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EDITORIAL

As We See It

Ex-President Truman has in a sense opened the 1956 campaign—and in typical Truman style. He did so the other day in Oregon, a State which appears to have a substantial number of public power adherents. Hence, Mr. Truman being a politician, and of all politicians one of the fondest of *ad hominem* arguments, it is hardly surprising that he picked this subject for his fulminations about the "power trust," and what, he says, it was up to in and through the Republican Administration in Washington. For this old campaigner he made an unusual concession by having these evil forces "using" President Eisenhower rather than making the popular "Ike" the leading force in these machinations against the "peepul."

It was and is probably inevitable that the so-called public power issue get into the 1956 campaigning in a big way. The "liberal" Democrats, hungry for "an issue," planned it that way a long time ago—and it must be said that in certain respects their opponents played into their hands. It would be an excellent thing in our estimation for it to figure largely and vitally in the political contests of next year were the real issues and the real issues only to gain the spotlight and were the arguments to remain on a straightforward and reasonable level. The trouble is, of course, that the advocates of creeping socialism have no intention of dealing with the subject in any such way.

If any one supposed for a moment that the New Deal and Fair Deal schemers were planning a

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Some More Comments on the Guaranteed Annual Wage

Letters received the past week in response to the "Chronicle's" invitation for comments on the guaranteed annual wage philosophy published today. Principal issue hinges on question of whether any form of GAW is correct approach to unemployment problem.

The "Chronicle" has received some more letters in response to its invitation for comment on the guaranteed annual wage philosophy, etc. Every one, of course, is in full agreement with the desirability of maintaining both employment and incomes of all workers at highest levels consistent with a sound economy. Hence, the principal point at issue is not the objective of the so-called guaranteed annual wage, but whether any such system will in the long run redound to the benefit of either labor or industry and, consequently, our entire economy. Herein lies the crux of the matter, a fact which prompted the "Chronicle" to conduct its symposium. Letters received since our previous issue appear herewith; others will be given subsequently.—EDITOR.

HARRISON L. AMBER
Chairman, Berkshire Life Insurance Co.

I think everybody who has a job of management and who is not paying annual wages should be thinking very strongly about the guaranteed annual wage doctrine.


Harrison L. Amber

Strange as it may seem, I believe in the guaranteed annual wage principle. For many years I have been drawing an annual wage. I eat, have a roof over my head, I buy clothes and go to church, just like everyone else, even as those who do not have an annual wage guarantee.

If my company could not earn enough to pay me my salary, as well as my associates, the company would have one of three—alternatives—either close up the shop entirely, cut my wages to a figure which they could pay, or require me and my associates to do more

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The Business and Economic Outlook

By EMERSON P. SCHMIDT*
Director, Economic Research Department,
United States Chamber of Commerce

Dr. Schmidt cites current strong spots revealed in employment, steel production, power output, exports and activity in automobiles and new construction. Expects most retail sales and service enterprises to prosper during 1955. Concludes that while we are not depression-proof, our better understanding of the anatomy of the business cycle and money and credit, coupled with the courage and willingness to maintain sound monetary and fiscal policy, enables us to avoid excessive booms and serious deflations.

The year 1955 holds promise of being the best year in our history—production, employment opportunities, earnings, human well-being and prosperity may be at an all-time high. At the turn of the year, it was widely felt that 1955 might be a shade better than 1954 and that, possibly, the first half of this year would be considerably better than the first half of last year, but not as good as 1953. Few thought that 1955 would be our best year.


Dr. E. P. Schmidt

This moderate optimism has been replaced by the conviction that 1955 will be our best year Gross National Product reached an all-time high so far this year. Most forecasters believe that it will be higher by the end of the year.

But it is not given to any man to foretell the future. You each have your opinions of "fortune tellers" at the county or state fair. But economists are expected to forecast the business and economic outlook! Many of them engage in this exercise. Fortunately for them, most listeners either are very kind, or

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*An address by Dr. Schmidt at the Fifth Annual Business and Finance Forum, The First National Bank in St. Louis, St. Louis, Mo., May 27, 1955.

PUBLIC UTILITY ISSUE NEXT WEEK — The "Chronicle" of June 23 will feature the proceedings of the Edison Electric Institute Convention currently in progress at Los Angeles, Calif.

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

Newport Industries—Henry Gully, Investment Analyst, White Lake, Sullivan County, New York. (Page 2)

American Hospital Supply Corporation—Harry P. Schaub, President, Harry P. Schaub, Inc., Newark, N. J. (Page 2)

HENRY GULLY
Investment Analyst
White Lake (Sullivan Co.) N. Y.

Newport Industries

Many of the popular speculative leaders today command prices five, ten and even twenty times their wartime, 1947 or 1949 low price levels. Most investment-type, growth equities sell at price-ratios of 20 times or more, frequently yielding less than tax-exempt municipals or savings bank accounts. Accordingly, it behooves security buyers who have had the experience of the past two or three bear markets, to say nothing of 1929-32, to move with utmost caution, perhaps building up comfortable reserves for the time when Joe Doak might not be able to keep up with the Joneses.


Henry Gully

If, however, a security buyer chooses not to take so conservative a position, and string along with the longs who are hoping for 450-500 Dow-Jones Industrials before the year is out, he might consider a cautious shopping trip in stock market's laggard alley.

One of these laggards is Newport Industries common stock, in which over the past year or more I have taken a renewed and increasing interest. I like Newport best at this time because there appears to be so much value compared with most of the popular investment and speculative leaders of today. It appears as the cheapest, though one of the smallest, chemical companies on the N. Y. Stock Exchange. It is not cheap on last year's earnings, nor of the year before, but it is available now at less than ten times average earnings for the past 10 years, and there is much reason to expect the average for the next five years to be much higher. It is yielding over 5% based on the $1.10 average dividend paid in the last 10 years, but yields little on the 40 cents paid during the past 12 months (10 cents quarterly).

There has been a three year depression (or "recession") in the naval stores industry from which we have just recently emerged. In 1954, the company had its poorest year since 1949 and 1938, with earnings only 23 cents per share (with some adjustments, could be properly stated at 35 cents to 40 cents per share). However, a sharp upward reversal occurred in the first quarter of 1955 for which Newport reported earnings of 33 cents per share compared with nine cents in the three months ended March 31, 1954. Sharp improvements have been characteristic of Newport's recoveries in the past; from a deficit in 1933 to $2.22 per share earned and $2 dividends paid in 1937; from 84 cents earned in 1944 to $3.42 per share in 1946 and $3.90 in 1947, again with a $2 dividend paid in the latter year; and, from 39 cents per share earned and no dividends paid in 1949 to $2.07 earned in 1950 and $2.91 in 1951, with dividend payments at $2 a third time in 1951. Since there are reasons for anticipating a higher and more consistent level of earnings and dividends over the next several years, the stock, currently available around 18, may be on a true bargain counter even though considerable downward adjustments could be expected in other sectors of the market from time to time this year.

With sales in the first quarter of 1955 above $5,000,000, Newport appears likely to resume its long-term growth trend of sales. This trend is observed from sales of $1.7 million in 1932; $3.6 million in 1938; $8.8 million in 1944; $13.6 million in 1949, with higher annual sales between each of these dips, and record sales of $22.5 million in 1951.

The company is engaged in the production and sale of (1) naval stores; (2) tall oil and (3) synthetic organic chemicals. In naval stores, the company has just been through three years of recession, which resulted from war-threatened, high inventories found to be too large when the Korean conflict was contained instead of developing into cataclysmic proportions. In addition to heavy stocks in Europe, and to a lesser degree in this country, technological developments called for the replacement of laundry soap, a large rosin consumer, with synthetic detergents, and similar trends reduced the use of turpentine by the paint, varnish and lacquer industry to a dribble.

Rosin suffered less from technological change; in fact there are indications that it will benefit. Reduced consumption by the soap industry is expected to be much more than offset by increasing use in the chemical industries, particularly in synthetic rubber manufacture.

With the first full year of operations of the new tall oil plant at Bay Minette, Ala., expanding a new development of the business begun in 1948, with a switch from costly pilot plant operation of certain synthetic organic chemicals to regular production in a new chemical plant just opening at Pensacola, with a stronger and more persistent demand for rosin, turpentine and chemical specialties, etc., Newport's stockholders have every reason to anticipate, in the not too distant future, beginning this year perhaps, new high records of sales and a more impressive, more stable, earnings and dividend record.

Although naval stores activities may again enjoy such degree of prosperity that earnings of $3 to $4 might be reported therefrom in good years in the future, I am inclined toward the view that the real future for Newport lies in the development of chemicals and specialty products, based first upon naval stores but also on any suitable, steadily available raw material which its research finds acceptable for its processes and profitable in exploitation. I believe at least three top-ranking officers are in accord with this view. Thus, I visualize from hereon that Newport Industries will become known more and more as a growing chemical company, than as another of many producers of volatile raw materials, to prosper in accordance with the whims of powerful domestic and foreign buyers.

In making Newport more and more independent of these buyers, it is interesting to note that in recently doubling its output of tall oil (which may be tripled by 1956), Newport has become the leading independent producer in the tall oil industry. Tall oil is on the verge of a tremendous expansion, similar to that of soy beans in the twenties and aluminum in the late thirties. Increasing uses in a number of industries already has accounted for increase in production from approximately 75,000 tons at the war's end to about 300,000 tons currently. Because of its desirable characteristics, availability and relative cheapness, the chemical industry is adopting tall oil as a major building block. This demand will be superimposed upon increasing demands of more than a dozen other important industries which have found tall oil an ideal raw material.

Newport Industries common stock sold at 41 in 1936 and as high as 45 in 1946. The writer, of course, cannot predict where it will sell in 1956. He merely points out that in the past 10 years the company earned $18.14 per share and paid in dividends $11.05 per share, so that over $7 per share was reinvested in the business. In addition a new business, which was not in existence, as far as Newport was concerned, to influence the stock's price in 1936 or 1946, was created in 1948 (tall oil division) and another (synthetic organic chemical division) is just being launched. It would seem reasonable to expect much larger sales volumes in the future with increased portions of such volume in more stable elements. Consequently, he feels that Newport's current price level, around 18, reflects only the past and current book values; allows nothing for the future, which in many market segments today is being generously appraised.

With a comfortable financial position (current assets, Dec. 31, 1955, $9.2 million, including $1.4 million cash; current liabilities, $1.7 million, including $300,000 for 1955 instalments on the $6,000,000 borrowed from institutions for expansion, etc.), and only small interest charges, and dividends on 32,200 shares of $4.25 cumulative preferred stock, ranking prior to 621,359 shares of $1 par common, the latter could become the focal point of a highly interesting leverage in the coming decade of expansion in the consumer goods industries, following the extraordinary expansion of the capital goods industries in the past five to 15 years.

HARRY P. SCHAUB
President, Harry P. Schaub, Inc.,
Newark, N. J.

American Hospital Supply Corporation

Here is a company with an excellent record of growth and progress, engaged in a most essential business whose sales and earnings are relatively unaffected by changes in general economic conditions. The history of American Hospital Supply Corp. is one of the most interesting examples of success achieved among the country's business enterprises. Since 1932 when sales


Harry P. Schaub

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Tax Advantages for Oil Investors

By GORDON Y. BILLARD

J. R. Williston & Co., Members, New York Stock Exchange

Mr. Billard explains how, under the Federal graduated income tax rate schedule and certain basic tax rules that apply only to the oil business, the investor in oil stocks can reap certain tax advantages. Gives exhibits of specific cases involving tax requirements and tax savings.

Venture capital is the life blood of the oil and gas industry. This has been wisely recognized by Congress in writing tax laws which provide many advantages particularly for higher bracket taxpayers participating in drilling ventures.

Gordon Y. Billard

Justification for special tax treatment granted by Congress is that drilling operations involve considerable expense from which ultimate recovery is uncertain. Intangible drilling costs which may be broadly defined as those expenses incurred in drilling which have no salvage value, are deductible as expense. While Congress has reviewed with some regularity the provision concerning depletion allowance, no important change has been made for many years.

Under existing regulations depletion on a property is calculated on both cost depletion, which is actual cost of property minus previous depletion allocated over the remaining life, and also percentage depletion which amounts to 27½% of gross income up to a maximum of 50% of depletable net income. The higher of cost or percentage depletion is taken for tax purposes.

To comprehend certain advantages available to higher bracket taxpayers engaged in oil and gas well drilling ventures, it is necessary to understand the graduated Federal income tax rate schedule and certain basic tax rules which apply only to the oil and gas business. In addition, it is also necessary to understand the various categories of costs involved and the after-tax effect thereof.

Basic and Surtax Rates

The 1954 Federal income tax schedule is as follows:

Taxable Income	Amount
Over $38,000 but not over $44,000	$18,360, plus 69% of excess over $38,000
Over $44,000 but not over $50,000	$22,500, plus 72% of excess over $44,000
Over $50,000 but not over $60,000	$26,820, plus 75% of excess over $50,000
Over $60,000 but not over $70,000	$31,320, plus 78% of excess over $60,000
Over $70,000 but not over $80,000	$42,120, plus 81% of excess over $70,000
Over $80,000 but not over $90,000	$50,220, plus 84% of excess over $80,000
Over $90,000 but not over $100,000	$58,620, plus 87% of excess over $90,000
Over $100,000 but not over $150,000	$67,320, plus 89% of excess over $100,000
Over $150,000 but not over $200,000	$111,820, plus 90% of excess over $150,000
Over $200,000 ----------------------	$156,820, plus 91% of excess over $200,000

It will be noted from the foregoing that a taxable income of $38,000 in 1954 incurred a tax liability of $18,360, or 48%, plus 69% on all or any part of the next $6,000 of taxable income. These rates advance with each higher tax bracket. For instance, a taxable net of $70,000 in 1954 involved a tax liability of $42,120, or 60%, plus 81% on all or any part of the next $10,000. Likewise, a taxable net of $100,000 resulted in a tax liability of $67,320, or 67.3%, plus 89% on all or any part of the next $50,000, and an income of $200,000 incurred a tax liability of $156,820, or 78%, plus 91% of all over $200,000.

Types of Drilling Ventures

Various types of drilling ventures cover a wide range of risk. "Blue chips" are available but are characterized by relatively low risk, high cost and small return. Moderate risk may be taken at lower cost and greater return. Highly speculative ventures with the possibility of a bonanza are also available.

General Cost Categories

There are four general categories of costs. These are briefly described below:

Acquisition Costs are the costs involved in acquiring property, which corresponds roughly to the money that it would take to buy the land on which to erect a building. These costs must be capitalized and cannot be written off on a tax return until the lease has been abandoned. Also, they cannot be depreciated over a period of years as with other properties. According to the tax bureau, these costs are recovered through the 27½% depletion allowance on the income from all properties.

Drilling Costs are the costs incurred in drilling the well to its total depth. These costs correspond roughly to building a building in which to do business except that they do not have to be capitalized like the cost of the building. These drilling costs are referred to as intangible development costs and can

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Articles About the Chemical Industry

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Assorted Chemicals

By IRA U. COBLEIGH

Enterprise Economist

A Swift scanning of the chemical horizon with a view to discerning undervalued issues, or unheralded or unappreciated new test tube products.

Writing about chemicals is like trying to describe the cosmos—you don't know where to begin, nor which among so many elements is the most important; and the horizon is constantly widening. With this notice to you that we propose to paint a little picture in a boundless frame, we start blithely on our way to a few random observations culled from the current chemical scene.

Ira U. Cobleigh

The latest thing in chemicals is sucrochemistry. You are, of course, familiar with ferro-chemistry, petro-chemistry, and bio-chemistry, to name but three. Well, today we're going to gaze into the future and talk about chemistuffs from sugar—not raw sugar, but refined. It may only be a matter of months before you'll have sugar based detergents impervious to hard waters, lower in cost than present competitors, harmless to the digestion and skin. The basic element is (you'll pardon the expression) a sucrose ester which, by the skill of lab scientists, may not only wend its way into detergents, but emulsify shampoos, give you a salad dressing you don't need to shake, a new plastic base, a liver soother, a plant growth stimulant and a cake of soap you could (if you chose) eat. That would sort of spoil the "soap in mouth" technique for nasty tongued nippers; but perhaps, in this ideal new chemical age, the brats will grow up just too sweet for foul language!

But I digress. At the Sugar Research Foundation these days, presided over by Dr. Henry B. Hass (sometime Chemistry Dean at Purdue) there's great optimism about exciting and large scale new uses of sugar. These sound interesting and should benefit, over the long run, such companies as American Sugar Refining Co. (common sells around 80 on NYSE and pays $4.50), National Sugar Refining Co. (around 38) and Refined Sugars and Syrups Inc. (over the counter about 7).

Well, having closed the crystal ball department for the nonce, we now return to some perception of values among the more established vineyards of chemistry.

No pestle packing commentator has ever gone very far afield by saying a few kind words about American Cyanamid. The common moped around the 50 level for quite a spell but in recent weeks has strengthened, and displayed a market vigor characteristic of the issue over the years. Even at 58 it does not require the intrepidity of Davy Crockett to opine that ACY is a fine, across the board, value.

In the past 8 years, American Cyanamid laid out $280 million on new plant, including $52 million for a petro-chemical plant at Fortier, La. This plant is now moving into full production of items derivative from natural gas—ammonia, sulphuric acid; and acrylonitrile, the basic for synthetic rubber, fiber and plastics. This plant can boost ACY earnings impressively.

After paying a $2 dividend last year, ACY retained $8.3 million in cash, plus a lot more money less visible, namely $23.6 million in depreciation, $5 million being of an accelerated variety.

It's a little difficult to predict full year earnings for 1955, but $4 a share does not seem too remote a target. That would leave room for a dividend boost on the 8,728,100 common shares, and hasten the conversion of the $3.75 preferred (convertible into common at 50) now selling at 114. For representation in pharmaceuticals (Lederle Division), organic and industrial chemicals, you won't be a blunder bunny to consider American Cyanamid.

Another big league stock is Hercules Powder. Lots of people have rather neglected this one as they seem to think it makes nothing but explosives, and, hence, is a war baby. That's quite wrong. It's a big factor in cellulosic and terpene chemistry and has new plant capacity moving into large earning power this year.

Hercules enjoys a splendid financial position and a simple capitalization with only $9 million in preferred ahead of the common. Earnings are expected to expand this year. 1954 results were $5.10 per share; $6 for this year is a possibility, in which event the $3 dividend should improve. Long range, Hercules Powder has quite a place to go. It sells around 123 today; I think it will cross 250 before A T and T, (but patience, in either instance, is requisite).

Olin Mathieson ranked technically now fourth among chemicals has been the classic example of growth via the merger route. To its other fields of endeavor, alkalis, pharmaceuticals, etc., it is now going to add aluminum. Don't know how big this aluminium market really is, or is going to be, but everybody in it has been prospering. Look at Alcoa, Kaiser Aluminium, Reynolds Metal and Aluminium Ltd., and you see a group of fast traveling stocks on the market. Well, Olin Mathieson has just got a brand new $74 million fast write-off certificate for the building of a plant with 60,000 tons a year capacity. So OM should get a new source of earning power and further justify the sustained confidence of shareholders. At 58, Olin Mathieson doesn't look a bit tired.

Tennessee Corp., selling around 61, is an interesting entry into agricultural chemicals, fertilizer and insecticides. To earnings from these sources add copper, sulphuric acid, detergents and an exciting new technique of extracting uranium from phosphate rock and you wind up with a quite romantic equity. Per share for 1954 was $3.66; it should go past $4.20 this year.

Vick Chemical has been steadily rounding out its lines of ethical and proprietary drugs. To its well advertised original line "Vicks Vapo Rub" have been added the "Seaforth" group of men's toiletries and, for milady, the glorifying lotions of Prince Matchabelli, Inc. Most chemical shares sell at very high price/earnings ratios and for that reason discourage certain investors. Vicks appears quite attractive on that score. The indicated earnings are around $4.50 on 1,498,215 common shares. A price of 62 suggests not quite a 14 times ratio (against around 35 for Dow or Monsanto). Vicks might be worth looking into.

Another random selection based on an attractive price/earnings ratio factor is National Starch Co., listed on American Stock Exchange, and selling currently around 27. Assuming a per share figure for 1955 of $2.70, you can buy this stock at 10 times earnings. It is a sound, well managed company and doing quite a bit of forward looking research.

At the start we'd planned to include in this chemical discussion some treatment of Columbian Carbon and United Carbon, but the special position of these enterprises suggests that they should be the subject of an entire article a little later on.

Rohm and Haas, maker of Plexiglas, trades in the rarefied atmosphere around 350. It has improved its earning power dramatically. Recently the authorized common shares were doubled. As to whether that is a harbinger of a stock split, your guess is as good as mine—probably better.

In the symphony of chemicals, we have only plinked out a few notes here today. But we must reiterate what we've said in this column a number of times before: chemicals are glorious and dramatic. Since 1925 the industry has grown at the rate of 10% a year against 3% for the general average of all production expansion, per annum. All one needed to have done to be a smart investor during this 30 year period was to have purchased and held just 2 or 3 leaders — say duPont, Dow and American Cyanamid. With these snugly locked up he might well have opined, "Diversification is for the Birds; make mine chemicals!"

Alexander Watt Co. Opens in New York

Alexander Watt & Co. Limited has opened offices at 42 Broadway, New York City. Alexander P. Watt, Jr. is President of the firm, whose main office is located in Toronto.

E. P. Lebens V.-P. Of First Boston Corp.

The First Boston Corporation, 100 Broadway, New York City, announces the appointment of Edward P. Lebens as a Vice-President in the buying department. Except for three years service as a naval aviator during World War II, Mr. Lebens has been associated with company since 1937. In 1949, he was made an Assistant Vice-President in the buying department.

Edward P. Lebens

J. Basil Ramsey on Tour of West Coast

J. Basil Ramsey, Wainwright & Ramsey, Inc., New York City, is flying via American Airlines to Los Angeles. He will be exploring revenue financing on the entire West Coast area with particular attention to Los Angeles, San Francisco and Seattle.

R. E. Flynn V.-P. Of Blair & Co., Inc.

DETROIT, Mich.—Blair & Co. Incorporated, investment banking firm, announced that Raymond E. Flynn has been elected a Vice-President with headquarters in Detroit, Mich., and that the Detroit office has been moved to the Buhl Building. H. Terry Snowday is resident manager.

Hayden, Stone Admits

On June 2nd, Benj. G. McGuickin, member of the New York Stock Exchange, and Howard S. Thomas will be admitted to limited partnership in the Exchange member firm of Hayden, Stone & Co., 25 Broad Street, New York City.

With Manley, Bennett

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—William B. Denney is now affiliated with Manley, Bennett & Co., Buhl Bldg., members of the New York and Detroit Stock Exchanges. Mr. Denney was previously with A. M. Kidder & Co.

Observations . . .

By A. WILFRED MAY

NEW ERA IN FOREIGN INVESTING?

WASHINGTON—Is a new era just ahead of us in foreign investment? Perhaps not; but expectations of at least a cyclical interval of prosperity along with current Congressional action over Reciprocal Trade legislation, are getting an additional fillip from current developments surrounding the World Bank. The present enthusiasm there rests on two main bases—a general rise in the Western countries' state of production and trade; and the prospective major stimulant to private investment from the a-borning International Finance Corp.

A. Wilfred May

First suggested in 1951 at the Annual Meeting of the Bank and Fund in Mexico, its adoption has been obstructed by persistent opposition, including that from the United States Treasury, based mainly on the tie-in with private equity capital. But this has now been dispelled, in deference to its constant urging, as at last September's Bank and Fund meeting, by the underdeveloped countries. The initiation of its operations sometime between October, 1955 and December, 1956, as prescribed, now seems assured.

Supplementing the big institutional lending by the World Bank and our Export-Import Bank, in cases where sufficient private capital is not available on reasonable terms, the new organization will specialize in making relatively small investments in productive private enterprises on an equity basis, in association with private investors and without government guarantee of repayment. The World Bank will perform administrative services, including service as a clearing-house to bring together investment opportunities, and experienced management. Its usefulness is importantly intended for inexperienced firms of medium and small size who want to go abroad.

The new unit's functions will be confined to projects in the 56 countries which are World Bank members. The United States, with a $35.1 million subscription, will be the largest shareholder.

Although IFC will not assume voting control in foreign businesses, when it lends them money it will be permitted to buy equity securities. It will be able to revolve its funds by selling its investments to private investors whenever possible.

The President of the World Bank will become chairman of the new corporation; and World Bank governors representing governments which join the corporation will become members of the board.

The Framework of Prosperity

The IFC and its sister organization, the World Bank, will be operating in a framework of improved economic conditions — at least the most encouraging within the past decade, during which the free world's industrial output has risen 65%. The Asiatic countries, the Bank's economists report, are still enjoying a long-term post-Korea upswing, with agricultural strength importantly contributing to slow but continuous development and overall balance.

With countries generally on a *de facto* basis of engaging in trade restrictions in lieu of convertibility, Leonard B. Rist, Director of the World Bank's economic staff, agrees that the individual countries' internal policies constitute the real crux of their future prosperity as well as genuine investment opportunities.

Midst the general worldwide outlook of promise for international lending, it is agreed by Bank observers that the prospects in the Middle and Near East are still negligible (as was pointed out in this space in reporting on our own on-the-spot investigation there last year). Generally blocking financial operations with this area have been the vagaries of government intervention—both in kind and degree; as with the restrictions on exchange, bilateral arrangements being constantly put forth as the *sine qua non.* Then, of course, political stability has constituted a crucial roadblock; as for example, in Syria, where great continuing investing opportunities have been persistently thus nullified.

The Outlook in Japan

Japan, to whose power companies the World Bank has made three loans, seems to present a variety of opportunities; in coal, the institution of proper organization is being explored; and in electric power the proper use of the American equipment which they have, is being pursued.

The great need and opportunity continue to lie in making up for the lag in the technical progress of individual industries. While Japan's external debt service now takes but $20 million, a problem preliminary to World Bank or other large-scale international lending probably arises from the creation (for strategic financial reasons) of some $2 billion of debt to our government on account of post-occupation relief extended to her.

Even with Latin America, the lending outlook seems to be picking up, with World Bank loans in prospect for Guatemala, Costa Rica, and Haiti.

The Bank's Prosperity Operations

The general improvement in this field is most clearly reflected in the overall operations of the World Bank itself. This fiscal year the institution will probably distribute loans of $400 million, against $323 million last year. Private bankers, who participated in a total of $95 million last year, are increasingly anxious to share in the operations. $142 million of its own paper has been sold by the World Bank to banks and other investors without its guarantee.

Such old loans, particularly of the shorter maturities, are being continually sold from the Institution's portfolio, to insurance companies as well as banking institutions.

The differential yield between U. S. Government and World Bank bonds is now down to 0.35%.

Adding to the Bank's swelling of its inflow of funds, is the growing propensity on the part of borrowing countries to repay their outstanding debts before maturity—in some of which cases the World institution is waiving the prepayment premiums to which it is entitled. (In the opinion of the writer, this procedure is open to serious question; extending the abuse, so rampant in other debt areas, of giving the borrower the wholly unfair option that runs in one way only in tails-you-win, heads-I-lose fashion.)

New Training Body

Importantly aiding progress in this field over the long-term is the newly planned "Economic Development Institute." Under the aegis of Richard Demuth, the World Bank's Director of Technical Assistance, this project will be devoted to the training of management in under-developed countries, via seminar technique, in Washington. Scheduled on a two-year trial run basis, the group will be subsidized by joint grant of $170,000 from the Ford and Rockefeller foundations, an equal amount coming from the Bank.

Surely, it is a now-or-never stage in international lending!

Joins Francis I. du Pont

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Dominick N. Letto is now with Francis I. du Pont & Co., 121 Southeast Second Avenue.

Goodbody Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Philip R. Anderson has become affiliated with Goodbody & Co., 14 Northeast First Avenue. He was previously with Thomson & McKinnon.

How Investors View The Stock Market

Arthur M. Krensky & Co., Inc., report 70% of 301 individuals interviewed expressed confidence that stock market will remain at present level or will climb even higher.

A survey, which sampled the opinions of both men and women in the key financial, shopping and commercial areas of downtown Chicago (State Street, LaSalle Street and Michigan Avenue), has been conducted by Arthur M. Krensky & Co., Inc., Chicago stock brokerage firm.

Seventy per cent of the total of 301 people interviewed were confident that stocks would stay the same or go up. Those believing the market would be higher outweighed those thinking it would stay the same by two-to-one.

The survey was devised to gauge the market barometer via man-on-the-street opinion. It is believed to be the first survey of its kind to assess a cross-section of economic, occupational, stock-owning and non-stockowning groups.

The overwhelming majority of those estimating the market would be higher by next June said they did not believe in purchasing stocks for immediate gains. Sixty-two per cent said that if they were buying stock today, they would invest for a profit that would accrue after five years or longer. Only 32% would buy stocks with the idea of realizing a profit during the coming year.

Anxiety about a potential crash apparently did not phase the respondents, even those old enough to remember the depression. Seventy-eight per cent of the "over 30" age bracket thought the market would go up or stay the same, as compared to 74% of the "under 30" bracket.

Of the actual stockowners queried, 59% earned between $5-$10,000 annually. Among the remainder, equally as many in the "under $5,000" class owned stocks as in the "over $10,000."

R. D. Moragne Opens

HOUSTON, Tex. — Robert D. Moragne is engaging in a securities business from offices in the First National Bank Building under the firm name of R. D. Moragne & Co.

With Norris & Hirshberg

(Special to THE FINANCIAL CHRONICLE)

ATLANTA, Ga. — Charles E. Steadman, Jr. has become associated with Norris & Hirschberg, Inc., C. & S. National Bank Building, members of the Midwest Stock Exchange. He was formerly with Byron Brooke & Co.

With Draper, Sears

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William J. Hines has become connected with Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Frank Edenfield Adds

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.—Walter J. Desser has become affiliated with Frank L. Edenfield & Co., 8340 Northeast Second Avenue. Mr. Desser was previously with J. R. Williston & Co.

With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BRADENTON, Fla.—Ray A. Johnston has become associated with B. C. Morton & Co.

Chemical Corporations' Role In Our Growing Economy

By HERBERT B. WOODMAN*
President, Interchemical Corporation

Mr. Woodman stresses role of chemical corporations and other industrial concerns as "good citizens," fulfilling not only their basic economic function to produce, but also as contributors to human knowledge, to the safeguarding of health, to the preservation of the comfort and pleasantness of their surroundings, to the conservation of natural resources, and, finally, to the promotion of education.

One of the things that the modern American industrial corporation needs is a good five-cent word—a simple word—to describe its role in our society. "Good citizen" is the best I have been able to do even though it is a couple of words rather than one and probably means a lot of different things to a lot of different people.


Herbert B. Woodman

I would like then to talk about the role of chemical corporations and other industrial corporations as good citizens: citizens fulfilling their basic economic function—to produce; citizens contributing to the sum of human knowledge; safeguarding health; preserving the comfort and pleasantness of our surroundings; conserving natural resources; and, finally, promoting the education of our present and future individual citizens.

The Obligation to Produce

As I said, the first obligation of any corporation is, of course, to fulfill its economic function. In the case of chemical and other industrial corporations, this means, basically, the obligation to produce.

We have all become so accustomed to the productive accomplishments of recent decades in the United States that we are apt to forget what veritable miracles they have been. The American chemical industry, for example, has grown from something like $2 billion at the time of World War I to its current $20 billion. Looked at another way, we are told that on the average, a 1955 worker turns out in 40 hours what it would have taken an 1855 worker 210 hours to produce.

The latest study of the Twentieth Century Fund is reassuring reading for all of us who are interested in the productive role of American industry. Its title is "America's Needs and Resources." It is something over 1,100 pages long and I confess that I have not read it. I've read enough about it, though, as I feel sure many of you have done, to know it concludes that our *needs* for industrial productivity in the next few years are very great indeed; and that our *resources* are more than adequate to meet those needs. It gives no support to those who fear that the present high rate of business activity may be a prelude to economic disaster—that we cannot possibly hope to maintain our present high rate of production.

As against the 1950 national output level of something less than $287 billion, the Gross National Product in 1960 is expected to be $370 billion if the same units of measurement are used—that is, *1950* dollars. If the expected 1960 Gross National Product is expressed in terms of current dollars, the total figure becomes $413 billion. To repeat, the needs for production are expanding, not shrinking, and the resources to meet those needs are at hand.

Whence do those needs arise? From many sources obviously, but at least two are—the need (and opportunity) to further greatly improve the standard of living of large segments of our population; and, secondly, the need (and opportunity) to fulfill the wants of the enormous number of individuals being added to our population each year.

I suspect we often fail to grasp fully what is happening to our population. It is growing at the rate of 2½ millions a year. The birth rate today is 25 per thousand as against 18.4 in 1936. This means that there are 4 million births a year or about 450 an hour. If we think of what will happen in the United States from now until a week from tonight, we are talking about 75,000 births, or roughly enough people to populate a city close to the size of Niagara Falls in 1940.

Consider what this means in terms of increased needs for products and services of every sort—of the obligations and opportunity of American industrial corporations to produce the goods to fill these needs and to promote the welfare and education of these new citizens.

Why can we anticipate such growth with confidence that we can take care of it? That we are going to be able to feed, house and clothe 2 million more Americans every year? That we can give them jobs when they grow up? That we can provide a community environment that is pleasant and healthful? That we can offer them the kind of education they must have to continue the record of achievement which has thus far been established? The

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*An address by Mr. Woodman delivered before the annual dinner of The Niagara Falls (N. Y.) Chamber of Commerce, in connection with Chemical Progress Week, Niagara Falls, N. Y.

The State of Trade and Industry

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

Total industrial production for the country at large in the period ended on Wednesday of last week showed a moderate falling off, but when compared with the like period a year ago was about 10% higher.

Recent work stoppages in scattered areas have slightly raised the level of unemployment. In the week ended May 28 new applications for unemployment benefits rose 3% as work slackened in trucking, textiles, apparel, food and leather products. Total initial claims, however, were 29% lower than in the same week of last year. Continued claims in the week ended May 21, were down 3% from the prior week and 40% from the 1954 comparative.

The United States Labor Department currently reported new declines in unemployment among workers covered by state jobless pay programs.

Initial claims for unemployment compensation dropped by 12,200 to 186,100 in the week ended June 4, the department's Bureau of Employment Security stated. A year earlier the total of new claims, which reflect layoffs, was 267,100.

In the week ended May 27, the agency said, the total of workers drawing unemployment compensation fell by 75,400 to 1,179,800. The total a year earlier was 1,966,000.

The decline was attributed in part to the short reporting week which included Memorial Day. Seasonal pickups in outdoor activities were also given credit for the reduced unemployment.

It's every man for himself in the steel market from now until the end of the year. The auto labor settlement blasted any chance that demand would ease enough to relieve the pressure to any significant degree, "The Iron Age," national metalworking weekly, states this week.

Expediters for the car producers are pushing steel mills to the limit for the simple reason that they need the steel to maintain production. Auto steel inventories are reported to be as low as five days. Coupled with this is the fact that steel mills have about reached the practical limit of their ability to produce. The ingot rate already is beginning to reflect down time for long-deferred maintenance. Until this and vacations are out of the way, it's doubtful that production will do any better than hold its present pace. The chances are it will ease off slightly, this trade authority declares.

The mills are doing their best to see that no one gets hurt in the scramble. At least one producer has issued definite orders that none of its customers will suffer from lack of steel. But it's tough going at best for some consumers. They are turning to warehouses and other sources to piece together their requirements.

The mills have their own troubles and from the actions of Dave McDonald of the United Steel Workers, the steel industry will come perilously close to a strike, "The Iron Age" points out.

Watching from the side lines, steel consumers are taking no chances. They are pressuring for immediate delivery as a hedge against a strike and they are also aware of the steel price increase that is bound to follow a wage settlement. If McDonald gets what he wants—between 12 and 15 cents—the price boost on a weighted average will be about $4.50 per ton, concludes this trade paper.

Labor unrest in the automotive industry over contracts now settled or pending chopped domestic car and truck production 16% below pre-Memorial Day levels last week.

"Ward's Automotive Reports" counted 174,938 car-truck completions the past week, 17% above the holiday-shortened period two weeks ago with 149,929, but below the 208,000-unit weekly totals attained at the end of May.

Hurt by wildcat strikes last week were General Motors Corp. and Ford Motor Co. plants, making Chrysler Corp. the steadiest performer.

Elsewhere, Studebaker halted its South Bend, Ind., output Thursday and Friday to make production studies in connection with new work standards. A total of 3,400 American Motors employes were laid off in Wisconsin in a production cutback, the statistical agency further noted.

"Ward's" said that the past week's production troubles came at a time when many volume producers are attempting to maintain factory output and field inventories of new cars at levels needed to meet record sales demands.

The nation's new car dealers entered June with their field inventories of new cars equivalent to only a 25 days' supply compared with a 31.6 days' stock a year ago.

New car sales in May, according to "Ward's" established new all-time records on a daily-rate basis, permitting only a 3.8% inventory buildup in the month against 6.3% and 13.7% during the preceding two months.

The statistical agency said that penetration of the new car market for all volume producers remained steady in May, but that only General Motors Corp., with 354,556 sales, recorded its highest monthly total of the year.

The brightest performer in the industry's May sales, "Ward's" said, was Chevrolet which ran No. 1 for the third straight month, and in addition, reached its own highest point of the year. Mercury and Nash new car sales also reached new 1955 peaks during May.

Steel Output Scheduled at Higher Rate at 96.5% of Capacity This Week

If optimism has anything to do with it, the steel business will be good the rest of the year, says "Steel," the metalworking weekly, the current week.

Almost everyone seems to be optimistic, including Secretary Sinclair Weeks of the United States Department of Commerce. He doesn't see much evidence of a slackening in the latter part

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The Road Ahead for Banking

By GEORGE CHAMPION*

Executive Vice-President, The Chase Manhattan Bank

Prominent bank executive, noting unprecedented opportunities and responsibilities confronting banks, urges much greater effort to keep general public better informed. Calls new uses of resources, as in term loans and consumer credit, "the real achievement" of our banking system. Declares it is highly significant that the countries which have moved ahead most rapidly since the war have had the benefit of free, competitive banking.

I would like to talk to you today about a subject that lies close to the hearts of all of us—the road ahead for banking. It is a subject which interests me greatly, for in my judgment we stand today on the threshold of an era in which the opportunities and responsibilities that confront banks are likely to surpass any that have been known in the history of our country. And if we are to measure up to these opportunities and responsibilities—if we are to perform our essential function in the American economy—it is necessary that we look ahead and identify some of the landmarks along the course we shall have to follow.

George Champion

Moreover, as some of you here know, it is my firm conviction that bankers must recognize more clearly both their responsibilities and their accomplishments, and make a much greater effort to keep the general public better informed. Even today there persists a lack of information and comprehension on the part of our neighbors and friends concerning the significant contributions made by banking to the progress of our nation and its economy. And it is bankers themselves who must act to correct this condition.

Let me start this assessment of the future, then, with a brief look at the long sweep of banking's accomplishments of the past. One single measure that wraps up many facets of progress is the growth of bank assets.

Growth of Bank Assets

At the turn of the century, commercial banks held total assets of $10 billion and accounted for more than half of the assets of all types of financial institutions—including insurance companies, savings banks, savings and loan associations, and the like. By 1954, however, commercial bank assets had grown 20 times to the huge total of $202 billion. No other segment of finance has matched this growth, or contributed as much over the years to the increase in national wealth and the emergency needs of government. Private life insurance companies for example, have increased their assets by $82 billion, or less than half as much, though it is fair to add that their rate of growth has been greater than that of banks. Even so, since the days of pre-World War II alone, commercial banks have almost tripled in aggregate assets.

This growth is impressive in itself, but the real achievement of our banking system is the way in which banks have made use of their resources. Here there have been tremendous shifts in lending policies, as business and personal needs have changed over the years—shifts that reflect careful but progressive bank management, of which we can all be proud.

It might be well to take a minute or two to review some of these broad changes. Many of you of course recall the nature of banking activities in the '20s. In those days term loans were unheard of, and consumer credit was only beginning. Greater emphasis was placed on short-time loans for seasonal needs. Loans in the '20s ran as high as 65% of all bank deposits. At that, however, they were only 4½ times capital.

The depressed period of the '30s cut heavily into bank loans, although in some ways this proved a blessing in disguise, for it led us to develop new concepts and new methods of lending. But before these could fully take effect, the great war fell upon us and banks became a principal instrument for financing the vast needs of government. Bank deposits increased greatly, but to a substantial extent they were used to purchase government securities. While our total loans did increase from $22 billion to $26 billion, by the end of the war they represented only 17% of bank deposits.

In some ways this was rather a comfortable position, and there were those who predicted that banks would be content if they remained little more than vaults filled with U. S. Government bonds. To my way of thinking, it is a measure of the initiative, courage and tough moral fibre of the American banker that he did not accept this position. On the contrary, he has expanded loans by assisting commerce, industry and the individual in every way possible. As a result, during the postwar decade, banks have increased their loans to a record $71 billion, and they are now the equivalent of 39% of deposits.

Increased Loan Demand

Over the past ten years the need for loans on the part of business and individuals has been the greatest in history. There is no question but that the way in which banks have met this demand also represents a fine achievement. And when our increased loans are measured in terms of the increased production, the great new facilities, and the higher living standards they have made possible, the achievement looms even more impressive. Yet you and I know that this record of outstanding accomplishment by the banks is little known to the general public. Nor, I am sure, does the public associate in any direct way the improvement in its living standards with the lending policies pursued by banks. Indeed, the contrary is more apt to be the case. For banks have been branded in many quarters, particularly by those who believe in governmental control and regulation, as instruments through which inflation has been spread, and in this manner they have sometimes been accused of contributing to a lowering of living standards.

As I suggested, we have ourselves to blame to a considerable extent for this lack of understanding of the accomplishments of banks. To digress for a moment, I should like to repeat something I have said on other occasions: we can only overcome the lack of appreciation of the all-important place of banking in our economy by getting out and broadcasting widespread the story of what our banks are doing. We ourselves know that idle money means idle hands at the local level as well as the national level, and we know that banks have met their responsibility to put other peoples' money to work remarkable well. Unfortunately these are facts of which the general public is not aware. It isn't only at meetings among ourselves, such as this, that we should tell the facts of life about banking—nor at the conventions and gatherings of business associations, though these of course are important. Rather we must tell the story of banking at all levels—to the women's clubs in our own communities; to the local Rotary, Kiwanis or other luncheons of businessmen; and also to our local high school or college groups.

And it is a job each of us must do himself—it can't be turned over to a committee.

Broad Interpretation Needed

Moreover, in telling our communities about banking, I believe we have an obligation to go beyond a description of our own activities—broad as these are. We need to play our part in interpreting for the community some of the general economic developments that effect our neighbors as well as ourselves. We have the responsibility, for example, to explain governmental policies which act to bring about inflation, and point out the effect such policies have on our every-day living. It is our job to explain the relation between government deficits and the prices people pay for things, including the effects of government credit extension itself through the various government departments and agencies.

Homer Livingston on a national scale is providing the type of leadership that should be our own responsibility at the community level. He, in my opinion, is proving to be as fine a leader as banking has ever had, and we would do well to use his talks as a basis of discussion with friends on many subjects—subjects that cover not only the relationship of banking to the American economy, but the effect which unwise government policies exercise on individual welfare generally.

Without question, bankers have a great story to tell and we all can take great pride in talking of past accomplishments. We can never rest on our oars, however, for some of our most pressing challenges still lie ahead. Thus, while we have made great strides in recent years in making loans, this vital side of our business faces still a further huge expansion.

Indeed, if we are to continue to serve as the life blood of the American economy, we must be prepared to increase our lending capacities very materially as our nation moves ahead along lines that are now freely predicted.

Economists today are pretty well agreed that our economy has the potential, at least, of realizing an advance in production of 35 to 40% by 1965. That would mean a gross national product on the order of $500 to $525 billion, compared with a rate today of around $375 billion. These are the estimates that have been worked out by the staff for the Joint Economic Committee of Congress. When we figure that population in 10 years will grow by 27 million and that productivity is increasing steadily, such estimates are clearly within the realm of possibility.

Moreover, it's an interesting fact that bank deposits grow almost exactly in proportion to the rise in the gross national product. One might expect this, since deposits are the nation's chief form of money. A gross national product which is up 37% ten years hence would mean total deposits in the neighborhood of $250 billion, as compared with $183 billion at the start of this year.

Quite clearly the opportunities facing banks in these circumstances are tremendous. Our loans cannot help but expand materially if we are to take care of the needs of a growing commerce and industry, as well as a rising level of personal consumption. And if the job is to be done adequately, banks must not be caught short—they must plan ahead, seeking to measure the potential growth in their own communities. Obviously the pattern of such growth will vary by sections and within each region of the country, but having taken stock of our future potential, we need to look closely at our capital and organizational resources to see if they promise to be adequate for the task ahead.

Let us consider for a moment what the over-all picture might be like in this future economy. Even with our present division of assets, with loans equal to 39% of deposits, loans would increase from about $71 billion today to almost $100 billion in 1965. I cannot help but feel that the actual advance could be somewhat great-

Continued on page 34

*An address by Mr. Champion before the Illinois Bankers Association, St. Louis, Mo., June 9, 1955.

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.

Book Manuscripts—Booklet CN on publication, promotion and distribution of books, especially on business and financial topics—Vantage Press, Inc., 120 West 31st Street, New York, N. Y.

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

Chilean Copper Situation—Analytical report—Bache & Co., 36 Wall Street, New York 5, N. Y.

Consumer Purchasing Stocks — 45 companies which should benefit from increased consumer purchasing power—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available in the current issue of "Gleanings" are an analysis of the **Railroad Equipment Industry** and a list of 40 common stocks in a popular price range.

