond quality on which the investor insists upon reasonable assurance; he calculates the price he is willing to pay upon the relative completeness or absence of assurance. First, he seeks assurance that bond quality will not be diluted by inordinate increases in debt while he is holding your bonds. Second, he seeks assurance of adequate ability to meet maturing bond principal and interest under varying business conditions while he is holding your bonds.

You may note that there is a time clause in both of those considerations. That is one of the reasons, a very important but not the only reason, why interest rates increase as maturities are lengthened.

Assurance on the matter of future debt and assurance of ability-to-pay are developed by your community in a number of ways. Later on, I hope to convince you that these assurances stem in large part from the policies set and actions taken by your governing body and by your fellow and predecessor officials over a period of time. In essence, these are matters about which you can do something and take definite steps to improve credit. In passing, however, it is well to be mindful that some credit base just naturally seems to be present in some degree in just about any community one might name, for credit stems in part from circumstances unrelated directly to the record made by local management.

For example, investors will associate a high order of ability-to-pay with a strong economic background. Location probably has more to do with this than any foresight or plans of municipal management. It is no accident that our largest cities, centers of commerce and industry, are located at the confluence of waterways, either inland, marine, or both.

Again, adequate assurance of ability-to-pay and assurance that debts are likely to be kept modest may not stem so much from actions taken at the local level as from actions taken at the State level. Thus, some States impose on their municipalities debt limits which allow such reasonable latitude that necessary public works can be undertaken yet seem to preclude the creation of excessive debt, nor are they so strict that they invite evasion and the hazards incident thereto.

More often than not these assurances which investors seek stem directly from the policies and performances of local governments. Thus, in strictly residential suburban communities comprehensive planning and zoning can assure tax values and community income comfortably able to support governmental costs. Conversely, residential suburbs of very modest means have doubtful ability to support governmental costs under depressed business conditions. Thus these communities must be merged into larger units to produce a reasonable balance between commercial and industrial (i.e., productive) properties and residential (nonproductive) properties. Let us recognize that such mergers are not easily accomplished in the absence of a well developed sense of civic responsibility.

This leads me to the observation that in some States new industries are being located outside municipal boundaries in order to avoid the payment of city taxes. Short-sighted commercial interests in town welcome this. They see expanded retail sales, expanded bank deposits, and so on. But when the city receives the impact of an influx of new workers it is required to expand its governmental services. It is to be doubted that the city welcoming outside industry is getting an even break.

Assurance regarding future debt increases and future ability-to-pay are sometimes written into the bond issuance proceedings commonly referred to as the bond contract and commonly found in the bond ordinance or resolution, occasionally in a formal indenture of mortgage or trust agreement. This is particularly so when you are dealing with revenue bonds. Let us run over some of the particular provisions.

Municipalities and Revenue Bonds

In most of the States where municipalities are permitted to issue revenue bonds secured solely by the earnings of a municipal enterprise, the municipality customarily contracts to charge rates which must be sufficient at all times to defray reasonable and proper costs of operating and maintaining the enterprise and to pay bond principal and interest requirements. But in Iowa the municipality customarily is limited to stated maximum rates which conceivably could render the adequate rate convenant ineffective. I believe this is a requirement of Iowa law but I question its wisdom. Certainly the limitation on maximum rates which may be charged causes some investors to avoid purchasing revenue bonds of Iowa municipalities.

In further reference to the rate convenant, can you assure the prospective buyer of your bonds that you will at all times earn debt charges with a comfortable margin of coverage? There are at least two ways by which this can be done as a matter of contract. First, you can convenant to fix rates so that gross revenues less current operating and maintenance expenses will equal 100 plus X percent (e.g., 125%) of debt service charges. A second method which produces much the same result is to convenant to

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SEC and the Capital Markets

By J. SINCLAIR ARMSTRONG*

Chairman-Designate, Securities and Exchange Commission

Commissioner Armstrong reviews the projected program in 1953 of the Securities and Exchange Commission, and reports on what has been accomplished in the intervening months. Tells of the work of the Fulbright Committee, and concludes "can there be any wonder that the people of America responded by showing confidence in the economy?" Notes as factors in present securities markets: (1) use of bank credit; (2) the impact of taxes; (3) the impact of institutional investment in stocks, and (4) the increase in public speculation in stocks. Calls attention to speculative uranium issues and questionable "sucker-bait" advertisements.

A little short of two years ago, on Sept. 24, 1953 to be exact, our Chairman, Ralph H. Demmler, addressed your Forum about "Current Thinking at the SEC." During the summer of that year, the the membership of the Commission had been in part reconstituted by the appointment of three new Commissioners by President Eisenhower. We came aboard ship in June and July and spent the summer working hard in the development of a new program for the Commission. Mr. Demmler's talk to you that day in September two years ago set forth in broad outline our basic legal philosophy and also described with a considerable degree of specificity particular phases of the program upon which we were then embarking.

J. Sinclair Armstrong

We are now at about the middle of the Presidential term and, in addition, Mr. Demmler's resignation as Chairman has been announced. These two things make it appropriate, I think to look back at our projected program of the fall of 1953 and see just what has been accomplished in the administration of the Commission in the intervening months. I don't propose to do this with any degree of preciseness of detail, but I do want to describe some highlights.

First, as to philosophy, all of us at the Commission—members and staff alike—adhere to the basic premise which has come to be accepted by the responsible leaders of the securities industry in the past 20 years, of the underlying legislative soundness of the Securities Act and Exchange Act under which our capital markets function today. The broad purpose of these statutes was to provide to investors and prospective investors in securities sold in interstate commerce or traded on national securities exchanges and in the over-the-counter market a broad basis of pertinent financial information about the issuing companies, and also to place on the companies issuing and selling new securities to the public, on brokers and dealers, on national securities exchanges, and on certain others, civil and criminal responsibility for misrepresentation and fraud. In the two years that I have been a member of the Commission, as well as during the previous 10 or so years when I was engaged in the practice of law, mostly in the field of corporation finance, I have heard very few people seriously challenge the soundness of this legislation. The emphasis which our Commission under Mr. Demmler's leadership has tried to give to the administration of these laws has been toward fair and reasonable construction of the statutes and strong and effective enforcement policies.

Second, Mr. Demmler told you in September of 1953 that our Commission could properly act in an advisory capacity to the Congress in connection with a number of statutory revisions which various segments of the industry had long sought and which, indeed, were very much needed. I think one of the lasting accomplishments for which Mr. Demmler will be remembered as Chairman is the leadership which he gave before the Senate Banking and Currency Committee and the House Interstate and Foreign Commerce Committee in the Second Session of the 83rd Congress in helping those Committees fashion a bill, which went through the Congress unanimously and became law on Aug. 10, 1954, which eliminated a number of unnecessary and technical complexities in the securities acts, and which also gave a sound statutory basis for the first time for the broad dissemination to the investing public promptly after a registration statement pertaining to a new issue of securities has been filed with the Commission of a preliminary prospectus describing the securities. The familiar 20-day waiting period was originally intended by the Congress as a period during which information about a new issue could be broadly disseminated. In practice, however, generally speaking, only underwriters, dealers and a few selected institutions received the prospectus during this period because of the doubts as to whether pre-effective distribution of prospectuses to the public generally might be regarded as an illegal offering. The amendments to the statute removed these doubts by making it clear that during the pre-effective period securities might be offered by means of the preliminary prospectus and, under rules to be adopted by the Commission, by means of a summary of the prospectus which had been filed with and reviewed by the Commisison. I think this statutory change in the Securities Act is one of the great contributions of the Congress to making more practical and workable the statutory provisions governing the offering of new issues of securities.

Third, two years ago we projected an ambitious program of revision, consolidation, simplification and streamlining of the rules, regulations, and forms which had grown up at the Commission over the previous 18 years. In part, the purpose of this rule and form revision program was to make more simple and more certain the requirements imposed by the rules upon registrants and

*An address by Commissioner Armstrong before the Calvin Bullock Forum, New York City, May 23, 1955.

others under our jurisdiction. In part, the rule revision program was designed to make the information required more pertinent and easy to understand. In part, the program was motivated by the necessity of simplification of administrative techniques at the Commission to permit the reduction of our staff to fit reduced budgets. I don't propose to discuss all the rule and form revisions that have been adopted, but I will mention just two that are of major significance.

A New Form S-9 Adopted

A new form (known as Form S-9) was adopted for the registration of non-convertible fixed interest debt securities. Informational requirements of this form are limited to five basic items, namely, financial statements of the issuer consisting principally of a balance sheet and a five year summary of earnings and surplus, a brief statement of the principal business of the issuer and related matters, a description of the use of proceeds of the financing, a description of the securities being offered, and the offering price information. Because of the substantially shorter prospectuses permissible with this form, the Commission is in a position to consider favorably requests to reduce the waiting periods between the filing date and the effective date for registration statements covering issues which qualify to use the form. The form is available only for use by an issuer which has been in business at least 10 years, has a prescribed substantial earnings history and has filed annual and other periodic reports with the Commission under the Exchange Act. This form, I think, contributes toward the simplification of the financing process without in any way diminishing the investor protection intended by the Act.

Another rule which was revised during the early months of Mr. Demmler's Chairmanship was the so-called Regulation X-14 pertaining to the solicitation of proxies for listed companies. Two basic clarifications were made. First, the shareholder proposal provision of the proxy rules was amended to conform to what had always been intended as the administrative practice sanctioned by the Courts to make clear that unless a proposal was a proper one under the laws of the state of incorporation it need not be included in the management's proxy soliciting material. Secondly, the shareholder proposal rule was revised so as to permit the omission of repetitive submissions and proposals which had received in prior submissions only very modest shareholder interest. These clarifications have been of considerable help both to the Commission, registering companies and shareholders in handling proxy material during the past two proxy seasons.

In the summer of 1954 the Commission considered whether the proxy rules should be further revised to provide more specifically for the processing of proxy-soliciting material in proxy contests, but we decided to wait through the 1955 proxy soliciting season. This is now about over, and the staff is presently drafting additional rules to cover proxy contests more specifically than the general rules heretofore in effect. I might add, however, that these general rules in effect up to now have been applied so as to require each side in a proxy contest, whether the management or the outsider, to make disclosure of certain basic information to the shareholders from whom proxies were solicited.

Many other rule and form revisions have been made. They are described in detail in the Commission's 20th Annual Report to the Congress, issued in January, 1955, as well as in the releases by which they were put out for public comment and the releases by which they were adopted after such comment had been received and considered.

SEC Internal Organization Revised

In addition, in the past two years the Commission's internal organization has been to a considerable degree revised, thus permitting a reduction in the number of the staff. In two years we have gone from 775 to 675 employees. We think this reduction has gone far enough and with the approval of the Bureau of the Budget have asked for a modest increase for the 1956 fiscal year. The increase in personnel is in part needed because of the thinness of our broker-dealer inspection program in our field offices and because of additional enforcement work brought about by the present high market activity.

These are but a few of the accomplishments of the Commission during the past two years. I will now turn to a direct discussion with you of some of the factors affecting the capital markets today and the impact of the Commission on the functioning of these markets.

The proper functioning of the securities markets is indispensable to a healthy and sound economy in America. Our Commission is not an economic agency. Our function is the regulation of the securities markets according to legal standards laid down by the Congress. The agencies of the Federal Government whose impact is economic —so far as the securities markets are concerned—are the Treasury and the Federal Reserve System, not the Securities and Exchange Commission. Nothing that I say here today has anything to do with past, present or future prices, or price levels of securities.

However, our Commission as a regulatory agency is in a position to observe how the securities markets function and whether they are fairly conducted. Sometimes a market that is generally functioning well, that is generally fairly conducted, develops soft spots at which sharp dealing and improper or illegal practices show up. I will make a few observations at the end of this talk on some influences in the marketing of certain types of securities that are unhealthy and should be corrected.

The Fulbright Investigation

The attention of the American people was recently directed to the stock market by the study made by the Committee on Banking and Currency of the United States Senate. I'm sure most of you followed the news accounts of the daily parade of witnesses at the hearings which lasted for several weeks, from March 3 to 23. Those who testified before the Senate Banking Committee were recognized leaders in Government, business, economics and labor, or were "elder statesmen." They gave a great deal of interesting testimony about how the securities markets operate, their relationship to the Government and the public, and their relationship to the national economy.

Also, thousands of individuals, bankers, brokers, dealers, stock exchanges and others received questionnaires from the Senate Banking Committee, and supplied answers, on the subject of recent and not so recent rises in the market prices of stocks. Thus, an enormous amount of expert opinion was gathered into the hands of the Committee. This is presently under study by the Committee and by the Committee's professional staff. Further hearings on one phase of the study—proxy contests for control of listed corporations — have been scheduled for early in June, and, of course, more hearings may be held after that if the Committee so decides. What ultimately will result from the study, no one not connected with the Senate Banking Committee, least of all I, could possibly say.

In addition to the testimony of the witnesses taken at the hearing (which comprises a document of over 1,000 pages), there has also been released by the Senate Banking Committee a very interesting staff report entitled "Factors Affecting the Stock Market." Information for this report was supplied to a major extent by the Securities and Exchange Commission, the Federal Reserve System and the N. Y. and American Stock Exchanges. Some of the basic data which I will be giving you in the

Continued on page 23

Dealer-Broker Investment Recommendations & Literature

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

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

Atoms and Chemistry—Brochure describing the new science of nuclear chemistry—F. Eberstadt & Co. Inc., 39 Broadway, New York 6, N. Y.

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

Carpet and Rug Industry — Basic facts (1955 Edition) — brochure—Carpet Institute, Inc., Empire State Building, New York 1, N. Y.

Fire & Casualty Insurance Stocks — Earnings and liquidating value comparison — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

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

Japanese Pulp Industry—Analysis—Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan. Also available is a tabulation of Foreign investment through the Japanese Stock Market during April 1955.

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

Philadelphia Banks—Comparison of 11 largest banks—Stroud & Company, Incorporated, 123 South Broad Street, Philadelphia 9, Pa.

Portfolios—Study of 10 sample portfolios—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Public Utility Common Stocks—Comparative tabulation— G. A. Saxton & Co., Inc., 70 Pine Street, New York 5, N. Y. Also available is a memorandum on **New Jersey Natural Gas** with a map of the operating territory.

Railroad Margins of Safety — Bulletin (No. 192) — Smith, Barney & Co., 14 Wall Street, New York 5, N. Y.

Railroad Preferred Stocks—Analysis with special refernce to **Atchison, Topeka & Santa Fe Railway Co., Virginian Railway, Southern Railway System, Gulf Mobile & Ohio Railroad Company, St. Louis San Francisco Railway Company** and **Baltimore & Ohio Railroad Co.**—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y. Also available is a report on **Standard Oil Company of Ohio.**

Should You Buy Before or After a Stock Hits the Big Board? —Charts of 18 issues showing price action of each before and after listing on New York Stock Exchange or American Stock Exchange, capitalizations, earnings and dividends since 1949—$1.00—O-T-C Publishing Co., 14-F Elm Street, Morristown, N. J.

Sleeping Beauties Between the (Balance) Sheets—William J. Hudson, Jr.—Monumental Press, Baltimore 11, Md.—$1.00.

* * *

Aerovox Corporation—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

American Can Company—Report—G. H. Walker & Co., 1 Wall Street, New York 5, N. Y.

American Express Company—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

American National Insurance Co. — Memorandum — J. Marvin Moreland & Co., 711 Main Street, Houston 2, Texas.

American Research & Development — Literature — Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Anchor Precision Corporation — Brochure — D. Gleich & Co., 40 Exchange Place, New York 5, N. Y.

Beneficial Standard Life Insurance Co.—Analysis—Hill Richards & Co., 621 S. Spring Street, Los Angeles 14, Calif.

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

Canadian Eagle Oil Co.—Memorandum—Burnham & Co., 15 Broad Street, New York 5, N. Y.

Chattanooga Gas Company—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Eastern Industries, Inc.—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a report on **Strategic Materials Corporation.**

Franklin National Bank of Franklin Square—Analysis—Blair & Co. Incorporated, 44 Wall Street, New York 5, N. Y. Also available is the **Insurance Stock Analyzer** with comparative figures as of Dec. 31, 1954.

Fruehauf Trailer Company — Analysis — Bear, Stearns & Co., 1 Wall Street, New York 5, N. Y.

General Motors Acceptance Corporation — Brochure — Morgan Stanley & Co., 2 Wall Street, New York 5, N. Y.

Hewitt-Robins, Inc. — Memorandum — Walston & Co., 120 Broadway, New York 5, N. Y.

Howe Sound Company—Analysis—Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y.

International Harvester Company — Analysis — Parrish & Co., 40 Wall Street, New York 5, N. Y.

King Bros. Productions, Inc.—Memorandum—Aetna Securities Corp., 111 Broadway, New York 6, N. Y. Also available is a bulletin on **Roosevelt Oil & Refining Corporation.**

Kuhlman Electric Company—Analysis—Smith, Hague, Noble & Co., Penobscot Building, Detroit 26, Mich.

Mid State Raceways, Inc. (Vernon Downs) — Analysis — L. Johnson & Company, State Tower Building, Syracuse 2, N. Y.

Mississippi River Fuel—Data—Burns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Congoleum-Nairn** and **American Can.**

Montgomery Ward & Co. — Analysis — In current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue is an analysis of **Mississippi River Fuel Corp.** and a list of seasonably favored stocks.

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

St. Regis Paper Company—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Sunstrand Machine Tool Co. — Memorandum — The Illinois Company, 231 South La Salle Street, Chicago 4, Ill.

COMING EVENTS

In Investment Field

June 2, 1955 (New York City)
Security Traders Association of New York Bowling League dinner at the Antlers.

June 2, 1955 (New York City)
Women's Bond Club of New York luncheon meeting.

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

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

June 3, 1955 (Baltimore, Md.)
Bond Club of Baltimore annual outing at the Elkridge Club.

June 3, 1955 (Chicago, Ill.)
Bond Club of Chicago 42nd annual field day at Knollwood Club, Lake Forest, Ill.

June 3, 1955 (Connecticut)
Security Traders Association of Connecticut annual summer outing at the Woodbridge Country Club, Woodbridge, Conn.

June 3, 1955 (Philadelphia, Pa.)
Philadelphia Securities Association annual outing at Huntington Valley Country Club, Abington, Pa.

June 6, 1955 (Philadelphia, Pa.)
Bond Club of Philadelphia luncheon meeting at the Barclay Hotel.

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

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

June 9, 1955 (Minneapolis-St. Paul)
Twin City Bond Club annual picnic at White Bear Yacht Club, White Bear Lake, Minn.

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

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

June 10, 1955 (Los Angeles, Calif.)
Bond Club of Los Angeles Annual Field Day at the Riviera Country Club, Pacific Palisades, Calif.

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

June 16 1955 (Philadelphia, Pa)
Investment Women's Club of Philadelphia anniversary supper at the Union League.

June 17, 1955 (New York City)
Municipal Bond Women's Club of New York Fifth Annual Outing at Sleepy Hollow Country Club, Scarborough-on-Hudson, N. Y.

June 17, 1955 (New Jersey)
Bond Club of New Jersey outing at Rock Springs Club, West Orange, N. J.

$11 Million State of North Carolina Bonds Offered to Investors

A syndicate headed by The First National City Bank of New York was awarded on June 1 an issue of $11,000,000 State of North Carolina Mental Institution bonds, due April 1, 1957 to 1975. The group bid 100.0188 for a combination of 4s, 2¼s, 1½s, 1¾s, 1.90s and 2s, representing a net interest cost of 1.9640%.

The bonds are being reoffered at prices scaled to yield from 1.20% to 2.05%, according to maturity.

Other members of the offering group are: Bankers Trust Company; The Northern Trust Company; Kidder, Peabody & Co.; American Trust Company, Charlotte, N. C.; Salomon Bros. & Hutzler; Stone & Webster Securities Corporation; Mercantile Trust Company, St. Louis; B. J. Van Ingen & Co. Inc.; The First National Bank of Portland, Ore.; Seattle-First National Bank; First of Michigan Corporation; Fidelity Union Trust Company, Newark, N. J.; Brown Brothers Harriman & Co.; Eldredge & Co. Incorporated; Geo. B. Gibbons & Company Incorporated; Robert Winthrop & Co.; National Bank of Commerce of Seattle; Adams, McEntee & Co., Inc.; The Citizens and Southern National Bank, Atlanta, Ga.; Stubbs, Smith & Lombardo, Inc.

Avery Eppler Adds

(Special to THE FINANCIAL CHRONICLE)

REDWOOD CITY, Calif.—Norman H. Gruver, Sr. has become affiliated with Avery L. Eppler Company, 1839 Broadway.

Joins Denault Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Daniel L. Chan has been added to the staff of Denault & Co., Russ Building.

With First California

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—James A. Taylor is now with First California Company, 300 Montgomery Street, members of the San Francisco Stock Exchange.

With Mitchum, Jones

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Albert F. Dunlap has been added to the staff of Mitchum, Jones & Templeton, 650 South Spring Street, members of the Los Angeles Stock Exchange.

Joins Bosworth Sullivan

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Hudson Moore III has been added to the staff of Bosworth, Sullivan & Co., 560 Seventeenth Street.

Two With J. W. Hicks

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Gerald M. Greenberg and Glenn G. Kolb have become affiliated with J. W. Hicks & Co., Inc., Colorado Building.

Investment Abroad: Foreign Aid and Trade Promotion

By HENNING W. PRENTIS, JR.*
Chairman of the Board, Armstrong Cork Company
Chairman, Hoover Commission's Task Force on Overseas Economic Operations

Mr. Prentis recounts the foreign aid program since World War II, and holds the program is not a colossal waste of money which should be halted at once. Contends as long as Communist threat exists, foreign aid, especially military aid, may have to be continued, but advocates the aid programs be cut down, and aids should be granted only when requested and on a *quid pro quo* basis. Concludes every effort should be made towards termination of our economic assistance program. Holds foreign aid programs should be a factor in encouraging private investment abroad.

Since the end of World War II, our foreign aid programs have amounted to more than $47 billion, almost $300 for every man, woman and child in the United States. Expressed in another way, all of the income tax paid by American citizens from January, 1950 to March, 1952 has gone to foreign aid.

H. W. Prentis, Jr.

We can safely say that never before in history has a nation or a people been so generous with their wealth as we in the United States have been since 1941 . . . and never has a nation expected so little in return for such a tremendous expenditure.

Our postwar foreign aid program started in 1946, as we tried to help the war-torn countries of Europe care for the personal needs of their citizens and the millions of war refugees.

In 1948 we embarked on the Marshall Plan, a four-year emergency program for restoring the economy of Western Europe. In 1950 we embarked on an emergency program to build up the defenses of Western Europe and another emergency program to build economic strength in the rest of the free world to meet the threats of Communism.

Each year since then, the American people have looked forward to the end of emergencies and the end of the tremendous drain on the financial resources of the United States Government. They have looked forward in vain.

Since 1946 the net costs of our foreign aid program have not decreased significantly—if anything they have increased. No emergency has passed until another arose in its place, from one cause or another.

All of these factors led the Hoover Commission to establish a Task Force to review the overseas economic activities of the United States Government and I had the honor of serving as chairman of the Task Force, composed of men of great ability who have had wide experience, both in government and in business. Of the nine members of the Task Force, all but one has had direct experience in connection with the foreign aid program.

We have spent months reviewing the many facets of our vast foreign aid program with the hope of finding ways of simplifying it, increasing its efficiency, and improving its results, and doing all this at much lower cost. I believe we have made some progress, and while I cannot give you our specific findings since the Commission has not yet made its report to Congress, my comments on our studies may be of interest to you.

But first, let me make this clear: We did not find the whole foreign aid program to be a colossal waste of money which should be halted at once. We found no substitute for strength, economic and military strength, at home and abroad, as the prime defense against the threats of Communist imperialism. And we found many countries of the world where weakness and instability were the only alternatives to United States aid.

As long as the Communist threat to our freedom exists, foreign aid, especially military aid, may have to be continued in some form. Realization of this was not easy—and it certainly will not be cheap—but the alternative is Communist tyranny enthroned throughout the world.

Recognizing the realities of this situation, our task force first concluded that foreign aid was no longer a hit-and-run emergency program. It is going to be with us for some time to come and the first necessity, therefore, is to organize its administration on a consistent basis, geared for the needs of our national security. We wholeheartedly support the conclusions of Congress that emergency foreign aid agencies should be abolished, and that foreign aid programs should be conducted as a carefully controlled aspect of our national security operations by the best qualified, regular agencies of government. The emergency foreign aid agencies were established, in effect, to give away money. But what we need now is hardheaded administration to build strength and security, and to gain allies. Therefore, we believe the Department of Defense and the Department of State should exercise the prime responsibilities for foreign aid, always making use of the skills and abilities of the other agencies of the Federal Government.

Aid Programs Should Be Cut Down

Next we believe our foreign aid programs should be cut down. The frills should be eliminated and every dollar spent should produce full value in terms of economic or military strength in the free world.

We can no longer afford to spend United States dollars to establish a movie industry in a backward country of the Far East, to give away tobacco and coffee, or to train Europeans in social psychology or human relations practices. We have done all these things, and many more like them, in the past.

Our foreign aid programs have grown in scope at a tremendous pace since they were first established. Originally our plans were simply designed to restore war-torn economies through reconstruction efforts. Since then the program has grown to be a tremendous effort aimed at financing, or improving almost every aspect of economic life, everywhere in the free world. We extend aid in the fields of engineering, medicine, health and sanitation, education, labor, agriculture, forestry, fishing, mining, finance, housing, public administration, industry, transportation, communications and others; including military aid. Under the foreign aid program, we have evacuated refugees from North Vietnam, evacuated the Tachen Islands, granted flood relief along the banks of the Danube River, fed people in Haiti after Hurricane Hazel, and distributed Christmas food packages in forty-five countries. We are helping to build a sewage system in Addis Ababa, conducting industrial management seminars in the Philippines, and training midwives in Iraq. This gives some clue as to the wide range of our foreign aid activities.

Hence it would seem that our foreign aid programs might be reduced in scope and concentrated on projects which make a direct major contribution to the recipient country, which further the defense policies of the United States, and which can be taken over at an early date by the nation involved.

When and How Foreign Aid Should Be Extended

It would appear also that all foreign aid should be extended only when requested by the recipient nation. There is some evidence that officials of the United States foreign aid program, in the past, have stimulated, encouraged, and even initiated requests for foreign aid. This should never be permitted and foreign aid should be granted only on the basis of firm, well-conceived requests from the foreign government concerned.

Furthermore, it would seem that our aid should only be granted on a *quid pro quo* basis. This is important because our policy of giving and usually getting nothing material in return—even in the way of promises—has not increased respect and esteem for the United States. The Asian countries whose experience with Western nations has usually involved colonialism in the past are unwilling, and unable, to attribute United States aid to humanitarian or any other high-minded purpose. The average Asiatic suspects the worst and assumes the worst, and the result is not favorable to the United States. It would seem that this situation can be corrected only if our demands on the recipient country are clearly expressed in understandable, even though limited terms.

One fundamental error in our past thinking lies in the belief that the more money that is spent, the more there is accomplished. This is an error which continually permeates the thinking on the subject of economic aid, just as it has with respect to military strength. The question is not how much money is spent, but what results are obtained. The mere spending of money in any amount is not the real answer to today's problems.

Aid Should Set Up Real Goals

We must make sure that our foreign aid programs are set up to accomplish real goals. All too often in the past, the main objective of the aid program has been to spend money. One small illustration of this tendency took place in a Middle East country where the United States was to finance 100 hand plows at an estimated cost of $2,585. When it was found that the plows could be obtained at a greatly reduced price, was the balance of the money saved? No, they bought eight times as many plows, in order to spend all the money.

Despite the long-range implications of our military aid program, we must make every effort to plan for a termination of our economic assistance. This is of crucial importance and was a major factor in the work of our task force.

The necessity for such a termination is brought home with vigor in a recent report of a United Nations Commission. This group found that the annual capital investment needs of Asia and the Far East (excluding Japan and Red China) were about $3 billion more than available domestic capital, and that this need would exist for a minimum of five to seven years. The cost of a full-scale development program in the area might well amount to more than $20 billion over the next few years. Unless our foreign aid program is carefully limited and rigidly controlled, we may wake up some day to find out that we have been committed to pay that entire bill.

We firmly believe the road to successful economic development, in America or anywhere else in the world, is not built on a foundation of government ownership or participation. So we have long talked about the encouragement and promotion of private investment as one way to limit our foreign aid and take the economic hand of the free world out of the pocket of the United States taxpayer. In fact, it has been taken for granted—too much for granted—that it is in the public interest to rely on a maximum amount of private investment abroad to help secure economic progress, political stability, and military security. This has been the announced objective of the President and the Foreign Aid Administrators, but specific action to accomplish this purpose has been weak and diffuse.

Foreign Aid and Private Investment

The principal foreign aid programs are capable of making an important contribution to the encouragement of private investment abroad. Certain types of technical assistance, direct economic aid of the project type, participation in control of local currency counterpart funds, and the influence of some foreign aid missions all can have a notable impact on investment opportunities and climate if they are handled with that objective in mind. Unfortunately this has not consistently been the case.

Efforts of the Foreign Operations Administration to encourage private investment abroad have consisted mainly of a series of activities, mostly new, which have not crystallized into anything of real effectiveness.

One program has involved the issuance of investment guarantees or investment insurance by the Foreign Operations Administration. Although only 68 guarantees were issued in the first six years of the program, interest in them seems on the increase now. Guaranties will never be a major influence on the flow of investment. They will be decisive only in the still scarce instances when the investment motive, unusual earning prospect, low-cost production, development of new markets, etc., fail to outweigh the many uninsurable foreign risks.

But the program has produced beneficial results despite the fact that it has been administered by an agency which had no previous experience in the field and under somewhat restrictive limitations. On the other hand, the Export-

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*An address by Mr. Prentis at a Round Table discussion concerning "Getting Government Out of Business," National Industrial Conference Board's 39th Annual Meeting, New York City, May 19, 1955.

What Does Business Survey Tell Us?

By CHESTER F. OGDEN*

Chairman, Business Survey Committee
National Association of Purchasing Agents
Manager of Purchases, Detroit Edison Company

Mr. Ogden finds the consensus of opinion of purchasing agents is that May is "the banner month of a banner year." Says employment picture is best since mid-1950, and inventory situation is stable. Finds, however, there are several "ifs" in the way of predicting future outlook. Concludes there are no misgivings as to the future, but rather confidence and courage.

Let's take a look at where we are now. The composite Business Survey Report for May, 1955, has been just given to the public. Purchasing executives tell us that May is the banner month of a year which has so far been a banner year. Our May report reflects the greatest over-all optimism we've had so far in 1955. Production is at a high point with 52% reporting an increase over April. Only 5% report a decrease in their business below last month. New orders are good, with 54% reporting their order picture better this month than last. Only 9% show their order picture to be worse than last month. Good as the production and new order situation may be, most purchasing executives are reporting keen competition. This certainly bespeaks a very healthy economic climate.

Chester F. Ogden

For May, the employment picture reported by purchasing executives is the best since mid-1950. Another favorable report concerns that of inventories. Last August, which was the turning point from an inventory reduction program to a stable or slightly increasing inventory picture, only 20% indicated inventories as higher than the previous month. Now, in May, 1955, 32% of the reporting Committee members say that their inventories are greater than they were last month. In August of 1954, 39% indicated that their inventories were lower or being reduced. In May, 1955, only 19% indicate that their inventories are any lower than they were for the month of April.

One of the most encouraging reports we have received this May, was that which shows the willingness of purchasing executives to lengthen ordering time. Although this is largely the result of good production and new order backlog, it also indicates the purchasing executives' confidence in the future. This month, for the first time, we broke down the buying policy report into three subsections. We asked reporting members to indicate their lead time on: (1) production materials, (2) MRO supplies, and (3) capital expenditures. By means of these three categories, we hope to better measure the purchasing executives' appraisal of the future as measured by their willingness to commit their companies.

In May, 1955, prices continued to inch upward. In general, the price increases tend to reflect higher manufacturing and distributing costs rather than higher costs in basic raw materials. Also, some price increases have been delayed by a keen competitive situation.

About the Future

No Business Survey Report at the National Convention would be complete unless it mentioned something of the future. This month we asked the reporting members for some prognostications on the trend of business for the remainder of 1955. There was much optimism, reporting members (79% of them) looked to much better business conditions in the second half of 1955 than was experienced in 1954. Seventy-five percent of the members feel that the second half of 1955 will equal or exceed the high levels established in the first half of 1955. This was a rather pleasant surprise. Another surprise was that purchasing executives were of the opinion that business conditions would be about the same for both the third and fourth quarters of 1955. I would like to add that as I read over the special question reports from the members of the Committee, I was very much impressed with the completeness and sincerity of the comments which the members made concerning their feelings on the rest of the year 1955. I'm sure that their opinions represented very thoughtful consideration.

Of course, all of those purchasing executives who commented on the future, did so with qualifying "ifs." There is no one so foolhardy as to try to predict what is going to happen in the future without taking into consideration some of the contingencies that influence our general economic picture.

One of the big "ifs" is this matter of consumer buying and consumer credit. At the present time both are at current record heights. How long this high level of consumer buying and extension of consumer credit will continue is conjectural. Certainly one of the big "ifs" for the balance of the year concerns this important issue. A drop or fall off in consumer buying could reflect sharply in the production and new order factors and seriously affect business conditions.

Another big "if" is the capital expansion program of industry. If management continues to plan and build at the present rate, this will be a strong stimulant to our general business situation. If mangement should retrench their capital programs it might indicate a loss of confidence on their part in the future and cause serious repercussions all along the line. We surveyed this situation earlier and found some companies expanding their plans and none cutting back. It is an item that should be carefully watched.

One of the most critical current questions affecting the immediate economic climate, is what agreement labor will reach with management, particularly in the auto-steel industries. Of course, all of you are familiar with the Guaranteed Annual Wage demands in the auto industry. Although there have been many demands and counterdemands on the part of both labor and management, as yet there is no definite answer concerning the settlement of this issue. Also, John L. Lewis is another who might break his long silence and come up with demands for his mine workers. This too could cause some problems. The labor situation is explosive, and widespread, prolonged strikes could have a very adverse affect on our general business health.

And so we go into the second half of 1955, with no misgivings and with much confidence and courage. Business is good — and purchasing executives almost unanimously predict that it will stay that way during the balance of 1955. This prediction concurs with that of most of the economic forecasters. However, I vividly recall Bob Swanton's closing comments in the talk which he presented to you last year concerning the Business Survey Report. He said, "In analyzing statistics, trends, and opinions, as I have for so many years, I have come to the conclusion that the time to be most skeptical of the facts is when there is a unanimity of opinion." There are wise words of warning in this statement.

Let's not let the present rosy hue blind us to the need for doing a wise, profit-making buying job.

Let's not get carried away to the point of making imprudent speculative purchases.

Let's be sure to remember that there is no demand for goods and services that cannot be satisfied except where:

(1) Labor difficulties curtail supply or

(2) Military requirements create shortages.

There is ample productive capacity to keep competition alive.

Let's remember these facts, follow our markets carefully, and do a real value-buying job.

*From an address by Mr. Ogden before the National Association of Purchasing Agents, New York City, May 30, 1955.

Portland Dealers Group Elects Officers

PORTLAND, Ore.—At the recent annual meeting of the Investment Securities Dealers of Portland, Ore. the following officers were installed for the coming year:

Frederic F. Janney, Pacific Northwest Company, President; Robert M. Hall, Blyth & Co., Inc., Vice-President; Herman L. Lind, Camp & Co., Secretary-Treasurer; W. Glenn Field, Field & Co., Inc., and Harold L. Temple, Campbell & Robbins, Incorporated, members of the Board.

The annual summer party is planned for July 22 at Oswego Country Club.

What Broader Stock Ownership Means to American Business

By EDWARD T. McCORMICK*

President, American Stock Exchange

After commenting on the unfavorable impact of high income taxes on equity financing, Mr. McCormick points out the spread of corporate ownership among the population should redound to the financial benefit of corporations and also aid the liquidity of the securities markets. Urges businessmen to stimulate a broader spread of corporate ownership among informed investors. Holds a broader stock ownership will aid in achieving sounder corporate capital structures.

The persistent growth in income taxes both on a Federal and a State level has brought with it a host of problems for individuals in this country. These problems are intimately familiar ones to all of us.

E. T. McCormick

But I cannot discuss the subject of broader stock ownership in this country without a passing reference to income taxes, since the urgent necessity for greater breadth in the ownership of our corporate enterprises was basically created by these taxes. It is not my purpose to decry the imposition of these taxes on people in the high tax brackets. As a matter of fact we businessmen are quite happy to pay our fair share of the taxes needed to run our national and local governments. I must, however, call attention to one of the important results or consequences of these taxes.

Most of us have realized during the passing of the last few decades, and particularly in the course of the last two, that taxes were having a serious impact on the formerly reliable sources of equity financing. Many of the high income families of the country had either eliminated or greatly reduced their purchases of common stocks and were placing their surplus funds in tax-free debt securities, having come to the fairly obvious conclusion that a tax-free one dollar return on a $100 investment would net them more than a two dollar return on a $100 common stock, when the $2 was subject to a tax of 60% or more.

The flight of many of the old reliable investors into municipals stimulated the search for investors in the middle and lower income group, investors who could learn and afford to assume the calculated risks that common stock investment entails, investors to whom the high common stock yields would appear attractive.

The effort to thus broaden the base of stock holdings in corporations has been pressed for the past several years with some measure of success. And it continues. We still have a serious need for greater numbers of investors from all income classes.

The Stock Ownership Picture

At the present time the stock ownership picture in this country may be very briefly summed up as follows:

It is roughly estimated that the stocks issued by publicly owned American companies are held by about 8 million individuals and also various institutional purchasers. If the percentage breakdown of holdings found by the Brookings Institution in 1952 still holds true, about one-third of the individual holders are members of families with annual incomes of $5,000 or less, and an additional 45% are in families with incomes ranging between five and ten thousand dollars. Of course, many more millions of individuals in all income classifications are indirect owners of equity securities through their participation in the holdings of the institutional purchasers, such as the pension funds, the unions, the investment companies, insurance companies and savings banks.

The recent staff report to the Fulbright Committee reveals that as of the end of last year, of the $252 billion of common stocks outstanding, individuals held an estimated 72% and institutions 23% in this country, and 5% was held by foreigners.

Looking at the breadth of stockholdings from another angle, the Brookings survey in 1952 found that 55% of families with combined incomes of $10,000 or more had one or more stockholders; as did 20% of the families in the five to ten thousand dollar a year bracket, and, in the four to five thousand dollar a year range, only 7% of the families could boast of a shareholder. The survey also made the notable finding that 220,000 families, whose income added up to less than $2,000 a year, were holders of common stock.

But a more striking picture of the present spread of corporate ownership can be visualized from the fact that American Telephone and Telegraph now has more than 1,300,000 stockholders, or almost twice as many stockholders as it has employees. General Motors has 500,000 shareholders; General Electric 300,000; U. S. Steel 267,000, and at least 15 other leading corporations have 50,000 and more stockholders. How would you like the job of keeping a family of that size happy?

Recitation of these figures would indicate superficially that the number of stockholders throughout the country is tremendous and seemingly adequate. But the contrary is true. Eight million individual shareholders out of a population of about 160,000,000 represents a relatively small participation in the efforts of our free enterprise system. And, even added to the constantly growing institutional holdings, the present participation by individuals must be increased and broadened considerably if our corporations are to do the job that lies before them in the coming few decades.

The Increase in Corporation Capital Outlays

Our future growth and continued long-term prosperity are not figments of an optimist's imagination. The $200 billion that have been invested by our industrial and utility corporations in plant and equipment since 1945, to provide for additional production and to replace depreciated and obsolescent materials, is a matter of cold hard fact. Since the last war, for example, the steel industry alone has invested over $5½ billion in new plants and equipment. And, in 1955, it is estimated that more than $27 billion will be laid out for these purposes by in-

*An address by Mr. McCormick at the Seventh Annual Business Conference, Rutgers University, New Brunswick, N. J., May 17, 1955.

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The National Debt and Free Money Markets

By ROBERT B. BLYTH*

Assistant to the Secretary of the Treasury

Treasury spokesman, after describing structure of the National Debt, discusses the relation of the short term debt to the current "flexible" monetary policy. Says National Debt structure is improving, and contends there is need for the liquidity it furnishes to the banking system. Decries complaint of bankers because of the depreciation they have had on some government securities, and urges bankers accept the results and responsibilities of an unpegged money market.

We have a national debt which at the present time aggregates about $278 billion. That is approximately $1,700 for every man, woman and child in the country. Our debt is too large and we would like to reduce it. I want to talk to you today, primarily about the large short-term portion of the debt. The banking system is, of course, primarily interested in this part of our debt. The progress that has been made in reducing the concentration of short maturities in the last year or two has been possible largely because of the interest that the banking system has had in extending maturities.

Robert B. Blyth

At the end of April, 1955, our total marketable debt aggregated $161 billion, including the savings notes which are being retired this year. Sixty-two and one-half billions of dollars of this debt is currently due or callable within the next 12 months. We have reduced this one-year part of our debt from a peak of over $82 billion at the end of 1953. Nevertheless, $62 billion is still a tremendous volume. The rest of our maturities are so constituted that if we were forced, for any reason, to stop issuing debt due beyond one year for even a short period, our under-one-year maturities would flood right back toward the highest level that we have ever had.

A few years ago when our short-term debt was at its peak, virtually everyone agreed that it was too large. In spite of the fact that this debt still exceeds $62 billion and keeps pouring in on us just because of the passage of time, some people are now getting complacent about its size and are beginning to say that the economy needs this balance of short debt and that indeed we have reduced the under-one-year maturities too much.

The Short-Term Debt and Monetary Policy

One reason some people seem more relaxed about the size of our short debt is the fact that the policy of credit restraint worked effectively in 1953 in spite of the very large short-term debt at that time. If monetary policy can be applied effectively with a large short debt, why should we be concerned about its extension? The difficulty is that no two situations are alike, and we cannot be sure that monetary policy will always be equally effective. There is little question that the banking system with its holding of nearly $30 billion of under-one-year paper in 1953 could have matured sufficient government securities to provide the base for an almost unlimited private credit expansion. This would have placed a very serious strain on Treasury financing operations and could easily have forced a disproportionate and undesirable change in short-term rates. Fortunately, banks reacted wisely and slowed their credit extension — they did so, partly as a result of monetary policy and partly because the rapid rise in loans had created a natural atmosphere of caution in the banking business. No economic period in our history is quite like any other and in my opinion the fact that monetary policy was effective in 1953 should not itself be taken as a reason for accepting our present debt structure as sound.

Present Debt Structure Is Improving

Let us review a few of the reasons why the present debt structure needs improving. Most of the reasons are just plain common sense. As an individual you would not think it prudent to borrow money for long-term purposes on a short-term basis. Neither is it prudent for the government to be faced with the problem of refinancing a large part of the national debt at frequent intervals. Since the end of 1952, total public financing operations of the U. S. Treasury have amounted to nearly $350 billion, including the weekly refunding of Treasury bills. Treasury operations on this scale require frequent major financings. This necessarily interferes with the functioning of other capital markets and it may likewise interfere with the practical application of monetary policy by the Federal Reserve System. The existence of a large short-term debt reduces our ability to meet the financial and monetary problems of any future emergency. If the country is already flooded with short-term debt, readily convertible to cash, the impact of any additional short-term financing which may be necessary under emergency conditions could be unfortunate and the entire problem of effectively applying monetary policy greatly increased.

It seems clear to me that we should continue to seek debt extension at every favorable opportunity. As a background for our own planning of debt management, it is important to understand why our program of debt extension is being questioned today by some people. I am sure I do not know all of the answers. Some of them are fairly obvious, however. A large short-term debt is comfortable and we have gotten accustomed to it. It is comfortable for business and for commercial banking. If we could accept it as sound we could probably learn to enjoy it in the Treasury because of the lower interest cost to the government on short maturities. Business has found it a pleasant thing to have around to use for temporary investment of funds not needed in day-to-day business. The easy marketability of our short-term debt has allowed it to take over some of the functions of liquidity that were formerly met through our banking system. In a sense our short debt has gone into competition with our commercial banking system. Corporate investors and other nonbank investors in our short-term government market are reluctant to extend their maturities because their investment need is purely temporary and they want a high degree of liquidity. They are happy to be able to earn a return on very short-term investments just as they were glad to receive interest payments on demand deposits in the 1920's.

The commercial banking system, after being flooded with what they considered to be an undesirable degree of liquidity for many years, supported very strongly the initial stages of our debt extension program. The under-one-year holdings of commercial banks aggregated over $33 billion at the end of 1951, declining to $29½ billion at the end of 1953 and to $17 billion at the end of 1954. There has been some further reduction in 1955 due partly to the seasonal reduction in deposits resulting from corporate tax payments but the aggregate holdings of short-term governments in the banking system are still very large. Commercial banks increased the average maturity of their investments from a low point of 2½ years in the 1952-1953 period to 4½ years in April, 1955. This average maturity, however, is approximately the same average that the commercial banking system had at the end of 1946 and compares with an average maturity of 6¾ years in the middle of 1941. Partly as a result of this maturity extension, many commercial banks are no longer anxious to extend maturities further and some members of the banking fraternity believe that the banking system has extended the average life of its government securities as much as it should.

There are many elements that affect bank thinking about maturity distribution and I would like to mention of few of them. In the first place, commercial bank earnings have improved somewhat as a result of increases in deposits and private loans and this has lessened banks' appetites for debt extension. Earnings are satisfactory — why make any changes? Furthermore, the fluctuations in the value of bond portfolios which are an inevitable result of flexible montary policy have disturbed some bank managements and directors and this has resulted in a reemphasis on short maturities which give greater protection against price change.

Need for Liquidity in the Banking System

Many banks are genuinely concerned about the basic need for liquidity in the banking system. We have no recent history of how a banking system can operate without a large short-term government debt. Banks are uncertain as to how satisfactorily other liquidity instruments can be developed. As a consquence, they are reluctant to place increasing reliance on the Federal funds market and upon bankers acceptances and perhaps other devices to meet a portion of their liquidity requirement. Certainly, however, the banking system in this country would find some way to operate effectively even if we had no substantial government debt.

The banking system is uncertain about the degree of liquidity inherent in Treasury securities outside the very short-term category. Although it is difficult to prove, it is apparent that two and three-year government maturities would take on a progressively greater degree of liquidity if there were less under-one-year debt. In the normal course of events, commercial banks would balance their operations more frequently in this slightly longer market, both on the buy side and on the sell side. The increased two-way activity in slightly longer securities would inevitably provide such securities with a greater degree of liquidity. Liquidity is, after all, a relative term and in some people's minds liquidity has become confused with the ability to sell securities without loss. Certainly you can afford an occasional loss on the sale of a longer issue if you are paid more interest to carry it in the meantime. Deposits in the country as a whole do not decline except as a result of debt retirement or the purchase of securities by nonbank investors and basically a reduction of deposits in one bank brings an increase in deposits in another institution. When each individual bank measures its liquidity needs on the basis of its own fluctuations, this greatly magnifies the inherent need for short-term debt in the banking system.

Finally, some banks may be reluctant to give up a high degree of liquidity because they wish to be in a position to serve their customers without regard to the level of the market. Carried to an extreme, this can render any individual bank relatively immune to monetary policy.

The reapplication of flexible monetary policy by the Federal Reserve System is still relatively recent history and banks as well as all other elements of the financial community are in the early stages of understanding its full meaning. After so many years of living with large excess reserves, Treasury bills with special put-and-take provisions, and pegged markets, this is natural. It is also natural that there should be some confusion or lack of understanding in the banking business as to the extent to which banks should feel free to make use of the discount privilege to meet fluctuations in their deposits and loan position. This thinking and these problems which the commercial banks face have a great bearing on the climate in which our debt operations must proceed. This is important to the Treasury because we need the support of the banking system in our efforts to improve the structure of the debt.

Debt extension, of course, covers a lot of territory. It includes the issuance of really long bonds like the 3% issue of 1995; it also includes the 2½s of 1963 which were issued last December and the 2s of Aug. 15, 1957, which were issued in February of this year. Even the issue of 2-year maturities instead of one-year maturities cuts down on our annual refunding problem significantly.

Impact of Treasury Debt on the Banking System

I wonder how many of you have taken the time to carefully analyze the impact that Treasury debt management has had on the banking system. In the past two years the Treasury sold about $20 billion of bonds with maturities between 5 and 10 years. There are now only $43 billion of marketable bonds due or callable in that maturity range and it is obvious that Treasury debt funding sharply increased the supply of bonds in that area of the market. A rough estimate places $20 billion of the new 5 to 10-year bonds that have been issued in the commercial banking system. If the Treasury had not stretched out its debt this $20 billion might well have been refunded into one-year paper. Under such circumstances, the total holdings in the banking system of one-year maturities might now be more than $35 billion. That is more than they were at their peak at the end of 1951. Now I am sure that none of you would like that situation for many reasons. One result has been that in our free market the Treasury has had to pay a higher rate on the intermediate maturities which it sold in order to compensate the investor for the increased price risk on the longer maturity.

One of the most troublesome aspects of the present situation is the concern that is present in the minds of many bankers because of the depreciation that they have on some of their government securities. This depreciation is an inevitable result of flexible monetary policy. Yet, to a considerable degree the present health of the banking system may be traced to the elimination of pegged markets and to a return to flexible monetary policy by the Federal Reserve System. The return to free markets is important to the banking system and, in turn, the banking system should willingly accept the results and responsibilities of free markets even though at times they make individual bankers uncomfortable.

*An address by Mr. Blyth before the Meeting of the Pennsylvania Bankers Association, Atlantic City, May 24, 1955.

Daily Bond Crier Again Coming Out

The Daily Bond Crier, humorous publication of the Municipal Bond Club of New York, will be available in the Wall Street area at the office of Wm. E. Pollock & Co., Inc., Room 2707, 20 Pine Street. Out of town orders will be mailed for delivery to subscribers on June 9 and 10. Orders, at $1 per copy, may be placed with George W. Hall, Jr., of Wm. E. Pollock & Co.

Benton Co. Partner

Benton & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, will admit Michael J. Quinn to partnership on May 27.

The Economic Weather: "Fair and Warmer"

By WALTER WILLIAMS*
Under Secretary of Commerce

Commerce Department official, after revealing that "Washington has started to do something about the weather," gives data regarding the weather outlook of business. Says today's business is generally good, and cites a number of indicators which forecast "fair and warmer." Points out it is the responsibility of all groups in the economic sphere to refrain from seeking, through legislation or collusive action, a privileged position at expense of other groups.

Whenever friends meet, and they don't have anything more pressing to talk about, they comment on the weather. Tonight I want to talk a little about the weather—not so much because I'm hard up for subject matter, but more because a certain kind of weather is an extremely interesting topic today.


Walter Williams

I mean the economic weather. The economics of the fire underwriting business is strongly affected by the weather, and by man's ability to predict and prepare for quixotic changes in the weather. You pay loss claims on damages from hurricanes, tornadoes and other storms. Even the amount of fire damage is often affected by how strongly the wind blows.

With this in mind, you will be interested in what we in Washington have started to do about the weather. I refer to the opening, three weeks ago, of the Joint Numerical Weather Prediction Unit, a cooperative endeavor of the Commerce Department's Weather Bureau, the Air Force and the Navy. This development has not been given much public attention, but I believe it ultimately will improve our weather predicting ability. More important, so far as practical application is concerned, I believe this new development may well sharply affect the economics of your business.

The Numerical Weather Prediction Unit is using a newly-installed highspeed electronic computer for weather forecasting. The amazing thing about this computer is that it doesn't just produce a lot of figures, but climaxes its long series of automatic calculations by printing the information in the form of actual weather maps.

These maps predict the atmospheric flow — that is, patterns of wind direction and velocity—at the surface and at various levels in the upper atmosphere. They also show where rain clouds may form and possible storm areas may develop.

Now here is the important point. For the first time, the weather men are able to produce a forecast chart based on the complex equations of physics. This was previously impossible because of the seemingly endless-time consuming operations.

Thus, we expect to achieve greater accuracy of forecasts with computer techniques. Doubtless it already occurs to you what a boon this may be to the insurance business. Prediction of hurricanes, tornadoes and other severe storms with greater accuracy will enable transportation agencies, business firms and the public to make better preparations and thus minimize losses and damage claims on the casualty policies you issue. Reduction of losses should in time lead to reduction of insurance rates, encouraging the public to buy more insurance protection.

*From an address by Under Secretary Williams before the Annual Meeting of the National Board of Fire Underwriters, New York City, May 26, 1955.

The Economic Weather

So much for the economics of weather. No let's talk about the economic weather as such.

In the first quarter of this year American business returned to what newspapers in 1953 headlined as "the all-time peak." Gross National Product—the total value of all goods and services—hit an annual rate of $370 billion. This matched the previous record, set in the second quarter of 1953.

It is significant that in this same period — from the second quarter of 1953 through the first quarter of 1955—the annual rate of government purchases dropped about $12 billion. So our current high level of business is based more directly on the needs, desires and expenditures of the people. During this same period, business investment in inventories declined by $9.6 billion.

Yes, the business weather today is very good. We frequently hear it called a "boom," and perhaps many of us have come to think of it as such. One trouble with the word "boom" is that in many minds it connotes an artificially-inflated situation which inevitably leads to a "bust."

I think it's time that we took a second look at this so-called boom. Maybe, by the constant use of the word, we are getting a distorted view of our present situation.

In the first place, the population has increased. We must produce more to take care of the needs of more people.

Population stood at 159,200,000 in May, 1953, and tomorrow, May 27, the Census "clock" at the Commerce Department will turn over to an even 165,000,000. While most of this 5.8 million increase are babies who don't consume as much as adults, the fact remains that we are dividing our $370 billion Gross National Product among more people.

Let's put a weather eye on this word "boom" by reviewing what has actually happened. Back in early 1953, when tension relaxed in Korea, it was expected that some sort of business readjustment was almost bound to come.

During the fighting in Korea, stepped-up production requirements were met and the expansion of our industrial mobilization base was accomplished. Following Korea, government orders simply had to decline. This was bound to have a softening influence upon business in general. The swing from inventory accumulation by business during most of 1953 to liquidation in 1954 was another major factor tending to produce a downward movement in industrial production, and in the economy generally.