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 Bearing Industry — Analysis — In current issue of "Weekly Stock Bulletin" — Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

Japanese Commodity Price Movements—Analysis in current "Stock Digest"—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y.

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

Portfolio for 24 dividends a year—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

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

Revenue Bond Surveys—Presenting full analysis and evaluation of the economic background, management, bond security provisions, debt structure, operations, financial position and outlook—for free sample survey and details write Municipal Service Dept., Dun & Bradstreet, Inc., 99 Church Street, New York 8, N. Y.

Steel Industry—Data—Sutro Bros. & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are data on **Continental Foundry & Machine Co., American Brake Shoe Co., Beaunit Mills, Inc., Colorado Fuel & Iron Corp., Consolidated Mining & Smelting Co. of Canada, Ltd., Deere & Co., Westinghouse Electric Corp., United Fruit Co.** and **Guayaquil & Quito Railway 5% Dollar Bonds.**

Steel Mill Supplies—Bulletin—H. Hentz & Co., 60 Beaver St., New York 5, N. Y. Also available is a bulletin on **Consolidated Railroads of Cuba** and **Illinois Central Railroad.**

* * *

Anaconda Company — Detailed analysis — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available are analyses of **Faraday Uranium Mines Limited** and **Crane Co.**

Arkansas Louisiana Gas Company—Analysis—Jacques Coe & Co., 39 Broadway, New York 6, N. Y.

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

Bowater Paper Corp.—Memorandum—Hirsch & Co., 25 Broad Street, New York 4, N. Y.

Buffalo Forge Company — Analysis — Reynolds & Co., 120 Broadway, New York 5, N. Y.

Canadian Pacific Railway—Analysis—C. M. Oliver & Company, 821 West Hastings Street, Vancouver 1, B. C., Canada.

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

City Stores Company—Analysis—Dreyfus and Co., 50 Broadway, New York 5, N. Y.

Colorado Oil & Gas—Descriptive report—P. F. Fox & Co., 120 Broadway, New York 5, N. Y.

Detroit Steel Corporation — Bulletin — Gartley & Associates, Inc., 68 William Street, New York 5, N. Y.

Allen B. Du Mont Laboratories, Inc.—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

General Gas Corporation—Analysis—Amott, Baker & Co. Incorporated, 150 Broadway, New York 38, N. Y.

Glamur Products, Inc.—Circular—Graham, Ross & Company, Inc., 82 Beaver Street, New York 4, N. Y.

Halliburton Oil Well Cementing Co.—Data—Goldman, Sachs & Co., 30 Pine Stret, New York 5, N. Y. Also in the same bulletin is an analysis of **Atchison, Topeka & Santa Fe Railway Company.**

Imperial Oil Limited—Brochure—Wood, Gundy & Co., Inc., 14 Wall Street, New York 5, N. Y.

Interchemical—Bulletin—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

International Lithium Mining Corporation—Analysis—Canadian Corporations Information Service, 44-50 Pearl Street, Toronto 1, Ont., Canada—$1.00 per copy.

Landers, Frary & Clark — Memorandum — Fewel & Co., 453 South Spring Street, Los Angeles 13, Calif. Also available is a memorandum on **Rockwell Manufacturing Co.**

Lehigh Valley Railroad Co.—Memorandum—Talmage & Co., 111 Broadway, New York 6, N. Y.

Lithium Corporation of America, Inc.—Analysis—New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Micromatic Hone Corporation—Bulletin—de Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

North Canadian Oils Limited—Bulletin—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

Oklahoma Oil Production — Report — Arthur Davidor, 419 Northwest 47th Street, Oklahoma City, Okla.

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

Southern Natural Gas—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Schenley Industries** and **Pennsylvania Salt Manufacturing.**

Sylvania Electric Products Inc.—Memorandum—Eastman, Dillon & Co., 15 Broad Street, New York 5, N. Y.

Thorofare Markets, Inc.—Analysis—Hulme, Applegate & Humphrey, Inc., Union Trust Building, Pittsburgh 19, Pa.

Trade Bank & Trust of New York—Analysis—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

United Uranium & Oil Corporation—Bulletin—Rogers & Company, Kittredge Building, Denver 2, Colo. Also available is a bulletin on **Black Thunder Oil, Inc.**

Uranium Corporation of America — Illustrated brochure — McCoy & Willard, 30 Federal Street, Boston 10, Mass.

Vapor Heating Corporation — Analysis — Cohu & Co., 1 Wall Street, New York 5, N. Y. Also available is a report on **General Gas Corporation.**

COMING EVENTS

In Investment Field

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.

June 21, 1955 (Detroit, Mich.)
Security Traders Association of Detroit and Michigan 20th annual summer outing at Plum Hollow Golf Club.

June 24, 1955 (Atlanta, Ga.)
Georgia Security Dealers Association summer outing at the Brookhaven Country Club.

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

June 24, 1955 (New York City)
New York Society of Security Analysts 3rd annual outing at the Scarsdale Golf Club.

June 30-July 1, 1955 (Nashville, Tenn.)
Security Dealers of Nashville annual outing Hillwood Country Club and Belle Meade Country Club.

July 14-15 1955 (Toledo, Ohio)
Bond Club of Toledo annual outing at the Toledo Country Club.

July 22, 1955 (Portland, Oreg.)
Investment Securities Dealers of Portland, Oreg., annual summer party at the Oswego Country Club.

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

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

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

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

Nov. 27-Dec. 2, 1955 (Hollywood, Florida)
Investment Bankers Association annual Convention at Hollywood Beach Hotel.

Business Man's Bookshelf

Book Manuscripts — Booklet CN on publication, promotion and distribution of books, especially on business and financial topics —Vantage Press, Inc., 120 West 31st Street, New York, N. Y.

CED—Formula for Effective Business Leadership—Meyer Kestnbaum—Committee for Economic Development, 444 Madison Avenue, New York 22, N. Y. (paper)

Financing Business Firms — Charles L. Prather—Richard D. Irwin, Inc., Homewood, Ill. (cloth) $6.00.

Free World Trade Controls for Peace—Foreign Operations Administration, Washington, D. C. (paper).

Peace Offensive and the Cold War — John M. Swomley, Jr. — National Council Against Conscription, 1013 18th St., N. W., Washington 6, D. C. (paper) 35¢.

Political Economy of American Foreign Policy: Its Concepts, Strategy and Limits—Report of a Study Group Sponsored by the Woodrow Wilson Foundation and the National Planning Association—Henry Holt & Co., New York, N. Y. (cloth), $6.00.

Real Property Management—Committee on Organization of the Executive Branch of the Government — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) 25¢.

Research Activities in the Department of Defense and Defense Related Agencies — Commission on Organization of the Executive Branch of the Government —Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) 30¢.

Revenue Bond Surveys—Presenting full anaysis and evaluation of economic background, management, bond security provisions, debt structure, operations, financial position and outlook. For free sample survey and details write Municipal Service Dept., Dun & Bradstreet, Inc., 99 Church Street, New York 8, N. Y.

The Country's Improved State

By HON. CHARLES A. HALLECK*
U. S. Congressman from Indiana

Legislative leader, maintains that despite enormous inherited bills, present Administration will achieve balanced budget next year. Cites institution of economies and ending of controls and socialistic advances. Warns manufacturers of need to forestall return of the radicals, spenders, socializers, and crisis-manufacturers from returning to the driver's seat.

A little more than two years ago, the people of this country called for a new set of managers to operate their Federal Government.

Charles A. Halleck

This change in political leadership resulted from a growing public discontent with the manner in which the country was being pushed toward Socialism.

Ever-increasing Federal spending, mounting taxes, government controls, growing competition with private enterprise, grandiose schemes for public power and attempts to regiment medicine and agriculture, were all part of the socialistic pattern.

The trend toward centralized government, with emphasis on the power of the Executive Branch at the expense of Congress, was another alarming feature of the campaign to substitute government "over" the people for government "of" the people.

Inflation and the illusion of "free money" from Washington were devices designed to perpetuate a political dynasty.

Scandals and corruption were a natural by-product of cynicism in high places.

Even foreign relations were used as a tool to accomplish radical ends.

Employing a "crisis psychology," previous administrations were quick to seize on events in the international picture as an excuse for new controls and regulations, new spending and greater taxes.

No new management could have done a faster, better job of giving the American people the kind of government they wanted than has the Republican Administration of Dwight D. Eisenhower.

Toward Budget Balance

In spite of inherited bills involving upwards of $80 billion, for which no provision to pay had been made by the old set of managers, we have succeeded in achieving substantial budget reductions.

Barring unforeseen difficulties, we will reach our goal of a balanced budget next year.

Economies in the Federal household have made possible the largest tax-cutting program in the nation's history, amounting to $7.4 billion on an annual basis.

Controls were ended as one of the first orders of business. Sound fiscal management has halted runious inflation. We have restored faith in the value of the American dollar.

The Ewing plan for socialized medicine and the Brannan plan to do the same thing to agriculture have both sunk without a trace.

The new managers on the Washington scene are restoring public confidence in private enterprise as the best system mankind has yet devised for steady progress toward better living for all Americans.

Two years ago, that confidence was at low ebb because for two decades, business had served as a whipping boy for radicals. The climate is now changed from hostility toward some segments of our economy and favoritism to others to one of friendly cooperation and fair treatment for all.

This change has come about because the new political management really believes in our system of free private enterprise, in contrast to the attitude of hot-eyed extremists who hoped they could make America over into something completely foreign.

Trumped-Up Dixon-Yates

The trumped-up Dixon-Yates controversy betrays the anguish of public power advocates, especially in the Tennessee Valley area, who are afraid the gravy train is running out. The basic issue at stake is whether this government is going to enter into a fair and equitable contract with private enterprise or soak the taxpayers of this nation $100,000,000 to build another steam generating plant to subsidize low-cost power. The contrast itself confirms this Administration's respect for the principle that government should encourage private initiative whenever possible and practicable.

This Administration is further demonstrating its faith in American enterprise by moving to get government out of business activities where it has no right to be. We have sold the Inland Waterways Corporation. We have sold 24 Federally-owned synthetic rubber plants and we have stopped or curtailed numerous commercial activities of the Defense Department.

President Eisenhower's respect for Constitutional processes is reflected in his cooperative attitude toward the Congress, which he considers a partner in the business of government operation.

Toward State and Community Rights

We are also moving steadily toward the restoration of rights and responsibilities to states and communities with carefully considered aid programs that call for greater participation at the local level and less control at the Federal level.

We are getting more government back home where it belongs.

The farm program adopted by the Republican 83rd Congress marks a sure-footed approach to the problem of getting agriculture out from under the staggering burden of unmanageable surpluses which had built up under the rigid parity system. It is a major move toward the release of American farmers from the bondage of ever-tightening controls and restrictions and brings agriculture closer to the goal of 100% parity in the market place. Certainly, this new program deserves a chance to show what it can do.

Handling of the Formosa incident is in striking contrast to the manner in which a previous Administration met a situation in Korea.

In the case of Korea, members of the Congress learned that American troops had been committed to armed conflict by reading the news in the nation's press. In the case of Formosa, President Eisenhower called on the Congress for support of his policy in advance of action.

Instead of the confusion and misunderstanding at home and abroad which characterized U. S. policy toward Korea, the American people, as well as our friends and potential enemies, know exactly where we stand on the issue of defending Formosa.

A Calm Foreign Policy

Beyond that, the calmness with which the Eisenhower Administration has pursued its foreign policy, the absence of alarms and fanfare, has resulted in a quiet confidence on the part of our citizens that we now have managers at the helm who know what they are doing.

This consistent and courageous policy may well prove to be one of our most effective weapons for safeguarding the peace of the world. Certainly, the manner in which it has been developed, with forthright debate in and overwhelming support by the Congress of the United States, is our best guarantee of national unity.

Recent events on the international front give us reason for cautious optimism that brighter days lie ahead for the peoples of the free world. Avoiding extremes of political philosophy, we are charting a course to which an overwhelming majority of Americans can subscribe.

It is a course that calls for conservative policies where the people's money is concerned, but for sympathetic attention to the problems of human needs where the public good requires Federal action.

It is a course that minimizes government interference in matters properly the concern of private enterprise or of states and communities.

It is a course which emphasizes the responsibility of the individual to do those things for himself which are the traditional responsibilities of free American citizens.

This new set of managers strongly believes that incentive is the great motivating force in the American economy and that honest interpretation of the law, together with fair and impartial treatment for everyone, are foundation stones of good government.

Pursuit of such policies and principles during the past two years has created a wholesome attitude of public trust in government leadership. This faith, together with sound, forward-looking management of the Federal operation, has brought the nation through a difficult transition period with a minimum of dislocations and adjustment.

Gloom Prophets Now Silent

The prophets of gloom who were so loud in their predictions of a serious recession not so long ago have been shamed into silence, by accumulating evidence that ours is a vigorous and expanding nation.

All sings point to a prosperity greater than any we have ever known before.

Because of the striking progress we have made toward a sound prosperity based on a just and lasting peace, the demand that President Eisenhower accept a second term will be far more than just a Party matter in 1956. Democrats and Independents, as much as Republicans, have a tremendous stake in the ultimate success of this program of prosperity with peace.

President Eisenhower has ably demonstrated his qualities of leadership in both war and peace. No one on the national scene measures up to his stature. The nation needs his continuing guidance in the years immediately ahead.

Those who think the battle has been easy, or that it is won for all time, should me forewarned:

The radicals, the spenders, the socializers, the crisis-manufacturers are no longer at the wheel, but they have not given up hope of returning to the driver's seat.

I can't believe the people of this country want that to happen.

I won't happen if citizens in all walks of life who believe in our system and who want to help make it work better than ever before will take a continuing interest in government at all levels.

As manufacturers, you well know that any quality product starts with quality materials. By the same token, good government in America is the end product of good citizenship.

Good citizenship begins here—in this room—with you.

*Excerpts from an address by Rep. Halleck before the Manufacturing Chemists' Association, White Sulphur Springs, West Virginia, June 10, 1955.

Philadelphia Bond Club Outing Sept. 16th

PHILADELPHIA, Pa.—The 30th annual Field Day of the Bond Club of Philadelphia will be held on Friday, Sept. 16, 1955, at the Huntington Valley Country Club, Abington, Pa.

Various committees have been named to work out a program of events which the management feels will make the 1955 outing the most successful in the Club's history.

J. F. Reilly Branch In Salt Lake City

SALT LAKE CITY, Utah—J. F. Reilly & Co. of New York announce the opening of a branch office at 264 East First South St. A direct A. T. & T. wire will be maintained between this office and the New York office.

Eugene J. Quinn has joined the firm's trading department in New York.

Janney Opens Branch

JOHNSTOWN, Pa.—Janney & Co., have opened a branch office in the Johnstown Bank & Trust Company Building, under the direction of Samuel G. Levy.

Joins H. L. Robbins

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass.—Donal Z. Israel is now with H. L. Robbins & Co., Inc., 40 Pearl Street.

Jay W. Kaufmann Branch

MIAMI BEACH, Fla.—Jay W. Kaufmann & Co. have opened a branch office at 123 Lincoln Road under the management of Leo Herlinger.

Capitol Securities Co.

Capitol Securities Company has been formed with offices at 52 Broadway, New York City, to act as dealers in listed and unlisted securities. Jack J. Bernstein is a principal of the firm.

U.S. Should Join International Finance Corporation!

By HON. GEORGE HUMPHREY*
Secretary of the Treasury

Secy. Humphrey gives arguments in support of President Eisenhower's recommendation that Congress authorize the United States to become a member in the proposed International Finance Corporation, to be set up by the World Bank. Concludes, in the present state of international affairs, it is vital that U. S. and other capital exporting countries maintain good economic relations throughout the free world.

President Eisenhower on May 2 recommended action by the Congress to authorize United States membership in the proposed International Finance Corporation. I am here to support the President's recommendation.


George Humphrey

As you know, the IFC will be an international effort to cooperate with private capital in both the capital exporting and the capital importing countries to set up new enterprises, or in some cases expand or modernize existing enterprises, particularly in the less developed countries of the world.

In recent years there has been a great deal of discussion here and abroad about the need for more investment in such countries. They are anxious to secure capital, to build up their economic development, and to raise the standards of living of their people. This is an objective with which the United States Government has always had great sympathy. Increased capital investment will aid the growth of world trade, and thus be beneficial to us as well as other countries.

Private American investors are today placing new capital abroad and reinvesting their earnings from previous investments abroad at about twice the rate of loans made by the International Bank and the Export-Import Bank. This private investment, however, has been largely concentrated in a few lines—oil, mines, and to a lesser extent various manufacturing and merchandising enterprises. It has also been pretty heavily centered in Canada and some countries in Latin America and in the Middle East. These investments have played an important part in developing the countries involved. But a more diversified form of investment would contribute significantly to the progress of the less developed countries.

The International Finance Corporation has been proposed as one way of encouraging new foreign private investment. The IFC is to serve as a catalyst in stimulating private investment. It is not another type of government-to-government aid. Instead, by assisting private ventures on a business basis, the IFC will give concrete expression to the basic American conviction that economic development is best achieved through the growth of private enterprise.

The IFC will, we hope, generate an increased flow of private capital not merely by providing financial support but also by giving additional confidence to American and other firms that are interested in going abroad but are deterred by lack of knowledge and experience. I am convinced that there are many companies—mostly middle-sized and small firms—that will engage in overseas operations if they can get IFC participation, but which would not do so solely on their own. I also believe that the proposed clearing-house function of the IFC—bringing investment opportunities in capital importing countries to the attention of potential investors in the more advanced countries—may prove to be a very important service.

The Corporation will perform a different job from that now being done so well by the Export-Import Bank and the IBRD in financing trade and economic development. The two banks do not advance venture capital. They made loans at fixed rates of interest and agreed schedules of amortization. Before the banks make loans they must have reasonable assurance of repayment. Moreover, in the case of the International Bank the guarantee of the government of the country concerned is required for each loan. The IFC, on the other hand, will provide venture capital on flexible terms and will operate without government guarantee.

Partner with Private Capital

The IFC will not compete with private capital. Its job will be to join with private partners in financing productive enterprises. These partners may be local firms or they may be foreign investors, or both. The private interests will supply the management and the bulk of the capital for each enterprise, while the Corporation will furnish only the margin needed to complete the financing. Where private capital can do the whole job, the Corporation will not enter into the financing at all.

When the IFC project was first talked about, investment in equities was one of the proposed methods of operations. We in the Treasury did not think it would be desirable or feasible for an international governmental corporation to invest in common stock and to take the management responsibility which stock ownership entails. The present plan has eliminated the equity investment and management feature. The Administration believes this is a great improvement and supports the project fully in its present form.

Although the Corporation will not hold stock, it will advance capital in various forms appropriate to new enterprises. Its investments in some instances may take the form of obligations with set interest rates, and in others with income dependent upon the earnings of the local concern. This may mean, sometimes, that securities will bear interest only to the extent that the local concern earns enough to pay, and in other instances it may mean that the Corporation will participate in additional earnings over and above a fixed rate. It may also take obligations which could be converted into stock when sold to private investors by the IFC. The particular form of securities will have to be tailored to the special problems of the particular investment. In all cases it will be expected that private investors will provide the major share of the capital as well as take management responsibility.

Moreover, the IFC is not intended to be an international holding company. When an enterprise gets on its feet and the Corporation finds that it can advantageously sell off its investment, it will do so. It will use the proceeds for investment in new enterprises. In this way a capital of $100 million, which the governments are now asked to provide, will be turned over, we hope, many times in the course of the coming years.

The Corporation will come into existence after 30 countries, with subscriptions of at least $75 million, have accepted membership. All subscriptions will be paid in full in gold or dollars. The United States subscription is slightly over $35 million. This amount has been included in the President's budget. Forty-two countries have informed the International Bank of their intention to initiate the necessary steps to become members, and 15 of these have already signed the Articles of Agreement, subject to legislative approval.

World Bank Affiliate

The IFC, though financially independent of the International Bank, will be affiliated with it. The Bank's board of directors will serve as the board of directors of the Corporation. The Bank's President will be the Corporation's Chairman. Thus the Corporation will have the benefit of the experience and sound judgment which have distinguished the management of the Bank. Operating economy will also be assured.

The provisions of the Corporation's Articles of Agreement are based largely on the relevant provisions of the Bank's Articles. The legislation proposed for United States membership follows substantially the provisions of the Bretton Woods Agreements Act, which were worked out ten years ago in this Committee.

The Corporation is not an answer to all the problems facing the private investor going abroad. Much will depend upon the attitudes of the host countries to new private investment. We hope the Corporation will be able to influence these countries to take favorable attitudes toward investors. While no governmental guarantee of its investments is desirable or will be requested, the Corporation obviously can operate in any country only if the government is favorable to its activities and to other private investments. In substance it will operate under the same conditions as private investors do in these countries.

In the present state of international affairs, it is vital that the United States and the other capital exporting countries maintain good economic relations throughout the free world. This should be done as far as possible by the investment of private capital. While the International Finance Corporation is an experiment, it offers a worthwhile chance to increase the role of private investment. I hope that this Committee will give favorable consideration to the proposed legislation.

*A statement by Secretary Humphrey before the Senate Committee on Banking and Currency, Washington, D. C., June 3, 1955.

Sachnoff Officer Of A. M. Krensky Co.

CHICAGO, Ill.—Morey S. Sachnoff will become Secretary of Arthur M. Krensky & Co. Inc., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges.

Peter Fertig Partner In Leonard J. Fertig

FT. WAYNE, Ind.—On June 1st Peter J. Fertig was admitted to partnership in Leonard J. Fertig & Co., Gaskins Building, members of the Midwest Stock Exchange.

Joins Dean Witter & Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—David J. Johnston is now connected with Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Two New Weston Branches

BEVERLY HILLS, Calif.—Daniel D. Weston & Co. has opened a branch at 812 Pine Avenue, Long Beach and at 4645 Van Nuys Boulevard, Van Nuys, Calif., both under the direction of Leroy Solk.

Two With Smith, La Hue

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn.—John J. Abbott and George L. Phelps have joined the staff of Smith, La Hue & Co., Pioneer Building.

Muri, Dumke & Light Is New Firm Name

SALT LAKE CITY, Utah—The firm name of Muir, Dumke & Co., Hotel Newhouse, has been changed to Muir, Dumke & Light.

Now Weck & Carey

The firm name of Albert H. Weck Co., 52 Wall Street, New York City, has been changed to Weck & Carey.

Eckert-Meili-Farmer

FT. WORTH, Texas — Eckert-Meili-Farmer Stock Co. is engaging in a securities business from offices at 6201 Sunset Drive. Edwin G. Eckert is a principal in the firm.

The Reuther Market

By ELIOT JANEWAY

Economist, maintaining new labor agreements represent victory for both sides, endorses bullish stock market interpretation. Cites manufacturers' continued assumption of full production and employment. Concludes that auto industry, contrary to expectations of downward readjustment of production and inventories, is actually sparking a new wave of business and public spending.

The deed's done. The GAW is here. The stock market immediately reacted with astonishing enthusiasm. The market assessed the immediate danger of over-production, and decided that the inflationary trend is strong enough to soak it up.

Eliot Janeway

I agree with the market. Meanwhile, herewith a few salient points about the Ford contract (based on a talk with Reuther):

(1) At no point during the negotiation—not even when a strike really threatened—did the company express fear of unemployment. Put bluntly, Ford negotiated and settled on the assumption that sales during the three-year contract period will sustain the rate of production. I emphasize this because auto company management has been right, and the business community (as well as labor and the politicians) wrong, on the bullish business trend.

Political Note: those who resent Labor most are likely to benefit most from the Ford contract. Reason: Labor has gained more under the Republican-Big Business Administration than even under Roosevelt. By 1956, Labor's position will be so much better than it already is that Republicans will be able to stump effectively in Labor strongholds.

(2) The agreement strikes me (exactly as Ford spokesman Bugas said) as a victory for both sides—also as a source of relief to each. The victory for the Union is obvious. Why is it a victory for the company too? On two counts:

(a) The GAW is a product of the times. Once posed, it had to be met. If it hadn't been met, for example, Ford couldn't have sold its stock. Any prompt solution can be absorbed more economically than uncertainty dragged out over a protracted period of labor strife — recall the posing of the issue of Union organization during the 1930's.

(b) The contractual obligation is going to be funded—that is, insulated from the Ford Company's balance sheet. Ford was able to persuade the Union to go along with a funding schedule which is definitely on the conservative side. This means that the Fund will grow faster than unemployment benefit claims can possibly mount against it. If the GAW is inescapable—as I have all along thought—this is a bargain. The employer is paying for its cost now, when there happens to be no unemployment. And the fund has a year (which will be a year of full employment) before any claims can be made upon it. For the big auto company today—for, as I expect, the big steel and other CIO-industry companies faced with GAW later this year or next—it is a bargin to create a trust fund insulated from the corporate balance sheet. It won't be any bargain, of course, for the smaller companies whose labor will want the same deal but which won't be able to fund future unemployment insurance claims.

(3) Fifty-five million dollars will be looking for full employment, invested in high-yielding stocks, bonds and lease-backs. The stock market is taking this as the beginning of a trend. Agreed.

(4) Impact of GAW's adoption is to demonstrate and dramatize the stability built into the economy by 10 years of accruals into the various State Unemployment Compensation Funds. The contract is geared into claims of the unemployed upon these State Funds. Michigan's Democratic Governor Williams has already moved to liberalize benefit claim schedules. The point is that GAW, in coming into play as a new form of defense against recession, is showing how effective the rudimentary system of Unemployment Compensation has already become.

(5) The Ford contract is also substantially accelerating the growth of another established cushion under the economy—the Pension Fund. The contract calls for a 4½ cent increase across the board in pension fund accruals. Incidental Intelligence: the Ford Pension Fund has all along owned a good deal of General Motors stock.

(6) Expect a major wave of automotive investment in plant and equipment in a race for two objectives:

(a) to keep up employment. How? By obsoleting the public's present models; and

(b) to build up enough single-shift capacity to eliminate overtime—at present production rates, this is a potent cost-saver, and justifies the investment.

(By-product: much less complaint from the chronically worried machine tool and other equipment builders, and a return by them to sellers' market prices and delivery schedules.)

Re-stimulation to Business

(7) The bullish business trend is being projected forward all over again. And the inflationary steam-roller is about to roll over the depression psychology which has been cropping up again. While institutional lenders have been up in arms against the growth of public debt, the rate of credit delinquencies has been falling to a new low. The overnight effect of GAW is bound to dissipate fears that the public's borrowing is blowing up a bubble in danger of bursting. Actually, the public has not trusted the boom any more than its creditors have. On the contrary, it has been saving at a rate uncomfortably high relative to production. It will now spend more—as it can afford to do and as the rate of production assumes that it will.

(8) Retail sales have been competing with construction as the economy's pace-maker, and this will continue. Result: a spill-over of the boom into stubbornly depressed and sluggish consumer industries.

(9) Consumer durable employment generally spurts between Defense booms and Construction booms. But (sufferers from "cycle-itis" please note) all three are now competing for labor at the same time.

Since 1950, aircraft employment has led the labor market. But now auto employment is stepping up the spiral on the eve of another spurt in aircraft employment.

(10) Farm implement manufacturers, at last enjoying a brisk recovery (even though agriculture is not), are facing a GAW crisis later this summer. A vital consideration for them, worrisome to the auto manufacturers too, is that basic materials are short, and struck plants lose place on suppliers' schedules.

Inventory Note: the scare catch-phrase — "auto inventories"—refers to inventories of cars in dealer hands. (This is a sales—i.e. a price-and-style—problem, and is under control.) But none of the scare talk notes that auto manufacturing inventories of basic production materials are too low to support production at even a lower rate.

(11) Now note the inevitable copper fact. Given the copper shortage, 1955's least inflationary turn of labor events would have been a combination of auto strikes and no copper strike. By the same token, the most explosively inflationary combination is no auto strike but copper strikes. This is what GAW is doing. It is raising demand, while copper strikes are slashing supply. Note this fact of 1955 life: Calumet and Hecla's (United Steel Workers) Union has turned down an offer of 14 cents an hour—geared to 36 cents copper, which is here to stay—as a basis for negotiation! High time that all the second-guessers who explain that there would be no copper shortage if there were no strike realized that there is a copper shortage because there are and will be so many strikes—here and abroad.

Conclusion: In 1953's depressed and jittery month of June, I attended a Pension Fund round table at a leading Mid-Western bank. Result: the attached article in "Newsweek," prophetically quoting Edward Eagle Brown as concluding that the stock market, as well as the bond market, was heading into a sustained advance. Today, fear is again widespread that a break in the bond market will break first the stock market and then the broad trend itself. Instead, defying psychological pressures, the stock market is about to lead the bond market up again.

Moral: Pessimists and skeptics alike are pointing with alarm to the auto industry as the economy's main source of exposure to another inventory slump. But here, for the umpteenth time, is yet another proof that statistics of supply, demand and inventories no longer make the business trend—as during the Business Cycle Era. For it is the auto industry, which is sparking not the expected downward readjustment, but a new wave of business and public spending. The link regarded as weakest is producing the new spark which is strongest.

Percy to Be Partner In Clark, Dodge Co.

Clark, Dodge & Co., 61 Wall Street, New York City, members of the New York Stock Exchange, will admit George A. Percy to partnership as of July 1st.

H. Herrman Co. to Admit J. H. Hyde

J. Hindon Hyde will become a partner in Henry Herrman & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, on July 5th.

Talcott, Potter Admits

On June 1, John F. Keenan will become a partner in Talcott, Potter & Co., 41 East 42nd Street, members of the New York Stock Exchange.

Brady Baird Admits

Charles A. Geraci has become a partner in Brady, Baird & Garvin, 115 Broadway, New York City, members of the American Stock Exchange.

M. J. Heaney Admits

Jerome S. Lucheme has become a partner in Michael J. Heaney & Co., 120 Broadway, New York City, members of the American Stock Exchange.

With Mt. States Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Harold C. Haag has been added to the staff of Mountain States Securities Corporation, Denver Club Building.

Westheimer Adds

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Sara H. Blumberg has joined the staff of Westheimer and Company, 326 Walnut Street, members of the New York and Cincinnati Stock Exchange.

With Green, Erb Co.

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — James A. Chadwick is now affiliated with Green, Erb & Co., Inc., NBC Building, members of the Midwest Stock Exchange.

Walter Raynor Adds

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—John F. Peters has joined the staff of Walter V. Raynor & Co., Inc., First National Bank Building.

Bache Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Nick J. Dross has become affiliated with Bache & Co., Johnston Building.

With Campbell & Robbins

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg.—Dave Van Fossen is now with Campbell & Robbins Incorporated, U. S. National Bank Building.

Three With Columbia

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Jess O. Barnes, Roderic J. Bosworth and Henry A. Summers have become affiliated with Columbia Securities Company, Equitable Building.

E. H. Stone Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Ewell K. Stone is conducting a securities business from offices in the Denver Club Building under the firm name of E. H. Stone Investment Company.

R. F. Miller Assoc.

WASHINGTON, D. C. — Robert F. Miller & Associates, Inc. has been formed with offices in the National Press Building to conduct a securities business.

Toll Road Legislation And Trust Indentures

By ROBIE L. MITCHELL*
Mitchell, Pershing, Shetterly & Mitchell
Attorneys, New York City

Prominent toll-road legislation expert reviews the legislative acts and court decisions which have been responsible for the creation of large scale toll public utility undertakings. Discusses the basic elements to be considered in drafting both a toll-road act and a trust indenture under which revenue bonds may be issued. Gives details of main items usually contained in an enabling act and the trust agreement document.

Highway financing is a subject which has been of great interest to me for many years. The first dollar I ever earned away from home on the farm was working for the Town on a state aid road. I got a dollar and a half a day for 10 hours of work and another dollar and a half a day for my father's bull team. There were then no tractors or bulldozers; power was supplied by animals.

Robie L. Mitchell

A good illustration of traffic conditions in those days is to be found in a decision of the Supreme Court of Maine in 1907,[1] in which it was said:

"Automobiles are now recognized as legitimate means of conveyance on the public highway. The fact that horses unaccustomed to see them are likely to be frightened by the unusual sound and appearance of them has not been deemed sufficient reason for prohibiting their use, but it is an element in the question of due care on the part of the drivers of both horses and motor cars."

The Federal Aid Act, which was passed by the Congress in 1916,[2] started us on a highway building program on a nationwide basis. It became really effective shortly after World War I. In 1919 most of the counties in Montana, where I was then living, voted bonds to match Federal funds in the construction of "rural post roads." These bonds were payable from unlimited ad valorem taxes upon all taxable property within the county. This plan of financing was not considered particularly inequitable as all property within the county was benefited more or less uniformly by the construction of these farm-to-market roads. About this time gas taxes became common and road bonds were issued by several states, supported primarily by such taxes. As automobile traffic increased many toll bridges were financed and constructed.

*An address by Mr. Mitchell at the Municipal Forum's Toll Road Conference, New York City, June 8, 1955.

Legislative Acts and Court Decisions

The legislative acts and court decisions in connection with the financing of these publicly owned toll bridges have played a very important part in the drafting of legislation and trust indentures in connection with the financing of toll roads. This is how it developed: In 1928 the Kentucky General Assembly passed an act we prepared under which the Louisville Municipal Bridge was financed and constructed.[3] The act provided for the creation of a bridge commission and authorized the commission (instead of the Board of Aldermen of the City) to issue revenue bonds of the City to pay the cost of the bridge. The bonds were payable solely from the net revenues of the bridge. We wrote into that act a provision for the execution of a trust indenture with a bank or trust company acting as trustee for the bondholders, without a mortgage on the physical property. This act and the trust indenture we prepared were sustained in all respects by the Court of Appeals of Kentucky[4] and the bonds were issued in June, 1928.

At the same session of the Kentucky General Assembly an act was passed authorizing the State Highway Commission to issue revenue bonds of the State for the construction on toll bridges.[5] This act, as amended in 1930,[6] provided for a pledge of the gross revenues to the payment of the bonds, the expenses of operation, maintenance and repairs being paid from the state highway fund. This legislation and the bridge revenue bonds authorized by it were also sustained by the Court of Appeals of Kentucky.[7]

In 1931 we were called upon to prepare an act creating a state bridge commission in Pennsylvania[8] and authorizing the commission to issue bridge revenue bonds for acquiring privately owned toll bridges located wholly within the state. This act was patterned to a great extent after the Louisville Act. It was amended[9] in 1935 to include tunnels as well as bridges in order to utilize for highway purposes the partially completed tunnels on the South Penn Railroad, the construction of which had been abandoned in the 1880's. Late in 1936 a municipal bond man called my attention to this amendment and asked me to try to work out the financing of these tunnels by the issuance of tunnel revenue bonds. But there was no provision for financing the highways to connect the tunnels. I then suggested the creation of a single project, including all the tunnels and the intervening highways, to be called the "Pennsylvania Turnpike." At the request of the State Highway Department I drafted an act to create the Pennsylvania Turnpike Commission[10] with authority to issue revenue bonds for paying the cost of the original turnpike, extending from Irwin, near Pittsburgh, to Middlesex, near Harrisburg.

An attorney for the Highway Department suggested the creation of an authority and the issuance of bonds of the authority, but, as the interest on the bonds and obligations of a state were expressly exempted by statute from Federal income taxes, I urged the creation of a commission and the issuance of revenue bonds in which the Commonwealth would be the obligor, citing the Kentucky acts I have mentioned and the West Virginia[11] and Ohio[12] acts authorizing bridge revenue bonds of the state, and the decisions of the courts in these three states.[13] This was before the decisions of the Federal courts in the Port of New York Authority and the Triborough cases,[14] in which these authorities were held to be "political subdivisions" within the meaning of that term in the Federal income tax law. The Pennsylvania Turnpike Act was passed in 1937, authorizing the issuance of turnpike revenue bonds of the Commonwealth, and we worked out the financing in 1938, the toughest five months of day and night work I ever experienced. This was the beginning of turnpike revenue financing as we know it today.

Basic Elements in a Trust Indenture

I have been asked to outline some of the basic elements to be considered in drafting an act and a trust indenture or trust agreement under which toll road or turnpike revenue bonds may be issued and secured. For convenience, I will refer to the project as the "turnpike" and to this document as the "indenture."

ENABLING ACT

The Agency to do the Financing: The enabling act must, of course, set up the agency which is to do the financing and to construct and operate the turnpike. In most states a new agency has been created, an authority or commission, but in a few other states the regular state highway commission or department has been made the agency.[15] In some states the agency is authorized by the enabling act to issue revenue bonds in the name of the state, as in the Pennsylvania act[16] and also in the acts[17] we prepared for West Virginia, Maryland, Ohio and Kentucky. In other states the agency created by the enabling act is authorized to issue revenue bonds in its own name, as in the act creating the Maine Turnpike Authority,[18] which was passed in 1941 and was the first turnpike act to be passed after the financing of the original Pennsylvania Turnpike. In most of the acts which we have prepared since the Port of New York Authority and Triborough decisions,[19] we have provided for the creation of an authority, including the acts which were passed (with some revisions and amendments) in Florida,[20] Kansas,[21] Massachusetts,[22] New Jersey,[23] North Carolina,[24] and Oklahoma.[25]

Location of the Turnpike: The act must designate the location or the approximate location or the termini of the turnpike, or contain a grant of power to the authority to construct turnpikes at such locations as it may determine, subject only to the approval of the governor or the state highway department. In some cases it has been vigorously contended that such general grant of power constitutes an unlawful delegation of legislative power, but in every case where the question has been presented the courts have sustained the acts.[26]

Attempts have been made to require the authority to secure from the local officials of all the communities in which the turnpike is to be constructed their approval of its location. Such a requirement would, of course, make it extremely difficult if not absolutely impossible for the authority to finance a turnpike, clearly not until every last one of such approvals have been obtained.

Tolls: The act must require the authority to fix and charge tolls sufficient, with other revenues (including revenues from concessions), to pay the cost of maintaining, repairing and operating the turnpike and to pay the principal of and the interest on the bonds, and to create reserves for such purposes. The fixing of tolls by the authority should not be subject to supervision or regulation by any other commission, board, bureau or agency of the State.

Pledge of Revenues: The act must also contain a pledge of revenues to the payment of the bonds. In most States there are pledged to the payment of the bonds the net revenues of the turnpike. In the Kentucky act, however, the Highway Department is authorized to covenant to pay all or a part of the expenses of operation, maintenance and repair from the general highway fund, and this provision was sustained by the Court of Appeals,[27] following the holdings in the bridge revenue bond cases[7] I have referred to sustaining a pledge of gross revenues.

The courts in some States would doubtless sustain a pledge of something more than the net revenues. The Court of Appeals of Maryland sustained the original issue of bridge revenue bonds of that state for the Susquehanna and Potomac River bridges which were issued under an indenture containing a covenant on the part of the State Roads Commission to pay all expenses of maintenance and repairs from the general highway fund of the state.[28] The Supreme Court of Missouri has sustained a provision in an ordinance for bridge revenue bonds to the effect that, if the tolls should be insufficient to pay the bonds and the interest thereon and the expense of operation, maintenance and repairs, the City would pay such expense from other sources.[29] The Supreme Court of Colorado (with two dissents) held that a pledge of moneys from the state highway fund, earmarked by a constitutional amendment for highway purposes, to pay a portion of the bonds and the interest thereon to construct the Denver-Boulder turnpike, did not create an indebtedness or a pledge of the faith and credit of the state contrary to the constitution.[30] Last year the Supreme Court of Michigan sustained an act under which the expense of maintaining, repairing and operating the bridge now being constructed over the Straits of Mackinac, up to $417,000 a year, are to be paid from the general highway fund.[31] The Supreme Court of Appeals of West Virginia (with one dissent) has recently held that toll bridge revenue bonds which were secured primarily by tolls and secondarily by the state road fund, a constitutional fund dedicated to highway purposes, did not constitute a debt of the state within the constitutional prohibition against the incurring of debt.[32]

In cases where the net revenues appear to be too thin to support the financing perhaps something can be worked out along the line of these decisions. Consideration might also be given to the matter of turning over to the turnpike authority gasoline taxes collected on the turnpike, unless prohibited by the state constitution as in Maine.[33] Bear in mind that the parallel free roads are relieved of the burden of handling the traffic which is diverted to the turnpike.

Trust Indenture: The act should also expressly authorize the execution of a trust agreement or trust indenture under which the bonds are to be issued and secured. It is in this document that we can incorporate the provisions which are necessary for the security of the bondholders.

Revenue Bonds: The provisions with reference to the issuance of the bonds are, of course, very important. These provisions should be very broad and should not attempt to tie unduly the hands of the authority. In this age of large issues, aggregating many millions of dollars, only one manual signature on the bonds (in addition to the trustee's authentication) should be required, permitting the use of a facsimile signature in addition, if desired, and the imprinting on the bonds of a facsimile of the official seal should be permitted. The provisions for registration should be broad, to permit registration as to principal alone and as to both principal and interest, and the reconversion of fully registered bonds into coupon bonds and the interchange of registered and coupon bonds.

The act should contain a provision with reference to negotiability. Ordinarily a revenue bond, being payable solely from a special fund, is a non-negotiable instrument. In an act which we prepared about 25 years ago for the issuance of bridge revenue bonds by counties in a certain midwestern state, we inserted a statement to the effect that the bonds would be negotiable instruments. The attorney general told the governor to veto the bill on the ground that a negotiable instrument is an unconditional promise to pay and that the bonds would, therefore, constitute a debt of the county. Since then we have inserted in the revenue bond acts we have prepared a statement to the effect that the bonds shall have all the qualities and incidents of negotiable instruments under the negotiable instruments law of the state or that they shall be deemed to be negotiable instruments.

Eminent Domain: Provisions relating to the exercise of the power of eminent domain are ex-

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Institutional Investor and The Revenue Bond Indenture

By WILLIAM F. YOUNG*
Assistant Vice-President, Investment Department
New York Life Insurance Company

Investment executive of large life insurance company discusses the important provisions in toll road revenue bond indentures which are of particular interest to institutional investors, such as: (1) rules describing compensations for the use of money; (2) rules for the period of construction; (3) rules for the operation of the road as a going "corporate" concern; (4) rules for what happens if the concern fails to "go"; and (5) rules for communications and actions. Stresses the high moral responsibility assumed in trust agreements.

I believe that the toll road indenture, as it is now developing, is a good document. All parties—Authority members, engineers, investment bankers and investors, owe thanks to the lawyers who have patiently worked the language—and especially to Robie Mitchell, who has performed such yeoman service on so many toll road indentures, and whose name we are always delighted to see just before the words *"Bond Attorney."*


William F. Young

The revenue bond indenture is still in process of development, as it will be until the last toll road is built. Its provisions should not remain static, but flexible and adaptable to the new conditions that each new toll highway presents. Only grief can result if the development of the indenture follows the views solely of one of the interested groups. It would be ridiculous so to restrict an Authority that it could not function in all circumstances. It is equally ridiculous to write an i.o.u. for hundreds of millions of dollars "payable solely" from a source of revenue not yet constructed. This is indeed an area and a time for a judicial approach by everyone—of tolerance, of consideration and of compromise. For on the one hand we have a public agency seeking to meet a public need; and we also involve, so far as many institutional analysts are concerned, the investment of the last ditch dollars of the family left without the main earner.

The bond attorney stands in a most favorable position here—not to fulfill his role of adversary—but to perform judicial functions of rule making so that all parties may live happily together over the term of the bond. In the toll roads, the standards of craftsmanship—in law—in engineering—and in finance—are high indeed. Let us keep them that way. In this field as in other fields of finance, it is well to remember that a great triumph in negotiation may not necessarily mean a great succes in investment.

Important Provisions in the Indenture

It seems to me that, along with a few basic provisions like the promise to pay, the institutional investor looks for several sets of statements in analyzing a toll road revenue bond indenture—

I. Rules describing compensations for the use of money.
II. Rules for the period of construction.
III. Rules for the operation of the road as a going "corporate" concern.
IV. Rules for what happens if the concern ceases to "go"; and
V. Rules for communications and actions.

I
Rules Describing Compensations for the Use of Money

These are of main concern—(a) yield; (b) non-callable period; and (c) redemption provisions. All three are generally considered as a package, but too great a deviation from the acceptable range in *one* may throw out the whole deal.

(a) On yield, for the life insurance company analyst, two items are pertinent—(1) tax exemption is worth, very roughly, 25 basis points, and (2) the tax exempt is in competition with corporates, public utilities and all other permissible classifications for the company's available funds. So he merely eyes the high grades wistfully, and a wonderful bond at 2.18% moveth him not. The life companies look to the revenue bond field for yield—if they don't find it—they go elsewhere. This at least has the virtue of simplicity.

(b) On the *non-callability period*—here the bondholder is seeking part of his compensation for providing 100% of the money and assuming all of the financial burden, especially during the period of construction. As he takes all the financial risks during the beginning period of stress and strain, he feels that one measure of his compensation should be a period of continuity when the road is a success—and the bonds then become attractive to *less* adventurous souls. If the road is not a success, the original bondholder is, of course, sure of continuity of investment, such as it is. So, he seeks to avoid this compensatory one-way street.

How long a period? Most institutional investors are long-term investors—20, 30, 40 years. Rarely do they look at anything, except serials, shorter than the 12-15 year range. The long-term investor does not like to find himself in the situation of an involuntary short-term creditor *if the estimates he is asked to rely upon prove correct* and a long-term creditor only if the engineers are wrong. So, the institutional investor in toll roads—where the risk is all his—seeks a period of non-callability that, broadly speaking, will keep him in his long-term investment field; that will help recoup his costs, and as the equity risk taker may even make a dollar from the venture's success. He likes a 10-year period of non-callability (except for sinking fund at a premium)—but, being a good natured fellow, has been known to settle for eight.