This combination of factors — decreased government spending and inventory liquidation — was the prime cause of the business downturn of 1953-54. Incidentally, that downturn compares statistically with the mildest recessions in our history. We hit the trough of the downward curve last July. Then in August the recovery started. Since then we have made swift progress. To some it may even seem to be snowballing, giving rise to talk that we are in a boom.

"Business Is Good"

Today business is generally very good. Since last summer we have had a $14 billion advance in Gross National Product, spread over most markets and industries. The expansion stemming from consumer markets is being reinforced by rising construction, inventory investment and orders for machinery and equipment.

Sales of retail stores have been rising steadily. April sales, seasonally adjusted, were about 7% above both April, 1953 and April, 1954.

At the same time, manufacturers' sales and new orders have been rising rather sharply, with nearly all industries experiencing gains. In March both sales and orders equalled their previous monthly highs. The backlog of unfilled orders also increased, but was still smaller than a year ago.

Residential construction activity, which has been a very bright spot since last year's Housing Act liberalized mortgage terms, increased more than seasonally in April to an annual rate almost $1½ billion above the first quarter average. As of the end of April, the value of private residential housing put in place was at an annual rate of $16.3 billion, compared with an actual total of $13.5 billion last year.

Automobile production and steel production are other bellwethers setting a fast pace. Steel production has been running at more than 90% of capacity since February, and in two weeks of this months ingot production has broken the previous weekly record set in March, 1953.

The mass of Americans are participating in this prosperity, for personal income in the first quarter was at an annual rate of $292½ billion, compared with $285 billion in the same period last year. In 1953 personal income was about $286 billion.

An even better improvement is shown by disposable personal income—what people have left to spend after taxes. Disposable personal income in 1953 was $250 billion, and by the first quarter of this year it had risen to $260.6 billion, the all-time high. To everyone who works, "take-home pay" is the important thing about income. The $10½ billion increase in disposable or "take-home" income since 1953 reflects both higher wages and last year's record-breaking tax reductions.

A key indicator is the industrial production index. In April it was up to 136, which was 11%, or 13 points, above last summer's low and only 1 point below the highest month of 1953. This is not a boom, for our capacity to produce has increased during the past two years—as a result of the expansion of the labor force and new plant and equipment, plus rapid technological progress.

Two facts in particular indicate clearly that we have not reached the point where output presses upon productive capacity:

(1) Non-agricultural employment, although rising since last September, in April was still 2% below the peak reached in the summer of 1953. Unemployment has been sharply reduced since last year but is not yet down to a fully satisfactory level. Some further rise in production will be required to absorb our growing labor force.

(2) Prices have been generally stable, indicating that current demand is not excessive in relation to productive capacity. The consumers' price index has changed only infinitesimally since December and is fractionally below last year. Movements in the wholesale price averages have also been small.

I would like to make one more point about prices, and it's significant for both consumers and businessmen. Do you realize that in the 28 months of the Eisenhower Administration we have had only a 1¾% variation in prices? This has been one of the most stable periods in the last 42 years, since the Bureau of Labor Statistics in 1913 started keeping a record of our price index.

So I would not call our present situation a boom. I would call it a situation of general economic health, accompanied by steady, sound, dynamic expansion. The fact that it is not inflationary is evident from the stability of prices. Wages are trending up, while prices have been holding steady, which means standards of living are rising.

A Forecast of "Fair and Warmer"

In attempting to predict the economic weather ahead, the whole picture seems to justify a short-range forecast of "fair and warmer."

Of course, we shall always have business fluctuations. They are a natural product of a dynamic, free economy. But there is no reason to assume that every time the economy pauses for breath, it is getting pneumonia. A better understanding of what makes our economy "tick" and the discharge of responsibility by men of labor, business, agriculture, the professions and by consumers—that's all of us—in making it "tick" better will bring about a more and more productive economy, a higher and higher standard of living for us all.

President Eisenhower has pointed to a goal for our expanding economy. In his Economic Report to the Congress early this year, he said, "With wise management of our national household, our country can within a decade increase its production from the current annual level of about $360 billion to $500 billion, or more, expressed in dollars of the same buying power."

Of course, these great gains, with attendant rises in standard of living for all our people, will not just happen. Productivity is the key word which will help bring about their achievement. And productivity, in turn, will develop only as there exists an atmosphere of confidence. The Eisenhower Administration has, by its policies, principles and programs, strived to help produce this atmosphere of confidence. Sound economic principles are the base. Our budget, tax and monetary policies all are designed to help produce an economic climate in which private enterprise can thrive and grow.

Role of Research

Obviously, the growth of private enterprise — especially the productivity factor—depends to a great extent on research. We know what research has done for us in the past 25 years, and I feel that research will play a bigger and bigger role in our national progress in the future.

In fact, our expanding economy seems to be destined to rest on a tripod, the three legs being atomic power, electronics and the speed calculator.

The rapid development of electronic calculators is working revolutions in the office. Companies in the insurance field have for some time been using tabulating machines and key-punch cards to replace human calculation of premiums, interest and dividends and other work on customers' accounts. Now, as you know, the big new "electronic brains" make it possible to link together previously separate tabulating operations into a highly automatic operation, reducing the element of human error and achieving far greater speed.

The Commerce Department's National Bureau of Standards has been doing pioneering work in this field. It has developed computers which can "remember" more than 1,000 numbers and call into play many thousands more which are stored on magnetic tape. These big machines can add 4,000 thirteen-digit numbers a second and multiply or divide 400 thirteen-digit numbers a second.

The wonderful thing about these new computers, such as the weather machine I mentioned earlier, is that they enable us to solve problems which were previously impossible because of the thousands and even millions of man-hours of time that humans would have required to do them.

Your industry has already made great strides in the utilization and development of speed calculators. Since a very large percentage of insurance operations is paper work, I believe you may well look forward to even more dramatic improvements in efficiency and cost reductions from the speedier and more automatic machines now being developed.

In conclusion, let me sum up the points I have made. We have seen that the business situation at present, and the short-run estimate for the future, is fair and warmer. But we cannot assume that this happy condition will continue indefinitely and automatically. There are risks to be taken and a premium that must be paid if we are to insure a continuation of our "onward and upward" economy.

The risks, of course, are all the risks that entrepreneurs take in the hope of making a profit. Risk-taking, after all, is the essence of democratic capitalism. The overall reason why our society has prospered more than others is that we have done the most to encourage risk-taking, and that we permit the risk-takers to reap their natural reward—be it a profit or a loss.

The Premium to Be Paid

The premium to be paid is the constant discharge of responsibility by all of us—labor, management, professional people, elected and appointed government officials, and consumers. One responsibility of all these groups is to refrain from seeking, through legislative or collusive action, a privileged position at the expense of other groups. Another responsibility is to exert honest, conscientious effort to improve productivity. It is only through increasing productivity that standards of living can be raised for all Americans.

Finally, it is peculiarly the responsibility of labor leaders, government officials and businessmen to be alert and keep on top of the facts. If we have an accurate picture of our economy and its needs, we shall not be retarded by negative pessimism nor over-stimulated by exaggerated optimism. The result will be steadily-expanding economic abundance, with a minimum of fluctuations—in other words, "fair and warmer" economic weather, with every American basking in the sunshine.

Frank L. Walker Co. Opens

(Special to THE FINANCIAL CHRONICLE)

MARIETTA, Ohio—Frank L. Walker & Co. has been formed with offices in the Peoples Bank Building, to engage in the securities business. Officers are Carl F. Mead, Chairman of the Board; Frank L. Walker, President; Robert J. Braden, Vice-President; Cecil J. Dye, Treasurer, and Hayward W. Strecker, Secretary. Mr. Walker was formerly with Hayden, Miller & Co.

Richard L. Walker, formerly with the Samuel & Engler Co., is also associated with the new firm.

J. J. B. Hilliard Branch

PADUCAH, Ky.—J. J. B. Hilliard & Son, members of the New York Stock Exchange, have opened a branch office in the Guthrie Building under the management of Oscar S Bryant, Jr.

Two men can tighten high-strength bolts with a pneumatic impact wrench and a holding wrench.

Steel going up . . . faster and quieter

Modern city life can be hard on the human ear. But there is one form of assault by sound wave that now is heard less and less: the clatter of riveting, long the signal of new construction under way.

Builders are turning to a quieter—and faster—way to put up steel. Instead of using rivets they assemble the steel structure with bolts.

While Bethlehem steel construction people were working on the technical problems involved in substituting bolts for rivets, Bethlehem fastener engineers developed the special extra-strong bolts that the new method called for.

The advantages of bolted construction had immediate appeal. By far a majority of recent buildings put up by Bethlehem's Fabricated Steel Construction Division have frameworks assembled with the new high-strength Bethlehem bolts.

Here, as so often happens, the quiet way is the efficient way. People who live or work near where a building project is under way appreciate relief from the nerve-wracking din of riveting hammers. But architects and contractors have further reasons for liking the new method, because when high-strength bolts are used instead of rivets structural joints are stronger and the job moves along faster.

Our newly-issued booklet, "High Strength Bolting for Structural Joints," contains detailed information about this newer method of assembling fabricated steel. If you would like to have a copy, send your request to Room 1034, Publications Dept., Bethlehem Steel Company, Bethlehem, Pa.

BETHLEHEM STEEL

BETHLEHEM STEEL

Text of Fulbright Bill to Regulate Unlisted Companies

Chairman of Senate Banking and Currency Committee, in introducing the measure, says it is designed to end a "double-standard, which has neither logical foundation or reasonable basis." Text of bill given herein.

On May 24, Senator J. W. Fulbright (D., Ark.), and Chairman of the Senate Banking and Currency Committee, introduced a bill in the Senate to extend the regulations, applying to companies with securities listed on a securities exchange, to companies whose securities are traded in the Over-the-Counter Market. In presenting the measure, Senator Fulbright made the following statement:

J. W. Fulbright

"Mr. President, I am introducing today a bill to amend the Securities and Exchange Act of 1934 to correct basic deficiencies in that Act which were repeatedly called to the attention of the Banking and Currency Committee during its recent hearings upon the stock market.

"Today an investor in a company which has its stock listed and registered for trading on an exchange gets the following protections:

"(1) Current information about the financial condition of the company.

"(2) Information necessary to enable him to vote intelligently upon matters which are mentioned in proxy solicitations.

"(3) Information about trading by officers, directors and large stockholders in the equity securities of the company. If these persons seek to take advantage of inside information by engaging in short term trading, their profit may be recovered by the corporation.

"Investors in securities not listed on an exchange do not, save for a few minor exceptions, get these protections. No matter how large the corporation, how widely its stock is distributed, or how great the public interest in it, the disclosures I have mentioned need not be made unless the corporation has stock listed on a securities exchange.

"The bill I am introducing is designed to end this 'double-standard,' which has neither logical foundation nor reasonable basis."

The text of Senator Fulbright's Bill (S. 2054) follows:

84th CONGRESS
1st Session
S. 2054
IN THE SENATE OF THE UNITED STATES
May 24 (legislative day, May 2), 1955

Mr. Fulbright introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To amend the Securities Exchange Act of 1934, as amended.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 12 of the Securities Exchange Act of 1934, as amended, is hereby amended by adding thereto a new subsection (g) reading as follows:

"(g) (1) Every issuer which is engaged in interstate commerce or in business affecting interstate commerce, or the securities of which are regularly traded by use of the mails or any means or instumentality of interstate commerce, shall file with the Commission, with respect to each of its securities not registered pursuant to subsection (b), a registration statement containing such information and documents as may be required in respect of an application to register a security pursuant to subsection (b), and such supplementary and periodic information, documents and reports as may be required pursuant to section 13 of this title in respect of a security so registered. Whether or not a registration statement has been filed pursuant to this subsection, the provisions of sections 14 and 16 of this title shall apply with the same force and effect as if all the securities of any such issuer were registered pursuant to subsection (b).

"(2) The provisions of this subsection shall not apply in respect of any security issued by—

"(A) any issuer which has less than $5,000,000 in assets;

"(B) any issuer all the securities of which are held directly or indirectly by fewer than five hundred persons;

"(C) any issuer all the securities of which are exempted securities;

"(D) any issuer which is a bank;

"(E) any issuer organized and operated exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any private shareholder or individual; or

"(F) any issuer which is a savings and loan association, building and loan association, cooperative bank, homestead association, or similar institution, if its accounts are insured by the Federal Savings and Loan Insurance Corporation or if it is a Federal savings and loan association or a member of a Federal Home Loan Bank.

"(3) The provisions of this subsection shall not apply in respect to any issuer, security, transaction, or person which the Commission may be rules and regulations exempt, either unconditionally or upon such terms and conditions as may appear to be necessary or appropriate in the public interest or for the protection of investors, as not comprehended within the purposes of this subsection. The Commission may so exempt any issuer, whether or not it is engaged in interstate commerce or in business affecting interstate commerce, if substantially all its securities are held within a single State. In respect of foreign issuers, considerations relevant to the granting of such exemptions may include the extent to which the provisions of this subsection are susceptible of enforcement with respect to such issuers, and the extent to which there may exist a substantial interest in the securities of such issuers among investors located within the United States or any State.

"(4) The rules and regulations of the Commission shall provide that an issuer may adopt in compliance with the registration and reporting requirements of this subsection information, documents and reports filed with the Commission under any statute and substantially equivalent to that required of an issuer having a security registered pursuant to subsection (b).

"(5) This subsection shall remain applicable in respect of any security registered hereunder until the Commission, upon its own motion or upon the application of such an issuer, by order cancels such registration. The Commission shall enter such an order, subject to such terms and conditions as it may deem necessary to impose for the protection of investors, if it finds, after appropriate notice and opportunity for hearing, that by reason of change of circumstances since the date of registration or otherwise the issuer is not subject to this subsection.

"(6) The Commission, for the purposes of this title, may by rules and regulations define the phases 'less than $5,000,000 in assets' and 'held directly or indirectly by fewer than five hundred persons,' and any portion thereof.

"(7) The Commission is directed to make a study of trading in securities on and off exchanges and of the feasibility and advisability of adopting standards and procedures under which securities may or shall be admitted to or removed from trading on exchanges. The Commission shall report the results of its study and its recommendations to the Congress within two years after the date of enactment of this subsection. Nothing in this subsection shall affect the authority given the Commission by subsection (b) of section 19 of this title."

Sec. 2. The first two paragraphs of subsection (f) of section 12 of the Securities Exchange Act of 1934, as amended, are hereby amended to read as follows:

"Notwithstanding the foregoing provisions of this section, any national securities exchange, upon application to and approval of such application by the Commission and subject to the terms and conditions hereinafter set forth, (1) may continue unlisted trading privileges to which a security has been admitted on such exchange prior to the effective date of section 12 (g) of this Act; or (2) may extend unlisted trading privileges to any security duly listed and registered on any other national securities exchange, but such unlisted trading privileges shall continue in effect only so long as such security shall remain listed and registered on any other national securities exchange.

"No application pursuant to this subsection shall be approved unless the Commission finds that the continuation or extension of unlisted trading privileges pursuant to such application is necessary or appropriate in the public interest or for the protection of investors. No application to extend unlisted trading privileges to any security pursuant to clause (2) of this subsection shall be approved except after appropriate notice and opportunity for hearing. No application to extend unlisted trading privileges to any security pursuant to clause (2) of this subsection shall be approved unless the applicant exchange shall establish to the satisfaction of the Commission that there exists in the vicinity of such exchange sufficiently widespread public distribution of such security and sufficient public trading activity therein to render the extension of unlisted trading privileges on such exchange thereto necessary or appropriate in the public interest or for the protection of investors. In the publication or making available for publication by any national securities exchange, or by any person directly or indirectly controlled by such exchange, of quotations or transactions in securities made or effected upon such exchange, such exchange or controlled person shall clearly differentiate between quotations or transaction in listed securities, and quotations or transactions in securities for which unlisted trading privileges on such exchange have be continued or extended pursuant to this subsection. In the publication or making available for publication of such quotations or transactions otherwise than by ticker, such exchange or controlled person shall group under separate headings (A) quotations or transactions in listed securities, and (B) quotations or transactions in securities for which unlisted trading privileges on such exchange have been continued or extended pursuant to this subsection."

Sec. 3 Subsection (e) of section 7 of the Securities Exchange Act of 1934, as amended, is hereby amended to read as follows:

"(e) Any security of an issuer which is subject to subsection (g) of section 12 of this Act shall be subject to the provisions of this section in the same manner as if the security were registered on a national securities exchange, except that such provisions shall not so apply in respect to any securities which the Board of Governors of the Federal Reserve System may by rules and regulations exclude from the operation of this subsection, either unconditionally or upon such terms and conditions as may appear to be necessary or appropriate in the public interest, as not comprehended within its purposes."

Sec. 4. This Act shall become effective six months after the date of its enactment.

Small Cities

By ROGER W. BABSON

Mr. Babson discusses the status of small cities in connection with the H-Bomb. Says some day the "blackmailing" threats of use of the H-Bomb will be "called," and many innocent citizens in large cities will be killed. This could result, he holds, in a continued movement of families into smaller communities. Forecasts that prices of stocks of companies with large assets in big cities will decline, while real estate in small cities will rise.

I am writing this from Room 15T on the 15th floor of the Waldorf Astoria overlooking New York City. I have supplemented my fears by talks with leading authorities. I am told that what I see from this window will some day be destroyed; but it is very hard for me to accept.

Roger W. Babson

I Like All Cities

I like small cities. This is nothing against large cities. Both have their usefulness. In fact, large cities usually have some great national advantage, such as nearness to waterpower, like Buffalo or Minneapolis; or location at the junction of two rivers, like St. Louis, or at the outlet of a river, like New Orleans; or having a wonderful harbor, like New York. Nothing can prevent such fortunately located cities from always being great, even if vulnerable. But today I want to tell you why I like small cities.

The H-Bomb and guided missiles will postpone World War III; but Scriptures teach that there will be at least one more war some day; and it will be the worst one of all. Just now, much is appearing in newspapers and magazines regarding the prospects for peace. Civil Defense has never taken hold; and it is very difficult to interest people in it at present. It seems to me that England, France, and Russia are lulling us to sleep with their "Big Four Conference."

What About Uranium?

Now speculators are crazy about uranium as an agent which will be switched to peace uses and thus protect the United States from the H-Bomb. Without doubt uranium has many useful possibilities; but these discussions will soon be forgotten as the American people have very short memories. However, the world supply of uranium is very large and is well scattered throughout the leading nations and their possessions.

Certainly, most nations will be making H-Bombs which can be used for "blackmailing" purposes and for attempting to get what they want without World War III. All the above will result in further inflation and continued high taxes. Some day one of these "blackmailing" threats may be "called" and some large cities will be bombed. Then several million innocent citizens in these cities could be killed.

Small Cities to Grow Rapidly

All the above could result in a continued movement of families and industries out of the large cities into the smaller communities. These small cities—when located not too near a big city—should have a great future. Many young people will prefer to live in one of these smaller communities, both from a safety standpoint and also to profit by their growth.

Decentralization of industries is also under way. Few manufacturing plants in the big cities are enlarging within those cities; they are building supplemental plants in smaller places. This factor of decentralization will greatly benefit small communities. The big cities are getting more vulnerable to war dangers, labor troubles, and high costs. Corporations are finding it easier to raise money for capital expenditures in the small cities, rather than the large cities. In the end, bankers and investors determine locations.

Real Estate Values

I forecast that the prices of the stocks of companies with all their assets in big, vulnerable cities may decline; while those with their assets in small, safe cities may not. My belief is that downtown real estate values in some of the large cities may be at their peak, but that in the smaller cities such real estate is still a purchase. In addition to the factors above, let me remind readers of the curse of the automobile and the downtown parking problem in large cities. Good roads, however, are helping the small cities, which should profit by President Eisenhower's proposal for expending $101 billion for good roads.

Workers in the smaller cities have a high character, are intelligent, and may give more thought to the ultimate consumer. Owing to the lower cost of living in the smaller cities, there are fewer labor troubles where management is reasonable. Labor has less turnover in these smaller cities. **To avoid the handicaps mentioned above, the large cities should get solidly behind the new Federal "Urban Redevelopment Program."**

Robert Lipton Opens

DENVER, Colo.—Robert Lipton has opened offices in the Empire Building to engage in a securities business.

SIR ERIC BOWATER SPEAKING AT THE ANNUAL GENERAL MEETING OF THE BOWATER PAPER CORPORATION LIMITED

"The strength of a free Press depends ultimately upon the paper resources of the printing presses—that is to say, upon a regular and sufficient supply of newsprint"

At the Annual General Meeting of The Bowater Paper Corporation Limited, held on May 25th at Chester, England, the Chairman, Sir Eric V. Bowater, announced a program for considerable expansion in the North American paper industry.

It had been decided to install a new papermaking machine at Bowaters Southern Paper Corporation at Calhoun, Tennessee, as an addition to the two machines which successfully came into operation there in July 1954. The new machine is expected to be in production by September 1956, and it is hoped the mills' output will reach 275,000 tons per year by 1957. In the last six weeks newsprint output from the present machines had risen from a rate of 145,000 tons per year to 160,000, and sulphate pulp output from 60,000 to 65,000 and Sir Eric recalled that the machines had recently broken an all-time world record for newsprint machines by operating at 2,100 feet a minute.

Increasing newsprint demand had induced the Bowater expansion in Tennessee, for the year 1954 again witnessed a slight but steady increase in consumption in the United States and the trend had continued into the current year to a remarkable extent; during the first quarter of 1955 it represented a rise of 7½ per cent compared with the corresponding quarter of the previous year. These increases indicate a continuance of an extremely buoyant newsprint market, which has been a feature of the post-war era. As demand and supply are finely balanced, and might, in the absence of new productive capacity again get out of hand, as it did a few years back, Bowaters are seeking to anticipate requirements by installing this third machine.

The Tennessee developments are being financed entirely in North America, in which connection Morgan Stanley & Co., are again acting for Bowaters. The same group of United States insurance companies who subscribed for the outstanding 4¾ per cent First Mortgage Bonds have indicated their intention to subscribe for a further $15,000,000 in the form of 4¼ per cent Series B Bonds and a group of American bankers, again headed by J. P. Morgan & Co., Incorporated, for $5,000,000 of 3¼ per cent Serial Notes. The balance of the additional finance, $5,000,000, will be subscribed by The Bowater Corporation of North America, the owners of the whole of the equity capital of Bowaters Southern Paper Corporation.

"I am confident" said Sir Eric, "that the production of newsprint of the Tennessee Mills will, by 1957, have achieved a level of 275,000 tons per annum and that the additional output will be readily absorbed by existing customers of the Corporation in the United States. Many have already intimated their intention of increasing their existing contracts, the vast majority of which, as you know, run for long terms of years."

"The paper maker" Sir Eric continued, "has a high obligation in a democracy, for the spoken word is not enough to maintain free discussion in modern times. A free Press is also essential, and the strength of a free Press depends ultimately upon the paper resources of the printing presses—that is to say, upon a regular and sufficient, might I say abundant, supply of newsprint."

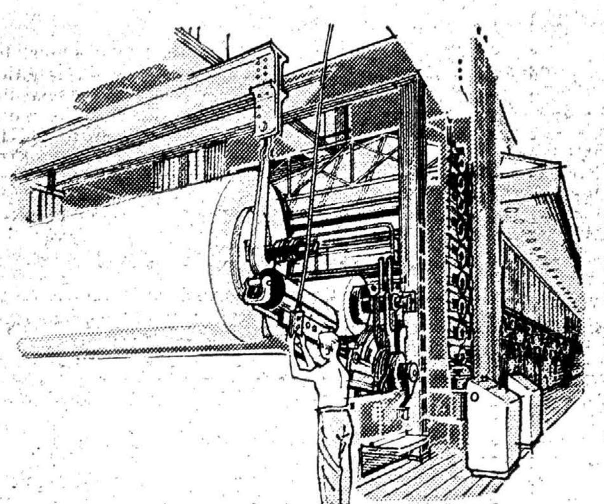
Production at the Corporation's Canadian mills at Corner Brook, Newfoundland, reached the highest level yet recorded. There is to be a further speeding up in operations, the installation of four additional woodpulp grinders, the further development of the high-yield sulphite pulping process and, to cope with this expanded production, a new 6,000-kilowatt steam turbine is being installed.

A new company, The Bowater Power Company, has been formed to take over and operate the Deer Lake hydro-electric power station near Corner Brook, the new power company having acquired the hydro-electric assets from the Corner Brook Company for the sum of $34,000,000, payable partly in cash and the balance in shares of the power company, credited as fully paid. The cash to enable the power company to carry out this arrangement has been raised by means of an issue by that company of $15,500,000 3¾ per cent First Mortgage Bonds and $4,000,000 3½ per cent Serial Notes.

The cash received by the Corner Brook company, Bowater's Newfoundland Pulp and Paper Mills, has been applied by that company in redeeming the whole of its funded indebtedness, and it stands today entirely free of any form of funded debt. The company has no immediate intention of making any further public offering of securities, for the important production developments under contemplation will be financed entirely out of its own resources.

Sir Eric revealed further details of the Corporation's master plan for the English mills and factories near London and Liverpool, including four new paper machines which are to be installed during the next five years, thereby adding 225,000 tons a year to the capacity of Bowaters' English mills. The total cost of all developments to British plants will be around 25 million pounds sterling, most of which the Corporation will provide from its own financial resources.

A final dividend of 15 per cent was recommended on the Ordinary capital of The Bowater Paper Corporation Limited, which, with the interim dividend of 7½ per cent paid last October, totalled 22½ per cent for the 15-month accounting period—equivalent to an annual rate of 18 per cent, compared with 16 per cent for the previous year.



Bowaters' program for the future (which involves in England alone a $75,000,000 development plan) provides for the 50 per cent expansion of the most modern newsprint and pulp mills in the world—Bowaters' Tennessee Mills at Calhoun, Tennessee. In the Fall of 1956 a third giant newsprint machine will come into operation there to boost production of newsprint now running at the rate of 160,000 tons per annum.

The Bowater Organization

United States of America • Great Britain • Canada • Australia • South Africa
Republic of Ireland • Norway • Sweden

Copies of the complete speech by Sir Eric Bowater, Chairman of the Corporation, are available on application to the Secretary, The Bowater Corporation of North America Ltd., 1980 Sherbrooke Street West, Montreal 25, Quebec.

THE MARKET . . . AND YOU

By WALLACE STREETE

The suspense of where-from-here? continued in the stock market this week and despite some indications and even more wide expectations that there was enough new impetus to push into new high ground, it wasn't one of the accomplishments of May. The new-found strength in the aircrafts gave way to irregularity and turned the general list ragged both to end one month and start off a new one.

* * *

A measure of the backing and filling that has kept the market in a stalemate for nearly five weeks was that the May changes in the industrial and rail averages were the smallest for any month this year. Both posted fractional losses for the month which made, for both, the second monthly minus signs seen in 1955. By contrast, the industrials had had an April improvement of nearly 16 points and the rails more than 10 points. In the course of this far more powerful action, both indices posted their peaks on April 26 but have shown little sustained decisive action since.

* * *

Utilities Falter

For the utilities, the picture was a bit more grim, and has been for some time. This investment end of the list, as measured by the average, has faltered on successive tries to penetrate to new high territory. Even when the other averages were doing so in April, the utilities failed after coming within pennies of the mark. Their peak for the bull swing is now an aging accomplishment of early February. The utility achievement for May was the largest loss of any month this year, a shade over a full point. For this average, too, it was the second monthly loss during the year.

* * *

Renegotiation fears and profit-taking were credited with upsetting the plane makers. The rally they had started nearly two weeks ago fizzled out rather rapidly as a result. There was little urgency to it and although a few such as Boeing and Northrop did appear among the most-active issues, it was largely because of the disinterest elsewhere rather than because of heavy liquidation. One Northrop appearance, for instance, was made on a less than 14,000-share turnover.

* * *

Metal shares overall went in for some divergent action that had little unanimity to it. International Nickel continued to forge into new high ground and narrowed to less than 10 points the gap to go to exceed its historic high of 1937 when it sold almost at 80. It is one of the few of the so-called bellwether issues that hasn't participated in the stock split fad of recent years. Its last capital change was a 6-for-1 division back in the 1929. Woodward Iron was one of the specialties that proved something of a feature on strength but without seriously challenging its previous high of the year which, incidentally, represented a better than doubling in value since its 2-for-1 split in 1947. At current levels it is in all-time high ground.

Kaiser Aluminum had some sick moments with rather drastic sags on arcs running a handful of points for a day's work. It was not the general picture of the aluminum shares, however, because Alcoa was able to make independent progress in contrast with Kaiser's easiness, and Reynolds Metals toyed with its new high on rather restricted price moves. Steels were reasonably steady but somewhat quiet. In the coppers, Anaconda stood its ground well but Kennecott moved a bit widely and had its soft moments.

Rails were one of the brighter sections, holding their positions with some independence and even trying to start a rally going when easiness was prevalent elsewhere. But it was a quiet performance on the whole, with even such a bellwether as Atchison occasionally not even bothering to appear in a day's trading, although it is one of the components of the average. Missouri Pacific was the sprinter in the carriers, occasionally swinging over a range of half a dozen points in a matter of hours but meeting good support as it dipped into losing territory by a sizable margin. This preferred stock, which once sold for pennies when the reorganization commenced and which sold as low as $3.25 when it returned to listed trading in 1949, now seems firmly entrenched above the $100 line as the end of the last major rail reorganization still underway appears imminent.

Some Bright Spots

For the other major groups the general pattern was desultory price action by most with here and there a feature to keep it from being a completely drab affair. Honolulu was able to impart a bit of interest to the quiet oil group by some sharp runups. Capital Airlines was the bright spot in a dull air transport section, also pushing into new high ground. American Tobacco was the spotlight offering of the cigaret companies but on somewhat wider losses than was the rule for the group generally. In a lacklustre radio-television division the leading role was that of Radio Corp. which rushed into new high ground on some unusually spirited bidding. In the high-priced issues the rule was some easiness with International Business Machines persisting in the losing column; and U. S. Gypsum was well off its year's high and also inclined to sag.

Motors Nervous

Trading in the motor shares was obviously nervous as the battle of the labor union with management for a guaranteed annual wage bypassed the listed stocks and seemed at the moment to be centering on Ford. That Chrysler's contract runs to August, which would give the company an important sales lift at least momentarily if a strike is called, was of little help marketwise. The price moves both of Chrysler and General Motors showed little conviction since any union improvements won will assuredly become the industry pattern eventually.

All the talk of the "traditional summer rally" as well as the culling through the list for the seasonally-favored issues that normally do well in the hot weather did little as a market influence. For the former point, the fact is that June has been something of a standoff month with as many declines as advances over the years. That many a summer rally had started in the month hasn't been enough to convince too many of the present skeptics. Both the odd-lot and the listed turnover have been running at lower levels than the year's norm up to here. The seasonally-popular issues were lolling mostly a shade below their year's highs which, apparently, was good enough until the market demonstrates that it can move higher with gusto. So far it has shown only that the summer doldrums can arrive a bit early this year.

The issues that have been dominating the new highs list have been largely a widely assorted string. Atlas Tack, United Carr Fastener, Pitney, Bowes, Hertz Corp., Vick Chemical, and Minnesota & Ontario Paper, for which a stock split is being talked, are illustrative of the diverse elements that have been making the progress.

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

NSTA Notes

NSTA 1955 ADVERTISING COMMITTEE

Harold B. Smith

Lex Jolley

T. M. Wakeley

Harold B. Smith, Pershing & Co., New York City, Chairman of the National Advertising Committee of the National Security Traders Association, Inc., announces the appointment of the local affiliate Chairmen to the 1955 Advertising Committee.

Assisting Mr. Smith as Vice-Chairmen of the Advertising Committee are Lex Jolley, The Robinson-Humphrey Co., Inc., Atlanta, Ga., and Thompson M. Wakeley, A. C. Allyn & Co., Inc., Chicago, Ill.

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THE WICHITA BOND TRADERS CLUB: Don H. Alldritt, Mid-Continent Securities Company, Inc., Central Bldg., Wichita 2, Kansas.

SECURITY TRADERS ASSOCIATION OF NEW YORK

Security Traders Association of New York, Inc. (STANY) final Bowling League standing as of May 19, 1955 are as follows:

Team—	Points
Donadio (Capt.), Hunter, Fredericks, DeMaye, Saijas, Kelly	54
Growney (Capt.), Alexander, Eiger, Valentine, Burian, Craig	47
Manson (Capt.), Jacobs Siegel, Topol, Frankel, Tisch	44
Klein (Capt.), Rappa, Farrell, Voccolli, Strauss, Cohen	42
Mewing (Capt.), Define, Gavin, Montanye, Bradley, Huff	40
Bean (Capt.), Meyer, Bies, Pollack, Lienhardt, Weiler	40
Leone (Capt.), Nieman, O'Mara, Forbes, Greenberg, Murphy	39
Krisam (Capt.), Clemence, Gronick, Stevenson, Weissman, McCloud	35
Meyer (Capt.), Murphy, Frankel, Swenson, Dawson-Smith Kuehner	33
Kaiser (Capt.), Hunt, Werkmeister, Kullman, McGovan, O'Connor	32
Barker (Capt.), Brown, Corby, Weseman, Whiting, Fitzpatrick	28
Serlen (Capt.), Rogers, Krumholz, Wechsler, Gerstein, Gold	19

200 POINT CLUB

Hoy Meyer	205
Walt. Meyer	204
John DeMaye	203

5 POINT CLUB

Mike Growney

"COLOR TV: WELL UNDER WAY BEFORE CHRISTMAS"

GENERAL SARNOFF POINTS TO INCREASE OF COLOR TV SHOWS AND HOME RECEIVERS

ANNUAL MEETING OF RCA STOCKHOLDERS, May 3, 1955. Approximately 1,100 attended.

NEW YORK, N.Y.—In a statement at RCA's 36th annual meeting of stockholders, Brig. General David Sarnoff, chairman of the board, emphasized the approaching maturity of color television. He said he firmly believed "Color Television will break through and be well under way before Christmas of the present year." He stated that NBC—a service of RCA—is at the forefront of color TV programming. NBC plans for autumn 1955 include colorcasts of a new dramatic series featuring the greatest classics of all time. Color "Spectaculars" will be continued, and other major color shows are planned, including several football games.

RCA color receivers equipped with the 21-inch color tube were placed on the market in December, 1954. Results have been highly successful. Facilities have been set up for large-scale production, and the RCA television tube manufacturing plant at Lancaster, Pa., is being expanded to produce more than 30,000 tubes a month.

How many parts in an RCA color TV set?

More than 2,070 parts are used in the 21-inch RCA Victor color TV set, and 600 suppliers provide these components.

POLIO RESEARCH AIDED BY RCA ELECTRON MICROSCOPE

An RCA electron microscope, capable of magnifying up to 300,000 times, played an important role in the research that produced the new polio vaccine. It was the electron microscope that enabled man to see and to photograph the polio virus for the first time. Introduced 15 years ago by RCA, the electron microscope has become a vital tool of research. Today, more than 500 RCA electron microscopes are in use throughout the world—in industry, science and medicine.

NEW RCA AIRBORNE RADAR "SEES" WEATHER MILES AWAY

Aircraft pilots can now keep informed of weather conditions as far ahead as 150 miles. This is accomplished while in flight by means of new RCA airborne radar, which enables commercial airlines to plan flights with greater precision and passenger comfort. The equipment also reveals surface features such as lakes and mountains . . . even when visibility is limited. Airborne radar is another RCA contribution to safer, more dependable commercial aviation.

RCA® RADIO CORPORATION OF AMERICA
ELECTRONICS FOR LIVING

A Review of the Steel Industry's Progress

By MAX D. HOWELL*
Executive Vice-President,
American Iron and Steel Institute

American Iron and Steel Institute executive, in pointing out recent progress and expansion of the industry, says there is a strong possibility of further increase in capacity in the near future. Forecasts a bright future for the industry, which, in developing new uses and markets for its products, has created an expanding consumer demand. This consumer demand, he contends, is resulting in more stability in the industry, aided by vast progress of engineering and scientific research.

One of the most significant developments of recent times is the widening recognition of steel's leadership in the economic expansion which this nation has been experiencing for at least 15 years.


Max D. Howell

There was a day, just before World War II, when amateur prophets called our industry over-expanded, and various critics seemed to think of it as an old industry with a steadily declining rate of growth. In 1955, no one aware of the facts fails to observe steel's dynamic position among the great growth industries—along with electronics and chemicals, and the remarkable developments now in sight for the many economic applications of atomic energy.

Highly important is the relative stability that has come into the operations of the industry as the result of its long-term work in developing products for consumers' goods markets. The consumer-and-capital goods mix in our steel production—and the new uses and applications of steel—have been a prime factor in the emergence of the industry from its old-time feast-or-famine status.

The industry's success in developing new uses and markets for steel is evidenced statistically in the expanding steel consumption as measured on a per capita basis. View this factor against the large population increases that projected trends now indicate, and you see its import alike for the economic future of our industry and the rising standard of living of all Americans.

The highly competitive conditions under which steel is made and marketed in this country have undoubtedly been spurring the industry's steady growth and progress. Between 1939 and 1955 the number of companies producing ingot steel rose from 73 to 84, while the number with capacities of a million tons or more rose from 11 to 19, an increase of over 70%. Several of the newcomers to steel production in this period now rank among the top 30 companies, with capacities of half a million tons or more.

Competition in our industry reaches across a wide geographic area. Steel is now made in communities from the Great Lakes to the Gulf, from the Atlantic to the Pacific. The 84 steelmaking companies of 1955 operate plants in 118 communities in 27 states. The industry's ingot steel output is finished for ultimate markets by some 255 companies with plants in 270 communities of 31 states.

The advances of the industry are nowhere more evident than in the steady improvement effected both in the working conditions in its plants, and in the increased earnings paid its employees.

*An address by Mr. Howell at the 63rd Annual Meeting of the American Iron and Steel Institute, New York City, May 26, 1955.

Technological Improvements

Technological improvements have not only eliminated much of the hard labor that once used to be a natural part of the making of steel, but they have also improved the working environment. And steel has maintained its position as one of the high-wage industries of the country. The progress of the industry is fully shared by its employees.

In appraising these achievements, add the backdrop of uncertainty and pessimism that prevailed a year ago in many quarters outside our industry. Then the progress becomes even more impressive. In the first half of this year the production probably will exceed 57 million tons. If the high rate of output continues unchanged through the last half of this year, the total production for 1955 will be over 114 million tons, a new annual record. This production would represent 91% of the present rated capacity.

The present situation demands a high order of industrial statesmanship—and much courage, skill, foresight and enlightment. We have such men at the heads of the steel companies. They are alert and competent. They deserve increased recognition for their outstanding accomplishments.

The industry's capital investment requirements are very heavy. Notwithstanding the increases in ingot capacity from 99 million tons in 1950 to nearly 126 million tons at the beginning of this year, the industry is faced with the possibility of a further substantial increase in the near future. Moreover, a most trying problem is the fact that, due to increased construction costs, depreciation reserves are insufficient to provide for replacement in kind of existing capacity. The Federal tax laws have recognized this problem in a temporary manner with "accelerated amortization" but there is still need for a more realistic and permanent solution on the part of our Government.

Another essential contribution of the steel industry is its continuing effort to give the armed services and other pertinent Government departments a working familiarity with the most modern technical procedures for producing all types of steel products as they may be needed for defense weapons. Both the companies and American Iron and Steel Institute are contributing to this program.

The armed forces are faced with a constantly changing set of requirements for steel products for war purposes. The steel industry is constantly improving and changing its facilities to meet the requirements of its peacetime customers. To the extent that the armed forces can maintain coordination with the developments of industry, the problem of war mobilization will have a practical solution, expeditiously and economically.

The armed forces also require a good background understanding of the services that the companies have available, as well as a concept of the breadth and depth of the cooperative work of the committees of American Iron and Steel Institute.

The record of recent years shows that, through the cooperation of its members, the Institute has made many significant contributions in a wide variety of activities.

For example, the technical committees of the Institute have a long list of worthwhile achievements—such as the development of National Emergency steels, the development of boron steels, the development of the hardenability method of specifying alloy steels, the use of tantalum in place of columbium, the development of a high manganese stainless steel, the finding of substitutes for palm oil, and the creation of methods for recovering manganese. These are only a few of the many accomplishments. Steel consumers as well as steel producers have benefited.

We have done much work in the physical chemistry of steelmaking. Out of that work has come a new theory of slags and a new understanding of what happens between slag and metal as the steelmaking process proceeds. Because of it, open hearth efficiencies are slightly higher, and we hope that in the future greater improvements will be made. But the most important thing about this research is that it is building a new science of metallurgy which is really chemistry at high temperatures.

With other research, we are trying to develop new refractories for blast furnaces and steelmaking furnaces, and to improve the science of geophysics.

I do not want to overburden you, but I cannot help calling your attention to the cooperative effort in which we are engaged with the Department of Defense in the simplification of Government specifications for steel. We have written three handbooks which have been published, and have submitted 18 fundamental specifications for 18 basic steel products. It is expected that these specifications will replace many times that number of specifications now current.

The handbooks also have been adopted by the Canadian Government and are being considered by the British.

The product manuals—compiled and produced by the Institute committees—are used all over the world. Much progress has been made recently to increase the usefulness of these booklets. About eight new manuals have been issued recently. Others are in the process of being revised. Among the manuals newly brought out are two newcomers which are likely to be very informative. These two additions cover high strength low alloy steel, and tool steel.

Among other accomplishments, we have published, at the suggestion of the Department of Defense, a manual which lists all auxiliary furnace equipment in basic open hearth furnace plants. In the event of an enemy attack and consequent destruction, a knowledge of plants with similar facilities to those destroyed will enable early restoration through the use of maintenace spares of similar dimensions and capacities from other plants.

We published an Industrial Defense Planning Manual which has been well received. The Institute published this for the Business and Defense Services Administration of the Department of Commerce. It was prepared by representatives of the various steel companies acting as a task group of the Steel Products Industry Advisory Committee.

It may be called a blueprint to help companies develop organizations which will reduce the loss of life and help minimize the damage in the event of enemy attack. More than that, the book goes on to show how plants can be cleared and put back into action after the attack is over. The manual has created so much interest that an additional printing has been requested.

In other fields, apart from the technical realm, we find important objectives being attained.

During the year 1954 the Committee on Manufacturing Problems augmented its meetings and discussion periods by visits to several major steel plants. Only two meetings were held in the offices of the Institute and in both those meetings the subjects of discussion included new processes and equipment, the continuous marking for the identification of steel, stream pollution abatement and air pollution abatement. All other meetings were held at steel plants in order that the members of the committee could see at first hand the actual equipment and operations which had been under discussion.

A True Record of Employee Safety

One of the really big achievements in the iron and steel industry is its fine record for employee safety. The steel industry was among the first, and perhaps the first, to have an organized safety program. It has been one of the safest of all industries for many years. The accident rate was reduced during 1954 to the best point ever attained in the long history of our industry. This result was attained largely through the work of the Committee on Safety of the Institute and the wholehearted cooperation and well organized efforts of each individual company in our industry.

In connection with this subject it is a pleasure to report that the safety statistics of the Institute have been adopted as the official figures of the National Safety Council. This is fine recognition of the Institute's high statistical standards.

Last October, at the suggestion of the Industrial Relations Committee, and with the approval of the Board of Directors of the Institute, a five-man delegation was sent to represent the United States employers in the steel industry at the International Labor Organization iron and steel committee meeting held in Geneva, Switzerland. The delegation prepared and distributed at the meeting a statement concerning human relations in the iron and steel industry of the United States.

We thought it was wise to help strengthen the turn-out of the free nations. The wisdom of this decision was confirmed at the meeting. We hope to participate again in the next meeting.

There is always something new and interesting in the public relations work of the Institute.

If you attended the special public relations session, held yesterday afternoon, you learned the results of a recent opinion poll showing what people think about the steel industry. We are well regarded in some respects but in other matters this industry faces the necessity of gaining wider public understanding.

There have been numerous outstanding public relations accomplishments by individual steel companies during the past year. For example, one very worthwhile trend finds steel companies contributing toward the advancement of our civilization by giving increased financial support to higher education. Many colleges are receiving unrestricted funds from some of the companies. In addition, there are other forms of financial support from other companies. This is a most gratifying trend—a significant manifestation of management's awareness of the full breadth of corporate responsibility.

Progress in Industry-Education Cooperation

Our progress in the field of industry-education cooperation has been consistent. As an example, the education department of our public relations counsel has joined hands with individual steel companies to help schools and universities from various parts of the country conduct ten community resources workshops during the summer of 1955.

Among the Institute's many public relations activities, the promotion of the Saugus Ironworks Restoration has been very successful. Our 15-minute motion picture, which is in color and which describes the reconstruction at Saugus, received last month the Golden Reel Award as the best film of 1954 in the history and biography category at the Golden Reel Festival sponsored annually by the Film Council of America.

Here in New York City an interesting exhibit was held on the subject, "How to Invest." This show was designed to promote a wider understanding of the important role of the investor in our economy. The iron and steel industry participated in this show through the Institute.

In another field, we find progress being made in improving the Institute's statistics. We are already well known for the scope and quality of our statistics, but still we are trying to improve them. Through the cooperative efforts of the Committee on Statistics and the reporting member companies, the Institute's statistical staff was able to publish the Annual Statistical Report two months in advance of previous years. It was mailed last week.

The new booklet, entitled "Charting Steel's Progress," has received a very favorable reception. This is a collection of charts and statistics showing some of the significant inter-relationships between the steel industry and other industries. It is based largely upon material appearing in the Annual Statistical Report. It was prepared under the direction of the Committee on Statistics in cooperation with the Committee on Commercial Research and the Committee on Public Relations.

In the limited time remaining, it is not practical to cover the activities of all our committees; however, I would like to make reference to one or two more activities.

The Committee on Foreign Trade has been following the actions of the Administration in connection with improving our foreign trade relations. As you all know, this is a very active subject. The committee has worked with the Department of Commerce in developing a quarterly statistical bulletin which will review significant aspects of the production, distribution and consumption of iron and steel products and of steelmaking raw materials throughout the world. This bulletin will make important information readily available to the various governmental departments and to industry, promptly and in reliable form. The first issue of this bulletin was released by the Department recently, and copies of it are available at the desk in the lobby for those of you who are interested.

Recently our Committee on Foreign Trade was requested by the State Department to designate an experienced steelman to represent the United States at the semi-annual meeting of the steel division of the Economic Council for Europe to be held in Geneva, Switzerland. Although this request required action over a weekend, we were able to designate a man who was available and acceptable to the State Department. We have reason to believe that a continued participation in these meetings may develop, which might serve to improve our contact with the steel industry in other countries.

The committees on building codes, steel pipe, reinforcing steel, welded wire fabric, conduit and stainless steel are all active and making progress in their various fields.

These days we see and hear much about light gage steel construction, panel wall construction, open deck parking garages, and the use of steel in one-story school buildings. In the development of all these markets for steel, the Committee on Building Codes has done important background work.

The use of exterior metal panels for covering or enclosing office buildings is setting a new standard for architectural beauty in modern building design, and has come about largely as the direct result of educational work done by this committee with code writing authorities.

Use of stainless steel and coated steel panels for exterior walls speeds construction time and effects numerous economies in erection costs. These panels greatly reduce the dead-weight to be carried by foundation and supporting members. They are low in maintenance costs and they make available more square footage of net available floor space; thereby increasing the rental revenue.

Exterior panels of stainless steel will enclose the largest commercial air-conditioned office building in the world—the Socony-Mobil Building, which will cover an entire square block in New York's Grand Central area. One might note that the building's air-conditioning system alone will require more than a hundred miles of steel ducts. It is the greatest structure to date to use stainless steel windows and stainless steel panels for its exterior walls. It seems quite appropriate that it will be the new headquarters of American Iron and Steel Institute. We expect to be in the new location at this time next year. We shall have more space, better lighting, a better arrangement of our offices, and of course air-conditioning — along with other improvements.

The new quarters will be a far cry from those in our present location. But in the moving process, none of the essential characteristics which have helped to make the Institute a great organization will be left behind.

100 Years of Cooperative Work

Back of the Institute lies 100 years of cooperative work devoted to furthering the interests of the iron and steel industry. The first major organization was founded 100 years ago—in March, 1855. American Iron and Steel Institute was started in 1908. It took over the work of the earlier associations in 1912.

For this industry, the future is bright indeed. We have a big job to do. As someone has said, the American people are "wanters." Their wants are going to require a great deal of steel.

However, in our international situation, the outlook is at best confused, even alarming. If we were a pessimistic people, we could well adopt the attitude of some prophets of gloom in the past.

In 1790, William Pitt said: "There is scarcely anything around us but ruin and despair."

In 1849, Disraeli said: "In industry, commerce and agriculture, there is no hope whatever."

In 1852, the Duke of Wellington said: "Thank God, I shall be spared from seeing the consummation of the ruin that is gathering about us."

In 1868, Lord Shaftesbury is reputed to have said: "Nothing can save the British Empire."

There always have been such prophets and I presume there always will be.

We can find gloom if we look for it, but we can also find strong evidence that we are to some extent, the masters of our own destiny.

Faith in ourselves, our system and our future can be a firm foundation. However, this does not mean that we can serenely ignore the danger signals.

Our record is not too good. We have won two world wars in the last 50 years and twice fumbled the peace. Our high ideals to "make the world safe for democracy" of World War I — and our commitments in the Atlantic Charter of World War II, "to perpetuate peace and eliminate armed conflict from the world," seem far from realization. The results of our Korean police action were certainly not convincing. It is small wonder that other nations are confused and sometimes skeptical of our intentions.

We are in competition with a materialistic ideology, the purpose of which is the subordination of the individual to the state. We are sometimes inclined to assume that our high material standard of living should be sufficient proof to the other nations of the superiority of our system. If we rest our case at this point, we are offering the people of the world the choice between two forms of materialism. We must go further and demonstrate to the world that our nation was founded and has been successful on the fundamental premise of the recognition of a Divine Power, whose purpose is the freedom of the individual. We can on longer assume that these truths are "self-evident." Communism denies the existence of any such power as well as the rights of the individual. When the issue is joined at this level, we should be able to enlist the support of the people of all nations in the protection of their physical and spiritual freedom. Freedom of the individual is something that has involved struggle and sacrifice since the beginning to time. With freedom goes responsibility of the individual to sacrifice personal comfort if that freedom is to be secured for him and his neighbor.

With freedom goes enterprise.

Stimulated by these forces, steel and other industries have used their resourcefulness, determination and energy to build in this country the greatest industrial system in history.

If that spirit of Americanism—which our forefathers had — can be revived in this country, individually and collectively, no material enemy can overthrow it.

On this firm foundation—with these fundamental principles enduring—the future of the steel industry is assured.

G. C. Hendricks Opens

(Special to THE FINANCIAL CHRONICLE)

NORTH HOLLYWOOD, Calif.—G. C. Hendricks is engaging in a securities business from offices at 4430 Vineland Avenue.

Bank Credit in a Growth Economy

By FRED F. FLORENCE*
Vice-President, American Bankers Association
President, Republic National Bank, Dallas, Texas

Commenting on the rapid growth and expansion of our national economy, prominent Texas banker calls upon bankers to play a role in this growth and adjust their operations to changing economic conditions. Points to growing competition of other lending agencies, and says, because of this, there is no room for complacency in commercial banking. Warns bankers, who are willing to afford credit, should exercise caution in extending it, and cites large number of corporations operating without profits. Looks for continued growth in the economy and increased demands for credit.

The evidence of the dynamic growth of our economy is all around us. Both the physical volume and value of our nation's output are reaching new peaks that dwarf by comparison the attainments of the earlier postwar period. New records are being established today by various sectors of business and industry. Indications are that 1955 will be the best business year in history.

Fred F. Florence

One of the most heartening aspects of this recent growth is that it is being spurred by what is, in the final analysis, the true goal of economic activity—the satisfaction of the needs of a growing population for a larger volume of goods and services and a rising standard of living. Two years ago, our economy had recorded levels of output that were the best achieved up to that time; but those levels contained larger elements of inventory accumulation and expenditures for defense than are present today. We are all familiar with the moderate decline that began in late 1953 and carried into 1954, but we have been encouraged by the broad recovery that has since lifted us to a new plateau; so we should be now ready to embark on a new drive to make full use of the potentialities inherent in the future outlook.

The first quarter of 1955 saw gross national product being turned out at the annual rate of $369 billion, just slightly below $370 billion reached in the second quarter of 1953; but that record has undoubtedly been surpassed since the first quarter. However, it is especially significant to note that the achievement of the new level has largely resulted from a growth in personal consumption expenditures, with substantially less of our output being diverted to government for national security and other purposes, or being added to the inventories of business.

This expansion in business, geared to peacetime needs of our people, is a source of much satisfaction, and while it has produced evidence of growing pains here and there, it has stimulated our resourcefulness and has fired the great body of our citizenship with a spirit of courage and confidence. The dynamic growth around us imposes great responsibilities on American banking, and yet it offers the generous promise of many opportunities to expand our operations and earning capacity, and to strengthen our banking system.

*An address by Mr. Florence before the Annual Convention of the American Bankers Association, Atlantic City, N. J., May 23, 1955.

The Role of Bank Credit

The role that bank credit might be expected to play in this growth commands the attention of all engaged in the banking business. It is essential that we understand the direction in which we are heading. We also must anticipate some of the conditions that are likely to arise, so that we are prepared to solve them and can thus fulfill our responsibilities to the public. This is unquestionably a large order, but some of its significant points deserve our attention today.

Bank credit — the lifeblood of our business — has always held fascination for me, and it has not been a provincial fascination merely cultivated by an atmosphere of growth. It was my privilege to serve for several years—first as a member and later as Chairman—of the Credit Policy Commission of the American Bankers Association. The discussions by the members of the Commission—all practical bank credit men—have always pointed to the highly specialized and changing character of bank lending operations. Those who have attended any of the National Credit Conferences conducted annually by the Commission could not have escaped the profound significance of that fact.

Last autumn, the Joint Committee on the Economic Report of the Congress released a paper on the "Potential Economic Growth of the United States During the Next Decade." The report envisaged a gross national product of $535 billion in 1965, compared with around $370 billion today; a population of 190 million persons in 1965, compared with 165 million today; and disposable personal income of $380 billion in 1965, compared with about $260 billion today; and all of this without expectation of inflation—which might be the quickest, but the most painful and disastrous way of reaching high dollar totals. The Economic Report submitted by the President to the Congress last January, as well as the 20th Century Fund's new survey of "America's Needs and Resources," tell the same basic story. These are just some of the yardsticks of anticipated growth. They are based on complicated assumptions by the economists, and perhaps they may or may not prove out exactly in 1965. But they do point the direction for sound economic growth.

What do these projections mean to American banking? On the face of the statistics, they mean a larger volume of business to be conducted and financed through various stages of production, marketing, and consumption. They mean a larger population, with substantially higher income, who will have to be provided with banking facilities. However, of equal significance is the fact that a growth in the economy implies an expansion in the credit base. There have been few, if any, occasions when economic growth has not been accompanied by an increase in the volume of credit outstanding.

Credit is the banker's stock in trade. The banker is a primary merchandiser of credit. Yet the business of extending credit in one form or another is shared by many others—public and private; corporate and individual; small and large. There is now outstanding about $600 billion of debt in the United States. Only about one-third, or $200 billion, is held as assets by the banking system; and less than one-sixth of the total debt or roughly $85 billion, is in the form of bank loans.

These facts make it clear that banking is already confronted, and will continue to be confronted, with intense competition in the very heart of its business—the granting of credit.

Will Bank's Share of Credit Extension Expand?

How will banking share in the economic growth that is in prospect? Will banking see to it that it secures its share of the increase in financial activity implied in the pattern of the economy projected to 1965? These are questions that should receive the attention of all of us. They will help to point out our responsibility for keeping our operations progressive and vigorous within a framework of prudent and sound policies.

It is a common view today that a growing economy creates a demand for an additional supply of money and credit to accommodate the enlarged volume of business. Since our money source is largely in the form of bank deposits, and commercial banks augment such deposits through the process of making loans and investments — that is to say, by extending bank credit — the questions naturally arise as to what form the credit is likely to take and what can banking do to influence the course of events.

A paramount consideration is the extent to which banks will buy securities, primarily those issued by government, or will supply the new credit demand through their lending facilities.

A significant expansion of bank investments could be produced in two ways. It could result: first, from new borrowing by the Federal government and other public bodies; or second, from the transfer of investment obligations to the banks from other holders. The first course would imply deficit financing and unbalanced budgets; the second would reflect, for the most part, an expansion of private debt outside the banking system, necessitating the disposal of government obligations to the banks.

Therefore, a twofold problem confronting bankers will be the fostering of sound economic growth through the prudent application of bank credit in such a manner as to minimize the pressures for deficit financing by government, and in such a manner as to minimize the yielding of credit functions to others—especially government credit agencies. This point cannot be emphasized too strongly because loans, not investments, constitute the most important source of bank income. In 1954 interest on loans accounted for almost three-fifths of the operating earnings of insured commercial banks. Fair earnings in banking are thus vitally dependent upon what happens to our loan portfolios.

No Room for Complacency in Banking

In view of these facts, there certainly is no room for complacency in our business. Encouraging as an economy of expected growth might be, there is no basis for assuming that we shall reap great rewards merely because the potential seems to be there. Federal Reserve data show that we hold among our assets only one-third of the debt in the economy, and that the deposits kept with us constitute only about half of the total liquid assets of the economy. Whether we can keep or enlarge these proportions will depend upon many complicated factors, but not the least in importance is the manner in which we discharge our responsibilities toward both borrowers and depositors.

The subject of relations with depositors deserves far more attention than can be given here; therefore, it is appropriate that my discussion today should be restricted to some observations on the atmosphere for bank lending in this economy of dynamic growth.

The word which seems to me to describe this atmosphere most dramatically is "competition." To some the word "competition" suggests a danger signal, a sense of caution, or a life-or-death struggle for survival. In the free enterprise system, such as we so fortunately have in our country, it is a force for strength which leads to sounder and more efficient production, freer distribution of a nation's output, and more resourceful financing to help make this production and distribution possible. Under the Soviet system, there is no competition as we know it. Banking is hardly more than a system of bookkeeping for a plan laid down by the ruling authority on top. Banks behind the Iron Curtain have little power to determine their own policies and operations. Their activities are shaped for them to fit into the scheme of the State. We can be thankful, therefore for the opportunity before us to meet the challenge of a competitive environment. Nevertheless, we must always be alert so we can duly recognize and fully discharge banking's responsibility to the public.

What will be the nature of competition in this so-called economy of dynamic growth, and what is its relationship to bank credit? This question must be answered from two viewpoints: first, the competition between banks and other lenders, including government agencies; and second, the competition between firms and industries requiring credit for the volume of business available in the market place.

These competitive factors merit our attention. The competitive pressure from other lenders will affect, to some degree, the manner in which we make new loans. Similarly, the pressure of competitive factors upon the creditworthiness of borrowers will be felt in the lending policies and attitudes not only of bankers but others lenders as well.

It is difficult to predict with any degree of certainty what percentage of the credit market, even under the impetus of economic growth, might be expected to be captured by the banking system. The past decade has seen broad advances in the technique of merchandising credit. The competition between banks and other lenders, despite an overall enlarged demand, has been intensive and is likely to continue. For one thing, a significant portion of the income of our nation is being diverted into long-term investment channels through institutional savings on a contractual basis. The growth of life insurance companies and trust funds, important source of funds for industrial corporations, is a good example. Also, the promotional efforts of other financial institutions, such as savings and loans associations, have diverted a significant amount of the public's funds from banks, with a corresponding absorption of mortgage credit. Another factor is that business is learning more about the available avenues of self-financing. The generation of cash internally through tax and depreciation reserves is just an example of how some businesses at times have become important suppliers of credit, rather than users of credit.

These are some of the developments that point to the fluidity of credit markets in an economy of competitive growth, and they should stimulate our thoughts and actions to appreciate the need for bankers to do a real and thorough job of merchandising credit.

The Rate of Growth Ahead

Now, let us turn to the other side of the question of competition. In a country so large and diversified as ours, it should not be expected that all sections and activities may share equally in a pattern of growth. As the Southwest has made great strides in recent years, partly as a result of its exploration and development of nature's rich endowment of petroleum and natural gas resources, it has done so while the coal industry farther East has suffered a decline. But such is the nature of industrial development. Our great railroads, even those which have traditionally carried coal as a substantial revenue producer, would have not converted from the old Iron Horse to the modern Diesel of 1955 if efficiency, cost savings, and improvement in service had not been the result. The same can be said for so many other industries which have bowed to the progress of technological improvement.

Whatever the rate of growth ahead of us, and whatever the resourcefulness of banking is capturing its share of the credit markets, the necessity for careful appraisal of loans will remain as one of banking's prime responsibilities. We must never forget that at the other end of the paper in our loan and investment portfolios stand our depositors and our stockholders, to whom we owe a sacred trust and responsibility.

I want to urge upon you a reaffirmation of the oldest of banking traditions — the avoidance of excesses; the practice of self-restraint. This is the kind of policy that cannot be reduced to laws or written into regulations. It is the kind of banking policy to which most of us have dedicated our lives. It is the unwritten code of our profession. Moreover, it is in the public interest.

It is well to keep in mind that it would be foolish indeed to believe that our economy once and for all has escaped the up and down swings of optimism and pessimism that are technically known as the business cycle. One does not have to be a prophet of doom or gloom to recognize that changes can and will occur in business activity that will substantially affect some industries and individual business units and persons in them, even if there were no general recession or depression.

Corporations Without Net Profits

Our experience in the post-korean period bears this out. In 1951, which marked the peak year for corporate profits before taxes, 213,000 corporations reported no net income on their tax returns. They accounted for fully one-third of all corporate returns. These corporations did a volume of business close to $38 billion, and they showed a deficit of nearly $1¾ billion for the year. This was not just an accident. The year 1952 tells the same story, as 229,000 corporations, doing a volume of business aggregating $45 billion, reported aggregate losses of nearly $2 billion.

When such a substantial segment of corporate business goes through good years without showing a profit, there is little room for doubt regarding the need for sound judgment and intelligence in the administration of bank credit; and it is well to remember that an unwise credit performs no favor for the borrower. The road ahead forebodes keen competition for the consumer's dollar at every stage of the production and distribution process.

We should constantly keep in mind that regardless of overall prosperity of the nation, a considerable segment of American business may be transacted on a basis that results in actual losses in operations.

Bankers must be continuously alert to changing economic conditions and to the resulting effects on their customers. Experience has taught us that mistakes are made during periods of prosperity. Therefore, the charts and gauges that measure business activity should tell us that this is a time for great care and caution in granting credit. We must be sure that every credit granted has had intelligent, far seeing, and constructive analysis by capable and experienced lending officers.

The word "automation" is new, but the principle dates back to the time when man first learned to use the simple mechanical principle of the wheel by rolling a stone instead of carrying it. If the factory of the future becomes a complexity of electronic gadgets, blinking panels, and automatic tools, we have attained no more than a super-refinement of what our fathers started generations and even centuries ago.

Adjusting Banking to Economic Changes

We have glorified the age of the atom, electronics, and chemistry; but we have created few really new problems. They are much the same, but in a new dress of words. The less courageous today look upon automation with trepidation, out of fear that man might be replaced by machines. A generation and more ago, the catch-phrase "technological unemployment" tried to convince us of the same idea. But the problems created by automation, or whatever we choose to name it, are not matters of despair. They involve the constant readjustment of our economic machinery to the competitive forces emerging from the process of dynamic growth and development in an industrial society.

There will be no place in the years and decades to come for those activities that are unable or unwilling to adjust to the needs of our people. The mule cannot compete with the tractor; the horse cannot outpace the two-tone V-8; and the anvil and forge cannot challenge the mile-long strip-mill. In a world sparked by the drive for better products and better ways of making them, the less efficient, unadaptable units will fall by the wayside.

In this environment, the banker exercising his important function of merchandising credit cannot afford to be asleep. He cannot afford to be even complacent. He must ever be conscious of his responsibility toward promoting sound, stable economic growth. He must extend the credit that will nourish the seeds of economic progress planted by inventive genius, whether on the farm, in the factory, on the highway, in the shop, or in the home. But in this process of extending credit in a competitive economy, he must act prudently and wisely.

We bankers must have that sense which finds the invisible dividing line between optimism or courage, and speculation or recklessness. We must be able to distinguish the sound loan that will lead to economic growth, from the unsound one in which might be planted the seeds of economic retrogression. In helping to furnish our economy with its supply of money, we must be confident that it rests on a firm base of productive bank credit, and not on tenuous webs of speculative or unproductive credit that tend to create inflation and its consequences.

The preservation of banking's leadership at the highest plane in our American economy should serve as a constant challenge to our best thinking and action in behalf of the millions of people we serve. American banking is fully equal to the responsibility of this worthy ambition, and I have an abiding faith it can be relied upon to do the best possible job for our beloved country.

Fairless Heads American Iron & Steel Institute

Benjamin F. Fairless, former Chairman of the Board of United States Steel Corporation, was elected President of American Iron and Steel Institute on May 27 by its Board of Directors. The position of President of the Institute has been vacant since 1952 and is normally filled by a top executive of one of the member companies.

Benjamin F. Fairless

As head of the Institute, Mr. Fairless will serve without compensation.

Mr. Fairless, for many years a Vice-President and Director of the Institute, becomes the eighth President of the Institute, which was founded in 1908, with Elbert H. Gary as its first President.

The election of Mr. Fairless was announced May 27 at the dinner meeting of Institute members by Max D. Howell, Executive Vice-President of the Institute. In addition to Mr. Fairless and Mr. Howell, other officers of American Iron and Steel Institute include: George S. Rose, Secretary; E. O. Sommer, Jr., Treasurer; Charles M. Parker, Assistant Vice-President; S. A. Maxon, Assistant Secretary, and Fred A. Coombs, Jr., Assistant Secretary.

Modernized Transport Policy Essential

Current issue of "the Guaranty Survey," monthly publication of the Guaranty Trust Company of New York, finds present regulatory methods have outlived their usefulness, and current rules and restrictions are obsolete and penalize rather than protect the public.

According to the June issue of the "Guaranty Survey," monthly publication of the Guaranty Trust Company of New York, a modernized national transportation policy is needed. Present regulatory methods, the periodical states, have outlived their usefulness, and obsolete rules and restrictions on management are penalizing rather than protecting the public.

The editorial, titled "Transport Policy Needs Modernization," discusses the report of the Presidential Advisory Committee on Transport Policy and Organization. This report recommended broad relaxation of Federal controls over interstate transportation, which the bank publication believes would be another stride toward a free-market economy.

"The transportation business, which was essentially monopolistic a generation ago, is now characterized by keen competition," declared "Survey." "To a large extent, this competition is direct, with different carriers competing for the same business. Railroads and highway carriers compete for almost all types of freight traffic over short distances and for many types over long distances. Railways and water carriers compete in areas where water transport is available. Rail and bus lines compete for passenger traffic almost everywhere. The importance of air travel, especially over long distances, is indicated by the fact that domestic airlines now provide more than half as many passenger-miles of transportation as do the railroads.

"The development of competition in transportation has not been accompanied by a corresponding relaxation of regulation. On the contrary, the entry of new transport agencies into the field has been followed by the extension of regulation to those agencies, together with tightening regulation of the others.

"Today the ICC not only fixes rates but also exercises authority in such matters as standards of service, accounting methods, preservation of records, qualifications and maximum hours of employees, safety measures consolidations, security issues, rules and forms for bills of lading, time zones, use and exchange of rolling stock, damage payments, reorganization proceedings and plans, and contracts for the pooling of traffic, service or earnings. It can examine and report on the management and control of companies.

"The President's committee notes that the 'power of suspension (of proposed changes in rates) frequently has been used by competing carriers merely to delay decisions. Currently, nearly all the protested changes in rates involve reductions and by far the greatest number of complaints are filed by carriers. In this connection the standards which have been developed for determining the lawfulness of suspended schedules have become unduly restrictive, holding the carriers to the meeting of competition only and largely denying them the right to give effect to their full economic capabilities.'

"In other words, regulation is being used by competing carriers to prevent one another from offering their services at rates which they are able and willing to accept. Obviously, the victims of such practices are the users of transportation and their customers—that is, the public. Instead of protecting the people against unreasonably high rates, regulation in a competitive situation is forcing the people to keep paying unreasonably high rates."

Humphreys-Robinson

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — Humphreys-Robinson has been formed with offices in the T. W. Patterson Building to engage in a securities business. Partners in the new firm are Walter Clark, Dr. Albert Egan, Brian Ginsberg, Jessie Hayhurst, Leonidus N. Hayhurst, Barrett Hicks, Dr. Thorne Hopkins, Miles O. Humphreys, Jr., Dorothy Marsella, Fay McKinney, Esther Nielsen, Dr. Harold Westring Nielsen, Hisako Tanaka, Thomas M Robinson, Thomas M. Robinson, Jr., and Dr. Jerome Thormann.

Saul Pollock Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Saul Pollock is conducting an investment business from offices at 7074 Lanewood Avenue.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Many industrial and utility companies enjoy a greater or lesser degree of earnings leverage by reason of the presence in their capital-funds set-up of bond or preferred issues. The leverage in favor of the equity in such a case exists by reason of the fact that these senior issues are able to contribute to total earnings more than is required to service them with interest or dividends and, possibly, amortization.

In the case of the fire-casualty industry, however, where, except rarely, there are no senior issues ahead of the capital stock, the leverage is present by reason of the fact that the insurance company is utilizing its policyholders' money for investment. When a new policy is taken out on a house or a car, or on a group of workmen's compensation, the premium, which in the case of fire coverage may run for three or even as long as five years, is ordinarily paid by the insured within 30 days, and, after provision for agents' commissions, customarily reaches the company in not over 90 days.

Therefore, the insurance company has the use of the major portion of the premium money for the remainder of the term of the policy. Naturally, a part of it is carried as cash, and, usually, a proportion of it is invested in securities in the percentages allotted by the company's general investment policy to bonds, preferred stocks, common stocks, etc.

Further leverage is afforded by the investment of loss reserves in much the same manner. Loss reserves are set up for the purpose that the designation implies: to discharge loss claims under outstanding policies, while some losses are paid expeditiously after claims are lodged with the insurance company, many are not and go to the adjusters or arbiters, or even to the courts for final determination. And it is the practice of many companies to over-reserve wtih these set-asides.

For example, Indemnity Insurance Co. of North America, the casualty affiliate of that fleet, habitually charges to loss reserves almost its earned premiums—quite obviously over-reserving.

A measure of the leverage that is present is available in the relationship of invested assets to liquidating value, the latter consisting of capital, surplus, any voluntary reserves and the customary equity in the company's reserve for unearned premiums. These ratios for a few companies, chosen at random, are given in the accompanying schedule. It will be noted that, as a general pattern, the leverage among the multiple-line casualty carriers is more potent than in the case of the fire companies as a group.

Generally, the casualty companies write more business in relation to liquidating value than do fire companies. Also, multiple-line casualty companies are subject to losses under some lines that may go on for years (under compensation policies, for example) whereas the fire unit is able to determine in a relatively short time the extent of a loss it may sustain under a fire or allied line policy, and hence is not obliged to carry as much in reserves as is the case with the casualty company.

The presence of these large reserves, let us call them funds borrowed from its customers by the insurance company, contributes in no small part to the growth in investment income of the fire and casualty insurance stocks; and it is to the growth in income from investments that the investor looks for increases in his dividends. It is indeed rare that dividends are disbursed even in part from underwriting profits. Most companies whose investment incomes show the greatest growth over, let us say, ten years, quite consistently show more rapid dividend gains, whether as cash increases, or as stock dividends which in many cases, in essence, are cash dividends, too.

	December 31, 1954 (Per Share)		
	Invested Assets	Liquid. Value	Ratio
Aetna Casualty	$451.14	$203.09	222%
Aetna Insurance	152.84	114.06	134
Agricultural	82.10	64.13	128
American Insurance	72.78	48.21	151
Continental Insurance	135.32	127.52	106
Fidelity Phenix	151.48	144.98	104
Fireman's Fund	90.54	71.15	127
Firemen's Insurance	123.09	64.11	192
Hartford Fire	184.16	180.09	102
Insurance Co. of North America	114.54	102.26	112
Massachusetts Bonding	123.43	48.59	255
North River	71.63	55.37	129
Seaboard Surety	96.27	73.17	131
U. S. Fidelity & Guaranty	170.90	92.57	184

Ludwig & Jorgensen Inv.

(Special to THE FINANCIAL CHRONICLE)

ENGLEWOOD, Colo. — Ludwig and Jorgensen Investments, Inc. has been formed with offices at 3385 South Bannock Street to conduct a securities business. Officers are Walter D. Jorgensen, President and Ray C. Ludwig, Secretary and Treasurer.

R. L. De Long Opens

(Special to THE FINANCIAL CHRONICLE)

PORTSMOUTH, Va.—R. L. De Long is engaging in a securities business from offices at 535 North Street.

Small Business and Consumer Credit Loans

By KEITH G. CONE*
Vice-President, La Salle National Bank, Chicago, Ill.

In discussing, first, small business loans, Mr. Cone denies that banks do not understand, nor do they take care of the needs of the small businessman. Says, however, the bank which makes loans to small business must be on its toes. Points out it is not so much the lack of capital that impedes small business as the lack of good quality management, and urges banks help these concerns to improved management. Holds there should be no concern regarding growth of consumer credit, and "the housing market is strong and getting stronger."

The needs of small business have long been a subject for discussion in the banking, business and political circles of this country. Charges and counter-charges have been made that the banks do not understand, nor do they take care of the needs of the small businessman. Much has been written and spoken on the subject, and since time does not permit much factual material, I am going to make a statement of opinion which I beleive to be a fact. The small business which is entitled to bank credit usually receives bank credit. It is also a well known fact to all of you in banks that the banker very often, through his connections with finance companies, factoring houses, and such institutions, is able to take care of the credit needs of the small businessman during the time in which he is building up to the point where he is entitled to bank credit.

Keith G. Cone

The bank, however, which makes loans to small business must be on its toes. It must be very accurate in its analysis of the individuals who comprise the management or who own that business. It must be able to project, with a reasonable degree of accuracy, the trends that affect that business.

The Management Problem

There is a popular conception that the major reason for failure of small business is due to the lack of capital. However, it seems reasonably certain that actually the major cause is not so much the lack of capital as the lack of good quality in management. It is a fact, however, that once a business gets into trouble, it shows up quickly in the capital account, thus appearing to indicate a lack of capital. However, had management been of proper caliber, it might have protected its capital account. An increase in the capital or credit might provide a temporary solution, but it cannot solve the major problem, for the root of the difficulty is almost always the inability of management to successfully cope with problems.

True, small business does not have the experts to guide it in the various areas in which a business must have good, sound advice and administration. This is definitely a disadvantage under which small business operates. On the other hand, this lack does provide an area in which an alert, aggressive bank may make business for itself and at the same time aid the small businessman, for it can, as a result of its wide and varied experience and knowledge of business, provide sound advice in many areas to keep him informed.

*A talk by Mr. Cone at the Credits Conference of the Annual Convention of the American Institute of Banking, Miami, Fla., May 30, 1955.

Too often, bankers look superficially at a small businessman's requirement for credit and do not go below the surface in an endeavor to find ways to help.

To sum it up, it would seem to me that banking, while it has been doing a reasonably creditable job in supplying the needs of small business which qualifies for credit, could go considerably further in supplying the needs of many more businesses and in helping that management along the road to success, once it has ascertained that the quality of management is good and that the product is a marketable one.

The Small Business Administration

Before leaving the subject of small business, let's talk just a moment about the Small Business Administration. As you know, it was created as a result of the feeling that there was an area in which the government should assist small business. It came into being as the result of the Small Business Act of 1953, and it has four primary functions:

(1) To counsel small firms on their financial problems and to assist them in obtaining needed credit; if private credit is not available on reasonable terms, to participate in loans by private lending institutions or to make direct government loans to the firms;

(2) To make loans to owners of homes and businesses whose property has been damaged or destroyed by hurricanes, floods or other natural disasters;

(3) To help small business concerns obtain a fair share of government contracts for supplies and services; and

(4) To assist small firms in overcoming their management and technical problems.

We are, in this discussion, primarily concerned with the first function. I am informed that as of April 15, 1955, the Small Business Administration had received 6,455 loan applications, which include disaster loan actions, amounting to approximately $297 million. They had approved 2,528 applications amounting to approximately $80 million, and had declined 2,554 applications amounting to approximately $133 million; 917 applications amounting to approximately $47 million were withdrawn, and 456 applications amounting to approximately $24 million were then pending.

It would appear that the rejection rate in this type of loan is very high, indicating that the problems that beset the Small Business Administration in taking care of the small businessman are as great or even greater than those that beset a bank. Contrary to some popular conception, it is not easy to obtain a loan from the SBA. As a matter of fact, it has been said with some factual backing that it is harder to get a loan through the SBA than it is through a bank.

One interesting fact appears on the record, and that is that about 70% of the business loans approved have been made in participation with other lending institutions, and of this figure, 75% are on a deferred participation basis, which means that the bank will disburse the entire loan and most likely the funds for which SBA is committed will never be withdrawn from the Treasury. In other words, the SBA acts really as a guarantor and does not actually advance the money in some 75% of those loans which are made in participation with other lending institutions.

SBA has announced that it will offer banks the opportunity to purchase some $5 million of loans which they made direct without having bank participation. The loans are at least six months old and might be termed reasonably seasoned. The object is to make available to banks the opportunity to serve the small business in their areas after what might be termed a trial period has been completed. It might be well for those of you who have not explored the possibility of utilizing the Small Business Administration in serving your communities to do so. Its credit requirements are generally very high and it usually takes great care in seeing that every possible bit of collateral is tied up, including guarantees and subordinations of owners.

The Economic Trend

Let's close with just a brief look at trends. We all know that generally speaking the outlook for this year seems to be good. We also know that there are some soft spots which could definitely affect small business much more quickly than they would affect big business. As a matter of fact, we know that there is a scarcity of money and that it has grown tighter during the past few months. This is bound to affect the small business which is seeking additional working capital, or even additional equity capital, and makes it even more important that the small business knows what it is doing; that those of us who may be loaning to a small business know that that small business knows what it is doing. I know of no way to predict the future as it relates to any business, large or small. I know only that we as bankers must be ever on the alert to recognize any change in conditions, not only in the over all, but changes in the conditions of those whom we serve, which is particularly important in the case of small business.

Consumer Credit

Now, let's devote the remainder of our time to the subject of Consumer Credit. That is a subject which is much in the news and in the discussions all over the country. Is the trend towards an ever mounting total, good, or is it bad? Is it dangerous, or have we a long way yet to go before consumer credit has expanded to the point where it may be dangerous to the economy of the country? Most certainly it can be said without argument that we have, during the years since the war, expanded the area in which consumer credit, or shall we call it "instalment credit," has served to distribute the products of our manufacturers. More people are in debt than ever before. On the other hand, more people own automobiles, white goods, and other things which are available through instalment credit. Who knows what the saturation point is? Who knows the point at which further expansion would constitute a definite threat to the economic security of our country? I do not propose to tell you today, because I don't know.

However, I do know that there are many things that appear in the business of instalment credit these days that cause me, as one who has been engaged in it over these many years and one who must assume a responsibility for making such loans and buying such paper originating as a result of instalment sales or instalment loans as will be a safe asset in the bank's portfolio, to be somewhat concerned. I refer particularly to the increasing, widespread breakdown in terms and maturities in the financing of automobiles and, to a degree, in the television and white goods industries.

Figures are quite often uninteresting in a talk and are somewhat difficult to retain. However, just to highlight the background of the point which I made a few minutes ago, it is estimated that 20c of every dollar of personal income after taxes now goes for payments on mortgages and instalment debt.

During the first three months of this year, building activity was at the rate of $41 billion annually, as compared with an actual total of $37.2 billion in 1954. It would appear that the housing market is strong and getting stronger.

The total of individual income is estimated at an anual base of approximately $300 billion, or nearly $10 billion higher than it was a year ago. More important, it appears that wage and salary earners account for most of the gain, a fact which assumes special significance when you realize that it is this class of people who furnish the consumer credit industry with its market. In perspective, it would then seem that the 20c on each dollar figure is not quite as high a ratio as it would seem to be when taken alone. Then, too, the increase in the average annual income for non-farm families to approximate $6,400 a year is also an important figure.

Private savings have risen to $210 billion, an all-time record. Life insurance holdings amount to $340 billion, another all-time record. The great increase in the assets of the American people in the years since the war is an important factor in evaluating the increase in the consumer debt, one which we must keep always in mind.

The Total Instalment Debt

Let's examine the total instalment debt about which we are concerned. The Board of Governors of the Federal Reserve System released some figures on May 2, 1955, from which I quote: "Consumer instalment debt outstanding increased $466 million during March, to an estimated $22,974 million at the month end. . . . The increase in total instalment credit outstanding reflected primarily an increase of $412 million in automobile credit outstanding." In addition to the instalment debt outstanding, there is approximately another $7 billion which is in non-instalment credit.

Let's take a moment to see what the debt total looks like when compared to the asset total previously mentioned, now in the hands of the public. The foregoing figures highlight and bring into focus the fact that the debt total looks pretty small when it is compared to the tremendous total of assets now in the hands of the people. A further factor of importance to those engaged in the granting of instalment credit is the fact that the debt is fairly well distributed through the various income classifications. According to the best available figures, it would appear that 16% of total income is received by families in the low income brackets who account for about 19% of the personal debt; 4[illegible]% of personal debt is owed by families in the middle income brackets, who receive approximately 30% of total income. There are figures which seem to prove that the age groups with the greatest earning power also have the greatest amount of debt.

One of the big factors that must be very carefully considered by an instalment credit grantor is the effect of the high production by automobile companies. It would seem that on the basis of present production, the number of new cars manufactured for sale will far exceed that of any other year. We have observed during the past few months the results of the high production output on terms and maturities for financing autos. It is in this area where I think we must be primarily concerned. We have seen the effect on the automobile dealer of the necessity for selling the cars fast. It has resulted in what at best could be determined to be undesirable, if not strictly unsound practices. Credit requirements have been stretched beyond the safe point in too many instances. A trend has developed in many parts of the country towards short down payments and long maturities, and I regret to say in some communities banks have led the way. Thirty-six months are not uncommon in many sections of the country, and in some areas 42 and 48 months seem to be available.

Of course, another disturbing factor in the term and maturity situation is the fact that it is most difficult to determine just what equity a purchaser has in an automobile. The accepted one-third down payment has broken down to a considerable degree in many parts of the country so that 25% or less is not uncommon, and how much of that 25% is actually a real equity is difficult to determine. Such a situation as this can only result in trouble, not only for the credit grantor but for the automobile dealer. In the first place, the dealer has eliminated a good deal of his market when he placed an automobile in the hands of someone for 36 months who cannot possibly acquire an equity in that vehicle in a year or two that will enable him to make a trade for another new automobile. He has also eliminated from the market potential used car buyers who now find it, in so many instances, easier to buy a new car with less investment and less monthly payment than they could buy a used car which they might ordinarily have done.

It would appear that the banks should be the leaders in maintaining the line against the extension of unsound and unwise terms, particularly in the area of long maturities and no down payment or small down payments. I do not mean to close this on a pessimistic note, for I believe that while we are likely to run into some difficulties as the result of these terms, nevertheless I believe that the situation will right itself provided we as bankers present a united front and perform our responsibilities not only to our depositors and our stockholders, but to the communities which we serve.

Melvin Flegal of Ogden

(Special to THE FINANCIAL CHRONICLE)

OGEN, Utah—Melvin G. Flegal & Co. of Ogden has been formed with offices at 2620 Washington Boulevard.

Ft. Washington Co. Opens

(Special to THE FINANCIAL CHRONICLE)

FT. WASHINGTON, Pa. — The Fort Washington Co. has been formed with offices on the Dreshertown Road to engage in a securities business. G. Paul Seabrease is a principal of the firm.

Form Franklin Secs. Co.

(Special to THE FINANCIAL CHRONICLE)

DALLAS, Texas—Franklin Securities Company is engaging in an investment business from offices at 1000 Main Street. James McL. Henderson is a principal of the firm.

D. F. Greene Opens

(Special to THE FINANCIAL CHRONICLE)

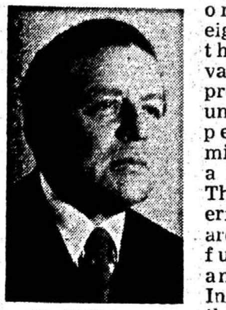
SAN FRANCISCO, Calif. — D. Forrest Greene has formed D. F. Greene & Co. with offices at 235 Montgomery Street to engage in the securities business.

The Legal Status of British Coinage

By PAUL EINZIG

Dr. Einzig calls attention to the war that has been waged for years by the British authorities against the counterfeiting or minting of their coins both at home and abroad. Points out need of maintaining the prestige of the British "Sovereign," which is a current coin in some areas, and says this prestige would suffer, if counterfeiting was permitted. He states, however, because the premium on sovereigns is now so small, the problem of unauthorized coining is no longer acute.

LONDON, Eng. — The British authorities have for years been waging a war against counterfeiters of British gold coins. The high premium on "sovereigns' over their gold value made it profitable for unauthorized persons to mint them on a large scale. These counterfeit coins are usually of full weight and fineness. In spite of this the British Treasury claims that their unauthorized production and their passing into circulation constitutes an act of counterfeiting. Under the International Convention on counterfeiting it is the duty of the governments of all countries which adhered to that Convention to prosecute offenders guilty of counterfeiting currencies of other member countries. It is the British Government's policy to insist firmly on the enforcement of this rule whenever and wherever unauthorized minting of sovereigns is encountered.



Dr. Paul Einzig

Sovereigns are by no means the only gold coins which are known to have been counterfeited since the War, but their unauthorized production is on an incomparably larger scale than that of other gold coins. This is probably because sovereigns have always been very popular abroad, both as a means of payment and as a means of hoarding. To a very large degree they actually constitute means of payment in various parts of Asia, especially in the Arab countries. There has always been considerable demand for sovereigns for the use of the Mohammedan populations, because pilgrims need it to finance their expenses when they make their pilgrimage to Mecca. Since the War sovereigns have served largely as the current coin in Greece.

The utmost importance is attached in London to safeguarding the prestige of sovereigns. That prestige is bound to suffer through the circulation of large numbers of counterfeit specimens, even if those counterfeits are of full weight and fineness. For one thing there is always a danger that sovereigns of inferior gold content may be put into circulation by the counterfeiters, and the existence of this danger is liable to undermine faith in the genuine coins. Moreover, if anybody and everybody is entitled to mint Britain's gold coin that is clearly detrimental to the prestige of that coin and even to the prestige of Britain. The idea that sovereigns should be reduced to the status of the Maria Theresa dollars—the favorite silver coins of a large part of East Africa—which can be coined by anybody, is strongly disliked in British official circles. No financial considerations are involved. Since the British authorities do not sell sovereigns in the free markets they do not stand to benefit by a high premium. Nevertheless, everything is done to discourage counterfeiting as far as possible, by insisting on the prosecution of the offenders.

The latest move in that direction is the introduction of a Bill in the Commonwealth Parliament of Australia to amend the coinage provisions of the Crime Act in which a loophole was recently discovered. The law court of Melbourne dismissed in August, 1954, the charge of counterfeiting brought against a person for passing of false sovereigns. The judge directed the jury to deliver a verdict of "non-guilty," because, under the existing Australian law, in order to prove counterfeiting, the prosecution has to satisfy the law courts that the coins concerned "are coined at present in one of the King's Mints." The amending Bill modifies this provision and adopts the British formula under which unauthorized minting of a coin that "has been coined in any of Her Majesty's Mints" constitutes an act of counterfeiting.

When introducing the Bill, the Commonwealth Attorney General pointed out that the number of sovereigns in circulation abroad is estimated at over 300 million. They are used extensively in the Moslem world, in Hong Kong, India and South America. He said that as a result of their extensive counterfeiting their value in the Middle East dropped from about £10 to about £3 6s. (This latter price is only slightly above their bullion value.) He added, however, that in some markets in Arabia a different price has been quoted for genuine and false sovereigns.

The adoption of this amending Bill will put a stop to the circulation of counterfeit sovereigns in Australia. The British Treasury has to fight, however, a legal battle on many other fronts. In recent years there have been law suits in Italy, Switzerland, Tangier and Trieste. There are at present five law suits pending in Italy alone. One of the prosecutions in Milan came before the Rome Corte di Cassazione, the highest law court of the country, which reaffirmed the rulings of the lower courts admitting the legal status of the sovereign. A loophole was discovered, however, last year by defendants accused of counterfeiting sovereigns before the Genoa law court. Their defense was that the coins were not intended for circulation as money but for sale as trinkets. They got away with this plea, because the Genoa law court held that in the circumstances no criminal intent was proved by the prosecution. Should this ruling be upheld and imitated by other law courts, the Treasury might lose its fight against counterfeiting because in many instances it is difficult to prove that unauthorized sovereigns are produced for monetary as distinct from ornamental purposes. It seems probable, therefore, that the Genoa court's decision will be challenged before a higher court. The Treasury spares no expense and trouble in its efforts to outlaw the counterfeiting of sovereigns.

At the moment the problem has ceased to be very acute. The premium on sovereigns is now so small that there is not sufficient profit in counterfeiting them. Since the operations are not sufficiently profitable to induce people to risk being prosecuted and sentenced to terms of imprisonment, the supply of counterfeit sovereigns is likely to decline. Should there be an increase of demand, however, the premium would rise in the absence of new supplies, and the temptation to counterfeit them would then become once more stronger. It is for this reason that the Treasury is determined to persist in its crusade against counterfeiting.

How to Invest Show a Huge Success

Wall Street and Main Street have come closer together with the unprecedented success of the How to Invest Show. Public response to the Show at the 71st Infantry Regiment Armory was outstanding, with a total attendance of 100,000.

Charles E. Merrill

For Charles E. Merrill, founder and directing partner of Merrill Lynch, Pierce, Fenner & Beane, sponsors of the Show with eight cooperating corporations and industry associations, a lifetime ambition has been satisfied. Regarded as a pioneer in the financial community, and father of the idea of bringing Wall Street to Main Street, Mr. Merrill consistently has initiated broader public participation in the ownership of American business through making the means of investment clear to millions more investors.

According to the sponsors, the most important aspect of the exhibit is the opportunity it gives the general public to learn that there is really no mystery about investment. What happens when invested dollars are put to work was clearly shown through the exhibits of the cooperating organizations, which include American Gas & Electric Company, General Electric Company, General Foods Corporation, General Motors Corporation, International Business Machines Corporation, American Iron and Steel Industry, Manufacturing Chemists' Association, and New York Telephone Company.

Highlights of the Show included the first public showing of a new nuclear reactor, a solar battery, the mystery car of the future, self-answering telephones, the wonders of the new petrochemical industry, a miniature steel rolling mill in action, and hundreds of research products that are just coming on the market.

NY Security Analysts Third Annual Outing

The New York Society of Security Analysts has designated Friday, June 24, 1955 as "R" Day for its more than 2,000 members in the metropolitan area. Nicholas F. Novak of Drysdale & Co., Chairman of the Society's Outing Committee, has announced that the third annual outing will be held at the Scarsdale Golf Club on that date, which has been officially set aside as Relaxation Day by the Society.

A full agenda has been provided to ease the strain on Wall Street's over-burdened analysts. There will be golf, tennis, softball, swimming and horseshoe pitching as well as adequate loafing facilities. Valuable prizes will be distributed to all the guests and "athletes." A buffet luncheon will be served and the prizes will be distributed at the dinner which will wind up the outing.

Mr. Novak reports that preliminary inquiries concerning the when and where of the outing indicate an early sell-out.

Banking and Credit Policies In a New Environment

By C. A. SIENKIEWICZ*

President, Central-Penn National Bank, Philadelphia
President, Pennsylvania Bankers Association

Prominent Pennsylvania banker points out changes in the character and form of commercial bank credit that have developed under the impact of new industrial conditions. Says bankers are bound together in the objective of a smoothly functioning banking system, free from inflatonary or deflationary developments.

The nature of commercial bank credit is unchanged but its character and form have undergone profound alterations under the impact of new industrial conditions. Our function, which creates money by entering credits on customers' deposit accounts, though controlled, continues to be the same distinctive feature but the demands for loans and investments show significant differences in type and magnitude from those in the past.

C. A. Sienkiewicz

These fundamental conditions arise primarily from the great advancement in science and technology during the past four decades. You will recall that when the automobile and the washing machine phase was first developed not so long ago, we thought that the zenith of our material civilization had been reached. Some prophets of gloom even believed that our industrial frontiers were just about closed and that our economic arteries would begin to harden fast. But, shortly after the depression of the 1930's and stimulated by the necessities of the war, our industrial horizons opened fantastic potentialities. Through intensive research, an entirely new frontier has been developed, and now we find ourselves in a new stage of activity — the nuclear power-jet propulsion stage.

The prospect of this development surpasses our imagination. Immediately we are confronted with a great demand for creative manpower to manage this new frontier. This is one reason why our educational institutions are so concerned about the facilities for developing this manpower. We are also facing an equally great demand for credit and capital investment needed for the development of the new power and new facilities to enable our industries to move forward in a new technological environment.

Traditionally, commercial banks were supposed to be suppliers of short-term and intermediate-term credit. Most banking theory in connection with investment policy and bank capital requirements is based on this premise. Today and even more so in the future, the premise may prove untenable as bank loan portfolios contain more and more steady credit of a capital nature, credit which depends on income for repayment. Instalment credit, term loans, real estate loans, various types of revolving credits—all these are typical of this kind of steady credit. This is a fundamental change in the character of our earning assets. We need to know more than we do now about the nature and permanency of this change because of its implications for banking and monetary authorities.

This change also has great economic significance mainly because of the money-creating power of commercial banks. Our ability to generate and supply bank credit for seasonal needs and for the development of expanding industries, as well as for the requirements of our growing population, has a direct bearing on the stability or instability of our economy. It also makes us susceptible to continued controls of our policies and operations. Against these new conditions we still have the individual problems of sufficient income to cover our rising expenses, to meet our dividend requirements, and to strengthen our capital structures.

But there is no escape from economic forces and their effects on all of us. Over the past two decades, these forces have become permanently imbedded in our financial and industrial structure. Their magnitude and penetration create a new perspective in our economy. National output and personal income, including wages and salaries, have increased over six times during this period. Total money supply, that is, deposits and currency in circulation, has expanded more than five times. Prices for goods and services have more than doubled. The distribution of income under the impact of graduated taxes has become so widespread that the middle income group of our population has increased enormously. The consequences of this expansion and of the intensified search for new ways and means to step up our productivity obviously are of great importance to all banks but especially to the banks that receive deposits and make loans and investments.

Under these new conditions, the Pennsylvania Bankers Association can be most helpful to us by channeling basic information of vital importance for our policy decisions. We need to know what the character and magnitude of the current changes mean for us in order to play our part in meeting the requirements of the growing population and expanding industries. We want to be more intimately familiar with the role that the Federal Reserve System and the Treasury are playing as integral parts of our monetary and credit system. An excellent job has already been done for us by our friends from the two Federal Reserve Banks that cover Pennsylvania. Naturally we are delighted to have their continuous cooperation.

All of us are so bound together in our objective to foster a strong and smoothly functioning banking system and in combating inflationary developments that none of us can escape his share of the burden in helping to create favorable conditions to sustain high employment, stable value of the dollar and the rising level of consumption. We should be willing to re-examine our positions and our views in this changing environment. As managers of commercial and savings banks, we should strive to understand the new forces and their implications for us, to gear our policies and operations in such a way as to keep ourselves strong and, above all, to develop effective ways and means to tell to the public the story of banking, its ability to adapt itself to new conditions, and its contribution to our industrial and social life.

*From an address by Mr. Sienkiewicz before the Pennsylvania Bankers Association, Atlantic City, N. J., May 25, 1955.

Continued from first page

Steel Industry Prospects

one evening on their way to dinner and the theatre. While he was attempting to hail a cab, a very fancy blond, with spectacular physical endowment, threw her arms around him, greeted him by name, and flounced off down the street, leaving him well smeared with lipstick.

His wife's subsequent silence was more than eloquent. By way of melting the frost, the lawyer said, nervously, "My dear, I know her only professionally, of course." Her response was, "Your profession or hers?"

Well, all of us here in this room are professionals at one or another aspect of the very demanding business of making steel at a profit, and I propose to consider the situation of the steel industry from that point of view. As managers, fully aware that the proper discharge of our responsibilities requires a balanced consideration of the interests of investors, employees, individual customers and the public as a whole, we are under an obligation to stand off occasionally and take an objective look at ourselves and our performance.

Growth and Service

We all know the past history of our industry. A look at its growth from 23 million tons of capacity in 1900, to 66 million tons in 1925, then to 100 million tons in 1950 and over 125 million tons today, presents a picture of genuine service to the nation. Today we have an industry capable of turning out a greatly diversified range of products at great speeds and in quantities adequate to an expanding and dynamic economy. We have achieved startling technological advancements. Underlying all of this is the managerial skill and courage which sparked the whole enterprise.

I'm sure that all in this room will join with me in doing honor to the steel managers who have contributed so much in the past but are no longer with us. And we also recognize and honor today those senior statesmen of the industry who are still guiding us in planning for the future.

In this latter category, happily, we can include a man who has contributed enormously to the strength and soundness of our industry by enlightened leadership throughout a distinguished career in steel. I refer, of course, to Ben Fairless. All of us are familiar with his record of accomplishment as head of the world's largest steel company. I don't have to dwell on that. What I would like to do is draw a distinction between Ben's retirement and that of a certain Army general who wound up a successful career with a complex and fatiguing tour of duty in Washington.

This general had been born in the hills of Tennessee and when he was asked what he was going to do on his retirement said, "I'm going down to the mountains where I have a little cabin. I'm just going to sit on the porch in my rocking chair and after three weeks I'm going to begin to rock."

Well, some of you may not know it, but Ben, in addition to his other talents, is a champion chair rocker. He has them spotted strategically and when important decisions have to be made, he'll sit down and do a bit of rocking. Perhaps that's one of the reasons he comes up with wise, calm judgments. At any rate, the difference between Ben and the general in retirement is that we in the industry can count on him doing more in retirement than waiting three weeks to start rocking. He'll be thinking about the future of the industry as he has always done. May we have the benefit of his experience, wisdom and counsel for many, many years to come as we all plan for that future.

While we are engaged in this process of looking forward, the first thing I would like to suggest is that we bury once and for all the traditional bugaboo that steel is a "prince or pauper" business. I am sure we have outgrown it.

The Obligation to Earn

Let's approach our job with the constructive view that we are not only entitled to make, but have an obligation to make, the earnings and profits sufficient to provide fair dividends and fair wages out of fair prices. Beyond that we have the responsibility of producing earnings and profits sufficiently high as to attract investors, so that the supply of funds needed for the replacement and expansion of our facilities, including adequate standby capacity for national defense, may be forthcoming. That, in essence, is our job in a free enterprise economy, if we are to do our part to keep it free. And steel has a special responsibility in this regard, because of its basic nature.

1954 — An Analysis

Now, in order to establish just where we stand today, it may be useful to take a brief look at the year just passed. Probably no year in our history was ever examined more critically from an economic point of view than 1954. Certainly we at Bethlehem have studied all angles of it carefully, and I am sure you have, too. It was an important and a hopeful year because the country's economic experience in 1954 has gone a long way toward reassuring us on certain questions about which we have been in doubt.

It is clear that we came down off the peak represented by 1953. Industrial production fell off. Unemployment increased. Wage and salary payments declined, and business failures rose. But at the same time, in spite of these indications of a recession pattern, the actual consumption of goods and services rose, when we measure it in dollars of 1953 purchasing power. Income after taxes was actually higher than in the previous year of peak economic activity. Construction and producers' equipment held up to a point only slightly below 1953.

On the record, 1954 was a year of unmistakable recession as reflected by some measuring rods, yet other indices held up. As we can see now, what happened was a spiraling downward which was arrested. The recession did not go farther than it did in 1949, when there was a background of accumulated needs held over from wartime.

Instead, the brakes took hold; the economy leveled off at a relatively high plateau and the nation was back on the road to a recovery which we are still traveling.

Now I believe this phenomenon of 1954 deserves attention for the light it may throw on the years ahead. In my opinion, it reflects the operation of a number of plus factors in our economy which give grounds for confidence that we are on the threshold of a period of stabilized growth. I believe this is what we want and can have if we understand what will generate it and what will sustain it.

Not the least of these plus factors is the spirit of confidence in the strength of our economy which people in general — and businessmen in particular — seem now to have in greater measure than for many years in the past. There are a number of good reasons for that confidence.

For one thing, ours is not only a wealthy, but also a liquid economy. This liquidity — of corporations, financial institutions and individuals — was a strong prop which contributed significantly to preventing any radical downward spiral. We can add to this the fact that the so-called "built-in stabilizers" came into play and automatically did their part in sustaining private income. Such stabilizers as unemployment compensation, pensions, social security and veterans' payments performed their role in maintaining spending levels. As a result of the reduction in personal tax rates, in combination with the automatic income supports, disposable income after taxes actually increased during a time of technical recession. This was a remarkable phenomenon which had much to do with braking the downward spiral.

Positive action on the part of the government played perhaps an even more important role. Monetary policy operated to assure adequate credit reserves and an ample money supply, while a limited amount of corporate tax reform improved the climate for investment.

Last, but by no means least, I believe that private managers of business have learned a great deal out of the hard school of experience of the past quarter-century and are capable of acting — and have demonstrated that capability —with more insight and maturity than ever before in our history.

Taken together, these factors created a situation wherein confidence, financial strength, some automatic stabilizers, wise government policy and enlightened business management made possible a 1954 which demonstrated the real strength of our economy. This has important implications for the future.

In connection with the last two factors I mentioned—government policy and enlightened business management — a little elaboration may be useful.

Government and Business—Some Welcome Changes

When one thinks in terms of the hostility to business which for so many years was Washington's stock in trade, the change in attitude along the Potomac has been profound. There are still plenty of politicians who think it expedient to use business—particularly large business—as a whipping boy. Against this fact, however, is heartening evidence that we can and do have public servants who know what makes the whole economy tick; who are not afraid of raising a hand against killing the golden goose via the tax route, or against regimentation which would stifle the operation of a free economy. Now when I say a word of thanks for an Administration which has shown some sympathy for private business I do not imply that the millennium has arrived in the District of Columbia. As the tycoon said who had just come out second-best in a tax battle with the Internal Revenue Bureau — "If Patrick Henry had known anything about taxation with representation he would have kept his big mouth shut."

On another Washington front I am sure you will understand if I am less than fulsome in praise of the Department of Justice's current approach to Section 7 of the Clayton Act. Some of us feel that their program of "curbing monopolistic tendencies," as they call it, and their attitude with respect to mergers, at least one, leave much to be desired and, in our opinion, fail to square with the law and with the best interests of the steel industry and the country's economy as a whole.

I cannot believe that among you who know the steel industry so well there are any who think that the merger to which I refer would lessen competition in the steel industry.

I had supposed that the object of Section 7 was to promote competition rather than to suppress it but the Department of Justice appears to have a less enlightened view. However, we can't expect any Administration to be perfect and on balance I believe we can be thankful for what we now have in Washington.

Responsible Competition

Maintaining and strengthening the present attitude of enlightened conservatism is fundamental to our hopes for future stability and growth. On our own business front there has been a growing consciousness of the responsibility for efficient and profitable operations. There has been a realization of the shortsightedness of destructive competition which sacrificed profits for the booking of an order. We have seen the benefit to the economy of constructive competition through efficiency, growth and service, and this is being reflected in the willingness of investors to provide capital because of profit continuity.

The industry plowed back earnings to increase plant efficiency and meet the nation's increasing demand for steel. As a result, in 1954, we were able to maintain good earnings in a year of reduced operations. This enabled us to command increased respect in the whole financial community. We did a job for our stockholders and in the process contributed materially to the long-term welfare of our employees and to the general stability of the economy. But the job ahead is bigger, tougher and more significant to our whole way of life.

To sum up this retrospective look at a year which has been very significant in American economic history, I would stress the following: Part of the reason for the demonstration of economic strength we have been observing lies in the stabilizing factors which have been added to the economic structure. Far more significant, however, has been the exercise of sound judgment on the part of government officials, private managers, such as are represented in this room, and labor officials.

The Job Ahead

Looking ahead, we all know, as we knew last year, that our population 15 years from now is expected to reach a figure estimated at over 200 million. Our projections of per capita consumption of steel show that consumption per person will continue to rise.

It is estimated that the total national production of goods and services may be expected to grow from the current level of some $370 billion to an annual average Gross National Product of perhaps $570 billion in 15 years. We know that the growth in the demand for steel in the past has closely paralleled the growth in GNP. Therefore, if the projections for the economy as a whole are realized, the steel industry will need an ingot capacity of about 185 million tons in 15 years to handle peak requirements.

If steel is to remain a free industry in a free economy without government prodding or intervention, we will have to meet this demand with an increase in ingot capacity of something on the order of about 4 million tons a year over the next decade and a half. This means about a 50% increase for all of us in the next 15 years if the present relative capacities of steel companies are maintained.

Some of this increase may be met through improved efficiency and technological advances, but for many it will also mean expansion from raw material supply all the way through to the finished product. At best it will be costly and must be in addition to the cost of replacement of existing facilities due to obsolescence and depletion. Some of the cash to carry this out may generate from normal depreciation, from rapid amortization or from revision of tax laws to permit greater accumulation of reserves, and from borrowings or equity funds, but in the end the basis for sound expansion or replacement of facilities rests upon the operation of the business on a sufficiently profitable basis.

To achieve these ends it is obvious that we must look to both enlightened government policy and to investors for help. It is equally obvious that we can look to neither unless we do the best we can ourselves, in our capacities as practical managers, to keep the industry healthy. To do so requires the maintenance of sound financial practices, realistic price and wage policies, and continued progress on the technological front. I don't have to tell you that there will be plenty to do.

In all of these areas, our progress to date has been encouraging. Prices in 1954 were not only stabilized but increased, as they should have been. This indicates that all of us took to heart what Ernie Weir said to us here last year on that subject. We can only hope that Washington takes to heart what Ben Fairless so well said before the Fulbright inquiry recently with regard to the need for additional relief on the tax front.

Policies as to Labor

With respect to labor matters, we can also point to progress. There has been a heartening improvement in the relationships between steel companies and the labor officials representing so many of their employees. It has been gratifying that union officials have shown an awareness of the importance of complying with agreements—not only with regard to slow-downs and wild-cat strikes, but also in other aspects of the contractual relationship.

On the labor front we, as managers, have a heavy responsibility that extends to our stockholders, our employees and to the public in general. We have got to conduct ourselves so that in policy formulation we do not abandon principle for short-term expediency.

This means that we have got to insist on the fundamental fact that increased wages or benefits of any kind can only be forthcoming as a function of increased productivity. And while there can be no denying the fact that labor is entitled to share in productivity increases, it is just as clear that those who make this possible through the provision of capital for new and better tools have an equally valid claim. And so do consumers.

Ideally, of course, productivity increases are most equitably shared by the process of making more and more goods available at prices that are progressively and relatively lower than those of competing goods. Capital's share should be maintained at a rate sufficient to attract the necessary investment to maintain progress and growth. Labor's share in productivity increases should permit a steadily rising standard of living for the gainfully employed at good earning levels. With the steel industry's future necessities in mind, I'm obliged to emphasize that when I say earning levels I mean the earnings of companies as well as the earnings of their individual employees. Our huge capital requirements make this fundamental.

As we are all aware, management's responsibilities in this second half of the Twentieth Century are by no means confined to the highly complex wage-price problem. There are broad matters of public policy affecting not only business but also the general welfare (if you can separate the two, which I doubt). However, before dealing with these, a word about the so-called guaranteed annual wage may be in order.

The So-Called Guaranteed Annual Wage

If we perceive the grave perils in proposals such as this, we have the duty, as responsible managers of the nation's basic industry, to say what we think with candor and clarity.

Everyone would like to have constant employment, but such a condition is the end product of a combination of factors, the most important of which is the customer. The unemployment problem cannot be solved superficially by paying money to the unemployed through a dole or even the so-called guaranteed annual wage. Such a payment does not create jobs. It may even cause fewer jobs. And who is going to guarantee the guarantor? We cannot get away from the fact that stability and growth, supported by increased productivity, create the conditions which bring steady employment, new jobs and increased earnings.