The call premium is another method of compensating the toll road bondholder for his risk taking. It is also a method for recoupment of some of the costs of making the revenue bond investment. Here, again, we are in an area of negotiation with a lower call becoming more readily acceptable if coupled with a longer period of non-callability. As many institutional analysts look at the complete package—interest, non-callability, and redemption premium—it is fruitless to try to set separate minimums for them. All of you people of experience know the range of fair premiums and know that peculiar factors of added strength allow some paring down; and also know that if *this* feature is made to look attractive, the analyst is more likely to look kindly at the entire package.

II
Rules for the Period of Construction

The investor wants the indenture to set out plain and clear rules for the period of construction so that he may be sure (1) that the money is being spent for the specific project that was proposed, and (2) that value is received for it. This means a system of checks and balances so that money is paid out by the Trustee—*who is the bondholders' fiduciary*—only upon certification by the Engineer that the work has been done and up to specifications. I would favor a provision allowing a trustee to hire an *engineer for the bondholder* for this period if he thought that step necessary.

The investor looks for plain rules for the segregation of interest funded during construction. And this period should be ample, especially if the coverage looks light in the first years. Rather a longer period of funded interest than a default before the project can really induce traffic in volume.

During this period the investors are especially anxious to know what is going on, and welcome indenture provisions calling for monthly, semi-annual and annual progress reports *to the bondholders*—not just to the Trustee—from the engineers, the authority and

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*An address by Mr. Young at the Conference on Toll Road Revenue Bonds of the Municipal Forum of New York, New York City, June 8, 1955.

A Year of Progress for Manufacturing Chemists

By WILLIAM C. FOSTER*
President, Manufacturing Chemists' Association, Inc., Washington, D. C.

In reporting on progress relating to the manufacturing chemical industry, Mr. Foster notes a number of accomplishments during the past year. Calls attention to pending customs and tariff legislation and the participation in these matters by representatives of the manufacturing chemists. Points out the MCA is continuing sponsorship of research projects of broad public and industry interest, and is active in creating better public relations. Stresses value of work in field of education.

An association like ours produces its best results for the industry and for the general public in three areas: in general relations of the industry with legislative and executive branches of government; in improving industry practices, for example in areas such as safety, transportation and pollution control within the industry, and in the industry's relations with the general public. It is in these three areas that our committee members and other representatives of the industry have done such outstanding work during the past year. I would like to review some of the many examples of these achievements.


William C. Foster

All of us, as well as all people in our industry, can take pride and gratification in the steadily improving safety record of our industry. We are particularly indebted to the MCA committee which has contributed so much to this improvement. You will hear more about the results of this effort later in the meeting.

Air and Water Polution Abatement

A long standing problem, which our industry shares not only with all other industries but the entire American public, is the matter of air and water pollution abatement. Despite the remarkable growth of our industry in recent years, there is strong evidence that industrial waste control is steadily improving. The two MCA committees dealing with these problems have made major contributions in this area. We have actively pursued our policy of publishing and distributing widely the best information on this subject. Committee members have testified on behalf of the association before the Senate Public Works Committee on two bills—S. 890 and S. 928. In these hearings the MCA pamphlet "A Rational Approach to Air Pollution Legislation" and a copy of an address delivered before the 3rd National Air Pollution Symposium at Pasadena were incorporated in the official record. Association members have continued to work effectively with state legislatures considering pollution control legislation. One of the more constructive activities in this field has been the holding of pollution abatement workshops, closed, informal, all-day meetings at which representatives of our industry discuss water pollution control on a regional basis. Successful workshops have been held in Boston, Albany and Chicago, and others are planned in other important chemical manufacturing regions.

One of the activities of the association which is often overlooked is the field of economical and safe transportation of our thousands of potentially hazardous chemicals over the rails and highways of this country. MCA began its activities in this field before the turn of the century. The contributions which have been made by our technical committees since that time have made it possible not only to transport safely the thousands of new chemicals which have been developed by our industry each year, but also to save the industry considerable time and money annually by continual development and careful scrutiny of rate proposals on the part of carriers. This is a continuing activity and is one of the most important jobs which the association does for its members.

Customs and Tariffs

The foreign economic policy of the Administration has brought about the proposal of a number of pieces of legislation and changes in administrative procedure having to do with customs and tariffs and duties. Because of the sensitivity of many segments of our industry to these problems, the International Trade and Tariff Committee has had an active year. This association has evolved a well-considered policy in these matters, calling for selectivity, gradualness and reciprocity in making any changes in tariff or duty structures. Testimony along these lines was presented on behalf of the association on H. R. 1 before the House Ways and Means Committee and the Senate Finance Committee, and on H. R. 6040, the so-called Customs Simplification Bill, before the House Ways and Means Committee. We have reasons to believe that the industry's views were well received and will be given consideration in any legislation which may result. In addition, members of this committee have made a real contribution in providing the government with information regarding tariff classification.

The subject of chemicals in foods and regulations governing their use is still receiving careful consideration by the association. The MCA position on this matter was stated in an address before the Food, Drug and Cosmetic Law Section of the New York Bar Association in January, and our committee has been working actively and intensively with representatives of food producers to prepare recommendations on new legislation which will be in the best public interest and will provide for the most effective contributions of this industry to improving and increasing our nation's food supply. The hoped-for results have not yet been achieved, but we are nearer to them than at any time in several years.

Industry committees and representatives have worked with executive and legislative branches of the government in a number of other constructive ways. One of these which may result in substantial savings both to the government and our industry was the Chemical Industry Committee to the Hoover Commission's Task Force on Paperwork Management. The report of this committee showed that chemical companies are now carrying out government paperwork at an approximate cost of $17 million annually and indicated that at least $5 million could be saved a year by companies and a similar amount in government costs. The work of this committee, which was assisted by the MCA staff, has received high commendations from people in government.

The industry has greatly improved its relationship with the Federal Government by its continued activities and cooperation with the Business and Defense Services Administration and the Office of Defense Mobilization. The Renegotiation Act of 1954 expired and a number of bills extending this Act have been considered without hearings by the House Ways and Means Committee. The Association has submitted a statement requesting

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*Presidential address by Mr. Foster before the 83rd Annual Meeting of the Manufacturing Chemists' Association, White Sulphur Springs, W. Va., June 9, 1955.

From Washington Ahead of the News

By CARLISLE BARGERON

Anyone with a sense of humor, which the Republicans generally don't have, must get an awful kick out of the Democrats. The fact is that they have very little funds in their campaign coffers, their national campaign committee is doing nothing like the effective work the Republican committee is doing, but they are having the time of their lives and really hope to return to full power next year.


Carlisle Bargeron

When you sit around with their bright young professionals and agree that they have valuable assets in the Americans for Democratic Action and Walter Reuther's CIO, they will frown and insist that the ADA embarrasses them but they gladly embrace Reuther and his CIO. Mr. Reuther and his CIO have plenty of money to match the Republicans any time. Furthermore, the CIO has a more intensive and a more earthy campaign underway than the Republicans, because of their nature, can hope to match. It would not be amiss to say that the next campaign will not be so much Republicans versus Democrats as Republicans versus Walter Reuther and his CIO. In the meantime, it is interesting to observe Messrs. Lyndon Johnson, Senate leader; Sam Rayburn, House leader, and Democratic Chairman Butler in action. They are of one in the conviction that the Democrats, being in control of Congress, should not just sit around and pass Eisenhower's program, but should enact a program of their own.

This is an evolution in political thinking and possibly with the change of times it could be right. It hasn't been right in the past.

The Democrats knocked off the last Republican President, Herbert Hoover, not by "passing a program of their own," but by killing the program which Mr. Hoover proposed. Inasmuch as a tremendous depression was underway and the Hoover program was not accepted you don't know whether it was good or bad. Anyway the policy of the Democrats in those days was to destroy Hoover. With the aid of the depression they did this very well.

The situation is much different today. The country is prosperous. World tensions are being relieved. Peace seems to be in sight.

The Democrats sought in 1954 to attack prosperity. They got burned. The depression they predicted hasn't come. On top of that, and in spite of some Republicans, Communist China and Soviet Russia are fading from the menacing picture which has heretofore confronted the world.

So the Democrats, under the urging of Senate Majority Leader Lyndon Johnson, Speaker Sam Rayburn and National Chairman Butler are seeking to get an issue through the passage of their own program through Congress on domestic affairs. To this end they upped President Eisenhower's housing program. The President asked for so many units of housing to be built at government expense. The Democrats, by way of showing they are much more for the underdog than the "Big Business" Republican Administration boosted the number of units. Well, the question in the first instance is whether there will be enough people to qualify under the Democratic quota and, if there are, the fact will remain that they got their bounty under a Republican Administration.

This would seem to be true under any other "liberal" legislation which the Democratic Congress might pass by way of putting through its "own" program. It is doubtful if the voters, in the pursuit of their daily affairs, will be able to distinguish between the Republican control of the Executive Branch and the Democratic control of Congress. Historically, the President and his party are blamed for what is wrong with the country and given credit for whatever is right.

However, the fact remains that there is a new influence in American political life, Walter Reuther. You would think that Ford and GM employes would be very happy today over the contracts which have been signed in their behalf. You would think they would be at peace with the world and not of a cast to want to overturn the political party in power. You would think they would adhere to such a slogan as the Republicans are bound to adopt: "Don't change horses in the middle of the prosperity stream."

But you have reckoned without Reuther's political or agitating power and the daily propaganda diet which he serves up to his people. This is more demagogic than the Democrats have ever dished out on their own but Reuther is their ally, destined, it seems, to become their boss.

Reuther has the ability to make his workers discontented in an era of their prosperity. This can upset the Republicans' applecart, not Eisenhower's return to the White House, but a Republican Congress.

Arnold Andrews Opens

NEWARK, N. J. — Arnold Andrews is conducting a securities business from offices at 972 Broad Street.

Richard A. Fay Opens

LOS ANGELES, Calif.—Richard A. Fay is engaging in a securities business from offices at 5757 Franklin Ave., under the firm name of Richard A. Fay and Co.

J. C. Spooner Opens

ARDEN, N. C. — James C. Spooner is engaging in a securities business from offices here.

Opens Offices

BEAUMONT, Tex.—Mrs. Glynn R. Booker is engaging in a securities business from offices at 2504 Pecos Boulevard.

R. W. Carson Opens

OKLAHOMA CITY, Okla.—Royal W. Carson is engaging in a securities business from offices at 2813 Pembroke Terrace.

C. J. Urstadt Opens

PELHAM MANOR, N. Y.—Charles J. Urstadt is conducting a securities business from offices at 946 Esplanade.

Institutional Investor's View Of Toll Road Securities

By P. N. CRISTAL*
Manager of Transportation Investments
Northwestern Mutual Life Insurance Co., Milwaukee, Wis.

Mr. Cristal, after commenting on the situation with reference to institutional investment in toll road bonds, lays down a number of recommendations to the various groups that play important parts in the processing of toll road securities. Concludes that long-term investors have shown faith in the mechanics of revenue bonds, and in toll road bonds particularly, and urges all interests and groups, concerned with the mechanics, work to improve this most desirable financial vehicle, so that it may be better understood by all investors, large and small.

My contribution to this Forum will be an effort on the part of one institutional investor to convey some thoughts derived from the handling of toll road securities for our company over a period of years. We have not acquired each issue as they have come along but we have taken a pretty good sample and have today a portfolio totaling about $46 million, with ten separate issues. Including 14 additional issues, covering bridges, tunnels, and parking facilities, our total portfolio amounts to about $59 million today.


Philip N. Cristal

Rather than devote time to a discussion of terms, conditions, mortgage provisions, etc., my theme relates to procedures and ways and means to improve them and I will also make a suggestion or two related to the time element. That is, the period of time between the inception of the project and the sale of the securities.

It seems to me that this may be a good time to review our whole process of setting up and providing information on an offering of toll road securities. Undoubtedly, we will have some new roads coming along, but I suspect that, from now on, we will more likely begin to see many extensions, additions, enlargements to and branches from previously financed and existing operating projects rather than the main stems. These roads will all be in the nature of refinements, more or less, and they may not have the glamour of the original venture.

Nevertheless, as the supply of these toll road securities increases, we may find more discrimination in the buying of the newer ones and, with the larger supply, yields may have to compete for attractiveness. Hence, let us see if we can improve the effectiveness of our procedures in the dissemination of factual and analytical information.

Steps in Toll Road Bond Offering

As we see the steps which usually precede the offering of toll road bonds, these are the early episodes:

First, the passage of the enabling legislation;

Second, appointment of the Toll Road Commission;

Third, appointment of the Financial Advisors and Engineering Experts.

Up to now, matters are in organization stage and a lot of time is needed to reach the point of getting set up. Obviously, much of this proceeds in parallel, and matures under the leadership of the Chairman and his associates. However, it seems to me one of the difficulties arises about this point, which tends to work again us—that is, the terrific pressures which seem to call for speed and more speed in getting that road built so it can be "pointed to with pride." I sympathize with the commissions who feel this pressure and I particularly sympathize with the engineers who are required to do a gargantuan job in a shorter time than, in their conscience, they know can be done carefully and well.

Obviously, I can do no more than call attention to the facts of life, namely, that buyers of toll road securities may, in the future and probably will, become much more discriminating and requiring in their demands for support for the bonds. I doubt if anything short of several failures to receive bids on bonds would bring home this point.

I hope that financial advisors will, from now on, try to urge toll road commissions and governors to permit the engineers and technicians to have the time to do a good, careful job of processing the bonds before their sale.

Let's now assume that a preliminary feasibility report has been submitted and found acceptable, and that the big jobs of the civil engineering and the traffic people have gotten under way. These are painstaking jobs which form and produce the basic security—that is, the estimate of construction cost, estimate of traffic running for many years in the future, and the resulting sums of annual net revenue with which the cost of the road is amortized over the life of the bond issue.

At this point in our review of the customary procedures, we would like to direct your thinking to one of the by-products of the traffic engineers' report. I refer to the economic characteristics of the toll road region or district—that supporting hinterland which provides the bread-and-butter traffic for the road. We have been taught by our traffic friends that the casual, sight-seeing, long-distance driver is not the real support for toll roads. Rather, it is those people, in automobiles and trucks, who start or terminate their trips in an area which varies, but which is usually found to surround the road. These people are naturally drawn to the road and its cities for reasons of trade and commerce, day in and day out.

With this concept of the supporting area, we believe that the time has come to discover and provide in somewhat greater detail, the economic factors needed to back up the traffic engineers in their forecasting of future growth trends. This is not said in criticism of the past work of the traffic people. They have an exacting job to do in the detailed gathering, analysis and interpretation of the origin and destination survey. I feel certain that the traffic people will welcome all of the expert technical help they can get in determining and extending their estimates of potential growth, over the years.

I have in mind that, in recent years, we have seen more and more of purely localized, regional and district economic data. Our 12 regional Federal Reserve Banks, out in the country, publish figures regularly on their districts. In many metropolitan areas, we find extensive consumer surveys. There have been developing, in many of our educational institutions, technicians and economists, who have specialized in the study of regional economics. My suggestion here would be to add to the expert staffs preparing our toll road reports, persons who would examine the economy of the region, its population changes, its statistics and who would certainly do some traveling in the economic area so as to acquire further information and reach unbiased judgments. They would then come up with a report which would lend aid and comfort and independent support to the traffic and engineering people in their forecast of the earning power of the road. In fact our toll road commissions might well retain a regional economist on an independent basis in the same manner as they retain traffic and civil engineering firms. Actually, this economic survey and opinion would be most welcome, all around, and would certainly add strength to the conclusion of the commission that its planning is sound and feasible from a payout standpoint.

Furthermore, we have seen on occasion recently, the retention of engineering firms to analyze, check and present a covering and coordinating report on the basic work and conclusions of the other firms who performed the initial study or planning. I am perfectly serious when I state that it is my belief that the time has passed for either commissions on their own motion, or bankers for market timing or other reasons, to offer us toll road securities without the most meticulous support for their estimate of earning power and costs, both construction and operating. I feel certain that the demands of educated buyers, large or small, will make themselves felt.

Your Municipal Forum, it seems to me, is peculiarly well fitted and has a fine opportunity to study these many problems of procedure and techniques. I believe that your organization should now set up a number of research or study committees to endeavor to arrive at some sort of code of standards which might be used by future originators of toll road securities. The pioneer period has given us quite a bit to go on. We ought to know, at least, some of the things to be encouraged and a lot of things to be discouraged in the planning and documentation of our issues. I would even go so far as to say that these study groups should not only contain members of the municipal investment fraternity, but should have a scattering of institutional people from insurance companies, savings banks, trust companies and mutual investment funds. I think you will agree that a great deal of good would come out of a well organized joint effort to think through standards and requirements in this field.

The Financial Advisor

Before we digressed into the field of strengthening the support of offerings, we had moved along in the regular procedural steps in the birth of a toll road security—through the employment of the various engineers, economists and experts and the retention of the financial advisor. Though we have not heretofore discussed the financial advisor, we have not forgotten him. We have not stressed the importance of the financial advisor because this is fully realized by toll road commissions as well as by the investors. His retention is standard practice and we fully support that practice. A toll road commission is usually composed of a group of high-minded and loyal citizens but, until they have gone through one ordeal of setting up an issue, I suspect that they can not realize what the financial advisor actually means to them. The financial advisor must have an eye not only to the job of custom building the bond issue to suit the conditions peculiar to the measurements of the customer, but he also must be aware of the market he is planning to serve when the tailoring is done. At this point, I have another suggestion to offer, primarily to the banker, from our own experience in toll road security buying.

Most institutions which have acquired portfolios of toll road bonds, like my own, have designated people on the investment staff, who are responsible for handling the investigations and processing their recommendations to our ultimate authority, the Finance Committee, which must approve before we can acquire. In the course of time most of these institutional staffs have learned pretty much what to look for in toll road securities, and they know that much of it must be taken through sheer faith in the integrity of the engineers who make the reports. Under these circumstances, the very least that a financial advisor should insist on, is a full documentation in all printed engineering reports. There does not seem to be any excuse for leaving out important tabulations of supporting data which the engineers have accumulated in developing their final result. Surely the item of printing and proofreading costs has no weight in this consideration. When we are talking about building a road at today's costs and selling the bonds to cover, not only 100% of those costs, but also to capitalize a sizable amount of future interest, expense, commissions and a fairly heavy contingency margin also, then the matter of expense, time and effort required to produce a fully supported and documented report ought to be almost mandatory. If there seems to be only a limited demand for this type of report, then it needs only to be produced in such quantity as would satisfy the demand. But that is not the major consideration. We favor and, in fact, must insist on the early availability of completely documented engineering reports in more detail than we have had in the past.

Now, when the point in time is reached where the engineers have completed preliminary drafts of reports and conclusions, the financial advisor really starts to function in his authoritative role. It is at this point, or possibly just a short while afterward, that I believe the institutional investor should be exposed to the situation—always with the complete understanding that nothing is in final form—that the development of the size of the issue is not yet certain and the terms, conditions and, in

Continued on page 22

*An address by Mr. Cristal at the Municipal Forum's Toll Road Conference, New York City, June 8, 1955.

THE MARKET . . . AND YOU

By WALLACE STREETE

The rail average, after several false attempts, finally "confirmed" the bull market by joining the industrial index in new high territory this week. For the carriers it is the best posting since 1929 while the industrials forged to within easy reach of the 450 target level which many of the technicians somewhat arbitrarily had selected for the goal on this leg of the move. For both, the achievements were done casually without setting off any great fanfare.

* * *

In fact, the immediate result was to spark enough profit-taking to set the list back at least temporarily. If the long awaited confirmation had been expected to set off a new spirited advance, it was clearly a disappointment.

* * *

The new notes in this week's performance were prominent strength in the oils that had been rather neglected lately and occasional flurries in the aircrafts without, however, generating any important follow-through and leaving them considerably off their highs of earlier this year.

* * *

Which Bull Market Anniversary?

There was a possible anniversary this week—the sixth year of the bull market for those who regard June 14, 1949 as its start. The subject is a moot one. A minority group still insists the real start was back in 1942 with the 1946 market break merely a correction. Other technicians date the swing from September 1953 when the averages gave a bear signal only to have the list start uphill a day later in a process still underway. A similar debate is still a bit alive over whether the 1929 bull market began in 1921 or 1923. Those who favor the former date obviously consider the current upswing the longest bull market on record now.

* * *

There were several reasons apparent why the reaffirmation of a bull market failed to hearten the Street and instead bred caution. For one, the recurrent rumors of a further increase in margin rates — which would be the third boost this year—were hanging heavy over the boardrooms. Without too much logic, this was regarded as an ominous accompaniment of another 10% advance. There was a rather sizable step-up in large block distributions, too. And even in the individual issues that shot ahead on good gains, profit-taking wasn't far behind to trim the peak improvement rather quickly.

* * *

Strike Settlement Reaction

General Motors' acceptance of the Ford formula to end strike worries was greeted routinely. The major motors stood their ground with fair success. The independents, however, faced with costs far more burdensome to them than to the giants in the industry were frequenters of the new lows tabulations, despite some expectations that the union will not press them for all the benefits won from two of the Big Three so far.

* * *

Chemicals had anything but a unanimous tone. When others in the group were forging ahead, Monsanto usually favored the minus side. Allied Chemical was similarly contrary, and when it wasn't sliding downhill it was duPont that raced to new peaks only to fall back quickly.

* * *

Oil demand, when it was around, centered chiefly on the better grade issues. Jersey Standard Oil, Cities Service, Sinclair and Gulf—the latter on some multi-point sprints—were among the issues posting new tops. Sunray managed an occasional appearance as the most active issue and was also able to better its previous peak.

* * *

A Uranium Spark

Coppers generally did well and the uranium work of Anaconda made it a favorite. Kennecott fared well generally but was among the issues showing the earmarks of occasional realizing. The aluminums quited down after their recent excellent action. Steels had their problems occasionally although U. S. Steel was somewhat persistent in nudging its high up the ladder. Bethlehem and Youngstown Sheet occasionally parted company to indicate that the hopes of merging the two over anti-trust objections are no longer a major reason for their swings.

* * *

In the carrier section the prominent note was Missouri Pacific which at least temporarily ended its good runup to join the harder hit casualties on some sizable setbacks. It wasn't too disheartening because the issue has nearly tripled in price over last year's low, with a 50% appreciation over its low for this year.

* * *

Minnesota Mining, which has been making good progress for several years now, in fact ever since its 4-for-1 split in 1951, was able to shrug off heaviness elsewhere and keep up its good work. Paper stocks also kept up a full head of steam, and a big forest deal between Great Northern and Scott Paper served to heighten interest in the division as well as to spur some good price action. The paper stocks were repeatedly well represented on the new highs lists.

* * *

The normally placid Wrigley—one of a scant handful of issues that pays dividends monthly instead of quarterly—was projected into the limelight by some good gains after the company boosted the extra payment occasionally tossed in with the regular disbursements. Conversely, merely the regular payment was enough to set back Western Union a bit.

* * *

Stores Irregular

Store stocks were highly irregular. Federated and First National were frequently on opposite sides of the fence, and Kresge's story was a dour one what with repeated appearances in new low ground while Gimbel was a happier category with an occasional new high.

* * *

Coal stocks were treated to some mild demand, in part inspired by plans to merge Pond Creek and Island Creek. The long-depressed group occasionally offered a candidate for the new highs list including West Virginia Coal and Pittsburgh Consolidation. The latter, in fact, was at an all-time high, which is a better showing than most in the division could boast.

* * *

New financing caused woes for Goodyear, to add a note of irregularity to a somewhat lackadaisical rubber section. Generally the other companies were lolling around just under their best prices of the year. An occasional new high without any urgency was the lot of the cement stocks which are still resting after being one of the brighter groups in the market for quite some time. The mail order issues were undistinguished as were the tobaccos which seem able at last to ignore the medical controversy but unable to build up any investment demand to enable them to move out of their rut decisively.

[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.]

Connecticut Brevities

The Uncas-Merchants National Bank of Norwich has been acquired by **Hartford National Bank & Trust Company** through purchase of its 2,000 shares of capital stock at $330 each. The Norwich bank will be the 14th branch office of Hartford National and will continue with the same management and personnel. The acquisition brings the total resources of Hartford National to over $350 million. A second acquisition by Hartford National is under consideration. Directors of **Central National Bank & Trust Company** of Middletown have approved an offer of $1,250,000, equivalent to $50 a share and stockholders of Central National will vote in July on whether or not to accept the Hartford National.

* * *

Directors of **Fafnir Bearing Company** have voted to pay a 20% stock dividend by issuing one new share for each five shares owned of record July 1. The present capitalization of 785,826 shares of $10 par will be increased to 942,910 shares.

* * *

The Producto Machine Company, located in Bridgeport, is in the process of carrying out an expansion and modernization program at an estimated cost of $750,000, including plant and equipment. The Company manufactures machine tools and dies.

* * *

Eastern Industries, Inc. has recently formed a new subsidiary which will occupy a plant in Stamford for manufacture of plastic laminates for the electrical and electronic industries. Eastern manufactures centrifical pumps, fluid motors, mixers, stirrers, electronic control equipment, aircraft products and traffic-actuated controls for street signal lights. It has other Connecticut plants at Hamden and Norwalk.

* * *

Employees of **The New Britain Machine Company** are being offered an opportunity to purchase stock of the Company at a price of $36.95 a share, with a total of 5,000 shares being offered. A similar offer made last year was quickly oversubscribed. The net proceeds in the amount of about 183,250 will be used for working capital and to reduce outstanding bank loans.

* * *

Directors of **Connecticut Bank & Trust Company** and of **Windham National Bank,** Willimantic, have reached an agreement to merge the two banks with the former as the surviving company. Stockholders of record of June 7 of the two banks will vote on the proposal to exchange 16 shares of Connecticut Bank for each share of Windham National. Upon completion of the merger the new bank would operate 22 branch offices in 14 towns and would have total resources of over $350 million.

* * *

Connecticut Light & Power Company has consolidated its hydro-electric properties under a new plan creating the Housatonic Hydroelectric Division. Completion of the Shepang project in September will bring the total generating capability of hydro plants along the Housatonic River to 111,500 kilowatts. The new division will consolidate operations of the hydro plants so as to obtain the most efficient operation.

Belding Hemingway Company has formed a new subsidiary, **Belding Corticelli Industries, Inc.,** which will soon start production under license of a new plastic known as Nylon 8 or BCI Nylon. This plastic will be in liquid, granulated or pellet form and will be sold to manufacturers for use as an adhesive and fiber binder as well as a plastic sheeting to replace leather or rubber.

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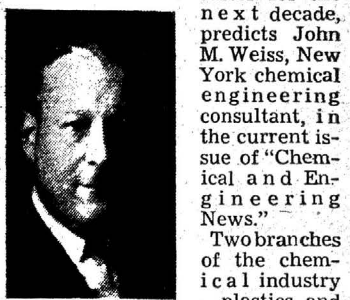
The Heifetz Company, which is a manufacturer of specially destigned lamps for household use is presently constructing a new 10,000 square foot plant in Clinton, Connecticut. Upon completion of the plant the Company will move its entire operations from its present plant in New York.

Growth Aspects of The Chemical Industry

John M. Weiss, New York consultant, cites two branches of industry alone that could double over-all gross sales by 1965. Says chemical equities have lived up to their reputation as growth stocks.

America's dynamic chemical industry, which has nearly doubled its sales since 1949, will continue to grow at the same rate or even faster for the next decade, predicts John M. Weiss, New York chemical engineering consultant, in the current issue of "Chemical and Engineering News."



John M. Weiss

Two branches of the chemical industry—plastics and synthetic fibers — by themselves could cause the chemical industry to double its gross sales by 1965, declares Mr. Weiss, who has contributed importantly to the industry's progress for the past 50 years. Chemical stocks have so far lived up to their reputation as growth stocks, he notes in the American Chemical Society weekly. Exhibiting data on chemical industry performance in 1949 and in 1954, Mr. Weiss observes:

"Over the span of the six years shown, admittedly poor years for industry generally, sales have increased about 90% and profits from operations before taxes have almost doubled. Chemical industry has increased largely beyond the secular trend by developing new products and new uses for old products, thereby opening up markets which previously had not existed.

"Some of the fields which have been outstanding in this regard are: Plastics and resins, plasticizers (mainly used as adjuncts to plastics), synthetic rubber, detergents, pesticides and other products for agricultural use, synthetic fibers and petroleum additives."

To indicate future possibilities in the plastics field, Mr. Weiss draws comparisons with the steel industry.

"With a 1949 production of about 77,000,000 tons of steel, the plastics production was only 1.05% of the steel production," he points out. "In 1954 steel production was 88,300,000 tons and plastics reached 1.54% of this . . . Over the next five or 10 years it is not too much to expect the plastics to reach 2 to 3% of the steel tonnage. This would hardly affect the steel industry but could mean that plastics could at least double their present volume, which would be reflected in all parts of the chemical industry, from finished plastics down through the basic products such as sulfuric acid and caustic soda.

"Synthetic fibers (others than rayon and Acetate) also have vast possibilities. In 1949 they amounted to 18.5% of the wool consumption and only 2.5% of the cotton consumption. By 1954 they reached about 89% of the wool consumption but still only about 8% of the cotton consumption. Admittedly one of the greatest inroads by non-cellulosic synthetics (such as Nylon, Dacron and Orlon) in 1954 was made at the expense of rayons. There is obviously, however, still a very broad field for growth of these synthetics. Nylon has reached a plateau and a lesser rate of growth is to be expected in the future. Dacron and the acrylics are really just starting and will carve out a section of the textile field where their properties prove advantageous.

"These two lines alone, plastics and fibers, could cause a further doubling of our chemical industry over the next decade and when all sorts of new developments are considered, the rate of growth could be even greater.

"The growth will also be shared with other branches of industry which are expanding along chemical lines, especially petroleum refiners, rubber companies and, to a lesser extent, the steel companies. All three of these have certain internal advantages which place their entrance into certain branches of the chemical industry on a favorable basis. We may expect their ventures in the field to increase. Up to the present, these ventures have been quite significant but have not been evident in company reports since no separation of sales is given. Usually, from a total sales standpoint, the tonnage of chemicals is low in relation to the sales of steel, of oil, or of rubber goods. Nevertheless, even a small percentage of these items is a consequential figure and their contribution to profits is considerably greater than their contribution to tonnage.

"All in all, the picture for the chemical industry as a whole is continued growth for the next decade at the same or at a greater rate than in the past decade. The large amount of money spent by the industry for research and development is continually opening up new products and new uses for old products and is insurance of the healthy advancing industrial economy which we expect."

Milwaukee Bond Club To Hold Annual Outing

MILWAUKEE, Wis.—The Milwaukee Bond Club will hold its annual field day and picnic on Friday, June 17, at the Oconomowoc Lake Club and Oconomowoc Country Club.

Brenton H. Rupple, Robert W. Baird & Co. is General Chairman. Joseph Austrup, Merrill Lynch, Pierce, Fenner & Beane, and George Waite, Paine, Webber, Jackson & Curtis are members of the committee.

Scheduled are a golf team championship play between Chicago and Milwaukee, Chicago represented by Charles Wilson, and Richard Vermillion of Smith, Barney & Co., against the Milwaukee team of Robert Johnson and William Martin, Milwaukee Company. A special guest event will offer prizes for low gross and low net.

Also offered are first and second prizes for individual low gross and low net; and prizes for long drive, drive nearest pin, on Hole No. 3 on Tee shot; and nearest pin on Hole No. 18 (second or third shots off tee); highest gross score, and least number of Putts.

Hayden, Stone Partner

Hayden, Stone & Co., 25 Broad Street, New York City, members of the New York Stock Exchange and other principal security and commodity exchanges, announce that Howard S. Thomas, a consulting engineer, of Rochester, N. Y., has been associated with the firm as a special partner.

Mr. Thomas will continue as consulting engineer in Rochester, specializing in water works design, municipal projects and related activities.

Formosa and the Business Outlook

By ROGER W. BABSON

In discussing the business outlook, Mr. Babson turns his attention to Asiatic problems. Gives brief history of Formosa and, in referring to "World War III," finds, though it will be hanging over us for many years, our defense program may gradually be curtailed. Says duration of the business cycle is now determined by "politics."

First, let me say that I have never met Chiang Kai-shek, but I have know Madame Chiang, who attended Wellesley College, which is only two miles from the Babson Great Globe and Institute. She is a remarkable woman of the highest character and keenest insight; she has great influence with him. He was a poor boy when he married her; but a determined type like the late Henry Ford and a very great man.

Roger W. Babson

History of Formosa

When forecasting the future of any country, it is well to recognize the history as well as the present status. Formosa is a large island, about the size of Massachusetts and Connecticut, lying 100 miles east of China. A mountain range runs north and south, with fertile plains to the west. A combination of heat and moisture gives it marvelous crops; it produces gold, silver, copper, oil, coal, and uranium. Population is about 9,000,000 mostly of old Chinese descent.

This great island was originally settled by the Dutch, who were expelled by the Chinese during the 17th century. It was taken by the Japanese in 1895, who held it until the close of World War II, when, in 1945, it was ceded back to China. Whatever our opinion as to the government of China—whether Nationalistic under Chiang Kai-shek, or Communistic under Chou and his gangsters—we must realize that Formosa inherently is a part of China. Whether the Communists want to "liberate" it or "enslave" it is debatable. From a strategic viewpoint, the United States and Japan should not now allow Formosa to get into the clutches of Communist China.

Importance of Patience

One of the chief lessons I have learned from Madame Chiang Kai-shek is the importance of patience and of avoiding giving ultimatums. Human nature is the same on both sides of a conflict and if "the ball can be kept in the air" long enough most problems will solve themselves. Many serious problems are solved by leaders becoming older and finally dying. (Today's Bible reading is Psalms, 49th Chapter, which has given me the inspiration to write this column.)

To apply the above philosophy to the Formosa problem—it may be impossible to get a satisfactory settlement as long as Chiang Kai-shek is in the saddle. If, however, he should be removed by death or become incapacitated (he is about 70, and has had a hard life), I forecast that President Eisenhower could bring about a settlement which would both insure our position and "save face" for the Peking Government.

What About World War III?

Although the present Big Four International Conference will probably amount to nothing and the possibility of World War III will be hanging over us for many years, yet the best advices are that World War III is not now to be feared. None of the big nations, including Russia and China, now want World War III; but the threat of using the H-Bomb will constantly be used to blackmail the Democracies. With the cost of manufacturing H-Bombs constantly becoming less, every nation will have some, enabling revolutionary forces in these nations to get them. Some crazy dictator may try to conquer the world with them; but, if so, he would be quickly subdued. This would be an opportunity for the United Nations to fulfill its real mission.

All the above means that our defense program may gradually be curtailed and this Federal money be used for the building of roads, hospitals, schools, and especially the new industry of Urban Redevelopment. Uranium oxide is being found almost everywhere, and could also help stave off the so-called "inevitable" depression. I still believe in the business cycle; but its duration is now determined by politics. Therefore, let us forget the troubles which we read so much about. Let us concentrate on our own business and make better products for less money and sell them all over the world. This is the most practical kind of patriotic service we can render.

With Van Alstyne, Noel

Van Alstyne, Noel & Co., 52 Wall Street, New York City, members of the New York and American stock exchanges have announced that John A. Wood, 3rd is now associated with them in their institutional Department.

Wm. Fisher Admits

William Fisher, Jr. on July 1st will become a partner in William Fisher & Co., 120 Broadway, New York City, members of the New York Stock Exchange.

Receivable Financing in The Chemical Industry

By SIDNEY FEUCHTWANGER
President, Commercial Discount Corporation, Chicago, Ill.

Mr. Feuchtwanger, in reporting on a survey of the working capital situation of medium-sized chemical manufacturing concerns, finds that, as a result of rapid growth and expansion, these enterprises find themselves in a "working capital squeeze." Points out medium-sized chemical companies are too small to obtain capital through public sale of securities, and are often too large to satisfy all their capital requirements through bank loans. This situation results in either mergers and "buy outs," or — receivable financing by the commercial finance industry.

One of the most rapidly growing industries in the past decade is the chemical industry, with its ramifications of chemical specialties and drugs.

Sidney Feuchtwanger

Reports from 29 medium-sized manufacturers in this wide field indicate that rapid growth seems to be characteristic of all of these companies. As a result of this situation, one problem is common to all these enterprises: a squeeze on working capital. Query any medium-sized chemical or drug manufacturer, and he confirms the reports from these 29 companies.

The 29 companies replying to this survey are located in New York, Massachusetts, Illinois, Georgia and Louisiana. These 29 companies did a combined volume of $53,000,000 in 1954. Two of these companies are clients of Commercial Discount Corporation, using accounts receivable financing. These 29 companies are in pharmaceuticals, agricultural chemicals, synthetic textiles, petrochemicals, and antibiotics. Some of these companies do nothing but manufacture their own products; others of these companies do some private-label production for others. All of these companies purchase their raw materials from basic producers, and manufacture their own end products.

Common to Growth Industries

The reported need by these 29 chemical and allied companies for more permanent and temporary capital isn't surprising. It usually happens to growth industries. But this is more so for chemical companies, since these companies have to invest from $20,000 to $30,000 in plant equipment and facilities for every worker — and may run three and four times that amount in highly mechanized plants. That compares with a national average of $12,000 investment per worker for industry generally.

According to the reports to this survey, during the first few months of 1954, many of the chemicals producers appeared to be heading for trouble. Costly new plants had been coming into production at a time when general industrial activity was slackening, and the demand for a long list of products was falling short of expectations.

However, a major problem that afflicted many other manufacturing fields—that of excess inventories of their products in customers' hands — turned out to be much less acute in the chemical industry. The chemical business did not drop as far as many others and it began picking up sooner.

Experience in 1954

By the end of the third quarter of 1954, sales of chemicals and allied products already had topped those of the same 1953 period. When all the figures were in for 1954, the sales volume was slightly above $20 billion, or almost 1% above the previous year. With that kind of showing for a "rolling adjustment" year like 1954, chemical companies looked to 1955 with confidence, foreseeing a period of prosperous competition.

A faster business pace, of course, normally means an initial demand for more money. Producers need bank credit or stock sales to expand facilities, to meet heavier payrolls, to buy raw materials, and to cope with higher operating costs before the new investment starts to pay off. And 1955's demand by chemical and allied companies for money is even greater because of rock-bottom inventories.

To build inventories and expand production, liquid working capital is required. "Liquid working capital" is hardly a phrase which hangs on the lips of the man in the street. Yet the phrase is one that is becoming increasingly important to growth fields like the chemical process industries.

Two Indices of Liquidity

Roughly defined, corporate liquidity refers to company funds which are not committed to some immediate debt or obligation, and hence are available for such uses as plant expansion, product expansion, etc.

Two indices of corporate liquidity can be computed from company balance sheets: one is the so-called current ratio — current assets charted against current debts; the second—a ratio of quick assets (i. e., cash and marketable securities) to current debts. Both these indices show a downward trend through the last four years for most chemical companies.

As far as the 29 manufacturers reporting to this survey, their average current assets to current debts is about 1.9 to 1, while the ratio of quick assets to current debts is about 1 to 1. Both of these indices are below previous years, and portend trouble in an expanding market.

Cash at All-Time High

While *cash* working capital of chemical companies—that important difference between current assets and current liabilities — is now at an all-time high, the ratios are what count in a pinch. And it is this pinch which is squeezing a good number of medium-sized chemical companies who are too small to turn to public financing, yet too large to satisfy all their requirements through term loans from banks.

About half of the 29 manufacturers replying to this survey indicate that small stock or bond issues are almost prohibitive in cost for them, ranging up to as high as 25% of the total issue. For ordinary stock flotations in amounts of $100,000, medium-sized manufacturers find that regular channels of underwriting are practically non-existent.

Even on short-term bank borrowing, many of these medium-sized chemical companies report they are unable to obtain sufficient term credit. As far as banks are concerned, long-term loans demand an extensive continuity of business, while small and medium-sized chemical companies are only as certain as the life and continuing capacity of their owners.

Unable to Expand

Restricted credit allowed by banks for working caiptal and current operations has meant that medium-sized chemical businesses have been unable to take advantage of commercial discounts, and are restricted to supplies who will carry the slow accounts. Also, where new developments need cash in order to exploit the end market—such as in the field of non-rayon synthetics (Nylon, Orlon, Vinyon, Saran, Azlon, Plexon, etc.)—small and medium-sized chemical companies are held back on sales, production and employment because of capital requirements and restricted credit.

Banks obviously shy away from capital loans to small or medium-sized businesses, because they are depositories of funds which are withdrawn largely on demand, and they cannot tie up such deposits in equity capital investments.

These 29 manufacturers report that their greatest need is for term loans—and which they have the hardest time getting. By term loans are meant credits for a period of time by a company seeking to take on a new line, improve a plant, machinery and equipment, or expand its working capital for broader sales. Local banks have often made term loans to a chemical company acquiring new assets —these 29 manufacturers report— or for refunding operations. And where banks have provided repeated renewal of 60 and 90 day notes, a type of term credit has been provided. But such terms place the business in a very vulnerable position—in the event the bank does not want to renew. Actually, most of the manufacturers reporting indicate that borrowing for expansion of sales requires a longer maturity, perhaps one to five years.

Trying Receivable Financing

It is for this reason that the chemical industry has within the last five years, turned to the commercial finance companies for accounts receivable financing. This is by no means a new device, but has only lately become familiar to the chemical producers. The commercial finance principle merely assumes that a company's accounts receivable are valuable assets and can be used to increase a firm's operating capital. The extent to which accounts receivable financing is being utilized today in the chemical industry has not yet been formally studied, but judging from reports from these 29 medium-sized chemical manufacturers and from finance companies, one would gather that such accounts receivable financing amounts to about $70 million annually in this industry.

Commercial Discount Corporation's experience here might be some guide. In 1954, Commercial Discount did about $9 million volume in accounts receivable financing in the chemical field. This year, such financing by Commercial Discount is at about double the 1954 rate. This means that such money is being used by chemical companies as long-term capital in their business, and such money stays in the business as long as it is needed.

Mergers Explained

It is the squeeze on working capital which is said by most of the 29 manufacturers to be responsible for the large number of mergers among chemical companies between 1948 and 1955. Mergers in the chemical field (73) ranked third highest of all industries (with nonelectrical machinery first, and food and kindred products second). The chemical industry led all others in the number of companies on the Federal Trade Commission's list of merging companies from 1948-54.

Where the working capital situation pinches too hard, smaller and medium-sized companies feel they can relieve the pressure by becoming part of a larger situation, and their financial headaches are then passed on to a larger company which can raise public money more easily.

This is unfortunate for the economy generally, since in many sectors of the chemical industry, the smaller and medium-sized companies provide flexibility, marketing ability, and "get-up-and-go." These qualities are not characteristic of the larger companies as a rule.

Basic Know-How

The 29 reporting manufacturer note that in the chemical industry the giants and larger companies provide most of the technical know-how and research. Moreover, because of the need for tremendous plants, most of the basic chemicals are produced by the larger companies who have access to public financing. These basic chemicals are about 10 in number—caustic soda, soda ash, chlorine, sulfuric acid, hydrochloric acid, nitric acid, benzene, ethanol, methanol, and ammonia. Without these basic chemicals, the looms, lathes, and ladles of industry would soon be empty. These chemicals are essential for production and processing of textiles, metals, leather, wood, and almost everything else made.

But while the big companies produce these basic stuffs, it is the small or medium-sized company which usually does the production of the end items which reach the consumer. The small and medium-sized companies are the ones which usually take a basic development after it becomes a potentially marketable item—and then market it. They are the companies which work with distributors and dealers in the channels of distribution; they are the companies usually which produce and sell the line—buying the basic ingredients from the giant chemical companies, and fabricating them for ultimate use.

Outlets For Materials

The big companies are buying up the medium-sized and smaller companies, because of a desire to provide greater assurance of an outlet for their raw materials. Some of the smaller companies accept this merger idea because it relieves them of their financial problem—the squeeze on working capital.

However, the growth of accounts receivable financing in the chemical field will probably slow up this merger movement, and enable many of the small and medium-sized chemical companies to continue expanding until they are large enough to receive public financing. Once over that hump, they can manage on their own.

Chemical Industry Growing At Rate of 10% Annually

Manufacturing Chemists' Association, Inc., in week of May 16-21 stressed the industry's dynamic growth and its important role in the nation's economy.

Chemical Progress Week, under the sponsorship of the Manufacturing Chemists' Association, Inc., to celebrate one of the most dynamic growth industries in the country—chemistry, was observed during the period May 16-21. This industry is the only one whose products are sold directly to all of the 72 major United States industrial groups, and there is scarcely an American of any age who does not benefit through the daily use of chemicals, or products produced with the aid of chemicals.

Over the last 26 years, the chemical industry has grown at the average rate of about 10% a year, compared to 3% for all industry. It now has total annual sales of over $20,000,000,000 compared with $4,000,000,000 only 15 years ago, and this expansion trend is expected to continue at ever-increasing speed. In fact, the President's Materials Policy Commission, in its 1952 survey of America's resources, predicted that there would be a four-fold expansion of the chemical industry by 1975. Everything that has happened in the last three years has supported that prediction.

During 1954, the chemical industry completed 215 construction projects in various parts of the country representing an investment of $1,200,000,000, and 357 projects are under construction, or definitely planned, that will represent an additional $1,500,000,000. In addition, there is an estimated $3,300,000,000 of government financed chemical construction, principally for the Atomic Energy Commission, whose operations are largely under contract with chemical companies.

The place that chemicals hold in the general economy of the country as fifth industry in size of sales can be seen in the fact that it gives direct employment at present to 785,000 men and women at more than 11,000 locations in every state in the Union.

The industry enters intimately into almost every manufactured article and heavily into agriculture. Better medicines, such as the so-called wonder drugs recently developed; better clothes, such as those made with nylon, dacron and so forth; better fertilizers, insecticides, and pesticides; better, safer and easier-to-prepare foods; all the many items that go to make up what we call the "American Way of Life" depend on the chemical industry in one way or another.