Those of us in the industry know that the campaign for more income security for hourly-paid employees has obscured the very real gains which have been made on that front. The steel industry's expenditures since 1946 of over $6 billion for modernization and expansion have greatly broadened our product ranges and have enabled us to offer a far greater degree of employment stability than ever before was the case. The billions spent to diversify our products and therefore our consuming fields will continue to be an immense factor in stabilizing employment.

In addition to this, discussion of the so-called guaranteed annual wage has diverted attention from the fact that there already exists an effective government-sponsored unemployment compensation system. Furthermore, it is a system paid for by industry. The compensation checks come from the states, but the funds from which the checks are drawn are created by taxes on industry. Our industry has paid into such funds more than $500 million since 1936.

These facts, plus our well-founded reservations on other schemes which would make for inequitable distribution of productivity gains, deserve a wider circulation than has thus far been given to them.

Now I have been discussing various facets of the job ahead of all of us. I'd like to conclude with some observations on the relationship between government action and the investor confidence which all of us agree is of such vital importance to the realization of long-term goals.

No doubt there are many who would be critical of the stabilizing influences on the part of business management which I have previously mentioned, and the necessity for sound government action to insure investor confidence which I would like to mention in conclusion.

Freedom vs. Planned Inflation

The advocates of planned inflation will always raise the cry of "stagnation" unless the pump is being primed from the Federal well (which has, of course, to be filled with our tax money). They claim the economy would stagnate otherwise. But this is just today's restatement of the old "mature economy" theory of the '30s, which has been thoroughly discredited. Those are the people who talked about closed frontiers and a static population and who believed that the solution could only be found in deficit spending, increasing national debt, an unbalanced budget, debased currency, crippling controls and the welfare state.

Mentioning discredited economic theories reminds me of the Old Grad who, on a visit back to his Alma Mater, called on his economics professor and found lying on the teacher's desk an examination paper containing the same questions which had been asked him when he was in college. The alumnus expressed some surprise but the teacher remarked, "We never change the questions, we just change the economics."

Well, fundamental economics don't change, as 20 years of experimentation have amply proved. The billions that must be forthcoming in the years ahead, if we are to do our jobs, can come only out of the savings of a free people, freely invested. They will come freely only if people have an incentive to save and a confidence in the future of their savings. This confidence requires not only good management but good government action as well. But what constitutes good action on the part of government presents a fair question.

The Administration's Approach

I believe that question has been answered by those qualified to speak for the Administration on such matters. On several occasions recently the Administration's basic philosophy has been clearly outlined. The approach is most heartening.

The economic philosophy of the Eisenhower Administration might be called the economics of modern conservatism. Using conservatism in the sense of conserving values important to the welfare of society, Administration officials have stressed the fact that the modern conservative has a vital interest in maintaining a free market system as the most equitable and efficient means of distributing goods and satisfying consumer demands. Although the competitive price system means hardship for some consumers some times, on the whole it is greatly to be preferred over any system of controls.

The point is further made that the modern conservative believes in preserving the system of incentives and rewards which a free economy permits. His belief is in equality of opportunity rather than equality of shares as in the British socialist experiment.

He believes that preservation of the integrity of the dollar is essential to the operation of a free market and an equitable system of incentives. He knows that this is the best way to stimulate the economy because it gives the dollar a constant meaning to savers, business planners and all others who want to look ahead.

It follows from the modern conservative's desire to preserve the incentive system and the value of the dollar, that tax policy will be oriented toward preserving the role of private investment in the econmy. The modern conservative believes that the economy can expand *without* massive government intervention. He believes that effective demand will be there if private investment has looked ahead and has the products ready to meet it. He believes that this provides a chance for expanding economic activity unrelated to current consumption levels and government pump priming.

The Administration has given convincing evidence on the score that indirect controls on the economy, exercised through proper monetary and fiscal policies, are infinitely preferable to direct wage, price and credit controls. Finally, the modern conservative would strive for free markets not only at home but also across national boundaries.

These beliefs in the importance of free markets, incentives and rewards, monetary integrity, private investment, freer trade, etc., naturally put the modern conservative into conflict with the planners, the protectionists and those who have little faith in freedom. The policies necessary to implement this approach are not appealing to demagogues, but they are necessary if we are to remain a free people with all the blessings that implies.

Stabilized Progress — The Goal

The extent to which this Administration—and those to come—are successful in striving towards these objectives will, in my opinion, measure our success in achieving the goal of stabilized progress in the next quarter century. These criteria of modern conservatism reflect a philosophy of government to which free men can subscribe without reservation.

Given that sort of thinking in Washington, with more and more people throughout the land understanding its implications for a prosperous future, we as steelmakers can go ahead confidently with our complicated job of turning out the basic material upon which our physical civilization so heavily depends.

And so, the doorway to stabilized progress, and all that it implies, is open to us if we want to enter. Let me conclude with four more lines of that famous old hymn—

"Watchman, tell us of the night,
For the morning seems to dawn:
Traveler, darkness takes its flight,
Doubt and terror are withdrawn."

Baby Boom at All-Time High

The great United States baby boom, which sent births to an all-time high of 4,076,000 last year, may be expected to continue for several more years, according to a current report by Metropolitan Life Insurance Company statisticians.

The current upsurge in births, unparalleled in the country's history, has been unchecked since the close of World War II. From 1946 through 1954 the number has averaged more than three and three-quarters million annually, or one and three-fifths times the low figure of 1933.

Important factors in the rise in the number of babies born yearly, the report states, has been a marked increase in the number of married women, and an almost uninterrupted rise in the fertility rate from its low level in the '30s.

"Wives at ages 14 to 44 have increased in number by one-seventh since 1945, and by more than one-third since 1933," it is pointed out. "In each of the postwar years about one out of every six married women at these ages bore a child, but in the mid-'30s the proportion was only one in eight."

Particularly noteworthy is the sustained high rate for second births, the rapid rise in the rate for third and fourth births, and the current upward tendency in the rate for fifth births. This presages a return to moderate size families in the United States, according to the statisticians, although not to the large families of several decades ago.

With the continuation of favorable economic and social conditions, it is noted, an expected decline in the birth of second and third children may be offset by a rise in births of the fourth and higher orders.

"The outlook is that the total number of births will decline only gradually during the balance of this decade," the statisticians comment.

Ray Johnson Opens

HOUSTON, Texas — Ray Johnson has formed Ray Johnson and Company, Inc., with offices in the West Building to engage in the securities business.

Trans-Western Brokerage

SALT LAKE CITY, Utah — Arlin Davidson is now conducting his investment business under the name of Trans-Western Brokerage Co. from offices at 39 Exchange Place.

The firm has opened a branch in the Delta Building in New Orleans.

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Initial Comments on the Guaranteed Annual Wage

teed Annual Wage: Blue Sky and Brass Tacks." As Mr. Rising, general manager of the Automotive Parts Manufacturers Ass'n, pointed out, the issue is one in which "All America—not only the manufacturer, but everyone"—has a tremendous stake. Hence, it is important to elicit the views and comments from all those who desire to express themselves on the subject. Recognizing this fact, the "Chronicle" is privileged to present herewith some of the letters that have already been received in response to our invitation; others will be given in subsequent issues.—*Editor.*

ANONYMOUS
Pottstown, Pa.

I think a guaranteed annual wage is wonderful—if it applies to me too. It should include a 35-hour week, a month vacation with pay, a pension at full pay at 60, also sick leave as needed.

A guaranteed annual wage for any one group is selfish, for it gives that group an inequitable share of the national income. The unions do have a grand plan. If physicians were of a temperament to unionize, I bet we could do even better. Just think "vote our way or no medical care" could be the slogan—i.e., a sit-down strike.

Oh yes! I also would like guaranteed yearly a new car and a college education to M.D. or better for each of my four children.

I hope G. A. W. can be worked out; it has been in our prisons and Army. Security is wonderful. Opportunity is American!!!

WILLIAM S. BAREN
Coral Gables, Florida

Coleridge in his "Essays on His Own Times" made the observation that—"In every state, not wholly barbarous, a philosophy good or bad, there must be. It would not be difficult to prove, that such is the existing spirit of speculation, during any given period, such will be the tone and spirit of the religion, legislation and morals, nay, even the fine arts, the manners and fashions. Nor is it the less true, because the great majority of men live like bats, but in twilight, and know and feel the philosophy of their age only by its reflections and refractions."

The present agitation by organized labor unions for a guaranteed annual wage should come as no surprise to those who have watched the development and concentration of more and more power in the hands of an elite corps of determined and power hungry leaders of an ever growing mobocracy in this country.

Along with the deterioration of leadership which has been gradually eroding the original character and influence of the government which the people once knew as a Republic, has now developed a hybrid Democracy still clinging to the words and phrases that form the cliches of liberty and freedom, yet are steeped in the Marxism of mediocrity, levelness, collectivism, and the conviction that a few men know what is best for all of society.

As a natural outgrowth of man's inherent drive toward violence and destruction, these tendencies toward a strong centralized control of man's working conditions, his education, his entertainment and his religious activities, are naturally accepted by the conforming masses; and in time are held up to be almost divinely ordained, as not only completely acceptable to them, but something for which they can be readily convinced they should render both homage and obedience.

Only a person devoid of understanding of the past trends in American moral and political life could be either surprised or confused as to the reasons for this drive to cement a rigid and inflexible annual wage for millions of Americans into an economy that has been gradually, and eventually will acceleratedly, lose more of its freedom of action and resiliency. The complete interdependence of property and civil and religious liberty will finally be renounced, not subversively as it is today, but openly and crusadingly by those who in their own blind folly cannot unbind the chains which are strangling them.

The forces counteracting the deterioration of a once free economy are losing their slim hold on the masses. Even technological progress, by and of itself must eventually suffer when incentive is dulled. Reeducation and rededication to the great moral truths upon which order and progress must rely for nourishment will not come from politicians or labor leaders—only from a reawakened appreciation that in this, as in every other society of free men — gentlemen of a superior breed must lead the way.

Fred Morton on Wis. State Inv. Comm.

MILWAUKEE, Wis.—The State of Wisconsin Investment Board has appointed Fred G. Morton to the State Investment Commission.


Fred G. Morton

The three-man Commission, which is headed by Albert Trathen, Chairman, and includes Charles F. Jacobson, is charged with the investment of assets of the State Teacher's Retirement Fund, the Wisconsin Retirement Fund, and various other operating funds of the state.

Mr. Morton's appointment fills a vacancy created by the recent resignation of John Lobb, who has been elected a Vice-President of the Marine National Exchange Bank of Milwaukee.

Mr. Morton, a native of Milwaukee, brings 25 years of investment experience to the Commission. He is resigning his position as Vice-President and Sales Manager of The Milwaukee Company, with whom he has been connected for the past 19 years. Mr. Morton has been a member of the Midwest Stock Exchange since 1950, and is a past President of the Milwaukee Bond Club. Last month he completed a course of study in the Institute of Investment Banking held at the Wharton School of Finance and Commerce in Philadelphia.

Mr. Morton will take over his new position on July 1.

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Factors Affecting Municipal Credit Today

charge rates so that gross revenues will produce sums sufficient to meet operating and maintenance expense, debt service, and depreciation or provision for renewals and replacements, as you may choose to call it; under this device depreciation must be expressed as a stated amount or preferably a stated percentage either of the plant investment or of gross revenues. Bear in mind that no properly managed utility can long survive raising only enough gross revenues to meet the out-of-pocket expenses of debt service and current operations.

Investors in utility revenue bonds want to be assured that the utility's ability-to-pay will increase with growth in the service area. For this reason, the revenue bond laws of a majority of the States authorize the bonded municipality to pledge the earnings of its utility as it may later be extended and improved. Unfortunately, in Arkansas, Arizona, and Utah bonds now outstanding possess a very dubious lien on the earnings on future extensions and improvements. In those States the municipalities should strive to have their basic statutes clarified on this point. Time was when municipalities in Georgia and Illinois had this trouble and it was costly, but it was substantially corrected in Georgia nearly a decade ago and more than 20 years ago in Illinois.

It is hardly conceivable that a municipality could find investors willing to purchase its revenue bonds except as it offers assurance that future borrowings payable from the same revenues will be held within reason. This assurance is developed in one of two ways. Chronologically the first of the revenue bonds in a number of States as issued represented a closed lien on earnings; subsequent issues payable from the same revenues were junior and subordinate in all respects. We refer to this in the trade as the "layer cake principle." Its advantage is that the lien of an issue is closed off so that the investor presumably has complete protection against dilution. Its disadvantage lies in the circumstances that it renders successive bond issues increasingly difficult to market.

The "Restricted Open End" Provision

From this experience another pattern was evolved — the "restricted open-end." Under this principle, the municipality reserves the right to issue additional bonds of equal dignity and lien on earnings subject to assurance that available earnings will cover future debt service requirements with something to spare. You know this as an earnings test.

There are three elements in any such test. There is the definition of the earnings base. There is the definition of debt charges. Finally, there is the ratio by which the earnings base must equal or exceed debt charges.

No precise formula can be set out fairly applicable in all circumstances. The city presumedly will wish to retain maximum freedom over its future actions. The investor will want the future actions of the city curbed to the maximum extent. As it is worked out, the additional-bonds-provision always represents a compromise between these conflicting points of view.

There are several ways by which we find the earnings base defined. Typical examples are: the most recently completed fiscal year; net earnings of each of the preceding three fiscal years: one-half of the net earnings of the preceding 24 months; the certificate of an independent engineer estimating the net revenues in each future year; etc. There are two points in connection with these definitions which I commend to your attention. First, if the earnings base depends on actual past performance, the longer the time span used in the formula the more conservative the test will be in the minds of investors. Secondly, the use of estimates of future earnings injects an element of uncertainty, a reliance upon the professional acumen of another party who may be a stranger, which investors find repugnant to some degree. Parenthetically, we hear very few objections to the use of estimates which are related solely to the calculation of the earnings which would have been experienced in an elapsed accounting period or periods had new rates been in force during the test period. Also, it is possible to work out a formula which will allow for limited reliance on the earnings of a new project which is being combined for financing purposes with an existing enterprise.

Future debt charges are usually defined as either the average annual principal and interest requirements in each succeeding 12 months' period, or as the highest requirement for principal and interest on bonds now outstanding and those proposed to be issued. Obviously the latter definition is a bit more stringent.

There is no such thing as an ideal coverage requirement. In the average community where most utility sales are derived from residential and small commercial customers, the earnings of water utilities traditionally are quite stable. Under these circumstances the required coverage to authorize new financing typically runs 1¼ to 1½ times though we have seen them as low as 1.10. In similar communities, electric and gas utilities are almost but not quite as stable earners as the waterworks; coverages of 1⅓ to 1½ times are common. Public transit, buses, streetcars, subways, etc. are the most volatile in their ability to earn; it is not surprising, therefore, that investors insist on a high coverage ratio if revenue bonds are to be issued for transit purposes. If a community derives a substantial part of the earnings of its waterworks or other utility from large industrials sales it will be well advised to provide an above-average earnings test, for industrial sales cannot always be relied upon in the event of strikes, severe decline in business, etc.

Before we pass from the subject of revenue bonds it is fair to observe that they are extremely popular in some states. In several they are being used to finance substantially all of the public improvements which are being undertaken and work is being left undone which does not lend itself to the revenue bond method.

Let us be mindful, however, of certain actual and certain potential short-comings of revenue bonds. They cost more than general credit bonds because their marketability is somewhat restricted. They add to overall governmental costs and fixed charges just as surely as general obligation indebtedness; actually they represent a bit more of a drain upon overall community income because their interest costs are typically higher.

In states where a referendum is required to authorize either revenue bonds or general credit bonds it is doubted that voters examine spending proposals as carefully where utility revenues will be encumbered as where property taxes will be levied. In states where revenue bonds may be issued without referendum and particularly in the case of revenue bonds issued by an administrative agency, they are a fertile field for abuses, graft, undertakings of dubious economic need, etc. This is not to condemn all authorities, commissions and the like. Some are doing a wonderful job, impossible of accomplishment by ordinary governmental units. Where public works are desirable on a regional basis, the authority can be "just what the doctor ordered."

General Credit Bonds

Turning to general credit bonds, you are, of course, aware that the protective covenants written into revenue bond contracts are not customarily duplicated in the proceedings leading toward the authorization and issuance of general credit bonds. I assure you, however, investors in general obligations have the same basic considerations in mind. You develop the assurances they seek in somewhat different ways. Let us take a look at them.

First, we seek assurance that there will be no worrisome increases in debt in the future. We find this assurance in the happy combination of modest debt plus governmental facilities which are adequate for present and prospective needs. If debt is high, credit is apt to be poor. Even in debt is low, credit is not apt to be high where a community possesses a grossly inadequate plant or badly deteriorated facilities; either of these holds a strong suggestion that much debt will be incurred as time goes on.

Best credits show a modest debt and a stable debt. A modest debt is an achievable goal in absolutely any community; its attainment, of course, may be at the expense of considerable forebearance and postponement of desired improvements. But to reach this goal need not require the complete postponement of all capital outlays.

A completely stable debt structure may be an impossible goal for a small community. Consider the case of a small, rural school system, operating on an annual budget of $100,000. Once every 30 to 40 years, the system may need a new school structure costing perhaps $500,000. This would be a very proper bondable expenditure. A similar case can be made for the small town first putting in a new water supply or sewer system. In these cases, when borrowing is done, debt is increased abruptly, but each borrowing can be expected to be followed by a long period of declining debt. Investors appreciate these circumstances and do not necessarily penalize small borrowers.

On the other hand, a stable debt structure is an attainable goal in our larger units of government— our countries and larger cities; as financial policy, it is strongly to be recommended. After all, the governmental facilities required by large urban centers are not so different from those needed by smaller communities; for the most part, only their scale is bigger.

Capital Planning

The heart and soul of a stable debt structure is capital planning. The city is living in the past, subject to dry rot if no worse, which is not planning and preparing for the future. A 5- or 10-year capital plan, reviewed and extended annually, is one sure way of maintaining the vigor of a city. Of course, the plans must be the prelude to action; it does no good for them to become day dreams and memories. With good capital planning and programming, credit is both maintained and improved.

How can we tell good planning from bad? There are several ways. *No* planning is bad planning: *ineffective* planning is bad planning. *Good* plans offer, as one goal, the prospect of facilities becoming available as soon as need for them arises; they seek to avoid an accumulation of needs which can only be corrected by strong measures. As another goal, *good* planning seeks to maintain a stable debt structure and to reduce debt if possible, without sacrificing the first goal — to get things done. Good planning will provide for the financing of some outlays from current funds, year in and year out.

I would like to expand on this point briefly. I believe every governmental budget should provide current funds for capital purposes, in accordance with a carefully conceived long range program. To do so, where this practice is not already followed, requires careful preparation in the matter of taxpayer relations.

As to amounts, I know of no generally accepted rules of thumb. But I have my own idea. For every $3 spent on current expense, including interest on debt, I recommend $1 of capital expense. This means that 75% of the gross budget goes for current expense and 25% for capital purposes. To the extent that the 25% portion is not required for debt retirement, the balance is available for outlays. It need not be expended during the current budget year: it can be accumulated under the principle here preached.

I realize that accumulations of so-called "surplus current revenues" are not permitted or are frowned upon under the laws of certain states. If this applies in your case, you should work toward amending your laws in this respect. Another objection sometimes raised against budgeting more than will be spent currently is that available "free" cash may invite extravagance on the part of a succeeding administration: the answer to this objection is found in the caliber of your planning.

There is another aspect of this policy I would commend to you. In good times it is comparatively easy to expand your budget. Come hard times, and you may expect to be called upon to increase your budget provision for social welfare purposes; at the same time, other segments of the community will be demanding tax rate relief. If such a time ever comes (we can hope it never will, but we should be prepared just in case), a good measure of tax rate relief can be accomplished by the temporary abandonment of capital expenditures from current funds. Such expenditures produce a very useful balance wheel without which tax rate relief is likely to result in sacrifices in the quality of governmental services performed.

The provision of current funds for capital purposes should be followed conscientiously, year in and year out, business conditions permitting, until the time comes when a careful canvass of your facilities and your needs shows clearly that it is prudent to cut back the 25% portion.

This recommendation applies equally to governments, large and small. If followed over a period of time, it should rarely be necessary to sell bonds for such purposes as school furniture and fixtures, playgrounds, parks, landscaping, street improvements, street lighting, extensions of water and sewer mains, fire apparatus, automotive equipment, and so on. Nationally among cities of 50,000 population or more, you might be surprised how many are on a complete pay-as-you-go basis. At the same time, we must recognize that complete pay-as-you-go is not completely feasible in smaller communities.

Mention of street improvements leads to a corollary observation. It is to be recommended that bonds never be issued for improvements which legally are assessable against benefited property. In the case of new residential developments, best practice today is to issue building permits only after all utilities are installed and streets constructed according to rigid specifications, all at the developers' expense. In the case of public works of any kind in established residential or business districts, the work should not be done on public credit except as and until it can be justified, and will be paid for, on the basis of the best interest of the community at large.

Assurance of "Ability-to-Pay"

The second point on which the investor wants assurance, you will recall, is ability-to-pay. In this regard, he is not concerned with present ability alone; there must be something left in reserve to take care of a rainy day.

When we bring up the subject of ability-to-pay with local officials, they first think in terms of the legal ability to raise the tax rate as needs require. In many States taxes for the payment of bonds and interest may be levied without legal limit as to rate. Hence, superficially, it may seem that bond security is never in question. But bond quality depends upon more than legal security. The debt service portion of the budget may be amply secured under the letter of the law, but the whole structure of the governmental budget must be healthy. Recurrent budget crises do not lead to a high credit standing.

Most cities and towns depend in the main on the general property tax for the bulk of their budget revenues. Despite advances in the science of government, in several States the tax collection process is still characteristized by delay. Wherever this is the case, communities are asking for trouble. For a variety of excuses, tax bills are not sent out to the taxpayers until late in spending year; as often as otherwise, taxes are due in a single lump sum.

Late billings of single instalments produce chronically high year-end tax delinquency. Although final cleaning up of tax delinquencies may be well above the national pattern, relatively poor current tax collections do not impress investors who are not intimately familiar with your habits.

Also, late billings mean added costs. To meet expenses until the time taxes are paid in, it may be that you live on borrowed money. That means that interest on tax loans must be paid. In recent prosperous years, some of you may have accumulated surpluses from which you finance your tax loans instead of borrowing from banks. But surpluses have a habit of being used for "unforseen" expenses, and disappear after a time.

You can improve your credit by improving your tax collection percentages, and you can save interest expense at the same time by profiting by the experience of others. Probably, any changes in procedures you might wish to make would require enabling legislation, but this would not be difficult to obtain if municipalities sought it in concert. I particularly commend for your consideration the procedure followed in New Jersey where the budget is not final nor the tax rate fixed until well into the fiscal year. Even so, taxes are billed quarterly and revenues are received early in the year. This is accomplished by billing the first two quarters at the rate set in the preceding year; the final two quarters are calculated from the current rate, the actual taxes payable being adjusted by the amounts paid for the first half.

Leaving property taxes behind, we have seen during the past two decades, State and local governments all over the nation driven, by one motive or another, to diversify their sources of revenue. More often than not, the urge to develop non-property tax revenues has stemmed from a budget crisis. Even so, it is probably a healthy development, on the whole. (This does not deny the fact that there are many instances where credit is superlative, despite the circumstance that property taxes remain the sole source of revenue. Invariably in these cases we will find the happy combination of modest debts and taxing powers held in reserve which are safely within legal and economic limits.)

Unfortunately, non-property tax revenues rarely are developed until the power to levy on property is approaching exhaustion. Credit would be improved by broadening the tax base long before a crisis arises. Also, without reference to timing, credit may be improved by diversifying sources of revenue to such an extent that taxing powers, as regards the property tax, clearly will have something left in reserve for emergencies.

New Sources of Municipal Revenue

Some of the newer sources of municipal revenue are potentially as stable and dependable as the property tax. Sewer service charges based on metered water consumption may be cited for one. On the other hand, the yields of many of the new sources (such as taxes on retail sales and admissions) can be expected to fluctuate with business conditions. Credit cannot be of a high order where a city already is relying heavily upon non-property tax revenues, while at the same time taxing property close to the limit prescribed by law or close to practical economic limits. In such a case, credit is apt to be improved only as reserve sources of revenue are developed; this is likely to be a politically painful process except as it is preceded by a carefully drafted and executed plan of public education.

It would be well that we do not dwell far long on the matter of sources of revenue. Let us not forget that the surest way to produce demonstrable taxing power is to reduce tax rates. Unfortunately, reduced tax rates on real estate and modified use of other sources of governmental income have been rarely seen during recent years while inflation has run rampant.

Also, let us not forget that economic ability-to-pay is just as important as legal ability. Credit will be sustained and enhanced wherever we produce a governmental environment attractive to business interests which possess a well-developed social conscience. Let us not be shortsighted about the businesses we aim to attract and to hold. The community might be better off without businesses whose sole aim is to turn a fast buck. The community is doubly blessed which boasts a business which wants to carry a fair share of community responsibilities and to provide wholesome living conditions for its employees.

How can a community attract such businesses? One prime essential is a reputation for fair, equitable and equalized property assessments. A stable budget and tax rate are another. The presence of adequate community facilities is a third. By way of a reminder, let me repeat that adequate facilities are the end result of careful capital planning. Last but not least is a reputation for governmental economy, resulting from careful screening of spending proposals, not merely the result of a policy of cost deferment.

Throughout my discussion to this point you will have detected, I am sure, recurrent emphasis on two roles which management plays in public affairs. One role is the exercise of the legislative function, which is largely related to plans and policies to be followed in the future. The other role is the exercise of the executive function, which is primarily concerned with administrative techniques. Time this morning precludes a detailed discussion of these but I should like to mention briefly in passing that credit can be enhanced as you improve the caliber of your financial controls through such media as the independent audit, performance budgets, centralized purchasing, increased attention to public relations and debt administration.

Public relations are concerned with keeping an alert citizenry informed and actively participating, and with maintaining a wholesome relation with bondholders. This is closely related to reporting. Management is appraised by how well its reports tell their story, as well as by the story told. Investors are deeply concerned about the availability of authoritative information when one goes beyond matters taken on faith, credit depends on facts and knowledge.

Capable, aggressive debt administration is a certain, foolproof means of assuring long range economy. Unfortunately, good debt administration rarely produces quick, demonstrable results and this failure to produce quickly too often induces short-sighted, penny-wise pound-foolish fiscal policies. Building and maintaining a high credit standing will mean lower interest rates on any necessary borrowing. An aggressive debt retirement policy will mean sharply lower total interest costs, a great savings in the long run, as interest will be paid for a shorter span of time and at lower rates than will be the case with protracted maturities. Most important of all perhaps, reasonably rapid debt retirement will mean that the community will not be asked to pay for dead horses, debts incurred for facilities which have outlived their usefulness.

A Final Suggestion

In drawing this discussion to a close I have one final suggestion to throw out on the table for possible debate.

We have seen over recent years, cities, bondholders, investment bankers, and their advisors, working together, surround revenue bonds with a variety of security safeguards. There is the rate covenant, the restrictions on subsequent borrowing, etc.; most revenue bonds are further protected by debt service reserve funds.

I raise this question: could not some of these safeguards be used to make some issues of tax-secured bonds more attractive?

Within the past five years adaptations of the rate covenant, and so on, have become commonly, almost universally, employed by school districts in Michigan. The technique could be copied with advantage in selected special situations, maybe yours, in other states I am sure.

In discussing the things investors look for in your general obligation and revenue bonds, I have made some points which others have made before. But they merit repetition. Credit does not spring from a single root; it is a very complex matter. Beyond informal arrangements with your local banker, it depends upon the reputation which your community has built up through the press or in direct dealings with investors and their agents. Faithful reporting enhances this reputation. But faithful reporting alone is not enough. The reports must show good community health. Good health results from the happy combination of a wholesome business environment and skillful planning of both current and capital expenditures. Skillful handling of current expenditures will produce an economical government, with plenty of taxing power held in reserve for emergencies which, with foresight, ought never to arise. Capital planning can avoid immoderate debt even while it produces the governmental facilities which modern living requires.

Twin City Bond Club Outing June 9th

MINNEAPOLIS, MINN. — The Twin City Bond Club will hold its 34th annual picnic for members and out-of-town guests on June 9th at the White Bear Yacht Club, White Bear Lake, Minn. The outing will be preceded by a cocktail party at the Nicollet Hotel, Minneapolis, on June 8th from 6-9 p.m.

Picnic Committee chairmen are: Paul E. Casserly, Merrill Lynch, Pierce, Fenner & Beane, general chairman; Charles Rieger, Merrill Lynch, Pierce, Fenner & Beane, registration; S. Jay Marsh, Woodard-Elwood Co., cocktail party; Adolph H. Helfman, First National Bank of St. Paul, publicity; William J. Lau, J. M. Dain & Co., transportation; Dale R. Wikman, Merrill Lynch, Pierce, Fenner & Beane, entertainment; R. F. Keegan, J. M. Dain & Co., tennis and horseshoes; Lawrence Shaughnessy, Jr., Shaughnessy & Co., golf; Irving J. Rice, Irving J. Rice & Co., bridge, George A. MacDonald, First National Bank of Minneapolis, prizes; Fred S. Goth, Irving J. Rice & Co., special prizes; William Mannheimer, Mannheimer-Egan, Inc. and Carlton R. Cronin, Allison-Williams Co., prize solicitation; Lael R. Abbott, J. M. Dain & Co., boating.

Reservations should be made with Morton H. Stanford, Caldwell-Phillips Co., St. Paul.

New Members for Quarter Century Club

Three new members were admitted to the American Stock Exchange Employees Quarter Century Club at that association's eighth annual dinner at the Vanderbilt Hotel.

John J. Mann, Exchange Chairman, presented gold watches to the new members, Francis G. Creed, Michael P. McCallion and James A. Roche. The first brother team is represented by Francis Creed, a new member and John Creed who has been with the exchange for 29 years. The club, numbering 63 members, represents 1,935 years of service to the exchange.

In addition to Mr. Mann, guests of honor at cocktails and dinner were Edward T. McCormick, Exchange President; Charles J. Kershaw, Vice-Chairman; David U. Page, Realty Associates President; Joseph F. Reilly, Clearing Corporation President; Rulley Koerner, Vice-President of the Members Five and Twenty Club; Peter Barbis, Exchange Floor Clerks Association President; and honorary club members, Dr. Louis J. Fox, Henry H. Badenberger of Francis I. duPont & Company who helped organize the association while he was with the exchange, and Robert J. Sagarese, a former reporter for the exchange who recently obtained a membership on the exchange.

Organized in 1946, the association is composed of employees of the American Stock Exchange and its subsidiary, the American Stock Exchange Clearing Corporation, who have been with the exchange for 25 or more years.

de Vegh Director

Imier de Vegh, partner of de Vegh & Company, investment counsel, has been elected a director of American European Securities Company, it has been announced.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market is still very much a short-term affair in spite of indications that there has been a minor pick-up in the takings of certain selected issues in the more distant maturities. It is reported that some institutional investors have been making not too large commitments in the 3s and the longer 2½s when prices have been on the defensive. There seems to be a fair amount of volume being generated in a very thin and inactive market through the medium of switches.

The money market is still on the tight side, with more than a moderate amount of discussion being generated as to what is likely to develop in the coming months. There are those that hold the opinion that some ease should be expected in the not too distant future. Others, however, believe the money markets will continue to be under pressure, with an increase in the prime rate and the call loan rate a good possibility. In the interim, the Government market continues to carry on in a very quiet way, and within a narrow range, because of the uncertainty and confusion which still exists.

3s of 1995 Command Attention

Although volume in the Government market is still on the restricted side, which makes it rather easy to move in either direction within recently established trading areas, there is evidence that a few more buyers are appearing now and then in selected issues. It is reported that the 3% bond of 1995 continues to attract investors, especially when quotations have a tendency to soften. Non-bank investors have been the principal takers of this obligation, with public pension funds the important ones in these acquisitions. There are also indications that switches are being made into the longest Treasury obligation from other Government issues, with the 3¼% due 1978/83 being one of the issues that are being sold from time to time to make way for the 1995 maturity.

On the other hand, it does not appear as though there has been much difficulty encountered in disposing of the 3¼s which have come into the market, whether it be from switch operations or for straight liquidation, because institutional buyers have been ready to take on this bond when it is available in important amounts. Out-of-town commercial banks, according to advices, have been sellers of the 3¼s, with the proceeds supposedly being put to work in mortgages. It is also indicated that some of the larger commercial banks have been competing with non-bank investors for the purchase of the highest coupon Treasury bond when it has come into the market for sale.

Long 2½s Also in Spotlight

The longer-term 2½s have been getting some attention, even though these bonds do not have the same attraction for investors as do the 3s of 1955. There are reports that certain institutional investors have been building up modest positions in the 2½s due 1964/69 out to and including the 2½s due 1967/72. It is being pointed out by some of these buyers that the yield on these 2½s is satisfactory for their purposes at these levels, the maturity fits in with their needs, and not too much further price decline is looked for in these obligations. If there should, however, be a further downward adjustment in quotations of these securities, the already established positions would be added to.

The intermediate-term issues, according to advices, have not been getting more than a passing amount of attention because it seems as though there are very few potential buyers around for these obligations at this time. There have been, nonetheless, reports of some rather minor purchases of these securities for maturity purposes among a few of the smaller commercial banks. The 2½% due 1961 seems to be a favored issue.

Competition From Corporate Market

The competition from corporate obligations continues as far as Government securities are concerned, even though there has been a tendency for certain of the recently offered new issues, especially public utility bonds, to be on the sticky side. It seems as though potential buyers of non-Government securities are going to wait and see what develops with newly floated corporate obligations pricewise, because there appears to be enough places in which funds can still be put to work. Tax-free issues have also been giving evidence of being on the heavy side in spite of some of the recent offerings going over well. Under conditions such as seem to be appearing in the non-Government sector of the bond market, it does not appear as though there is going to be any grand scramble to get into Government securities. However, the minor indigestion in corporate and tax-free issues is not expected to last very long, because with price concessions they could be cleaned up very readily.

H. F. Bensfield Opens

(Special to THE FINANCIAL CHRONICLE)

INGLEWOOD, Calif. — H. F. Bensfield has opened offices at 180 West Arbor Vitae Street to engage in a securities business.

Oswell R. Brown Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Oswell R. Brown is conducting a securities business from offices at 10045 South Western Avenue.

H. C. Burns Opens Office

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif. — Henry C. Burns is conducting a securities business from offices at 1122 East Eighth Street.

Forms Deno & Co.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Deno Evangelista is engaging in the securities business from offices at 3715 J Street under the name of Deno & Co. Mr. Evangelista was formerly with Investors Diversified Services.

Lester Gold Co. Formed

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Lester Gold & Co., Inc. has been formed with offices in the Farmers Union Building to engage in a securities business. Officers are Lester Gold, President; Harry Cohen, Vice-President; and William L. Branch, Secretary.

Continued from page 7

SEC and the Capital Markets

next few minutes is based upon information supplied by these government agencies and securities exchanges. Incidentally, two of our Commission's top staff people, a lawyer and a financial analyst, were loaned to the Senate Committee to help with the work.

Factors in Current Stock Market

What are the factors affecting the stock market today and why are they important to the economy?

First, in the 16 months between September 1953 and January 1955, common stock prices had a sharp and rapid rise. A characteristic of this rise in stock prices was that the increase in common stock values was unusually persistent and did not suffer the recurring setbacks which took place during the other extended advances that have occurred since 1915.

A result of this was that dividend yields on industrial stocks declined from an average of 5½% in 1953 to 4⅔% in 1954 and were only moderately above 4% in January 1955. However, the differential between industrial common stock yields and yields on triple A corporate bonds was still more than 100 basis points and this was in marked contrast to the relationship of industrial stock yields and high grade corporate bond yields in the twenties and thirties.

Another interesting relationship is that the 1953-54 rise of stock prices was not confined to the United States. It also took place in other countries. For example, between September 1953 and December 1954 the percentage increase in industrial stock prices was 54% in the United States, 44% in the United Kingdom, 38% in Canada, 85% in France, 50% in the Netherlands, and 25% in Switzerland.

During the same period there developed a considerable increase in the volume of trading activity. For example, the number of reported shares traded on The New York Stock Exchange totaled 573 million in 1954, the largest annual volume during any sustained period of rising prices except the late twenties. Daily volume increased from about one million shares in July 1953 to 2.2 million in mid-1954, and then went on up to between 3.2 and 3.5 million shares in the closing months of 1954 and January 1955. Recently the daily volume has been at about 2 million shares.

At this point, I should remind you that I am not an economist by profession nor is the Securities and Exchange Commission an economic agency. But in 1952 the people of America elected a president and a party who believed that a sound and expanding economy could support the sinews of a strong national defense and yet avoid the tragic erosion of the people's savings in monetary inflation. The President has often expressed his abiding belief in the importance of the individual and of individual initiative.

These propositions are rather simple to state but much more difficult to achieve. At any event, in the past two years the awful drain of lives and resources in Korea has been ended, our defenses have been placed on a sustained long range basis of strength, and a continuous effort made to ease the world's war tensions. Government expenditures have been brought under control. The purchasing power of the dollar has been stable, and a sound and flexible monetary policy pursued. In early 1953, the inflationary trend was halted. The readjustment incident to controlling expenditures and halting inflation was accomplished by the fourth quarter of 1954, when the reduction of business inventories and the decline in Federal expenditures leveled off. The gross national product rate recovered from $355.8 billion in the first three quarters of 1954 to $362 billion in the fourth 1954 quarter, and moved on up to $370 billion in the first quarter of 1955. It seems, if I may venture an opinion, that it is possible to have peace, full employment and a high standard of living for the people of America, all at the same time. This is one of the great accomplishments of the past two years.

Public Shows Confidence in the Economy

Can there be any wonder, then, that the people of America responded by showing confidence in the economy?

The confidence of the American investor in the economy is of extreme importance. For on that confidence depends the willingness of the people to channel their savings into productive investment, and the willingness of management to commit to capital outlays the enormous amounts needed to serve our people's requirements. For example, industry's capital expenditures for plant and equipment in 1953 were $28.3 billion, in 1954 were $26.8 billion, and are estimated for 1955 at $27.1 billion. The second quarter of 1955 is expected to show the upturn in the rate of plant and equipment expenditures following the decline which began late in 1953.

During the post war period through 1954, corporations invested $172 billion in new plants and equipment and increased their net working capital by $44 billion. Almost three fourths of the funds needed for this $216 billion of capital expansion were provided from internal sources, that is, depreciation accruals and retained earnings.

The managers of American corporations would not think of investing these enormous sums, obtained both from the capital markets and generated internally, did they not have confidence in the continued soundness, expansion and growth of our economic system.

Another economic factor undoubtedly at work is the use of bank credit in the securities markets. The mechanics of stock market credit and the control which the Federal Reserve System has over this are important. The Securities Exchange Act grants to the Board of Governors of the Federal Reserve System power to fix margin requirements, and after a period of two years at 50%, the Board raised the margin requirement to 60% in January, 1955, and in April to 70%. Also, the volume of credit which at any time may be available through the banking system is affected by actions taken by the Federal Reserve System in the areas of discount operations, open market operations and changes in reserve requirements.

Another factor undoubtedly at work is the impact of taxes on the market — corporate taxes, excess profits taxes (which expired in 1953) and individual income taxes (including the somewhat more favorable tax treatment since 1954 accorded income from dividends), and the capital gains tax. Two particular problems in this area are worth thinking about, though no solutions are in sight. First, that the structure of the Federal corporate income tax tends to encourage use of borrowed funds rather than equity capital has been strongly asserted by some people. Whether this is so or not, the maintenance of a strong equity position by American industry in my opinion is important. In a recent interview, Dr. Arthur F. Burns, Chairman of the Council of Economic Advisers, stated that he thought "our growth will rest on a sounder foundation if equity capital accounts for a larger part of the private investment than has been the case in recent years." Second, some people and organizations have argued that there is a "lock-in effect" brought about by the capital gains tax. Whether this is true or not, I don't know. Let me emphasize again, I mention these as being questions or problems about which people are thinking.

Another factor affecting the stock market about which less is probably known than should be is the impact of institutional investment in stocks. Eliminating intercorporate holdings, the total market value of outstanding stock of all American business corporations at the end of 1954 was about $268 billion, of which over $150 billion were listed, that is traded on the exchanges. Of this total, it is estimated that individuals held 73%, or $196.4 billion. Institutions held an estimated $66.5 billion or 25% of the total.

The New York Stock Exchange estimates that at the end of 1954 7.5 million individuals owned shares of publicly held companies. This figure is about a million more individuals than a 1952 estimate made by The Brookings Institution. It is also significant that during the past 14 years there appears to have been a pronounced upward trend of common stock buying by institutions. These include life insurance companies (legal investment laws having been liberalized), banks acting as fiduciaries, both open-end and closed-end investment companies, and pension funds. Statistics developed by the Trading and Exchanges Division of our Commission show the net purchase of common stock by institutional investors as running between $1.2 billion and $1.5 billion in each of the past three years.

Another factor perhaps at work in the market is the extent to which speculation by the public has increased. Various statistical data supplied by the New York Stock Exchange indicate considerable and increasing public participation in the market.

Now, how does all of this fit in to the economic conditions existing and which we must expect and hope for in the years ahead? What are the conditions we must look for?

Prophetic Paragraphs About the Future

Let us think for a moment of what "The Economic Report" of the President to the Congress of January, 1955, calls "the growth potentials of our economy." This report contains two prophetic paragraphs about the future:

"The American economy has created new jobs and produced marvels of abundance in the past. It should be able to do so in equal or even greater degree in the future. Our population is rapidly increasing, educational levels are rising, work skills are improving, incomes are widely distributed, consumers are eager to improve their living standards, businessmen are actively engaged in starting new enterprises and expanding old ones, the tools of industry are multiplying and improving, research and technology are constantly opening up new opportunities, and our public policies generally encourage enterprise and innovation. With so many favorable factors, a continuation of rapid economic growth may reasonably be expected.

"An arithmetical calculation, based on a number of technical assumptions, the most important being that the average annual gains in productivity that we have had in recent times will occur in the future, shows that our country can within a decade increase its production from a current annual level of about $360 billion to $500 billion or more, with the figures expressed in dollars of the same buying power. Of course, the record of the past sets no limit to our future achievements. Nor should we permit arithmetical projections to obscure the basic fact that an economy succeeds only as people succeed. Our economic future depends on the full use of the great treasure house of intelligence, skill, energy, and confidence of the American people."

The enormous amounts of money, saved by the American people, which are invested in the brick, mortar, machine tools, equipment and research of American corporations would not be invested were it not for the underlying confidence of the American people in the political, economic and social system which we have developed under our representative form of government. That means confidence in American management, in our labor organizations, in our governmental institutions, in the laws and in the people themselves. The continued confidence of the people in the future of America and in our free institutions is of vital and basic importance to the economy. The rising standard of living, the rising rate of population, the increase in the gross national product, the increase in the number and productivity of our working people expected over the years ahead can be provided for so long as the confidence of the American public in its privately owned capitalistic system is maintained.

This in turn requires the proper functioning of the capital markets. It is the duty of the Securities and Exchange Commission to administer laws which are designed to assure to the American investing public certain basic legal protections. The Securities Act, for example, requires that fair disclosure of pertinent financial facts be made to prospective investors by corporations selling new issues of securities in interstate commerce to the public. The Securities Act contains civil and criminal liabilities for misrepresentation and fraud.

The Exchange Act, under which the Securities and Exchange Commission has jurisdiction over corporations whose shares are listed on national securities exchanges, over the exchanges themselves and over brokers and dealers, also gives the Commission power to regulate for the protection of investors. For example, annual and certain interim financial reports are required to be filed and made public by listed companies. This requirement has led to the development of the enormous reservoir of financial information, available in the statistical services, about the companies whose shares are listed. Listed companies must also meet certain disclosure rules in connection with the solicitation of proxies to vote at meetings of their shareholders. Profits by corporate "insiders" in certain short-swing trading transactions are under severe legal restrictions. The conduct of market activities is under the Commission's constant surveillance. Pools, manipulation and rigging of stock prices in the markets have been substantially eliminated.

Also, the securities laws adopt as the policy of the Congress the philosophy that industry self-regulation to the extent possible and feasible should be encouraged. Most of the stock exchanges have rules of conduct and actively supervise their members. The National Association of Securities Dealers, Inc., representing the over-the-counter dealers, is also a fine example of a self-regulating industry organization operating under a statutory mandate. Thus the American investor should be entitled to have confidence that the caiptal markets through the medium of which he invests his savings are run with certain basic standards of decency and good business conduct.

Some New Types of Securities

However, this is not to say that the enterprises coming to the capital market to attract investors' money are all good or all sound or that the means of attracting the money are fair. The soundness of the enterprise—or lack of it—is the responsibility of business, not of government, so long as the pertinent financial facts are fairly disclosed.

Within the past 10 days I have spoken to various groups of business and professional men in New York, Chicago and Boston calling to their attention some activities in the marketing of certain types of securities today which should give the securities industry pause. I have mentioned some of the practices occurring in the marketing of promotional uranium issues. Many of the domestic and Canadian uranium issues have been sold to the public on a capitalization basis that reflects a promotional participation heavily weighted against the public investor who furnishes the initial cash capital. We have strengthened our field office in Denver and are attempting to increase enforcement activities generally in an effort to seek out and prosecute those who attempt to sell promotional issues without compliance with our registration requirements or without compliance with our so-called Regulation A exemption procedures, in purported reliance upon the intra-state exemption, but in actual violation of the Securities Act. Many uranium common stocks sold to the public in compliance with the disclosure requirements of the Securities Act are sold under terms which grant promoters and underwriters options and warrants which, even if the venture is successful, provide the insiders and underwriters with riskless potential profits at the expense of the public stockholders by diluting their investment and share of profits. Most of these issues are underwritten on a "best efforts" basis rather than a firm commitment basis, and there is no assurance that there will be enough money raised to explore or drill. Often underwriting fees and commissions account for 25% of the offering price. Often large additional amounts are paid to cover legal and selling expenses.

"Sucker-bait"

Finally and perhaps worst, trading activities and market prices undoubtedly are affected by the puffed up and alluring advertising appearing in the newspapers and over the air waves as "sucker-bait." I would like to leave with you leaders of industry the thought that it would be a shame for American business and for the American securities markets generally to forfeit investors' confidence that has been built up over the last several years because of the activities of the kind I've just described.

Finally, as Mr. Demmler leaves and, as the President has announced will occur, I succeed him as Chairman, let me make this observation. Mr. Demmler brought to the Commission twenty-five years of legal training and experience at the Pennsylvania Bar. His colleagues on the Commission and all the staff have been stimulated and their thinking enriched by the contribution which, as a lawyer coming into Government from the outside, he has made to the work of this Government agency during the past two years. I think the interchange between business and the professions on the one hand and Government on the other of well-trained and highly competent men is good both for the business community and the Government. Government gains by having available on its side the experience of men whose point of view has been hammered out on the anvil of practical business experience. There should be more such interchange between Government and business. Incidentally, I'm expressing a point of view which a very great business leader of my home town of Chicago, now an adviser to the President, Clarence B. Randall, set forth in his recent book, "A Creed for Free Enterprise." Let me read a few sentences to you from a chapter of that book dealing with "The Businessman and the Government":

"One problem that as businessmen we have been a little loath to share is that of government. At every echelon, from the ward and precinct in which we live up through Congress and the foreign service, we have been inclined to leave the job of government to others, though reserving to the full our right to criticize, and to assume that somewhere there is a great leisure group of able men who can and will do these things for the love of them. We have raised ridicule of office holders to a fine art, and have demanded in no uncertain terms that there be more government for the people, but have laid less emphasis on the fact that government is also supposed to be by the people, and that we are those people. . . .

"We need a new tradition of public service, a new habit of mind by which businessmen actively seek participation in public affairs at every level. . . .

"The Federal government is continuously in urgent need of competent staff. . . .

"Lend-lease of talent is the answer. I hold the earnest belief that it is a proper function for business to supply staff to government on a term basis, and that this is a proper charge against our cost of production. If the job is being badly done, and our management brains and skill can help to do it better, everyone gains. Take our junior executives, for example. Over the long pull, wouldn't it be a fine thing if every young man with a future, and we all know who some of them are in our companies, should go to Washington for two years and take a government job, either here or abroad? . . .

"Government would steadily receive a new transfusion of blood and at the same time meet its huge staff deficit, to say nothing of the general increase in mutual understanding that would be brought about. Career people would develop new respect for the standards of ability and integrity that prevail in business, while the young men would come back broadened by the impact of unusual responsibilities, and perhaps a little more humble than we are with respect to understanding the difficulties of public administration." (Pages 78-83.)

The willingness of men of high professional and business ability to take positions in Government represents a great contribution to the essential functioning of the American Government under which we all live and to which everyone of us is proud to owe allegiance.

William F. Whitehouse

William FitzHugh Whitehouse passed away May 27 at the age of 75. Mr. Whitehouse was formerly in the investment business and became a member of the New York Stock Exchange in 1904.

With W. G. Nielsen

(Special to THE FINANCIAL CHRONICLE)

BURBANK, Calif. — James G. Hains has joined the staff of W. G. Nielsen Co., 3607 West Magnolia Boulevard.

Three With First Calif.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Harold D. Marton, Kenneth D. Russell and Joseph V. Sims have joined the staff of First California Company, 647 South Spring Street. Mr. Russell was formerly with Walston & Co., and Holton, Hull & Co.

Mortgages Top Life Companies Investments

In first quarter of 1955, life insurance companies acquired over $1\frac{1}{2}$ billion in mortgages, or 50% more than 1954. This amounted to one-third of total investments made in the period by these companies.

Real estate mortgage financing took the biggest share of the $4,557,000,000 investments made in the first quarter of this year by U. S. life insurance companies, the Institute of Life Insurance reports.

The aggregate of mortgages acquired by the life companies in the quarter was $1,578,000,000, some 50% more than in the corresponding period of 1954. The quarter's net increase in mortgage holdings was $799,000,000, bringing the aggregate to $26,727,000,000.

Life companies invested $1,105,000,000 in corporate securities in the quarter, about 1% more than a year ago. The greatest increase in this portfolio was in industrial bonds, which were bought in the amount of $693,000,000, some 16% more than a year ago. On March 31, the life companies' corporate security holdings were $37,384,000,000, up $527,000,000 since the start of the year and $2,333,000,000 over the total one year ago.

The investments made by the life companies in the quarter came from $1,559,000,000 of new capital through increased assets and $2,998,000,000 of reinvestment funds resulting from maturities, amortization and sales of previous holdings.

Chicago Analysts Get '55-'56 Slate

CHICAGO, Ill.—The Investment Analysists Society of Chicago has received the following slate for officers and governors for 1955-1956:

President: William C. Norby, Harris Trust & Savings Bank.

Vice-President: Stanford O. Ege, Duff and Phelps.

Secretary: Neil E. Heikes, Commonwealth Edison Company.

Treasurer: Harvey B. Stevens, Continental Illinois National Bank & Trust Company.

Governors (term expiring 1958): William G. Maas, Lucian B. Wilkinson and Glenn R. Miller; (term expiring 1957) Marshall D. Ketchum.

The annual election will be held June 9th, 1955.

W. R. Grace & Co. will be the company discussed at the luncheon meeting June 9th.

Dempsey-Tegeler Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William G. Kiefer and Duane Winters have become affiliated with Dempsey-Tegeler & Co., 210 West Seventh Street.

Penington, Colket Branch

WILLIAMSPORT, Pa.—Penington, Colket & Co., members of leading stock exchanges, announce the opening of an office at 516 First National Bank Building. Lynn S. Prutsman has been appointed Manager and George N. Lewis and William Kiess have become associated with the office as registered representatives.

Continued from first page

As We See It

become by-words with a great many who at times draw strange conclusions in their name.

We had hoped that a similar fate would not visit the latest *magnum opus* of Dr. Raymond W. Goldsmith, in which this patient economist combs our economic history for figures that bear on these subjects, and has come up with a terrifying mass of data to which we are certain Dr. Goldsmith would be the last to attribute great precision. It is a fact, though, that in at least one important instance this elaborate piece of research intended primarily for scholars and historians has been heralded as an important step in advancing the control of the business cycle, and the prevention of future depressions. Precisely how it was to accomplish such a thing remains—at least, to us—a dark mystery, and we venture to assert also to the author.

To the thoughtful reader, familiar with the literature of this much worked field, it would appear that Dr. Goldsmith has made two important contributions, neither of which bear more than indirectly and rather remotely upon any sort of control of the ups and downs of business. First of all, he has sought out and put together in three volumes every bit of information that exists concerning the saving of the American people over a long stretch of years. In addition, he has sharply pointed up the differences which exist even among economists as to the meaning of the term "saving." This latter he has done not so much by way of argument as by making use of existing data to present savings figures according to his own ideas as to what "saving" means—and, incidentally, coming up with results which sharply differ from some of the other series which have acquired a status among many of us which is not far from sacrosanct.

Differences among economists and among statisticians who compile figures for general use are simple and basic in this general field. It seems simple and reasonable enough to define saving as the difference between production and consumption, but what is consumption? We can narrow the field if we wish to personal income and consumption, but still the question plagues us: What is consumption? John Doe buys an automobile. In at least one official series — probably the most widely used, in fact—that automobile is consumed when John takes possession, even in some circumstances before he gets title to it! At least that is the way the figures are compiled. The Department of Commerce takes what it terms disposable personal income and from it deducts "consumption expenditures" to obtain personal saving. Thus it avoids calling the acquisition of such things as automobiles, washing machines, television sets and furniture consumption forthwith, but it treats such purchases statistically as if they were consumption.

Now of course none of these so-called durables are consumed before the buyer even gets them home. They are consumed over a very considerable period of time, some of them over a very long period of time. If they have any economic value—and, of course, most of them have—then they are investments when they are purchased. Some of the official statisticians so regard them and so deal with them in their computations. But these things are used up or depreciate. In other words they are really consumed at one time or another. Those systems of statistics which make a television set an investment and forget, or at any rate neglect, to record the consumption of the set as the years go by are about as wide of the mark as those others who simply carry them as consumed when bought.