Perhaps the most dramatic contribution made by the industry lies in the field of human health. We all know in general that the wonder drugs have been of great help in combatting disease, but it is not generally realized to what degree. The use of these new drugs have reduced the threat of pneumonia until today the chance of recovery are at 25 to 1 compared to 3 to 1 a generation ago. Only 20 years ago, the death rate of children from scarlet fever was 98.9% higher than it is today, and the death rate of children from diptheria and measles has decreased 91.4% and 81.2%, respectively, in 20 years. The same is true of many other diseases once considered deadly or permanently crippling.

From a manufacturing and production point of view, chemicals of all sorts are of vital importance. For instance, today's automobile is still pretty much a product of steel and rubber, but the average late model has some 256 chemicals involved in it, including nearly 10 pounds of plastic per car, used for steering wheels, knobs and reflectors. The new two-tone paint jobs which are available nowadays in several hundred color combinations were developed over the last three years or so and depend entirely on one discovery—cadmium and titanium-based enamels which will produce pastel shades without fading. This discovery was due to paint chemistry research.

The chemical industry is one of the most research-minded of any in the country and invests about $300,000,000 in research every year. At present, the product of that research finds us with nearly 8,000 different chemical products on the market with more coming along every day. As these products reach the commercial stage they require plants in which to make them, people to run the plants, and people to transport and sell the finished product. As the industry grows, so does its contribution to the general economy and welfare of the nation.

For instance, chemicals introduced since 1939 accounted for 20% of the Federal Reserve Board production index of chemicals and allied products in 1953, nearly 2% of the total U. S. industrial output; between 80 and 90% of all farm chemical business is attributed to chemicals which were not available 10 years ago; and 90% of today's prescriptions are for medicines that did not even exist 15 years ago.

Many companies, primarily producers of non-chemicals, have found this expanding chemical industry a good field to enter to provide diversification of market; many chemical companies provide diversification by entering varied sections of the chemical industry; and many agricultural chemical companies provide stability and diversification geographically by providing outlets all around the country, whereby they can follow the crops South to North and also hedge against drought and blight.

Kansas City Power & Light Stock Offered

The Kansas City Power & Light Co. is offering holders of its common stock rights to subscribe for 245,000 additional (no par value) common shares on the basis of one new share for each 10 shares held of record June 9, 1955. The subscription price is $37 per share and the subscription period expires at 3:30 p. m. (EDT) on June 27, 1955. An underwriting group headed jointly by The First Boston Corp. and Blyth & Co., Inc., will purchase any unsubscribed shares.

Net proceeds will be used by the company to reduce short-term bank loans incurred for construction. The construction program for 1955 is expected to cost $27,750,000 and the company may need as much as $6,000,000 from outside sources, in addition to the proceeds from the current sale, to complete the program.

The company's common stock is listed on the New York and Midwest Stock Exchanges.

Dividends have been paid quarterly since the first public distribution of the stock in 1950. The current quarterly dividend rate of 45 cents per share has been in effect since the fourth quarter of 1953.

The company is principally engaged in supplying electric service to an area in Missouri and Kansas including Kansas City, Mo. and in an area in northern Iowa including Mason City. To a lesser degree it furnishes natural gas, steam and water heat and sells water.

For the 12 months ended April 30, 1955 operating revenues totaled $51,539,992 and net income $7,088,002.

Adolph Beck

Adolph Beck passed away June 12th at Lake Worth, Fla., following a heart attack. Mr. Beck prior to his retirement had been with Heidelbach, Ickelheimer & Co. for more than 25 years, and later was associated with G. A. Saxton & Co. and Credit Suisse New York agency.

ASE 5 & 20 Golf Tourney

Philip H. Diamond, President of the American Stock Exchange Five and Twenty Club, announced the association will hold its annual golf tournament today, June 16, 1955, at the Sunningdale Country Club, Scarsdale, N. Y.

Last year's champion, Thomas J. Hickey of Vilas & Hickey, with a low gross of 78 will defend his title.

More than 200 members and their guests are expected to be present at today's affair which will consist of golf, luncheon and dinner, according to Leonard C. Greene, Chairman of the club's golf committee.

Other members of the golf committee assisting Mr. Greene, include George J. Bernhardt, James R. Dyer, Robert J. Fisher, Henry C. Hagen, H. L. Jones, M. Landsberg, Milton E. Reiner, Frederick J. Roth, Milton Steinhardt, Jack Streicher and Francis X. Gaudino of the Exchange staff.

Arthur Gerhart Opens

(Special to The Financial Chronicle)

ROCKY RIVER, Ohio — Arthur J. Gerhart is engaging in a securities business from offices at 20001 West Lake Road.

Basic Industries Corp.

(Special to The Financial Chronicle)

BOSTON, Mass. — Basic Industries Corporation is engaging in a securities business from offices at 31 State Street.

E. H. Miller Opens

(Special to The Financial Chronicle)

MONROE, La.—Elbert H. Miller is conducting a securities business from offices at 607 Erin Avenue.

Semple, Jacobs Officer

ST. LOUIS, Mo. — Ian D. W. Cramer on June 23rd will become Assistant Treasurer of Semple, Jacobs & Co., Inc., 711 St. Charles Street, members of the New York and Midwest Stock Exchanges.

The Profession of Investment Counsel

By JABEZ H. WOOD*
Van Cleef, Jordan and Wood, Investment Counsel
Chairman, Board of Governors, Investment Counsel Association of America

Profession's leader commends investment counsel's courage in forsaking lucrative commercial activities of the financial business to advise clients on personal basis, with profit divorced from degree of activity. Urges greater uniformity among States in regulation of investment advisory business, including recognition of investment counseling's professional character.

I would like to make sort of a keynote statement about this profession of Investment Counsel. It is now about 35 years old.... We have had the good fortune of an excellent heritage. We have survived the great depression and the great war. The ideas and ideals on which this profession was founded have remained the same. We know of no other section of the financial business that can make that statement. The great reform of the financial community which followed the great depression wrought tremendous changes in all of the financial practices save ours. This is certainly a tribute to those men who, in the early days of this profession, set forth the basic principles which are now embodied in the Functions and Principles of this Association.

Jabez H. Wood

It was a bold step to turn one's back on the lucrative commercial activities of the financial business and to declare that you can do a better job for the investor if you confine yourself to advising clients on a personal basis in regard to the sound management of their investments. It was recognized then, and it is just as true today, that when investment advice is given to stimulate a commercial activity that the incentive of profit in that activity must ultimately influence the character of that advice. If that principle is unsound, our profession has little meaning.

Capital Revival Welcomed

Since the great war, we have seen a great revival of the flow of private capital. Certainly, we in our profession welcome this development. Our individual liberties must rest upon the control of private enterprise by private capital. This private enterprise must be fed by a flow of private capital into industry and to support our governmental bodies. So long as the flow of capital is from the savings of the people themselves, there can be little fear of the loss of individual liberty, provided that our regulatory bodies are ever alert to keeping the channels of investment fairly open to all those who choose to save and invest.

Our friends in the commercial side of this business should be congratulated on the great job they have done since the war in raising new capital for industry and in creating liquid markets for old capital. It is up to us in the professional advisory business to match the abilities and skills which they have demonstrated. It is the function of the professional adviser, whether in this Association, or employed elsewhere, to help direct the flow of this great mass of accumulated capital into the most profitable channels. For our part, we welcome the opportunity to cooperate with the public authorities and with the investors to keep the channels of advice originating from this profession free from any influence which may divert it into non-productive - speculative channels or to distort its objectivity by connecting it with the commercial interests of finance.

It is to be hoped that by maintaining our ideals that our ideas will be accepted by an increasing number of investors so that we can exert an even more effective influence on the course of financial events in cooperation with our friends in the commercial side of this business and with the regulatory bodies.

More Uniformity Needed

It is to be hoped that the various states will see fit to make their laws more uniform with regard to the regulation of the investment advisory business and we ask them to recognize the professional character of investment counseling so that term will become more generally recognized for what it really is. By helping us to attract talent to our profession, we can assist in establishing the investment advisory business on the firmer foundations of strictly professional practice. To the Securities and Exchange Commission, we are grateful for your support of our endeavors. So, may I say again that your Board of Governors pledges itself to the functions and principles of this profession to which you have all subscribed. It is to be hoped that we can look forward to the day when these principles will be more generally recognized and clearly defined in the public mind.

When the flow of private capital once again reaches ebb tide, the public may again ask questions as to the place of the investment adviser in the financial business. If we maintain the integrity of our profession in the future as in the past, I am confident that the real value of professional investment management will become increasingly apparent. This Association can play an active part, not alone for the good of the profession itself but for the benefit of the investing public.

*Address by Mr. Wood before the Annual Meeting of the Investment Counsel Association of America; New York City, May 22, 1955.

Wagner Inv. Co. Opens

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La. — Wagner Investment Co., Inc., has been formed with offices at 3959 Elysian Fields to engage in a securities business. Officers are Clarence H. Wagner, President; Norman Levenson, Vice-President; and A. C. Wagner, Secretary-Treasurer.

Elected Directors

J. J. Mullen, Jr., President of Moloney Electric Company of St. Louis, and Jeremy C. Jenks, of Cyrus J. Lawrence and Sons (former President of The New York Society of Security Analysts), were elected Directors of Electronized Chemicals Corporation of Brooklyn, New York.

Michael Addison

Michael Addison, a former member of the New York Stock Exchange, passed away at his home following a brief illness.

N.Y. Investment Ass'n Ninth Annual Outing

This year the Annual Outing of the Investment Association of New York will be held on Friday, June 24th at the Sleepy Hollow Country Club in Scarborough, New York. There will be golf, tennis and swimming, followed by the Bar Room Stock Exchange and dinner. Lunch will also be served for those who want it. Bill Gallagher, Kidder, Peabody & Co., and his committee are handling the arrangements for the golfers, while Harry Jacobs, Jr., Bache & Co., and his committee will line up the tennis competition.

William G. Gallagher

H. Lawrence Parker Samuel Thorne III

The Investment Association of New York "Stock Exchange" which opens for trading once a year at the club's annual outing, has announced its 1955 offering of capital stock in an offering circular being distributed to members. The shares are priced at $2 each.

Trading in the shares is expected to turn the outing into a typical "Stock Exchange" auction market. It will take place on the grounds of Sleepy Hollow Country Club from 5 P. M. to 7 P. M. on Friday, June 24.

Dividends to be declared at the close of the day's trading will set a new high. Anyone may participate. Active trading is anticipated during the trading hours on the "Exchange."

Breen Halpin, Chairman of the Investment Association "Stock Exchange Committee," has notified members that subscription books close June 16.

The syndicate managers are Len Gran at Talmage & Co., Breen Halpin at Goldman, Sachs, Herb Marache at Granbery, Marache and John Roll at Clark, Dodge.

Lawrence Parker, Morgan Stanley & Co., is President of the Association. Samuel Thorne III, is Chairman of the Entertainment Committee.

Continental Equity

(Special to THE FINANCIAL CHRONICLE)

ALEXANDRIA, La.—Continental Equity Securities Corp. is engaging in a securities business from offices in the Guaranty Bank & Trust Company Building. Officers are W. Hudson Dick, President; Eugene Watkins, Vice-President; James R. Holley, Secretary; and Grady L. Kelley, Jr., Treasurer.

With F. I. du Pont & Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Edgar M. Phillips, Jr. has become affiliated with Francis I. du Pont & Co., 9640 Santa Monica Boulevard.

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Chemical Corporations' Role In Our Growing Economy

answers lies in modern *technology* —organized and implemented in the modern industrial corporation. As a result of this technology in the hands of the modern corporation, with only a little more than 6% of the world's population and less than 7% of its land area, we produce and consume more than a third of the world's goods and services and we turn out nearly half of the world's factory-produced goods. In this technology we have established a force in the United States which has almost limitless possibilities for allowing us to live in comfort and with enjoyment in our physical environment.

Now, apart from this basic obligation of the American industrial corporation to fulfill its economic function, to accomplish miracles of production through the marshalling of technology, I would like to talk about other contributions and obligations of these corporations in their role as citizens. The chemical industry furnishes good illustrations in almost every instance, but the principles are, of course, equally applicable to other industries.

Corporate Contributions to Knowledge

Let's think first about corporate contributions to human knowledge. The United States now invests something like $4 billion a year in scientific research and development, and there are over twice as many of our people engaged in this activity as there were a dozen years ago. Obviously, a very important part of this huge sum is spent by the government in nuclear research and development and in other research related to our national defense. Apart from governmental expenditure, the great bulk of this expense is, of course, incurred by our industrial corporations — as witness the expenditure by the chemical industry today at a rate of something like $300 million a year. To be sure, this expense is assumed primarily to advance the interests of the corporations involved and by far the greatest portion is aimed at the development of products to meet some specific human need. Over and over again, however, this specific or applied research has made significant contributions to the general fund of scientific knowledge apart from or in addition to the solution of the problem specifically being attacked.

In addition, there is a great and increasing amount of basic or pure research conducted or sponsored by American industry which is avowedly aimed at adding to our basic fund of knowledge rather than at the solution of specific problems or the achievement of specific tangible objectives.

One need only leaf through a few of the hundreds of technical journals to sense something of the total impact of these contributions by corporations flowing from both types of research. It is here that we see the element of good citizenship at work — the constant exercise of careful judgment on the part of corporate managements to make available as much as possible of the knowledge which their research develops without sacrificing the competitive value of what that research has accomplished.

Corporate Responsibilities to the Community

Another extremely important aspect of the responsibility of the industrial corporation as a citizen is in the area of making and maintaining the communities in which we operate pleasant places in which to live. The chemical industry, of course, is an outstanding example of this obligation. In order to function it must do things which inherently do not smell good and which may be dirty. We use a lot of water and many times it is extremely difficult to have it look the same when it leaves the plant as it did when it went in.

The problem of pollution is far from being completely solved, but it is a good example of how seriously we have come to take our obligations as citizens. The industry is spending at the rate of more than $40 million per year to control the air and water pollution aspects of its operations. No one of the corporations represented here would even consider designing a new plant, instituting a new process, or modifying an old process, without including in its planning a study of any potential pollution problem, and without including in its design means to control it if there is a problem. In other words, we have come to recognize increasingly this part of our role as citizens in the communities in which we operate.

One could go on almost endlessly elaborating on additional aspects of the corporation's specific responsibility. One could well talk at length, for example, about the conservation of our natural resources: About what the pulp and paper and lumber industries are doing in the field of reforestation and other conservation practices; about what the oil and chemical companies are doing to conserve and utilize to the fullest possible extent that priceless resource; about the contributions that are being made to improve agricultural practices. I do not believe, however, that you have either the time or the patience to permit me to do so.

The Field of Education

I would like to talk a little, however, about what I believe is one of the most important aspects of the corporation's role as a citizen—namely the field of education. On the one hand there is the area of secondary education where the groundwork must be laid for the ever-increasing flow of people required to operate our complex technological industrial machine. On the other hand there is the vital need for financial support to our institutions of higher learning—particularly the independent ones, although the tax-supported institutions of course have their problems too.

We talked earlier about technology as the resource which would enable us to do the tremendous job of production which lies ahead. The absolute necessity for having people with the technical skills required simply to operate our ever increasingly complicated means of production is obvious. The basic source of these skills must, of course, be adequate and sound secondary education. In this field the community has a very real obligation to industry and industry to the community. I know that here in Niagara Falls there has been done an outstanding job of collaboration between industry and the public school system. Your programs of cooperation in the field of apprentice training and your social study courses creating an understanding of business and industry are the kind of things which must be done to a substantially greater degree in other communities all over the country. We all know that there is a great dearth of both physical facilities and personnel. There are not enough school buildings, there are not enough teachers, and the teachers are all too frequently not adequately paid. Even more startling from the point of view of the chemical industry is the fact that only 50%—one-half—of our high schools offer chemistry and physics courses. Also, according to the National Science Foundation, there is a serious lack of interest in mathematics and science courses among too large a proportion of our student groups. All this means that the chemical industry and industry generally has an important job of enlightenment and strong civic support to do.

What about the role of the corporate citizen where higher education is concerned. The Council for Financial Aid to Education tells us that there are now in the United States more than 8 million college graduates; that more than three-quarters of our national leaders, over 80% of our business executives, and, during this century, all but two of our Presidents, are men of college origins.

It also tells us that today there are in the United States over 8 million young men and women of college age, 18 to 22. More than 2 million of these are now in college. Fifty years ago, one in 24 young people of college age went to college. Today it is more than one in 4. The proportion is still increasing and, indeed, to maintain the kind of production and the kind of leadership that is needed it must increase still further. By 1970 the number of people of college age in this country will be greater than now by 70% and an increasing proportion of these people will be seeking a college education.

There are now over 1,300 four-year degree-granting universities, colleges and technical schools in the United States. Of these about a third are supported in some form by, and are responsible to, the state. Two-thirds are independent of the state. Present enrollments are about equally divided between them.

I feel sure that virtually all of us in this room can agree that it is extremely important that these independent institutions of learning should be in a position to maintain both their virility and their independence. Many of them are, of course, in financial need. Of those technically in the black, many are forced to pay their teaching faculties appallingly low salaries and to engage in a process of shrinking the educational opportunities of their students. The Council on Financial Aid to Education is responsible for the estimate that, since 1940, the real income of the average industrial worker has increased by almost half while the real income of our faculty members, on the average, has actually fallen by about 5%. It is probably safe to say that what happens to American education will eventually happen to America, that the future of America will be decisively shaped by what happens in and to our college classrooms.

This is a relatively recent challenge which has been placed before the American industrial corporation. It was as late as 1953 that the legal right of a corporation to contribute its funds to educational institutions within reasonable limits received judicial sanction.

There are in this room representatives of a number of the corporations which are meeting this challenge in a magnificent way. There are also, I am sure, representatives of many companies which, like my own, are only beginning to feel their way toward a satisfactory contribution to the problem. My point is simply that here we have an outstanding example of the opportunity and the obligation of the corporation as a citizen.

In conclusion, let me say that it seems to me the great American industrial corporations cannot escape their modern destiny. That destiny includes productivity beyond anything the world has ever seen and it includes a great expansion in many other aspects of good citizenship — discharging an enormous responsibility to the community, the state, the nation —indeed the world. Fortunately, there is little evidence of any desire to escape that destiny. I believe there is an ever-increasing realization on the part of American industry that, as Adolf Berle said in his last book:

". . . twentieth-century capitalism will justify itself not only by its out-turn product, but by its content of life values. Within its organization and impact are lives of many millions of men; and these lives are the first concern, not the by-product, of our century."

Hoskins Co. Formed

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio — Hoskins and Company is engaging in a securities business from offices at 79-81 East State Street. Officers are William B. Hoskins, President and Treasurer; and F. Steinberger, Vice-President and Secretary. Also associated with the firm are Herbert H. Combs, Harry P. Miller and Paul R. Hunt.

Joins Taylor Staff

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Calvin L. McIntyre has joined the staff of Taylor & Co., 364 North Camden Drive.

With Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Herbert A. Mitchell has become connected with Daniel D. Weston & Co., 140 South Beverly Drive.

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As We See It

plain, dispassionate, intelligent discussion of these questions, Mr. Truman must have definitely disillusioned them last week. "When I was in Kalispell in Montana (during the 1952 campaign) I advised the voters to take a good look at Hungry Horse Dam. I said that if a Republican President were elected, that was the last new dam they would see out here for a long time to come. . . . Unfortunately, it was hard for the people to imagine that any President could be used to halt and undo our public power programs." And again Mr. Truman tries to scare voters out of their wits by telling them that "if the Administration continues its present policies the future development of our river resources will be irretrievably lost to us."

Following this kind of reckless talk or interspersed with it are a number of Alice-in-Wonderland type accounts of the designing and inhumanly cunning "private interests" ready to grab any and everything of value from the nation. He pays his respects to such in these words: "Pious in his pretensions and aided by experts in propaganda, the modern day raider insists he is fighting for private enterprise, local rights, regional rights and state rights. But he always winds up by taking the people's rights." And then: "The development of our rivers must be planned—it cannot be opened as a grab bag to private interests to pick off the best revenue producing dam sites at the expense of future generations."

Of course, all this is pure balderdash. Mr. Truman calmly assumes that the people are best served by public development of power sites and river basins and then proceeds to call all those who might think otherwise bad names. He seems to assume that the "development of river basins" is essential and all to the advantage of the people of the country—whatever "development of river basins" may mean or entail in each particular situation. Of course, no one in his right senses would for a moment assert that the "development" of any river basin should either be left to chance or be made the subject of any sort of favoritism.

Mr. Truman and all the others who argue like him appear to assume that either the Federal Government must not only do the planning but itself undertake all the development and operate the facilities created in any of these projects—or else do nothing at all. Of course, nothing of the sort is true. There is or should be a vast difference between laying out broad plans for large areas —too large for either a single private enterprise or local government — and government itself undertaking all the development work and even the operation of plants when completed. Any government which could possibly be even passably competent to build and operate such giant enterprises as are here under discussion certainly should be able to sit across a bargaining table with private interests without being done out of anything at all.

But Mr. Truman is not the only detractor that private power interests have today. He has much company. Even some of the President's own party are active in behalf of "public power." We are already hearing a revival of the old "yard-stick" or "birch rod" argument. Observers whose memories go back as far as the early New Deal days easily remember the argument then so common that public regulation of power companies had failed and would always fail; that what was needed was the development of public power enterprises to set up standards of performance for the industry — and to stand as a perpetual competitive threat to private enterprise in this field.

Less had been heard of this specious plea in recent years. Possibly the reason was to be found in the inability of public power projects to set up such standards. In fact their accounts are so kept that no one can tell what their real costs are. Possibly, the advocates of public power—or some of them—prefer to have it that way. In any event, in common with virtually all types of public operations, costs are simply not discoverable from figures made public—and quite possibly from the books of the corporations themselves. The perennial threat notion seems not to have been of much consequence, either, since wherever it has been possible or politically feasible public power projects have not merely "threatened" but proceeded.

Now the real issue in all this whole matter is very, very simple. Would the people of this country be better served, all things considered, by a further expansion of government operations in the power field? To answer that question on a factual rather than an *a priori* basis, information not now available is needed. For ourselves, we are fully convinced by the comparative general record of public vs private enterprise, but those who wish to get their fingers into the nail print must demand precise information about the cost of power being supplied the public by governmentally owned and operated power plants. Such data the politicians are careful not to have ready for distribution. It is easier to assume conclusions in their favor.

If, as we feel certain would be discovered, public power projects cost the consumer and the taxpayer much more than would the same power produced privately, then what is to be said in favor of the TVA's now existing or planned?

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Institutional Investor's View Of Toll Road Securities

fact, the indenture or bond resolution are only in their infancy. It is my conclusion that an early meeting between the toll road commissioners, financial advisor, engineers and potential institutional and other sophisticated investors, leads to benefits pretty well distributed to each of the parties in interest. After all, such a meeting is informal and no one can or would want to commit himself or his principal to anything at this early stage. Those of us who make a firm practice of going out to have a look at our prospective investments on the ground, to meet and spend a little time with the managers of the enterprise, know full well what the benefits are to the investor's representative and how much it assists him in writing his report and in drawing his conclusions and recommendations. The earlier the contact the better.

Assuming we have set up our early or "preliminary" meeting (I have experienced several in toll road issues), the time consumed by all will be small and the expense nominal. I have only spoken of the benefits to the potential investor. There are benefits which may be of very great value to the financial consultant and to his client, the commission. Obviously, the terms and conditions of the issue must be determined and settled upon by the commission which is the real borrower. However, I am certain that, until they have had at least one experience in working out a deal, they are almost too timid to have firm ideas on many of the points needing settlement. It is my belief that by making it possible to talk with and hear the ideas and suggestions of the potential buyers at an early date, the commission and the financial advisor will have a much more pleasant time in working out their deal with understanding and with despatch. I have in mind one meeting at which the question of prepayment terms arose. At least as many ideas were expressed on this subject as there were institutions represented at the meeting. The result was that the commission was exposed to the current thinking on the subject and was better able to choose its own terms to suit its conditions, and its feel of what the market might like. Encouragement of the free expression of ideas on the part of prospective investors not only gives them a feeling of being wanted but it also injects some confidence into the commission that it may be on the right track.

Of course, if the deal is not a sound one, and can not stand up legally or from the viewpoint of potential earnings or marketability, it certainly should be in the interest of the toll road commission to find that out as early as possible through discussion and confirmation at such a conference as I envision and describe.

Let us now assume that we have had our preliminary conference and that the definitive drafting of documents, circular, maps, engineering and economic reports has been undertaken. The next and probably the most important step in the procedure, in my opinion, is an inspection trip which exposes the potential investors, bankers, et al, to the territory and the principal metropolitan communities in the toll road "traffic-shed," if I can coin a word. Here again, most institutional investors are open to an invitation to take such a trip. To most of us, it is a normal and necessary part of the processing of a deal. It is the firm policy of our principals to have us travel at company expense and we do it as a matter of course. I suppose that many toll road commissions may not fully appreciate this and hesitate to organize an inspection trip because of the expense involved. Most of the expense should be borne by the invited guests—at least the travel to and from the area of the meeting.

The Field Trip

The detail of the program of the field meeting is well known to most of the active financial advisors. There are still some who think a trip is unnecessary, but not many. It is my feeling that we have been having too much "Chamber of Commerce" type of elaboration of the attractions of the toll road area and not enough of the hard facts which are available if corralled by trained people and seriously set up and displayed. In fact, the economist whom I should like to see retained to support the growth factors of the forecast, should have a large part in setting up and directing the program of the "traffic-shed" inspection. The trip through the territory should be designed to show the major magnets of traffic now and likely for the future—the direction of growth of the industrial sectors of the area and the type of economy, natural processing or manufacturing. The trip should not be of long duration, possibly two days at most. The most important aspects of the territory should be on display. During this time the commission can again meet, mingle and talk with a wider group of investors. Again, this will engender confidence and help build up those intangible feelings that we all get when we find good, sound people, honestly trying to do a job and determined to succeed in their task.

If it is at all possible, I think that each person just prior to the inspection trip, should be provided with as much of the preliminary documentation as it is possible to produce by that time. Certainly a draft of the prospectus could be given him. It would be good if a copy of the traffic and engineering summaries could be made available at this stage. This would make possible a better opportunity to ask the questions which need answering by the right people on the job. Many times, I suspect, these questions unearth deficiencies in the papers or permit the strengthening of other material which can be worked into the final documents at the time of the offering. These meetings and trips, where the commissions, their staffs and experts rub elbows with the investors, always prove beneficial and should be made a major part of procedure with careful planning a prerequisite for the success of the occasion.

After the trip to the toll road area, the final processing of the details of the offering will be accelerated and pointed towards the date of offering. I believe that institutional and other interested investors should be kept up to date as to all changes, additions, etc., in the papers. Later drafts of the circular should be mailed out as they are cleared. The fully documented engineering and traffic reports should be in the hands of the investors as early as possible, even as much as a month or more before the date of offering. These reports are read and studied and tested and discussed. They always need further explanation and we want time to talk with the engineers by telephone or in person, if that is possible. This time element is almost crucial in our opinion. There may be a perfectly good foundation for an excellent payout situation, but if it is not set up well in an engineer's report and made available for full study, no one will ever be able to find it out.

The Responsibility of the Analyst for Institutional Investor

At this point I must make a plea for my profession. We are hired to do a job for our companies and most of us like our work. We do not pretend to be professional engineers nor do we hold ourselves out for employment by other clients. We have just one client and he apparently trusts us. It is up to us to educate ourselves in the fields we are designated to work in and we do this, we hope. I think that some of our friends in the engineering profession on toll road work, at times, talk down to us and do not show us their supporting data as freely as they should, largely, I suspect, through erroneously thinking that, either we would not look at the mass of data or else would not know how to interpret it if we did examine it. Please let me disabuse them of both of these misconceptions—we do look at the material most carefully and conscientiously and furthermore, if we do not understand it, we will seek the answers by asking questions until we gain the picture as it should be. The size of a report and it's supporting exhibits does not stump us. Leave it to us but, by all means, do not deny us the full and free right to test and understand the basic figures which are intended to support the estimated earning power of a project not yet in being, but which is about to contract a large debt payable over a future period of 40 years or more.

The modern miracle of the automobile, the pride of its individual ownership and use by Americans, and the great improvement in our highways, have been the main supports for our toll roads up to now, and only a few forecasts have been overoptimistic. As time goes on, however, we may meet up with ourselves and find some of those plateaus of no growth, or even a much slower growth, than we have witnessed so far. Long-term buyers want the assurance of sensing the margins which protect against the over-optimism which often is politically necessary to get a project started but which may be too much for us as investors to live with for 40 years or more. I, therefore, plead for full documentation and publication at as early a date as is possible.

Now, by this time, I am certain

that, having heeded all of my suggestions, and by reason thereof, you have made the deal so good, that we investors have done ourselves out of it because we can not live on the resulting very low yield. So I will have to take a chance on that outcome. At least permit us to have the opportunity to try for the perfect deal from your standpoint.

A List of Suggestions

Let me summarize now, by directing my suggestions to the various groups who have important parts to play in processing the toll road securities:

(1) *To the Toll Road Commissions*—Choose your expert assistants (regional economist, engineers, etc.) and retain them to do the job, but do not overlook what your financial advisor tells you about making haste slowly. Don't let your enthusiasm and political pressures upon you prevent you from doing the best job you can, even if it takes more time than appears on the surface. Remember that you are manufacturing a security for sale to long-term investors, many of whom are sophisticated buyers who demand complete support for the bonds and their underlying, potential earning power. You are undertaking a large construction project with absolutely no earnings history and no assets other than the earnings to be produced in the future which, by some magic, your engineers can forecast. Get to know your investors both before the sale and afterwards. It will make for mutual respect and will start your credit on its upward path.

(2) *To the Financial Advisors*—See to it that investors are exposed to the commission and engineers and economist on the job as soon as possible. Seek an interchange of ideas between the commission and the investors as to some of the important terms and conditions. You can still decide what you want to adopt or advise the commission to adopt. As soon as the job is well along, set up and arrange an inspection trip to the area for a larger group of investors. See to it that the ballyhoo is reduced to a minimum and that the real traffic generation sources are visited and described. Show the growth in industry and the physical developments and trends of movement. By all means, keep the investors abreast of the deal's developments and see to it that they have ample time to study and educate themselves in the fundamentals of the project by sending them all of the engineering documents as far in advance of the offering date as you can.

(3) *To the Engineers*—Please recognize that, along with your growth in techniques, the staffs of the institutional investor have kept pace in their understanding of your work. Please do not talk down to us. Rather, assume that we are capable of understanding your reasoning, provided you disclose the basis of your conclusions. Give us full and complete documentation and tell us frankly when you are using pure judgment or so-called "experience" factors in arriving at important turning points in your estimates.

(4) *To the Lawyers*—You have very important work to do and we respect your abilities. We hope that you will continue to recognize the needs of investors as well as the requirements of your clients. After all, you put together the finished product and your counseling is valuable. I want you to know that the institutional investor reads your handiwork and relies upon it. We know that you realize our position and will continue to respect it in your work.

(5) *To the Municipal Forum*—You can do a constructive job of stimulating and organizing committees to work on the codification or rationalization of standards of toll road security procedures and conduct. I think you will find this so rewarding that you will also want to do the same thing for all types of municipal or "authority" type revenue securities. We have reached that point in evolution where a retrospective view will prove to be most valuable in setting up sound future standards and procedures. I suspect that you will be able to gain the wholehearted assistance in this work from the great and dignified professional, engineering and economic societies. Those groups should be brought into your councils along with the representatives of investors who have shown consistent interest in toll road and revenue types of securities.

In conclusion, long-term investors have shown by their interest that they have faith in the mechanics of revenue bonds and in toll road bonds particularly. It is now timely that all of us work to perfect and improve this most desirable financial vehicle so that it may be better understood and trusted by all investors, large and small. We can all help.

With G. C. Haas & Co.

G. C. Haas & Co., 65 Broadway, New York City, have announced that William H. Moore has become associated with their firm.

With Calvin Bullock

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles C. Bingham has been added to the staff of Calvin Bullock, Ltd., 630 South Spring Street.

Joins Coombs Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Wayne D. Hoff is now connected with Coombs & Co. of Los Angeles, Inc., 602 West Sixth Street.

Municipal Bond Club of New York

22nd ANNUAL FIELD DAY

June 10, 1955 — Westchester Country Club, Rye, N. Y.

Monroe V. Poole, Geo. B. Gibbons & Co., Inc., newly elected President; Jonas C. Anderson, Kuhn, Loeb & Co., retiring President; H. Grady Wells, Jr., Andrews & Wells, Inc., General Chairman of Field Day.

Municipal Bond Club Of New York Elects

At the annual meeting of the Municipal Bond Club of New York, held June 10 during the annual field day at the Westchester Country Club, Monroe V. Poole, George B. Gibbons & Co., Inc. was elected President succeeding Jonas C. Anderson, Kuhn, Loeb & Co.

Monroe V. Poole Henry G. Wells, Jr.

Philip M. Hiss, with the New York office of First National Bank of Chicago, was named Vice-President; Richard Rand, Rand & Co., Secretary; James Ransom, New York office, Harris Trust & Savings Bank, of Chicago.

Winners of the sports events of the day were:

GOLF

Shanks Memorial — Low Net: R. Morton, Blue List Publishing Co., 86-15-71.

Governor's Trophy—Low Gross: T. Cafone, W. E. Hutton & Co., 78.

Low Gross — W. N. Faulkerson, Bankers Trust Co., 80.

2nd Gross — John N. Mitchell, Caldwell, Marshall & Co., 81.

3rd Gross—Robert J. Mullens, J. J. Kenny & Co., 81

Guests:

Low Gross — G. Kenny, Willis, Kenny & Ayres, Richmond, 81.

2nd Gross—G. Hattier, White, Hattier & Sanford, New Orleans, 83.

Low Net—E. Cobden, Kean, Taylor & Co., 81-9-72.

2nd Net—E. L. De Staebler, Fairman, Harris & Co., Chicago, 82-10-72.

3rd Net—W. S. Morgan, Blyth & Co., Inc., 106-33-73.

Guests:

Low Net—J. Cook, Wm. J. Mericka & Co., Cleveland, 86-14-72.

2nd Net—D. F. Baxter, Hayden, Miller & Co., Cleveland, 86-13-73.

Nearest Pin—Karl Jordon, R. W. Pressprich & Co., Boston, 1' 6½".

2nd Nearest Pin — J. D. Couig, Hirsch & Co., 3' 11".

Longest Drive—R. Ergood, Stroud & Company, Incorporated, Philadelphia, 240 yards.

2nd Longest Drive—C. Barrington, Harry Downs & Co., 230 yards.

TENNIS

First—D. O'Day, Northern Trust; Marshall Schmidt, Drexel & Co., Philadelphia.

Second—R. C. Bush, First National City Bank; S. M. Glickenhaus, Glickenhaus & Lembo.

(Consolation)

Third—D. Halley, Goldman Sachs, Boston; J. Small, John Small Co.

Fourth—Victor Zahner, Zahner & Co., Kansas City, Mo.; G. B. Gibbons, Jr., G. B. Gibbons & Co.

HORSESHOES

First — Phil Whitman, Lyons & Shafto; Jim Ranson, Harris Trust & Savings Bank.

Second—M. De Bary, F. S. Smithers & Co.; D. Whitlock, Marine Trust Co.

Third—W. Mears, Chemical Corn, C. Waldemann, Jr., Kean, Taylor & Co.

(Blind Man)

Fifth — W. Kneibling, Merrill Lynch, Pierce, Fenner & Beane.

BRIDGE

P. H. Bogardus, J. P. Morgan & Co.; Frank P. Smeal, Guaranty Trust Co.; R. Harriman, J. J. Toppins & Co.; Jim Ranson, Harris Trust & Savings Bank.

It was too cold a day for the pool to be popular but three hardy polar bears took advantage of the ice-water: Thomas A. Lankford, Union Trust Company of Maryland, Baltimore; Lawrence B. Illoway, Aspden, Robinson & Co., Philadelphia, and Edwin L. Beck, Commercial & Financial Chronicle.

Over 420 attended the outing, including guests from all over the United States. H. Grady Wells, Jr., Andrews & Wells, was Chairman of the Field Day Committee.

Tennessee Gas Transmission Pfd. Stk. Offered

An underwriting group headed jointly by Stone & Webster Securities Corp. and White, Weld & Co. offered publicly yesterday (June 15) a new issue of 200,000 shares of Tennessee Gas Transmission Co. 4.90% cumulative preferred at par ($100 per share).

Of the proceeds the company will use $10,500,000 to redeem all outstanding 5.85% preferred stock and the balance will be added to general funds.

The new preferred is redeemable a prices ranging from $105 per share to April 1, 1958 to $100 on or after April 1, 1970. It is also redeemable for a sinking fund at $100 per share.

Tennessee Gas Transmission operates a pipe line system from the Rio Grande Valley of Texas northeast across Texas, Louisiana, Arkansas, Mississippi and Tennessee to a point in eastern Kentucky where the system divides. From there one branch extends into West Virginia to a point near Charleston and the other extends across Ohio, Pennsylvania, New York, Massachusetts and Connecticut and into portions of Rhode Island and New Hampshire.

The company has under construction a pipe line from a point on its system in Pennsylvania to connect with the existing system in Connecticut to provide service to the New York-Northern New Jersey metropolitan area.

For the 12 months ended April 30, 1955 the company reported total operating revenues of $152,941,700 and net income of $24,377,929. During the same period the company sold or transported for others a total of 510,909,024 mcf of gas.

With Slayton in Dayton

(Special to THE FINANCIAL CHRONICLE)

DAYTON, Ohio — Mrs. Thelma V. Ford has joined the staff of Slayton & Co., Inc., 59 Central Avenue.

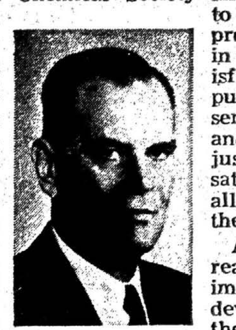
Gerald Bernstein Opens

LONG ISLAND CITY, N. Y.—Gerald Bernstein is conducting a securities business from offices at 34-20 Twenty-fourth Street.

DuPont Official Cites Role of Profits in Economic Progress

Sales Executive of Du Pont Company's Elastomers Division says it is every American's duty to promote an understanding of profits in the free enterprise system. Decries widespread view of evil motive in profit making.

Addressing the American Chemical Society's Division of Rubber Chemistry at the 67th Meeting of the American Chemical Society in Detroit, Ernest R. Bridgwater, Director of Sales of the Elastomers Division of E. I. du Pont de Nemours & Company, Inc. warned that many well-meaning people still think there is something evil about earning profits, and yet, he pointed out, the profit motive has done more than any other single factor to stimulate our economic progress.



Ernest R. Bridgwater

As stated by Mr. Bridgwater: Everyone is aware of the economic gains that have given us the highest standard of living the world has ever known, but there is much less understanding of how these advances have come about. This is unfortunate. If we are to continue economic progress in the future as we have in the past, we must protect the institutions that have served us so well. If we do not accurately define and clearly understand those institutions, they may be difficult to defend. The profit-and-loss system is probably the most important of those institutions, and there are well-meaning people in this country who believe that there is actually something evil and wrong about profits—and that those who earn large profits are doing something socially undesirable. Many of those who do not understand the true role of profits have an uneasy feeling that the fellow who is making a profit is somehow getting rich at their expense. Consequently, it is your duty and mine to promote a broader understanding of the function of profits in our economy.

From the accountant's point of view, profit is the difference between the gross income and the expenses of the business enterprise; but from the broader economic point of view, profit is the reward that the entrepreneur receives for the performance of his functions. These include the organization and management of the factors of production, the anticipation of the needs and wants of consumers, and the bearing of the many risks which attend the conduct of business.

Mr. Bridgwater listed as the ways the profit motive influences economic activity thus:

First, it is profitable to produce efficiently. The profit motive, therefore, stimulates businessmen to continuously seek more efficient means of producing and distributing goods. Thus the profit motive works toward the reduction of costs and prices and toward the increase of labor efficiency or, to put it another way, productivity. In the United States productivity has been growing at a rate of about 2½% per annum for many years. Growth in productivity is, of course, essential to an increase in living standards.

Second, it is usually more profitable to sell goods which are in great demand than to sell goods for which there is little demand. The profit motive, therefore, tends to stimulate the production of goods which are in short supply and to discourage the production of goods which are not wanted. Thus the profit motive acts as an automatic controlling device to insure the utilization of the productive capacity of the nation in the manner best suited to satisfied the needs and wants of the public. Producers are quick to sense changes in the public pulse, and they are quick to make adjustments in their operations to satisfy new patterns of demand—all because it is unprofitable for them to do otherwise.

And finally, profits are usually realized by those who are able to improve existing products or to develop new products for which there is a need. The profit motive, therefore, tends to stimulate innovation, research and development. These are the symbols of a vigorous and expanding economy. Our ability to develop new and better products at low cost has certainly been a most dramatic and important feature of our economic history.

Mr. Bridgwater maintained that the businessman who makes a profit because he is an efficient producer or because he has created something which satisfies the needs of the public is not getting rich at someone else's expense. He is, instead, serving his community well and providing a social service of a high order.

"It should also be clear that each of us has a most vital stake in the profitable operation of the companies for which we work," he added. "I need hardly point out that the individual opportunities for advancement and accomplishment are greater in an expanding company than in a stagnant one and that expansion is a handmaiden of profitability. Therefore, we have an obligation to ourselves and, in view of the social importance of profits, to our community to strive vigorously to increase the profits of the firms with which we are associated.

"Before considering how we can best discharge this responsibility, it will be helpful to consider the terms in which profits should be expressed in order to be most meaningful.

"One common method of stating profits is to indicate the number of dollars earned in a given period of time. This, however, provides little information as a basis for comparison or measurement. When we say that a company made X dollars last year, we don't know whether it was doing well or badly.

"A somewhat clearer picture is gained if profit is expressed as a percentage of sales. But not much clearer."

Too much attention to profit as a percentage of sales may be misleading, Mr. Bridgwater pointed out. Investors, he said, are generally primarily concerned with the return on their investment. Even the food processing industry, which earned only 2.3% profit on sales, did quite well by its investors because they turned their capital over fast enough to give them a 6% net return on investment. Many public utilities which earn 10% or greater profit on sales give their owners a smaller return on investment because of the low turnover that is characteristic of that industry.

The chemist, Mr. Bridgwater maintained, has a great deal to do with keeping his firm's return on investment at a level that will satisfy the stockholders and, what is particularly important, attract new capital for expansion. The chemist can do this by keeping materials costs and processing costs low while maintaining the kind of quality that will add lustre to his firm's good name. He can help also by cooperating with his purchasing agent to keep inventories down and by cooperating with the sales department to keep turnover high by making the kind and quality of products for which his plant's equipment is best suited.

Florida's Governor O.K.s Bills to Hasten "Interama" Financing

Frank Morse, of Lehman Bros., principal underwriters, expects $70 million bond issue will reach market within three months.

Governor LeRoy Collins of Florida signed several bills passed by the Florida State Legislature which should assure the proposed $70,000,000 financing of the Inter-American Cultural and Trade Center by a group headed by Lehman Brothers, New York City.

Frank H. Morse

The Legislation includes acts which will simplify the transfer of land comprising the 1,800 acre tract, give to the Inter-American Center the power to enter into contracts for municipal services, allow the receipt of tax revenue for cigarettes sold at the Center and an act relating to the establishment of a free port and foreign trade zone.

The Inter-American Center Authority, now offically known as "Interama," is to be a huge permanent exhibition dedicated to the development of trade and cultural relationship among all the countries of the Western Hemisphere. Several million square feet within the Center will be used for the exhibits of leading industrial companies. These exhibits, with additional pavilions to be erected by neighboring countries, the various state entities and manufacturing concerns plus the participation of concessionaires, are expected to show an operating net profit of something over $20,000,000 annually when opened in 1958, according to Ebasco Services, Inc., nationally known engineers and business consultants.

The passage of this legislation by the State of Florida and the action of the City of Miami in making available this very valuable and only suitable site, makes the financing of Interama only a matter of a short time—two or three months—according to Frank H. Morse, of Lehman Brothers who are the principal underwriters.

Arthur Hogan Adds

(Special to THE FINANCIAL CHRONICLE)

HOLLYWOOD, Calif. — Betty Keller has been added to the staff of Arthur B. Hogan, Inc., 6757 Hollywood Boulevard, members of the Los Angeles Stock Exchange. Miss Keller was previously with Curtis Lipton Co.

Hill Richards Adds Three

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Clifford C. McDaniel, Robert C. Monroe and Thomas Williamson, Jr., have become associated with Hill Richards & Co., 621 South Spring St., members of the Los Angeles and San Francisco Stock Exchanges.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Presented this week is a tabulation giving a breakdown into main categories of the assets of the principally traded fire and casualty insurance stocks.

It will at once be apparent that from company to company there is wide divergence in the handling of investments. First consider real estate and mortgages. Few of these companies invest in mortgages, so the bulk of this item applies to real estate, and as most of the large companies do not buy realty strictly for investment purpose we must necessarily boil the item down mainly to the unit's offices for the operation of its business. And this usually means the home office. Some companies find it less advantageous to own their office space than to rent it, as about 30% show no holdings of mortgages or real estate.

Next come United States Government obligations. Most companies writing casualty lines, and particularly workmen's compensation and the automobile coverages, will be found to emphasize government bond holdings at the expense of other classifications. This was discussed in an earlier article when it was brought out that by the nature of a multiple-line carrier's business, it is more-or-less obligated to stress liquid assets rather than preferred and common stocks, the chief reason being that a casualty company losses largely involve persons; a fire company's involve property; and where injury to a person occurs the extent of the loss to the insurance company is often uncertain.