The thoughtful reader who has the hardihood to wade through Dr. Goldsmith's ponderous volumes will be impressed with the variations of concepts and hence of statistical treatment of such phenomena as these. He may or may not always agree with Dr. Goldsmith, but he will at least be impressed with the necessity of circumspection in the use of statistics which have to do with saving and related phenomena. He should quickly develop a wholesome skepticism of many of the sweeping conclusions which are from time to time drawn from current figures purporting to show saving and related behavior of the American people.

One of the most common of the popular misconceptions of such things as these is to suppose that somehow saving and spending are antithetical. A day hardly passes when one does not hear or read some assertion about the "saving" rate which seems to imply that that which is saved is not—and indeed by the very nature of the case can not be—spent. Of course, nothing of the sort is even remotely true. One may, and wise men do, carefully save a part of their income and prudently spend it for one or the other type of investment. They may build a house with it. They may lend it to some one else to build a house with it. They may ask some institution such as a mutual savings bank to invest it for them. They may enter business for themselves or enlarge some business they already own. All these things could and normally would be financed out of saving, and they all, obviously, require the spending of funds. Of course, hoarding sometimes does occur, but that is another question.

There never has been a time in history when so many worked so long compiling so many figures and disseminating them. Perhaps we are the better off for it, but the fact remains that opportunity for misconceptions and foolish notions is greatly multiplied in the process.

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Public Relations Progress In the Steel Industry

policies and the use of tactful, factual and well-planned public relations action to inform the public about those policies.

In every area of questioning, improvement in the public attitude toward the industry can be seen. In these same areas, even sharper improvement is to be found in the opinions of the steelworkers themselves toward the industry.

From this fact, we can all take particular satisfaction. For we stand best with the people who know us best. And we all know that one's good name must eventually spread far beyond his own home town.

It is significant to note that we rate best, with both the general public and our own employees, in those areas where we have recognized our public relations problems and then took positive steps to solve them.

Less public understanding, on the other hand, has been found by the survey specialists in areas where there has been less public relations activity.

Let me underline again—for I think it deserves repeating — the three areas in which the Opinion Research Corporation finds that our industry stands best. A large majority of people believe that:

(1) Steel is the nation's most essential industry;

(2) Steel is a progressive industry; and

(3) Steel pays high wages.

That the general public now considers us progressive is most gratifying. All of us can recall when the converse was true; when powerful groups took turns condemning us, even those high in government, when it was popular to whip us in public; and when the majority of people seemed to go along with the attacks.

Sectors Needing Further Progress

But while we can take modest pride in advancing our causes on these three fronts, there are five other sections in which we have made less progress. These should concern all of us. Let me list them for you:

Much of the general public:

(1) Considers the steel mill a dangerous place in which to work;

(2) Shows little awareness of the industry's good working conditions;

(3) Thinks steel profits are too high;

(4) Believes there is not enough competition in the industry;

(5) Feels that the industry is not as friendly toward its employees as it might be.

These are beliefs that arise from lack of information. But, we may have contributed to them, sometimes by the way we have presented out story, but more often by our reluctance to say anything.

May I take a moment to examine each of these problem areas with you.

As to the views that steel mills are dangerous, we are confronted with somewhat of a paradox. A great many people are aware of our excellent safety record. Yet, at the same time, they regard steel mills as dangerous. These views stem, of course, from the ordinary pyrotechnics of steelmaking which, to a great degree, are a trademark of our industry. Certainly the sight of an open hearth being tapped is the best known symbol of our industry, even though it may strike the layman with awe and perhaps a little fear.

I think it is obvious that we cannot make steel without blast furnaces and open hearths. But we can, and must, stress repeatedly our industry's remarkable safety record—one of the finest of all industries. We must emphasize our safety training, our good housekeeping, the enormous efforts we are making to control smoke and fumes, and that hard hand labor is now done almost entirely by machines. Above all let us reiterate that because of our industry's efforts, our employees are safer—far safer in our mills than they are in their own homes.

If we all take this honest, direct course, the public will soon understand the true facts, and will grant our industry its proper recognition as a good place to work. If we fail to do so, this misunderstanding will continue and our mills will remain marked in the public conscience as dangerous, undesirable places of employment.

In a similar way, we are up against a large number of persons totally unaware of the working conditions which we have labored long and successfully to improve.

It seems essential to us on the Public Relations Committee that our company members and the Institute take steps to correct this misinformed viewpoint. For as long as people think steel work is unsafe and undesirable, we shall be behind the community's eight-ball and equally handicapped in securing the best workers. How can we afford to permit such impressions to exist in view of today's keen competition for skilled, trained and college-educated personnel?

Working conditions mean different things to different people, but in all of its aspects—wages, security, steady employment, human relations, safety, benefits, supervision, operating facilities, cleanliness, fresh air and mill conveniences—the topic requires intensified public relations planning and activities.

Steel Profits

Turning to profits—we all know that they are probably the most misunderstood element in our economy.

Our efforts to inform the public about them have paid off to a limited degree. The general public has a somewhat more balanced view toward profits than it had back in 1946, for instance. They are quite sure now that we do not make at least 25 cents on the sales dollar!

But there is somewhat limited comfort in that for us. Our financial people contend, and with wisdom, that profits of 6 cents on the sales dollar—the industry's average today—are too low. It is apparent that this figure must be higher since more profits must go into replacement, not only to maintain the present efficiency of mills, but more importantly, to keep pace through expansion and improvements with what appears to be the rapidly increasing need for more steel and improved services.

Until we have told the story of the social and economic importance of profits again and again, in every plant area and across the country, we shall be sitting ducks for ambitious politicians and leaders of pressure groups.

We have just as convincing a story to tell in combating the majority public opinion that the steel industry lacks sufficient competition.

Our community neighbors, our public leaders and our legislators, with some notable exceptions, do not realize that more than 250 separate companies actively compete for the available steel business.

How many people really know, for instance, that the price of steel is low, and that according to BLS figures has increased no more than than all commodities and less than nonferrous metals.

Surely, we have a challenge here than can be factually, forcefully and effectively met.

In the fifth area of weakness, the general public credits the industry with steadiness of employment, but adds a sleeper: namely, that it does not consider the industry as friendly toward its employees as it might be. People went on to say they believed that steel had more labor troubles than any other American industry.

This, too, calls for continuous public clarification through accepted public relation media. If impressions of this character are to be corrected, we must give the public the fact—again, and again, through the many successful channels of communication at the disposal of company members and the Institute.

Cooperation of Steel Companies Needed for Public Relations

Some members of the Institute may be inclined to question the statement that the steel industry's relations with the public can be no better than the public relations of any single company, but in a broad sense this is true. To put it another way, bad public relations on the part of one or more of our members, operates to the detriment of all members of the industry, while a constructive program on the part of individual members, both large and small, helps all members of the industry.

For example, we know that both national and community public relations programs have been in active operation by a number of companies for many years. It is apparent from this survey, and from many other sources, that the areas toward which these programs have been chiefly directed, now reflect a far more favorable atmosphere.

It is hardly necessary to add that those whom we have reached with these various public relations tools have a higher regard for us than those who have not seen any of our materials.

Now, gentlemen, where do we go from here?

At a recent meeting of our Committee on Public Relations to consider the results of the survey, we asked ourselves, "Can the iron and steel industry continue to grow in national esteem without a concerted effort to eliminate these so-called problem areas as disclosed by the survey?" Well, I think the answer is obvious to all of us. We simply cannot afford to continue to live with weaknesses in our public relations structure.

A No. 1 Objective

Our Number One objective should be to use the outstanding progress we have made as the table base from which we work to eliminate the weak spots uncovered for us.

After full discussion in the Public Relations Committee, in which at least a dozen companies participated, we drew up five specific suggestions which I would like to submit for your earnest consideration:

(1) That your own company adopt the results of this study as a public relations guide, and use it to improve the position of both the company and the industry;

(2) That, in the light of this report, companies with public relations departments, consider whether expansion of present activities is called for;

(3) That, if your company does not have a public relations activity, it consider the establishment of one now. If this is not immediately feasible, that you consider assigning the task to come existing department, which could carry on such a public relations effort;

(4) That the Institute, in all of its public relations activities, including Steelways, Steel Facts, television film shorts, Background Memos to the press, booklets and its educational program, place increased emphasis on the major problems.

That the Institute also make greater efforts to inform people about the steel industry in those sections of the country which are not near steel companies and which are more prone to harbor misconceptions about the industry.

We expect to receive numerous suggestions from our public relations counsel during the coming months to implement this recommendation.

5) Because of the tremendous popularity of audio-visual presentations these days, it may be well for both the Institute and the individual companies to consider wider use of television, motion pictures, filmstrips and other graphic techniques in public relations activities directed toward our troublesome areas—and particularly those related to safety and working conditions.

I might add here that the impact of sight and sound is truly unequalled in getting a story over to a large audience. In this respect, television stands foremost, our survey shows. Wherever possible, consideration might well be given by companies to the use of television in their plant town communities.

We feel that from this survey we have substantial confirmation that our basic approach to the public is sound. The progress we have made proves it. The survey now gives us an opportunity to extend and intensify our public relations activities with emphasis upon the five so-called trouble areas pinpointed for us. The approach would be the same, but we would make fuller use of methods and media at our disposal. And I might add, that after more detailed study, I am hopeful the additional work can be carried on without any great additional cost.

We can all be well pleased by the results of this study. It shows that we stand better with the public today than ever before. Our public relations program is soundly constructed. We also now have some excellent signposts to guide our way. The future holds great promise for us.

We in public relations, however, need your support. We can do little without your good deeds and cooperation. As we leave here today, remember that the good name of the steel industry is in the hands of each of us.

Hugh Bullock Pres. of Pilgrims of U. S.

Hugh Bullock, Calvin Bullock. Ltd., New York City, has been appointed President of The Pilgrims of the United States succeeding the late John W. Davis, according to an announcement from the executive committee of the society.

Hugh Bullock

A veteran of both world wars, he was a civilian aide to the Secretary of the Army in 1952-1953. Mr. Bullock was made an officer of the Order of the British Empire for his work in World War II. He is a present or past officer of numerous international, charitable and trade organizations.

The Pilgrims founded in 1903 to foster Anglo-American friendship frequently provide a platform for talks by distinguished British visitors on matters of common interest between the United States and Great Britain. Prominent Americans are similarly entertained by The Pilgrims of Great Britain.

On her visit to the United States last fall, Queen Elizabeth, the Queen Mother, was the guest of honor at a luncheon sponsored by the American Pilgrims.

Phila. Bond Club to Hold Luncheon Meeting

PHILADELPHIA, Pa. — The Bond Club of Philadelphia will hold a luncheon meeting on Monday, June 6, at the Barclay Hotel. Frank Pace, Jr., Executive Vice-President of General Dynamics Corporation and former Secretary of the Army, will speak on "The Atom Today and Tomorrow."

Davidson Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

FRESNO, Calif. — Robert G. Diltz is now connected with Davidson & Co., 925-C North Fulton Street.

Joins Samuel Franklin

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Philip Kostman has been added to the staff of Samuel B. Franklin & Co., 215 West Seventh Street. He was previously with Daniel D. Weston & Co.

With Pacific Coast Secs.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—John P. Guerin Jr. is now affiliated with Pacific Coast Securities Company, 253 North Canon Drive.

B. S. Courtney

Major Basil Septimus Courtney passed away May 27. Prior to his retirement he had been a stock broker.

William G. Loew

William Goadby Loew, retired stock broker, passed away at the age of 79 following a heart attack.

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Investment Abroad: Foreign Aid and Trade Promotion

Import Bank of the United States is already administering outstanding guaranty contracts, has proven experience and capacity to deal with private financial and investment transactions, and already has a guarantee program of its own.

Some important investment sources are currently outside the scope of the guarantee program. Any serious effort to stimulate an increase in the rate of United States investment abroad must include efforts to interest the large investible funds in the hands of various financial corporations and investment trusts. Progress in this direction might be more effectively undertaken by the Export-Import Bank under its present broad loan-guaranty authority, reinforced by the new legislative sanctions.

Aside from the investment guarantee program, the Foreign Operations Administration and its predecessors have been carrying on a sporadic effort to locate significant investment opportunities abroad and attract investor attention to them. There has been considerable skepticism of the need for an additional agency of the United States Government to supplement sources of information about foreign investment opportunity. This program of FOA, of course, involves a considerable duplication of the work of the Department of Commerce, which has primary responsibility for promotion of the foreign commerce of the United States. This costly duplication should be eliminated.

Likewise, it is believed that all parts of our foreign aid program, and our foreign policy in general, should be administered so that the objective of improved investment climate and opportunity are primary considerations, not pious hopes.

The things we have been discussing all involve aspects of our economic aid programs, rather than our military assistance activities. But we cannot overlook the economic consequences of our military aid, which has provided more than $10 billion worth of guns, ammunition, tanks, ships and airplanes, to friendly nations in the last five years. We have shipped more than 2 million rifles and machine guns, more than one and a half billion rounds of ammunition, 6,000 aircraft, and 860 naval vessels all over the free world.

Because many of these guns, tanks, planes and the like are purchased in overseas countries, the economic effect is considerable. This program for purchases abroad is called Offshore Procurement and has involved a total of $2.6 billion in the past five years.

The bulk of these purchases, $2.5 billion worth, have been made in 14 countries of Western Europe. For the French, for instance, it has meant more than a billion dollars' worth of purchases; in Italy, offshore procurement has amounted to more than $400 million; and in Great Britain, to more than $600 million.

Offshore procurement, like other phases of military aid, is administered by the Department of Defense under the policy guidance of the Secretary of State and the coordination of the Director of the Foreign Operations Administration.

Despite the fact that offshore procurement is administered on a military basis by the Department of Defense, it has been impossible to keep non-military political and economic considerations from influencing it. Offshore contracts are usually let on the basis of negotiated, rather than advertised, procurement.

There have been cases of directed procurement, where the country, or source of the material was decided first. It appears, for instance, that $150 million worth of contracts were placed in Italy shortly before the Italian elections in 1953 for political reasons. Tanks have been purchased in Great Britain at a time when tank production lines in this country were being shut down.

Offshore procurement was initiated in order to broaden the production base and to facilitate the supply of military goods in Europe, but the introduction of political and economic considerations have handicapped its effectiveness.

Need for Co-ordinating Foreign Aid

This is another area where I hope the work of this Task Force will produce results of benefit to the United States citizen.

Of the many other aspects of our overseas economic activities, one in particular engaged the attention of our task force — the need for coordinating foreign aid, both in Washington and in each country we assist. It would seem that the newly organized Council on Economic Policy should be the chief coordination agency, and further that the problem will be considerably simplified when the Department of State is given prime responsibility for the non-military portions of the aid.

Overseas, we found considerable evidence that the United States was represented in a number of countries by several people for different purposes and that no one effectively put all the pieces together. The chief of the foreign aid mission, because he had some control over United States aid, frequently had more authority and influence than the United States Ambassador, who is nominated by the President and confirmed by the Senate to officially represent the United States. In some cases, too, we have had more than one ambassador in a single country. You can easily see the confusion which would be created in the minds of officials of that nation.

We believe that the United States Ambassador, or Minister, should exercise primary authority in each country and should be responsible for representing all elements of the United States in that country and for coordinating all phases of United States Government activity in that area. Only in this way can an effective policy be carried out.

Furthermore, our foreign aid programs and overseas activities require large numbers of employees abroad. We have more than 100,000 people overseas who are on the payroll of the United States Government. About 29,000 of these are United States citizens and the rest are citizens of local countries employed by the United States. The bulk of these employees work for the Department of Defense, but these figures do not include United States military personnel abroad.

These employees are responsible for United States Government programs which this year will cost the taxpayer well over $6 billion.

These figures, together with your own knowledge of the importance of our overseas relations in these critical times, emphasize the need for having a skilled, trained, and experienced body of men and women overseas who can carry out these programs and the complicated international relations they involve with credit and distinction to the United States. Underlying every phase of our foreign policy and our foreign aid program, is the need for trained and experienced people to carry it out. We need to take new and vigorous steps to improve the training and knowledge of our representatives overseas if the job is to be done successfully and effectively.

These, then, are a few of the areas in which the Task Force on Overseas Economic Operations worked. I am very hopeful that our efforts will result in increased security for the United States and decreased costs for our taxpayers.

Bond Club Completes Plans for Field Day

With one eye on the weather and another on the markets, Wall Street is organizing its activities this week for a traditional climax — the annual Field Day of the Bond Club of New York. This will take place Friday (June 3) at the Sleepy Hollow Country Club, Scarborough, N. Y.

The Field Day Committee headed by General Chairman W. Scott Cluett announces that all arrangements have been completed for the club's 31st outing.

The schedule of events, packed with sports and entertainment features, includes the following:

Golf — tournament open to all members, with three trophies at stake for low gross, low net and match play against par, plus a variety of individual prizes. Because of the large number of entries, two golf courses will be available — Sleepy Hollow and Blind Brook. After the tournament there will be a golf show by expert professionals — "Swing's the Thing" — and a hole-in-one contest.

Tennis — A regulation tournament will replace the round robin doubles tournament of previous years. To provide even competition, an effort will be made to pair average players with the experts in the series of doubles matches.

Stock Exchange (Bond Club Version) — the trading gong will sound at intervals throughout the day for bidding.

Annual appearance of The Bawl Street Journal, the club's world-famous lampoon edition.

Skeet shoot, horseshoe pitching tournament and other mild athletic diversions.

Luncheon on the terrace near the swimming pool, followed by annual meeting and election of officers.

After the final distribution of Stock Exchange dividends, the day's festivities will close with a dinner and special entertainment.

Phila. Inv. Women To Hold Supper

PHILADELPHIA, Pa.—The Investment Women's Club of Philadelphia will celebrate the close of their Silver Jubilee Anniversary with a buffet supper at the Union League on Thursday, June 16 at 5:15 p.m.

Following the supper, the members will drive to The Playhouse in the Park to see a performance of "The Constant Wife."

With Pacific Coast Secs

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Joan M. White has be added to the staff of Pacific Coast Securities Company, 253 North Canon Drive.

With Coombs & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Lee L. Freye has joined the staff of Coombs & Co. of Los Angeles, Inc., 340 Pine Street.

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The Security I Like Best

verting to Diesels but it takes a while to gain the full benefit. Training the workers to handle, maintain and repair Diesels, operating both steam and Diesel power, running both round houses and Diesel shops is expensive operating. Last year Diesels handled 99% of gross ton miles and from now on real benefits from Dieselization should affect earnings.

Last year saw the beginning of "piggy-back" service and after talking with railroad men and truckers, I believe this will be a greater benefit to railroads than Dieselization. The North Western is proceeding aggressively with this type tranportation and since it was hurt badly from truck competition it should benefit greatly.

Considering the current prices of the various North Western securities, bonds, preferred and common, one would think the company bankrupt and without any chance of earning anything. But in 1953 freight service alone brought in $32 million of operating income. Such earnings are sufficient to make the preferred stock worth over $100 per share but the passenger business lost $23 million. Not even a railroad can be forced to do work year after year at a loss, and through better rates, division of rates and curtailment of unprofitable services, these passenger losses are bound to be reduced. The North Western and the Milwaukee parallel each other from Chicago to Omaha and Chicago to the Twin Cities. The two roads are working together now on proposed joint operations or possible complete merger—either of which should save millions.

All railroads could save millions on passenger business by observing that the airlines limit baggage to 40 pounds per passenger and then charge heavily for the excess. On a first class passenger ticket one may ship 150 pounds in the baggage car and take a couple of hundred pounds of coats, packages, golf clubs and bags with them in the car. Thus the railroads are carrying two and three times the poundage per passenger that the airlines do and get no money for it. There are people traveling all over the country by plane and highway whose baggage is checked on somebody else's ticket and the railroad works for nothing.

The North Western has an opportunity of saving about $2¼ million a year by exchanging their preferred stock for income bonds just as Rock Island is doing and Western Pacific, Chicago & Eastern Illinois and others have done. Two million dollars is the equivalent of 5% profit on $40 million of freight traffic. If the Chicago & North Western freight traffic was to jump $40 million the preferred stock would probably jump 40 points. Well, $2 million in net is $2 million regardless of how it is earned.

Over the years, we have seen the Nickel Plate, the Illinois Central, the Denver and many others experience poor years and their securities sell at low prices. In each case money was poured into the property until the operating ratio fell, then maintenance expenditures were cut and net earnings took a double jump. The Chicago & North Western is in the midst of this program now and as a result of Dieselization, piggyback hauling, joint operations with the Milwaukee, discontinuance of unprofitable operations, better rates where required, more efficient management and general economies, refinancing the preferred with income bonds and other measures should restore the earning power of this property and make the preferred stock worth at least double its current price of 36. This writer is an owner of a considerable amount of these shares. Of the 913,903 preferred shares outstanding the Union Pacific Railroad owns 12,838 shares ($1,283,800 principal amount). In addition, the Union Pacific also owns $2,152,500 face value of second mortgage convertible income 4½% bonds series A of the Chicago & North Western Railway.

Continued from page 3

Rent Control Crippling Urban Housing Market

1941 increased employment and purchasing power, and as available space was gradually absorbed.

The advent of the war in 1941 resulted in economic and sociological dislocations which, in light of the lack of construction in the previous decade, gradually produced an increasing shortage. At the time controls were imposed, however, real estate had by no means made complete recovery from the depression. Although vacancies had decreased, rents were at abnormally low levels. Controls were imposed in most sections of the country before they were needed and in advance of full occupancy; under such circumstances, rents and no chance of rising.

That controls of some type were advisable during the war can scarcely be argued. Their continuance for 12 years and longer after the termination of hostilities leads inevitably to a different conclusion, when viewed from the perspective of history.

Long-Term Implications

Perhaps the most tragic result of continued rent ceilings has been the promotion by the Federal, state and local governments, consciously or otherwise, of the psychology that rent control is an essential and necessary peacetime function of our democratic system. This viewpoint has insidiously crept into the thinking of administrators and legislators alike to such an alarming extent that we can prophesy the residential real estate industry assuming all the characteristics of a public utility, with permanent rent controls, regulation of the rate of return, control of building operations and maintenance standards, and more important, loss of the advantages of a relatively free and competitive enterprise which has heretofore produced a standard of housing unparalleled in the world.

Present rent restrictions are so onerous that it is impossible to obtain an economic rent. Thus, since the public fully appreciates bargains where every dollar of rental value received only cost them $0.60 to $0.75, the shortage is intensified, rather than alleviated, by government edict. There never will be any appreciable diminution in the demand for a commodity which rents for less than its market value.

The stultifying nature of the prolongation of controls has also discouraged new production of conventially financed (i.e., non-government underwritten or financed) residential apartment because of the widespread and uneconomic disparity between rents resulting from governmental restraints on used realty and those rents necessary to justify highly inflated postwar construction costs. There is no "floor" on new construction rentals—only a bottomless well between rent controlled and free market rentals. Had rents on used realty been permitted to seek their proper market level, the incentive to builders would have increased.

It is not surprising to realize that through 1952, over 80% of our postwar multifamily construction has been under indirect government sponsorship (FHA 608, 207, 213, etc.). The government found it essential to provide mortgage insurance for loans which theoretically were 90% of the value of the housing project in order to prod builders into relieving the acute shortage. Without the assistance which certain sections of the FHA legislation provided, builders were unwilling to risk large amounts of risk capital under conventional financing plans for the purpose of competing with rent controlled realty. Thus, we witnessed the spectacle of solving a political dilemma by a government "give-away" program.

The result of this rather illogical governmental solution of the housing problem will inevitably be bad. It may be contemplated that the Federal Government eventually will be in the real estate business under the impetus of a wave of foreclosures of government-insured mortgages held by institutional lenders whenever we approach a period of oversupply of rental housing or witness a significant constriction in the present level of economic prosperity. The FHA legislation, partially because of the pressure of rent control, has permitted an unsound policy of unnecessary over financing and shoddy housing standards. The mushrooming frame, ill-kempt garden apartments dotting the countryside constitute a memorial to this specious legislation.

Another result of the continuance of controls has been the withdrawal from the market of untold thousands of rental units because of the complete inadequacy of the interest return. Space designed for residential use has steadily been converted to business and commercial use (where local zoning codes permitted) as a means of insuring the owner a fair return on his investment. In many instances, rented homes were sold for owner-occupancy because the investor could not realize an equitable return. Thus, controls again tended to intensify the shortage by reducing the supply of housing units available for rent.

Certainly the continuance of rent control has accelerated the physical depreciation of existing realty. If an investor feels he cannot obtain sufficiently high market rentals because of the control imposed on his gross income, he nevertheless will make an effort to obtain the net income to which he feels he is entitled by simply failing to maintain the property. A portion of the income which under the stimulus of competitive rental conditions would have been committed to prudent maintenance and operation is instead allocated to the investor's yawning pockets. Since rents below economic levels will insure full occupancy, the investor does not have to maintain his real estate by any standards except his own. The benefits and advantages of competitive spurs are lost, and both tenant and owner suffer. The inevitable consequence is physically delapidated housing with a high degree of depreciation and heavy evidences of deferred maintenance.

Although the owner can escape certain expense burdens under rent control, there are expenses that reoccur and cannot be avoided. Texas, fuel, wages, insurance, electricity and gas, supplies, water and major repairs will at the least remain constant and, under the impact of inflation, rise to discouraging heights. Whatever benefits have accrued to owners through 100% occupancy have in general been more than vitiated by the sharp increase in operating expenses.

Rent control has also resulted in a somewhat artificial increase in the rate of family formation. Rents are so far below economic levels that many families can afford to maintain the luxury of two apartments when at economic rents they could afford only one. Other families of one or two persons are living in large units which they could not otherwise afford if it were not for the benign protection of government controls. This seemingly paternalistic and humanitarian attitude on the part of government is actually decreasing the supply and unfairly depriving many deserving families of residential space which would have become available to them under a more logical approach to the problem.

One other factor of paramount importance pervades the whole problem of rent control. The long-term real estate investor is being steadily liquidated by the insidious evil of inflation. The Federal and state governments, through the habitual practice of deficit financing or discriminatory control, have created a situation where the prices of all other commodities have far outstripped the puny and meaningless increase in rents and prices of rent controlled real estate. Since it is obvious that the real estate investor's dollar is worth no more or less than that of anyone else (tenants included) he is forced to pay double for most commodities with about the same amount of dollars which he had before the war-borne inflation. This alone would be justification for an increase in rents. The long-term real estate investor thus joins the other investors who are being liquidated by inflation—the bondholders, insurance policy holders, pensioners and all other living on long-term fixed incomes.

French Housing Standards

The abject condition of our residential real estate market today recalls the classic illustration of housing conditions in Paris, France. Rent ceilings originally imposed in World War I still remain in effect today. It would be political suicide in Paris to remove controls because the public has tasted the fruits of subsidized rents and acquired an unbreakable habit for them. Since a spiraling inflation has increased the prices of all other commodities many times more than rents, the average Parisian wage earner only pays about 2% of his income dollar for rent and luxurious apartments rent for $10 a month.

New construction in Paris is also subject to rent controls and there has been virtually no building. Of the improvements 99% are 15 years or older, the vast majority without central heating or sanitary facilities. Apartments are available by public requisition or bribe, and Paris, long regarded as the cultural seat of the world, is now known to have the most degenerate and obsolete residential housing in Western Europe. The French investor has been reduced to the status of a porter for the French Government. It is not inconceivable to foresee that dreary market in this state also, unless we are willing to confront the problem of rent control.

Proposed Solution

Does a housing "shortage" actually exist? The answer, after reflection, seems to be in the negative. What really exists is fewer housing units than is demanded at **existing prices.** It is relatively simple to create a shortage of any commodity by the device of lowering the price to less than it would be established by the working of supply-demand phenomena in the market place. If we now increased rental ceilings another 30% or a total of about 50% over 1943 levels, it is strongly suspected that the "shortage" would disappear. Within a year, apartments at every conceivable price level would be readily available. And the tenant, what would happen to him? Recent statistical studies indicate that urban residential dwellers are paying less than 10% of their income dollar for rents. Thus, if we supposed a 50% rather than a 30% increase in rent, it would increase the tenants' allocation for rent from their income dollar to only 15%, an amount which any sociologist would readily admit can easily be paid for housing shelter. Thus, the "shortage" is an illusion created by artificially low prices.

What is the solution? As it is recognized that an immediate, complete decontrol would provoke some limited hardship, a possible compromise exists in the adoption of a long-range, orderly program of decontrol extending over a two-year period. During this interval statutory rents should automatically rise 5% at six month intervals. Concurrently, the so-called "luxury" controlled rentals, that is, those above $50 per room monthly could be decontrolled. At succeeding six month intervals, increasingly lower rental levels should also be decontrolled until only the lowest rentals would remain to be freed from controls at the end of the two-year period.

What would be the market reaction to a program of this type? Salutary indeed? Those tenants who for years postponed a decision to buy private dwellings or move to more expensive apartments because of low controlled rents would have ample opportunity to make a decision. Other tenants would decide to remain in their present quarters at the higher rentals. Still others would find smaller or more modest apartments within their financial reach if free market rentals proved onerous for them.

Free Market Conditions

What a boon for housing if this course was resolutely followed! For the first time in many years, the builder could effectively assay demand and adjust his construction accordingly. The spurs of competition would force better maintenance and the landlord would exert every effort to attract tenants. The builder would produce better dwelling units. The tenant would be settled in housing he could afford and not necessarily that which he desires. The tragic waste of space under rent control, as previously reported, would be eliminated completely. There would be, for example, no logic in living in six rooms beyond one's rental reach when a fair choice of three rooms within one's income requirements was available.

Advocates of rent control contend that free market rentals would initiate an inflationary spiral and spark rising costs and wages. The absurdity of this contention is apparent when it is recognized that a rise in the price of an individual commodity (i.e. rental housing) means only that the wage earner has less money to spend on other commodities; a lessening in demand for automobiles, food, recreation or appliances will in turn create lower prices for these commodities and the net inflationary gain is negligible. In a mature, non-emergent economy as is presently our own, it is the government's fiscal and credit policy which creates inflation, not the control of individual prices.

The return a free market conditions might also serve notice to our various governmental bodies that the "shortage" was actually a product of rent control and that the need for public housing for the few (at the expense of those not qualified to enjoy its subsidized benefits) is not quite so acute as supposed. Free market rentals might also tend to expose the fiction that every family deserves a new housing unit. With current estimates of the duration of the profitable, useful life of multiple housing at 50 years, it is patently fraudulent to sell the concept that all families should have or, yes, even deserve, new housing. This is an obvious impossibility. Our innate sense of individual dignity and self-reliance should help us conclude that with minor exceptions we should enjoy only that housing which we can reasonably afford.

There is no escape, however, from the fact that rents will rise should controls terminate but this is properly so. The discriminatory subjugation of the property owner's investment to the will of the tenant, far beyond emergent market conditions, seems a callous political effort to gain political votes. In the interim residential housing has assumed all the characteristics of a public utility yet without the property owner's consent. Such confiscatory concepts of government threaten the foundations of our economic independence and the cherished institution of private property ownership. This blatant political political irresponsibility must terminate.

Halsey, Stuart Group Offer Equip. Tr. Ctfs.

Halsey, Stuart & Co., Inc. and associates on May 27 offered $2,925,000 Missouri Pacific Railroad series A 3¼% equipment trust certificates maturing annually June 15, 1956 to 1970, inclusive.

The certificates are scaled to yield from 2.60% to 3.30%, according to maturity. Issuance of the certificates is subject to the authorization of the Interstate Commerce Commission.

The issue will be secured by 550 new all-steel boxcars and flat cars to cost $3,681,325.

Associated with Halsey, Stuart & Co., Inc. in the offering are The Illinois Co., Inc., and McMaster Hutchinson & Co.

Inv. House Cashiers Elect R. J. Hendrickson

LOS ANGELES, Calif.—Russell J. Hendrickson, Oscar F. Kraft & Co., was elected President of the Association of Investment House Cashiers. He succeeds George R. Douglass, Walston & Co.

Richard Parker, Neary, Purcell & Co., was named Vice-President; Mrs. Johnnie Johnson, First California Company, Secretary, and Vernon L. Steen, Security-First National Bank, Treasurer.

Kuhn, Loeb & Co. in New Offices

Kuhn, Loeb & Co., members of the New York Stock Exchange, have announced the removal of their offices to 30 Wall Street, New York City.

Dammes & Koerner Admits

Dammes & Koerner, 36 Wall St., New York City, effective June 2, have admitted Harold Eliasberg, member of the New York Stock Exchange to partnership.

Hayden, Stone Admits

On June 9 Edwin M. Newton will become a limited partner in Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York Stock Exchange.

Securities Salesman's Corner

By JOHN DUTTON

Centers of Influence

The first time I came across the words "Center of Influence" was when I was talking with some life insurance agents who were discussing clientele building. Possibly no other business has used the "satisfied customer" approach to new business better than has the life insurance industry. Certainly, the opportunity for radiation from satisfied clients in the investment business toward those who are their friends cannot be neglected, if a salesman desires to broaden his scope of activities to the utmost. Following are a few suggestions that have been worth trying for others in the securities business in connection with radiation prospecting.

Some People Like to Help

Many salesmen have the feeling that they should not suggest to others that they could use some help in building their business. If this is based upon stubborn pride, or a misplaced inferiority complex which masquerades as an overdeveloped egotistical approach toward the public, and the work in which a salesman of securities is engaged, it is a very unprofitable attitude. One should never give the impression that he needs someone to help him because he is not doing well. But he certainly should give the impression that it is his friends that are helping him to build a large and prosperous business. That is the attitude that makes friends and builds confidence at the same time.

I know of a man who entered the investment business in his forties. He began selling mutual funds. In his town there lived a very influential and wealthy team of two brothers. Several salesmen had tried to obtain some of their business but they got no where with their stereotyped approach based upon conventional lines of selling. Instead of going into his first interview as an experienced investment man, this neophyte securities man presented one mutual fund and then told his little story very simply. He mentioned that he bought some shares of the mutual fund and after he found that it was an investment that solved his problem of supervision and freedom from care, and provided a steady return, he thought it would be good for certain other people. He got a small order. Then he mentioned that he knew there were many other people who would also *benefit* from making a similar investment, but that he wasn't very experienced in this new work he was doing and he would like to ask his new and important client a few questions. He asked questions regarding the best way to meet these people, and instead of words he got action. His new customer said, "I'll help you to meet them. You go over and see Joe Moneybags and tell him *I sent you.*" And he did and he made a sale. Then more sales followed and from this one helpful contact our salesman built a business.

There are people who have the time to help you, who want to help you, and who are important in a certain area of their own friendships. Locate them through your steady efforts in your regular sales work. When you find them, approach them in a way that will help them to help you. Remember to all of us we are the most important people in the world. When you ask me for advice, or a favor, *you make me feel important.* Use this very strong motivation to obtain the cooperative assistance of others.

A Good Mail Idea

In another case there was a partner in a small firm who knew hundreds of good prospects on a favorable basis; through his church, lodge, clubs, etc. Many of these people never did business with his firm and his own personal clientele was so large it kept him busy most of the time. Most of these prospects were in the higher income brackets and were logical customers for "tax exempt" securities. In order to approach them a letter was written and sent to a list of this man's *personal customers.* This letter suggested that since they had found that municipal bonds had been a profitable investment, possibly they might also wish to have some of their friends receive a little booklet that would describe the advantages of this type of investment. *Here was a situation where the customers knew the same people as the partner* and through a direct approach to his clients he obtained the permission to send this booklet to many of his own friends, and, additionally, supported the mailing with the suggestion that another of his friends and clients suggested it. A return envelope and handy form for listing ten names brought in good results from this approach. After the booklets were mailed the salesmen followed the leads. The new accounts that were opened were very gratifying.

Whether you use the mails, personal calls, or a combination of both, remember, your friends are your customers—they like you and trust you, otherwise they wouldn't do business with you. Make them feel important. Some of them have the available time and would like to feel that they have had a place in helping you to make a success of your life and your business.

Ballou, Adams Merges With Coffin & Burr

BOSTON, Mass.—Effective June 1, 1955, Ballou, Adams & Co., including the entire personnel, will join and be merged into Coffin & Burr, Inc., 60 State Street.

Coffin & Burr, Inc., founded in 1898, acts as underwriter and dealer in public utility, industrial, railroad, and municipal securities; bank and insurance stocks and mutual funds; and is a member of the Boston Stock Exchange, American Stock Exchange (associate), and Midwest Stock Exchange. Its head office is in Boston with branch offices in New York City, Hartford, Portland, and Bangor.

Bond Club of Toledo Announces Outing

TOLEDO, Ohio—The Bond Club of Toledo will hold its annual party and outing at the Toledo Country Club, Toledo, Ohio, July 14th and 15th.

Benton Co. to Admit

On June 2nd Benton & Co., 11 Wall Street, New York City, members of the New York Stock Exchange, will admit to partnership Michael J. Quinn and Edward L. Cohen. Mr. Cohen, a member of the Exchange, is a partner in Edward L. Cohen & Co. which will be dissolved. Mr. Quinn will acquire a membership in the Exchange.

Public Utility Securities

By OWEN ELY

Houston Lighting & Power Company

Houston Lighting & Power may perhaps lay claim to the title of "Premier Growth Utility." Since 1943, when the common stock first came into the hands of the public, from the old National Power & Light Company, it has advanced from 6⅞ to this year's high of 47, after allowing for split-ups of two-for-one in 1947 and three-for-one in 1951. Earnings advanced from 84c in 1943 to $2.30 last year, and the dividend rate from 60c to the present conservative $1.20. Since 1946 revenues have increased from $21 million to $58 million. The company's growth has been due to the rapid increase in population and industry in Texas, and the improvement in share earnings is accounted for not only by this growth, but by the use of low-cost natural gas for fuel, the movement of the chemical industry into the area, and the favorable regulatory atmosphere.

The service area approximates 5,600 square miles in the Texas Gulf Coast region. It includes Houston, with an estimated population of 1,225,000, Galveston, and 145 smaller cities and towns. Houston in 1930 was only the 26th largest city in the country, now it is 12th. Population in Harris County, of which Houston is the county-seat, has increased three or four times as fast as the U. S. population.

Favorable year-round weather conditions have permitted the company to construct the completely outdoor type of generating plant, at a cost substantially below average—less than $70 per KW of effective capacity for the large Greens Bayou Plant, and somewhat more for the new Webster Plant. Operating costs have also been reduced to extremely low levels, last year's production costs at Greens Bayou (fuel, labor and maintenance) being only 1¼ mills per KWH; while the company's two base load plants produced power at a total cost of only 2.8 mills per KWH. This figure included not merely production costs, but also depreciation, general taxes and a return on investment figured at the average rate of the past five years. This total cost was considerably lower than the production cost alone of many U. S. plants.

The company for years has been trying to catch up with the demand for power in its area and obtain an adequate reserve, and this year will finally accomplish this objective. In June the 156,000 KW unit at Deepwater will be put in operation, and two similar plants are being built at the Bertron Station, the first scheduled for operation about a year from now and the second in 1958.

The company has enjoyed excellent relations with the City of Houston. About 40 years ago it settled a rate controversy with the City by mutual agreement. During the intervening 40 years it has voluntarily made 10 rate reductions, and has never asked for an increase. Rate schedules covering industrial and large commercial customers include a "fuel adjustment clause" whereby the company recovers about three-quarters of any increase in the cost of its natural gas. The company hopes to work out with local regulatory authorities similar provisions for its residential and small commercial rate schedules.

Considering the fact that electricity has to compete with cheap natural gas the company has an excellent record for average residential use, which last year was 2,762 KWH compared with only 1,214 in 1946. The 1954 figure reflected the very substantial air-conditioning load resulting from the long heat-wave, but even adjusting for this factor, usage would be in excess of the national average.

Despite the influx of industry into the area, revenues have remained fairly well diversified, as follows: residential 28%, rural 10%, commercial 17%, industrial 34% and wholesale and miscellaneous 11%. The proportion of residential revenues was higher last year, and the percentage of industrial revenues lower, than in the year 1946. Industrial business was well diversified, with chemicals contributing 21%, oil 12%, manufacturing 12%, iron and steel 11%, etc. The proportion of chemical business has increased sharply since 1946, while the percentage for oil has declined. No one type of industrial activity accounts for as much as 7% of total revenues.

Between 1946 and 1954 capitalization increased from $58 million to $200 million, an increase of 247%. In 1954 the common stock equity was 38% of average capitalization compared with 30% in 1946. Due to the reduction in the operating ratio during that period from 52% to 35% (or 80% to 73% including depreciation and taxes) and the moderate increase in charges, the company was able to increase the amount earned for common stock by 348%.

The company's dividend policy has been very conservative, last year's payout amounting to only half of available earnings. President Parish recently stated, in a talk before the New York Security Analysts: "We believe that the combination of a lower than average dividend payout, accompanied by our ability to earn well on retained earnings, has been a very important factor in producing what we consider an excellent upward trend in per share earnings. Between 1946 and 1954 . . . we were able to earn on the average a return of 18.2% on the increase in the common equity."

Mr. Parish forecast earnings of $2.25 for 1955, slightly below the $2.30 reported last year. Last year's earnings had shown a very substantial gain due mainly to two factors—the end of EPT, and a heavy air-conditioning load; moreover, 1955 earnings will be on a larger number of shares, resulting from conversion of remaining debentures and the 5% stock dividend paid in March this year. Regarding the longer range outlook, Mr. Parish was optimistic but refused to make any definite predictions. He mentioned that the company did not expect to sell any additional common stock within the next few years, although he expects the construction program to be slightly higher in the five-year period 1955-59 than during the period 1950-54. Higher gas costs appear to be in the offing, but the company is fairly well protected against them.

The common stock has been selling recently around 43½ compared with this year's range of 47-40¼. The yield approximates 2.8%.

Leo Schoenbrun Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Virginia C. Smithhisler has been added to the staff of Leo Schoenbrun, 1385 Westwood Boulevard.

Stanley T. Stanley

Stanley T. Stanley, senior partner of Stanley & Co., passed away at the age of 50 following a brief illness.

Continued from page 10

What Broader Stock Ownership Means to American Business

dustry in general. Hard-headed, clearminded businessmen recognize that they must plan ahead to provide for the efficient production of the new and improved products that will be needed to attract tomorrow's buyers. And, apparently, such expenditures will continue to rise in the long run, for a recent survey by The Machinery and Allied Products Institute indicates that total installation requirements in 1965 for plant and equipment will run somewhere between 26% to 55% over the 1955 rate.

Additional billions of dollars are invested in research facilities alone. The total expenditure for scientific research has amounted to more than $3.5 billion a year recently and is steadily increasing. Of this amount, more than two-thirds was spent by private industry. Thousands of our corporations are engaged in this research work and are aided and abetted in their efforts by more than 40 government laboratories and almost 300 colleges and universities, each and every one of them devoting thousands of manhours to the search for new and improved products, new synthetics, and advanced production techniques to improve our standard of living and our physical well-being.

Every week, almost every day, brings to light somewhere in this country some new product, a more efficient method of production, or a fresh line of research. Each new idea stirs intelligent curiosity, and opens up before it new horizons. Each improvement in production techniques invites and stimulates rivalry for future improvements. For such is the nature of our dynamic, free, competitive scheme. But the billions spent to date on plants, equipment and research will by no means be adequate to take care of our future needs. Fresh billions will be needed to take care of a long-term guns-and-butter program; to satisfy the insatiable consumer demands of a population which, in 1960, it is forecast, will have grown to 180 millions. Just think for a moment of the increased mass demand that this populace will create not merely for food and clothing, but new homes, roads, shopping centers, hospitals, schools and churches.

Industry Must Provide for Growing Population

Industry must prepare not merely for the demands of a greatly increased population, but for a population with more aged members; for a population with increased leisure time at its disposal; for a population which will enjoy the far-reaching benefits of this atomic, electronic age which we have recently entered. Some of the ideas and designs for this fantastic future are already in the laboratories and on the drawing boards.

John Jay Hopkins, Chairman and President of General Dynamics Corporation, in an address last year said, ". . . I have no hesitancy about picturing for you a world of the near future in which atomic energy heats and powers our factories, lights our cities, cooks our food, cures our ills and propels our ships, planes and trains.

"And I have hopes that the use of atomic energy in one of its Protean forms will yet solve two of civilization's most difficult problems—the economical distillation of sea water for industrial and agricultural use, and the instantaneous disposal of human and industrial wastes."

Of course, it will take more than mental and physical toil to breathe reality into these designs. More than genius and hard work is required for the production of an atomic submarine; an atomic power plant; for the installation of factory automation and for the development and production of a remedy for cancer. For these and a host of other present and prospective products, a substantial supply of cold hard cash is and will continue to be essential.

The Sources of New Investment

Where will this cash come from? The larger, long-established corporations have, for the most part, been able to obtain a considerable proportion of the needed financing to date by restricting their dividend payments and plowing back the undistributed earnings. Since the war more than 68% of industrial financing has been effected through such retained earnings and depreciation. From 1946 through 1954 alone, industrial corporations added through retained earnings $48 billion. A large measure of the balance of financing to date has been through the flotation of debt issues and only a small proportion through the sale of equity securities. New common stock issues provided less than 4% of the total.

In 1954, for example, in order to finance some $25.6 billion of expansion, corporations obtained 75% of the needed funds from internal sources — retained earnings and depreciation accruals. External financing, on the other hand, following the customary postwar pattern, consisted of $4 billion of net new bond issues and $1.8 billion of new stock.

While many corporations have, and will continue to pay a major portion of these costs out of retained earnings, these funds will prove inadequate. Nor can they, with wisdom, turn too often to debt financing to cover costs, lest they endanger their future existence in the event of general or localized business changes. By far the safer and saner course to be followed, as a general rule, is the path of equity financing. Fresh sources of such financing are needed at the present time and will be needed in greater volume in the days to come.

Broader Stock Ownership Will Improve Corporate Capital Structure

To the extent that the breadth of stock ownership increases both in number of stockholders and amount of holdings, to that extent will the future equity financing problems of American corporations be minimized and the trend toward dangerous debt financing reduced.

Broader stock ownership should bring in its train sounder financial corporate structures.

It will at the same time, in proportion to widening of the distribution in the hands of individual holders, provide a freer and more liquid securities market in the widely held shares.

And, of course, if our investors take the trouble, as they should, to learn the essential facts about the corporations in which they buy an ownership interest, they will gain a personal appreciation of both the benefits that can be gained and the calculated risks involved in our free enterprises, and business itself will come to appreciate the benefits and some of the problems involved in having an informed corporate electorate, who will want to know, from time to time, just what is going on in the business, and mayhap have a few suggestions of their own as to what the enterprise should be doing. Incidentally, as time goes on, if these suggestions from the owners ever ruffle your customary calm, just consider the lot of the executives of the stock exchange, most of whose owners meet on the floor of the exchange every business day of the week.

As businessmen, we should be vitally interested in stimulating, to the extent we can, a broader spread of the ownership of our enterprises among **informed** investors who can appreciate and afford the benefits and risks of corporate ownership. We should be active parties in this effort, not only for the sound financial ends of our corporations, but also for the purpose of revitalizing our capitalistic system by the very practical method of persuading as many of our citizens as possible to be practicing capitalists. This is, in itself, an important and realistic way to combat the dangerous Communist ideology.

As President Eisenhower has said:

"Our free enterprise system is faced today with the gravest challenge in our entire history. We have to deal not only with the forces of Communism from without but also, and I consider it fundamentally even more serious, a lack of understanding of the American system among our own citizens. Through better understanding of the meaning of free enterprise we can fashion our most powerful weapon against Communism."

To summarize: the spread of corporate ownership amongst an ever increasing number of our citizens should rebound to the financial benefit of our corporations; will aid the liquidity of our securities markets; will afford our citizens a fuller and more personal knowledge of the operations and interests of our corporations; will prove a bulwark of strength in the existing cold war against the Communist ideology, and, by fostering maximum employment, full production and increased purchasing power, will aid in the achievement of our publicly proclaimed goal of an annual $500 billion Gross National Product within the next 10 years.

Robinson Aviation Common Stk. Offered

Public offering of 100,000 shares of Robinson Aviation, Inc. common stock at a price of $6.50 per share was made yesterday (June 1) by Homer O'Connell & Co., Inc., of New York City. Of the 100,000 shares being offered, 40,000 shares are being sold on behalf of the company and 60,000 shares on behalf of certain stockholders.

Robinson Aviation, Inc. is engaged in the business of manufacturing and selling various types of vibration and shock control mounts and devices which it has designed and developed for use primarily in the electronic, aviation, transportation and industrial fields. The company has offices and other facilities at Teterboro Airport, N. J., and Santa Monica, Calif.

Of the net proceeds to be received by the company from the sale of the 40,000 shares of common stock, about $33,000 will be applied to the redemption and retirement of the 3,000 shares of its presently outstanding 5% cumulative preferred stock; approximately $50,000 will be used to meet the estimated cost of moving to a proposed new building at Teterboro Airport, Teterboro, N. J., and the balance of the proceeds will be added to the general funds of the company.

Upon completion of the current financing, outstanding capitalization of the company will consist of 316,000 shares of common stock.

News About Banks and Bankers

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

Dudley L. Barrow and Edwin R. Williams have been appointed Vice-Presidents of the **Chase Manhattan Bank, of New York** it was announced on May 26. Mr. Barrow, who is associated with the New York City branch administration department, has been a member of the bank's staff for 35 years. Since joining the staff in 1920 he has served in the foreign department and various city branches. Mr. Williams, who handles special loan situations, joined the bank upon graduation from the University of Pennsylvania in 1926. After training in domestic credits, he entered the foreign department and spent considerable time in the bank's London and Paris offices.

* * *

The Franklin National Bank of Franklin Square, Long Island, New York, increased its capital as of May 20 from $8,716,750 to $8,789,000 by a stock dividend of $72,250. In our May 26 issue, page 2414, mention was made of the completion of the consolidation of the **Nassau County Trust Company of Mineola (Long Island) N. Y.,** with the Franklin National Bank of Franklin Square under the name and charter of the latter effective at the close of business May 13.

* * *

Approval is announced by the New York State Banking Department of a certificate of increase of capital stock of the **Lewis County Trust Co. of Lowville, N. Y.** whereby the capital stock of the company is enlarged from $150,000, consisting of 3,000 shares par $50 each, to $200,000, in 4,000 shares, par $50 each.

* * *

As a result of a stock dividend of $428,000 declared by the stockholders, the capital of the **National Newark and Essex Banking Company of Newark, N. J.** was increased, effective May 9, from $5,350,000 to $5,778,000, on May 9 the stockholders of the bank at a special meeting approved a recommendation by the directors for the issuance of a stock dividend of 8%, to shareholders of record May 6. Action was also taken for the offering at $70 per share of 28,880 additional shares of capital stock to shareholders pro rata on the basis of one additional share for each 8 shares held as of May 19.

* * *

On May 23 the stockholders of the **National State Bank of Newark, N. J.** approved the proposals made by the directors of the bank on May 12 for an 8% stock dividend on the 125,000 outstanding shares of stock of the bank, payable to stockholders of record May 23, and at the same time approved the plans to increase the bank's capital funds by $4,000,000 by offering subscription rights to shareholders to purchase 45,000 new share at $91 a share in the ratio of one new share for each three shares held after receipt of the stock dividend. Details of the plans proposed appeared in our issue of May 19, page 2317.

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According to the "Philadelphia Inquirer" of May 27 the **Broad Street Trust Co. of Philadelphia** planned to take over the **Prospect Park State Bank of Prospect Park, Pa.,** at the close of business that day with the Prospect Park office becoming the 10th branch of Broad Street as of May 31. George W. McKeag, President of Prospect Park, has been elected a Director of Broad Street Trust and Dale S. Guthrie, Executive Vice-President, a Vice-President. The "Inquirer" added that the announcement stated that all employees of Prospect Park will be retained by Broad Street Trust.

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Effective May 9 the capital of the **First National Bank of Mansfield, Ohio,** was increased from $1,905,000 to $2,000,000 by the sale of new stock to the amount of $95,000.

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The Hoosier State Bank, of Hammond, Ind., opened its first branch on May 19, as a part of the opening of the $3 million Woodmar Shopping Center on the outskirts of Hammond, Ind. Chartered for business in October of 1944, the bank, headed by a group of Hammond citizens, opened for business the same month. Complete banking services will be offered by the Woodmar branch which will be staffed with experienced personnel from the downtown bank. The Hoosier State Bank has total resources of over $11,000,000, and a surplus of $585,000. John F. Wilhelm is President. Henry C. Fehlberg will be Woodmar Branch Manager. Formerly Mr. Fehlberg was Commercial Teller of the main bank.

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As of April 11 the **First National Bank in Columbia, Ill.,** increased its capital from $75,000 to $100,000 by the sale of $25,000 of new stock.

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As of April 19 the **First National Bank of Menasha, Wis.,** enlarged its capital to the extent of $50,000 by a stock dividend, the capital having thereby, been raised from $150,000 to $200,000.

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The First National Bank of Minneapolis, Minn., has increased its capital from $6,000,000 to $12,000,000; the major part of the increase resulted from a stock dividend of $5,220,000, while $780,000 of the increase came from the sale of new stock. The enlarged capital became effective May 18.

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The Stockmen's National Bank of Rushville, Neb., reported on April 13, a capital of $105,000, increased from $70,000 by a stock dividend of $35,000.

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The appointment of F. Phillips Giltner as a Vice-President of **City National Bank & Trust Company, of Kansas City, Mo.,** has been announced by R. Crosby Kemper, President of the bank. Mr. Giltner will join the City National staff in the near future. Mr. Giltner is the son of Frank P. Giltner, Executive Vice-President of the **First National Bank of Joplin, (Mo.).** The senior Mr. Giltner this year is marking his fiftieth year in banking.

In 1950 Mr. Giltner graduated from the University of Missouri Law School. After a year with a Hannibal (Mo.) law firm, he went to Kansas City where he became associated with the firm of Warrick & Lamkin, specializing in corporation and tax law. He is active in the Junior Chamber of Commerce, is President of the Naturalization Council and Secretary of the Lawyers Association of Kansas City, Junior Section.