Under "All other bonds" are, of course, state and municipal bonds. In most instances where the total of all other bonds is high, state and municipal obligations are likely to be the principal contributor. Often a company will hold a sizeable lot of these issues as a tax off-set to a large holding of U. S. Governments or corporate bonds, as the latter two are fully taxable, or nearly so, while state and municipal bonds are almost all tax-free under Federal income tax procedures.

Preferred stocks. There are wide variations under this heading. The income tax exposure of a company also enters into its involvement in preferred, as in the life of a corporation, the income from a preferred stock, that is, the dividends received, is taxed only to the extent of 15%. In most cases, insurance companies confine the larger part of their preferred stock investing to utilities and industrials; rails are of minor importance.

Under common stocks are included bank and insurance shares, but the greater proportion of equities is among industrials and utilities. Here, again, the problem of income taxes comes into consideration to an important degree, for in the case of common stocks, too, an insurance company is taxed on only 15% of the dividend receipts. This factor takes on much importance for a company that quite habitually runs a good underwriting profit margin. Statutory underwriting net gains are fully taxable; and this fact probably has an important bearing on the presence of these high proportions of equities in the assets of such companies as the two America Fore fleet heads, Insurance Company of North America, Firemen's, Phoenix and Great America. Under miscellaneous assets the major item is agents' balances, which, of course, are for practical purposes mostly cash, and hence not working assets.

A factor that, in the past few years may have exerted some influence on the types of investment employed by insurance companies is the trend toward making these stocks legal for savings bank and fiduciary funds—of course under certain restrictions around in various states. Once on a legal list of this sort a company might well be loath to lose the standing that such a status gives it.

It will be interesting to watch developments in this connection, for one of the common denominator restrictions has to do with dividend continuity; and the larger equity investors might feel a pinch under depression conditions in the economy. Under these conditions a run-off of volume could bring about a temporary increase in statutory gain, while dividend receipts were becoming less.

Break-Down of Admitted Assets

	Cash	Real Estate & Mtgs.	U. S. Gov't. Bonds	All Other Bonds	Preferred Stocks	Common Stocks	Misc. Assets
Aetna Cas.	3.5%	0.5%	10.9%	52.8%	6.0%	18.7%	7.6%
Aetna Insur.	8.9	2.2	27.4	16.2	0.3	33.2	11.8
Agricultural	4.8	5.5	10.2	27.6	6.5	37.1	8.3
American Ins.	7.8	2.0	19.3	12.1	11.5	38.9	8.4
Amer. Re Ins.	5.9	0.6	35.6	21.9	2.4	30.5	3.1
Amer. Surety	10.5	7.2	46.8	9.4	0.8	14.6	10.7
Bank. & Ship.	3.1	--	51.1	4.3	4.7	30.3	6.5
Boston Ins.	2.8	--	15.7	24.0	8.9	47.7	0.9
Continent'l Cas.	7.1	3.6	23.0	33.5	2.8	24.8	5.2
Continent'l Ins.	1.9	--	8.2	14.3	2.3	68.4	4.9
Federal Ins.	8.4	--	35.3	12.1	5.0	36.4	2.8
Fidelity & Dep.	8.2	4.0	31.2	14.6	7.9	30.1	4.0
Fidelity Phenix	1.6	--	5.1	14.1	1.4	74.0	3.8
Fire Ass'n	3.8	3.0	19.3	13.9	7.8	45.2	7.0
Fireman's Fund	3.0	0.8	34.4	12.6	1.8	36.5	10.9
Firemen's Ins.	3.8	2.5	14.3	2.3	9.1	59.6	8.4
General Re Ins.	5.1	--	26.5	25.1	5.7	35.5	2.1
Glens Falls	7.0	1.1	14.8	20.7	5.5	33.6	17.3
Great Amer.	4.2	--	14.9	8.8	8.7	57.6	5.8
Hanover Fire	4.3	--	25.0	14.1	9.3	33.6	13.7
Hartford Fire	4.3	1.9	24.6	11.1	10.9	42.4	4.8
Home Ins.	5.3	1.6	17.9	21.1	3.5	44.9	5.7
Ins. Co. N. A.	3.5	1.7	13.0	7.4	8.1	59.9	6.4
Mass. Bond	6.4	6.5	36.7	20.6	7.6	13.0	9.2
National Fire	4.2	2.0	31.3	13.5	7.1	35.0	6.9
National Union	6.8	0.7	18.2	23.9	5.5	33.5	11.4
New Amst'rd'm	7.0	5.3	49.3	8.7	2.5	17.5	9.7
New Hampshire	2.5	4.4	13.7	24.5	3.4	37.1	14.4
Northern Ins.	9.4	2.1	10.2	18.5	11.2	40.8	7.8
North River	6.3	--	31.0	12.8	6.3	39.4	4.2
Pacific Fire	3.0	--	44.1	3.5	3.7	38.9	6.8
Phoenix Ins.	2.3	3.2	8.5	17.9	1.7	60.5	5.9
Provid'ce Wash	9.3	6.6	17.8	19.7	16.2	21.5	8.9
St. Paul	3.7	--	4.8	*71.1	0.4	11.7	8.3
Seaboard Sur.	1.2	--	37.3	20.0	6.8	32.9	1.8
Security Ins.	7.2	9.6	15.5	17.3	4.9	32.5	13.0
Springfield	3.0	4.7	17.5	20.1	7.0	39.0	8.7
Standard Acc.	5.5	2.4	35.0	33.1	0.7	13.7	9.6
U. S. F. & G.	6.7	1.8	23.8	32.2	6.6	18.0	10.9
U. S. Fire	7.8	0.1	32.7	14.6	5.0	34.3	5.5
Westchester	5.9	--	29.8	13.7	6.2	38.5	5.9

*69.7 percentage points of this figure is for state and municipal bonds.

Manufacturing Chemists' Assn. Elects New Slate of Officers

J. R. Hoover succeeds Fred J. Emmerich as Chairman of the Board of Directors. William C. Foster re-elected President. Other positions filled.

J. R. Hoover, President, B. F. Goodrich Chemical Company of Cleveland, Ohio (a division of The B. F. Goodrich Company), was elected Chairman of the Board of Directors of the Manufacturing Chemists' Association, Inc., at its 83rd annual meeting at White Sulphur Springs, Va., on June 9.

William C. Foster

John R. Hoover

Mr. Hoover succeeds Fred J. Emmerich, President of Allied Chemical & Dye Corp.

William C. Foster, full-time President and a director of the association, was re-elected.

William H. Ward, Vice-President of E. I. du Pont de Nemours & Co., Inc., was elected Chairman of the executive committee.

Howard S. Bunn, Vice-President, Union Carbide and Carbon Corporation, was re-elected as a Vice-President of M.C.A. Also elected a Vice-President was J. Albert Woods, President, Commercial Solvents Corporation.

M. F. Crass, Jr., full-time Secretary-Treasurer, was re-elected.

Directors elected for a term expiring May 31, 1958, are: Elton W. Clark, Vice-President, Allied Chemical & Dye Corp.; Ernest Hart, Executive Vice-President in charge of chemical divisions, Food Machinery and Chemical Corp.; John A. Hill, President, Air Reduction Company, Inc.; John E. McKeen, President, Chas. Pfizer & Co., Inc.; George L. Parkhurst, Chairman of the Board, Oronite Chemical Company; Robert B. Semple, President, Wyandotte Chemicals Corporation; Kenneth C. Towe, President, American Cyanamid Company; O. V. Tracy, President,, Enjay Company, Inc., and Robert I. Wishnick, President, Witco Chemical Company.

Thomas S. Nichols, President, Olin Mathieson Chemical Corporation, was re-elected a director for the term expiring May 31, 1956.

The New Chairman

John R. Hoover, new Chairman of the association, in addition to being President of B. F. Goodrich Chemical Company of Cleveland, Ohio (a division of The B. F. Goodrich Company), manufacturers of vinyl plastic materials, American rubber, and a wide range of chemicals for industry and agriculture, is also Vice-President and a director of Goodrich-Gulf Chemicals, Inc., a company jointly owned by B. F. Goodrich and Gulf Oil Corporation to engage in petro-chemical operations.

A director of the Plastics Materials Manufacturers' Association since 1944, Mr. Hoover served the organization as Vice-President during 1945 and 1946 and as President for the two following years. This organization has now merged with the Manufacturing Chemists' Association.

He was elected a director of the Manufacturingf Chemists' Association in May, 1953, for a three-year term and in 1954 was elected a member of M.C.A.'s executive committee. Mr. Hoover is a member and former director of The Society of the Plastics Industry; trustee of Southwest Research Institute, San Antonio; director, Service Publications, Inc., Cleveland, Ohio. Member of Chemists Club, New York City; American Institute of Chemical Engineers; American Chemical Society; Harvard Club of Cleveland; Chagrin Valley Country Club; Rockwell Springs Trout Club and Pine Lake Trout Farm.

Mr. Hoover joined The B. F. Goodrich Company, Akron, Ohio, in 1925 as a chemist. In 1930 he was appointed manager of the general chemical laboratories of B. F. Goodrich, serving in this capacity for two years. His career in sales began in 1932 when he joined the company's chemical industry sales department, becoming manager of that department in 1936. In January, 1942, he was made manager of plastic materials sales.

By 1944 the chemical activities of B. F. Goodrich had achieved such importance that a separate division of the company was formed to produce and market its products in raw material form, including the vinyls and a large group of antioxidants and accelerators for the rubber industry, and the new division also engineered, built and operated a major share of the GR-S American rubber plant.

B. F. Goodrich Chemical Company set up headquarters in Cleveland in July of that year. Six months later the young organization absorbed Hycar Chemical Company, previously owned jointly with Phillips Petroleum Company, to manufacture and sell specialty rubbers.

Mr. Hoover was named Vice-President-Sales for B. F. Goodrich Chemical Company at the beginning of 1945 and in late 1951 he was elected President.

Preliminary Conditions Of Sterling Convertibility

By PAUL EINZIG

Commenting on the possibilities of sterling convertibility in 1956, Dr. Einzig lists as preliminary conditions for its establishment: (1) a period must be allowed to elapse during which *"de facto"* convertibility could be tested; (2) dollar facilities from the International Monetary Fund and the Federal Reserve should be fully arranged, and (3) further evidence of a liberalized U. S. foreign policy should be forthcoming. Sees a future policy of flexible sterling exchange.

LONDON, Eng.—There is no reason to expect a British convertibility move in the immediate future. "C" Day—as the date of sterling convertibility has come to be called—is not imminent. But for the strikes which began towards the end of May, it would have been imminent. Indeed, there is every reason to believe that the Bank of England had advised the Chancellor of the Exchequer to restore *"de facto"* convertibility in June. Even without official intervention, the psychological effect of the Conservative victory at the general election was expected to be sufficient to bring the rates of transferable sterling to par, so that for all practical purposes sterling would have become convertible. The authorities would, of course, have had to support transferable sterling during the autumn pressure, in order to maintain it at par. And some fairly drastic deflationary measures to ensure that the cost of the support should not be excessive would have been necessary.

Dr. Paul Einzig

The idea was that Britain should not definitely commit itself to legal convertibility until the following preliminary conditions are fulfilled:—

(1) A trial period should be allowed to elapse during which *"de facto"* convertibility would be tested.

(2) Arrangements for the availability of dollar facilities from the International Monetary Fund and the Federal Reserve system would have to be completed.

(3) The United States would have to show further evidence of their willingness to liberalize tariff policy.

Assuming that these conditions would have been fulfilled, sterling might have been made legally convertible after the end of the seasonal autumn pressure.

The effect of the strikes on the balance of payments will not become evident for some time, but there is every reason to expect a considerable fall of exports, offset partly by a fall of imports. The weakness of sterling must be related to this effect. It will take some time before the authorities are in a position to know the cost of the strikes in terms of loss of gold. Meanwhile they could ill afford to spend much of their reserve on a support of transferable sterling. In any case the present moderate discount on transferable sterling is not sufficient to give rise to "commodity shunting" operations.

Even if the strikes were to come to an end immediately, uncertainty about their full effect on the gold reserve would continue for at least two months. By the end of that period the autumn pressure on sterling would become imminent, so that it might appear inexpedient to attempt to hold transferable sterling at par. A restoration of *"de facto"* convertibility would have to be deferred until the end of the seasonal pressure, in December or January. This would mean that the trial period of *"de facto"* convertibility would not come to an end for some months, so that even if in the meantime the other conditions are fulfilled there could be no *"de jure"* convertibility until the spring of 1956.

In any event, barring unforeseen developments, it now seems reasonably safe to expect a return of full convertibility sometime in 1956. The Government in general and Mr. Butler in particular firmly believe in convertibility. They are alive to the economic and political risks involved, but they are prepared to take the risks. But they are naturally anxious to minimize the political risks by taking the decision well before the next general election. If convertibility is restored in 1956, the Government might be able to live down in time any unfavorable economic consequences their policy would entail. If they waited too long they might have to wait until after the next election, in order to ensure that there is enough time to live down the consequences of a failure. And they are anxious not to defer the change for too long.

There can be little doubt that, even in the absence of convertibility, there will have to be some deflation, and that a return to convertibility will increase the extent of the necessary deflation. From this point of view, too, it would be to the interests of the Conservative Government to lose as little time as possible if it wanted to live down the unpopularity of its deflationary measures well before the next election. The fact that in 1952 the government created unemployment by deflationary measures, and that in spite of this, three years later it was able to win the election, shows that the memory of the electorate is short. Under the British Constitution there need not be another election until May, 1960. But situations are liable to arise in which Sir Anthony Eden might consider it expedient to advise the Queen to dissolve Parliament long before that date. It is a matter of elementary common sense for the government to bear this possibility in mind and to try to get over as soon as practicable any deflation necessitated by convertibility.

On the basis of the lessons of the 'twenties the British authorities arrived at the conclusion that the chronic unemployment that followed the return to the gold standard was then due not so much to the convertibility of sterling into gold as to the adoption of a wrong exchange parity and its rigid maintenance until 1931. For this reason Mr. Butler has now definitely decided in favor of sterling flexibility. He hopes to be able to reduce the cost of convertibility, in terms of gold losses and deflationary measures, by reserving the right to adjust the rate. There is, of course, room for more than one opinion on the question whether this system would work satisfactorily. Mr. Butler's advisors are inclined to assume that, because during the 'thirties flexible sterling secured advantages to Britain, this history would necessarily repeat itself in the 'fifties. Experience may yet teach them that history need not necessarily repeat itself.

Morgan Stanley Group Offers Common Stk. of Pharmaceutical Firm

Public offering of 325,000 shares of Warner-Lambert Pharmaceutical Co. common stock was made yesterday (June 15) by an underwriting group headed by Morgan Stanley & Co. The stock is priced at $34.37½ per share.

The shares are outstanding shares of Warner-Lambert. They are to be purchased from International Drug Products, Inc., a corporation formed in 1954 by a group headed by F. Eberstadt & Co. Inc. and Lazard Freres & Co. to acquire 558,411 shares from the estate of the late Gustavus A. Pfeiffer. After this sale International Drug will own 233,411 shares or 11.4% of the total Warner-Lambert shares outstanding.

On March 31, 1955, the Lambert Co. was merged into Warner-Hudnut, Inc. and the present corporate name of Warner-Lambert Pharmaceutical Co. was adopted. The company and its domestic and foreign subsidiaries manufacture a highly diversified line of ethical and proprietary pharmaceutical specialties, drug sundries, toiletries and cosmetics, which are marketed in the United States and in 122 foreign countries. Some of its ethical and proprietary pharmaceuticals are among the leading items in their respective fields. The company is among the largest domestic diversified producers of toiletries and cosmetics. Well-known products marketed by the company include Listerine products, Gelusil, Peritrate, Richard Hudnut products, and Pro-phy-lac-tic and Jewelite brushes and combs. The company also manufactures and sells plastic molded products within the United States.

The company's domestic properties are located in New York City; Morris Plains and Jersey City, N. J.; Florence, Mass.; Los Angeles, Calif. and St. Louis, Mo. Principal properties of foreign subsidiaries are in Argentina, Australia, Brazil, Canada, Cuba, England, West Germany, Holland, Italy, Mexico, New Zealand and South Africa.

In the five year period 1950-1954 consolidated sales, including the results of the Lambert Company, increased from $64,820,000 to $85,946,000 and consolidated net income from $4,678,000 to $6,378,000. For the three months ended March 31, 1955 consolidated sales were $21,962,000 and consolidated net income $1,712,000.

Lester, Ryons Adds

(Special to THE FINANCIAL CHRONICLE)

REDLANDS, Calif. — David S. DeRoo is now connected with Lester, Ryons & Co., 15 West State Street.

Joins Hopkins, Harbach

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—David R. Hopkins III is now with Hopkins, Harbach & Co., 609 South Grand Avenue, members of the Los Angeles Stock Exchange.

With Holton, Hull Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert A. Wilson has become affiliated with Holton, Hull & Co., 210 West Seventh Street, members of the Los Angeles Stock Exchange. Mr. Wilson was previously with E. F. Hutton & Company.

Herbert L. Wisner

Herbert Lawrence Wisner, partner in Adams & Peck, passed away June 13 at the age of 58.

Securities Salesman's Corner

By JOHN DUTTON

An Opportunity to Create Good Will

One of the places where you can step ahead of the competition in your community is in the area of public relations. Very few investment firms have even scratched the surface of the available opportunity that lies all around us in great abundance, when it comes to informing the lay public of the many interesting phases of investment that are available in the stock and bond business. Wall Street has been in the headlines constantly and yet with all the clubs, radio forums, and community activities that would be eager to have qualified speakers from the securities industry address them, very little of this has been done.

Wonderful Free Advertising

One of the ways to increase your business is to become better known. You can place advertisements in the paper—that's good. You can direct mail, also good. You can become identified with community welfare projects. You can even use the radio and billboard. All these ways of placing your name before the people in your community are helpful if properly used. Most of them will also cost you considerable money.

But there is another way that can help you to become known as an authority on investment, and that is the public appearance method before interested groups. There is the club at your church, the women's clubs, the Rotary, Kiwanis, the lodges. There is a radio in your town and there are public information programs that would be pleased to have you clear the air on such matters as Mr. Fulbright's investigation; "Is the Stock Market Too High?" There are other subjects that people wish to know more concerning the correct answers. "The Growth of This Country and the Opportunities That All the People Can Share"; what an excellent subject this would make for a series of talks. "How to Invest," and other talks regarding the relationship of securities markets to the welfare of the country would certainly be well received. People want to know more about stocks and bonds and at last the prophets of doom and hate are on the run as it pertains to Wall Street. It is now becoming "the thing to do" to invest in stocks, and people want to know more.

Recently I was on a radio forum with two other securities men. We talked for an hour and a half regarding whether or not the stock market was too high. It centered around the Fulbright investigation. We gave the facts and showed the public that this investigation was not only superficially conducted, but that it was based upon a completely false set of standards when it tried to set up in the public mind that there was a basis for comparison between 1955 and 1929. The station was flooded with phone calls. People wrote in for more information. It was one of the most stimulating programs that was ever presented by this metropolitan radio broadcaster and we had requests to repeat it at a later date.

You Can Derive Benefits

In the "Chronicle" of June 9 there was an excellent article by Thomas G. Campbell financial consultant of New York City. Maybe you read it. If so, just consider the excellent material that was contained in that article. It was entitled "1955 Is Not 1929," and if anyone proved that today we have a far different country both in size and in its growth potential than we had 25 years ago, **I think you'll agree Mr. Campbell certainly did just that.**

Such an article as this could lay the groundwork for one of the most informative and interesting talks that anyone could give on the subject of our national economy and the outlook for our people in the years ahead. Investment opportunities and private enterprise will lead the way.

You could take such an article and use some of the basic facts to make up a half-hour address that would give you more favorable publicity than a dozen newspaper ads. It am sure that Mr. Campbell would be glad to have you do so and so would the "Chronicle."

David Morris on European Trip

David Morris, David Morris & Co., New York City, is leaving New York June 30th via TWA for a month's extensive business trip through Germany, Austria, Jugoslavia, Italy and France.

David Morris

B. C. Stetson 27 Years in Rye

RYE, N. Y.—Bertram C Stetson, Resident Manager of J. R. Williston & Co.'s office at the Westchester Country Club, is celebrating 27 years in the same location, first as manager for Post & Flagg, then for Burton, Cluett & Dana, and for the past twelve years for J. R. Williston & Co. He still has the same big welcome for all—even for those club members who use his boardroom as a short cut to the restaurant.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

AKRON, Ohio—John B. Simpson has become affiliated with Paine, Webber, Jackson & Curtis, Union Commerce Building.

Globe Secs. Corp. Formed

Globe Securities Corp. has been formed with offices at 40 Exchange Place, New York City, and 15 Exchange Place, Jersey City, N. J. to engage in a securities business. John G. Cravin is a principal of the firm.

Patterson Secs. Opens

Patterson Securities Corporation is engaging in a securities business from offices at 21 West 45th St., New York City.

M. Raymond Co. Opens

BROOKLYN, N. Y. — Michael Raymond Co., Inc. is conducting a securities business from offices at 202 Seeley Street.

James R. Stamps

James R. Stamps, Vice-President of the Ranson-Davidson Company, has passed away.

Dominick & Dominick 85th Anniversary

June 15th marked the 85th anniversary of Dominick & Dominick, 14 Wall Street, New York City, one of the oldest members of the New York Stock Exchange.

A. Varick Stout

The firm began business under the name of Dominick & Dickerman on June 15, 1870 and adopted its present title 29 years later. Throughout its career the firm has been known in the financial community as a "family institution" because of the continuing partnership interest of direct descendants of one of the founding partners, William Gayer Dominick, who acquired membership in the New York Stock Exchange in 1869.

Until after the turn of the century, Dominick & Dominick specialized as commission brokers in investment accounts, the major part of its business deriving from the execution of orders for clients on the floor of the Stock Exchange. In later years the firm diversified its activities with entry into the investment underwriting field and in the formation in March, 1929 of National Shares Corporation, a leading closed-end investment company, which the firm continues to manage. In 1936, Dominick & Dominick merged with the Swiss banking firm of Iselin & Co. and has since been active in the field of foreign investments. The company now has a branch office in Buffalo, New York, and has correspondents in 17 leading cities in the United States and Canada.

Present partners are (general): A. Varick Stout, Ranald H. Macdonald, Gardner D. Stout, Bayard Dominick, MacLean Gander, Graham D. Mattison, Walter E. Conway, Gayer D. Bellamy, John W. Spurdle, Hollis K. Thayer, Arthur C. Weimar, Avery Rockefeller, Jr.

(Limited): J. Augustus Barnard, William C. Beach, F. Wilder Bellamy, Henri F. Berthoud, Edward K. Davis, Gayer G. Dominick, Richard B. Dominick, Guy M. Todd, Estate of Andrew Varick Stout.

W. E. Burnet Co. to Admit C. M. Cushing

W. E. Burnet & Co., 11 Wall Street, New York City, members of the New York Stock Exchange on July 1st will admit Charles M. Cushing to partnership in the firm.

Davis in Secs. Business

(Special to The Financial Chronicle)

COLORADO SPRINGS, Colo.—Herman H. Davis is engaging in a securities business from offices in the Independence Building.

Golden West Inv. Co.

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Golden West Investment Co., has been formed with offices at 728½ North Highland. Officers are Arnold Spatt, President; and Harold L. Siegel, Secretary-Treasurer.

David Steinberg Opens

MT. VERNON, N. Y. — David Steinberg is engaging in a securities business from offices at 215 Commonwealth Avenue.

Continued from page 3

Tax Advantages for Oil Investor

be expensed (or written off) directly. Any amount spent in any year for drilling can be written off 100% on the tax return.

Completion Costs are the costs incurred in preparing the well to produce oil. The major portion of these costs goes into tangible items such as pipe, tanks, pump, etc., which are salvageable and must be capitalized as lease and well equipment. These costs are depreciated over a period of eight years, or at the rate of 12½% per year. However, some of the completion costs are intangible and may be expensed directly along with drilling costs.

Operating Costs are those costs which occur from month to month which are necessary for the operation of the well, such as pumper's salary, engineer's fees, office overhead, workovers, repairs, etc. All of these costs may be written off 100% with the exception of some major items of equipment, if they happen to occur.

Gross Cost vs. Hard Money Costs

Now assume that an investor is in the 80% tax bracket and spends $10,000 "top money" in the drilling and completion of an oil well. Assume further than $5,000 of that amount is for drilling and $5,000 for completion. Of the completion money, approximately 50% will probably also be expensed. Of the $10,000 spent, approximately $7,500 is, therefore, written off immediately and the remaining $2,500 is written off over eight years in the form of depreciation. Such an investor's "hard money" costs will therefore be as follows:

	Gross Cost	Hard Money Cost
Drilling	$5,000	$1,000.00
Completion (Expensed)	2,500	500.00
Completion (Capitalized and Depreciated)	2,500	{ 62.50*
		{ 2,187.50
Total	$10,000	$3,750.00

*One year's depreciation, or 20% of $312.50.

The balance of the capitalized cost of $2,187.50 is written off over the remaining seven years.

The investor has, therefore, acquired a valuable capital asset on which he has spent $10,000 for a "hard money" cost of only $3,750. Through the use of an equipment leasing plan, the investor may also lease, rather than purchase, his capitalized completion items. This $2,500 capital item may, therefore, be reduced by 80% (since the investor is in the 80% tax bracket) to $500, in which case the investor's total "hard money" cost for his interest in a producing well would amount to only $2,000.

Note that if the well had not been productive, the investor would have spent only $5,000, since completion was not necessary and his total "hard money" loss would have been only $1,000.

Hard Money Profits

Now further assume that the investor in the 80% tax bracket spends a tax dollar and finds oil and that he recovers only $1 from the production. He still has made a 22% profit after taxes. He has spent a 20 cent dollar and has recovered a 42 cent dollar (27½c from depletion, plus 20% of 72½c). Note that a profit on the exchange, in such a case, will still be made regardless of the individual's tax bracket but the higher the bracket the higher the "hard money" profit on the exchange:

Tax Bracket	Hard Money Cost	Hard Money Return	Hard Money Profit
90%	10¢	34¾¢	24¾¢
80%	20¢	42½¢	22¢
70%	30¢	49¼¢	19¼¢
60%	40¢	56½¢	16½¢
50%	50¢	63¾¢	13¾¢
40%	60¢	71¢	11¢
30%	70¢	78¼¢	8¼¢
20%	80¢	85¼¢	5½¢
10%	90¢	92¾¢	2¾¢

Of course, the above figures do not take into consideration any completion items which must be capitalized: but as previously explained, if the investor will lease his equipment rather than purchase it, his expenditures will be entirely expensed and the above figures will represent his actual "hard money" profit per tax dollar investment.

Tax Effect of Drilling Costs

If a single person with $50,000 long-term capital gains with no ordinary income or short-term gains, spends $10,150 in drilling operations then the actual cost to him is approximately $4,659. (See Exhibit A.)

If a single person with $50,000 ordinary taxable income after exemptions and exclusions plus $10,000 long-term capital gains with $5,000 miscellaneous deductions, spends $7,000 on drilling then his actual cost is $2,140. (See Exhibit B.)

If a single person with $50,000 ordinary taxable income after exemptions and exclusions plus $10,000 short-term capital gains and $5,000 in miscellaneous deductions, spends $17,000 on drilling, the actual cost to him is $4,790. (See Exhibit C.)

In participating in an oil well drilling venture, the government is, in effect, a partner. Obviously, the higher the tax bracket the participant is in, the more the cost is actually shared by the government.

EXHIBIT "A"

Assume:

Single person, total income $50,000, long term capital gain only.

Assume:

Long term capital gain		$50,000	
Net taxable income		$25,000	
Tax: Basic	$8,380		
Surtax	1,770		
Total tax		10,150	
Net after taxes—$25,000 remaining capital gains plus		$14,850	$39,850

Assume:

$10,150 is spent on drilling.

Result:

Long term capital gain		$50,000	
Taxable income		$25,000	
Less deduction for drilling		10,150	
Net taxable income		$14,850	
Tax: Basic	$4,260.00		
Surtax	399.50		
Total tax		4,659.50	
Net after taxes—$25,000 remaining capital gains, plus		$10,190.50	$35,190.50
Actual cost of $10,150 expenditure on drilling			$4,659.50

EXHIBIT "B"

Assume:

Single person taxable income shown after exemptions and exclusions: $50,000 ordinary income, $10,000 **long term** capital gains, $5,000 miscell. deductions.

Assume:			
Ordinary taxable income		$50,000	
Assume:			
Long term capital gains		10,000	
Total income		$60,000	
Assume:			
Less miscellaneous deductions		5,000	
Net taxable income		55,000	
Tax: On $45,000 net taxable ordinary income	$23,220		
On $10,000 capital gains	2,500		
Total tax		25,720	
Net after taxes			$29,280

Assume:

Net taxable income is reduced to $38,000 (i.e., less than 50% bracket) by spending $7,000 on drilling

Result:

Total income		$60,000	
Less deductions: Drilling	$7,000		
Miscellaneous	5,000		
Total deductions		12,000	
Net taxable		48,000	
Tax: On $38,000 net taxable ordinary income	$18,360		
On $10,000 capital gains	2,500		
Total tax		20,860	
Net after taxes			27,140
Actual cost of $7,000 expenditure on drilling			$2,140

EXHIBIT "C"

Assume:

Single person, taxable income shown after exemptions and exclusions; $50,000 ordinary income, $10,000 **short term** capital gains, $5,000 miscell. deductions.

Assume:			
Ordinary taxable income		$50,000	
Assume:			
Short term capital gains		10,000	
Total income		$60,000	
Assume:			
Less miscellaneous deductions		5,000	
Net taxable income		$55,000	
Tax: Basic tax	$26,820		
Surtax	3,750		
Total tax		30,570	
Net after taxes			$24,430

Assume:

Net taxable income is reduced to $38,000 (i.e. less than 50% bracket) by spending $17,000 on drilling.

Result:

Total income		$60,000	
Less deductions: Drilling	$17,000		
Miscellaneous	5,000		
Total deductions		22,000	
Net taxable income		38,000	
Tax: Basic tax	$18,360		
Surtax	0		
Total tax		18,360	
Net after taxes			19,640
Actual cost of $17,000 expenditure on drilling			$4,790

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Muriel F. Steele has been appointed Assistant Personnel Director of **Chemical Corn Exchange Bank of New York**, it was announced on June 9 by N. Baxter Jackson, Chairman. Mrs. Steele has been in the bank's Personnel Department since 1945.

* * *

The appointment of George C. Wolf as a Vice-President of **Manufacturers Trust Company of New York** was announced on June 9 by Horace C. Flanigan, President. Mr. Wolf is Officer-in-Charge of the bank's Canal Street Office, 407 Broadway near Canal Street, New York City. In 1918 Mr. Wolf joined the **Commonwealth Bank** which merged with Manufacturers Trust in 1927. Four years later he went to the Canal Street Office and in 1946 was advanced to an Assistant Vice-President.

On June 13 President Flanigan announced the appointment of Arthur C. Langsdorf as an Assistant Secretary of Manufacturers Trust Company. Mr. Langsdorf has been with Manufacturers Trust since 1932 and is assigned to the bank's Stuyvesant Office, 230 Second Avenue at 14th Street, New York City.

* * *

Eugene J. McNeely, Vice-President of American Telephone and Telegraph Company, has been elected to the Board of Trustees of **East River Savings Bank, of New York**, George O. Nodyne, President of East River, announced on June 9. A native of Jackson, Mo., and a graduate of the University of Missouri with a B.S. in Electrical Engineering, Mr. McNeely has had a long career with the Bell System. He started as a Student Engineer with the Southwestern Bell Telephone Company in St. Louis in 1922 and held a succession of supervisory positions in the Missouri - Arkansas area from 1926 to 1948. Mr. McNeely came to New York in 1948 as Assistant Vice-President (Personnel) of A. T. & T. In 1949 he was Vice-President (Operations) and director of the Northwestern Bell Telephone Company in Omaha, Neb., becoming President, director and member of the Executive Committee at the end of that year. In 1952 Mr. McNeely became Vice-President (Personnel Relations) of A. T. & T., and has been Vice - President (Operation and Engineering) since Jan. 1, 1954.

Eugene J. McNeely

* * *

Franklin B. Tuttle, Chairman of the Board of Trustees of the Atlantic Mutual Insurance Company, has been elected a Trustee of **The Bank of New York**, of 48 Wall St., **New York City**. His directorships include the Centennial Insurance Company, Atlantic Safe Deposit Company, Insurance Society of New York, Teachers Insurance & Annuity Association of America. Mr. Tuttle is also President of The Life Savings Benevolent Association of New York.

* * *

At the regular meeting of the Board of Directors of **The First National City Bank of New York** held on June 14, Sidney W. Davidson, Jr., formerly an Assistant Cashier, was appointed an Assistant Vice-President. Mr. Davidson is assigned to the bank's Domestic Division.

* * *

The election of Joseph H. Scarlett as an Assistant Secretary in the Trust Department of **The Marine Midland Trust Company of New York** has been announced by James G. Blaine, Chairman. Mr. Scarlett has been an Assistant Secretary of Marine Midland Corporation, associated with their Investment Research Department. He holds a BS and MBA degree from New York University and is a member of the New York Society of Security Analysts.

* * *

Thomas J. Harte, formerly President of North American Cement Corporation, is now associated with **Federation Bank and Trust Company of New York**, as a Special Representative at its 45th Street Office, it is announced by Thomas J. Shanahan, President of the bank.

* * *

James Bloor, Executive Vice-President of **Central Savings Bank of New York** and William C. Warren, Dean of the Columbia University School of Law, were named Trustees of Central Savings Bank on June 13. James T. Lee, President of the bank, announced the elections after a meeting of the board of trustees. Mr. Bloor was named Executive Vice-President of Central Savings last month. He had previously been a Vice-President of the **Chase Manhattan Bank** where he was associated with the real estate and mortgage loan department.

Dean Warren is also an associate Chief Reporter of the income tax project of the American Law Institute and is co-author of a number of articles on law review; he was associated with Milbank, Tweed, Hope, Hadley and McCloy from 1942 to 1947.

* * *

Consolidation of the **First Suffolk National Bank of Huntington**, the **First National Bank of Lindenhurst** and the **First National Bank of Islip**, all of **Long Island, N. Y.**, became effective at the opening of business on June 13, according to George A. Heaney, President of the merged institution. The merger, it is announced, has been approved by stockholders of the three banks and by the Comptroller of the Currency, at Washington, D. C. All of the officers and employees of the Lindenhurst and Islip banks have been invited to become officers and employees of the consolidated bank which will continue to operate the present premises in Lindenhurst and Islip as well as the other offices of the First Suffolk National Bank in Huntington, Amityville, Babylon, East Northport and Northport.

The consolidated bank, according to the announcement in the matter, will have total resources of approximately $72,000,000 and total capital funds and reserves of over $5,600,000. When announcing the proposed consolidation, President Heaney, of the First Suffolk National Bank of Huntington, Edward B. Concannon and Clifton E. Schlemmer, Presidents of the Lindenhurst and Islip banks respectively, indicated their feeling that the consolidation is in the best interests of the stockholders of the institutions and of the residents and businessmen of the communities they serve.

The First Suffolk National Bank of Huntington, claims to be the largest bank in Suffolk County and the third largest on Long Island, outside of New York City. An item bearing on the consolidation appeared in our issue of April 28, page 1992.

* * *

Steps incident to the proposed merger of the **Bank of Southold, Suffolk County, N. Y.** into the **North Fork Bank & Trust Company of Mattituck, Long Island, N. Y.**, have been taken with the authorization given by the New York State Banking Department to the North Fork institution to open a branch in Southold. The Banking Department has likewise, as of May 27, approved plans of the North Fork Bank & Trust Company to increase its capital from $223,500, consisting of 22,350 shares, par $10 per share, to $258,500, in shares of 25,850, par $10 per share.

* * *

The Merchants National Bank of Boston, Mass., is offering to the holders of its outstanding capital stock ($10 par value) rights to subscribe for 50,000 new shares at $40 per share at the rate of one new share for each six shares held of record on June 9. Subscription rights will expire on June 27. The offering is being underwritten by The First Boston Corporation and associates who will purchase any unsubscribed shares. The bank's new capital stock of $10 par value was authorized by the shareholders on June 9, a change from 30,000 shares of $100 par value to 300,000 shares of the lower par value, having been voted. The stockholders also authorized the issue of an additional 50,000 shares of the new stock, subject to approval of the Comptroller of the Currency, for offering to the shareholders. The proceeds from the sale of the additional shares together with a proposed transfer of $500,000 from undivided profits will increase the bank's combined capital and surplus from $10,000,000 to $12,500,000, thus raising its lending limit to a single borrower from $1,000,000 to $1,250,000.

Organized in 1831 under a State charter the bank became a National banking association in 1864. The bank's personal trust and agency business, it is stated has nearly doubled since 1943 and the aggregate book value of all such assets held exceeded $185,000,000 on March 31, 1955. On that date the bank had deposits of $137,869,997 and total resources of $152,474,848. For the first quarter of 1955 net operating income was $243,000, equal to 81 cents per share on the basis of 300,000 shares of capital stock of $10 par value against $224,000 or 75 cents per share on a like basis in the first quarter of 1954. Earnings for 1954, it is added, on this basis were equal to $2.96 per share.

* * *

The Barnstable County National Bank of Hyannis, Mass., has raised its capital, as of May 31, to $150,000, from $125,000; the increase resulted from a stock dividend of $12,500, and the sale of new stock also to the amount of $12,500.

* * *

Directors of **Broad Street Trust Company of Philadelphia**, and **The Morton National Bank, Morton, Delaware County, Pa.**, have agreed on a plan of merger which was announced on June 8 by Hubert J. Horan, Jr., President of Broad Street Trust Company and Milton Ancker, President of Morton National Bank. The merger is subject to the approval of shareholders of both banks and supervisory authorities. The merger plan calls for the exchange of eight shares of Broad Street Trust Company stock for one share of The Morton National Bank stock. The proposed merger would give Broad Street Trust Company, the surviving institution, a total of 11 offices, eight of them in the city, one in Montgomery County at Glenside and two in Delaware County at Prospect Park and Morton, Pa. Hubert J. Horan, Jr., will be President of the surviving institution, Milton Ancker, President of The Morton National Bank will become Chairman of the Advisory Committee and James Patchell, now Vice-President and Cashier of The Morton National Bank, will become Vice-President in charge of the Morton Office.

* * *

D. Luke Hopkins has been elected Chairman of the Finance Committee, director, and a member of the Executive Committee of the **Fidelity - Baltimore National Bank & Trust Company, of Baltimore, Md.**, Hooper S. Miles, Chairman of the Board, announced on June 10. Mr. Hopkins will also serve as a member of the Trust Committee. As Chairman of the Finance Committee, it is announced, Mr. Hopkins will be responsible for the bank's investment policies and will supervise its investment portfolio. Mr. Hopkins has spent his adult life in financial and business management in the city, and has been a leader in civic and philanthropic activities.

* * *

The absorption of the **American Savings Bank Company of Cleveland** by the **Union Bank of Commerce Company of Cleveland, Ohio**, occurred on May 16. As a result the quarters of the American Savings Bank Company have become a branch of the Union Bank of Commerce Company.

* * *

The Lincoln National Bank of Cincinnati, Ohio, was consolidated as of May 16 with the **Fifth Third National Bank, of Cincinnati**, under the charter and title of the latter. As a result of its absorption by the Fifth Third National, the quarters of the Lincoln National have become a branch of the Fifth Third.

* * *

A stock dividend of $150,000 has brought about an increase in the capital of the **First National Bank of Findlay, Ohio**, from $350,000 to $500,000. The enlarged capital became effective May 23.

* * *

The New York representatives of the Investment Department of **Harris Trust and Savings Bank, Chicago**, will move this weekend from their present offices at 2 Wall Street and on Monday, June 20, will be in their new quarters on the 10th floor of the recently completed Seamen's Bank for Savings Building at 30 Wall Street. Ernest J. Altgelt, Jr., Vice-President of the bank, is in charge of this office.

* * *

The Industrial National Bank-Detroit, of Detroit, Mich., has increased its capital effective May 26 from $2,500,000 to $2,750,000 as a result of the sale of $250,000 of new stock. The issuance of the new stock was authorized at a meeting of the shareholders of the bank on May 9. The plans called for the issuance of 25,000 additional shares of the common capital stock to be offered at $35 per share to all shareholders pro rata on the basis of one new share for each 10 shares held according to the record at the close of business on May 9. Upon the issuance of these additional shares, subject to the approval of the Comptroller of the Currency, the aggregate number of shares of the capital stock outstanding increased to 275,000. Of the proceeds received by the bank, $250,000 was added to the bank's common capital stock account and $625,000 to its surplus account, making an increase of $875,000 (less underwriting costs) in the total capital accounts of the bank.

* * *

The directors of **The Manufacturers National Bank of Detroit, Mich.**, voted at its meeting on June 13, subject to the approval of the Comptroller of the Currency, to call a special meeting of its stockholders to consider and vote upon a reduction of the par value of its stock from $20 per share to $10 per share, threby increasing the present 400,000 shares outstanding to 800,000 shares.

* * *

The Northwestern National Bank of Minneapolis, Minn., reported a capital of $12,000,000 effective May 16, the amount having been increased from $10,000,000 by a $2,000,000 stock dividend.

* * *

The First National Bank and Trust Company of Tulsa, Okla., is offering to its common shareholders, rights to subscribe to 160,000 additional shares of common stock at $25 per share, on the basis of one new share for each two and a half shares held of record on June 6. The subscription offer will expire on June 24. An underwriting group headed by Merrill Lynch, Pierce, Fenner & Beane will purchase the unsubscribed shares. Net proceeds from the sale of the additional common shares will be added to the capital funds of the bank.

The bank was chartered under the National Bank Act in 1899 with an original capital stock of $50,000. Total deposits in the bank have grown from $53,081,000 as of Dec. 31, 1940, to $240,203,000 as of April 30, 1955—an increase of 352%. Capital funds of the bank have increased from $5,467,000 as of Dec. 31, 1940 to $15,547,000 as of April 30, 1955—an increase of 184%. Based on total deposits as of Dec. 31, 1954, the bank, it is stated, ranked first in the State of Oklahoma, and, it is added, was the third largest bank in the Tenth Federal Reserve District. Upon completion of the current financing, capital funds of the bank will comprise the following: capital stock, $5,600,000 (560,000 shares of common stock, $10 par value per share); surplus, $12,400,000, and undivided profits, $1,547,454, total capital funds of $19,547,454.

* * *

An increase of $500,000 in the capital surplus of **The Hibernia National Bank of New Orleans, La.**, was voted at a meeting of the board of directors of the bank, held on June 7. In making the announcement Wallace M. Davis, President of The Hibernia National Bank said: "The bank's earnings for the first five months of the current year have warranted the transfer of this amount from the undivided profits account to the surplus account and better enables The Hibernia National to gear and increase its service to the constantly growing financial needs of this area." Mr. Davis said that the total capital funds of the bank now exceed $9,500,000 — capital $2,500,000 — surplus $6,000,000 and undivided profits in excess of $1,000,000. At the same meeting the regular quarterly dividend of 50 cents a share was declared, payable July 1 to shareholders of record June 15, 1955.

* * *

Jerome K. Doolan, Senior-Vice-President and director of Bechtel Corporation, Engineers and Constructors, was elected a director of the **Union Bank & Trust Co. of Los Angeles, Cal.**, at the board meeting on June 9, according to Ben R. Meyer, Chairman of the Board and President of the bank. Mr. Meyer also announced that the directors declared the regular quarterly dividend of $1.75 per share on 95,000 bank shares outstanding, payable July 1, 1955 to shareholders of record as of June 21. This is the 155th in an uninterrupted series of quarterly dividends paid by the bank. In 1940 Mr. Doolan became associated with Bechtel-McCone Corporation and during the war period, from 1941 to 1946, he was Vice-President and General Manager of California Shipbuilding Corporation, at Terminal Island, Cal.

Continued from page 13

Institutional Investor and The Revenue Bond Indenture

its auditors. And the indenture is sure to be a hit when it causes these professionals to state that things are going along as the good old prospectus so optimistically predicted—or aren't. The bondholders' right to full disclosure of facts is now generally recognized in indentures, and some borrowers realize that it is smart business to keep the bondholders fully informed, whether the indenture requires it or not. Most toll road indentures handle the period of construction well. We hope these provisions are retained and refined, and that future indentures are not cheapened by their erosion.

III

Rules for the Operation of the Road as a Going "Corporate" Concern

The revenue bond has been described as a financing vehicle with a corporate motor on a tax exempt chassis. Let's look at the indenture specifications for the motor part.

The *toll covenant* sometimes provides some troubles. Some of my colleagues in the life companies want a covenant to stick to a certain toll schedule for a stated number of years—no revision below the Engineers' original estimates — or differently, that the changes will not produce less revenues than from the original toll schedule. My own thought is that in the present state of toll road experience, it would be best to provide for some controlled flexibility so that conditions unforeseeable now can be met, and to let the engineers, whom we trusted for the original schedule, have a little more latitude. Corporate management should be best qualified to price its products. Their objective must be to cover operating and maintenance expenses, fill up all reserves, and cover level debt service 1.20-1.25 times. It's just good corporate business to have that kind of margin.

The funds taken in as tolls should *flow* in accordance with indenture provisions — First — to operate and maintain the property —*then* to take care of current debt, interest and redemption requirements—then to build up separate reserves for interest, for sinking fund, and for contingencies of reserve maintenance such as repaving. All remaining revenues should be used to retire debt. We think the present indenture provisions cover these matters well.