* * *

Directors of **First National Bank in St. Louis** and the **United Bank and Trust Company** voted on May 17 to enter into an agreement of consolidation which would merge the two banks into a single institution under the name of **First National Bank in**

St. Louis. Under the consolidation agreement, which must be ratified at special meetings of the stockholders of both banks, United Bank shareholders will receive seven shares of First National stock for each share of United Bank stock. The merger would increase First National's capital stock from 700,000 shares to 770,000 shares with par value of $15,400,000. Total capital funds of First National after the merger would be $41,250,000 as compared to $40,289,700 on April 11, the date of the last official bank call. United Bank and Trust Company will continue to operate in its present quarters at Broadway and Washington Avenue until arrangements can be made for consolidation of the physical facilities of both banks after the merger has been ratified by the stockholders of both banks. As of April 11, 1955, United Bank and Trust Company had deposits totaling $60,691,000, loans and discounts of $29,167,000, cash resources of $18,870,000 and investments of $15,000,000, all in Government securities. First National's deposits on April 11, were $514,650,300; loans outstanding totaled $248,848,000, cash resources, $131,375,000, and investments totaled $170,444,000 of which $153,571,000 was in Government securities.

The United Bank was founded in 1872 as the **German-American Bank of St. Louis.** During World War I, it became the **United States Bank of St. Louis,** and adopted its present title in 1930. First National Bank in St. Louis was created in 1919 by a consolidation of the **Third National Bank, Mechanics-American National Bank** and the **St. Louis Union Bank.** First National's history had its actual beginnings in 1857 when the Mechanics Bank and the Southern Bank, forerunners of the Mechanics - American National Bank and the Third National Bank, were chartered. William A. McDonnell is President of the First National Bank and Jack Srenco is President of the United Bank and Trust Co.

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Effective May 16, **The St. Louis County National Bank of Clayton, Mo.,** increased its capital from $1,000,000 to $1,200,000 as a result of a $200,000 stock dividend.

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The issuance of a charter for the **American National Bank of Fort Lauderdale, Fla.** is announced by the Comptroller of the Currency, the newly designated bank representing a conversion to the National System of the **American Bank of Fort Lauderdale.** The change to the National System became effective May 19. Donald U. Bathrick is President of the bank and Alfred Schmacker is Cashier. The capital of the National Bank is $350,000 and the surplus $133,553.

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An addition of $1,000,000 has been made to the capital of the **First National Bank of Shreveport, La.,** by the sale of new stock of that amount, the capital having thereby been enlarged to $3,000,000 effective May 6, against $2,000,000 previously.

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A stock dividend of $1,000,000, and the sale of new stock to the amount of $1,500,000 has enabled the **First National Bank in Houston, Texas.** to bring its capital up to $10,000,000 from $7,500,000. The new capital became effective May 18.

* * *

Two major appointments were made by the directors of **Bank of America,** at **San Francisco,** at the board's regular monthly meeting on May 17 according to an announcement by President S. Clark Beise. Jesse W. Tapp, Vice-Chairman of the Board of Directors, was elected Chairman of the Board. He assumed the Chairmanship June 1, succeeding Fred A. Ferroggiaro, who observed his 65th birthday on May 12 and who automatically retires as Board Chairman and as an active officer of the bank at the end of the month. Mr. Beise also announced the elevation of Vice-President Lloyd Mazzera to the post of Executive Vice-President. In addition Mr. Mazzera is to take over the Chairmanship of the bank's General Finance Committee, heretofore held by Mr. Ferroggiaro. Mr. Tapp, it was learned, will continue to maintain his office in Los Angeles as Chief Administrative Officer for the bank in the Southern California area. Mr. Mazzera is located at the bank's San Francisco headquarters, where he is in charge of the institution's consumer leading operations. President Beise stated that Mr. Ferroggiaro would continue to be a member of the board of directors, and would also remain on some of the board's committees, including the General Executive Committee, the General Trust Committee and the East Bay District Committee. In addition he is being appointed to the board's Auditing and Examining Committee.

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To represent **Bank of America** in its contacts with California's agricultural economy, J. Earl Coke has accepted a position with the bank and has been appointed Vice-President at the SAN FRANCISCO headquarters, it is announced by President S. Clark Beise. Until recently Mr. Coke was director of the agricultural extension service of the University of California at Berkeley, a position he had held since 1949. Mr. Coke has also been appointed a member of the bank's General Finance Committee, Mr. Beise stated. Duties of the New Vice-President will include responsibility for relationships with farmers, ranchers and private and cooperative agencies engaged in the processing, handling and marketing of farm products. He will also act in cooperation with agricultural organizations, etc. During 1953 and 1954 while on leave from the university, Mr. Coke served as Assistant Secretary of Agriculture by appointment of President Eisenhower.

* * *

The First Western Bank and Trust Company of San Francisco has filed an application with the State Superintendent of Banks for permission to open an office in San Jose, Cal., it was announced on May 26 by T. P. Coats, Chairman of the bank's Board of Directors. This will be the First Western's first office in San Jose although it now has offices in the nearby communities of Mountain View and Los Altos. San Jose is the county seat and largest city in Santa Clara County. The First Western's application to open an office in San Jose brings to five the number of new office permits now pending. Additionally, the bank this year has obtained permission to open eight new offices in as many communities where opening plans are now in progress. It now is operating 57 offices in 42 communities throughout California.

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The First Western Park and Trust Company, of San Francisco, has filed an application with the State Superintendent of Banks for permission to open an office in the Tower District of Fresno, Cal., it was announced on May 20 by T. P. Coats, Chairman of the bank's board of directors. This will be the First Western's second office in Fresno. The Tower District of the city is northwest of the central business district. Approval of the State Superintendent of Banks for First Western's first office in Fresno was received earlier in May. Federal Deposit Insurance Corporation approval is pending.

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The Bank of Montreal head office **Montreal** has announced to its stockholders that effective June 17 it will issue negotiable stock certificates with full interchangeability between all transfer offices, both nationally and internationally. With these arrangements, said Gordon R. Ball, President, the Bank of Montreal becomes the first Canadian bank to adopt stock transfer methods in line with the procedures of most business corporations. Under the old system, the bank notes, it was required that Bank of Montreal shareholders transfer their shares only on the books of the bank maintained at the share-registry office where the shares were entered.

Discuss Role of a Flexible Credit Policy

Dean G. Rowland Collins and Dr. Marcus Nadler, in bulletin of the Institute of International Finance of New York University, point out, if current mild credit controls are ineffective in curbing over-optimism in various segments of the economy, more stringent measures may be adopted.

According to a bulletin entitled "The Role of a Flexible Credit Policy," issued by Dean G. Rowland Collins, director, and

Marcus Nadler   G. Rowland Collins

Dr. Marcus Nadler, research director of the Institute of International Finance of New York University, the writers state, if the mild credit control and debt management measures so far employed by the monetary authorities should prove to be ineffective in curbing the building boom and the over-optimism evidenced in other segments of the economy, the Federal Reserve and the Treasury may be compelled to resort to somewhat more stringent means.

As long as the economy is in general equilibrium however, and no inflationary forces are in operation, no drastic steps are to be envisaged, the bulletin points out. The measures to be taken might consist primarily of open-market sales designed to further reduce moderately the credit expansion power of the banking system and to force the member banks to do more discounting at the Reserve banks. A further increase in the discount rate might also be expected, not so much for the purpose of increasing the cost of money as to give notice to the economy that the policy of neutrality was being supplanted by one of mild restraint. In support of such a policy the Treasury might further endeavor to drain off long-term funds which otherwise might gravitate toward mortgages.

In reviewing the steps taken by the monetary authorities during the current period of economic recovery, the NYU study states:

Toward the end of 1954, as signs of business improvement became visible, the credit policies of the Reserve authorities began to undergo a change in emphasis. The Reserve banks ceased to be aggressive buyers of Treasury bills and permitted excess reserve balances to decrease. Money rates began to firm. The upward trend in short-term rates was reflected primarily in the increase in the commercial paper rate and in the Treasury bill rate. It was accompanied by a steady decline in prices of long-term government obligations as long-term rates also increased.

The change in emphasis by the monetary authorities was warranted. So long as the business trend is downward and unemployment is relatively large, it is desirable to supply additional reserves to the banks, which would induce them to increase loans and investments. Once the economy shows a definite upward trend, however, a policy of "active ease" is no longer warranted.

In the early part of 1955, when some segments of the economy, notably housing construction, consumer credit, and the stock market, exhibited over-optimism, the credit screw was tightened somewhat and the debt management policy underwent a change. Federal Reserve holdings of government securities dropped by more than $1.3 billion between Dec. 29, 1954, and April 20, 1955. In April the Federal Reserve Banks raised the discount rate from 1½ to 1¾%. The change in debt management policy was evidenced by the fact that the Treasury on Feb. 1, 1955, offered a 3% 40-year bond, the longest term issue since 1911.

Current economic conditions do not call for drastic credit control measures, the Institute study points out. While business activity has improved considerably since the middle of 1954, the economy is still operating below capacity and unemployment is still substantial. There appear to be no inflationary pressures operating in the economy at the present time, since prices have shown virtually no change during the past year. Furthermore, although there was a sizable demand for bank credit during the first quarter of 1955, the total volume of business loans of reporting member banks in 94 cities on March 30 was still $56 million lower than a year before, when inventories were being liquidated.

Nevertheless, the bulletin states, a certain degree of over-optimism has developed in several sectors. These include particularly the automobile industry, home construction, consumer credit, and the equity market. The developments in these fields have probably contributed more to the changed emphasis in credit and debt management policies than the general level of business activity.

It appears fairly certain that the present rate of automobile output cannot be maintained and that later in the year a decline will take place which is likely to affect the entire economy. If housing starts should continue for a number of months at the rate that prevailed toward the end of 1954 and the first few months of 1955, there may also be a material decline in home construction later in the year. The amount of credit going into the stock market has shown considerable increase during the past year and a half, and this development may be expected to have an impact on the policies of the Reserve authorities. Finally, if the expansion in consumer credit should come to a halt during the next few months, the reversal in trend would have an adverse effect on business in general. This would be particularly true if this happened at a time when the other excesses in the economy were also terminating.

These problems in turn, raise two questions: (1) whether the excesses in the above-mentioned fields can be curbed through quantitative credit control, and (2) whether over-all quantitative credit control may not hamper business recovery and have a harmful effect on the general economy. The Reserve authorities are on the horns of a dilemma. If they do not endeavor to check the over-optimism in building and other segments of the economy, the reaction, after these booms run their course and the decline sets in, is bound to be more severe, with adverse effects on the entire economy. On the other hand, if the credit controls go too far they could have unfavorable effects on business in general, cause a rise in unemployment, and subject the Reserve authorities to severe criticism.

The course of action that can be taken by the monetary authorities seems to be clear. If the measures so far taken yield the desired results and the excesses in home building, the equity market, automobiles, and consumer credit disappear, no further measures are necessary. The policy should continue to be one of flexible neutrality, varying from day to day as the occasion requires. If, on the other hand, this exuberance does not subside, the Reserve authorities not only will be forced to further reduce the supply of bank credit but also to raise the discount rate as notice to the country that the credit policy has undergone a definite change. Under such circumstances it may also be expected that the Treasury will offer long-term bonds to siphon off funds from the building boom. Finally, it should be emphasized that the task of the monetary authorities would be much easier if they still had qualitative credit control powers at their disposal. With authority to regulate real estate and consumer credit in the hands of the Federal Reserve Board, quantitative credit control either would not be needed or it could be much milder than the measures that may be found necessary.

Nashville Sec. Dealers To Hold Outing

NASHVILLE, Tenn.—The Security Dealers of Nashville will hold their annual outing June 30th-July 1st at the Hillwood Country Club and Bell Meade Country Club.

Joins Shearson, Hammill

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Jeanne J. Nichols has joined the staff of Shearson, Hammill & Co., 520 South Grand Avenue. Miss Nichols was formerly with Dempsey-Tegeler & Co.

With Wagenseller Durst

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Harris W. Adams is now connected with Wagenseller & Durst, Inc., 626 South Spring Street, members of the Los Angeles Stock Exchange.

E. H. H. Simmons

E. Henry H. Simmons, member of the New York Stock Exchange for more than 50 years, and a former President of the Exchange, passed away May 22 at the age of 78 following a long illness.

Fred N. Berry

Fred N. Berry, limited partner in Walston & Co., passed away on May 23.

Continued from page 4

The State of Trade and Industry

truck production was scheduled below the 200,000-unit mark for the first time in seven weeks as most manufacturers were curtailing Saturday operations for the Memorial Day week-end.

"Ward's Automotive Reports" estimated the week's production at 198,373 cars and trucks, about 5% under the previous week's yield, but only 9% below the all-time peak of 216,629 cars and trucks built in the week ended April 30, 1955.

The May 23-28 output was highlighted by completion of the 500,000th truck and the 4,000,000th vehicle of the year on Wednesday of last week.

On Friday last, another milestone was reached—the 3,567,011th car of 1955 was assembled, placing output since Jan. 1 above the record first half of 1950 of 3,567,010 cars.

The past week's output found the Ford division as the sole car maker resorting to Saturday work at its assembly plants; 14 were slated to operate. The only other known unit working six days last week was a B-O-P factory at Atlanta, Ga.

The cumulative totals for the year indicate that by the end of last week an estimated 3,577,255 cars will have been built, or 46% more than in the like period of 1954. Truck erecting is pegged at 516,473 units, or 10% above a year ago.

"Ward's" estimated that May production would total an estimated 722,000 cars and 129,000 trucks in the United States, while Canadian construction reaches a record near 56,900 cars and trucks—including a peak of 45,320 cars. Previous all-time highs were 53,993 cars and trucks in April and 43,824 cars in March of this year.

A week ago Canadian car and truck production dipped almost 20% due to Victoria Day observances. However, cumulative totals for 1955 passed the volume of a year ago for the first time.

Steel Output Scheduled at 96.7% of Capacity

Steel production set another weekly tonnage record at 2,340,880 net tons of ingots and castings in the week ended May 29, at 97% of capacity, reports "Steel," the weekly magazine of metalworking. The previous record was the 2,328,800 tons made in each of the preceding three weeks.

These high rates are making it look like May will be the all time record month for ingot output. "Steel" estimates that May production will be 10,300,000 net tons. In chalking up the record of 10,168,098 tons in March, 1953, the industry ran at 101.8% of capacity. Continued increase in capacity makes it possible to set a new mark while operating at around 96.5% of capacity.

The high rate of production and shipment of steel is stimulating buyers to continue ordering. Some orders are not based on needs, for all needs are not known yet. Buyers, influenced by what's going on today, are simply trying to make sure they will have a place on order books if steel demand continues strong, states this trade journal.

The chances for the steel production rate to hold to its record-breaking level though not the only one, is the automobile industry. It has been taking 25% of the finished steel output this year. The auto industry's projections for the third quarter output are 20% under second quarter projections. Model changeovers in the auto industry will start in June. In July and August, the plants of seven makes will be down for changeovers. Three others, and maybe more, will change over in September. The remainder will make the switch in October or later, continues this trade magazine.

If automotive demand for steel declines in line with projected assemblies, the 20% reduction would lower the third quarter national ingot rate 6 points under the second quarter's. If June is a 10,000,000 ton month, the second quarter rate will be 95%, "Steel" notes.

The railroads offer no prospect of taking up any slack that might develop, since backlogs of orders for railroad freight cars remain small. On May 1, 17,930 cars were on order compared with 17,974 on April 1, this trade weekly reports.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 96.7% of capacity for the week beginning May 30, 1955, equivalent to 2,334,000 tons of ingots and steel for castings as compared with 96.4% (revised) and 2,326,000 tons a week ago.

The industry's ingot production rate for the weeks in 1955 is based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

For the like week a month ago the rate was 96.6% and production 2,331,000 tons. A year ago the actual weekly production was placed at 1,674,000 tons or 70.2%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Electric Output Showed Further Progress the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, May 28, 1955, was estimated at 9,976,000,000 kwh., according to the Edison Electric Institute.

This week's output increased 246,000,000 kwh. above that of the previous week, when the actual output stood at 9,730,000,000 kwh.; it increased 1,543,000,000 kwh., or 18.3% above the comparable 1954 week and 2,020,000,000 kwh. over the like week in 1953.

Car Loadings Rise 2.3% Above the Level of The Preceding Week

Loadings of revenue freight for the week ended May 21, 1955, increased 17,086 cars, or 2.3% above the preceding week, according to the Association of American Railroads.

Loadings for the week ended May 21, 1955, totaled 774,419 cars, an increase of 92,452 cars, or 13.6% above the corresponding 1954 week, and an increase of 4,801 cars, or 0.6% above the corresponding week in 1953.

U. S. Automotive Output Declined 5% In Latest Week Due to Memorial Day Holiday

The automobile industry for the latest week, ended May 28, 1955, according to "Ward's Automotive Reports," assembled an estimated 167,743 cars, compared with 176,441 (revised) in the previous week. The past week's production total of cars and trucks amounted to 198,373 units, or a decline of 5% below the preceding week's output of 208,087 units. It was only 9% below the all-time peak of 216,629 cars and trucks built in the week ending April 30, 1955, states "Ward's."

Last week's car output declined below that of the previous week by 8,698 cars, and truck output by 1,016 vehicles during the week. In the corresponding week last year 119,004 cars and 22,162 trucks were assembled.

Last week the agency reported there were 30,630 trucks made in the United States. This compared with 31,646 in the previous week and 22,162 a year ago.

Canadian output last week was placed at 8,724 cars and 2,302 trucks. In the previous week Dominion plants built 11,058 cars and 2,791 trucks, and for the comparable 1954 week 6,418 cars and 1,149 trucks.

Business Failures Registered Declines for Third Consecutive Week

Commercial and industrial failures declined to 204 in the week ended May 26 from 226 in the preceding week, Dun & Bradstreet, Inc. reports. Continuing downward for the third consecutive week, casualties dipped slightly below a year ago when 206 occurred, but they remained considerably above the 1953 toll of 168. Mortality was off one-third from the prewar level of 303 in the similar week of 1939.

There were 171 failures with liabilities of $5,000 or more, compared with 189 last week and 168 a year ago. Small casualties with liabilities under $5,000, dipped to 33 from 37 in the previous week and 38 in 1954. Fourteen of the businesses failing had liabilities in excess of $100,000, the same number as last week.

Wholesale Food Price Index Showed an Easier Trend Last Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., registered a further moderate drop the past week. The index for May 24 fell to $6.34, from $6.37 a week earlier, and marked a new low since April 7, 1953, when its stood at $6.32. It compared with $7.46 at this time a year ago, or a decrease of 15.0%.

Advances in wholesale cost last week included flour, rye, oats, sugar, cottonseed oil and hogs. On the down side were wheat, barley, lard, cheese, coffee, cocoa, eggs and steers.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Continues Downward Trend In Latest Week

Commodity price movements the past week were irregular with the general trend slightly downward. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., closed at 271.74 on May 24, as compared with 272.83 a week previous and 274.95 on the corresponding date last year.

A sharp rise in oats prices featured trading in leading grain markets last week. Buying was spurred by reports that considerable deterioration of the oats crop had already taken place in the northwestern and northern section of the Midwest due to the lack of rain.

Other grains fluctuated in a narrow range with wheat trending lower, influenced by the receipt of ample moisture in the previously dry southwestern Winter wheat belt. The growth of Spring wheat in the Northwest, however, has been hampered by scanty rainfall and cool weather. Corn showed comparative steadiness. Planting of the yellow cereal was progressing with soil conditions excellent and generally ample moisture to give the crop a good start. Trading on the Chicago Board of Trade increased moderately with daily purchases of grain and soybean futures averaging about 44,300,000 bushels against 39,800,000 the previous week and 54,100,000 a year ago.

Green coffee prices were steady at a slightly lower level than the week preceding.

All major distributors and roasters announced over the week-end a downward adjustment in prices averaging about four cents a pound, bringing current prices for roasted coffee at retail to the lowest in five year.

Cocoa prices moved in a narrow range in rather slow trading. The dullness was attributed to continued slow manufacturer demand for spot cocoa and continued uncertainty over Brazilian selling policy for the next crop. Warehouse stocks of cocoa dipped to 170,237 bags from 175,324 a week earlier and compared with 108,792 a year ago. Trading in raw sugar was more active with prices firmer, aided by a seasonal improvement in the demand for the refined product. Hog prices advanced largely due to a broad demand on shipping account and declining receipts. Prices for steers declined sharply.

Cotton prices were irregular and closed slightly below a week ago. Demand was less active, reflecting diminishing prospects of any material tightness in the supply of "free" cotton during the latter part of the season.

Tending to lend support to the market were the possibility of a much reduced crop this year due to the smaller acreage and a firmer Liverpool market.

Reported sales of cotton in the 14 markets declined sharply to 88,400 bales from 137,300 a week earlier. Consumption of cotton during the four-week April period, according to the Census Bureau, averaged 35,402 bales for each working day compared with 35,716 in March and 33,518 in April of last year.

Trade Volume Perked Up In Latest Week and Was Well Above a Year Ago

The volume of retail sales in the period ended on Wednesday of last week rose slightly above that of the previous week and, as in recent months, was well above a year ago.

Greater-than-seasonal gains occurred in many lines, as high levels of employment and consumer income continued. Gradually tightening credit terms in some sections did not hamper the booming retail activity.

The total dollar volume of retail trade in the week ranged from 4 to 8% above year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the year-ago levels by the following percentages: East and Pacific Coast +2 to +6; New England +3 to +7; South +4 to +8; Southwest +5 to +9; Midwest +6 to +10, and Northwest +8 to +12.

Although somewhat below expectations, sales of Summer apparel were greater than the prior week. Women's sportswear, accessories and formal clothing were in noticeable improved demand, and moderate-priced cotton dresses were frequently purchased. Sales of children's clothes were much higher than a year ago. Men's sport coats, shirts, slacks and suits of wool and blended fabrics were more popular than the preceding week.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended May 21, 1955, advanced 8% from the like period of last year. In the preceding week May 14, 1955, a rise of 11% was registered from that of the similar period of 1954, while for the four weeks ended May 21, 1955, an increase of 9% was recorded. For the period Jan. 1, 1955 to May 21, 1955, a gain of 7% was registered above that of 1954.

Retail trade volume in New York City the past week registered a substantial increase in sales as a result of clear warm weather and a continued strong demand for apparel. Gains the past week, according to trade observers, ran from 5 to 6% ahead of last year.

According to the Federal Reserve Board's index department store sales in New York City for the weekly period ended May 21, 1955, advanced 2% above that of the like period of last year. In the preceding week May 14, 1955, an increase of 2% was recorded. For the four weeks ended May 21, 1955, an increase of 2% occurred. For the period Jan. 1, 1955, to May 21, 1955, the index recorded a rise of 1% from that of the corresponding period of 1954.

Shields Group Offers Stock of Brewery Firm

The first public offering of common stock of International Breweries, Inc., was made yesterday (June 1) with the marketing of 500,000 shares at $9.50 per share by an underwriting group headed by Shields & Co.

Proceeds from the present sale of stock together with institutional loans will be used to acquire the property and assets of Frankenmuth Brewing Co., Michigan, and Iroquois Beverage Corp., Buffalo, N. Y. Frankenmuth is the fourth largest brewing company in Michigan and Iroquois ranks among the first seven in New York State. Combined sales ofthe two companies for the year 1954 were in excess of $12,000,000.

Upon completion of the financing, International Breweries will have outstanding 560,000 shares of $1 par common; $250,000 notes under a revolving credit and $2,000,000 in long-term notes.

Tsolainos Partner

Theodore Tsolainos & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, on June 1 will admit Catina Coumarianos to limited partnership.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	June 5	§96.7	*96.4	96.6	70.2
Equivalent to—					
Steel ingots and castings (net tons)	June 5	§2,334,000	*2,326,000	2,331,000	1,674,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 20	6,676,350	6,681,050	6,831,000	6,434,850
Crude runs to stills—daily average (bbls.)	May 20	¶7,329,000	7,061,000	7,099,000	6,969,000
Gasoline output (bbls.)	May 20	24,552,000	24,416,000	23,974,000	23,353,000
Kerosene output (bbls.)	May 20	2,165,000	2,070,000	2,250,000	2,030,000
Distillate fuel oil output (bbls.)	May 20	10,557,000	10,040,000	10,382,000	9,153,000
Residual fuel oil output (bbls.)	May 20	8,084,000	7,470,000	8,005,000	8,261,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	May 20	170,677,000	*171,034,000	179,741,000	174,522,000
Kerosene (bbls.) at	May 20	24,144,000	22,951,000	20,429,000	22,263,000
Distillate fuel oil (bbls.) at	May 20	76,109,000	72,710,000	65,678,000	68,329,000
Residual fuel oil (bbls.) at	May 20	43,386,000	44,161,000	44,619,000	45,766,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	May 21	774,419	757,333	705,848	681,967
Revenue freight received from connections (no. of cars)	May 21	669,287	651,343	618,396	599,311
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	May 26	$402,699,000	$475,705,000	$458,531,000	$288,482,000
Private construction	May 26	289,598,000	324,471,000	308,490,000	152,246,000
Public construction	May 26	113,101,000	151,234,000	150,041,000	136,236,000
State and municipal	May 26	83,802,000	117,460,000	124,484,000	116,583,000
Federal	May 26	29,299,000	33,774,000	25,557,000	19,653,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	May 21	9,250,000	*8,865,000	8,575,000	7,202,000
Pennsylvania anthracite (tons)	May 21	489,000	395,000	387,000	457,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	May 21	115	108	112	106
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	May 28	9,976,000	9,730,000	9,699,000	8,433,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	May 26	204	226	204	206
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 24	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	May 24	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	May 24	$34.00	*$34.33	$35.67	$28.25
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	May 25	35.700c	35.700c	35.700c	29.700c
Export refinery at	May 25	35.825c	35.800c	37.075c	29.675c
Straits tin (New York) at	May 25	91.750c	91.375c	91.500c	94.000c
Lead (New York) at	May 25	15.000c	15.000c	15.000c	14.000c
Lead (St. Louis) at	May 25	14.800c	14.800c	14.800c	13.800c
Zinc (East St. Louis) at	May 25	12.000c	12.000c	12.000c	10.250c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	May 31	96.74	96.65	96.28	99.15
Average corporate	May 31	108.88	108.88	109.24	110.15
Aaa	May 31	112.37	112.19	112.93	114.85
Aa	May 31	110.34	110.34	110.52	112.00
A	May 31	108.88	108.88	109.60	109.97
Baa	May 31	104.14	104.14	104.31	104.31
Railroad Group	May 31	107.27	107.27	107.44	108.88
Public Utilities Group	May 31	109.42	109.42	109.97	110.34
Industrials Group	May 31	109.97	109.97	110.34	111.25
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	May 31	2.74	2.75	2.77	2.56
Average corporate	May 31	3.23	3.23	3.21	3.16
Aaa	May 31	3.04	3.05	3.01	2.91
Aa	May 31	3.15	3.15	3.14	3.06
A	May 31	3.23	3.23	3.19	3.17
Baa	May 31	3.50	3.50	3.49	3.49
Railroad Group	May 31	3.32	3.32	3.31	3.23
Public Utilities Group	May 31	3.20	3.20	3.17	3.15
Industrials Group	May 31	3.17	3.17	3.15	3.10
MOODY'S COMMODITY INDEX	May 31	397.4	399.1	398.5	435.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	May 21	236,922	243,958	235,321	215,487
Production (tons)	May 21	279,415	274,269	263,794	249,190
Percentage of activity	May 21	97	97	95	91
Unfilled orders (tons) at end of period	May 21	578,264	578,264	483,631	371,568
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	May 27	106.74	106.73	106.91	107.06
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	May 7	1,198,335	1,246,390	919,857	1,038,600
Dollar value	May 7	$61,643,937	$66,416,081	$47,931,382	$47,744,336
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 7	1,005,245	1,122,658	872,921	1,008,020
Customers' short sales	May 7	7,046	7,697	3,505	8,614
Customers' other sales	May 7	998,199	1,114,961	869,416	999,406
Dollar value	May 7	$50,704,445	$56,990,244	$43,803,793	$45,373,149
Round-lot sales by dealers—					
Number of shares—Total sales	May 7	245,430	303,440	238,190	308,420
Short sales	May 7	------	------	------	------
Other sales	May 7	245,430	303,440	238,190	308,420
Round-lot purchases by dealers—					
Number of shares	May 7	447,300	432,380	294,180	343,340
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	May 7	508,460	533,740	318,220	375,930
Other sales	May 7	11,845,600	12,830,950	9,547,130	9,996,970
Total sales	May 7	12,354,060	13,364,690	9,865,350	10,372,900
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	May 7	1,515,570	1,750,490	1,160,660	1,090,160
Short sales	May 7	271,420	302,850	189,890	220,070
Other sales	May 7	1,327,750	1,432,410	972,080	889,270
Total sales	May 7	1,599,170	1,735,260	1,161,970	1,109,340
Other transactions initiated on the floor—					
Total purchases	May 7	263,730	322,540	206,290	279,290
Short sales	May 7	36,300	24,400	6,400	19,800
Other sales	May 7	302,890	315,620	201,370	282,530
Total sales	May 7	339,190	340,020	207,770	302,330
Other transactions initiated off the floor—					
Total purchases	May 7	505,656	639,229	385,880	364,215
Short sales	May 7	103,100	106,330	60,270	28,010
Other sales	May 7	547,096	658,033	445,394	361,250
Total sales	May 7	650,196	764,363	505,664	389,260
Total round-lot transactions for account of members—					
Total purchases	May 7	2,284,956	2,712,259	1,752,830	1,733,665
Short sales	May 7	410,820	433,580	256,560	267,880
Other sales	May 7	2,177,736	2,406,063	1,618,844	1,533,050
Total sales	May 7	2,588,556	2,839,643	1,875,404	1,800,930
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	May 24	110.3	110.3	110.4	111.0
Farm products	May 24	91.8	91.7	92.8	99.8
Processed foods	May 24	103.2	*103.0	102.8	107.0
Meats	May 24	84.4	84.1	84.1	99.9
All commodities other than farm and foods	May 24	115.7	115.7	115.8	114.3

*Revised figure. ¶Includes 752,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 tons.
†Number of orders not reported since introduction of Monthly Investment Plan.

	Latest Month	Previous Month	Year Ago
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR — Month of April (in millions):			
Total new construction	$3,225	$2,934	$2,613
Private construction	2,339	2,173	1,927
Residential building (nonfarm)	1,294	1,167	980
New dwelling units	1,175	1,070	860
Additions and alterations	96	76	96
Nonhousekeeping	23	21	24
Nonresidential building (nonfarm)	564	559	464
Industrial	185	186	169
Commercial	213	208	151
Warehouses, office and loft buildings	84	82	69
Stores, restaurants and garages	129	126	82
Other nonresidential building	166	165	144
Religious	54	53	40
Educational	40	41	39
Social and recreational	17	17	16
Hospital and institutional	29	28	27
Miscellaneous	26	26	22
Farm construction	117	105	127
Public utilities	350	328	348
Railroad	29	27	33
Telephone and telegraph	52	52	50
Other public utilities	269	249	265
All other private	14	14	8
Public construction	886	761	886
Residential building	21	21	34
Nonresidential building	363	340	377
Industrial	86	79	138
Educational	195	185	165
Hospital and institutional	25	25	30
Other nonresidential building	57	51	44
Military facilities	87	83	79
Highways	245	165	230
Sewer and water	88	82	78
Miscellaneous public service enterprises	15	12	15
Conservation and development	52	46	60
All other public	15	12	13
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of March (millions of dollars):			
Manufacturing	$43,300	*$43,200	*$45,000
Wholesale	11,600	11,700	11,800
Retail	22,500	22,400	22,600
Total	$77,500	*$77,300	*$79,300
COTTON AND LINTERS — DEPT. OF COMMERCE—RUNNING BALES:			
Consumed month of April	696,354	892,892	659,300
In consuming establishments as of April 30	1,812,825	1,868,696	1,729,370
In public storage as of April 30	11,189,378	11,869,842	9,749,420
Linters—Consumer month of April	134,964	136,733	105,101
Stocks April 30	1,769,646	1,832,855	1,586,868
Cotton spindles active as of April 30	19,160,000	19,365,000	19,450,000
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-49 Average=100—Month of April:			
Sales (average monthly), unadjusted	99	97	*101
Sales (average daily), unadjusted	97	91	*99
Sales (average daily), seasonally adjusted	101	103	*100
Stocks, unadjusted	117	114	*117
Stocks, seasonally adjusted	111	110	*112
EMPLOYMENT AND PAYROLLS — U. S. DEPT. OF LABOR—REVISED SERIES—Month of April:			
All manufacturing (production workers)	12,812,000	12,787,000	12,548,000
Durable goods	7,462,000	7,383,000	7,266,000
Nondurable goods	5,350,000	5,404,000	5,282,000
Employment Indexes (1947-49 Avge.=100)—			
All manufacturing	104.5	103.6	102.4
Payroll Indexes (1947-49 Average=100)—			
All manufacturing	146.3	147.0	134.5
Estimated number of employees in manufacturing industries—			
All manufacturing	16,242,000	16,201,000	15,948,000
Durable goods	9,410,000	9,322,000	9,207,000
Nondurable goods	6,832,000	6,879,000	6,741,000
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of March (000's omitted):			
Ordinary	$2,747,000	$2,169,000	$2,329,000
Industrial	573,000	529,000	*602,000
Group	457,000	616,000	492,000
Total	$3,777,000	$3,314,000	$3,423,000
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES—Month of March (millions of dollars):			
Inventories—			
Durables	$24,000	*$24,000	*$25,600
Nondurables	19,300	19,200	19,400
Total	$43,300	*$43,200	*$45,000
Sales	26,000	*24,000	*23,600
MONEY IN CIRCULATION—TREASURY DEPT. As of March 31 (000's omitted)	*$29,800,000	$29,817,000	$29,707,000
NEW YORK STOCK EXCHANGE—As of Apr. 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$2,752,305	$2,700,929	$1,786,241
Credit extended to customers	48,414	48,556	38,259
Cash on hand and in banks in U. S.	336,842	335,933	312,022
Total of customers' free credit balances	973,129	1,022,005	819,174
Market value of listed shares	181,385,690	175,806,386	134,586,165
Market value of listed bonds	104,344,023	104,348,807	108,356,342
Member borrowings on U. S. Govt. issues	91,814	87,677	106,481
Member borrowings on other collateral	2,131,122	2,017,179	1,130,652
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-14=100—As of April 15:			
Unadusted—			
All farm products	247	244	256
Crops	252	245	239
Food grain	236	239	238
Feed grain and hay	197	198	208
Tobacco	437	437	443
Cotton	270	269	263
Fruit	222	205	212
Truck crops	264	274	246
Oil-bearing crops	261	264	275
Livestock and products	242	243	271
Meat animals	269	260	316
Dairy products	240	249	257
Poultry eggs	185	199	188
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of March (000's omitted):			
Exports	*$1,341,000	$1,220,500	$1,125,200
Imports	*1,005,000	843,518	877,842

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Airport Limosine Service of Broward County, Inc.
April 25 (letter of notification) 300,000 shares of class A common stock. **Price**—At par ($1 per share). **Proceeds**—For equipment, expansion of terminal facilities and related expenses. **Office**—716 N. Federal Highway, Fort Lauderdale, Fla. **Underwriter**—None.

● **All State Uranium Corp., Moab, Utah (6/15)**
April 19 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—For mining operations. **Underwriter**—General Investing Corp., New York.

★ **All States Uranium Corp., Las Vegas, Nev.**
May 19 (letter of notification) 14,950,000 shares of capital stock (par one cent). **Price**—Two cents per share. **Proceeds**—For mining activities. **Office**—425 Fremont St., Las Vegas, Nev. **Underwriter**—Charles Sherwin, 600 Fremont St., Las Vegas, Nev.

Allied Industrial Development Corp., Dover, Del.
April 7 (letter of notification) 300,000 shares of class A stock. **Price**—At par ($1 per share). **Proceeds**—For oil and gas activities. **Underwriter** — Paul C. Ferguson & Co., Houston, Tex.

Ambassador Hotel of New York, Inc.
May 19 filed 163,898 shares of common stock (par $1) to be offered for subscription by stockholders of record May 17, 1955, on basis of one new share for each share held. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriter**—None.

American Asbestos Co., Ltd.
Feb. 17 (Regulation "D") 600,000 shares of common stock (par $1). **Price** — 50 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Maine Investment Co., Ltd.

★ **American Children's Theatre, Inc. (N. Y. City)**
May 26 (letter of notification) 5,000 shares of 6% cumulative preferred stock (par $10) and 100 shares of common stock (no par) to be offered in units of 50 shares of preferred stock and one share of common stock. **Price**—$500 per unit. **Proceeds**—For working capital. **Underwriter**—None.

★ **American Cyanamid Co.**
May 27 filed 21,910 shares of 3½% cumulative preferred stock (par $100—convertible after June 30, 1956), to be offered for subscription by a limited number of key employees of company and its subsidiary and affiliated companies. **Price**—To be supplied by amendment. **Proceeds**—For working capital and other general corporate purposes. **Underwriter**—None.

American Machine & Foundry Co. (6/8)
May 19 filed 237,641 shares of common stock (par $7) to be offered for subscription by common stockholders of record June 7, 1955 on the basis of one new share for each 10 shares held; rights to expire on June 22, 1955. **Price**—To be supplied by amendment. **Proceeds** — For expansion and working capital. **Underwriter** — Union Securities Corp., New York.

★ **American Progressive Health Insurance Co. of New York**
May 26 (letter of notification) 25,000 shares of common stock (par $2). **Price** — $12 per share. **Proceeds** — For working capital. **Office**—92 Liberty St., New York 6, N. Y. **Underwriter**—None.

● **American Rare Metals Corp., N. Y. (6/6)**
May 11 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To repay debt and for general corporate purposes. **Underwriter**—Equity Securities Co., 11 Broadway, New York, N. Y.

Aquafilter Corp.
May 13 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price** — $2 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—270 Park Ave., New York, N. Y. **Underwriter**—Vickers Brothers, New York.

Arizona Amortibanc, Phoenix, Ariz.
April 4 (letter of notification) 300,000 shares of common stock, class A. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—807 West Washington St., Phoenix, Ariz. **Underwriter**—First National Life Insurance Co. of Phoenix, same address.

● **Arizona Bancorporation, Phoenix, Ariz.**
April 29 filed 100,000 shares of common stock (par $10) being offered for subscription by stockholders of record May 20 on basis of one share for each three shares held; rights to expire on June 15. **Price**—$15 per share. **Proceeds**—For working capital and future general corporate purposes. **Underwriter** — None.

★ **Arrow Graphic Corp., New York**
May 26 (letter of notification) 48,000 shares of 8% cumulative and participating preferred stock. **Price**—At par ($1 per share). **Proceeds**—For equipment and working capital. **Underwriter**—None.

● **Artesian Water Co., Newport, Del.**
April 26 (letter of notification) 5,446 shares of class A common stock (no par) being offered first to common and class A common stockholders of record May 28 on a 1-for-3 basis; rights to expire on June 13. **Price**—$20 per share to stockholders; and $22 to public. **Proceeds**—For additions and improvements. **Underwriter**—Laird, Bissell & Meeds, Wilmington, Del.

Artloom Carpet Co., Inc., Philadelphia, Pa. (6/7)
May 11 filed 98,195 shares of common stock (no par) to be offered for subscription by stockholders of record June 6, 1955, on the basis of one new share for each four shares held; rights to expire on June 27. Additional subscription privilege for unsubscribed shares, by stockholders and employees. **Price**—$5 per share. **Proceeds**—To reduce bank loans. **Underwriter**—Auchincloss, Parker & Redpath, Washington, D. C.

Atlantic Oil Corp., Tulsa, Okla.
April 22 (letter of notification) 40,000 shares of common stock (par $5) to be offered for subscription by stockholders on basis of one new share for each 10 shares held. **Price**—$7.50 per share. **Proceeds**—For development of properties and expansion. **Office** — Kennedy Bldg., Tulsa, Okla. **Underwriter**—None.

Automatic Remote Systems, Inc.
March 3 filed 540,000 shares of common stock (par 50 cents). **Price**—$3.75 per share. **Proceeds**—For manufacture of Teleac Sending and Receiving Units, working capital and general corporate purposes. **Office**—Baltimore, Md. **Underwriter**—Mitchell Securities, Inc., same city.

● **Baltimore Gas & Electric Co. (6/8)**
May 19 filed 645,856 shares of common stock (no par), of which 575,856 shares are to be offered for subscription by common stockholders of record on or about June 7 on basis of one new share for each 10 shares held; rights to expire on June 22; the remaining 70,000 shares to be offered to employees (excluding officers) up to and including July 6, 1955. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction expenditures. **Underwriter** — The First Boston Corp., New York.

★ **Belock Instrument Co.**
May 31 filed 200,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — College Point, L. I., N. Y. **Underwriter**—Carl M. Loeb, Rhoades & Co., New York.

★ **Bogue Electric Mfg. Co. (6/13-17)**
May 25 filed $2,000,000 of 5% convertible subordinated debentures due June 1, 1970 and 335,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To build and equip plant for Canadian subsidiary; and for working capital. **Business**—Manufactures electrical rotating equipment. **Underwriter**—Blair & Co. Incorporated, New York.

★ **Bonham Industrial Foundation, Inc., Bonham, Texas**
May 12 (letter of notification) preorganization subscription certificates for 6,587 shares of capital stock (par $5) under offer of rescission to be made to those persons who have in fact already contributed. **Proceeds** — For construction of building. **Underwriter**—None.

Bonnyville Oil & Refining Corp., Montreal, Can.
April 29 filed $2,000,000 5% convertible notes due July 1, 1975 to be offered for subscription by common stockholders at rate of $100 of notes for each 100 shares of stock held. **Price**—95% of principal amount to stockholders and 100% to public. **Proceeds**—For development costs and general corporate purposes. **Underwriter**—None.

Bountiful Uranium Co., Reno, Nev.
March 7 (letter of notification) 2,900,000 shares of common stock (par 2½ cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — Room 402, First National Bank Bldg., 15 East First St., Reno, Nev. **Underwriter**—Northern Securities, Inc., Seattle, Wash.

Bridgeport Hydraulic Co. (6/13)
May 11 filed 55,000 shares of common stock (par $20) to be offered first for subscription by common stockholders of record on June 8, 1955 on the basis of one new share for each eight shares held; rights to expire on June 28. **Price** — To be supplied by amendment. **Proceeds**—To repay bank loans and for property additions and improvements. **Underwriter**—Smith, Ramsay & Co.; Chas. W. Scranton & Co.; G. H. Walker & Co.; Hincks Bros. & Co., Inc.; and T. L. Watson & Co., all of Bridgeport, Conn.

Brown Co., Berlin, N. H.
March 17 filed $14,217,100 of debentures due May 15, 1975, and 142,171 shares of common stock (par $1) being offered for subscription by holders of "called" $5 cumulative convertible first preference stock who have not surrendered their shares for redemption or conversion into common stock. These holders may subscribe for $100 of debentures and one share of common stock for each $5 preference share held. **Price** — $100 per unit. **Proceeds**—For redemption of $5 preference stock. **Underwriter**—None. Statement effective May 18.

★ **Cal-U-Mines, Inc., Reno, Nev.**
May 2 (letter of notification) 2,250,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—139 Virginia St., Reno, Nev. **Underwriter**—Coombs & Co. of Las Vegas, Inc., Las Vegas, Nev.

★ **Capitol Reef Uranium Corp., Reno, Nev.**
May 18 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—First National Bank Bldg., Reno, Nev. **Underwriter**—Franklin, Meyer & Bartlett, New York.

Carbon Uranium Co. (Utah)
April 27 (letter of notification) 746,280 shares of common stock (par one cent). **Price** — 25 cents per share. **Proceeds**—For mining costs. **Underwriter**—J. E. Call & Co., Salt Lake City, Utah.

Central Illinois Electric & Gas Co. (6/7)
May 6 filed $4,000,000 of first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Kidder, Peabody & Co. **Bids** — To be received up to 10:30 a.m. (CDT) on June 7 at 111 West Monroe St., Chicago, Ill.

Chieftain Uranium Mines, Inc.
April 22 (letter of notification) 4,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining operations. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., same city.

● **Colohoma Uranium, Inc., Montrose, Colo. (6/8)**
April 21 filed 2,960,000 shares of common stock (par one cent), of which 2,500,000 shares are to be offered publicly. **Price**—50 cents per share. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Underwriters**—General Investing Corp., New York; and Shaiman & Co., Denver, Colo.

● **Colorado Sports Racing Association (6/30)**
April 29 filed 600,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For purchase of land and other facilities and for working capital. **Office**—Grand Junction, Colo. **Underwriter**—General Investing Corp., New York.

Colzona Oil & Uranium Corp., Denver, Colo.
April 29 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1300 Larimer St., Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Confidential Finance Corp., Omaha, Neb
March 11 (letter of notification) 150,000 shares of 7% cumulative preferred stock (par 95 cents) and 15,000 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $10 per unit. **Proceeds** — For working capital. **Underwriter**—J. J. Riordan & Co., Inc., 42 Broadway, New York City

★ **Conjecture Mines, Inc., Coeur d'Alene, Idaho**
May 5 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—326 Wiggett Bldg., Coeur d'Alene, Idaho. **Underwriter**—M. A. Cleek, Spokane, Wash.

Consolidated Fenimore Iron Mines Ltd.
Jan 24 filed 204,586 shares of common stock (par $7) to be offered for subscription by common stockholders of record Feb. 7, 1955 at the rate of one new share for each five shares held. **Price**—$2.20 per share. **Proceeds**—From sale of this stock, plus $440,000 to be available from sale of 200,000 shares to Alator Corp Ltd and Yam Securities Ltd., and $175,000 treasury funds to be used to pay for geological surveys and metallurgical research, for drilling expenses and other general corporate purposes. **Office**—Toronto, Canada. **Underwriter**—None.

● **Consolidated Natural Gas Co. (6/3)**
April 27 filed 738,721 additional shares of capital stock (par $10) to be offered for subscription by stockholders of record June 2, 1955 at rate of one new share for each 10 shares held; rights to expire on June 21. **Price**—$31 per share. **Proceeds**—To repay bank loans and to purchase securities from or make loans to company's subsidiaries for use for the their construction programs. **Underwriter**—None.

Consolidated Sudbury Basin Mines, Ltd., Toronto, Canada
Jan 31 filed 3,000,000 shares of common stock (no par) **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of properties. **Underwriter**—Stock to be sold on Toronto Stock Exchange or through underwriters or selected dealers in United States.

Cosmopolitan Life Insurance Co. of Memphis, Tenn. (6/6-7)
May 16 filed 162,080 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds** — For selling stockholders. **Business** — Sells industrial and ordinary life insurance and accident insurance in State of Tennessee. **Underwriter**—Allen & Co., New York.

Crown Uranium Co., Casper, Wyo.
May 6 (letter of notification) 225,435 shares of common stock (par five cents). **Price**—At market (estimated at about 15 cents per share). **Proceeds**—To selling stockholder who received these shares in exchange for shares of Kontika Lead & Zinc Mines, Ltd. **Office**—205 Star

Bldg., Casper, Wyo. **Underwriter**—Justin Steppler, Inc., New York.

Cuba (Republic of)
April 29 filed $2,500,000 of 4% Veterans, Courts and Public Works bonds due 1983. **Price**—To be supplied by amendment. **Proceeds**—To Romenpower Electra Construction Co. **Underwriter** — Allen & Co., New York. **Offering**—Expected this week.

Dasmid Oil & Uranium, Inc.
May 9 (letter of notification) 2,999,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1730 N. Seventh St., Grand Junction 2, Colo. **Underwriter** — Columbia Securities Co., Inc., Denver, Colo.

Desert Queen Uranium Co., Salt Lake City, Utah
Jan. 26 (letter of notification) 259,500 shares of common stock (par two cents). **Price**—$1 per share. **Proceeds**—for mining operations. **Office**—506 Judge Building, Salt Lake City, Utah **Underwriter** — Selected Securities Ltd., Los Vegas, Nev.

Desert Sun Uranium Co., Inc.
April 18 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office** — 343 South State St., Salt Lake City. Utah. **Underwriter** — J. W. Hicks & Co., Inc., Denver, Colo.

★ deVegh Mutual Fund, Inc., New York
May 27 filed (by amendment) 9,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

Devonian Gas & Oil Co., Renovo, Pa.
March 1 (letter of notification) 500,000 shares of common stock (par 10 cents) to be offered for subscription by stockholders. **Price**—25 cents per share. **Proceeds**—For drilling operations and working capital. **Office**—704 Erie Ave., Renovo, Pa. **Underwriter**—None.

★ Douglas Aircraft Co,. Inc.
May 26 filed 138,210 shares of capital stock (no par), of which 84,600 shares are issuable upon exercise of certain options issued under the company's Restricted Stock Option Plan for key employees. The remaining 53,610 shares are owned by four officers and directors of the company and may be offered by them from time to time on the New York Stock Exchange or through special offerings.

Duraloy Co., Scottdale, Pa.
May 10 filed 60,000 shares of common stock (par $1). **Price** — At prevailing market price at time of public offering. **Proceeds**—For plant modernization and improvement program. **Underwriter**—Mortimer B. Burnside & Co., Inc., New York, who will acquire the stock at $4 per share.

NEW ISSUE CALENDAR

June 3 (Friday)

Consolidated Natural Gas Co.____________Common
(Offering to stockholders—no underwriting 738,721 shares)

Illinois Bell Telephone Co.______________Common
(Offering to stockholders—no underwriting) 663,469 shares)

National State Bank of Newark, N. J._____Common
(Offering to stockholders—underwritten by Clark, Dodge & Co.; Union Securities Corp.; Adams & Hinckley; Nugent & Igoe; Julius A. Rippel, Inc.; and Parker & Weissenborn, Inc.) $4,095,000

Peoples Gas Light & Coke Co.____________Common
(Offering to stockholders—no underwriting) 111,836 shares)

Public Service Co. of Colorado___________Common
(Offering to stockholders—underwritten by The First Boston Corp.; Blyth & Co., Inc., and Smith, Barney Co.) 275,464 shares

June 6 (Monday)

American Rare Metals Corp.______________Common
(Equity Securities Co.) $300,000

Cosmopolitan Life Insurance Co. of Memphis, Tenn.______________Common
(Allen & Co.) 162,080 shares

Stewart Oil & Gas Co.____________________Common
(Barrett Herrick & Co., Inc.) $750,000

Vanadium Queen Uranium Corp.____________Common
(Van Alstyne, Noel & Co.) $2,112,500

June 7 (Tuesday)

Artloom Carpet Co., Inc.________________Common
(Offering to stockholders—underwritten by Auchincloss, Parker & Redpath) 98,195 shares

Central Illinois Electric & Gas Co.__________Bonds
(Bids 10:30 a.m. CDT) $4,000,000

First National Bank & Trust Co., Tulsa, Okla.___________Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) $3,200,000

Great Atlantic Life Insurance Co.__________Class A
(Offering to stockholders of State Fire & Casualty Co. —without underwriting) $324,000

Signode Steel Strapping Co.______________Common
(White, Weld & Co.; Lehman Brothers; and McCormick & Co.) 160,000 shares

Southwestern Gas & Electric Co.__________Preferred
(Bids noon EDT) $6,000,000

Virginia Electric & Power Co.______________Bonds
(Bids 11 a.m. EDT) $25,000,000

June 8 (Wednesday)

American Machine & Foundry Co.___________Common
(Offering to stockholders—underwritten by Union Securities Corp.) 237,641 shares

Baltimore Gas & Electric Co._______________Common
(Offering to stockholders—underwritten by The First Boston Corp.) 575,856 shares

Colohoma Uranium, Inc.___________________Common
(General Investing Corp. and Shaiman & Co.) $1,250,000

Friden Calculating Machine Co., Inc._______Common
(Dean Witter & Co.) 78,400 shares

National Telefilm Associates, Inc.__________Common
(Charles Plohn & Co.) $1,562,500

United Gas Corp.__________________________Common
(Offering to stockholders of Electric Bond & Share Co. —no underwriting) 525,036 shares

Western Nebraska Oil & Uranium Co., Inc.___Com.
(Israel & Co.) $300,000

June 9 (Thursday)

Merchants National Bank of Boston_______Common
(Offering to stockholders—underwritten by The First Boston Corp.) $2,000,000

Southeastern Public Service Co.___________Common
(Offering to stockholders—underwritten by Bioren & Co.) 100,000 shares

June 10 (Friday)

Kansas City Power & Light Co.______________Common
(Offering to stockholders—underwritten by The First Boston Corp. and Blyth & Co., Inc.) 245,000 shares

Silver Creek Precision Corp. ________Debentures
(General Investing Corp.) $600,000

Standard Electrical Products Co.__________Common
(S. D. Fuller & Co. and Vermilye Brothers) $299,000

June 13 (Monday)

Bogue Electric Mfg. Co.__________________Debentures
(Blair & Co. Incorporated) $2,000,000

Bogue Electric Mfg. Co.____________________Common
(Blair & Co. Incorporated) 335,000 shares

Bridgeport Hydraulic Co.__________________Common
Offering to stockholders—underwritten by Smith, Ramsay & Co.; Chas. W. Scranton & Co.; G. H. Walker & Co.; Hincks Bros. & Co., Inc. and T. L. Watson & Co.) 55,000 shares

Pioneer Finance Co._______________________Preferred
(Watling, Lerchen & Co. and Mullaney, Wells & Co.) $500,000

June 14 (Tuesday)

Fifteen Oil Co.____________________________Common
(White, Weld & Co. and Rotan, Mosle, Inc.) 200,000 shares

Mueller Brass Co.________________________Debentures
(Lehman Brothers) $5,000,000

June 15 (Wednesday)

All State Uranium Corp. (Utah)____________Common
(General Investing Corp.) $300,000

Chicago, Burlington & Quincy RR.__Equip. Tr. Ctfs.
(Bids to be invited) $8,700,000

Evans Products Co._______________________Debentures
(Bear, Stearns & Co.) $3,500,000

Hackensack Water Co._____________________Debentures
(Bids 11 a.m. EDT) $8,000,000

International Hardware Mfg. Co., Inc. Debentures & Common
(Milton D. Blauner & Co., Inc.; Hallowell, Sulzberger & Co.; and Baruch Brothers & Co., Inc.) $1,500,000 debentures and 215,000 shares of stock

New Haven Water Co.______________________Common
(Offering to stockholders—no underwriting) $2,040,000

Pyramid Electric Co.______________________Preferred
(S. D. Fuller & Co.) $750,000

Pyramid Electric Co.________________________Common
(S. D. Fuller & Co.) 50,000 shares

Tennessee Gas Transmission Co.___________Preferred
(Stone & Webster Securities Corp. and White, Weld & Co.) $20,000,000

Warner-Lambert Pharmaceutical Co.______Common
(Morgan Stanley & Co.) 325,000 shares

June 16 (Thursday)

Pioneer Natural Gas Co.___________________Common
(Union Securities Corp.) 776,066 shares

June 21 (Tuesday)

Oklahoma Gas & Electric Co.________________Bonds
(Bids 11 a.m. EDT) $15,000,000

Southern New England Telephone Co._____Debens.
(Bids to be invited) $20,000,000

June 22 (Wednesday)

Consolidated Cigar Corp.______________Debentures
(Eastman, Dillon & Co.) $16,000,000 to $17,000,000

June 27 (Monday)

Jerrold Electronics Corp.________________Debentures
(Van Alstyne, Noel & Co. and Butcher & Sherrerd) $2,750,000

Jerrold Electronics Corp.____________________Common
(Van Alstyne, Noel & Co. and Butcher & Sherrerd) $800,000

June 30 (Thursday)

Colorado Sports Racing Association______Common
(General Investing Corp.) $600,000

July 1 (Friday)

Long Island Lighting Co. Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.; The First Boston Corp.; and W. C. Langley & Co.) 624,170 shares

July 12 (Tuesday)

Illinois Bell Telephone Co.__________________Bonds
(Bids to be invited) $30,000,000

September 13 (Tuesday)

Utah Power & Light Co.______________________Bonds
(Bids to be invited) $15,000,000

Utah Power & Light Co._____________________Common
(Bids to be invited) 177,500 shares

November 9 (Wednesday)

Southern Co. _____________________________Common
(Bids to be invited) 500,000 shares

Durango Kid Uranium Corp., Moab, Utah
April 1 (letter of notification) 30,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Underwriter**—Guss & Mednick, Arches Building, Moab, Utah.