We think the funds should be separate—and the *reserves* deposited with the trustee as trust funds for the bondholder. Reserve provisions are an important part of a revenue bond's strength. Why does anyone object to large reserves? I would think that ordinary prudence would call for at least two years' interest or one year's debt service, whichever is greater.

The covenant to maintain and operate over the life of the bonds is obviously very important, and is the natural twin of the promise to repay the funds borrowed. It is also tied in with insurance, another strictly *business* covenant. One footnote on the insurance section. You all know how it usually ends up by saying that if the Authority is "unable" to obtain insurance of the amount required, this will not be a default. Now, getting sufficient insurance on very large bridges and tunnels is a very difficult, specialized art calling for extraordinary skill and hard work. But there are some special experts that can do it, and can *prove* they can do it. So, I would think the Authority should consider, in dealing with such large sums and in this specialized field, whether it is safe if only a "general practitioner" in the insurance field states that *he* is "unable" to get the insurance required. Maybe, if the Authority is "unable," then the Trustee should be given the opportunity—in protection of the bondholders—to see if he can find people who *are* able.

Now, *"additional financing."* Frankly, the institutional investor would like to see the provision read—"additional bonds — none." But as my friend the analyst says —"We gotta be practical—let them issue bonds to complete, period." However, in some circumstances, there are connections and hookups (such as the Penn Turnpike-Jersey Bridge) that are "naturals" and the public service as well as business sense *requires* their construction.

The institutional investor, having investigated, and having been satisfied that the original road financing is sound, is, frankly, perfectly content to let it stay that way. Fear of the unknown—of dilution—haunts him. He recalls how good main line railroad mortgages fell from the investment class—and he with them—because of debt piled on to create branch and feeder lines. He is not charmed by estimates of how much *better* his presently sound bond will get—and if the extension is so demonstrably excellent, he would prefer that a separate issue on the separate revenues should be tried.

However, the institutional investor realizes that this is an area of public service, that additional roads are needed, and that all available means should be used to get them. But he does feel that in return he should be given every safeguard available. So, if they are to be, extensions and their additional financing should certainly be upon the basis of actual experience on the original road, and not just on estimates of its revenue producing potentialities. Actual net revenues on the original road should be not less than those originally estimated. (This, of course, lends authority to the estimates for the extension.) Then, *actual* net revenues for the existing road, plus the average *estimated* net revenues from the extension, should provide a really satisfactory cushion — we like to see 150% of level annual debt service requirements. The institutional investor feels even more comfortable with the additional provision for a one time coverage of pro forma debt service on actual revenues alone.

This is a touchy subject and one in which all parties benefit by going slowly, by being most tolerant of other's views and most sincere in trying to work out provisions that will cause all parties during the life of the issue to be proud of their professional craftsmanship. *But wide open provisions for additional financing could easily eliminate life insurance companies from toll road revenue bond financing.*

One thing the institutional investor looks at closely in this area is the first five years operations of the extended turnpike. When the indenture allows additional bonds on engineers' estimates of *average* net revenues for the first five years, this opens up a very wide area of risk of error and there may be some *stirring times indeed* before that good old "average" is reached.

Perhaps the trickle down theory may stand a little more consideration — having all revenues first applicable to the original issue and then trickling down through each succeeding issue as extensions are built. This system provides the Authority with senior securities that will become highest quality investments, and a constantly improving situation for the juniors, as successful operation continues. If things do not go well with the extended turnpike, the senior holder has at least a good part of the protection he originally bargained for, and the juniors, who waited until the original road was built, are not in too good a position to complain, for they knew they were taking a subordinate position when they bought.

It is also suggested that perhaps the turnpike extension bonds should be *second* lien bonds until the actual revenues on the extended pike equal—and so prove out—the *estimated* earnings formula upon which they were issued. *Then* they become equal in lien.

Would it not be an interesting experiment for some toll road commission to borrow its money, build its road, collect its tolls, pay off its bonds, and declare its highway free for the use of all the people!

Budgets are again merely a part of good business, and a provision for their distribution to substantial bondholders is very helpful and should be routine. It also provides the kind of check corporate management keeps of its own performance, with the annual budget as a standard.

We like to see the indenture call for a monthly publication of revenues to the bondholders—and why not match them against original estimates, last year's actual performance, and the budgetary predictions? Some of the Annual Reports of Authorities have been indeed excellent jobs, and we hope that Authorities will compete in full disclosure of performance, of problems, and of predictions of things to come. Of course, Annual Audits by an independent auditor are essential.

As the revenue project is merely the carving out of one item of government service, *to be run as a separate business,* and with stockholders' meetings so popular, why not carry along the "corporate" idea and consider having provision for an annual meeting of a toll road's bondholders? With a strong and knowledgeable trustee presiding — and perhaps then elected—with a report by the engineers; and an accounting of the Authority's performance, and of the Trustee's performance as fiduciary for the bondholders.

IV

Defaults and Remedies

The bond indenture usually provides for the ordinary defaults of failure to pay principal when due, failure to pay interest within a 30 days' grace period, and also for failure to perform the Authority's covenants — provided the Trustee finds out about it and gives notice.

Really the only *remedy* the bondholder wants is one that gives him his money. Indenture provisions cannot do this. All we can ask, then, is that all the legal implements available be included to give the bondholder all the opportunity that exists to regain his investment.

Most failures of revenue projects seem to have been based upon economics (over-estimation of growth, or competition, or economic depression), or government action (tire and gasoline rationing), or physical damage, or inadequate approach roads of bridges or tunnels. Some private projects failed because of overcapitalization. Matched against such causes, the defaults and remedies of the indenture seem most ineffective. The most they can offer is the spur to management to avoid the public pronouncement of failure, and perhaps to cause new faces to appear on the unhappy scene.

The real default worth considering is the default by people of their public trust—and here, if the punishment is to fit the crime —decapitation, at least, is in order.

In any event, the institutional investor would rather become absorbed in the provisions for cushions against adversity and safeguards against default, such as reserves. He knows that a good solid pound of prevention *there* is worth many times the very light ounce of cure that the default provisions offer.

V

Rules for Communications and Actions

So, with that frame of reference, let us come to two people—the *engineer* and the *trustee,* and their communications to the bondholders.

The institutional investor has a growing problem of review. It is required that he know what is going on with his investment; he must be always *current* in his knowledge and evaluation. If toll roads—and other revenue bonds—increase in the expected volume, the analyst must have objective sources and procedures he can rely upon for obtaining accurate and complete facts periodically. Presently, the indenture gives him two sources, the engineer and the trustee, in addition to the Audits. (He does have the right of inspection, of course.)

As to the engineer, we think he should be required to make a semi-annual—as well as annual—report—sent to the bondholders—and that the indenture provisions should allow — or force — him to report fully *and make recommendations on all phases of the project* without limitation—especially if revenues are below original estimates. If the indenture provisions limit him to operations, maintenance and insurance, that is what you will get, *and not one bit more.* So it is respectfully suggested that the engineer be given full scope for his professional talent, that he use it, *and be paid for it.*

If it should be thought impractical that an engineer chosen by the Authority and approved by the Trustee should submit a report possibly critical of Authority practices—then perhaps the solution lies in a provision for the appointment by the Trustee of an independent engineer for the bondholders with specific indenture duties to act and report in protection of their 100% investment—and paid from the revenues of the project.

Let's look at the Trustee for a moment.

The indenture itself is an agreement. Who agrees? The Authority and the Trustee. The parties are, for example, the Ohio Turnpike Commission *and* the Ohio National Bank of Columbus. The Massachusetts Turnpike Authority *agrees* with the First National Bank of Boston, "as Trustee." Texts and courts have grown lyrical in expressing the high character of the fiduciary relation to the beneficiaries of the trust. Judge Cardozo, in typical language, expressed the trustee's standard of behavior as "the punctilio of an honor the most sensitive."

So the Trustee was traditionally a figure of great stature and responsibilities commanding the respect of all. Today he is still called a "Trustee" but by those provisions near the end of the indenture "Concerning the Trustee" far too much of the content of the high traditional definition has been carved out. He remains a pretty sad Sir Lancelot. His functions are confined to bookkeeping and custodianship. His protective coat of mail (protecting *him,* not the bondholders), is so heavy that he will not even lift his sword without 20% of the bondholders helping him!

Perhaps it is an appropriate time to call for a return to the Trustee's ancient standing—with substantial duties and responsibilies in the performance of his trust—*and with substantial pay.* Perhaps among our trust company friends there are some courageous knights who are restless with the calibre of their present role in these great public projects and wish to undertake a *real* stewardship for the bondholders for *real* compensation. They would certainly be welcomed by the institutional investor.

High Moral Responsibility

One final thought: This I believe —that we are surely entering into a period of high individual moral responsibility and the highest public morality. In such a time the practice of the Judea-Christian ethics will become habit and custom of all people—toward all other people. The covenats we are writing *now* in future times will be matched against this high standard of the spirit as well as of the letter. This period of toll road financing will be a part of the history of the country. Let all act so that it will be truly a high point and an example in the recording of the financial events of onr time.

Many Happy Returns To "Hank" Serlen

Lewis H. (Hank) Serlen, Josephthal & Co., 120 Broadway, New York City, is celebrating his 47th birthday June 17th. Golf is his No. 1 hobby. He is Chairman of the arrangements committee for the Security Traders Association of New York and sings basso in their famous Glee Club.

Lewis H. Serlen

Cleveland Analysts Elect Officers

CLEVELAND, Ohio — At the Annual Dinner Meeting of the Cleveland Society of Security Analysts held June 9, 1955, the following officers were elected:

President: G. Pascal Sawyer, Republic Steel Corp.

Vice-President: John S. Watterson, Jr., Paine, Webber, Jackson & Curtis.

Secretary: Robert W. Richards, Union Bank of Commerce.

Treasurer: Robert B. Grandin, Cleveland Trust Co.

In addition to the President and Vice-President, the following will constitute the Executive Committee for the year 1955-56:

Ben J. Ansley, First National Bank of Akron; G. W. Blauvelt, National City Bank of Cleveland; Frank J. Butler, Fulton, Reid & Co.; David A. Edwards, Chesapeake & Ohio Railway Co.; Stanley M. Eilers, Hornblower & Weeks; David Elliott, Cleveland Trust Co.; Richard E. Mayne, Central National Bank; Harvey R. Stroud, H. C. Wainwright & Co.; David G. Watterson, Boyd & Co.; Gilbert Palmer, National City Bank of Cleveland; E. W. McNeely, Union Bank of Commerce.

Joins Putnam Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Richard C. Nowell has been added to the staff of F. L. Putnam & Co., Inc., 77 Franklin Street, members of the Boston Stock Exchange. He was formerly with Spencer Trask & Co.

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Toll Road Legislation And Trust Indentures

tremely important. This power should cover all classes of property, whether publicly or privately owned. The act should enable the authority to take possession at the earliest date possible without violating any applicable provisions of the state constitution, such as making just conpensation before taking possession. These provisions should be very carefully considered by the attorney general's office or the attorneys for the highway department who have had experience in condemning rights of way for state highways.

Materials of Construction: The authority should be expressly authorized to determine, in its sole discretion, the design standards and the materials of construction. This is an administrative and not a judicial matter.[34] Let us make it very plain and very emphatic right in the act that any attempt to control the action of the authority along this line, thus delaying construction, is doomed to failure.

Preliminary Expenses: There is another matter of great importance which should be covered by the Act, the matter of funds to cover preliminary expenses, particularly for engineering and traffic studies. In some states the legislature has made a specific appropriation, generally from highway funds, for the preliminary expenses of the authority[35] and in other states the highway department is authorized to make advances for this purpose,[36] the amount so appropriated or advanced to be reimbursed from bond proceeds.

There are a great many other matters which should be incorporated in the act, such as the exemption from all taxation of the turnpike and, if not prohibited by the constitution of the state, the bonds and the income therefrom, the eligibility of the bonds for investment, the issuance of refunding bonds, audits, etc.

It is impossible for us to prepare an act the first draft of which will in every respect satisfy local conditions, particularly matters of a political nature. But a lot of trouble would be avoided if we could be consulted in advance regarding any proposed changes or amendments. A final word of caution with regard to the preparation of the enabling act—don't copy blindly, in whole or in part, the turnpike act of some other state. The chances are that the act being copied contains some provisions that were incorporated in the act by amendment in an attempt to make it difficult to finance under it, and also some provisions that do not fit the constitutional requirements or the conditions in the adopting state.

TRUST INDENTURE

It is impossible, of course, for us to write into an indenture provisions which will guarantee that the turnpike will be constructed within the consulting engineers' estimate of cost, or that it will be operated and maintained within their estimate of such expenses, or that it will have the traffic and produce the revenues estimated by the traffic engineers, or that it will be operated and maintained in an efficient and economical manner. We can, however, suggest certain safeguards to protect the rights of those who have put up the money to construct the project. We must not lose sight of the fact that in cases where a project is financed 100% by revenue bonds, we are dealing with the bondholders' money, not only in the expenditure of the bond proceeds but also in the application of the revenues of the project.

As I have stated many times, each indenture must be "tailor-made" in order to fit the provisions of the enabling act and the facts and circumstances which are disclosed by the engineering and traffic reports and which are peculiar to the particular project and in order to carry out the financing plan agreed upon by the authority and the bankers. As in the case of drafting the enabling act, don't copy blindly the indenture for some other turnpike.

Issuance of Bonds: I will mention briefly some of the more important matters to be considered in drafting the indenture. One of the first matters to be considered relates to the issuance of the bonds. The form and manner of execution and the details of the bonds of the initial issue are set forth at length. Because of the uncertainties and fluctuations in traffic I dislike to see revenue bonds for the construction of a toll bridge or a toll road mature serially. The safest plan, from the standpoint of both the bondholders and the authority, is to provide for the issuance of term bonds. What about the "open-end" provisions of the indenture, to permit the issuance of additional bonds on a parity with the bonds of the initial issue? In my opinion the indenture should be "open-end" to permit the issuance of additional parity bonds if necessary to complete the turnpike, without any coverage requirement and without securing the consent or approval of any one except the consulting engineers. Seven-eighths of a toll bridge or of a toll road is not very good security for revenue bonds payable solely from the revenues of such project.

Some indentures are also open-end to permit the issuance of additional bonds for extensions and improvements on a parity with the initial issue, in case the past record of net revenues plus estimated additional net revenues cover the principal and interest requirements of all bonds by a substantial percentage.

These open-end provisions in some of the indentures we have worked on in recent years have been criticized. Believe it or not, these criticisms on one hand are to the effect that the provisions are too liberal and on the other hand to the effect that they are not liberal enough. Some of the purchasers of the bonds of an initial issue say that they can check the engineering reports and other pertinent information and evaluate the bonds they are buying, but if the indenture is open-end and additional bonds may be issued on estimates of cost and estimates of revenues which they have no means of checking when they make their original investment, they are not getting the protection to which they feel they are entitled. On the other hand I have been told that these open-end provisions in at least two indentures which have been criticized as too liberal were too tight. This subject certainly merits serious consideration by those of you who have the responsibility of assisting in setting up the financing plan. But if, after a few years of operation, you find that any of the provisions of the indenture are not exactly to your liking, by all means put the blame on the bond attorneys!

Application of Bond Proceeds: The provisions in the indenture covering the application of the bond proceeds are very important. These moneys should be deposited in trust to the credit of a special fund, generally called the "Construction Fund," and applied to the payment of the cost of the turnpike. For the protection of the investors, the authority should, in my opinion, in the absence of any legal requirement to the contrary, determine in advance of the financing the location, the materials of construction and the design standards, and nail down the project that is to be constructed, subject, of course, to such minor modifications in location and design as may be found necessary or advisable to meet any unlooked for physical condition which may arise in the course of construction. As the amount of the bonds initially issued is based upon the consulting engineers' estimate of cost, all disbursements from the bond proceeds (except interest during construction) should be subject to the approval of the consulting engineers. Let me reiterate the fact that we are dealing with the bondholders' money.

Revenues and Special Funds: One of the most important articles to be incorporated in the indenture relates to the revenues and the special funds created from revenues. We cannot write into the indenture anything which will guarantee traffic but we can set up the yardstick for fixing tolls and we can require the authority to secure the recommendations of the traffic engineers as to tolls in case of any deficiency in the expected revenues. The authority should covenant to fix and maintain tolls sufficient to provide funds for paying the current expenses of maintenance, repair and operation and the principal and interest of the bonds, and to create reserves for such purposes.

It is usually provided that all revenues be deposited as received with the trustee or with local depositaries to the credit of a special fund called the "Revenue Fund." From this fund are paid the current expenses of maintenance, repair and operation. These expenses are in the hands of the authority, a function which cannot be delegated to the bondholders, or to the consulting engineers or the trustees. The indenture should, however, contain provisions to insure as far as possible economical and efficient operation. The fairest and best plan I know of, taking into account the interests of both bondholders and management, is the one we have followed for many years, beginning with the 1938 indenture for the original Pennsylvania Turnpike, under which the consulting engineers make their recommendations in this connection on or before a certain date each year, and the authority then adopts a preliminary budget for the next fiscal year, followed by a public hearing and then the final adoption of the annual budget. I know of no greater protection which the bondholders can legally have against improper expenses than the searchlight of publicity on what is going on.

The indenture should set forth the machinery for the deposit of moneys in the Revenue Fund to the credit of the Interest and Sinking Fund and to a special reserve fund for extraordinary items of expense, such as repaving the turnpike if and when necessary. I like to have the moneys in the Interest and Sinking Fund allocated to separate accounts, an account for the payment of interest, another account to be held as a reserve, generally equal to two years' interest on all bonds at the time outstanding in the case of term bonds, and a third account for the purchase or redemption of bonds from time to time before maturity.

Other Provisions: The indenture will usually contain a great many other provisions for the security of the bondholders. Because of the limited time we have, I will simply list some of the matters which should be covered:

The security for the deposits of all funds.

The investment in United States Government obligations of moneys in some of the special funds, particularly the Construction Fund, the Reserve Account in the Sinking Fund, and the Reserve Maintenance Fund.

The carrying of insurance, particularly for any big bridges or tunnels, and use and occupancy insurance.

The making of monthly or quarterly reports relating to traffic, revenues, expenses, etc. and annual or semi-annual audits.

The remedies of the bondholders and their enforcement; in most cases these remedies are to be enforced by the trustee for the benefit of all bondholders.

The duties and functions of the trustee.

It is also important that provisions be incorporated in the indenture by which the bondholders can be kept fully informed at all times about their investment, including provisions requiring the authority to file with the trustee and mail to the consulting engineers, the principal underwriters, and all bondholders who so request copies of all reports and audits, any revision of the toll schedule, the preliminary budget, the notice of hearing, the annual budget, any supplemental budget which may be adopted with the approval of the consulting engineers, and notice of any failure to make the required deposits to the credit of the sinking fund.

LITIGATION

There is another matter in which all of you are at times very much interested. It is not confined to turnpike financing or even to revenue bonds as a class. It affects the issuance of municipal bonds of all types. I refer to the matter of litigation.

Under our American form of government the courts are open at all times to all our citizens. We would not have it otherwise. What particularly concerns us is the abuse of the privilege by some obstructionist to delay the financing, hoping eventually to block it altogether. I know of no method by which we can entirely prevent the so-called "nuisance suits." All that we can hope to do is to discourage them or to minimize their effectiveness.

Suits in the nature of injunction or mandamus proceedings have been instituted in our courts for many years, long before any of us here were in the municipal bond business, to test the validity of bonds before their issuance. Some of these suits have been really antagonistic, and others have been merely test cases to determine in advance certain legal questions affecting the validity of the bonds. To facilitate cases of the latter kind a few states, including Alabama,[37] Florida,[38] Georgia,[39] Mississippi[40] and Virginia,[41] have adopted special statutory proceedings for the validation of bonds, sort of a quiet title proceeding, in which all questions of law and of fact can be expeditiously determined not only in the lower courts but also on appeal to the supreme court, and in which all citizens and taxpayers and all others having or claiming any interest in the subject matter are made parties defendant merely by the publication of the order to show cause or the notice of the hearing and are thereby bound by the decree validating the bonds. I believe that Georgia was the first state to adopt a statute of this kind, in 1897, followed by Florida in 1915. The provisions of the Florida statute have served as the pattern in the preparation of both the Alabama and the Virginia statutes.

I like these special validating proceedings. But they do not guarantee that no one will go into court at the last minute before the delivery of the bonds. Necessarily validating proceedings are taken before a sale of the bonds and therefore the validity of the sale proceedings is not adjudicated. We must not be unmindful of the fact that the publication of notice in these validating proceedings may invite a contest from disgruntled citizens. But personally I would prefer to have the contest or the litigation before rather than after the bonds are delivered.

I am in favor of incorporating in such bond validating statute a requirement that the decree of the lower court contain findings of fact and conclusions of law, a requirement which was inserted, at the suggestion of a very prominent Mobile lawyer, in the Alabama act he and I drafted in 1935, and a practice which my firm has fol-

FOOTNOTES

1 Towle v. Morse (1907), 103 Me. 250, 255, 68 Atl. 1044.

2 Act approved July 11, 1916 (39 Stat. 355).

3 Chapter 74 of the Acts of 1928.

4 Klein v. City of Louisville (1928), 224 Ky. 624, 6 S. W. (2d) 1104.

5 Chapter 172 of the Acts of 1928.

6 Chapter 157 of the Acts of 1930.

7 Bloxton v. State Highway Commission (1928), 225 Ky. 324, 8 S. W. (2d) 392;
State Highway Commission v. Veling (1929), 230 Ky. 381, 19 S. W. (2d) 967; and
Estes v. State Highway Commission (1930), 235 Ky. 86, 29 S. W. (2d) 583.

8 Act approved June 1, 1931, P. L. 301.

9 Act approved July 12, 1935, P. L. 735.

10 Act approved May 21, 1937, P. L. 774.

11 Chapter 8, Acts of 1929.

12 Sections 1084-1 to 17, inclusive, of the General Code of Ohio (act approved June 3, 1935).

13 See (7) above; Bates v. States Bridge Commission (1930), 109 W. Va. 186, 153 S. E. 305; Kasch v. Miller (1922), 104 Ohio St. 281, 287, 135 N. E. 813; see also State v. Griffith (1940), 136 Ohio St. 334, 25 N. E. (2nd) 847.

14 Comr. of Int. Rev. v. Shamberg's Estate (1944), 144 Fed. (2d) 998, and Comr. of Int. Rev. v. White's Estate (1944), 144 Fed. (2d) 1019; certiorari denied, 323 U. S. 792.

15 Kentucky, Colorado, Maryland and Virginia.

16 Pennsylvania—see (10) above.

17 West Virginia—Chapter 139, Acts of 1947; Maryland—Chapter 561 of the Laws of 1947; Ohio—Sections 1201 to 1222, inclusive, of the General Code of Ohio (Act approved June 1, 1949), as amended.
Kentucky—Chapter 157 of the Acts of 1950 (K. R. S., Sections 177.390 to 177.570 inclusive).

18 Chapter 69 of the Private and Special Acts of 1941.

19 See (14) above.

20 Chapter 28128, General Laws of Florida, 1953.

21 Chapter 308, Laws of Kansas, 1953.

22 Chapter 354 of the Acts of 1952.

23 P. L. 1948, c. 454.

24 Chapter 894, Session Laws, 1951.

25 Senate Bill No. 225 of 1947 Legislative Session.

26 People v. Schommer (1945), 392 Ill. 17, 63 N. E. (2d) 744, 167 A. L. R. 1347;
State v. Ferguson (1951), 155 Ohio St. 26, 97 N. E. (2d) 660;
Ennis v. State Highway Commission (1952), 231 Ind. 311, 108 N. E. (2d) 687;
State v. Ohio Turnpike Commission (1953), 159 Ohio St. 581, 113 N. E. (2d) 14;
State v. Giessel (1953), 265 Wis. 185, 60 N. W. (2d) 873;
Guthrie v. Curlin (1953), 263 S. W. (2d) 240; and
State v. Kansas Turnpike Authority (1954), 176 Kan. 683, 273 Pac. (2d) 198.
(See also Bates v. State Highway Commission, supra (note 13).

27 Guthrie v. Curlin, supra (note 26).

28 Wyatt v. Beall (1938), 175 Md. 258, 1 Atl. (2d) 619.

29 State ex rel. City of Hannibal v. Smith (1934), 335 Mo. 825, 74 S. W. (2d) 367.

30 Watrous v. Golden Chamber of Commerce (1950), 121 Colo. 521, 218 Fac. (2d) 498.

31 Nichols v. Williams (1954), 338 Mich. 617, 62 N. W. (2d) 103.

32 State v. O'Brien (1954), 82 S. E. (2d) 903.

33 Opinion of the Justices (1951), 80 Atl. (2d) 417.

34 State v. Ohio Turnpike Commission (1953), 159 Ohio St. 581, 113 N. E. (2d) 14.

35 See Sec. 18 of Massachusetts Turnpike Act, note (22) above.

36 See Sec. 20 of Ohio Turnpike Act, and
State v. Defenbacher (1950), 153 Ohio St. 268, 91 N. E. (2d) 512.

37 Code of Alabama, 1940, Title 7, Section 169 et seq.

38 Chapter 75, Florida Statutes, 1953.

39 Code of Georgia Annotated, Title 87, Section 87-301 et seq.

40 Mississippi Code, 1942, Annotated, Title 18, Section 4313 et seq.

41 Article 11, Chapter 19, Title 15, Code of Virginia, 1950, as amended.

lowed ever since that time in all our validating proceedings in Florida. With this requirement in the act I am also in favor of inserting a provision, similar to a provision in the Virginia act, to the effect that a final decree in such proceedings shall constitute a permanent injunction against the institution of any action or proceeding in conflict with any such findings or conclusions. It will then be up to the bond attorney to make sure that all constitutional and statutory questions are covered by such findings and conclusions.

I also recommend the enactment of statutes to give cases involving bonds every possible preference on the calendar on the ground of great public interest, both in the lower courts and in the supreme court, and to limit the period for taking an appeal to the shortest possible time. Cutting down the time that a nuisance suit can delay delivery of the bonds will in itself eliminate many such suits and most of the nuisance. As a matter of fact this is probably the real answer to the problem.

* * *

There is one other matter I would like to mention in closing. It can not be written into any legislative act or any indenture. All of us, bankers, consulting engineers, traffic engineers and bond attorneys, and I will also include the members and representatives of the various authorities and commissions issuing the bonds, are under an obligation to the investing public, and if we fail at any time to recognize and to fulfill that obligation, what we are discussing here today may prove to be purely academic.

Chicago Inv. Women Elect New Officers

CHICAGO, Ill. — Investment Women of Chicago (formerly La Salle Street Women) announce the new officers for 1955-1956: Aleta R. Kitchen, Illinois Agricultural Association, President; Agnes C. Burhans, Dean Witter & Company, Vice-President; Mary Barbatosta, Hallgarten & Company, Recording Secretary; Elise Allen, F. S. Moseley & Co., Corresponding Secretary; Ruth Steinke, Central Republic Co., Treasurer.

Aleta R. Kitchen

Joins E. F. Hutton Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—James B. Pratt, Jr., has become affiliated with E. F. Hutton & Company, Board of Trade Building.

With Paine, Webber

(Special to The Financial Chronicle)

CHICAGO, Ill.—Marvin H. W. Derner and Herbert H. Post are now connected with Paine, Webber, Jackson & Curtis, 209 South La Salle Street. Mr. Post was formerly for many years with Doyle, O'Connor & Co.

Two With P lmer, Pollacchi

BOSTON, Mass. — Lennon D. Glavin and William F. Read have joined the staff of Palmer, Pollacchi & Co 4 State Street.

Alfred M. Wolf

Alfred M olf, passed away June 12 fo g a heart attack at the ag For many years Mr. Wol associated with Hallgarte

Public Utility Securities

By OWEN ELY

Public Service Electric & Gas Company

Public Service Electric & Gas, with annual revenues of a quarter of a billion dollars, ranks about fourth in size among the electric-gas utilities. It has paid dividends since 1907 on its common stock, although such dividends were paid to the holding company, Public Service Corporation of New Jersey, until the latter was dissolved in 1948. The company serves a substantial part of the State of New Jersey in a corridor running roughly down the center of the state, which contains most of the larger cities. The 1950 population of the state was 4,835,329, of which nearly three-quarters is served by the company with electricity and/or gas. Approximately 64% of electric operating revenues and 90% of gas operating revenues are derived from residential and commercial sales.

The territory served includes a highly diversified industrial area in which are located chemical, iron and steel, electrical machinery, electronic equipment, food processing, textile, non-ferrous metal, pharmaceutical and other industries as well as various industrial assembly plants. The company is not dependent on any one type of industry for its industrial sales, since industrial sales to its five largest electric consumers aggregate only about $5 million and to its five largest gas consumers less than $1 million.

Revenues are about 70% electric and 30% gas. The company also controls (through practically 100% equity ownership) Public Service Coordinated Transport, with bus revenues of $50 million. The bus company's earnings are not consolidated with those of the parent, except for tax purposes. Transport operates a mass bus passenger transportation system that serves the greater part of New Jersey, and extends into New York City, Philadelphia, and Wilmington. Its buses comprise the largest single fleet operated in mass passenger transportation service in the U. S.

While New Jersey in the past has not been especially noted as a growth area, Public Service's electric revenues gained 77% and gas revenues 114% in the postwar period. Residential kwh sales during that period increased 143% but due to several rate decreases, corresponding revenues were up only 76%. Average residential sales last year were 1,762 kwh. compared with the recent U. S. average of 2,587 so that there is ample opportunity for increased sales through greater use of appliances.

Recently the State of New Jersey has taken on a new industrial "lease of life" in the so-called Industrial Elbow — located on the Jersey side of the Delaware River from Camden to Trenton. Spectacular growth in the Elbow began in December, 1952, with the production of steel at the new Fairless Works of U. S. Steel at Morrisville, Pa., directly across the Delaware. The introduction of this huge steel plant brought high activity in the procuring of plant sites, and a rapid change from rural acreage to residential development. Among the various plants or projects coming into the Elbow are a large ingot mold plant, a big plant to build crates for tinplate, a $5 million plant for steel containers, a compressed gas plant, a $5 million RCA plant, a $2 million hotel-restaurant, a large shopping center, a U. S. Navy laboratory, a big drug plant, etc.

Road building in the Industrial Elbow is growing rapidly, and two bridges (costing $44 million) to span the Delaware are being built. The Elbow is also opening up to large scale residential and commercial development. Some 15,000 acres of rural land have been assembled by several major builders who plan to build 50,000 dwellings; the Levitt development alone, involving 12,000 homes, will mean a city larger than Montclair.

Highway construction throughout the state has made important advances in recent years. In addition to the New Jersey Turnpike, the State has practically completed building the Garden State Parkway between Bergen County and Cape May. Other projects include a third tube for the Lincoln Tunnel, a new roadway between the George Washington Bridge and the New York State Throughway, a connecting bridge between the New Jersey Turnpike and the Pennsylvania Turnpike, etc.

To keep pace with this growth, Public Service is engaged in a $200 million construction program, of which about $90 million will be spent in 1955. A 125,000 kw generator is scheduled for operation this fall and two new units totaling 450,000 kw are scheduled for service in 1957. This will bring generating capacity to 2,516,000 kw or over 2¼ times as much as in 1946.

Capitalization as of Dec. 31, 1954 was approximately as follows:

	Millions	%
Mortgage bonds	$231	40
Debenture bonds	102	14
Total debt	$383	54
Preferred stock	50	7
*$1.40 Div. pref. com. and common stk.	280	39
Total	$713	100

*4,071,753 shares of preference common and 9,864,791 shares of common. The preference stock currently convertible into ⅞ share of common for each share of preference, has preference only as to dividends.

The company expects to raise about $65 million of new capital in 1955, and had planned to sell $25 million preferred stock in January, but due to market conditions this was deferred.

The common stock has been selling recently around 31½ and pays $1.60 to yield about 5.1%. Share earnings were $2.11 in the 12 months ended March 31, making the price-earnings ratio 15.0. These ratios compare quite favorably with the industry averages, especially for the larger utilities. The first quarter of 1955 showed a sharp gain in share earnings (83 cents vs. 72 cents) and a further increase is anticipated in the balance of the year.

With McDonald-Moore

(Special to The Financial Chronicle)

DETROIT, Mich.—John T. Williamson has become connected with McDonald-Moore & Co., Penobscot Building, members of the Detroit and Midwest Stock Exchanges.

Transfers to Minneapolis

(Special to The Financial Chronicle)

MINNEAPOLIS, Minn.—Albert H. Hedding, Jr., is now associated with Merrill Lynch, Pierce, Fenner & Beane in the Minneapolis office, Rand Tower. Mr. Hedding was previously with the Cleveland branch.

Joins H. O. Peet Staff

(Special to The Financial Chronicle)

KANSAS CITY, Mo. — Leslie H. Pihlblad is now with H. O. Peet & Co., 23 West 10th Street, members of the New York and Midwest Stock Exchanges.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

"Open Mouth Operations" appear to be making the rounds again in slightly stronger form, with the latest rumors to the effect that reserve requirements of the commercial banks will be lowered in the near future. According to these rumors, reserves of the deposit banks will be lowered throughout the entire system, with special treatment supposedly being in store for the institutions in the Central Reserve Cities of New York and Chicago. Also rumor has it that there will be an upping of margin requirements before changes will be made to ease the money market.

A thin market with a good tone appears to be marking time wating to see what action will be taken by the monetary authorities in the next few weeks. The longer maturities have been kept buoyant mainly by a spotty pension fund demand and a lessening in selling pressure. The short-term issues continue to be in demand because the desire for liquidity is still very strong.

Market Marking Time

The government market, in spite of the better tone which has been in evidence recently, is waiting for developments which should be coming along in the near future. It is evident that most money market specialists believe the powers that be will be making some changes in policy before too long. It is being pointed out that reserves will have to be made available to the commercial banks in order to finance the coming needs of business and the government.

It is believed in some quarters that there will be a lowering of reserve requirements of the deposit banks, so that these institutions will be in a position to supply funds which will be required to finance seasonal demands of business. The money markets are on the tight side, and the commercial banks are short of funds, which means that the powers that be will have to do something to relieve this situation. Open market operations have been used in the past, but it seems as though something more substantial than that will have to be done this time to make the situation more workable.

3s of 1995 Dominate Long Maturities

The longer end of the government market continues to make a favorable showing in spite of the thinness which is still very evident in this sector of the list. Most commercial banks as well as savings banks and insurance companies are doing practically nothing on the buy side of the market. On the other hand, some of these institutions continue to be sellers of the most distant Treasury maturities in order to get funds which are still being put to work in mortgages and other non-government obligations. This leaves the buying which has been going on mainly to the pension funds, with the public ones much more important than the private ones as far as the longer maturities are concerned. There has likewise been some minor position building in the more distant Treasury bonds by trust accounts, who have also been buyers of corporate bonds.

The 3% of 1995 is still the best acting issue in the bond list even though there has been a tendency in some instances to take profits in this obligation as prices advance. Also, in spite of the opinions that a reopening of this issue would be a way in which the Treasury could raise money to take care of its needs, there seems to be a fairly steady (even though it is not too large) demand for the longest government bond. It is reported that some of the smaller institutional investors aside from pension funds have also been adding to their holdings of this security.

Expect Change in Open Market Operations

Even though it is merely a point of discussion at this time, there are those in the money market who hold the opinion that there will be a change in the method of open market operations by the monetary authorities in the not distant future. Up to now and for quite a long time in the past, the buying and selling which has been done by the Federal Reserve authorities in their additions to or subtraction of credit from the money market has been carried out entirely through the medium of Treasury bills. This has created conditions which have not been too satisfactory. In order to give the entire government market a better share in the operation and at the same time give needed help to different maturities, it is believed in some quarters that certificates, notes and even long-term bonds will be used in "open market" operations in the future.

George Kilmer With S. F. Stock Exch.

SAN FRANCISCO, Calif.—Ronald E. Kaehler, President of the San Francisco Stock Exchange, has announced the addition to the administrative staff of George M. Kilmer, CPA. Mr. Kilmer will be in charge of member firm audits and matters related thereto.

Mr. Kilmer has had a long background in brokerage firm accounting, and has spent the last 15 years as staff member of certified public accounting firms specializing in brokerage audits.

S. W. Netherwood, Treasurer of the Exchange, formerly in charge of this department, will assume additional administrative responsibilities and in addition will supervise work in the statistical department.

Wood, Struthers Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Gardner R. Benson is now with Wood, Struthers & Co., 19 Congress St.

With Slayton & Co.

(Special to The Financial Chronicle)

ST. LOUIS, Mo. — Joseph J. Warnick is now associated with Slayton & Company, Inc., 408 Olive Street.

James Spooner Opens

(Special to The Financial Chronicle)

ARDEN, N. C. — James C. Spooner is engaging in a securities business from offices here, specializing in mutual funds and over-the-counter securities. Mr. Spooner was formerly with Goodbody & Co. in Florida.

Continued from first page

Business and Economic Outlook

have short memories! The record of forecasting, while improving, is none too good.

In fact, when I came to Washington 12 years ago, I observed this process of business and economic appraisal and discovered the "glandular theory" of business forecasting. Forecasters, it is clear, tend to project whatever trends are current and they consult their glands. If they are pessimists by nature, they see uncertainty, dark clouds and trouble. If they are optimists by nature they predict a rosy future. So, you need to know your forecaster, just as you need to know your psychoanalyst.

Father Valentine Long, in discussing the plight of the psychoanalyst, put it this way:

"This is the age of the analyst's couch—with that expert on the hidden regions of the mind sitting by, out of view, taking down notes. It is a process more often than not doomed to failure. This psychoanalyst must catch whatever clues he can from the recumbent who, under his professional goading or coaxing, lets go an uninhibited spate of chatter. It is his business to find meaning in this jumble of revelations; but sometimes his patient gets *him* as much mixed up as she is."

The Businessman Must Forecast

In spite of the enormous pitfalls and hazards of forecasting, the business executive, nevertheless, must forecast. Even if he has little faith in forecasting, he is constantly engaging in an art which he may claim to be of dubious merit.

Policy-making always deals with the future. Business policy decisions may concern:

(a) Plant, warehouse or store expansion;
(b) Location of facilities;
(c) Product-mix (short-run);
(d) Product or line diversification;
(e) Advertising programs and outlays and sales effort;
(f) Price policy in general, by-product, or item;
(g) Inventory accumulation *vs.* reduction;
(h) Procurement and credit policies;
(i) Financial policy (liquidity, working capital, debt *vs.* equity);
(j) Timing and amount of wage rate changes;
(k) Re-equipment, replacement, automation;
(l) Research, new product development and promotion.

Innumerable decisions must be made on these and a host of other issues. Each is an exercise in forecasting. However risky forecasting may be and however feeble the art of forecasting, the businessman is inherently engaged in daily forecasts. This explains the popularity of forecasting sessions at trade and other business meetings.

How to translate forecasts which appear to be valid, into concrete policy is a major task for the executive—a task on which additional light is needed. The Chamber of Commerce of the U. S. A. published a short pamphlet, "Business and Economic Forecasting," designed to enable the business executive "to do it yourself."

Your individual business depends upon your own energy and alertness to a large extent, but if the entire economy is prosperous this is the best assurance for your own prosperity. That is why you need to be concerned with overall policy.

Concurrent Contractive and Expansionist Forces

It is always fairly easy to identify *concurrent* contractive and expansionist forces in operation. During the present prosperity, the textile industry is far from universally prosperous. Agricultural income is still declining.

On the other hand, the automobile, steel, construction and many related industries are experiencing booms at either unprecedented levels or close to all-time highs.

To forecast properly, it is necessary to identify and evaluate, with a minimum of error, these concurrent contractive and expansionist forces. Furthermore, as a precaution, the *search* for *new factors* and forces, for *surprises* and the *unexpected,* needs to be continuous.

It is not surprising that economists and businessmen look at the future with a good deal of caution and uncertainty.

Recently, similar confusion occurred before the Joint Congressional Committee on the President's Economic Report during hearings in Washington. One of our humorist columnists, Fred Othman, after listening a while, said:

"We have the economists in our hair again and nobody knows from nothing, not even the economists, in my opinion, although they will not admit it."

He pointed out how these economists disagreed. The only bright light he saw was a lady witness who was dressed in red, including a hat to match—the Acting Commissioner of the Bureau of Labor Statistics. She had pretty charts with red and green snakes and mountain peaks and streaks of lightning showing that 7 million more people are at work today than several years ago.

Stanley Ruttenberg of the CIO testified that he didn't believe there was any improvement in the economy. He still wants us to believe we are in a depression.

Martin Gainsbrugh of the National Industrial Conference Board said that the President's last Economic Report was the best that was ever produced since the Act was passed. In response, Leon Keyserling, Truman's top economic adviser, who wrote Truman's economic reports, said that if this last report was the best, then he surely would have to apologize for the job he did!

Keyserling went on to say that he thought we were in a long-term trend of chronic unemployment. The New York "Times" index doesn't seem to agree. You need to know your forecaster!

Prentice-Hall recently put out a bulletin, saying:

"It is becoming crystal clear that serious depressions have been abolished in the United States by popular vote."

Elliott Bell, the editor of "Business Week," said:

"If bad guessing were an indictable offense, the jails would be full of economists."

Marilyn Monroe said:

"After nearly a year of marriage, I still don't know anything about baseball."

This is evidence that we learn slowly.

And the London "Economist" said that forecasting, which I am supposed to do right now:

"Is not a reliable science; it lies somewhere in the intriguing borderland between a pure hunch and a lowgrade skill."

While members of the permanent Civil Service in the national government generally adhere rigorously to facts and reasonable projections, politicians inevitably are in the forecasting business. The United States Treasury, the Bureau of the Budget and many other government agencies must make estimates of revenue, expenditure, demands for services, shifts in prices and other costs.

The politician adds to the confusion. Spokesmen for the party in power at any time must keep on talking optimistically, regardless of current developments. The ardent politician of the opposition party may not be able to keep a note of triumph out of his gloomy predictions.

Are There Vulnerable Spots?

It is difficult to identify any serious dark clouds in the business horizon, although the labor situation is not clear. Employment is rising and unemployment is falling in spite of the growing labor force. Because of the possibility of the spread of the guaranteed annual wage and strikes accompanying these demands, there is some inventory building going on. No one wants to be caught short. Many employers who normally would add more men to their payrolls are shifting to more overtime so as to reduce any liability under the GAW. In Michigan, recently, the average work week in manufacturing reached 45 hours. This might be called the Reuther-effect.

Steel production a year ago stood at about 70% of capacity. But it has recently been running from 95% to 97%. And latest steel production forecasts estimate a continuation of this high level.

Electric power production, a good indicator of total economic activity, is running 12 to 15% ahead of last year. The index of industrial production, published by the Federal Reserve System, for April reached 137, within one point of the record March, 1953 level.

Exports and imports show some moderate improvement. Paper board, another good barometer, is up 10 to 12% above a year ago.

Automobile production and sales in the first quarter of this year set an all-time record. While some people believe that the Spring seasonal peak was pulled into the Winter by early introduction of greatly improved new models and various promotion activities, others believe that the automobile industry has done such an excellent job of product improvement that all year-end forecasts will turn out to be obsolete and that the industry will have a highly prosperous year. There will, of course, be some decline in the second half of the year relative to the first half.

Construction

Construction—new, modernization and maintenance—represent more than 15% of our economy. When the construction industry is strong—as today—the entire economy is likely to be strong and growing.

Outlays for new construction rose seasonally in April to a new high for the month of $3.2 billion, and reached a record total of $11.6 billion for the first four months of the year. During April, construction expenditures, after allowance for seasonal changes, had risen to the *unprecedented* annual rate of nearly $41⅔ billion. This compares with actual outlays of $37.2 billion in 1954.

Activity thus far in 1955 was at a new peak for private residential buildings, commercial buildings, school (private and public), churches, sewer and water facilities, public utilities, and highways. Commercial building also set a new monthly record in April.

Increases during April were about seasonal for most major types of construction. However, private industrial building, which has shown a spring decline in recent years, remained steady. Construction of military facilities rose less than usual for the time of year.

Comparing the record volume for January-April, 1955 with that for the first four months of 1954, private expenditures ($8.6 billion) were 21% higher, but public outlays ($3.0 billion) were 3% lower. Increased spending by state and local governments was not great enough to offset decreased Federal spending.

The greatest dollar gain over 1954, when the first four months are compared, was in private residential building. The $4.6 billion of new residential building put in place during the period January-April, 1955, represents a seasonally adjusted annual rate of $16 billion, as against $12 billion for the first four months of 1954, when the current housing boom had not yet started. By the final quarter of 1954 the annual rate had not quite reached $15 billion, and actual expenditures during the entire year totaled about $13½ billion.

Most of the major construction categories showed an advance this year over last, when the January-April period is compared. Exceptions were farm and railroad construction, public industrial building, public housing, and conservation and development work.

Housing starts have been running at 1.4 million a year—seasonally adjusted. During the first three months of this year they were 25% above a year ago.

In a few places, residential construction may have proceeded too rapidly. Government authorities are tightening credit and financial arrangements on a selective basis on the assumption that the easy credit may over-stimulate construction and force up costs and prices to a level that cannot be maintained.

In a few instances, housing vacancies are causing rents to soften. This creates a dampening effect on new house construction. In general, vacancies and foreclosures are rising moderately and the value of existing housing is declining slightly, thereby reducing the "trade-in value" of older houses. While none of these signals has reached the danger point, they are worth watching. Loose and irresponsible credit policy can pave the way for collapse. It would be better to build around a million new homes *year-after year,* than to build greatly in excess of that for a few years, and later suffer a violent contraction as happened in the early 1930's. In the whole of 1933 only 93,000 new homes were built.