★ Duriron Co., Inc., Dayton, Ohio
June 1 filed $1,500,000 of subordinated debentures due June 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To reimburse treasury in connection with redemption of 5% cumulative preferred stock (par $25); to repay bank loan; and for additional equipment. **Underwriter**—Lee Higginson Corp., New York.

Dyno Mines, Ltd., Toronto, Canada.
March 25 filed 1,100,000 shares of common stock (par $1). **Price**—To be related to the current market price on the Toronto Stock Exchange. **Proceeds**—To American Trading Co. Ltd., the selling stockholder. **Underwriter**—R. W. Brown Ltd., Toronto, Canada, on a "best-efforts basis."

East Texas Loan & Investment Co.
Jan. 20 (letter of notification) 25,000 shares of common stock (no par). **Price** — $10 per share. **Proceeds**—For working capital. **Office**—203 East Cotton St., Longview, Tex. **Underwriter**—D. G. Carter Investment Co., same address.

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and building and working capital. **Office** — 407 Liberty Trust Bldg., Philadelphia, Pa. **Underwriter**—None.

Evans Products Co. (6/15)
May 20 filed $3,500,000 of convertible subordinate debentures due May 1, 1975. **Price** — To be supplied by amendment. **Proceeds** — To retire bank loans and for expansion program. **Underwriter**—Bear, Stearns & Co., New York.

★ Farmington Funding Corp., Colorado Springs, Colorado
May 17 filed 3,000,000 shares of capital stock (par one cent). **Price**—$1.25 per share. **Proceeds**—For exploration and development expenses and working capital. **Underwriter**—French & Co., Houston, Tex.

Federal Security Insurance Co.
April 21 (letter of notification) 6,000 shares of common stock (par $10) to be offered first to stockholders on the basis of one new share for each five shares held. **Price**—$40 per share. **Proceeds**—For general corporate purposes. **Office**—Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Allied Underwriters Co., same address.

Fidelity Insurance Co., Mullins, S. C.
March 25 (letter of notification) 86,666 shares of common stock (par $1). **Price**—$1.87½ per share. **Proceeds**—To increase capital and surplus. **Underwriters**—McDaniel Lewis & Co., Greensboro, N. C.; Dietenhofer & Heartfeld, Southern Pines, N. C.; and Calhoun & Co., Spartanburg, S. C.

● Fifteen Oil Co. (6/14-15)
May 25 filed 200,000 shares of common stock (par $1) of which 175,000 shares are to be sold for account of company and 25,000 shares for selling stockholder. **Price**—To be supplied by amendment. **Proceeds**—For expenses incident to oil activities. **Underwriters**—White, Weld & Co., New York, and Rotan, Mosle, Inc., Galveston, Tex.

Florida Home Insurance Co., Miami, Fla.
March 14 (letter of notification) 3,000 shares of common stock (par $10). **Price**—$24 per share. **Proceeds**—To increase capital and surplus. **Office**—7120 Biscayne Blvd., Miami, Fla. **Underwriter**—None.

★ Food Machinery & Chemical Corp.
May 27 filed 150,000 shares of common stock (par $10) to be offered for subscription by company employees under selected employees' stock option plan of 1954.

Foremost Dairies, Inc., Jacksonville, Fla.
April 21 filed 495,524 shares of common stock (par $2) of which 343,025 shares are to be offered in exchange for 68,605 shares of common stock (par 25 cents) at the rate of five Foremost common shares for each Philadelphia Dairy common share; and 152,499 shares are to be reserved for issuance under Employees' Restricted Stock Option Plan for Foremost officers and key employees.

★ Fort K Mining Corp., Fort Smith, Ark.
May 23 (letter of notification) 1,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** — To finance additional offering. **Office** — 1021 Towson Ave., Fort Smith, Ark. **Underwriter**—Petroleum Finance Corp., Oklahoma City, Okla.

Fowler Telephone Co., Pella, Ia.
May 6 (letter of notification) $260,000 of 4% first mortgage bonds, series A, due May 1, 1975. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To retire existing debt, acquire Northwestern Bell properties in Leighton, Ia., and for conversion of both exchanges to dial operation. **Underwriter** — Wachob-Bender Corp., Omaha, Neb.

Fremont Uranium Corp., Denver, Colo.
April 22 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds**—For mining expenses. **Office**—235 Ivy St., Denver, Colo. **Underwriter**—L. A. Huey Co., same city.

Friden Calculating Machine Co., Inc. (6/8-9)
May 18 filed 78,400 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — San Leandro, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

GAD Enterprises, Inc., Alexandria, Va.
March 15 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Pro-**

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ceeds—For purchase of factory and working capital. Office—1710 Mount Vernon Avenue, Alexandria, Va. Underwriter—T. J. O'Connor and Associates, Washington, D. C.

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1) Price—$5 per share. Proceeds—For plant expansion, new equipment, inventory and working capital. Office—Huntington Station, L. I., N. Y. Underwriter—S. D. Fuller & Co., New York.

● General Precision Equipment Corp.
May 11 filed 100,000 shares of $4.75 cumulative preferred stock (no par), of which 67,176 shares are being offered in exchange for four series of outstanding preferred stock; offer to expire June 7. The remaining 32,824 shares were publicly offered on June 1. Price—$100 per share. Proceeds—To retire unexchanged preferred stocks on or about July 16; and for working capital. Underwriters — The First Boston Corp. and Tucker, Anthony & Co., both of New York.

● Great Atlantic Life Insurance Co. (6/7)
May 18 filed 108,000 shares of common class A non-voting stock (par $1.50) to be offered for subscription by holders of State Fire & Casualty Co. class A non-voting common stock and class B voting common stock on basis of one share of Great Atlantic for each three shares of State held as of record on or about June 7; rights to expire on or about June 21. Price—$3 per share. Proceeds—To increase capital and paid-in surplus. Office—Miami, Fla.—Underwriter—None.

Gulf Uranium & Development Corp., Gallup, N. M.
April 4 (letter of notification) 3,000,000 shares of common stock. Price—At par (10 cents per share). Proceeds—For mining expenses. Office—First State Bank Bldg., Gallup, N. M.—Underwriter—Coombs & Co., of Ogden, Utah.

Hackensack Water Co., Weehawken, N. J. (6/15)
May 18 filed $8,000,000 sinking fund debentures due June 1, 1985. Proceeds—To refund 2¼% notes due Aug. 1, 1955, purchase securities of Spring Valley Water Works & Supply Co., a subsidiary, and the balance for new construction. Underwriter — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; Dillon, Read & Co. Inc.; White, Weld & Co.; Drexel & Co. and Central Republic Co. Inc. (jointly); Kuhn, Loeb & Co. and W. C. Langley & Co. (jointly). Bids—Expected to be received up to 11 a.m. (EDT) on June 15.

Harley Patents, Inc.
April 6 (letter of notification) 10,000 shares of capital stock (par 10 cents.) Price—$1.50 per share. Proceeds—For working capital. Office—580 Fifth Ave., New York 36, N. Y. Underwriter—E. E. Smith Co., same city.

Hartford Gas Co., Hartford, Conn.
May 10 filed $1,500,000 of 3¼% 10-year convertible debentures due July 1, 1965, to be offered first to preferred and common stockholders of record May 6 at rate of $25 principal amount of debentures for each three shares of stock held. Price—At par. Proceeds—To repay bank loans and for additions and improvements. Underwriter—None.

Hartford Special Machinery Co.
May 2 (letter of notification) 8,140 shares of common stock being offered for subscription by common stockholders of record May 24 on a 1-for-5 basis; rights to expire on June 21. Price—At par ($20 per share). Proceeds—For working capital to finance carrying of increased inventories. Office—287 Homestead Ave., Hartford, Conn. Underwriters—None.

Hawk Lake Uranium Corp.
April 12 filed 200,000 shares of common stock (par 10 cents). Price—$1.50 per share. Proceeds — For mining expenses, etc. Underwriter—Dobbs & Co., New York City, will act as agents.

● Helio Aircraft Corp., Canton, Mass.
March 31 (letter of notification) 48,000 shares of common stock. Price—$6.25 per share. Proceeds—To pay off obligations, for working capital, etc. Office—Metropolitan Airport, Canton (Norwood P. O.), Mass. Underwriter—None. To be handled on a private basis.

Heliogen Products, Inc.
March 7 (letter of notification) 22,670 shares of common stock (par $1), of which 12,670 shares are being offered for subscription by stockholders up to and including June 15, 1955, and 10,000 shares are to be offered publicly. Price—$5 per share. Proceeds—For working capital, etc. Office—35-10 Astoria Blvd., Long Island City, N. Y. Underwriter—Smith & Co., Waterville, Me.

High Pressure Equipment Co., Inc., Erie, Pa.
April 8 (letter of notification) 26,000 shares of common stock (par $1). Price — $2.25 per share. Proceeds—To repay short-term loans, and for new equipment and working capital. Office—1222 Linden Avenue, Erie, Pa. Underwriter—Reitzell, Reed & Co., Erie, Pa.

Home-Stake Production Co., Tulsa, Okla.
May 12 filed 60,000 shares of capital stock (par $5) and 1,000 debentures (par $100) to be offered for sale in units of 60 shares of stock and one $100 debenture, or multiples thereof. Price—$400 per unit. Proceeds—For working capital. Underwriter—None. O. Strother Simpson, of Tulsa, Okla., is President.

Horseshoe Bend Uranium, Inc.
March 16 (letter of notification) 150,000 shares of common stock (par one cent). Price—$2 per share. Proceeds—For exploration and development expenses. Office—10 West 2nd South, Salt Lake City, Utah. Underwriters—James Anthony Securities Corp., New York; Lawrence A. Hays Co., Rochester, N. Y., and Ned J. Bowman Co., Salt Lake City, Utah.

Horton Aircraft Corp., Las Vegas, Nev.
April 26 filed 500,000 shares of common stock (no par), of which 400,000 shares are to be offered for account of company and 100,000 shares for account of William E. Horton, President. Price—$1 per share. Proceeds—For construction of model of "Horton Wingless Aircraft" and expenses incident thereto. Underwriter—None.

Humble Sulphur Co., Houston, Texas
April 25 filed 500,000 shares of common stock (par 1¢). Price—$1.20 per share. Proceeds—For exploration for sulphur and related activities. Underwriter—Garrett & Co., Dallas, Texas.

Illinois American Casualty Co.
May 5 filed 100,000 shares of common stock (par $2). Price—$5 per share. Proceeds—To engage in insurance business. Office—Champaign, Ill. Underwriter—None.

Illinois American Fire Insurance Co.
May 5 filed 100,000 shares of common stock (par $2). Price—$5 per share. Proceeds—To engage in insurance business. Office—Champaign, Ill. Underwriter—None.

Illinois Bell Telephone Co. (6/3)
May 17 filed 663,469 shares of capital stock to be offered for subscription by stockholders of record June 3, 1955, on the basis of one new share for each six shares held; rights to expire on June 30. American Telephone & Telegraph Co., the parent, owns 99.32% of the presently outstanding stock. Price—At par ($100 per share). Proceeds—For repayment of advances from parent company. Underwriter—None.

Inca Uranium Corp., Salt Lake City, Utah
April 25 (letter of notification) 15,000,000 shares of capital stock. Price—At par (one cent per share). Proceeds—For mining expenses. Office—1946 S. Main St., Salt Lake City, Utah. Underwriter — Guss & Mednick Co., Salt Lake City, and Moab, Utah.

Industrial Hardware Mfg. Co., Inc. (6/15)
May 12 (amendment) $1,500,000 of 5% debentures due 1975 and 300,000 shares of common stock (par 50 cents), of which 85,000 shares are to be sold to Seymour and Bernard Offerman at $5 per share. Price—To be supplied by amendment. Proceeds—To purchase Hugh H. Eby Co. and Wirt Co. Underwriters—Milton D. Blauner & Co., Inc., New York; Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., New York.

International Fidelity Insurance Co., Dallas, Tex.
March 30 filed 110,000 shares of common stock (no par). Price—$6.50 per share. Proceeds—To 12 selling stockholders. Underwriter—Name to be supplied by amendment.

● International Glass Corp., Southgate, Calif.
May 10 (letter of notification) approximately 55,000 shares of common stock (par $1). Price — At market (estimated at 80 cents per share). Proceeds—To selling stockholders. Office — 5431 Tweedy Blvd., Southgate, Calif. Underwriter—Francis I. duPont & Co., Los Angeles, Calif. No general offering planned.

★ Investors Growth Canadian Fund, Ltd.
May 27 filed (by amendment) 10,000,000 shares of capital stock (par $1). Price—At market. Proceeds—For investment. Office—Winnipeg, Canada. Distributor—Investors Diversified Services, Inc., Minneapolis, Minn.

Israel Pecan Plantations, Ltd.
Feb. 28 filed 24,900 shares of ordinary common stock (par one Israeli pound). Price—$10 per share. Proceeds—For capital expenditures. Underwriter—None. Offices—Natanya, Israel, and New York, N. Y.

★ Janaf, Inc., Washington, D. C.
May 9 (letter of notification) 28,800 shares of cumulative preferred stock (par $10) and 28,800 shares of common stock (par 20 cents) to be offered in units of one share of each class of stock. Price—$10.20 per unit. Proceeds—For real estate development. Office—1012-14th St., N.W., Washington 5, D. C. Underwriter—None.

● Jerrold Electronics Corp. (Pa.) (6/27-30)
May 19 filed $2,750,000 of 6% convertible subordinated debentures due June 1, 1975. Price—100% and accrued interest. Proceeds—To repay $450,000 of 4% promissory notes and for general corporate purposes and working capital. Underwriters—Van Alstyne, Noel & Co., New York; and Butcher & Sherrerd, Philadelphia, Pa.

● Jerrold Electronics Corp. (Pa.) (6/27-30)
May 19 filed 200,000 shares of common stock (par 10 cents). Price—$4 per share. Proceeds — For working capital and general corporate purposes. Underwriters—Van Alstyne, Noel & Co., New York; and Butcher & Sherrerd, Philadelphia, Pa.

Junction Bit & Tool Co.
March 31 (letter of notification) 33,745 shares of common stock (par $1) being offered for subscription by stockholders at the rate of one new share for each two shares held. Price—$5.35 per share to stockholders; and after 30 days (about June 6), to public at $6 per share. Proceeds—To purchase new plant site and shop building, and to increase inventory and working capital. Office—801 Fourth Ave., Grand Junction, Colo. Underwriter—Taylor & Co., Chicago, Ill.

★ Kachina Uranium Corp., Reno, Nev.
May 12 (letter of notification) 600,000 shares of common stock (par 10 cents). Price—50 cents per share. Proceeds—For mining expenses. Office—206 N. Virginia St., Reno, Nev. Underwriter—Whitney, Cranmer & Schulder, Inc., Denver, Colo.

Kane Creek Uranium Corp.
April 1 (letter of notification) 6,000,000 shares of capital stock. Price—At par (five cents per share). Proceeds—For mining expenses. Address—P. O. Box 528, Moab, Utah. Underwriter — Mid-America Securities, Inc. of Utah, 26 West Broadway, Salt Lake City, Utah.

Kansas City Power & Light Co. (6/10)
May 23 filed 245,000 shares of common stock (no par) to be offered for subscription by common stockholders of record June 9, 1955 on the basis of one new share for each 10 shares held; rights to expire on June 27, 1955. Price—To be supplied by amendment. Proceeds—To retire bank loans and for construction program. Underwriters—The First Boston Corp. and Blyth & Co., Inc., both of New York.

● Kaye-Halbert Corp., Culver City, Calif.
April 25 (letter of notification) 284,224 shares of common stock, of which 162,414 shares are being offered first to stockholders; the remaining 121,810 shares to be covered by options which may be exercised within a year; (each purchaser of four shares to receive an option to purchase three additional shares). Price—At par ($1 per share). Proceeds — For working capital. Office — 3623 Eastham Drive, Culver City, Calif. Underwriter—None.

● King Oil Co., Salt Lake City, Utah
March 31 (letter of notification) 260,000 shares of capital stock being offered for subscription by sockholders of record April 1, 1955 on a 1-for-10 basis; ights to expire June 6. Price—50 cents per share. Proceeds—For development and drilling expenses and other corporate purposes. Office — 28 West Second South, Salt Lake City, Utah. Underwriter—None.

Knapp Uranium & Development Co.
April 21 (letter of notification) 20,000,000 shares of common stock. Price—At par (one cent per share). Proceeds—For mining expenses. Office—2174 S. Main St., Salt Lake City, Utah. Underwriter — Guss & Mednick Co., same city.

La Sal Uranium Corp., Salt Lake City, Utah
May 11 (letter of notification) 2,850,000 shares of common stock (par five cents). Price—10 cents per share. Proceeds—For mining expenses. Office—209 Phillips Petroleum Bldg., Salt Lake City, Utah. Underwriter—Amos C. Sudler & Co., Denver, Colo.

★ Lavoie Laboratories, Inc.
May 25 (letter of notification) 58,000 shares of common stock (par $1). Price — $5 per share. Proceeds — For working capital, etc. Business—Electronics research design production. Office—Matawan-Freehold Road, Morganville, N. J. Underwriter—None.

LeBlanc Medicine Co., Inc., Lafayette, La.
April 6 filed 1,000,000 shares of common stock (par 10 cents). Price—$1 per share. Proceeds—For purchase of land, plant, warehouse, office building and equipment; and additional working capital. Business—Processing, packaging and merchandising of new proprietory medicine, KARY-ON. Underwriter—None.

★ Little Star Uranium Co., Inc., Casper, Wyo.
May 25 filed 5,000,000 shares of common stock (par 10 cents). Price—15 cents per share. Proceeds—To purchase machinery and equipment; for drilling and reconnaissance surveys; for acquisition of additional properties; and for working capital and other purposes. Underwriter—Peters, Writer & Christensen, Inc., Denver, Colo.

Lone Star Uranium & Drilling Co., Inc.
April 7 (letter of notification) 570,000 shares of common stock (par 10 cents). Price—50 cents per share. Proceeds—For mining expenses. Office—1100 Fidelity Union Life Bldg., Dallas, Tex. Underwriter — Christopulos-Nichols Co., Las Vegas, Nev.

★ Lutah Uranium & Oil, Inc.
May 23 (letter of notification) 3,000,000 shares of common stock (par one cent). Price—10 cents per share. Proceeds—For mining operations. Office—Suite 1003, Continental Bank Bldg., Salt Lake City, Utah. Underwriter—Havenor-Cayias, Inc., same city.

M J M & M Oil Co., San Francisco, Calif.
May 10 (letter of notification) 397,849 shares of capital stock (par 10 cents) to be offered for subscription by stockholders. Price—50 cents per share. Proceeds—To repay bank loans and for working capital. Office—155 Sansome St., San Francisco, Calif. Underwriter—None.

Magna Theatre Corp., New York
May 23 filed 122,300 shares of common stock (par five cents), 6,000 outstanding warrants for the purchase of 439,800 shares of common stock (as well as the common stock), and 6,000 outstanding units of "Oklahoma" participation certificates (each certificate entitling the holder to receive 1/6,000th of 5/12ths of Magna's percentage of profits due from the distribution of "Oklahoma." Proceeds—To present holders, including Kuhn, Loeb & Co.; United California Theatres, Inc.; Harris, Upham & Co.; Prudential Theatres, Inc.; Carl M. Loeb, Rhoades & Co.; Brown Brothers Harriman & Co.; and United Artists Theatre Circuit, Inc.

★ Maob Valley Uranium Co.
May 16 (letter of notification) 2,000,000 shares of common stock. Price—At par (10 cents per share). Proceeds — For mining expenses. Office — 716 Newhouse Bldg., Salt Lake City, Utah. Underwriter — Moab Brokerage Co., same city.

Marine Midland Corp., Buffalo, N. Y.
May 17 filed 45,000 shares of common stock (par $5) to be offered in exchange for all issued and outstanding capital stock of The First National Bank of Falconer, N. Y., at rate of 30 shares of Marine stock for one of First National held of record June 1. The offer is subject to acceptance of not less than 80% of the stock of First National.

Mascot Mines, Inc., Kellogg, Ida.
Feb. 17 (letter of notification) 200,000 shares of common stock (par 35 cents). Price—75 cents per share. Proceeds—For mining expenses. Underwriter—Standard Securities Corp., Spokane, Wash.

McIntosh Laboratory, Inc.
May 3 (letter of notification) 1,000 shares of common stock (par $10). **Price**—$18.50 per share. **Proceeds**—For working capital. **Office**—320 Water St., Binghamton, N. Y. **Underwriter**—None.

• Mechling (A. L.) Barge Lines, Inc., Joliet, Ill.
March 31 filed $837,252 of instalment note certificates being offered in exchange for the 3,578 shares of authorized and issued common stock of Marine Transit Co. at rate of $234 per share. The balance of $1 of a total purchase offer price of $235 per share is to be paid in cash. The exchange will be contingent upon acceptance of the offer by holders of not less than 81% of the Marine Transit shares. Statement effective May 11.

Mehadrin Plantations, Inc., New York
April 28 filed 70,000 shares of common stock (par $10). **Price**—$10.75 per share. **Proceeds**—For acquisition of additional groves and working capital and other general corporate purposes. **Business**—Production and sale of citrus fruits in State of Israel; also plans to grow subtropical fruits. **Underwriter**—None.

• Midwestern United Life Insurance Co.
May 25 filed 75,000 shares of common stock to be offered for subscription by stockholders of record June 1 on a 1-for-4 basis. **Price**—$2 per share. **Proceeds**—For capital and surplus. **Office**—229 West Berry St., Fort Wayne, Ind. **Underwriter**—None.

Millsap Oil & Gas Co., Siloam Springs, Ark.
March 17 (letter of notification) 599,200 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds**—For oil and gas activities. **Office**—518 Main St., Siloam Springs, Ark. **Underwriter**—Dewitt Investment Co., Wilmington, Del.

Moab King, Inc.
April 4 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—210 Zions Savings Bank Building, Salt Lake City, Utah. **Underwriter**—Potter Investment Co., same city.

Moab Minerals, Inc., Moab, Utah
March 28 (letter of notification) 30,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds** — For mining expenses. **Office** — Archer Bldg., Moab, Utah. **Underwriter**—Guss & Mednick, Salt Lake City, Utah.

Morrell (John) & Co., Ottumwa, Iowa
March 31 (letter of notification) 16,000 shares of capital stock (no par) to be offered in exchange for a like number of shares of John J. Felin Co., Inc., plus a cash payment. **Underwriter**—None.

• Mueller Brass Co. (6/14)
May 23 filed $5,000,000 of convertible subordinated debentures due June 1, 1975. **Price** — To be suppled by amendment. **Proceeds**—For expansion. **Underwriter**—Lehman Brothers, New York.

Multi-Minerals Corp., Salt Lake City, Utah
May 5 filed 1,500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For payment on uranium claims and for exploration and other costs. **Underwriter**—M. Raymond & Co., Inc., New York.

National Credit Corp., Phoenix, Ariz.
May 6 filed 300,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Underwriter**—None.

• National Telefilm Associates, Inc. (6/8)
May 19 filed 375,000 shares of common stock (par 10 cents), of which 312,500 shares are to be offered publicly and 62,500 shares issued in exchange for outstanding securities of Ely Landau, Inc. **Price**—$5 per share. **Proceeds**—For payment of loan, working capital and other corporate purposes. **Underwriter**—Charles Plohn & Co., New York.

★ NEMS-Clarke, Inc., Silver Spring, Md.
May 9 (letter of notification) 10,000 shares of common stock (par $1). **Price** — $10 per share. **Proceeds** — For product research and development, replacement cost of machinery and manufacturing expenses. **Office** — 919 Jesup-Blair Drive, Silver Spring, Md. **Underwriter**—None.

New Bristol Oils., Ltd., Toronto, Canada
April 11 filed 2,400,000 shares of common stock (par $1), of which 1,600,000 shares were issued to Newton-Conroe Oil Corp. and 800,000 shares to The Phoenix-Campbell Corp., in exchange for properties. Newton-Conroe is distributing its stock to its stockholders in a liquidation. As holder of 51% of the Newton-Conroe stock, Phoenix-Campbell will receive about 800,000 shares which it proposes to offer to the public, together with the 800,000 shares received directly from New Bristol Oils. **Price**—At market. **Proceeds**—To selling stockholder. **Underwriter**—None, the distributing stockholders having undertaken to market their holdings directly.

New Era Metals, Inc., Steamboat Springs, Colo.
April 29 (letter of notification) 1,500,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Office**—414 Oak St., Steamboat Springs, Colo. **Underwriter** — Justice B. Detwiler, 517 Empire Bldg., 430 16th St., Denver, Colo.

New Haven Water Co. (6/15)
May 17 filed 40,000 shares of capital stock (par $50) to be offered for subscription by stockholders of record June 15, 1955 on basis of two new shares for each seven shares held. **Price**—$51 per share. **Proceeds**—To repay bank loans and for new construction. **Office** — New Haven, Conn. **Underwriter**—None.

Newmex Uranium & Development Corp.
May 2 (letter of notification) 8,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—El Rancho Hotel, Gallup, N. M. **Underwriter** — Rocky Mountain Securities, Salt Lake City, Utah.

North Penn Gas Co., Port Allegany, Pa.
April 29 filed 419,000 shares of capital stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To John Fox of Boston, Mass., who is the selling stockholder. **Underwriter**—To be named later (may be Eastman, Dillon & Co. and Allen & Co., both of New York).

North Pittsburgh Telephone Co.
May 5 (letter of notification) 2,000 shares of common stock to be offered for subscription by common stockholders. **Price**—At par ($25 per share). **Proceeds**—To reduce bank loans. **Office**—Gibsonia, Pa. **Underwriter**—None.

Oklahoma Gas & Electric Co. (6/21)
May 23 filed $15,000,000 of first mortgage bonds due June 1, 1985. **Proceeds** — To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); The First Boston Corp.; Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc. and Union Securities Corp. (jointly); Smith, Barney & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on June 21 at The Chase Manhattan Bank, 15 Broad St., New York 15, N. Y.

Old Faithful Uranium, Inc., Casper, Wyo.
April 22 (letter of notification) 4,500,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—300 Consolidated Royalty Bldg., Casper, Wyo. **Underwriter**—E. L. Aaron & Co., New York.

Payrock Uranium Mining Corp.
March 28 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For mining operations. **Office** — 901 Texas Ave., Grand Junction, Colo. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

Penn-Dixie Cement Corp.
May 6 filed 361,282 shares of capital stock (par $1) being offered for subscription by stockholders of record May 25 on the basis of one new share for each six shares held; rights to expire on June 10. **Price**—$27.75 per share. **Proceeds** — To repay bank loans and for working capital. **Underwriter**—Dominick & Dominick, New York.

• Peoples Gas Light & Coke Co. (6/3)
May 9 filed 111,836 shares of capital stock (par $100) to be offered for subscription by stockholders of record June 2 at the estimated rate of one additional share for each ten shares held (with an oversubscription privilege); rights to expire on June 24. **Price**—$140 per share. **Proceeds**—To repay bank loans, acquire additional stock of Peoples Production Co. and for general corporate purposes. **Office**—Chicago, Ill. **Underwriter**—None.

Personal Industrial Bankers, Inc., Washington, D. C.
May 23 filed 60,000 shares of $1.40 prior preferred stock ($18 stated value) and 60,000 shares of common stock (par 10 cents) to be offered in units of one share of each class of stock. **Price** — To be supplied by amendment. **Proceeds**—For working capital to be used primarily to increase receivables or for the acquisition of additional assets from others, or both. **Underwriter** — Johnston, Lemon & Co., Washington, D. C.

Peruvian Oils & Minerals, Ltd.
April 27 filed 225,000 shares of capital stock (par $1). **Price**—To be supplied by amendent. **Proceeds**—For exploration and development work and working capital. **Office** — Toronto, Canada. **Underwriters** — Doolittle & Co., Buffalo, N. Y. and Davidson Securities, Ltd., Toronto, Canada.

★ Pioneer Finance Co., Detroit, Mich. (6/13-17)
May 26 filed 50,000 shares of 5½% convertible preferred stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—Together with funds to be received from sale of not exceeding $400,000 of subordinated debentures, to be used for working capital. **Underwriters** — Watling, Lerchen & Co., Detroit, Mich.; and Mullaney, Wells & Co., Chicago, Ill.

Pioneer Mortgage & Development Corp.
April 27 filed 300,000 shares of common stock (par $1), with warrants attached entitling the holder to purchase one additional share at prices ranging from $13 to $20 depending upon the exercise date. **Price**—$10 per share "as a speculation." **Proceeds**—For working capital and general corporate purposes. **Office**—Houston, Tex. **Underwriter**—None.

★ Pioneer Natural Gas Co., Amarillo, Texas (6/16)
May 26 filed 776,066 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds** — To certain selling stockholders. **Underwriter**—Union Securities Corp., New York.

Potomac Electric Power Co.
May 2 filed 511,660 shares of common stock (par $10) being offered for subscription by common stockholders of record May 23, 1955, on the basis of one new share for each 10 shares held; rights to expire on June 7. **Price** — $19.50 per share. **Proceeds** — For construction program. **Underwriters**—Dillon, Read & Co. Inc., New York; and Johnston, Lemon & Co., Washington, D. C.

Primary Minerals Corp., San Francisco, Calif.
May 24 filed 1,400,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For acquisition of mining equipment and other mining expenses. **Underwriter**—General Investing Corp., New York.

Prudential Discount Corp., Dallas, Tex.
May 9 (letter of notification) 17,904 shares of 7% cumulative preferred stock (no par) and 17,904 shares of common stock (par one cent) to be offered in units of one share of each class of stock. **Price**—$10.01 per unit. **Proceeds**—To purchase outstanding voting common stock of General Finance Co. of Texas. **Office**—943 National City Bldg., Dallas, Texas. **Underwriter**—None.

Public Service Co. of Colorado (6/3)
May 13 filed 303,010 shares of common stock (par $10), of which 275,464 shares are to be offered for subscription by common stockholders of record June 3 on the basis of one new share for each 10 shares held; rights to expire on June 20. The remaining 27,546 shares are to be offered for sale to officers and employees. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters**—The First Boston Corp., Blyth & Co., Inc. and Smith, Barney & Co., all of New York.

Public Service Co. of New Hampshire
May 4 filed 413,016 shares of common stock (par $5) being offered for subscription by common stockholders of record as of May 24 on the basis of one new share for each six shares held; rights to expire on June 7. Employees to be offered right to subscribe for up to 10,000 unsubscribed shares. **Price**—$16.75 per share. **Proceeds**—To repay bank loans and for construction program. **Underwriters**—Kidder, Peabody & Co. and Blyth & Co., Inc., both of New York.

Public Service Electric & Gas Co.
Dec. 22 filed 250,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans and for construction program. **Underwriters**—Morgan Stanley & Co.; Drexel & Co.; and Glore, Forgan & Co. **Offering** — Temporarily delayed.

• Pyramid Electric Co. (6/15)
May 3 filed 75,000 shares of 5% cumulative convertible preferred stock. **Price**—At par ($10 per share). **Proceeds**—For new facilities, equipment and machinery and working capital. **Underwriter**—S. D. Fuller & Co., New York.

• Pyramid Electric Co. (6/15)
May 3 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter** — S. D. Fuller & Co., New York.

★ Quinby & Co., Rochester, N. Y.
May 27 filed (by amendment) $250,000 of interests in the Quinby Plan for accumulation of common stock of General Motors Corp.

★ Radiore Exploration Co., Las Vegas, Nev.
May 19 (letter of notification) 750,000 shares of capital stock (par 10 cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office**—425 Fremont St., Las Vegas, Nev. **Underwriter**—None.

★ Raymond Discount Corp.
May 26 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office**—15 West 44th St., New York, N. Y. **Underwriter**—None.

Revere Realty, Inc., Cincinnati, Ohio
March 8 filed $1,000,000 of 5½% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). **Price**—Par for debentures and $100 per share for stock. **Proceeds** — To purchase real estate or interest therein. **Underwriter**—Stanley Cooper Co., Inc., Cincinnati, O.

Ritter Finance Co., Inc., Syncote, Pa.
Feb. 24 filed 4,000 shares of 5½% cumulative preferred stock, third series (par $50) and 40,000 shares of class B common stock (par $1) to be offered in units of one preferred share and 10 class B shares. **Price**—$75 per unit. **Proceeds**—To reduce bank loans and for working capital. **Underwriter**—None. Statement effective Mar. 31.

Saint Anne's Oil Production Co.
May 9 (letter of notification) 20,000 shares of common stock (par $1) to be first offered to stockholders. **Price**—$6.25 per share. **Proceeds** — For oil and mineral and related activities. **Office**—Northwood, Iowa. **Underwriter**—None.

• St. Regis Paper Co.
May 12 filed 369,999 shares of common stock (par $5) being offered in exchange for common stock of Pollock Paper Co., on the basis of 8.8095 shares of St. Regis stock for one share of Pollock stock of which 42,000 shares are outstanding. This offer, which is subject to deposit of 80% of Pollock stock, will expire on June 13.

San Rafael Uranium Co. of Maryland
March 4 (letter of notification) 15,000,000 shares of common stock. **Price** — At par (one cent per share). **Proceeds**—For mining expenses. **Underwriter**—Lewellen-Bybee Co., Washington, D. C.

Saxon Uranium Mines Ltd., Toronto, Canada
April 29 filed 1,500,000 shares of common stock (par $1). **Price**—40 cents per share. **Proceeds**—For exploration and working capital; also to repay advances and other liabilities. **Underwriter** — Degaetano Securities Corp., New York.

★ Shattuck (S. W.) Chemical Co., Denver, Colo.
May 23 (letter of notification) 43,906 shares of common stock. **Price**—At par ($5 per share). **Proceeds**—Toward cost of new building. **Office**—1805 South Bannock St., Denver 10, Colo. **Underwriter**—None.

Shield Chemical Corp.
April 19 (letter of notification) 182,211 shares of common stock (par 7½ cents). **Price**—$1.50 per share. **Proceeds**—For working capital, etc. **Office** — 251 Grove Ave., Verona, N. J. **Underwriter**—None.

Shoni Uranium Corp., Riverton, Wyo.
April 21 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share.

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Proceeds — For mining expenses. **Address** — Box 489, Riverton, Wyo. **Underwriter** — Melvin F. Schroeder, Denver, Colo.

Sightmaster Corp., New Rochelle, N. Y.
April 19 (letter of notification) 165,000 shares of common stock (par five cents). **Price**—At market (about 30 cents per share). **Proceeds** — To Michael L. Kaplan, President and Treasurer. **Business**—Electronic products. **Underwriter**—None.

• Signode Steel Strapping Co. (6/7)
May 18 filed 160,000 shares of common stock (par $1), of which 100,000 shares are to be sold for account of company and 60,000 shares for account of certain stockholders. **Price**—To be related to current market price of outstanding stock immediately prior to offering. **Proceeds**—For additional plant facilities and working capital. **Underwriters** — White, Weld & Co., and Lehman Brothers, both of New York; and McCormick & Co., Chicago, Ill.

• Silver Creek Precision Corp. (6/10)
March 31 filed $600,000 of 10-year convertible 6% debentures due June 30, 1965. **Price**—At 100% of principal amount (in denominations of $100 each). **Proceeds**—For working capital and general corporate purposes. **Office**—Silver Creek, N. Y. **Underwriter**—General Investing Corp., New York.

★ Silver Gull Oil & Gas Corp.
May 23 (letter of notification) 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to oil and gas activities. **Office**—600 Fremont St., Las Vegas, Nev. **Underwriter**—None.

★ Simons Co., Inc., Albuquerque, N. M.
May 23 (letter of notification) 150,000 shares of common stock. **Price** — At par ($1 per share). **Proceeds** — For working capital, etc. **Office**—1015 Tijeras Ave., N. W., Albuquerque, N. M. **Underwriter**—None.

Sonoma Quicksilver Mines, Inc.
April 27 filed 800,000 shares of capital stock (par 10 cents), of which 80,000 shares are to be initially offered to public. **Price**—To be fixed on the basis of the market value at the time of their first sale or $1 per share, which ever is lower. **Purpose** — To increase facilities and invest in other quicksilver properties; and for working capital. **Office**—San Francisco, Calif. **Underwriter**—Norman R. Whittall, Ltd., Vancouver, B. C., Canada.

Southeastern Public Service Co. (6/9)
May 20 filed 100,000 shares of common stock (par 10 cents) to be offered for subscription by stockholders of record June 8 on the basis of one new share for each eight shares held. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes, including investments in subsidiaries. **Underwriter** — Bioren & Co., Philadelphia, Pa.

Southern California Edison Co.
April 19 filed a maximum of $40,950,600 of convertible debentures due July 15, 1970, being offered for subscription by holders of original preferred and common stock on the basis of $5 of debentures for each share of stock held as of record May 17, 1955; rights to expire on June 14. **Price**—At principal amount. **Proceeds**—To retire short term bank loans and for new construction. **Underwriter**—None.

★ Southern New England Telephone Co. (6/21)
May 26 filed $20,000,000 of 34-year debentures due June 1, 1989. **Proceeds** — To repay some $12,800,000 of advances from American Telephone & Telegraph Co. and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers and Salomon Bros. & Hutzler (jointly); Kuhn, Loeb & Co.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; White, Weld & Co. and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received on June 21.

Southwestern Gas & Electric Co. (6/7)
May 16 filed 60,000 shares of cumulative preferred stock (par $100). **Price**—To be named later. **Proceeds**—For repayment of bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: White, Weld & Co. and Kidder, Peabody & Co. (jointly); Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and Union Securities Corp. (jointly); W. C. Langley & Co.; Harriman Ripley & Co. Inc. **Bids**—Expected to be received up to noon (EDT) on June 7.

★ Sovereign Uranium Gas & Oil Co.
May 13 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriter**—Daggett Securities, Inc., Newark, N. J.

Stancan Uranium Corp., Toronto, Canada
April 18 filed 200,000 shares of cumulative convertible preferred stock, series A (par one cent). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Underwriters**—Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc., both of New York.

• Standard Electrical Products Co. (6/10-14)
May 18 (letter of notification) 149,500 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For working capital. **Underwriters**—S. D. Fuller & Co. and Vermilye Brothers, both of New York.

Standard Mercury Corp., Winnemucca, Nev.
April 25 (letter of notification) 1,500,000 shares of common stock (par one cent). **Price** — 20 cents per share. **Proceeds**—For general corporate purposes. **Office**—Suite 7, Professional Bldg., Winnemucca, Nev. **Underwriter**—E. I. Shelley Co., Denver, Colo.

★ Star Plywood Cooperative, Estacada, Ore.
May 6 (letter of notification) 60 membership certificates. **Price** — $5,000 each. **Proceeds** — For working capital. **Underwriter**—None.

• Stewart Oil & Gas Co. (6/6-10)
March 14 filed 750,000 shares of common stock (par 10¢). **Price**—$1 per share. **Proceeds**—To repay bank loan, and for development of properties and other activities incident to oil and gas operations. **Office** — San Angelo, Texas. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Stylon Corp., Milford, Mass.
May 10 filed 390,000 shares of common stock (par $1) to be offered in exchange for $1,950,000 of City of Florence, Ala., first mortgage industrial development revenue fund bonds. **Underwriter**—None.

Sun Hotel, Inc., Las Vegas, Nev.
Feb. 16 filed 760,000 shares of pfd. capital stk. (par $9.50) and 1,540,000 shares of common capital stock (par 25 cents), of which 680,000 shares of preferred and 1,360,000 shares are to be offered in units of one preferred and two common shares; the remaining 80,000 shares of preferred stock and 180,000 shares of common stock may be exchanged for properties. **Price**—$10 per unit. **Proceeds**—To purchase property; for construction of hotel; and for working capital. **Underwriter**—Coombs & Co., Salt Lake City, Utah.

Sunshine Park Racing Association, Inc. (Fla.)
Nov. 18 filed $700,000 of 6% convertible sinking fund debentures due 1966 and 70,000 shares of common stock (par 10 cents). **Price** — 100% and accrued interest for debentures and $2 per share for stock. **Proceeds**—To repay bank loans, for new construction and for working capital. **Underwriter**—Gulf-Atlantic, Inc., Tampa, Fla.

Tasha Oil & Uranium Co., Denver, Colo.
May 11 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—1890 S. Pearl St., Denver, Colo. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., same city.

★ Tekoil Corp., Robinson, Ill.
May 31 filed 280,000 shares of common stock (par $1). **Price**—To be supplied by amendement. **Proceeds**—To retire liabilities assumed in connection with acquisition of present properties; to retire short-term bank loan; for payment on properties acquired from G. S. Hammonds; and for general corporate purposes. **Underwriter**—Eppler, Guerin & Turner, Dallas, Texas.

★ Tennessee Gas Transmission Co. (6/15)
May 26 filed 200,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds** — To redeem outstanding 100,000 shares of 5.85% preferred stock, to repay bank loans and for expansion program. **Underwriters**—Stone & Webster Securities Corp., and White, Weld & Co.

Texboard, Inc., Dallas, Texas
Jan. 17 filed $1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and $1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. **Price**—To be supplied by amendment. **Proceeds**—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. **Underwriter**—Emerson Cook Co., Palm Beach, Fla.

Triangle Mines, Inc., Salt Lake City, Utah
May 3 (letter of notification) 100,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For mining operations. **Office** — 506 Judge Bldg., Salt Lake City, Utah. **Underwriter** — Lewellen-Bybee Co., Washington, D. C.

Turner Uranium Corp.
April 1 (letter of notification) 2,000,000 shares of common stock (par 2½ cents). **Price**—10 cents per share. **Proceeds** — For mining operations. **Office** — 130 Social Hall Avenue, Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., same city.

★ Two Jay Uranium Co., Salt Lake City, Utah
May 16 (letter of notification) 3,000,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—32 Exchange Place, Salt Lake City, Utah. **Underwriter** — Western States Investment Co., Tulsa, Okla.

U-Kan Uranium & Oil Co., Salt Lake City, Utah
May 5 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — Judge Bldg., Salt Lake City, Utah. **Underwriter** — Northern Securities, Inc., Seattle, Wash.

• U-Neva Uranium Corp., Salt Lake City, Utah
April 29 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (par two cents). **Proceeds**—For mining expenses. **Office**—954 East First South St., Salt Lake City, Utah. **Underwriter**—Columbia Securities Co., Denver, Colo., and Salt Lake City, Utah.

★ Union Carbide & Carbon Corp.
May 25 filed 271,267 shares of capital stock (no par) to be offered to certain officers and other employees of the company and its subsidiaries pursuant to a Stock Purchase Plan for Employees.

Union Club, Inc., Hollywood, Calif.
March 1 filed 30,000 shares of preferred stock (par $50) and 100,000 shares of common stock (par $10) to be offered in units of three preferred and 10 common shares. **Price**—$400 per unit. **Proceeds**—For purchase of property, construction of hotel, athletic and health facilities, and working capital. **Underwriter**—None, but sales will be made through agents.

United Gas Corp. (6/8)
May 17 filed 525,036 shares of common stock (par $10) to be offered by Electric Bond & Share Co. for subscription by its common stockholders of record about June 8 on the basis of one new share of United Gas stock for each 10 shares of Bond and Share stock held; rights to expire on July 1. **Price** — To be named later. **Proceeds**—To Electric Bond & Share Co., who is the selling stockholder. **Underwriter**—None.

★ Uranium & Minerals, Inc., Winnemucca, Nev.
May 11 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—Professional Bldg., Winnemucca, Nev. **Underwriter** — Stocks, Inc., Las Vegas, Nev.

Uranium Prince Mining Co., Wallace, Ida.
April 18 (letter of notification) 1,750,000 shares of common stock. **Price** — 10 cents per share. **Proceeds**—For mining operations. **Address** — Box 709, Wallace, Ida. **Underwriter**—Wallace Brokerage Co., same city.

Vanadium Queen Uranium Corp. (6/6-10)
April 18 filed 845,000 shares of capital stock (par 10 cents), of which 70,000 shares are for the account of selling stockholders and 775,000 shares for the company's account. **Price**—$2.50 per share. **Proceeds** — To repay notes and for exploration and development expenses. **Office** — Grand Junction, Colo. **Underwrtier**—Van Alstyne, Noel & Co., New York.

Virginia Electric & Power Co. (6/7)
May 5 filed $25,000,000 first and refunding mortgage bonds, series L, due June 1, 1985. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp.; Stone & Webster Securities Corp.; Kuhn, Loeb & Co.; Salomon Bros. & Hutzler; White, Weld & Co. **Bids**—To be received up to 11 a.m. (EDT) on June 7, at 15 Broad St., New York, New York.

★ Warner-Lambert Pharmaceutical Co. (6/15)
May 26 filed 325,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To International Drug Products, Inc., now in liquidation, which presently owns 558,411 shares, or 27.3% of the outstanding stock. **Underwriter**—Morgan Stanley & Co., New York.

Western Development Co. of Delaware
March 14 (letter of notification) 18,773 shares of capital stock (par $1) being offered in exchange for 124,165 shares of class A and class B capital stock of Excalibur Uranium Corp. on basis of one Western share for each 6.6 shares of Excalibur stock held; offer to expire on June 15. **Address**—65 Sena Plaza, or P. O. Box 1201, Santa Fe, N. Mex. **Underwriter**—None.

Western Hills Inn, Fort Worth, Texas
Jan 31 filed 200,000 shares of capital stock (no par) **Price**—$5 per share. **Proceeds**—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. **Underwriter**—Schwanz & Co., Inc., Aurora, Ill.

Western Nebraska Oil & Uranium Co., Inc. (6 8)
April 4 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For exploration and development costs and working capital. **Office**—924 Broadway, Denver, Colo. **Underwriter**—Israel & Co., New York.

Wilrich Petroleum, Ltd., Toronto, Canada
March 24 filed 2,000,000 shares of capital stock (par $1) of which 1,000,000 shares are to be issued in payment for certain properties to be acquired from American Trading Co., Ltd. who will purchase the remaining 1,000,000 shares for $455,000. **Proceeds**—For exploration and development costs and working capital. **Office**—611-850 West Hastings St., Vancouver, B. C., Canada. **Underwriter**—None.

Wisconsin Power & Light Co.
May 4 filed 263,140 shares of common stock (par $10) being offered for subscription by common stockholders of record May 16 on the basis of one new share for each 10 shares held. Unsubscribed shares to be offered to employees. Rights to expire on June 7. **Price**—$25 per share. **Proceeds**—To repay bank loans and for new construction. **Underwriters** — Smith, Barney & Co., New York; and Robert W. Baird & Co., Inc., Milwaukee, Wis.

Wisconsin Power & Light Co.
May 4 filed 30,000 shares of new cumulative preferred stock (par $100) being first offered for subscription by preferred stockholders of record May 16 and employees of company; rights to expire on June 7. **Price**—$102.75 per share, plus accrued dividends. **Proceeds**—To redeem presently outstanding preferred stock, for payment of bank loans and construction program. **Underwriters**—Smith, Barney & Co., New York; and Robert W. Baird & Co., Inc., Milwaukee, Wis.

W & M Oil Co., Lincoln, Neb.
Feb. 25 (letter of notification) 225,000 shares of common stock (par $1). **Price**—$1.30 per share. **Proceeds**—For oil and mining activities. **Office**—116 S. 15th St., Lincoln, Neb. **Underwriter** — None. J. Keith Walker is President.

Woodland Oil & Gas Co., Inc.
Dec 21 (letter of notification) 299,900 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For equipment, drilling expenses and working capital. **Office**—42 Broadway, New York, N. Y. **Underwriter**—E. M. North Co., Inc., same address.

Wyco Uranium, Inc., Salt Lake City, Utah
April 7 (letter of notification) 2,900,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—429 Ness Bldg.,

Salt Lake City, Utah. **Underwriter** — Rocky Mountain Securities, Las Vegas, Nev.

Wyoming Uranium Corp., Salt Lake City, Utah
April 22 (letter of notification) 833,333 shares of common stock (par one cent). **Price**—3½ cents per share. **Proceeds**—For mining expenses. **Office**—522 Felt Bldg., Salt Lake City, Utah. **Underwriter**—James E. Reed & Co., Salt Lake City, Utah; and Coombs & Co., of Washington, D. C.

Prospective Offerings

● Alleghany Corp.
Feb. 16 company offered 1,367,440 shares of 6% convertible preferred stock (par $10) in exchange for the outstanding 136,744 shares of 5½% cumulative preferred stock, series A (par $100) on the basis of ten shares of 6% stock for each 5½% preferred share held. Offer approved by ICC on May 26. **Dealer-Manager**—Kidder, Peabody & Co., New York.

American Telephone & Telegraph Co.
April 20 stockholders approved a new issue of not to exceed $650,000,000 convertible debentures. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably on the basis of $100 of debentures for each eight shares of stock held). **Underwriter**—None.

Beaumont Factors Corp., New York
April 20 it was announced company plans 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). **Proceeds**—For expansion in volume of business activities. **Business**—A commercial finance company. **Office**—325 Lafayette St., New York 12, N. Y. **Underwriter**—None.

Blackhawk Fire & Casualty Insurance Co.
April 5 it was reported company plans to issue and sell 200 000 shares of common stock. **Price**—Expected at $5 per share. **Proceeds**—To acquire Blackhawk Mutual Insurance Co., Rockford, Ill. **Underwriter** — Arthur M. Krensky & Co. Inc., Chicago, Ill. **Registration**—Expected late in May.

Bliss (E. W.) Co.
April 26 stockholders increased the authorized common stock (par $1) from 1,000,000 shares to 1,500,000 shares. **Underwriter**—Previous financing was handled by Allen & Co., New York.

Cavendish Uranium Mines Corp.
April 19 it was announced company plans issue and sale of a debenture issue of several million dollars. **Proceeds**—For a concentrating mill, mining equipment and for underground development. **Underwriter**—James Anthony Securities Corp., New York.

Central Maine Power Co.
Dec. 31, W. F. Wyman, President, stated that company plans to issue and sell some additional common stock par $10 (probably to stockholders) in the latter part of 1955. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Meeting**—Stockholders on May 11 voted to increase the authorized common stock from 3,250,000 to 3,500,000 shares. **Offering**—Probably in September.

Central Telephone Co., Lincoln, Neb.
May 11 it was announced stockholders will vote June 1 on increasing the authorized common stock from 700,000 shares to 850,000 shares and on creating an authorized issue of 20,000 shares of preferred stock. **Underwriters**—Paine, Webber, Jackson & Curtis, Boston and New York; and Loewi & Co., Milwaukee, Wis.

★ Charmin Paper Mills, Inc., Green Bay, Wis.
May 23 it was announced company plans to issue and sell publicly $5,000,000 convertible debentures. **Proceeds** — For expansion program. **Underwriter** — Robert W. Baird & Co., Milwaukee, Wis. **Meeting** — Stockholders on June 22 will vote on the new financing and on splitting up the common stock on a 2-for-1 basis.

★ Chicago, Burlington & Quincy RR. (6/15)
Bids are expected to be received by the company on June 15 for the purchase from it of $8,700,000 equipment trust certificates to be dated July 5, 1955, and to mature semi-annually to and including July 5, 1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chicago, Milwaukee, St. Paul & Pacific RR.
May 10 it was announced stockholders will vote July 13 on approving the creation of an issue of $60,000,000 5% income debentures, series A, to be offered in exchange for outstanding preferred stock, series A, about Aug. 1 on a par for par basis; offer to expire on Sept. 1, 1955.

Commonwealth Edison Co.
Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing. **Proceeds**—For new construction, which, it is estimated will cost about $125,000,0000 in 1955. **Underwriters**—For last equity financing were The First Boston Corp and Glore, Forgan & Co.

★ Consolidated Cigar Corp. (6/22)
May 24 it was reported company plans early registration of $16,000,000 to $17,000,000 debentures. **Underwriter**—Eastman, Dillon & Co., New York.

Consolidated Edison Co. of New York, Inc.
May 23 it was reported company is expected to do some financing in the Fall, the form and amount to be determined later. **Underwriter**—For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.

Consolidated Uranium Mines, Inc.
July 23, 1954, stockholders authorized issuance and sale of not to exceed $6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. Public offering of $2,000,000 bonds expected early in 1955. **Underwriter** — Tellier & Co., Jersey City, N. J.

★ Consumers Power Co.
May 25 company filed a petition with Michigan P. S. Commission for authority to issue and sell 100,000 shares of preferred stock (no par). **Price**—Not less favorable to the company than a $4.50 basis. **Proceeds**—For construction program. **Underwriter**—Morgan Stanley & Co.

★ Consumers Power Co.
May 25, Justin R. Whiting, Chairman of the Board, announced company plans to offer to its common stockholders 373,689 additional shares of common stock (no par) on the basis of one new share for each 20 shares held. Unsubscribed shares to be offered to employees of company and its subsidiary. **Price**—To be not less favorable to the company than $4 per share below the then current market price at the time the offering price is determined. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co.; Lehman Brothers.

Daitch Crystal Dairies, Inc.
April 28 stockholders approved a proposal to increase the authorized common stock (par $1) from 500,000 shares to 1,000,000 shares to provide for future financing and expansion. **Underwriter**—Hirsch & Co., New York.

Detroit Edison Co.
May 2 stockholders approved a proposal authorizing about $60,000,000 of convertible debentures. Previous offer of convertible debentures was made to stockholders without underwriting.

Doman Helicopters, Inc.
Feb. 17 Donald S. B. Waters, President, announced stockholders voted to increase authorized capital stock from 1,000,000 shares to 3,000,000 shares in anticipation of expansion of the company's activities. **Underwriter**—Previous financing handled by Greene & Co., New York.

First National Bank of Fort Worth, Texas
May 16 it was announced Bank plans to offer to its stockholders the right to subscribe for 100,000 additional shares of capital stock (par $10) on the basis of one new share for each 5½ shares held. **Price**—$23.50 per share. **Proceeds**—To increase capital and surplus. **Meeting**—Stockholders vote June 7 on increasing capitalization.

★ First National Bank & Trust Co., Tulsa, Okla. (6/7)
May 20 it was announced bank plans to offer to its stockholders of record, June 6, 1955, the right to subscribe, up to and including June 24, 1955, for 160,000 additional shares of capital stock (par $10) on the basis of two new shares for each five shares held. **Price** — $20 per share. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York.

Florida Power Corp.
April 14 it was announced company may issue and sell late in 1955 about $12,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp.

Ford Motor Co., Detroit, Mich.
March 15 it was reported that following a probable 10-for-1 stock split, an offering of approximately 4,000,000 new shares will be made to the public. **Price**—Expected to be around $60 per share. **Proceeds** — To the Ford Foundation. **Offering**—Probably not until "latter part of 1955, if then."

Freedom Insurance Co., Berkeley, Calif.
March 28 it was reported that company (in process of organization) plans to sell initially a minimum of $2,000,000 of capital stock at $22 per share. **Business** — To write casualty, fire and allied coverage. **President**—Ray B. Wiser, 2054 University Ave., Berkeley, Calif.

Given Manufacturing Co.
May 19 it was reported company plans early registration of 87,500 shares of 6% convertible preferred stock (par $10). **Underwriter**—Straus, Blosser & McDowell, Chicago, Ill.

Gulf States Utilities Co.
May 16 it was reported company may issue and sell $10,000,000 first mortgage bonds if market conditions permit. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly): Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp. **Registration**—Expected in June. **Bids**—Expected in July.

Hammermill Paper Co.
May 10 stockholders approved a proposal on increasing the debt authority to $20,000,000. **Underwriter**—A. G. Becker & Co. (Inc.), Chicago, Ill.

Hertz Corp., Chicago, Ill.
May 24 it was announced the directors have approved plans for the early registration of an issue of $5,000,000 of convertible subordinate debentures. **Proceeds** — To provide working capital for expanded operations. **Underwriters**—Lehman Brothers and Hornblower & Weeks, both of New York.

Housatonic Public Service Corp.
May 23 it was reported company plans to offer to its stockholders approximately 18,017 shares of common stock (par $15) on a basis of one new share for each 25 shares held. **Underwriter**—None.

Hupp Corp.
May 13 stockholders approved a proposal increasing the authorized capital stock from 3,000,000 to 4,200,000 shares (200,000 of such increased shares shall be (new) serial preferred stock, $50 par value and 1,000,000 shares shall be common stock, $1 par value); also waiving of preemptive rights to such increased shares.

Idaho Power Co.
April 22 the company applied to the Federal Power Commission for authority to issue and sell 15,000 shares of cumulative preferred stock (par $100) and requested exemption from competitive bidding. **Proceeds** — For construction program. **Underwriter** — Blyth & Co., Inc. **Offering**—Expected early in June.

Illinois Bell Telephone Co. (7/12)
May 17 it was announced company plans to issue and sell an issue of $30,000,000 first mortgage bonds. **Proceeds**—To repay advances from American Telephone & Telegraph Co., the parent, and for capital expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co.: Kuhn, Loeb & Co. **Bids**—Expected to be received on July 12.

International Bank, Washington, D. C.
April 25 it was announced company, in addition to placing privately an issue of $500,000 convertible debentures in the next few weeks, will offer additional convertible debentures to shareholders, probably sometime in the Autumn of this year. **Office**—726 Jackson Place N. W., Washington, C. D. **Business**—Industrial merchant bankers.

International Oil & Metals Corp., Seattle, Wash.
May 23 it was reported company may do some financing some time in the future. William D. Bost of Whitcom & Co., New York, is Chairman of the Board.

Ionics, Inc., Cambridge, Mass.
May 18 it was reported company plans early registration of 100,000 shares of common stock. **Underwriter**—Lee Higginson Corp., New York and Boston.

Isthmus Sulphur Co. (Texas)
March 30 it was reported early registration is planned of an undertermined number of common shares. **Underwriters**—L. D. Sherman & Co., New York, and Garrett & Co., Dallas, Tex.; and others.

Jersey Central Power & Light Co.
Feb. 21 it was reported company plans to sell $5,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Glore, Forgan & Co. **Offering** — Expected before July 1.

Keystone Wholesale Hardware Co., Atlanta, Ga.
Jan. 27 it was stated that the company plans at a later date to offer additional shares for sale nationally. An offering of 16,666 shares of common stock was recently made to residents of Georgia only at $3 per share. **Office**—517 Stephens St., S.W., Atlanta, Ga.

Lithium Developments, Inc., Cleveland, Ohio
May 25 it was announced that company plans soon to file a letter of notification with the SEC covering a proposed issue of 600,000 shares of common stock. **Proceeds**—For general corporate purposes. **Underwriter**—George A. Searight, New York.

Long Island Lighting Co.
April 23 it was announced company plans to sell an issue of about $15,000,000 first mortgage bonds, series H due 1985. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); W. C. Langley & Co.; Smith, Barney & Co.; Baxter, Williams & Co. **Offering**—Expected late in 1955.

● Long Island Lighting Co. (7/1)
May 26 it was announced company plans to offer subscription rights to its common stockholders about July 1, 1955, to subscribe to 624,170 additional shares of common stock on the basis of one new share for each ten shares held about July 1; rights to expire July 18. **Price**—To be determined immediately prior to the offering. **Proceeds** — For construction program. **Underwriters** — Blyth & Co., Inc.; The First Boston Corp.; and W. C. Langley & Co., all of New York. An additional 33,543 shares of common stock are to be offered to employees at same time, without underwriting. **Registration**—Expected on June 10.

Lucky Stores, Inc.
April 20 stockholders approved a proposal to increase the authorized common stock (par $1.25) from 1,000,000 shares to 2,000,000 shares (there are 804,063 shares outstanding). It was reported previously that the company proposed to raise approximately $1,500,000 through the sale of 150,000 shares. However, no immediate financing is planned. **Underwriter**—Probably Blair & Co. Incorporated, New York.

Maine Central RR.
Feb. 14, E. Spencer Miller, President, said company has not given up the idea of refunding the $17,000,000 5⅛% first mortgage and collateral trust bonds due 1978. Probable bidders for new bonds may include Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; Coffin & Burr, Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co. Inc.; Glore, Forgan & Co.

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Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. **Office**—Room 717, 141 Broadway, New York 6, N. Y.

Maremont Automotive Products, Inc.
May 23 it was reported company plans early registration of $2,000,000 convertible debentures due 1970. **Underwriters** — Hallgarten & Co.; Straus, Blosser & McDowell; and McCormick & Co. (latter handling books).

Merchants National Bank of Boston (6/9)
May 7 it was announced the company plans to offer to stockholders of record June 9 the right to subscribe for 50,000 additional shares of capital stock (par $10) in the ratio of one new share for each six shares held; rights to expire on June 27. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Underwriter** — The First Boston Corp., New York.

Merritt-Chapman & Scott Corp.
May 19, Louis E. Wolfson, President and Board Chairman, announced company plans to issue and sell $25,000,000 of convertible debentures. **Proceeds** — To refinance certain outstanding bank loans and term debt, for working capital purposes, and for future expansion. **Underwriter**—A. C. Allyn & Co., Inc., New York. **Offering**—Expected late in June.

Middle States Telephone Co. of Illinois
May 19 it was reported company plans to issue and sell additional common stock. On May 11, the authorized issue was increased to 450,000 shares from 350,000 shares. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

Mountain States Telephone & Telegraph Co.
May 21 it was announced that company plans to issue and sell to its stockholders additional common stock next Fall, the amount and ratio to be determined later. American Telephone & Telegraph Co. owns about 86.7% of the presently outstanding common stock. **Underwriter**—None.

Murphy (G. C.) Co., McKeesport, Pa.
April 12 stockholders approved a proposal to increase the authorized limit of indebtedness from $3,000,000 to $20,000,000. **Proceeds**—For expansion program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York, handled preferred stock financing in 1942.

National Newark & Essex Banking Co.
May 23 stockholders received right to subscribe for 28,880 additional shares of capital stock (par $25) on basis of one new share for each eight shares held on May 19; rights to expire on June 14. **Price**—$70 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Clark, Dodge & Co., New York.

National State Bank of Newark, N. Y. (6/3)
May 23 stockholders approved a proposal to increase authorized capital stock (par $25) by 55,000 shares, of which it is planned to distribute 10,000 shares as a stock dividend of 8%, and to offer the remaining 45,000 shares to stockholders of record June 3 in the ratio of one new share for each three shares held after receipt of the stock dividend. **Price**—$91 per share. **Proceeds**—To increase capital and surplus. **Underwriters**—Clark, Dodge & Co.; Union Securities Corp.; Adams & Hinckley; Nugent & Igoe; Julius A. Rippel, Inc.; and Parker & Weissenborn, Inc.

New Orleans Public Service Inc.
Feb. 4 it was announced that company plans this year to issue some first mortgage bonds due 1985. **Underwriter**—To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blair & Co. Incorporated; The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); and Lehman Brothers.

New York State Electric & Gas Corp.
April 7 it was announced holders of the serial preferred stock will vote May 6 on a proposal to authorize 200,000 new shares of preferred stock (par $100) to be issued in series. Company plans to raise about $21,500,000 through the sale of new securities this year. Last preferred stock financing was done privately.

New York Telephone Co.
Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than $100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately $200,000,000. **Underwriter**—For and bonds, to be determined by competitive bidding. **Probable bidders**: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.

Northern Indiana Public Service Co.
Jan. 12, D. H. Mitchell, President, announced that the company plans to raise approximately $12,000,000 of new money (which may be done through sale of preferred and/or common stock). **Underwriters**—Probably Central Republic Co. (Inc.), Blyth & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Beane.

Northern States Power Co. (Minn.)
March 29 it was announced that new capital requirements for 1955 will approximate $31,000,000. Present plans contemplate these funds will be obtained temporarily from short-term bank loans to be repaid from proceeds of the sale of additional bonds late in 1955 or early 1956. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); Glore, Forgan & Co.

Northwest Nitro-Chemicals, Ltd., Alberta, Can.
March 4 company plans to issue and sell publicly debentures and common stock to finance its proposed chemical project. **Underwriter**—Eastman, Dillon & Co., New York.

Ohio Water Service Co.
March 28 it was reported company plans to issue and sell $1,000,000 of first mortgage bonds and $300,000 of additional common stock (the latter to stockholders) in near future. **Proceeds**—To retire bank loans and reimburse the company's treasury for construction expenditures.

● **Old Republic Insurance Co., Greensburg, Pa.**
April 25, it was announced capital and surplus would soon be increased to more than $3,500,000 and name changed from Coal Operators Casualty Co., effective June 1. **Underwriter** — May be The First Boston Corp., New York.

Pacific Telephone & Telegraph Co.
May 7, it was reported that the company expects later this year to make an offering of additional stock to stockholders, following approval of a proposal to increase the authorized capital stock from 8,500,000 shares (7,215,180 shares outstanding) to 10,500,000 shares.

Pennsylvania Power & Light Co.
April 19, Charles E. Oakes, President, announced that company plans this year to issue and sell $15,000,000 of first mortgage bonds and use the proceeds for its construction program. Previous bond financing was arranged privately through Drexel & Co. and The First Boston Corp.

Pepsi-Cola General Bottlers, Inc., Chicago, Ill.
May 6 it was announced company plans to offer publicly 200,000 shares of common stock (par $1). **Proceeds**—To retire bank loans and for expansion program. **Underwriters**—Straus, Blosser & McDowell and Link, Gorman, Peck & Co., both of Chicago, Ill.

Puget Sound Power & Light Co.
April 5, Frank McLaughlin, President, said that "it will be necessary in 1955 to obtain funds for construction purposes from outside sources—at least to the extent of several million dollars." The company has scheduled a large-scale expansion program, involving $75,000,000 in order to keep abreast of estimated load growth over the next five years. **Underwriters**—Probably Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co.

Pure Oil Co.
April 9 stockholders approved the possible issuance of a convertible debenture issue. This would not exceed $50,000,000 and would be issued at the discretion of the directors any time within the next 12 months. **Underwriter**—Probably Smith, Barney & Co., New York.

Reading Co.
April 18 it was announced stockholders on June 7 will vote on increasing the authorized indebtedness of the company to $125,000,000. Funded debt at Dec. 31, 1954 totaled $84,077,350. If, in the future, the directors should deem it in the best interests of the company to issue bonds, the board will determine the amount of the issue and the terms and conditions of the bonds. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

St. Louis-San Francisco Ry.
May 10 stockholders approved an additional issue of up to $25,000,000 of first mortgage bonds, of which it is planned to sell initially $19,500,000 principal amount to mature in 40-years. **Proceeds** — For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Union Securities Corp.; Blyth & Co., Inc. and Harriman Ripley & Co. Inc. (jointly).

San Diego Gas & Electric Co.
E. D. Sherwin, President, recently reported that the company will need a minimum of $11,000,000 new capital to help finance its current $20,000,000 construction program. The financing will probably take the form of a bond issue or preferred stock. **Underwriters**—(1) For preferred stock, Blyth & Co., Inc., San Francisco, Calif. (2) For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blyth & Co., Inc.; Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly). **Offering**—Expected in September.

★ **Siboney Development & Exploration Co. (Cuba)**
May 28 it was reported company plans early registration of 2,000,000 shares of common stock. **Price**—$1 per share. **Underwriters**—Gregory & Son, Inc., New York, and Dempsey-Tegeler Co., St. Louis, Mo.

Southern California Gas Co.
Feb. 28 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds. Application has been filed with California P. U. Commission for exemption from competitive bidding. Bids received on last sale of bonds were from Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co. and Union Securities Corp. (jointly); Lehman Brothers.

Southern Co. (11/9)
Dec. 30 it was announced company plans to issue and sell to the public 500,000 additional shares of common stock (par $5). **Proceeds**—To repay bank loans and for investment in additional stock of subsidiary companies. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Ladenburg, Thalman & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly); Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Tentatively scheduled for Nov. 9. **Registration**—Not expected until Oct. 12.

Southland Frozen Foods, Inc.
April 18 it was reported company plans to offer $600,000 of 6% debentures and 60,000 shares of common stock. **Office**—160 Broadway, New York City. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York. **Offering**—Expected in June or July.

Southwestern States Telephone Co.
April 25 company applied to the Arkansas P. S. Commission for authority to issue and sell 40,000 shares of cumulative preferred stock (par $25). **Proceeds** — Together with funds from proposed issue (probably privately) of $2,000,000 first mortgage bonds, to be used for construction program. **Underwriter** — Central Republic Co. (Inc.), Chicago, Ill.

Sterling Precision Instrument Corp., Buffalo, N. Y.
April 14 it was reported company plans to issue and sell $3,000,000 of convertible preferred stock.

Texas Eastern Transmission Corp.
Jan. 12, George T. Naff, President, referred to the possibility of some $85,000,000 in new financing when and if the company's current application for the reconversion of the Little Big Inch pipeline and the construction of the new natural gas facilities is launched. He indicated that it was possible that $40,000,000 of that assumed $85,000,000 new financing might be in the form of new first mortgage bonds, (to be placed privately), and that based upon the assumptions that he was making he believed that the remainder of the financing would be accomplished by the issuance of debentures and preferred stocks (he did not assume the sale of any common stock). Plans for the possible issuance of new securities are not at all definite as yet, it was announced on March 4. **Underwriter**—Dillon, Read & Co., Inc., New York.

Texas Gas Transmission Co.
March 15 it was reported company plans to sell additional first mortgage bonds later to finance cost of new construction, which is estimated at about $17,500,000. **Underwriter**—Dillon, Read & Co. Inc., New York.

Union Electric Co. of Missouri
Jan. 24 it was reported company expects to sell about $30,000,000 30-year first mortgage bonds late in 1955. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly).

United Aircraft Corp.
April 26 stockholders approved a new issue of 500,000 shares of preference stock (par $100). **Proceeds**—To redeem present 5% cumulative preferred stock (233,500 shares outstanding), and for working capital. **Underwriter**—Harriman Ripley & Co., Inc., New York.

Utah Power & Light Co. (9/13)
March 28 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds due 1985. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co.; Salomon Bros. & Hutzler; White, Weld & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly). **Bids** — To be received Sept. 13.

Utah Power & Light Co. (9/13)
March 28 it was reported company plans public sale of 177,500 shares of common stock. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; The First Boston Corp. **Bids**—To be received on Sept. 13.

Westcoast Transmission Co., Ltd.
April 25 it was reported company now plans to issue and sell publicly about $20,000,000 of securities, probably in units of notes and stock. Bonds are expected to be placed privately. **Underwriter**—Eastman, Dillon & Co., New York. **Offering**—Expected in July.

Western Light & Telephone Co., Inc.
May 2 it was reported company plans to issue and sell about $2,500,000 first mortgage bonds, series H, due 1984. **Underwriter**—May be Dean Witter & Co.

Western Union Telegraph Co.
March 15 it was announced that consideration is being given to the issuance of some additional shares of common stock through an offering to stockholders. Stockholders April 13 voted to approve a 4-for-1 split of the company's stock and the issuance of an additional 1,580,000 new shares, part of which are expected to be offered as aforesaid, but no definite financing plans have been formulated. **Underwriters**—Expected to include Kuhn, Loeb & Co.; Lehman Brothers; and Clark, Dodge & Co.

Westpan Hydrocarbon Co.
March 2 it was announced Sinclair Oil Corp. has agreed with the SEC to divest itself of its investment of 384,380 shares of Westpan stock (52.8%). **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. White, Weld & Co., New York, may be included among the bidders.

Mutual Funds

By ROBERT R. RICH

CONTINUING its practice of providing atomic energy information with its portfolio, the Atomic Development Mutual Fund accompanies its March 31 list of stock holdings with a geologic cross-section chart of the Colorado Plateau to show uranium-bearing formations.

The portfolio also shows the major Colorado uranium producing areas, processing mills and buying stations. A four-color map keys the Fund's 97 holdings to their operating installations in the United States, Canada, Africa and Australia.

The Dec. 31 Portfolio presented full color pictures of "Atomic Energy—How it Works, What It Is Used For," based on an exhibit prepared by the American Museum of Atomic Energy at Oak Ridge, Tenn.

New additions for the quarter ending on March 31 included 27,000 shares of Beaver Lodge Oil Corporation; 1,000 shares of Food Machinery and Chemical Company; 3,400 shares, Tennessee Corporation; 20 shares, Climax Uranium (not Climax Molybdenum) Company; 500 shares, New Jersey Zinc Company; and 14,00 shares, Peach Uranium and Metal Mining, Ltd.

Eliminated from the Portfolio were Rexspar Uranium and Metals Mining Co., Ltd.; Kentucky-Utah Mining Company; International Minerals and Chemical Corporation; and Panellit, Inc.

In line with its greatly increased growth, the Fund during the quarter bought additional shares of securities of many companies it already held on Dec. 31.

Most striking change was the increase in holdings of the Anaconda Copper Mining Company from 2,500 shares to 18,700. Anaconda's uranium mine at Grants, New Mexico, is the largest in the United States. The company also operates a uranium milling plant which will become this country's largest.

The largest single holdings of the Fund based on the March 31 market value were 17,800 shares, General Dynamics Corporation, $1,372,825; 26,900 shares of Vanadium Corporation of America, $1,156,700; 18,700 share, Anaconda, $1,098,625; and 15,100 shares, Climax Molybdenum Company, $1,024,912.

THE NEW ATOMIC power plants scheduled to start springing up throughout the country within the next several years will show little difference in outward appearance from the power plants now in use by the utility industry, according to an "Atomic Activities" study published by National Securities & Research Corporation, New York, investment managers and sponsor of National Securities Series — a $230,000,000 mutual fund.

While the primary outward difference will be in the absence of coal piles and smoke stacks, only the heart of the atomic power plant—the atomic reactor—basically differs from the conventional furnaces fired by coal, oil or gas, the study said.

"Thus the atomic reactor," the study pointed out, "is essentially a device for safely converting vast nuclear energy into heat; then the heat converts water to steam which is used in turbines for propulsion or to generate electricity."

Robert Colton, manager of the corporation's Atomic and Electronics Division, explained that a great many different types of reactors have been evolved as nuclear reactor technology has been developed.

"Of all these reactor designs," he said, "five basic types have been selected by the Atomic Energy Commission as the most promising for commercial application. To develop reactors in these five categories, the AEC is depending upon the fine engineering skill and development ability of an impressive group of organizations." The five basic types are: the pressurized water reactor; the boiling water reactor; sodium graphite reactor; homogenous reactor, and fast breeder reactor.

"Many other research reactor programs are now being undertaken, some of which cannot be

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Railroads in Best Shape In History, Bullock Reports

Although U. S. railroads put in a "rather mediocre showing" in 1954, the nation's railroad plant is in "the best physical condition in history" and the continuing build-up of favorable influences in the industry and in the economy makes the outlook for 1955 "relatively bright," the latest Calvin Bullock analysis reveals.

The railroad industry itself, which for a number of years pursued a program of improving operations, redesigning financial structures and internal organizations, succeeded in restoring its credit in time to weather the general business decline of 1954, the publication states.

Previously, high levels of postwar freight traffic had reinforced this reconstruction phase with improved operating efficiency, rising earnings, resumption of dividends and relatively high yields which demonstrated that "railroad common stocks could no longer be ignored as a medium for the employment of at least a portion of funds available for investment in equities."

What happened in 1954, the analysis points out, provided the first opportunity to view the performance of the reconstructed railroad industry under condtions of lower traffic levels.

Even if the industry "did not fare too well" in 1954—ton miles were less than for any year in the postwar period with the exception of 1949 and gross revenues declined 12%—strict control of operating expenses, which declined 9.2%, and the substantial reduction in Federal income taxes limited the drop in net income to $228 million, or only 17.7% of the decrease in revenues.

The net income for the industry in 1954 was $674 million, the publication reports, including the over-statement of an estimated $175-$200 million as a result of writing off a portion of the cost of emergency facilities over a five-year period for Federal income tax purposes and the charging of only normal depreciation in reports to the ICC and stockholders.

"What actually happens," states the publication, "is that Federal income taxes on the excess amount of amortization over normal depreciation are deferred to future years."

Total operating revenues in 1954 were only 5.3% above the level for 1945, the year immediately preceding the first of a number of freight rate increases which now total about 79%, it was noted. This small increase in gross reflects a presently lower traffic level, the publication points out.

A principal bright spot in 1954 was the trend of operating revenues and net railway operating income. In each of the first 10 months the decreases in gross revenues from year earlier levels exhibited a rather consistent pattern ranging between 11.1% and 15.8%, it is noted.

In sharp contrast, the monthly declines in net railway operating income which started the year at 59.3% became steadily smaller as the year progressed and, for the month of October, the decrease was only 15.3%.

In the last two months, when revenues declined 4.7% and 2.1%, net railway operating income increased 19.9% and 40.2% respectively, the publication notes.

"The excellent showing in the trend of net railway operating income, not only on an absolute basis but in relation to gross revenues as well, reflects the ability of the railroads to reduce operating expenses to a level consistent with the traffic volume and the amount of gross revenues received.

"The significance of the improving trend in net railway operating income during 1954 far out-weighs, in our opinion, the rather poor operating results reported for the year as a whole," it reports.

"The evidence justifies the conclusion that 'modern railroading' can provide a relatively satisfactory level of earnings during future periods of business setbacks of moderate proportions," concludes the analysis.

Fund Executive Foresees Outstanding Year For Iron and Steel Industry

Demand for steel continues at record levels and barring protracted work stoppages in key consuming outlets such as the automotive field, this year will in all likelihood be one of the best ever experienced by the iron and steel industry, according to William J. Dacey, of National Securities & Research Corporation. Mr. Dacey is a member of the Policy and Investment Committee of National Securities & Research Corporation, investment managers of the National Securities Series of mutual funds with assets of more than $235,000,000.


William J. Dacey

Recently returned from an extensive field trip to the nation's various steel centers, Mr. Dacey reported that the "cash flow is reaching record proportions in many instances and is providing in great measure the funds needed by the industry for continued expansion and modernization of facilities, debt reduction and increased dividends to the common stockholders."

He foresaw a letdown in the "feverish pace of production" in the third quarter because of vacation schedules. This slowdown is anticipated both in the steel mills and in the plants of customers. However, he added, there is a general expectation that the fourth quarter will witness another upturn in output from third quarter levels.

"The industry is beginning to think of additional increases in basic ingot capacity to match anticipated gains in population and gross national product," Mr. Dacey reported. He added that in the minds of many investors, the steel industry has "begun to divest itself of its traditional characterization as a 'prince or pauper' business." This changing attitude has been brought about principally by realistic and capable management, and the "maturity and wisdom gained through the hard school of experience by the industry's managers should provide a solid support for further progress," Mr. Dacey declared.

The National Securities Series of mutual funds has over $23,000,000 invested in the steel industry, which is represented in part as follows: 18,800 shares of Armco Steel; 18,200 of Bethlehem Steel; 25,300 of Bliss and Laughlin; 40,000 Great Northern Iron Ore; 26,200 Inland Steel; 106,000 Jones & Laughlin; 42,400 Kaiser Steel preferred; 12,000 Pittsburgh Steel preferred; 77,000 Republic Steel; 38,000 Wheeling Steel.

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Mutual Funds

classified in the main categories," Mr. Colton said. "For example, research reactors known as the swimming pool type, in which the reactor core is cooled and moderated by a large pool of light water, are becoming fairly standard for research studies and the preparation of radioisotopes."

Closed-End News

United Corp.

Net assets of The United Corporation currently are approximately $89,000,000 and equivalent to about $6.32 a share, Wm. M. Hickey, President, told stockholders at their annual meeting on April 27 in Wilmington, Del. Ten years ago, he added, United common stock had no asset value and was "under water" by more than $1,000,000. Earnings of the company for 1954, he reported, were $4,251,270, equal to 30.2% a share, the highest in 22 years.

The present asset value of more than $89,000,000, he said, reflects "the successful reorganization over the years of public utility companies in which United has a large investment and the retirement of all United preferred stock together with accrued dividends on the preferred shares."

Mr. Hickey pointed out that "in appraising the progress of the company during the past ten years consideration should be given the special capital dividend of 1,400,000 shares of Niagara Hudson Power Corp. (since renamed Niagara Mohawk Power Corp.) distributed by United to its common stockholders in 1949. Such distributed shares today have a market value of more than $36,000,000, which added to United's present net assets of over $89,000,000 makes a total of more than $125,000,000 salvaged for the common stock of United stock which at the end of 1944 was 'under water' by more than $1,000,000 on the basis of then quoted market prices."

United has been able to make "advantageous investments of the funds derived from the enforced sale of utility stocks," Mr. Hickey observed. "Substantial investments have been made in the stocks of companies in the oil, electric equipment, steel, paper and other industries. Market appreciation has been substantial, some realized and some yet to be taken.

By virtue of profits made on sales of securities United was able to pay an extra dividend of $1,000,000 to stockholders in 1954." With its problems under the Public Utility Holding Company Act settled, Mr. Hickey said "United looks forward to even greater flexibility when it becomes a registered investment company."

Holders of 12,689,916 shares of United common stock, or 90.2% of the total shares outstanding, were represented at the meeting in person or by proxy. Stockholders reelected the present board of directors.

Atomic Science Opens Up New Growth Areas for the Chemicals

The major role played by chemical companies in the growth of atomic energy paves the way to future expansion in the chemical industry. This role is described in a new study entitled "Atoms and Chemistry" just released by F. Eberstadt & Co. Inc., New York City, manager and distributor of Chemical Fund, Inc.

The survey discusses several of the areas in the field of atomic energy in which chemical companies are active. Major developments include the use of radiation in medicine, of radioactive tracers in the study of chemical and biological processes, the manufacture of fuel elements and other materials for atomic reactors, and mining and refining of fissionable materials.

The study, commenting on the role of chemistry in atomic developments, points out:

"The chemical industry has a reciprocal relationship to atomic energy developments. On the one hand, extensive chemical processing is involved in the production of atomic energy. On the other hand, the chemical industry should be a major consumer of the products of atomic energy."

Over 30 companies in the investment portfolio of Chemical Fund, representing 73% of the Fund's net assets, were cited in the report as being presently engaged in one way or another in atomic energy activities.

Open-End Company Statistics — Month of April, 1955
117 Open-End Funds
(In 000's of dollars)

	4/30/55	3/31/55	12/31/54
Total net assets	$6,602,310	$6,524,486	$6,109,390
	Month of April, 1955	Month of March, 1955	Four Months 1955
Sales of shares	$95,799	$120,819	$425,898
Redemptions	35,628	54,742	175,667

Holdings of Cash, U. S. Governments and Short-Term Bonds

April 30, 1955—$337,988	December 31, 1954—$308,701
March 31, 1955— 341,542	December 31, 1953— 263,647

Accumulation Plans	Month of April, 1955	Month of March, 1955	Four Months 1955
Number of new accumulation plans opened in period	8,195	9,879	35,461

OPEN-END COMPANY STATISTICS — MARCH 31, 1955
117 OPEN-END FUNDS
(000's of dollars)

	Mar. 31, '55	Feb. 28, '55	Dec. 31, '54	Mar. 31, '54
Total net assets	$6,524,486	$6,453,899	$6,109,390	$4,582,433
	Month of— March	Month of— February	1st Quarter 1955	4th Quarter 1954
Sales of shares	$120,819	$99,497	$330,099	$270,594
Redemptions	54,742	37,998	140,039	98,709

Purchases and Sales of Portfolio Securities
(Excluding U. S. Government Securities)

	1st Qr., 1955	4th Qr., 1954	Year, 1954
Purchases	$416,401	$388,479	$1,363,398
Sales	274,999	257,048	968,033

Holdings of Cash, U. S. Governments and Short-Term Bonds

Mar. 31, 1955 $341,542	Dec. 31, 1954 $308,701
Feb. 28, 1955 349,683	Dec. 31, 1953 263,647

Distributions to Shareholders by Open-End Funds

	1st Quarter 1955	4th Quarter 1954	Year 1954	Year 1953
From investment income	$53.582	$56,436	$200,102	$173,645
From security profits	29,977	99,177	129,933	63,621
From other sources	98	311	552	144
Total	$83,657	$155,924	$330,587	$237,410

Number of Accumulation Plans Opened

Month of— March	Month of— February	1st Quarter 1955	4th Quarter 1954	Year 1953
9,879	8,769	27,266	20,462	67,462 (Est.)

Number of Shareholdings

March 31, 1955 1.855,053	December 31, 1954 1,703,846

Source: National Association of Investment Companies.

PERSONAL PROGRESS

THE ELECTION of Eugene M. Kaufmann, Jr., as vice-president and director of Trainer, Wortham & Company, Incorporated, investment counsel firm of this city, was announced June 1, by Howard F. Wortham, President.

E. M. Kaufmann, Jr.

Mr. Kaufmann is widely known in Philadelphia financial circles where he has carried on his own investment counseling business since 1936. His election, according to the announcement, effectively merges his business with Trainer, Wortham & Co., Inc. It also consolidates the management of Advisers Fund, Inc., a mutual investment company, of which Mr. Wortham is chairman and Mr. Kaufmann, vice-president and treasurer.

In addition to its offices at 515 Madison Avenue, New York City, Trainer, Wortham & Co., Inc. will maintain Philadelphia offices at 1528 Walnut Street.

The newly-elected officer and director is a graduate of Cornell University and is active in that institution's alumni and fraternal affairs.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Eugene E. Burgle and Hugo F. Rubes are now with Mutual Fund Associates, 444 Montgomery Street.

R. L. Hughes Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Donald W. Brown has become affiliated with R. L. Hughes and Co., C. A. Johnson Building.

3 With Stevens & White

(Special to THE FINANCIAL CHRONICLE)

FT. MYERS, Fla.—Robert P. Hamilton, Dorothy D. Perkins and Roderick R. Ruger have joined the staff of Stevens & White, 2226 Hendry Street, members of the Midwest Stock Exchange.

Our Reporter's Report

Things took on a little brighter hue in the investment world this week, very likely the outcome of a number of considerations. The stronger tone in long governments naturally contributed to the better feeling around since the trimming of yields in that quarter of the market might be expected to make some of the recent corporate offerings a bit more attractive.

At any rate there was considerable enthusiasm generated in the new issue field as the Treasury's long-term 3s, due in 1995, moved up from around 100.23 to trade around 101.2 and developed real firmness just under that level.

At such a price the indicated yield to the buyer was around 2.95%, which, in the judgment of some experienced observers tended to make Ohio Edison's 3¼s due 1985, brought out on a 3.22% basis and Detroit Edison's 3¼s, due in 1980, brought out on a 3.25% basis, look better to institutional investors with funds piling up.

In fact, it was reported that there was considerable pickup in interest in the Ohio Edison bonds with buying proving sufficient to reduce the balance of the original $30,000,000 offering to rather nominal proportions.

The reawakening of institutional interest had not really spread to the Detroit Edisons which still were reported a bit on the slow side, but it was said that any show of interest from banks having big pension fund accounts or from some of the out-of-town insurance companies could easily start the ball rolling.

Recovery in the Treasury list, as measured by the 3s, it was noted has widened the spread between yields in that type of issue and good corporates to about 30 basis points with a differential of 15 to 25 points considered more normal.

Resting the Nerves

Investment bankers getting ready for the annual Field Day of the Bond Club of New York tomorrow, had a relatively easy time of it this week. The calendar was light in general and made up largely of equity issues being marketed through negotiated sale.

For the first time in a long while there was not a single corporate issue up for bids, or, as the underwirters refer to competitive bidding for sale, via the "suicide route."

For this period, at any rate, if they wanted to test out their powers of perception as far as anticipating the ideas of investors was concerned, or perhaps just keep their hands in, they found it necessary to seek participation in syndicates going after the week's several housing issues, including New York City Housing Authority's $27,400,000 of bonds which were up for tenders.

Letdown Comes Early

This is normally the season of the year when the corporate demand for new funds begins to taper off. But currently the letdown seems to have set in a bit earlier than in recent years.

The current week's sluggishness does not appear destined to be broken any time soon unless there is a change in thinking of potential issuers. Certainly next week's calendar offers little better fare than what bankers have been sharing this week.

Once Virginia Electric & Power Co.'s $25,000,000 of bonds, up for bids on Tuesday, are disposed of underwriters will have little more to occupy their attention than a series of "standby" operations. And of these the largest is Baltimore Gas & Electric Co., offering of 575,856 shares of no par common, to finance new construction.

FHLB Notes on Market

Public offering of two note issues of the Federal Home Loan Banks aggregating $200,000,000 principal amount is being made today (June 2) to provide the Banks with funds for making additional credit available to member institutions of the system. The offering is being made by the Home Loan Board through Everett Smith, fiscal agent of the Banks, with the assistance of a large group of securities dealers.

The two note issues consist of (a) $120,000,000 of 2.05% series F-1955 non-callable consolidated notes dated June 15, 1955 and due Oct. 17, 1955 and (b) $80,000,000 of 2.25% series A-1956 non-callable consolidated notes dated June 15, 1955 and due Feb. 15 1956. The issues are priced at 100%.

The notes are the joint and several obligations of the Federal Home Loan Banks and are legal for investment by savings banks, insurance companies, trustees, and other fiduciaries under the laws of many states.

Upon completion of the present financing note indebtedness of the banks will total $341,000,000.

Joins Inv. Service Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Dominic A. Zarlengo has joined the staff of Investment Service Co., First National Bank Building.

With E. I. Shelley Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Stanley G. Barnett has become affiliated with E. I. Shelley Company, First National Bank Building.

Frank Edenfield Adds

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Benjamin Friedman has become affiliated with Frank L. Edenfield & Co., 8340 Northeast Second Avenue.

With Makris Inv. Bankers

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Peter Manos is now connected with Makris Investment Bankers, Ainsley Building.

Joins Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Michael Pantya is now associated with Merrill Lynch, Pierce, Fenner & Beane, 169 East Flagler Street.

With Thomson, McKinnon

(Special to THE FINANCIAL CHRONICLE)

CORAL GABLES, Fla.—Harold E. Croft has become affiliated with Thomson & McKinnon, 87 Miracle Mile.

With First Southern Inv.

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, Fla.—John A. Lynch has become connected with First Southern Investors Corporation, Harvey Building.

With Blair & Co. Inc.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—William T. Long has joined the staff of Blair & Co. Incorporated, 105 South La Salle Street.

Goodbody Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Spencer R. Mellow has become connected with Goodbody & Co., 1 North La Salle Street.

Junction Bit & Tool Offer Underwritten

The recent offering by Junction Bit & Tool Co. to its stockholders of 33,745 additional shares of common stock (par $1) on the basis of one new share for each two shares held has been underwritten by Taylor & Co., Chicago, Ill., members of the Midwest Stock Exchange, who will offer any unsubscribed shares to the public about June 6 at $6 per share. The offering price to stockholders is $5.35 per share.

Giving effect to this financing, there will be outstanding 101,234 shares of common stock, out of an authorized issue of 150,000 shares.

Of the net proceeds, roughly $23,000 will be used to purchase a new plant site and shop building directly across the street from the premises now occupied by the company, and an estimated $24,000 in additional funds will be used to remodel the shop building into a modern combined manufacturing plant and display building. An additional $25,000 will be used for the purchase of an increased inventory of raw materials and supplies. The balance of the net proceeds will be added to the general funds of the company and will be available for general corporate purposes and additions to working capital and future expansion.

Junction Bit & Tool Co. was organized in Colorado in January, 1952. It is engaged in the manufacture of mining tools, bits and related supplies and equipment. The company also distributes its own manufactured equipment as well as that of other equipment manufacturers such as Gardner-Denver Co. for whom it is a franchise distributor. In addition, it preforms mining operations under contract for others.

The company's principal offices are located at 801 Fourth Ave., Grand Junction, Colo.

Mitchell Branch

CAPE MAY, N. J. — G. J. Mitchell, Jr. Co. has opened a branch office at 616 Hughes St. under the direction of H. W. Newman.

W. H. Haskins Opens

JACKSON HEIGHTS, N. Y. — William H. Haskins is conducting a securities business from offices at 35-34 Eighty-fourth Street.

DIVIDEND NOTICE

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 197
Common Dividend No. 187

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending June 30, 1955 and a dividend of 25¢ per share on the Common Stock have been declared. Both dividends are payable July 1, 1955 to holders of record June 6, 1955. The stock transfer books will remain open.

E. F. PAGE, *Secretary and Treasurer*
May 25, 1955

DIVIDEND NOTICES

The American Tobacco Company
INCORPORATED
111 Fifth Avenue New York 3, N. Y.

203RD PREFERRED DIVIDEND

A quarterly dividend of 1½% ($1.50 a share) has been declared upon the Preferred Stock of THE AMERICAN TOBACCO COMPANY, payable in cash on July 1, 1955, to stockholders of record at the close of business June 10, 1955. Checks will be mailed.

HARRY L. HILYARD, *Treasurer*
May 31, 1955

ANACONDA
DIVIDEND NO. 188
May 26, 1955

The Board of Directors of Anaconda Copper Mining Company has today declared a dividend of Seventy-five Cents ($.75) per share on its capital stock of the par value of $50 per share, payable June 30, 1955, to stockholders of record at the close of business on June 6, 1955.

C. EARLE MORAN
Secretary and Treasurer
25 Broadway, New York 4, N. Y.

Dividend Notice

THE ARUNDEL CORPORATION BALTIMORE MARYLAND

The Board of Directors of the Arundel Corporation has this day (May 31, 1955) declared thirty-five cents per share as a quarterly dividend on the no par value stock of the corporation, issued and outstanding, payable on and after July 1, 1955, to the stockholders of record on the corporation's books at the close of business June 15, 1955.

MARSHALL G. NORRIS,
Secretary.

Beneficial Finance Co.

104th CONSECUTIVE QUARTERLY CASH DIVIDEND

The Board of Directors has declared a quarterly cash dividend on the Common Stock at the rate of **$.25 per share**

The dividend is payable June 30, 1955 to stockholders of record at close of business June 15, 1955.

William E. Thompson
June 1, 1955 *Secretary*

OVER 900 OFFICES — Beneficial Finance SYSTEM — IN U. S. AND CANADA

AMM

AMERICAN MACHINE AND METALS, INC.

46th Dividend

A QUARTERLY DIVIDEND of THIRTY-FIVE CENTS per share has been declared for the second quarter of this year, payable on June 30, 1955, to stockholders of record on June 15, 1955.

H. T. McMeekin, *Treasurer*

MIAMI COPPER COMPANY
61 Broadway, New York 6, N. Y.
May 9, 1955

A quarterly dividend of fifty (50¢) cents per share has been declared, payable June 28, 1955, to stockholders of record at the close of business June 8, 1955.

An extra dividend of fifty (50¢) cents per share has been declared, payable June 28, 1955, to stockholders of record at the close of business June 8, 1955.

JOHN G. GREENBURGH,
Treasurer.

GD GENERAL DYNAMICS

Dividend Notice

A quarterly dividend of $.55 per share has been declared on the Common Stock of the Corporation payable June 10, 1955 to share owners of record at the close of business May 20, 1955.

ALLEN D. MARSHALL,
Secretary

New York, New York, April 29, 1955

GENERAL DYNAMICS
CORPORATION
445 Park Avenue, New York 22, New York

C.I.T. FINANCIAL CORPORATION
DIVIDEND NO. 132

A quarterly dividend of $0.50 per share in cash has been declared on the Common Stock of C. I. T. FINANCIAL CORPORATION, payable July 1, 1955, to stockholders of record at the close of business June 10, 1955. The transfer books will not close. Checks will be mailed.

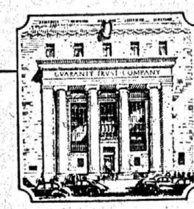
C. JOHN KUHN,
Treasurer
May 26, 1955.

LUDMAN CORPORATION
North Miami, Florida

The Board of Directors of Ludman Corporation has declared the usual quarterly dividend of 10c per share to stockholders of record June 17, 1955, payable June 30, 1955.

Ludman Corporation has paid quarterly dividends without interruption since its first public offering.

MAX HOFFMAN
President



New York, June 1, 1955.

The Board of Directors has this day declared a quarterly dividend of Eighty (80) Cents per share on the Capital Stock of this Company for the quarter ending June 30, 1955, payable on July 15, 1955, to stockholders of record at the close of business June 15, 1955.

STUART K. BARNES, *Secretary*

Guaranty Trust Company of New York

International MINERALS CHEMICALS

INTERNATIONAL MINERALS & CHEMICAL CORPORATION
General Offices:
20 North Wacker Drive, Chicago 6

★

QUARTERLY DIVIDENDS

4% Cumulative Preferred Stock
53rd Consecutive Regular Quarterly Dividend of One Dollar ($1.00) per Share

$5.00 Par Value Common Stock
Forty Cents (40¢) per Share

Declared—May 26, 1955
Record Date—June 17, 1955
Payment Date—June 30, 1955

A. R. Cahill
Vice President and Treasurer

★

Phosphate • Potash • Plant Foods
Chemicals • Industrial Minerals
Amino Products

NATIONAL STEEL *Corporation*

NATIONAL STEEL

102nd Consecutive Dividend

The Board of Directors at a meeting on May 17, 1955, declared a quarterly dividend of seventy-five cents per share on the capital stock, which will be payable June 14, 1955, to stockholders of record May 27, 1955.

PAUL E. SHROADS
Vice President & Treasurer

REYNOLDS METALS COMPANY
Reynolds Metals Building
Richmond 19, Virginia

COMMON DIVIDEND

A dividend of twenty-five cents (25¢) a share on the outstanding common stock has been declared payable July 1, 1955, to holders of record at the close of business June 21, 1955.

The transfer books will not be closed. Checks will be mailed by The Chase Manhattan Bank.

ALLYN DILLARD, *Secretary*
Dated, May 26, 1955

THE West Penn Electric Company
(Incorporated)

Quarterly Dividend
on the
COMMON STOCK
32½¢ PER SHARE

Payable June 30, 1955
Record Date June 10, 1955
Declared June 1, 1955

WEST PENN ELECTRIC SYSTEM
Monongahela Power Company
The Potomac Edison Company
West Penn Power Company

YALE & TOWNE
DECLARES 269th DIVIDEND

75¢ PER SHARE

On May 26, 1955 dividend No. 269 of seventy-five cents (75¢) per share was declared by the Board of Directors out of past earnings, payable on July 1, 1955, to stockholders of record at the close of business June 10, 1955.

F. DUNNING
Executive Vice-President and Secretary

THE YALE & TOWNE MFG. CO.
Cash dividends paid in every year since 1899

Penn-Texas
CORPORATION

DIVIDEND NOTICE

The Board of Directors has today declared the regular quarterly dividend of twenty-five cents ($.25) per share on the Capital Stock of the company, payable July 6, 1955 to stockholders of record June 20, 1955.

May 26, 1955 **L. D. SILBERSTEIN**, *President*

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—It is a little early at this stage to give much of an appraisal of the chances for passage this year of the new proposal to broaden the jurisdiction of the Securities and Exchange Commission. Nevertheless, it rather looks like the bill came a little late for passage this session, even if it avoids running into serious opposition.

Chairman Fulbright (D., Ark.) of the Senate Banking Committee, is the author of the latest bill, which would subject unlisted stocks to most of the SEC reporting requirements provided the company had more than 500 stockholders or $5 million of assets.

Both provisions would have to be reached to subject an unlisted company to these requirements. Thus if a company had $50 million of assets but only 499 stockholders, it wouldn't be required to bend the knee to the SEC, nor would a company with $4 million of assets and 600 stockholders, if such existed.

This idea of enveloping the unlisteds was first broached formally to Congress in 1946 in a recommendation by the SEC. A few years ago Senator Allen Frear (D., Del.) took this particular project under his wing and nursed it along through some hearings, at which considerable opposition was voiced. By the time the thing got mulled over, however, it was too late in the year to do anything about it.

Mr. Frear's bill put the line at which SEC regulation started at $3 million and 300 stockholders. The Delaware Senator was then Chairman of the Securities Subcommittee of the the Senate Banking Committee —the particular Subcommittee with specific jurisdiction over SEC legislation. Mr. Frear is not this year even a member of that Subcommittee, whose Chairman is Senator Herbert H. Lehman (D., N. Y.).

When this matter was up a few years back, it also was dampened by the understood opposition at the time of the House Interstate Commerce Committee leadership. This Committee has jurisdiction over SEC matters in the House.

The decision of Chairman Fulbright more or less caught the Republicans and many others off guard. It had been indicated by sources close to the Committee after the hearings into the stock market had been concluded, that there was no general prospect of any important legislation in sight.

The first intimation Republicans got of the move was when the report was prepared on the investigation by the staff of the committee for the approval of the Senators. This report assailed the "double standard" of regulation, whereby listed stocks were regulated by the SEC, whereas those of companies of similar size, if traded over-the-counter, were exempt.

Democrats Go for FR Investigation

With the approval by the Rules Committee of the proposal that Rep. Patman (D., Tex.) shall have an investigation of the Open Market Committee of the Federal Reserve, it can be taken for granted that the House Democratic leadership favors the project. In other words, Speaker Sam Rayburn gave the orders to let it out of committee, for without such an order the Rules Committee, dominated by Speaker Rayburn, would not have reported it.

In view of Rep. Patman's well-known preoccupation with the idea that it is a crime to pay banks interest on Federal securities and that as many as possible should be refinanced interest free by the Federal Reserve, few old-timers in the House thought that Mr. Rayburn would, as it were, give Mr. Patman his china shop.

However, there is one field in which Mr. Patman can harvest rich demagogic hay. Commercial banks' net earnings were up 27% last year over 1953. Inasmuch as their operating income was up 1.3%, their expenses more than 7%, and their income taxes 15%, their better net position is thus explained entirely by profits on sale of securities, when Federal securities rebounded after the Eisenhower Administration partially turned its back on the "sound money" program with which it started off.

Wherry Act Already Comes Home to Roost

It has frequently been observed in this column that when Congress provided for FHA insurance of housing at military bases under the Wherry Act, it set up a scheme whereby those costs could be dumped on to FHA and thus further provided a means of evading the regular appropriation process which had been used for many decades for paying for housing of little or no use for but military purposes.

However, until the other day it had not been appreciated that this financial subterfuge would come home so soon to roost. Under questioning, Albert M. Cole, Housing and Home Finance Administrator, admitted to the House Banking Committee that one FHA Wherry Act project had to be taken over by the agency, and two more were in trouble.

This was because the military activities where this housing was built either closed down or moved away, Mr. Cole explained under questioning. Yet under the Act, the Secretary of Defense certified that these military bases were intended to be "permanent." One Secretary of Defense, however, cannot possibly bind a successor or a later Congress, and the "certification" served no purpose other than to salve the conscience of Congress.

Mr. Cole's attention was called to the possibility that now that the military is asking for a return to the direct appropriations procedure that had been used from time immemorial until the Wherry Act of 1946, that there was a real danger that the Wherry Act housing's value might be jeopardized. With direct appropriations, new and better housing might make unattractive the Wherry Act housing.

He was asked what the government would do to protect the owners of Wherry Act housing. Norman P. Mason, FHA Administrator, replied. He said something would have to be done, and probably by legislation. Maybe it would be necessary to provide that the military should take them over, Mr. Mason suggested.

Whatever happens to Wherry Act housing, the insurance companies or mortgage companies which loaned on them stand to lose little, for losses are insured by FHA. However, if FHA in the net loses money on its operations then the Federal Treasury becomes the ultimate loser. If the projects become obsolete through new and better housing and the Defense Department takes them over, then it merely means that the cost to the taxpayer has been delayed from 1946-1955—when it was shoved on the FHA — to from 1955 on into the indefinite long future.

Mr. Cole further disclosed that FHA, in fact, could not turn down eligible Wherry Act projects approved by the Defense Department.

See Avoidance of Downpayment Boost

Informed sources now believe that there will be no possibility of housing officials requiring by mid-summer that borrowers under government - sponsored FHA and Vetreans Administration credit be required to put up higher down payments in order to buy homes. With a less than seasonal rise in housing starts in April, officials are said to believe that the danger of an uncontrolled housing construction boom has passed.

Rep. Jesse J. Wolcott (R., Mich.) tackled Mr. Cole on the latter's belief, voiced to the committee, that 1.3 million of housing starts per year could be continued without interruption through 1960.

Mr. Wolcott pointed out that when Mr. Cole, himself, was a member of the Banking Committee a few years ago, that the committee worked on the assumption that one million new houses a year could be built for 10 years, but that Mr. Cole has raised this to 1.3 million units for eight years.

Yet, said the Michigan Congressman, it is admitted that there are totally inadequate statistics to show how this demand will come about, or from whence it will come—old houses, slum clearance, enlarged families, or what.

"If you don't have adequate figures as to where the present demand for housing is coming from," suggested Mr. Wolcott, "how can you make these long-run predictions."

An Old Story Is New

Some one put up this suggestion: When a farmer gets a price support loan from Commodity Credit Corp., and turns in his commodities collateral for the loan in eight, ten, or whatever months the term of the loan is, does he have to pay interest?

This correspondent passed on the query to a few important government officials outside the Department of Agriculture, and was surprised that the off-hand answer was, "of course he pays it."

At the Department of Agriculture there was sad surprise that any one should misunderstand. Why it's an old story. Of course, he doesn't pay interest.

Under CCC loans, if wheat is supported at 90% of parity, the farmer after he harvests the wheat can get (now 82½%, previously, 90%) 82½% in cash as a "loan." If wheat rises above the support price, then the farmer can sell the wheat and make the profit. Then he pays off the loan AND interest at 3½%.

But if he has enjoyed the money from say this fall until next summer or spring, then if the price is not above the support price he can just turn the commodity in, and doesn't owe the government a cent of principal OR interest.

CCC has more than $7¼ billion in commodities on hand, the great majority of them turned in on loans. Thus there is an additional loan subsidy which may run somewhere between $100 million and $250 million annually.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ

Business Man's Bookshelf

Behind the U. N. Front — Alice Widener — The Bookmailer, Box 101, New York 16, N. Y. (cloth), $2.00.

Businessmen in Fiction: The Capitalist and Executive in American Novels — Robert A. Kavesh—Amos Tuck School of Business Administration, Dartmouth College, Hanover, N. H. (on request).

Chemical Industry, The — Facts Book, Second Edition—Manufacturing Chemists' Association, Inc., Cafritz Building, Washington 6, D. C. (paper), $1.00 per copy (quantity prices on request).

Federal Antitrust Policy, The—Hans B. Thorelli—Johns Hopkins Press, Homewood, Baltimore 18, Md. (cloth), $8.00.

Ideas on Liberty — Series I — Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y. (paper), 50 cents.

Research and Development in the Government—Commission on Organization of the Executive Branch of the Government—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 40 cents.

Social Welfare in the United States — Edited by Poyntz Tyler — H. W. Wilson Company, 950 University Avenue, New York 52, N. Y. (cloth), $2.00.