The rate of family formation has been declining because of the low birthrate 20 years. But the rate of household formation has held up somewhat better, but is only about half the current housing starts rate.

But the demand for new housing is not strictly a function of new family or household formation, as is too often assumed. Demolition of old houses provides some demand, and the rate of demolition is rising. Larger family trend requires more space. In addition, the number of families with incomes of $4,000 or more per year is increasing at a rate of over 1 million per year. These are the families that generally are in the market for new housing. In other words, we might well build at least 1,000,000 new houses per year, year after year, without adverse effect, but, perhaps, not much more than that.

New plant and equipment construction is another large component of our economy and therefore a key factor in the outlook. Expenditures have been declining every quarter for about a year-and-a-half and were expected to decline moderately throughout this year.

Now, however, these expenditures have begun to turn up. The Department of Commerce projects a 1% increase over last year and others believe that the increase will grow.

The Machinery and Allied Products Institute releases a projection for the next ten years showing a large market. (See table.)

Plant and Equipment With High Stock Growth Rates

Year	Total	Expansion	Replacement
		(Billion $)	
1955	31.10	16.59	14.51
1956	32.75	17.37	15.38
1957	34.69	18.34	16.35
1958	36.33	19.33	17.00
1959	38.13	20.36	17.77
1960	39.99	21.44	18.55
1961	41.53	22.21	19.32
1962	43.13	23.01	20.12
1963	44.75	23.83	20.92
1964	46.40	24.68	21.72
1965	48.10	25.57	22.53

With the fabulous investment in new plant and equipment since the end of the war, this projection (not a prediction) should add a note of confidence for the long-run future. Competition, rising wage rates so far as you can see ahead, the threat of the guaranteed wage, new improved machinery and automation may help to maintain a high rate of these expenditures. If this turns out to be right, it will mean that in 1965 the investment in new plant and equipment may be some 55% above 1955, thereby providing more employment and greater productive capacity for our growing population with a rising scale of living for all. This would be a serious blow to the "mature economy" thinkers and the "stagnation theorists."

There is enough in the works now to assure a high level of construction throughout the year and into 1956. But there will be local shifts and even occasional soft spots. Continuous appraisals are always a safety measure.

Consumers and Retail Sales

In the absence of some scare, consumers can generally be expected to spend their incomes promptly. Disposable income, that is income after taxes, showed remarkable stability during the 1953-54 recession and in the first quarter of 1955 rose to a record $260.5 billion — $8 billion above the first quarter of 1954.

With the rising employment and expanding incomes, most retail sales and service enterprises should do well throughout 1955. A year ago 43% of consumers expected good times ahead in contrast to 59% recently, according to the Federal Reserve Board survey.

A higher percentage reported their financial position would be slightly better than a year ago. Last year 29% of them expected their position to improve. Recently nearly a third more were in this happy frame of mind.

As a consequence, nearly 50% more are planning to buy new houses than a year ago. Expenditures for home repairs, furniture, and major appliances are also expected to be up. While they reported that they expected to buy somewhat fewer automobiles this year than a year ago (contrary to their behavior so far), they expect to buy more used cars. But they expect to spend somewhat more for new and used cars than a year ago.

In short, the consumer is ready and eager to spend his income and even add a little to his debts—overspend his income.

The main task of the business executive is to gear his product line and price policy to changing consumer needs and demands. Human wants are unlimited.

Economic Indicators

The National Bureau of Economic Research has devoted nearly 40 years to business cycle research. Several years ago it developed a set of eight economic barometers which tend to lead in the economic parade. Last year most of these eight barometers were pointing down. Today nearly all of them are pointing up. The Bureau found that when an average trend among these eight is established for three months or longer that signifies a turn of events. The average up-turn now exceeds three months. This is a favorable omen.

Down-Trend Reversed

The 1953-54 recession consisted mostly of three down-trends—(1) decline in military expenditures, (2) decline in inventories, and (3) a decline in plant and equipment expenditures. All of these down-trends have now been arrested.

Military expenditures are expected to remain fairly stable for the months and possibly the years ahead—barring an outbreak of war or a more certain evidence of peace. This will mean that the national government will be in the market for some $35 billion of goods and services. In spite of the heavy tax load involved, this "big industry" will have a stabilizing influence.

There are growing signs, as pointed out, that plant and equipment expenditure declines have bottomed and are now beginning to rise again.

During the recent recession we were consuming more than we were producing. We were using inventories, particularly in the hands of the manufacturers—in some instances in the wholesale and retail business. This meant layoffs and unemployment. We are now experiencing some build-up of inventories—another favorable factor. But bankers can do something to discourage reckless inventory accumulation.

Coupled with this recovery, bank loans are higher for this time of year than would normally be expected. They stand at $5 billion above a year ago. This helps to expand the money supply, a factor which many economists regard as a prerequisite to sustained prosperity in a growing, dynamic economy experiencing rising productivity.

The national government budget is still unbalanced. This means that the U. S. Treasury will pay out more money to all of us put together than it takes from us. And while most of us would like to see a balanced budget and perhaps even a surplus to pay off some of the debt, deficit spending is a stimulative factor in the short-run.

For this fiscal year, the cash budget is likely to be roughly in balance, but in the last half of the year the U. S. Treasury will be in the market for some $10 billion of new money. This deficit can be financed in a way which will help to increase the money supply.

Under the sound money policy the threefold objective is to maintain an expanding, prosperous economy with a reasonably stable price level.

In only a few years of our history have we had *prosperity, growth*, and *price stability* — all combined at the same time. But by-and-large this set of three objectives has been attained with remarkable success in the last several years in spite of the inevitable post-Korean war boom readjustment. Consumer and wholesale prices have been stable as indicated by the accompanying table:

Prices

	Consumer	Wholesale
1952	113.5	111.6
1953	114.4	110.1
1954	114.8	110.3
1955	114.3 (March)	110.4 (May 10)

The Growth of Debt

Another factor regarded as ominous by some people is the growth of private and public debt since 1929. Total debt including bank deposits (bankers' debts) amounts to about a trillion dollars—$1,000 billion. Excluding debts of financial institutions our total debt is in the neighborhood of $700 billion. Private and public debt increased from about $214 billion in 1929 to the current figure of $700 billion. The 1929 total debt was 244% of our national income and depression followed.

Today it stands at nearly the same figure, perhaps 230% of the national income. Our debt pattern differs remarkably, however, from that of prewar and predepression. Public debt increased from $35 billion in 1929 to around $330 billion at present, or from 40% of our national income to about 110%. As a portion of our gross national product, state and local government debt has been cut in half.

In 1929 *private* debt was 204% of our national income but today it stands at only 120% of national income. Corporate debt has declined from 122% to 70%, and individual and non-corporate debt dropped from 82% to about 50% of our national income.

While consumer debt stands at an all-time high both in dollars and relative to incomes, most of this debt is owed by the families having the greatest earning power.

Mortgage debt is a large element of total private individual debt—about $75 billion. This increased $8 billion in 1953 and $9 billion last year and will probably increase $10 billion this year.

Can these rates of debt expansion continue? Unfortunately, in one sense prosperity always rests on debt-creation. If some save, the only substantial way in which these savings can be put to use and earn a return is for others to go into debt by borrowing the savings. Credit, debt and savings are much the same thing, looked at in different ways.

In Denmark, the average man first buys a house of his own at the ripe age of about 55. The average French housewife would never think of buying a stove or refrigerator except for cash. In France and throughout Europe, going into debt is regarded as unwise, immoral or uneconomic. Where would you rather have your children grow up? In Europe or America?

Debt can cause trouble. Small defaults can be absorbed without starting a deflation spiral. But with a heavy debt structure, recession and unemployment could cause a spiraling and cumulative mushrooming of defaults. For this reason the maintenance of prosperity through sound fiscal and monetary policies is of the highest importance. And while the primary responsibility for wise use of credit rests with the Federal Reserve System, the local banker also plays a key role by discriminative extension of credit.

Are We Depression-Proof?

Because the recessions in 1949 and in the past two years were so mild, more people are asking whether we are depression-proof. The answer is now and probably always will be, NO. Yet we have made enormous progress in understanding the anatomy of the business cycle. It is fair to say that a repetition of 1929 is improbable, unless we take complete leave of our wits—which could be.

The business cycle is primarily, but not wholly, a monetary phenomenon. Excessive booms are fed by over-easy money and credit. Depressions are associated with a shortage of money and credit. In the 1929 crash we lost nearly one-third of our money supply through the extinguishment of demand deposits — deposits which are created when your bank makes you a loan. If a bank calls its loans, or fails to replace those which come due, checkbook money declines. A declining money supply brings downward pressure on prices, on profits, on expenditures. It forces businessmen to scramble for cash by postponing purchases and by converting inventories into cash.

Excesses Can Be Avoided

With our better understanding of the anatomy of the business cycle and of money and credit and the courage and willingness to maintain sound monetary and fiscal policy, we can avoid excessive booms and serious deflation.

The Employment Act of 1946 puts a responsibility on government to help maintain prosperity. Considering its size and the potency of fiscal and monetary policy, this is an appropriate responsibility, if properly exercised. But it raises problems. The politician is necessary, but he's our problem child. The slightest decline in economic activity sparks the politician into talk and criticism. Unless the party in power keeps on booming the boom, its critics will not remain silent. This means that appropriate restraint, in time of deflation threats in money, credit, in lending and in government credit guaranteeing programs, is difficult to maintain.

For this reason meetings of this type are very important. The businessman who knows the danger of allowing costs to get out of line and of inflating the wage or price structure must make his voice heard. Sound money and fiscal policy must be encouraged by appropriate side-tracking of trouble-making politicians and others with such relatively harmless pursuits as taking pity on White House lawn squirrels. As the "Wall Street Journal" remarked on the recent situation:

"It seems to us that they were not very smart squirrels. Otherwise, they would have gone where the nuts were."

The large tax cuts of nearly $7 billion last year plus the disincentives removed by the thorough revision of the Internal Revenue Code contributed greatly to overcome the recessionary trends. We are still benefiting from them.

The built-in stabilizers, or cushions or snubbers, such as unemployment compensation and pensions, helped to maintain confidence and markets.

The growth in population plus the three large population shifts—from farm to city, from city to suburbs, and the special growth of population in a great U-shaped curve beginning on the West Coast, the Southwest, the Gulf States and in many states up the Atlantic Coast—all these movements invigorated growth factors and helped to mitigate the recession.

Most of these factors are still on the plus side for the years ahead. In 1956 a further tax cut will help to project the current boom.

Thus the business outlook is favorable. If we don't overboom the boom it is within our power to have high level prosperity for years to come. There will be trouble spots. There will be surprises — and they won't all be pleasant. The future is uncertain and never completely foreseeable. Eternal vigilance is called for.

Lest we get too melancholy, let me quote from the preface of H. L. Mencken's book ("A Mencken Chrestomathy"):

"Those who explore the ensuing pages will find them marked by a certain ribaldry, even when they discuss topics commonly regarded as grave. I do not apologize for this, for life in the Republic has always seemed to me far more comic than serious. We live in a land of abounding quackeries, and if we do not learn how to laugh we succumb to the melancholy disease which afflicts the race of viewers-with-alarm. I have had too good a time of it in this world to go down that chute. I have witnessed, in my day, the discovery, enthronement and subsequent collapse of a vast army of uplifters and worldsavers, and am firmly convinced that all of them were mountebanks. We produce such mountebanks in greater number than any other country, and they climb to heights seldom equalled elsewhere. Nevertheless, we survive, and not only survive but also flourish. In no other country known to me is life as safe and agreeable, taking one day with another, as it is in These States. Even in a great depression few, if any, starve, and even in a great war the number who suffer by it is vastly surpassed by the number who fatten on it and enjoy it. Thus my view of my country is predominantly tolerant and amiable."

Then Mencken expressed some skepticism about democracy and said:

"But I am perfectly willing to admit that it provides the only really amusing form of government ever endured by mankind."

When the outlook gets too gloomy or too ponderous, let us try to maintain the optimism of Mencken, the pessimist!

Railroad Securities

Another Step in Missouri Pacific Reorganization

Speculative issues took the center of the stage the middle of last week with such stocks as Baltimore & Ohio, St. Paul, New York Central, and Pennsylvania prominent volumewise on the up side as better grade issues sagged moderately on a broad front. As this activity failed to rally other sections of the general list, and as rumors circulated that another boost in margin requirements was imminent, the speculative stocks also succumbed to pressure and the whole list worked lower at the end of the week. Special situations such as Missouri-Kansas-Texas and Missouri Pacific, with respect to both of which important reorganization developments are expected some time during the summer, continued to attract considerable attention and in both instances are preferred stocks pushed aggressively into new high ground during the week.

The deadline for voting on the proposed reorganization plan for Missouri Pacific security holders was June 9. There appears to be no question but that an overwhelm majority of each class of security entitled to vote (there are 13 classes) has approved the plan in the balloting and these results should be certified to the Interstate Commerce Commission by mid-summer at the latest. Final confirmation of the plan by the District Court should follow shortly thereafter. It is true that there is now pending in the Circuit Court of Appeals an action in opposition to the treatment according the Secured 5¼s but this is on behalf of a minority group. A majority of the holders of that issue have expressed their satisfaction with the treatment proposed. It is possible that this suit may cause some minor delay in the proceedings but those close to the situation are confident that this 22-year bankruptcy will finally be lifted, and the new securities distributed, before another 12 months rolls around.

Under the proposed plan of reorganization the present preferred is to receive, with respect to each share outstanding, 2.645 shares of Class "A" stock of the new company. This stock will have preference as to dividends of $5.00 a share and will be limited to that amount in any one year. The dividend will not be cumulative. There will be 1,917,558 shares outstanding (virtually all of it will go to holders of the old preferred) and the stock will have equal voting power, share for share, with the 40,657 shares of Class "B" stock to be issued. In effect, then, the present preferred will eventually work out to have voting control of this large property. It will be a small tail wagging a large dog, with $195,821,535 stated value of stocks (both classes taken at $100 a share) and a senior capitalization (all represented by debt) of approximately $613 million.

Analysts attribute a large part of the recent strength in the old preferred and the when-issued Class "A" new stock to this potential control factor rather than to any demonstrated earning power or dividend paying ability of the new stock. Aside from heavy annual interest charges there are large sinking funds and an Additions & Betterment fund having a claim prior to that of the Class "A" stock on earnings. During the first four years (1955-1958, inclusive) this latter will be particularly onerous, amounting to $11 million annually, less charges for depreciation of roadway property. The net charge will come to approximately $7 million. For the 12 months through April 1955 combined earnings of the system properties came to $4,063,000 after charges and after providing for all of the funds, but before any provision for Federal income taxes. This works to $2.12 per share on the Class "B" stock. Including Federal income tax credits actually accrued during that period the earnings would be increased to $2.79 a share, still well below the level necessary to cover the preferential $5.00 dividend.

Julius A. Rippel Off For Class Reunion

Julius A. Rippel, President of Julius A. Rippel, Inc., Newark, N. J., is attending the reunion of the Class of 1923 at Dartmouth College, Hanover, New Hampshire, June 15th-19th.

Joins Orvis Bros.

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—Bernard B. Vinson, Jr., is now affiliated with Orvis Brothers & Co. of New York City.

Zilka, Smither Adds

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Ore. — Frank L. Galise is now with Zilka, Smither & Co., Inc., 813 Southwest Alder Street.

Joins Westheimer Co.

(Special to THE FINANCIAL CHRONICLE)

WHEELING, W. Va.—Earl H. Steiniger is now associated with Westheimer & Company, Hotel McLure. Mr. Steiniger was previously with Bache & Co.

Scherck, Richter Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — John M. O'Neil is now with Scherck, Richter Company, 320 North Fourth Street, members of the Midwest Stock Exchange.

With State Bond & Mtg.

(Special to THE FINANCIAL CHRONICLE)

SEDALIA, Mo. — James C. Leeders is now affiliated with State Bond and Mortgage Company.

Bache Adds To Staff

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Elihu G. Grossman is now with Bache & Co., National City East Sixth Building.

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The Road Ahead for Banking

er even than this—that the potential expansion in industry, commerce and agriculture might make even heavier demands on us. It is not unreasonable to anticipate, for example, a total of loans on the order of $125 billion in the highly productive economy of 1965.

Planning Needed

Suppose this were to be the case—that our loans did rise to $125 billion ten years hence. Will we possess the capital and the manpower intelligently to handle loans in such volume? We certainly will not unless we do some careful planning in anticipation of such growth. As a matter of fact, we have a terrific job even to prepare ourselves for a rise of loans to $100 billion.

Take a look first at the capital position of banks in relation to loans. Today loans on the average are about five times capital, and in many instances the ratio is even less favorable. This compares with a ratio of three times at the end of the war and a typical ratio of 4½ times in the '20s. Obviously bank capital is none too adequate even with the loan volume of today. Yet if loans were to expand to $100 billion, and banks only maintained their current ratio, capital would have to increase by $5.7 billion, or about 40%.

And if loans were to increase to the larger figure of $125 billion, the necessary advance in capital would be almost 75%.

These are huge figures indeed. They fully match the $5.7 billion increase in capital since the end of the war. I mention them in order to give some conception of the general dimensions of the capital problem that confronts us in the years ahead. In an expanding economy this problem should not be too difficult to solve with proper planning. But of a more serious challenge to me is the development of our other principal resource — namely, capable manpower. There already is a shortage of executives and trained lending officers to guide our banks. Yet with further growth looming ahead, and with bank lending growing ever more complicated, our need for outstanding men will become more urgent than ever. It is the first responsibility of management to provide for its succession, but today we must go further and plan for the larger job that confronts us. Recognizing our present shortage, I feel we would be failing in our trust if we did not plan now for at least a 50% increased in trained bankers by 1965.

Attracting Young Men

How do we accomplish this? It can only be done if we compete aggressively with other business for the best in the graduating classes. We must be willing to pay our young men as much or more than industry or leading local firms and we must hold open the channels of promotion so that these young men can move ahead just as fast as they could on the managerial side of industry or commerce. Ours is an expanding business — with rising earnings and expanding organizational needs. This presents the greatest opportunity possible for those who would be the leaders of tomorrow.

It is our job to get this idea across to the young men of America, to bring in the best of them now and begin their training, for tomorrow may be too late. This means a change in thinking for some, but it can be done, and actually is being done by some banks today.

Now let us look a bit more closely at the shape of the expansion which our banks are likely to be required to undertake. It seems to me that there are two broad fields in which our loans are apt to grow most rapidly in the decade ahead. These are loans to industry and commerce, and personal loans to individuals. This is not to say that credit for real estate, agriculture and securities will not increase. It will. For example, the process of farm mechanization most certainly will move forward as new and improved equipment becomes available. You men know far better than I how each new machine costs more than the old. Nevertheless, the size of the loan advance in certain of these fields is apt to be relatively less than in the areas of business and personal finance.

Need for Credit Supply

Our biggest job in the period ahead will continue to be to supply credit for commerce and industry. If we don't fulfill the needs that arise in this area, someone else will, and the main spark of the free enterprise system will be dimmed proportionately. This task promises to absorb all the energy, imagination and resources we can muster. Already in the postwar period we have made tremendous gains in this area. In 1945 commercial and industrial loans amounted to a little more than $9 billion or less than 7% of deposits. There were those who looked back over the steady downtrend of the '30s and forecast a bleak future for this time-honored activity. But such Jeremiahs were not bankers. If they had been, they would have known better. By analyzing the specific needs of our customers and proving flexible enough to meet them, commercial and industrial loans have increased three-fold to $27 billion.

It is no accident that business has turned more and more to banks for its needs in the postwar period. Banks today are ever striving to assist the new, help the old, and develop a broader range of techniques in the lending field. We are working together in this area as never before. Speaking only from the experience of my own bank, we are receiving today the largest flow of requests for assistance from our correspondent banks in our history, and we welcome it. There is no question but that our great system of commercial banks is functioning as never before. Indeed, because of the job we are capable of doing, and because of high corporate and personal taxes, it is not impossible that business loans could double in the decade ahead. This could carry them to more than $50 billion in 1965.

Now some of you may say this is visionary indeed. Yet I wonder if it is. Certainly the need for a great volume of new funds will be with us constantly. Never before have we lived in an age when obsolescence has been more rapid—induced by a record pace of technological change. And such change, as it occurs, usually involves increasing amounts of capital expenditure. We have only to consider the trend toward automation; the vast funds required for atomic energy developments; and then of course the fantastic complexity of the processes for producing modern weapons for defense. Even our old friends, the automobile producers, are getting set for a new revolution—one that will involve the replacement of the present internal combusion engine by the gas turbine.

As this happens, its impact will be felt in all related quarters of the economy—from petroleum refining to the corner garage and filling station.

The Tax Impact

Nor must we forget that in the financing of this process the high tax rate which now prevails encourage borrowing instead of the issuance of additional capital. This was dramatically illustrated recently by Ben Fairless in his testimony before the Fulbright Committee on the stock market. He pointed out that in 1954 when U. S. Steel raised an additional $300 million, they had a choice between equity and debt financing. At that time U. S. Steel was yielding 6% at the market, and the corporation would have to count on paying in dividends $6 for every $100 of new stock issued. But with the corporate tax rates as they are, the corporation would have been required to earn approximately $13 on each $100 of new stock in order to pay both taxes and the $6 dividend. As it was, they chose to issue debentures and raised the money at an average rate of $2.6% or about *one-fifth* the cost of equity capital. This tremendous cost advantage in financing by debt, whether the business be large or small, is one reason why I am confident that banks will be called upon to expand their loans to industry substantially over the next decade.

I might add that Mr. Fairless also presented some very interesting estimates of plant and equipment needs of the steel industry—some that are indicative of what lies ahead for all business. He pointed out that in the next 25 years our steel capacity of 125 million tons must virtually be replaced, and at cost substantially higher than current book value.

At the same time due to expanding population, rising income and the like, he foresees the need for an additional 65 million tons of capacity. All of this, he estimates, will cause the steel industry to require a huge and steady stream of new funds from outside the industry.

I could go on and cite other illustrations of large industrial needs in the future. The small businessman has an even greater problem than the large. And the needs are not only confined to manufactureres or processors. The farmer and the distributor — all are on the move toward further mechanization. Surely, among other consequences, these needs foretell the possibility of great growth in our business loans. Nor do I believe that this growth is limited to banks in the larger cities. The process of decentralization of the nation's industry and population is continuing at a fast pace. Each year more than 1,200,000 of our people move out of the cities to the suburbs and smaller towns. New shopping centers are needed; new service facilities spring up. And all this requires help from banks. If anything, I should think the relative gain in loans for business would be greater in small communities than in the large ones over the years ahead.

Increased Credit to Individuals

One of the great advances in lending during recent years has been the extension of credit to the individual, on a monthly repayment basis, for use in developing a small business. In bank statistics such credit often falls under the heading of "loans to individuals," and it undoubtedly has played an important part in the tremendous upsurge in this category during recent years. Moreover, I would expect lending of this type to gain further impetus as the process of migration and decentralization of industry and population unfolds.

But perhaps of even importance to the increase of personal loans has been the spread of sales financing provided by banks. This has been responsible for a good share of the advance in the personal loan category to a record $15 billion. Here is another area to which we may rightly look for further expansion on a substantial scale. Each year, as incomes grow, consumers devote a larger share to the automobiles, TV sets and other appliances that make for better living. Yet with tax rates as they are, most families find it difficult to save in order to buy these outright. There is no question but that sales financing performs a most essential service in the economy of the Mid-Twentieth century, and it is proper that we increase materially our loans in this important field.

In looking ahead this way, it would be foolish indeed to ignore the many obstacles that stand between us and the maximum use of the resources we can command. I need hardly mention the growing competition that we encounter from other lenders. We certainly cannot expect this to diminish. We believe in competition, providing no segment is given an undue advantage tax wise or otherwise by law. On the other hand, it's no secret that some bankers still are living in the past and are failing to make a truly aggressive effort to take proper care of the credit needs of their communities. We cannot reach our goal if such habits persist, even though they are the rare exception. It will require the best efforts of all banks everywhere. And we shall need all the imagination and ingenuity we can muster in designing lending policies to meet the changing demands of the future.

In addition, of course, we must expect to be confronted with dips in the business curve which are bound to occur. As a matter of fact, I believe we may experience setbacks in the decade ahead that are more severe than those of 1949 or 1954. That is one of the prices we pay for an economy that is free of the straitjacket of rigid government control. Fortunately, experience teaches us that beyond each of these stretches of readjustment lies a new period of progress.

But why peer into the future when admittedly it can never be seen clearly? In my judgment it is most important that we do so in order that our bankers can be prepared to give maximum help to our nation and our people. Our banks certainly have done a magnificent job to date. But we must recognize that the growth of the economy since 1945 may be more than matched in the decade ahead. In these circumstances the future of banking cannot be left to an uncharted course. We need to plan for the future—plan to see that our capital and reserves are fully adequate, and that we possess and organizational structure with the depth, training and ability to meet the needs of tomorrow.

The Priceless Assets

In all of this we start with priceless assets—a group of able and devoted bankers. They are the seed corn from which our larger and stronger organizations will grow. And with the expanding business that confronts us, we should have no difficulty in attracting additional capital where needed, as well as the very best manpower available. The truth is that American banks not only face a great future, but they hold a position of great trust, for free enterprise cannot long endure without a healthy system of commercial banking.

It is significant that the countries which have moved ahead most rapidly since the war have had the benefit of free, competitive banking. Our own nation has been in the forefront of these. I have the faith that America will continue to lead the way for the free world in the years ahead—standing both as a bulwark of freedom and as a living example of what can be done to create a good life for the individual. And in this process our banks will play a vital part—helping both the new and the old as we move toward an even more prosperous future.

Pioneer Natural Gas Common Stock Offered

One of the major secondary offerings of common stocks to date this year is being made today (June 16) by an investment banking group headed by Union Securities Corp. The group is offering 776,066 shares of common stock of Pioneer Natural Gas Co. at $28.25 a share, representing an aggregate of $21,923,864.

The offering does not represent new financing by Pioneer, the shares having been purchased principally from Sinclair Oil Corp. last July by a syndicate of investment banking firms. The sale today is being made for the account of the syndicate.

Pioneer was organized in Texas in 1906 under the name of Amarillo Gas Company. The present name was adopted in 1953. Pioneer is an integrated public utility engaged in the production, transmission and distribution of natural gas in the Panhandle area of Texas. It serves the Cities of Aramrillo, Lubbock, Midland, Odessa, Plainview and 54 other West Texas and Texas Panhandle towns; Clayton, N. M.; and the rural areas traversed by its transmission lines. The service area includes an urban population estimated at 500,000 persons and covers all or part of 30 counties, comprising a territory of some 300 miles north and south by 100 miles east and west.

Consolidated operating revenues during 1954 totaled $12,206,000. Net income amounted to $2,492,000, equal to $1.71 a share on the 1,455,514 shares of common stock now outstanding. On June 15, 1955 a dividend of 33 cents a share was paid on the common stock. A total of $1 a share was paid in dividends during all of 1954.

Aquafilter Common Stock at $2 a Share

Vickers Brothers is offering 150,000 shares of Aquafilter Corporation common stock at a price of $2 per share.

Net proceeds from the sale of the common stock will be used by the company for the purchase of tools, dies and jigs for the manufacture of parts; for the purchase of inventory; for advertising and promotion and for working capital.

Aquafilter Corporation has acquired the "Aquafilter" tobacco smoke filtering device and the other assets of United States Filter Products Corp. This Aquafilter device has been marketed thus far as a filtering holder for cigarettes. Aquafilter Corporation proposes to expand the sales area of the Aquafilter device as rapidly as possible by regional distributorship arrangements and other practicable means. Management also proposes to continue the practice followed by Filter Products of having others manufacture and assemble Aquafilter devices.

Upon completion of the current financing, outstanding capitalization of Aquafilter Corporation will consist of 614,503 shares of common stock.

With Link Gorman Peck

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Tillie L. Wormley has joined the staff of Link, Gorman, Peck & Co., 208 South La Salle Street.

Smith, Barney Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Edward A. Kuhn has become associated with Smith, Barney & Co., 39 South La Salle Street.

Continued from first page

Some More Comments on the Guaranteed Annual Wage

work, thereby cutting the number of people employed. I doubt if any company can get away from these three alternatives, but it does not mean that they could not pay an annual wage.

I do not believe that I should draw an annual wage from my company and get unemployment insurance at the same time. I know that a great many pension plans have been integrated with Social Security so that it might be argued that the same could be done with unemployment insurance and a guaranteed wage.

My experience is that pension plans integrated with Social Security are not nearly as satisfactory as pension plans where the two are separated. The analogy between Social Security and unemployment insurance with retirement and guaranteed annual wage is not quite the same but much the same.

What business and industry must do is to give more attention to automation. That, in my opinion, is our whole salvation and is coming very rapidly. Even in my own business electronic machines are reducing as many as one-third of the people required to do the same amount of work but I believe the other two-thirds must be guaranteed an annual wage in some form. We, of course, do it and I believe industry will have to do the same.

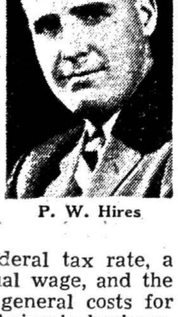
Pardon me for writing such a long letter but I am very much interested in this subject.

ANONYMOUS
New Haven, Conn.

Of course, these plans, as has already been said by you and by the "Wall Street Journal" in so many words, are not for a guaranteed annual wage; but, if you are going to ask industry to guarantee anything like year in or season in employment, prices have got to be raised or fluctuate in accordance therewith. What these labor unions never seem to understand is that, whether they are dealing with a large concern or a small concern, each has a limited pocket to pay from. It would come just as quickly in a small concern as it would with Ford or General Motors. The plain fact is also that the labor unions know perfectly well that there is no hope of getting anything approaching the guaranteed wage out of the voting public but they think they can get it out of the industry that will collect that same sum out of the public in the form of higher prices.

P. W. HIRES
President,
The Charles E. Hires Co.

I personally am perhaps a little backward in that I think along the old fashioned lines. In order to give, you have to be able to earn first. In other words, maybe the GAW would be all right for major industries who can possibly well afford it, but for the vast majority of medium-sized and small companies such as ours, I do not see how it can be afforded. With a 52% Federal tax rate, a guaranteed annual wage, and the ever increasing general costs for the privilege of being in business, I do not see any way at all in which ends could be met, let alone having any sort of surplus with which to expand. The American economic strength lies in the ability of business to expand under the free enterprise system. When the profit incentive is removed, then our growth period will have come to an end.



P. W. Hires

G. M. LOEB
Partner, E. F. Hutton & Co., New York City

"GAW" is a catch phrase that at the present time does not in any sense mean a guaranteed annual wage for all employes whether at work or idle. It means a system of supplementary unemployment insurance based on seniority and other pertinent considerations. We are in an economy of high production and consumption. It is based partly on the ability of the majority of the population to buy, and partly on their willingness to buy.

G. M. Loeb

This ability stems first from increasing take home pay after taxes. Next from increasing spendable surplus after living necessities.

Rising wages of itself does not necessarily accomplish these objectives. Normally, costs would increase proportionately and the worked would find his increased pay brought him decreased purchasing power. Efficiency and productivity must increase faster then pay.

The willingness of the population to buy comes first from the possession of the wherewithal. Then from a feeling of security as to its continuance. Next, from a belief that it's a good time to buy and that prices will be higher. Finally, the product must create a desire for ownership.

The surprising continuing prosperity of the U. S. A. has been based on an economy spurred by these factors.

I think the so-called "GAW" is a logical step forward in maintaining and advancing the gains we have achieved in raising the national standard of wealth and living.

W. C. MacFARLANE
President and General Manager, Minneapolis-Moline Company

I suppose that anything I would say at this time would be pretty much irrelevant in view of the Ford Motor Company developments. I only hope that all industry will not succumb to the principle of the guaranteed annual wage as they succumbed to the principle of negotiated pension plans back a few years ago.

W. C. MacFarlane

Anyone in business would, of course, be foolish if they didn't advocate a continuous high level of business activity, employment, and standard of living. However, I am skeptical that the so-called guaranteed annual wage is going to accomplish these objectives. At present our economy is at or close to the highest level it has ever obtained. This was accomplished without the help to the Utopia theory expounded by certain labor leaders. It will be interesting to see whether the economy will progress, retrogress, or stand still in the future if the guaranteed annual wage principle becomes an accepted facet of our industrial life.

I realize that I haven't said anything new and, frankly, I doubt that there is anything new to be said on the subject. My parting comment is that if all of the time and money that has been expended in investigating, analyzing, studying, and publicizing the pros and cons of the guaranteed annual wage principle were expended in the development of our economy, I am certain that the all-time high we are approaching would have already been passed.

J. T. RETTALIATA
President, Illinois Institute of Technology, Chicago, Ill.

As a result of its use employment can approach stabilization but not, however, to a degree where a guaranteed annual wage would appear feasible. It would be unreasonable to expect the moderating force of technology to combat the vagaries of the business cycle, wars, seasonal factors, government actions, and tax and credit policies.

Dr. J. T. Rettaliata

HON. ROBERT B. MEYNER
Governor, State of New Jersey

Now that the Ford Motor Company has accepted the principle of the guaranteed annual wage by agreeing to grant lay-off pay for half a year to its employees, to supplement unemployment compensation, it seems to me that the ice has been broken and that the principle will be widely extended. For many years, of course, it has been observed by the Procter and Gamble Company and the Hormel Packing Company, among others. But now a great mass production industry has admitted at least partial responsibility for the welfare of employees during factory shutdowns.

Rob't B. Meyner

I do not see anything very startling or revolutionary about the guaranteed annual wage. It is already enjoyed by many millions of people who work on salaries. It will be an incentive for industry to even out production over the year and thus tend to give stability not only to employment but the marketing of products.

How it will affect costs and prices, no one can yet say — but any rises will at least be partially offset, in my opinion, by benefits to society as a whole.

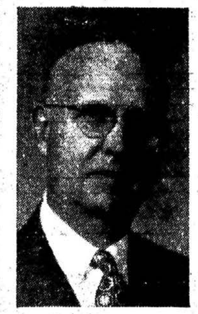
We have made intelligent efforts since the Great Depression of the Thirties to avoid the boom-and-bust cycles of our economy and have gained headway to that end. The guaranteed annual wage should contribute further to maintaining a steady plateau.

It is also an answer to labor's fear of automation—a fear which I believe to be exaggerated, since the history of production shows that the improvement of production methods has created far more jobs that it has abolished.

If we look at the whole picture of the American economy, with its remarkable scientific progress and its higher and higher, production figures per worker; if we realize that we have entered a Second Industrial Revolution, with vastly increased benefits for everyone; if we take these and other broad factors into account, it appears that the movement for some form of guaranteed yearly income is only a logical corollary.

HOWARD P. PARSHALL
President,
Bank of the Commonwealth

First, and I believe we will all agree on this, I am opposed to the guaranteed annual wage without work, for that is absolutely impossible. It can be done for a time, but only for a time. I am just as heartily in favor of steady employment. There are many lines of endeavor, such as banking, that provide very steady employment and this is highly desirable. The automobile companies, with Henry Ford, its inventor or principal exponent, inaugurated the production line which enabled management to build more cars at a lesser price. The same production line probably contributed to unemployment. If a part of the line stopped functioning for any reason like lack of parts or personnel, the whole line came to a standstill and workers were laid off, either temporarily or for longer periods, of course without pay. In my opinion, Mr. Ford was a great friend of the laboring man. He was the first large manufacturer to raise wages consistently. His announcement of the $5 per day minimum wage was revolutionary at the time he made it. The automobile business at first was a highly seasonable business, the early spring and summer months being the months of production and sales, for the cars were used principally in these months. Now, cars are used the year round. It seems to me that it is possible now for management to endeavor to erase some of the peaks of production and fill in the valleys; at least under present conditions it is easier to work toward that goal.



H. P. Parshall

The shareholders of a corporation are entitled to a safe investment and a fair return, management is also entitled to a fair return and the workers are entitled to a just wage. Anyone who can work out the proper proportion of the above three components is a wizard; however, once that is fairly established, a certain proportion of the workers' pay could be deducted and a certain part of the profits of the corporation could be contributed to a fund to supplement unemployment benefits. This is highly desirable, and could be done without increasing the ultimate sale price of the product. Employers realizing that during slack times they would have to pay certain wages would do all in their power to avoid these slack periods, and would probably go far in the direction of providing employment where at all possible. WAGES WITHOUT WORK ARE ECONOMICALLY UNFEASIBLE.

We are making progress. Let us continue toward that goal. The automobile business is essentially a young business. It is to be hoped with cooperation between management and labor much can be done to stabilize employment in this industry.

REUBEN E. SOMMER
President & General Manager, Keystone Steel & Wire Company

The so-called "Guaranteed Annual Wage" is really a misnomer because there is no such thing. It would be more properly called an "increase in unemployment insurance" because no company is rich enough or big enough to guarantee anything beyond its ability to pay.

R. E. Sommer

There may be some meritorious arguments in favor of a more uniform level of income for the people as a whole but, until and unless someone will guarantee to send orders in to factories, factories can not guarantee workers wages unless they are earned by production. Production, after all, is the only thing that creates wealth.

FREDERICK W. SPECHT
President, Armour and Company

As a contribution to this discussion, and without going into the many angles of controversy, I would like to point out that there is a great deal of difference between industries when we consider the problem of providing stable employment.

F. W. Specht

In the meat packing industry, the volume of operations is governed by the number of livestock marketed and there are tremendous swings in total volume from season to season and also from plant to plant.

In 1954, for example, the weekly receipts of hogs at the Chicago Stock Yards varied from a high of 96,000 in the week ended Dec. 4 to a low of 40,000 in the week ended July 17. The peaks and valleys of cattle and lamb marketings are less pronounced than in the case of swine, but they are substantial.

Through the years, the industry has developed various devices to overcome the tremendous variations in the amount of work available as represented by the number of head of livestock available. We have made considerable progress, but the cycles of livestock production are controlled by Mother Nature and they obviously cannot be changed by laws or by labor agreements.

Most industries which are tied to agriculture present similar problems. All of the tomato canning must be done within a few weeks, for example, and a lot more cheese must be made when milk production is at the top in springtime than during winter.

Therefore, there cannot be a "pattern" in providing stability of employment which will fit all industries. Each industry has its own problems and the unemployment compensation laws and union contracts should be tailored to meet those problems, without regard to what is being done in unrelated industries.

Joins Loewi Staff

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — Mark J. Splaine has been added to the staff of Loewi & Co., 225 East Mason Street, members of the Midwest Stock Exchange.

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 19	§96.5	*94.7	96.9	72.3
Equivalent to—					
Steel ingots and castings (net tons)	June 19	§2,330,000	*2,286,000	2,338,000	1,725,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 3	6,591,950	6,655,450	6,687,550	6,466,350
Crude runs to stills—daily average (bbls.)	June 3	¶7,565,000	7,483,000	7,029,000	7,144,000
Gasoline output (bbls.)	June 3	24,973,000	24,669,000	23,959,000	24,160,000
Kerosene output (bbls.)	June 3	2,159,000	2,196,000	2,075,000	1,933,000
Distillate fuel oil output (bbls.)	June 3	11,838,000	10,738,000	10,307,000	9,825,000
Residual fuel oil output (bbls.)	June 3	7,894,000	8,070,000	7,530,000	8,128,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 3	168,985,000	169,373,000	174,243,000	173,735,000
Kerosene (bbls.) at	June 3	26,344,000	25,220,000	22,195,000	24,559,000
Distillate fuel oil (bbls.) at	June 3	84,345,000	80,204,000	70,551,000	74,757,000
Residual fuel oil (bbls.) at	June 3	44,359,000	44,156,000	43,305,000	46,502,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 4	713,673	790,176	740,935	612,314
Revenue freight received from connections (no. of cars)	June 4	631,838	669,576	645,574	543,399
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 9	$378,269,000	$324,143,000	$458,746,000	$325,516,000
Private construction	June 9	193,339,000	216,474,000	286,442,000	160,009,000
Public construction	June 9	184,930,000	107,669,000	172,304,000	165,507,000
State and municipal	June 9	151,785,000	79,762,000	116,208,000	124,153,000
Federal	June 9	33,145,000	27,907,000	56,096,000	41,354,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 4	8,730,000	*9,365,000	8,690,000	6,460,000
Pennsylvania anthracite (tons)	June 4	412,000	511,000	394,000	469,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 4	102	114	134	97
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 11	10,041,000	9,537,000	9,673,000	8,658,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 9	230	203	233	206
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 7	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	June 7	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	June 7	$34.00	$34.00	$34.67	$28.25
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 8	35.700c	35.700c	35.700c	29.700c
Export refinery at	June 8	36.800c	35.725c	36.000c	29.550c
Straits tin (New York) at	June 8	92.125c	91.625c	90.750c	93.750c
Lead (New York) at	June 8	15.000c	15.000c	15.000c	14.250c
Lead (St. Louis) at	June 8	14.800c	14.800c	14.800c	14.050c
Zinc (East St. Louis) at	June 8	12.000c	12.000c	12.000c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 14	96.73	96.70	96.75	99.47
Average corporate	June 14	108.88	108.88	108.68	110.34
Aaa	June 14	112.19	112.37	112.37	115.04
Aa	June 14	110.52	110.34	110.34	112.37
A	June 14	109.06	109.06	109.06	109.97
Baa	June 14	103.97	104.14	104.14	104.31
Railroad Group	June 14	107.44	107.44	107.27	109.06
Public Utilities Group	June 14	109.24	109.42	109.42	110.52
Industrials Group	June 14	109.97	109.97	109.97	111.25
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 14	2.74	2.74	2.74	2.54
Average corporate	June 14	3.23	3.23	3.23	3.15
Aaa	June 14	3.05	3.04	3.04	2.90
Aa	June 14	3.14	3.15	3.15	3.04
A	June 14	3.22	3.22	3.22	3.17
Baa	June 14	3.51	3.50	3.50	3.49
Railroad Group	June 14	3.31	3.31	3.32	3.22
Public Utilities Group	June 14	3.21	3.20	3.20	3.14
Industrials Group	June 14	3.17	3.17	3.17	3.10
MOODY'S COMMODITY INDEX	June 14	407.6	400.5	401.6	433.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 4	376,979	269,132	372,718	289,462
Production (tons)	June 4	263,148	274,342	271,427	223,307
Percentage of activity	June 4	90	98	97	81
Unfilled orders (tons) at end of period	June 4	621,016	520,458	611,141	427,655
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	June 10	106.76	106.71	106.79	106.76
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 21	1,054,685	1,121,250	1,369,366	1,014,227
Dollar value	May 21	$53,075,203	$58,803,949	$71,524,445	$45,526,035
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 21	937,188	980,675	1,302,009	1,002,577
Customers' short sales	May 21	7,171	6,232	7,078	4,685
Customers' other sales	May 21	930,017	974,443	1,294,931	997,892
Dollar value	May 21	$45,306,462	$50,053,594	$65,679,789	$43,666,483
Round-lot sales by dealers—					
Number of shares—Total sales	May 21	233,010	272,030	398,430	298,180
Short sales	May 21	------	------	------	------
Other sales	May 21	233,010	272,030	398,430	298,180
Round-lot purchases by dealers—					
Number of shares	May 21	406,470	399,420	421,850	319,420
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 21	481,520	479,170	569,080	415,970
Other sales	May 21	10,858,620	11,701,210	14,747,530	11,291,000
Total sales	May 21	11,340,140	12,180,380	15,316,610	11,706,970
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	May 21	1,370,930	1,478,350	1,715,410	1,234,440
Short sales	May 21	271,420	249,610	335,390	246,080
Other sales	May 21	1,165,720	1,215,220	1,545,120	996,130
Total sales	May 21	1,437,140	1,464,830	1,880,510	1,242,210
Other transactions initiated on the floor—					
Total purchases	May 21	254,710	245,320	301,600	405,630
Short sales	May 21	33,760	22,100	33,700	19,400
Other sales	May 21	256,600	247,930	330,740	414,830
Total sales	May 21	290,360	270,030	364,440	434,230
Other transactions initiated off the floor—					
Total purchases	May 21	525,405	493,112	596,625	425,460
Short sales	May 21	65,000	73,490	98,880	57,780
Other sales	May 21	566,019	600,423	643,524	398,970
Total sales	May 21	631,019	673,913	742,404	456,750
Total round-lot transactions for account of members—					
Total purchases	May 21	2,151,045	2,216,782	2,613,635	2,065,530
Short sales	May 21	370,180	345,200	467,970	323,260
Other sales	May 21	1,988,339	2,063,573	2,519,384	1,809,930
Total sales	May 21	2,758,519	2,408,773	2,987,354	2,133,190
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 7	110.3	110.2	110.4	110.5
Farm products	June 7	91.3	*90.9	92.3	96.5
Processed foods	June 7	104.0	*103.6	103.3	105.8
Meats	June 7	87.8	85.3	85.2	96.4
All commodities other than farm and foods	June 7	115.6	115.6	115.7	114.4

*Revised figure. ¶Includes 758,000 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
AMERICAN GAS ASSOCIATION—For month of April:			
Total gas (M therms)	5,861,760	7,033,165	5,226,821
Natural gas sales (M therms)	5,529,661	6,647,796	4,901,937
Manufactured gas sales (M therms)	47,154	54,246	67,886
Mixed gas sales (M therms)	284,945	331,123	256,998
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of April	9,806,000	*9,981,754	6,970,937
Shipments of steel products (net tons)—Month of March	7,268,795	6,119,900	5,583,690
AMERICAN PETROLEUM INSTITUTE—Month of March:			
Total domestic production (barrels of 42 gallons each)	235,835,000	212,451,000	222,882,000
Domestic crude oil output (barrels)	213,454,000	191,392,000	201,702,000
Natural gasoline output (barrels)	22,309,000	21,023,000	21,142,000
Benzol output (barrels)	72,000	36,000	38,000
Crude oil imports (barrels)	22,989,000	21,033,000	20,260,000
Refined products imports (barrels)	17,902,000	17,566,000	13,204,000
Indicated consumption domestic and export (barrels)	274,619,000	267,904,000	259,034,000
Increase all stock (barrels)	2,107,000	—16,854,000	—2,688,000
AMERICAN ZINC INSTITUTE INC.—Month of May:			
Slab zinc smelter output all grades (tons of 2,000 pounds)	86,177	*83,786	73,654
Shipments (tons of 2,000 pounds)	97,572	*100,044	64,566
Stocks at end of period (tons)	63,184	*74,579	209,828
Unfilled orders at end of period (tons)	70,084	65,127	38,624
COAL OUTPUT (BUREAU OF MINES)—Month of May:			
Bituminous coal and lignite (net tons)	38,840,000	34,700,000	29,198,000
Pennsylvania anthracite (net tons)	1,861,000	1,640,000	1,877,000
COKE (BUREAU OF MINES)—Month of April:			
Production (net tons)	6,135,767	*6,235,909	4,693,217
Oven coke (net tons)	6,011,085	6,130,731	4,658,393
Beehive coke (net tons)	124,682	*105,178	34,824
Oven coke stock at end of month (net tons)	2,485,905	2,525,662	2,860,189
COPPER INSTITUTE—For month of April:			
Copper production in U. S. A.—			
Crude (tons of 2,000 pounds)	103,881	*108,410	77,830
Refined (tons of 2,000 pounds)	122,129	*135,701	112,937
Deliveries to fabricators—			
In U. S. A. (tons of 2,000 pounds)	119,863	*131,354	104,579
Refined copper stocks at end of period (tons of 2,000 pounds)	42,759	46,091	124,516
DEPARTMENT STORE SALES (FEDERAL RESERVE SYSTEM—1947-49 Average=100— Month of May:			
Adjusted for seasonal variations	117	119	108
Without seasonal adjustment	115	*114	106
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of March (000's omitted)	38,283,197	37,654,269	33,204,465
Revenue from ultimate customers—month of March	$651,058,000	$655,779,000	$589,852,000
Number of ultimate customers at March 31	51,450,305	51,361,703	50,078,639
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of April:			
Contracts closed (tonnage)—estimated	269,703	285,434	184,982
Shipments (tonnage)—estimated	239,658	227,789	293,532
METAL OUTPUT (BUREAU OF MINES)—Month of March:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	150,721	*134,460	142,209
Silver (in fine ounces)	3,485,890	*2,999,496	3,367,719
Copper (in short tons)	93,359	*83,581	71,276
Lead (in short tons)	30,314	*27,004	29,531
METAL PRICES (E. & M. J. QUOTATIONS)—Average for month of May:			
Copper (per pound)—			
Electrolytic domestic refinery	35.700c	35.700c	29.700c
Electrolytic export refinery	36.187c	37.938c	29.658c
Lead—			
Common, New York (per pound)	15.000c	15.000c	14.000c
Common, St. Louis (per pound)	14.800c	14.800c	13.800c
‡‡Prompt, London (per long ton)	£103.173	£104.467	£94.396
††Three months, London (per long ton)	£103.000	£104.141	£92.792
¶Antimony, New York Boxed	31.970c	31.970c	31.970c
Antimony (per pound) bulk, Laredo	28.500c	28.500c	28.500c
Antimony (per pound) Laredo	29.000c	29.000c	29.000c
Platinum, refined (per ounce)	$78.500	$78.500	$84.000
Zinc (per pound)—East St. Louis	12.000c	11.925c	10.286c
††Zinc, London, prompt (per long ton)	£89.685	£89.063	£79.527
††Zinc, London, three months (per long ton)	£88.250	£87.868	£79.247
†Cadmium, refined (per pound)	$1.70000	$1.70000	$1.70000
‡Cadmium (per pound)	$1.70000	$1.70000	$1.72500
§Cadmium (per pound)	$1.70000	$1.70000	$1.75000
Cobalt, 97%	$2.60000	$2.60000	$2.60000
Silver and Sterling Exchange—			
Silver, New York (per ounce)	88.928c	87.071c	85.250c
Silver, London (pence per ounce)	77.214	75.711	72.750
Sterling Exchange (Check)	$2.79588	$2.79649	$2.81859
Tin, New York Straits	91.380c	91.413c	93.620c
§§New York, 99% min.	90.380c	90.413c	92.620c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$302.920	$315.846	$248.800
Aluminum, 99% plus ingot (per pound)	23.200c	23.200c	21.500c
Magnesium ingot (per pound)	28.500c	28.500c	27.000c
**Nickel	64.500c	64.500c	60.000c
Bismuth (per pound)	$2.25	$2.25	$2.25
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOBILE MANUFACTURERS' ASSN.—Month of April:			
Total number of vehicles	881,840	894.597	631,769
Number of passenger cars	753,434	791,280	534,667
Number of motor trucks	127,887	102,992	96,723
Number of buses	519	325	379
PORTLAND CEMENT (BUREAU OF MINES)—Month of March:			
Production (barrels)	22,409,000	17,612,000	20,097,000
Shipments from mills (barrels)	22,604,000	13,806,000	18,751,000
Stocks (at end of month—barrels)	26,486,000	*27,018,000	28,905,000
Capacity used	90	78	83
ZINC OXIDE (BUREAU OF MINES)—Month of March:			
Production (short tons)	14,990	12,537	11,172
Shipments (short tons)	14,380	13,662	11,167
Stocks at end of month (short tons)	15,960	15,350	19,862

*Revised figure. †Based on the producers' quotation. ‡Based on the average of the producers' and platers' quotations. §Average of quotation on special shares to plater. ¶Domestic five tons or more but less than carload lot, boxed. §§Price for tin contained. **F.o.b. Port Colbourne, U. S. duty included. ‡‡Average of daily mean of bid and ask quotation at morning session of London Metal Exchange. ††Delivered where freight from East St. Louis exceeds 0.5c.

Continued from page 6

The State of Trade and Industry

of the year. Westinghouse Electric Corp., of Pittsburgh, expects to buy as much steel in the third quarter as it bought in the second. Many other steel buyers are as hopeful. This is spurring them to keep as far ahead on steel company order books as they can, just to make sure they'll have the steel if they need it, states this trade weekly.

Cutbacks in steel orders by the automobile industry have been light, even though projections for auto output in the third quarter are 20% under those of the second, and changing over of models will reduce consumption temporarily.

Helping add to the business optimism is the high rate of steel ingot production. Output in the week ended June 12 set a record of 2,352,946 net tons of steel for ingots and castings. The previous record was 2,340,880 tons made in the week ended May 29, this trade journal points out.

Even though business optimism is high, steel production is not likely to go much higher. Without the stimulus of a war, steel producers are not inclined to push ingot facilities much harder. Some mills are above 100% of capacity ratings now, "Steel" concludes.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capaicty of the entire industry will be at an average of 96.5% of capacity for the week beginning June 13, 1955, equivalent to 2,330,000 tons of ingots and steel for castings as compared with 94.7% (revised) and 2,286,000 tons a week ago.

The industry's ingot production rate for the weeks in 1955 is based on an annual capacity of 125,828,310 tons as of Jan. 1, 1955.

For the like week a month ago the rate was 96.9% and production 2,338,000 tons. A year ago the actual weekly production was placed at 1,725,000 tons or 72.3%. 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 Rose Sharply in Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 11, 1955, was estimated at 10,041,000,000 kwh., according to the Edison Electric Institute.

This week's output increased 504,000,000 kwh. above that of the previous week, when the actual output stood at 9,537,000,000 kwh.; it increased 1,383,000,000 kwh., or 16.0% above the comparable 1954 week and 1,796,000,000 kwh. over the like week in 1953.

Car Loadings Dropped 9.7% in Memorial Day Holiday Week

Loadings of revenue freight for the week ended June 4, 1955 which included Memorial Day Holiday, decreased 76,503 cars or 9.7% below the preceding week, according to the Association of American Railroads.

Loadings for the week ended June 4, 1955, totaled 713,673 cars, an increase of 101,359 cars, or 16.6% above the corresponding 1954 week, but a decrease of 61,816 cars, or 8% below the corresponding week in 1953.

U. S. Automotive Output Rose 17% Above Level of a Week Ago

The automobile industry for the latest week, ended June 10, 1955, according to "Ward's Automotive Reports," assembled an estimated 147,313 cars, compared with 125,018 (revised) in the previous week. The past week's production total of cars and trucks amounted to 174,938 units, or an increase of 17% above the preceding week's output of 149,929 units, states "Ward's."

Last week's car output advanced above that of the previous week by 22,295 cars, and truck output by 2,714 vehicles during the week. In the corresponding week last year 113,568 cars and 20,136 trucks were assembled.

Last week the agency reported there were 27,625 trucks made in the United States. This compared with 24,911 in the previous week and 20,136 a year ago.

Canadian output last week was placed at 10,926 cars and 2,523 trucks. In the previous week Dominion plants built 10,972 cars and 2,830 trucks, and for the comparable 1954 week 4,623 cars and 985 trucks.

Business Failures Rose Moderately Last Week

Commercial and industrial failures increased to 230 in the week ended June 9 from 203 in the preceding week, Dun & Bradstreet, Inc., reports. This upturn raised casualties above the 1954 level for the first time in five weeks; they exceeded the 206 occurring a year ago and the 167 in the similar week of 1953. However, mortality remained 18% below the prewar toll of 279 in 1939.

Failures involving liabilities of $5,000 or more increased to 183 from 173 last week and edged above the 182 of this size a year ago. Among small casualties, those with liabilities under $5,000, there was an increase of 47 from 30 in the previous week and 24 in 1954. Twelve businesses failed with liabilities in excess of $100,000 as against 11 last week.

Wholesale Food Price Index Turns Higher in Latest Week

Reversing its downward movement, the wholesale food price index, compiled by Dun & Bradstreet, Inc., rose 6 cents last week to stand at $6.39 on June 7. The previous week's figure at $6.33, represented the lowest level in over two years. The current figure compares with $7.36 on the comparable date a year ago, or a drop of 13.2%.

Aiding in the past week's rise were higher wholesale costs for flour, beef, bellies, sugar, coffee, cottonseed oil, eggs, prunes, steers, hogs and lambs. Lower in price were wheat, corn, rye, oats, barley and lard.

The Dun & Bradstreet wholesale food price 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 Held to a Narrow Range the Past Week

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., continued to move in a narrow range during the past week. The index closed at 271.66 on June 7, comparing with 270.84 a week earlier, and with 274.30 on the same date a year ago.

Activity in leading grain markets slackened last week with prices generally continuing to work downward.

Weakening factors in wheat included a substantial increase in car-lot receipts of new crop grain at terminal markets, generally improved crop conditions, and continued dull demand.

The condition of the Spring wheat crop was regarded as excellent, while the Canadian crop was said to be suffering from wet soil and too much rain.

Although corn showed occasional strength, prices dipped to new lows for the season, influenced by favorable moisture conditions and slow demand. Rye prices were comparatively firm but finished slightly lower for the week. Volume of trading in grain and soybean futures continued to decline. Daily average sales on the Chicago Board of Trade last week totalled 31,700,000 bushels, compared with 36,000,000 the previous week and 35,100,000 bushels in the same week last year.

Bookings of hard wheat bakery flours continued slow and price date shipment became more widespread. Expanding harvest operations in the southwestern Winter wheat belt and expectations of greater pressure on wheat prices encouraged a continuance of hand to mouth buying. Coffee prices advanced sharply this week as roasters and importers sought to replenish their depleted stocks.

The uptrend reflected improved demand for coffee at the retail level as a result of the lower prices put into effect recently and the prospect that a program to stabilize the coffee market will materialize shortly.

Activity in the cocoa market was rather light with prices holding in a narrow range as the industry awaited possible developments on Brazil's selling policy to the United States. Warehouse stocks of cocoa were reported at 240,718 bags, a decrease of 7,415 bags from 248,133 a week earlier. Refiner demand for raw sugar was more active, with prices rising to the basis of 6.05 cents, delivered, a new high for the year and 30 points above the low point reached in late April. Light receipts at the week-end sent hog prices sharply upward to reach new high levels since last September.

Domestic cotton prices were irregular and slightly lower at the end of the week.

The easier trend was attributed to the generally favorable weather conditions for the new crop, mounting estimates of the carryover from the current season, the prospect of higher acreage allotments and lower price supports for next year's crop, as well as uncertainties over Government plans for disposal of surplus cotton.

Sales in the fourteen markets continued to decline and totalled 51,800 bales, compared with 53,400 in the previous week and 88,400 two weeks ago. The mid-May parity price for cotton was reported at 35.22 cents a pound, unchanged from a month earlier.

Trade Volume Rose Slightly in Latest Week and Was Considerably Above a Year Ago

Although unfavorable shopping weather was widespread, retail trade in the period ended on Wednesday of last week rose slightly above the preceding week, when Memorial Day was observed in many sections of the country. Consumers bought considerably more than in the same period a year ago.

Recent rains in drought-stricken areas of the Southwest contributed significantly to improved sales in that region.

The total dollar volume of retail trade in the week ranged from 3 to 7% above a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the year-ago levels by the following percentages: Northwest 0 to +4; New England +1 to +5; East +2 to +6; Pacific Coast +3 to +7; South and Midwest +4 to +8 and Southwest +5 to +9.

Sportswear, dresses and shoes were popular items in women's apparel the past week, and bridal clothing was in greater demand. Increases were registered in men's suits and haberdashery, as sales topped those of the past several weeks. Frequent purchases of straw hats, sport shirts, ties and robes reflected Father's Day gift buying. Sales of luggage gained seasonally.

Wholesale activity in the period ended on Wednesday of last week improved substantially as compared with the preceding week and continued far above the level of the same period in 1954.

Many buyers purchased goods in preparation for a new retail selling season.

Department store sales on a country-wide basis at taken from the Federal Reserve Board's index for the week ended June 4, 1955, advanced 5% from the like period of last year. In the preceding week May 28, 1955, a rise of 10% was registered from that of the similar period of 1954, while for the four weeks ended June 4, 1955, an increase of 9% was recorded. For the period Jan. 1, 1955 to June 4, 1955, a gain of 7% was registered above that of 1954.

Retail trade in New York City the past week held about even with the sales volume of the comparable week last year. Unseasonal weather last week tended to discourage shoppers.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended June 4, 1955, declined 1% below that of the like period of last year. In the preceding week May 28, 1955, an increase of 9% (revised) was recorded. For the four weeks ended June 4, 1955, an increase of 3% occurred. For the period Jan. 1, 1955, to June 4, 1955, the index recorded a rise of 1% from that of the corresponding period of 1954.

Boland Offers Kurman Electric Common Stock

John R. Boland & Co., Inc., New York City, is offering publicly an issue of 100,000 shares of common stock (par 25 cents) of Kurman Electric Co., Inc., Long Island City, N. Y., at $3 per share.

The net proceeds are to be used to expand the company's development and research program.

For the past 27 years the Kurman Electric Co., Inc., has specialized in the development of electro-magnetic control apparatus. During the Korean War the U. S. Army Signal Corps employed Kurman for research and study.

The firm develops and manufactures relays which are remote controlled switches with one or more contacts than can respond to changes in temperature, pressure, time, current or vibration; automatically operating any electrical apparatus. Another product, the vibrator, is used to change low voltage direct current to alternating current. In addition, Kurman Electric designs timing devices for use in electonic equipment.

The company supplies relays for automotive use, elevators, burglar alarms, fire alarms, control apparatus, telephone equipment, aircraft, electronic applications, textile machinery, communications and numerous other fields where electronic equipment is used.

Presently, Kurman is doing research on a relay system that is more sensitive, lighter and smaller than present relays.

Standard Electrical Products Stk. Offered

S. D. Fuller & Co. and Vermilye Brothers, both of New York City, are publicly offering an issue of 149,500 shares of common stock (par 25 cent) of Standard Electrical Products Co., Dayton, Ohio, at $2 per share.

The net proceeds are expected to be used for working capital in connection with the expected increase in sales.

The Standard Electrical Products Co. was incorporated in Ohio and commenced operations in Dayton in February, 1945. In 1951, the company purchased a 100,000 square foot plant in Dayton where approximately 250 people are now employed. A wholly-owned subsidiary, Standard Products Co., Inc. of Hato Rey, Puerto Rico, was founded in 1953. This subsidiary leases 15,000 square feet and employs approximately 56 persons.

The company manufactures fixed (50% of sales) and variable transformers (25% of sales) and relays and other electronic components (25% of sales) which are sold under the trade names "Staco" and "Adjust-A-Volt" and are well known in the electronic industry. Transformers are basic components in almost every commercial electronic and electrical application.

With B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Edwin P. Pittman has become connected with B. C. Christopher & Co., Board of Trade Building, members of the New York and Midwest Stock Exchanges.

Merrill Lynch Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—James S. Robb has become affiliated with Merrill Lynch, Pierce, Fenner & Beane, 1003 Walnut Street.

Joins Mutual Distributors

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Heath V. Galpin has been added to the staff of Mutual Distributors, Inc., 1016 Baltimore Avenue.

Dr. P. L. Merritt Director of Sodak

Dr. Phillip L. Merritt, former Assistant Director for Exploration of the U. S. Atomic Energy Commission Division of Raw Materials, Senior Geologist of E. J. Longyear & Co. and director and advisor of the Atomic Development Mutual Fund, Inc., was elected director of Sodak Uranium and Mining Company, Inc., according to C. R. Boyle, President.

Dr. P. L. Merritt

Vance Sanders Releases Study On Endowments

About one-half of total endowment funds of $1,903,573,837 held by 42 colleges and universities is invested in common stocks, it is shown by a study of these funds by Vance, Sanders & Co., principal underwriters for shares of Massachusetts Investors Trust, Boston Fund and other mutual investment companies.

The firm's analysis of the aggregate holdings of these institutions as of June 30, 1954, shows that cash amounted to 1.5%, bonds 32.5%, preferred stocks 6.2%, common stocks 49.2%, miscellaneous securities 1.2%, real estate 6.7% and investment in plant 2.8%.

The endowments studied ranged in size from Harvard's $365,011,619 to $4,437,252 for Davidson College. The over $100,000,000 bracket also included Yale and the University of Chicago. Other larger endowments represented are those of the University of Rochester, Princeton, University of California, Massachusetts Institute of Technology, Cornell, Johns Hopkins, Rice Institute, Stanford and the University of Pennsylvania.

Under the heading "common stocks appearing frequently" the study comments:

"From an examination of the various college and university reports it was apparent that certain common stocks were particularly favored. A total of 18 endowments with an aggregate market value of $1,067,579,244 were selected and the 'favorite' ten common stocks were determined."

These were: Standard Oil (N. J.), Union Carbide & Carbon, General Electric, General Motors, Standard Oil (Calif.), International Paper, Texas Company, B. F. Goodrich, Westinghouse Electric and American Telephone & Telegraph.

Comparing this list with the ten stocks most widely held by 175 investment companies, the study shows that all except Union Carbide, Standard Oil (Calif.) and American Telephone were also on the latter list, which included Amerada Petroleum, du Pont and Continental Oil.

The Vance, Sanders study includes analyses of endowment diversification for each of the 42 colleges and universities covered, figures for selected institutions showing endowment income as a per cent of total income and indicated yields from securities owned, together with other statistics.

Mutual Funds

By ROBERT R. RICH

POPULARITY of plans for regular purchase of mutual fund shares continued to increase during May when investors opened 9,253 new accumulation accounts, an increase of 1,058 over the 8,195 new plans opened in April, the National Association of Investment Companies reported Monday.

A total of 44,714 new plans have been started by investors in the first five months of 1955, according to the report.

Net assets of the Association's 117 open-end (mutual fund) company members also increased during May, to a total of $6,789,619,000 at month end. This compares with net assets of $6,602,310,000 at the end of April, and $6,109,390,000 on Jan. 1, 1955.

Investors' purchases of new mutual fund shares during May totaled $79,537,000, compared with $95,799,000 in the previous month. Purchases of fund shares by investors in the first five months of this year amounted to $505,435,000.

Share redemptions by investors were $34,947,000 in May, approximately equal to the $35,628,000 redeemed in April of this year, the Association reported.

Total redemptions for the first five months of 1955 amounted to $210,614,000.

Cash, U. S. Government securities and short-term obligations held by the 117 mutual funds totaled $384,166,000 at the end of May, representing 5.7% of total net assets, compared with holdings of $337,988,000, or 5.1%, at the end of April.

COMMONWEALTH Stock Fund, the "junior partner" of Commonwealth Investment Company, has crossed $1,000,000 in total net assets, S. Waldo Coleman, President, announced.

Founded in 1952, Commonwealth Stock Fund is under the same management as Commonwealth Investment Company. The management organization, which began operations in 1925, currently supervises more than $100,000,000 of assets for over 43,000 investors.

"In Commonwealth Stock Fund," Mr. Coleman said, "emphasis has been placed on the selection of stocks of companies which are well-situated growth leaders in their respective fields of endeavor. The investor in Commonwealth Stock Fund owns a diversified interest in growing industries and individual companies."

KEYSTONE Discount Bond Fund B-4, largest of the 10 Keystone Funds, noted an increase of nearly 6% in per share capital value for the first six months of the fiscal year ending Sept. 30, 1955.

KEYSTONE HIGH-Grade Common Stock Fund S-1 reported a gain of more than 15% in per share asset value during the first six months of the fiscal year ending Sept. 30, 1955 — an increase over the last 12 months of 31.5%.

In both periods the Fund showed a net gain over the class of high-grade common stocks from which its 42 portfolio issues were chosen.

TOTAL NET ASSETS of Texas Fund on May 31 were $23,120,320, compared with $15,373,526 at the same date a year ago, an increase of over 50%.

Texas Fund's diversified investments in the Southwest now include 83 individual securities in 14 different industries.

Largest industry holdings were: Electric Utilities, 26.48%; Oil & Gas, 25.85%; Gas Distribution & Transmission, 13.73%; Chemicals, 6.81%.

TOTAL NET ASSETS of T. Rowe Price Growth Stock Fund reached an all-time high of $5,267,873 on June 7, 1955, as compared with $4,086,654 on Dec. 31, 1954. During the same period, the net asset value per share increased from $25.64 to $29.51, or 15.2%.

NET ASSETS of The Stein Roe & Farnham Fund now amount to $13,101,566, equivalent to $30.75 on each of the 426,006 shares presently outstanding.

This compares with a net asset value of $8,505,908, or $25.23 per share a year ago.

INVESTOR PURCHASES of the National Securities Series of mutual investment funds established an all-time record high for May at $3,564,288, compared with $3,492,830 in May, 1954, according to figures released by E. Waln Hare, Vice-President of National Securities & Research Corporation, sponsors and managers of the funds.

In the first five months this year investor purchases amounted to $25,319,480, including $ 2,884,177 purchased with year-end capital gains distributions, Mr. Hare reported. In the corresponding period last year total purchases were $25,357,139, inclusive of $1,112,931 purchased with year-end capital gains distributions.

Net assets of the National Securities Series on May 31 reached a high of $235,521,808, a gain of $64,808,181 in the past 12 months.

GAS INDUSTRIES Fund proxy statement mailed to shareholders last week, indicates that the management plans to declare a 100% stock distribution and broaden the Fund's investment policy.

Shareholders are being asked to authorize additional shares at the annual meeting on June 21 so as to permit the directors to declare a 100% stock distribution, which will have the effect of splitting the present shares 2 for 1.

It is expected that this stock distribution will be announced shortly after the annual meeting

Wellington Fund Begins Bold, New Ad Program

Ads to reach 26,000,000 readers; Fund distributing duPont book featuring Wellington.

Wellington Fund is announcing over the week-end to mutual fund dealers and their salesman the inauguration of a national advertising program aimed at reaching 26 million readers and potential investors through scheduled advertising in more than 120 newspapers, and in "Newsweek," "Collier's," "New Yorker," "Sports Illustrated" and "Lifetime Living" magazines.

Dealers are being informed, "This year your sales efforts will receive widespread support from Wellington's national advertising program. This program includes leading national magazines, newspapers, and financial publications and is designed to reach and interest the broadest possible number of prospects. This year will deliver Wellington's message to 26,000,000 readers."

Meanwhile, Milton Fox-Martin, Wellington's manager of dealer relations, announced the fund is distributing to dealers copies of E. I. duPont de Nemours & Co.'s 36-page illustrated booklet, "This is duPont—The Story of Creative Capital." du Pont is sending this booklet to its employees and stockholders, among others. The two pages in the booklet devoted to investment companies—pp. 25 and 26—feature a typical Wellington Fund shareholder and a typical Kidder, Peabody & Co. brokerage transaction.

with a record date during the latter part of June.

The directors of the fund are also recommending that the shareholders authorize a broadening of the investment policy so as to permit participation in all forms of energy, including atomic energy.

Total net assets of Gas Industries Fund were $29,929,000 at the end of the fiscal year on March 31 as compared to $24,706,000 a year ago. This increase has continued and during the first week in June total net assets crossed $32,000,000. During the year, the net asset value per share increased from $20.47 to $24.21.

Wall Street Investing to Bid For 'Its Share' of Fund Market

Major changes in executive personnel and greatly revised sales policies have been instituted by Wall Street Investing Corp. in a move to broaden distribution and improve its competitive position in the mutual fund industry.

These developments were announced this week by John H. G. Pell, President of this common stock fund and Chairman of John H. G. Pell & Co., Inc., investment advisor to and distributor of Wall Street Investing Corp.

A major step taken to implement its expanded sales program and reach the average investor, he said, has been the establishement of a standard commission schedule on sales, beginning with 8.5% on orders up to $10,000, scaled down to 1% on sales over $250,000.

Another step in the same direction is the Wall Street Cumulative Investment Plan which enables the investor to purchase shares on a flexible periodic basis.

The original capital was provided entirely by present and former members of the Board of Directors and Advisory Board who have maintained an active interest in the fund's activities.

"Up until now," Mr. Pell explained, "Wall Street Investing Corp. has operated on a no-load basis, aimed primarily at large investors. And, although no concentrated effort has heretofore been made to compete for the small investor's dollar, net assets have grown to well over the $6,000,000-mark.

"This growth has been reflected, not only in capital gains, but in an outstanding record in dividends, which have increased every year since the firm's inception in 1945. At this time we believe that the service and guidance afforded by Wall Street Investing Corp. should be extended to smaller investors."

Skilled management and expert advisory personnel have been largely instrumental in the consistent improvement of the firm's investment performance over the past decade, Mr. Pell said.

Pointing out that the firm's reorganization is designed to further improve performance as well as expand distribution, he announced the election of two investment men to key positions in Wall Street Investing: H. Irving Pratt as Board Chairman and Robert Winthrop as Chairman of the Advisory Board.

Mr. Pratt, a partner of the firm of Charles Pratt & Co., is a director of Harrington, Righter & Parsons, Inc. and Canadian Corporate Management, Ltd. A general and special partner of Robert Winthrop & Co., Mr. Winthorp holds directorships in about a dozen outstanding insurance, banking, railway and security firms.

Key figures in the corporation's "executive youth movement" are Josiah H. Child, Jr., elected Executive Vice-President and Director, and Ralph S. Henry, who has been voted a Vice-President and Director.

Mr. Child is President and Director of John H. G. Pell & Co., Inc. He has been a securities analyst with Stone & Webster Securities Corp. of New York and with Incorporated Investors of Boston. Executive Vice-President of John H. G. Pell & Co., Inc., Mr. Henry was with the sales and underwriting department of Stone & Webster Securities Corp., in Boston, from 1946 until eariler this year.

Marine Midland Trust Co. of New York and Cadwalader, Wickersham & Taft will continue as the firm's custodian and legal counsel respectively, according to Mr. Pell.

"During the postwar period the growth of mutual funds as an investment medium has been outstanding," Mr. Pell said. "'Specialty funds' have been particularly successful in attracting investor attention.

"But the common stock fund has remained the basic tool, the staple product, of the investment trust field. For this reason, and because of past performance and present reorganization, we hope—in fact, we expect—to play a vital role in our industry's growth, and offer a real and important service to potential shareholders."

PERSONAL PROGRESS

Directors of Chemical Fund, Inc. at a meeting held June 15 elected Francis S. Williams President of the Fund. Mr. Williams has been

Francis S. Williams Ferdinand Eberstadt

associated with Chemical Fund since its organization in July, 1938. Formerly Executive Vice-President of the Fund, he succeeds as President F. Eberstadt who was elected to the newly-created office of Chairman of the Board. Chemical Fund, Inc., a mutual investment company with net assets in excess of $95,000,000, has its investments in securities of chemical companies.

Mr. Williams, a partner of F. Eberstadt & Co., has been active in the management of Chemical Fund since 1938. He was elected Vice-President in 1942, Executive Vice-President in 1951 and a director in 1952. Mr. Williams is a graduate of Harvard University and of the Harvard Graduate School of Business Administration.

THE APPOINTMENT of Francis X. Martinez as Vice-President of Science & Nuclear Distributors, Inc. of this city and his election as a director of the corporation were announced Monday by Donald L. Bishop, President.

Mr. Martinez will direct arrangements for the promotion and national distribution of the shares of Science & Nuclear Fund, recently organized mutual fund sponsored by Science & Nuclear Distributors, Inc.

He brings to his new post a broad knowledge of the mutual fund field gained through successful promotional and public relations programs he has carried on for a number of mutual funds.

His clients in this work included Wellington Fund, Television-Electronics Fund and Delaware Fund. He carried on these programs initially through association with the advertising agency of Doremus & Co., and in more recent years through Albert Frank-Guenther Law.

Mr. Martinez entered the mutual fund field after more than 20 years in journalism. He began his newspaper career with the Wall Street Journal and later served with the Philadelphia Inquirer, the Philadelphia Record, the Philadelphia Evening Ledger and on the Associated Press in Washington, D. C. On the Evening Ledger he held the post of financial editor. Subsequently he was associate editor of Holiday magazine.

TEMPLETON, Dobbrow & Vance, Inc., New York, investment counselors, announced the election of John P. Royston as a Vice-President.

He will represent the firm in its Chicago office as Adviser to Life Insurance Investors, Inc., a $20 million mutual fund organized last February.

Mr. Royston has served as Research Director and Deputy to the Commissioner of Insurance of the State of Connecticut, General Manager of the Savings Banks Life Insurance Fund of Connecticut and as Chief of Insurance at headquarters of the Supreme Commander of Allied Powers in Tokyo.

He has resigned as Vice-President of C. V. Starr and Company and American International Underwriters to undertake his new duties.

Continued from page 14

A Year of Progress for Manufacturing Chemists

amendment to the Act to require mandatory exemption from renegotiation of products conforming to an appropriately defined category of standard commercial articles. These are but a few examples of the many ways in which your Association is serving both the interests of the nation and the chemical industry.

Research Projects Sponsored

The Association is continuing its sponsorship of research projects of broad public and industry interest. Started during the past year was the project at Carnegie Tech on the determination of uniform data on the physical properties of chemical compounds. This is now actively progressing and publication of data sheets will begin in the near future. A two-year program on the toxicity of chemicals to fish has been completed at the Academy of Natural Sciences at Philadelphia and a five-year program dealing with technical aspects of stream recovery, which should develop important fundamental information on water pollution, is now under consideration. The project on fundamental engineering properties of plastic materials is continuing at the Massachusetts Institute of Technology.

The third area I mentioned was that of the chemical industry's relations with the general public. Each year, since the MCA undertook active public relations on behalf of the industry, we have seen a growing awareness on the part of the public of the important role of the chemical industry in the American economy and a sympathetic understanding for its problems. Public relations activities have been carried forward on many fronts during the past year. One of the most gratifying parts of this program has been increasing cooperation on public relations matters with all other committees of the organization.

Three aspects of this activity deserve special mention. Most of you, I am sure, have now seen copies of the second edition of the Chemical Industry Facts Book. The wide acceptance and interest this book has aroused is the best proof we could have that an excellent job was done. The second important activity was the recently completed second Chemical Progress Week. Preliminary reports indicate that the program this year far exceeded the first one, not only in extent but in quality. We can truthfully say that this program is proving effective in carrying to more and more people the importance of chemistry and chemical products in giving them a better life.

The third activity is that in the field of education. As many of you know, Chemical Progress Week this year had as its central theme the importance of education to an industry such as ours. Throughout the year the Industry Education Program Committee of the PRAC and the staff have been actively exploring and testing methods of providing more and better aid to our country's school systems. Two programs have now been worked out and are being put into practice. One is the supplying of information and teaching materials to schools, chiefly aimed at the junior high school level. The second is cooperation with the White House Conference on Education which will take place this November. A special committee of the Board has been appointed for this purpose. This may well be one of the most important events in the field of education to take place in our country for some time. We, as an industry, have an unusual opportunity to aid this conference and to increase understanding of industry's relationship to education on the part of both educators and ourselves.

This is a sketchy review of the extensive operations of your Association. In going back over these activities, one cannot help being impressed by the tremendous effectiveness of the men on our functional committees who have given so much of their time, thought and energies to these achievements. The entire group, many of whom are not present today, are deserving of the industry's appreciation.

Importance of Chemical Education

The experience of this past successful year gives rise to several recommendations for the future. In the field of education, I believe our industry and Association can do more than in almost any other area for the general welfare and for the future of this industry, for it is on the success of our educational system that the future of this industry and the country depends. The Public Relations Advisory Committee recommends, and I heartily concur, that we continue the observance of Chemical Progress Week next year, but that it be held earlier in the spring to be more effective with schools one of our primary targets, also that techniques and materials be refined and renewed.

The moving of Board meetings and inviting participation of executives of more member companies have proved to be valuable in the work of the Association and I recommend that this program be continued and extended with meetings in other cities. To continue and improve our good relations between government and industry, I recommend that we repeat the Washington Reception for government officials and Congressmen and industry executives which was so successful this year. I believe we can and should extend our membership to include more of the American producers of chemicals.

Looking back over the past year, there is one unmistakable impression—there is an increasing concept of the chemical industry as an important and extremely valuable segment of this nation's industrial economy, both on the part of those outside and those within the industry. The growth of this concept is not simply a matter of pride and comfort to us within the industry, but is of practical value. Our efforts in this direction still have a long way to go. One recent survey of public opinion called for a rating of industries by importance and the chemical industry was not included in the 14 listed. We are, however, moving strongly in this direction and within the near future I predict the chemical industry will be generally accepted and recognized as the great entity that it is.

New Coombs Branch

STUDIO CITY, Calif.—Coombs & Co. of Los Angeles, Inc. has opened a branch office at 12197 Ventura Boulevard.

M. C. Leonard Branch

MOAB, Utah—M. C. Leonard & Associates have opened a branch office at 50 North Main under the direction of Q. T. Brian.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

★ Air-Lock Log Co., Inc., Prescott, Ariz.
May 16 (letter of notification) 60,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For construction, equipment, working capital and reserves. **Address**—P. O. Box 1073, Prescott, Ariz. **Underwriter**—None.

All State Uranium Corp., Moab, Utah (6/22)
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.

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 Machine & Foundry Co.
May 19 filed 236,205 shares of common stock (par $7) being 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**—$26.75 per share. **Proceeds**—For expansion and working capital. **Underwriter** — Union Securities Corp., New York.

American Machine & Metals, Inc.
June 3 filed 80,000 shares of common stock (no par) to be offered from time to time on the New York Stock Exchange. **Price**—At market then prevailing. **Proceeds** To certain stockholders who are receiving such shares in exchange for stock of The Lamb Electric Co. pursuant to a reorganization plan. **Agent**—American Securities Co., New York.

American Rare Metals Corp., N. Y.
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. **Offering**—Expected today (June 16).

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.

★ Arkansas Oil Ventures, Inc.
May 26 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—For oil and gas activities. **Office**—615 Liberty Bank Building, Oklahoma City 2, Okla. **Underwriter**—Tellier & Co., Jersey City, N. J.

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 30. **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.
May 11 filed 98,195 shares of common stock (no par) being 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.

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.

• Avien, Inc. (6/21-22)
June 2 (letter of notification) 99,800 shares of class A capital stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Business**—Electronic measurement instruments and controls for aircraft. **Office**—58-15 Northern Boulevard, Woodside, L. I., N. Y. **Underwriter**—Cohu & Co., New York.

★ Baltimore-Florida Co., Miami Beach, Fla.
May 19 (letter of notification) 280,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—1626 Jefferson Ave., Miami Beach, Fla. **Underwriter**—F. E. Snow, 17 John St., New York, N. Y.

Baltimore Gas & Electric Co.
May 19 filed 645,856 shares of common stock (no par), of which 575,856 shares are being offered for subscription by common stockholders of record June 7 on basis of one new share for each 10 shares held; rights to expire on June 22; the remaining 70,000 shares being offered to employees (excluding officers) up to and including July 6, 1955. **Price**—$30.25 per share. **Proceeds**—To repay bank loans and for construction expenditures. **Underwriter**—The First Boston Corp., New York.

• Bankline Oil Co., San Francisco, Calif. (6/29)
June 8 filed 65,000 shares of cumulative convertible preferred stock (par $25). **Price** — To be supplied by amendment. **Proceeds**—To retire indebtedness, for expansion and other corporate purposes. **Underwriter**—J. Barth & Co., San Francisco, Calif.

Beaumont Factors Corp., New York
June 7 filed $1,000,000 of five-year 8% subordinated debentures due July 1, 1960. **Price**—100% of principal amount. **Proceeds**—For working capital and expansion of loan business. **Office**—325 Lafayette Street, New York 12, N. Y. **Underwriter**—None.

Beehive Uranium Corp., Salt Lake City, Utah
May 26 (letter of notification) 20,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office** — 156 East Third South St., Salt Lake City, Utah. **Underwriter**—Columbia Securities Co., Denver, Colo., and Salt Lake City, Utah.

Belock Instrument Co. (6/21)
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.

★ Bleak Uranium Co., Inc., Provo, Utah
May 31 (letter of notification) 6,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For mining operations. **Office**—47 North University Avenue, Provo, Utah. **Underwriter**—None.

★ Blue Goose Mining, Inc.
June 7 (letter of notification) 1,950,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Offices**—Boulder, Garfield County, Utah, and Box 1055, Farmington, N. M. **Underwriter**—Birkenmayer & Co., Denver, Colo.

• Bogue Electric Mfg. Co. (6/28-29)
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. Registration statement to be amended.

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.

• Bridgeport Hydraulic Co.
May 11 filed 55,000 shares of common stock (par $20) being 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**—$28 per share. **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 of record June 7, 1955, 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. Rights will expire on July 6. **Price**—$100 per unit. **Proceeds**—For redemption of $5 preference stock. **Underwriter**—None. Statement effective May 18.

★ Burroughs (J. P.) & Son, Inc.
May 27 (letter of notification) 2,400 shares of common stock (par $1). **Price**—At market (estimated at $6 per share). **Proceeds**—To a selling stockholder. **Office**—625 West Second Street, Flint, Mich. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

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.

★ Calumet & Hecla, Inc.
June 9 filed 113,592 shares of common stock (par $5) to be offered in exchange for all of the issued and outstanding capital stock of Goodman Lumber Co., Goodman, Wis., on the following basis: 18 shares for each share of Goodman common stock; seven shares for each share of Goodman 2nd preferred stock; and eight shares for each share of Goodman 1st preferred stock; offer to terminate on Sept. 15, 1955 (subject to withdrawal by Calumet if the required number of Goodman shares have not been deposited and accepted within 30 days from the date of the mailing of the prospectus to the Goodman stockholders). **Underwriter**—None.

★ Capital Investment Co., Baltimore, Md.
May 19 (letter of notification) $300,000 of 5% debentures. **Price**—At par (in denominations of $100, $500 and $1,000). **Proceeds**—To acquire mausoleums and cemetery property from affiliates and sell to public. **Office**—10 Light St., Baltimore 2, Md. **Underwriter**—None.

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 Reserve Oil Co. (N. Y.)
May 31 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—130 West 42nd Street, New York, N. Y. **Underwriter**—United Equities Co., 136 Liberty Street, New York, N. Y.

Century Natural Gas & Oil Corp.
May 31 (letter of notification) 546,500 shares of common stock. **Price**—5.76 cents per share. **Proceeds**—To certain selling stockholders. **Underwriter**—Greenfield & Co., Inc., New York.

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.

★ City Loan & Finance Co., Douglas, Ariz.
May 31 (letter of notification) $260,000 of certificates of investment (in denominations of $25 to $10,000; 380 shares of 6% preferred stock (par $100); and 2,000 shares of common stock (par $1). **Price**—At par. **Proceeds**—For general corporate purposes. **Underwriter**—None.

★ Clad-Rex Steel Co., Denver, Colo.
June 6 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To retire outstanding debts and for working capital. **Office**—40th Ave. and Ulster St., Denver, Colo. **Underwriters**—Mountain States Securities Corp. and Carroll, Kirchner & Jaquith, Inc., both of Denver, Colo.

Coffee Time Products of America, Inc.
May 9 (letter of notification) 165,500 shares of class A common stock (par $1), being offered in exchange for stock of American Dry Ginger Ale Co., Inc., on basis of one share of Coffee Time stock for each American Dry share. The offer will expire on June 20. **Office** — 47 Lemartine St., Boston, Mass. **Underwriter**—None.

Colohoma Uranium, Inc., Montrose, Colo. (7/5)
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 Oil & Uranuim Corp.
June 7 (letter of notification) 300,000 shares of common stock (par 20 cents). **Price**—$1 per share. **Proceeds**—For oil and mining activities. **Office** — 350 Equitable Bldg., Denver, Colo. **Underwriter**—Birkenmayer & Co., same city.

• Colorado Sports Racing Association (6/22)
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.

★ Columbia Retreat, Inc., Tallahassee, Fla.
May 25 (letter of notification) 750 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—To acquire title to land, construction of rental cottages and facilities and for improvements. **Office**—611 Van Buren St., Tallahassee, Fla. **Underwriter**—None.

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.

★ Community Credit Co., Omaha, Neb.
June 6 (letter of notification) 1,000 shares of 5½% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—3023 Farnam St., Omaha, Neb. **Underwriter**—Wachob-Bender Corp., same city.

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.

Constellation Uranium Corp., Denver, Colo.
March 22 (letter of notification) 2,855,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—206 Mercantile Bldg., Denver, Colo. **Underwriter**—Bay Securities Corp., New York.

● **Consolidated Cigar Corp., New York (6/27)**
June 3 filed $17,500,000 of 20-year sinking fund debentures due June 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To repay outstanding long-term indebtedness and short-term bank loans and for working capital. **Underwriter**—Eastman, Dillon & Co., New York.

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.
April 27 filed 738,721 additional shares of capital stock (par $10) being 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.

Cortez Uranium & Mining Co., Denver, Colo.
May 27 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—404 University Building, Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Coso Uranium, Inc., Long Beach, Calif.
May 31 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—2485—American Ave., Long Beach 6, Calif. **Underwriter**—Coombs & Co., of Los Angeles, Inc., San Francisco and Los Angeles, Calif.

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**—Expected as 99% of principal amount. **Proceeds**—To Romenpower Electra Construction Co. **Underwriter**—Allen & Co., New York. **Offering**—Expected this week.

Dalmid 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.

Deep Rock Water Co., West Palm Beach, Fla.
May 23 (letter of notification) 150,000 shares of class A common stock (par $1). **Price**—$1.25 per share. **Proceeds**—To acquire Grapette Bottling Co. and for working capital. **Office**—314 Flamingo Drive, West Palm Beach, Fla. **Underwriter**—Anderson Cook Co., Inc., Palm Beach, Florida.

★ **Deseret Uranium Corp., Salt Lake City, Utah**
June 9 (letter of notification) 2,000,000 shares of capital stock. **Price**—At par (15 cents per share). **Proceeds**—For mining expenses. **Office**—527 Atlas Bldg., Salt Lake City, Utah. **Underwriters**—Western Securities Corp. and Potter Investment Co., both of Salt Lake City, Utah.

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.

★ **Divanco, Inc., Reno, Nev.**
May 31 (letter of notification) 74,700 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—For oil and gas activities. **Office**—734 Hunter Lake Drive, Reno, Nev. **Underwriter**—None.

★ **Dixie Newspapers, Inc., Gadsden, Ala.**
May 31 (letter of notification) $280,000 of 6% registered debentures and 1,400 shares of class B common stock (par $10) to be offered in units of $200 of debentures and one share of stock. **Price**—$210 per unit. **Proceeds**—For acquisition, management and operation of daily newspaper or newspapers. **Office**—American National Bank Building, Gadsden, Ala. **Underwriter**—None.

● **Duncan Mining Co., St. Louis, Mo.**
May 16 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining expenses. **Office**—720 Buder Bldg., St. Louis, Mo. **Underwriter**—None.

● **Duraloy Co., Scottdale, Pa. (6/17)**
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.

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 (6/21)
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."

Economy Auto Stores, Inc., Atlanta, Ga. (6/21)
June 1 filed 120,222 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire $528,125 of 6%-8% unsecured and subordinated purchase money notes and $497,250 to retire outstanding $6 cumulative preferred stock. **Underwriter**—Courts & Co., Atlanta, Ga.

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.

★ **Fairway Uranium Corp., Salt Lake City, Utah**
May 23 (letter of notification) 275,000 shares of capital stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—2320 South Main Street, Salt Lake City, Utah. **Underwriter** — Eliason, Taylor, Cafarelli Co., Las Vegas, Nev.

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.

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NEW ISSUE CALENDAR

June 17 (Friday)

Duraloy Co.______Common
(Mortimer B. Burnside & Co., Inc.) 60,000 shares

June 20 (Monday)

Erie RR. ______Equip. Trust Ctfs.
(Bids noon EDT) $3,270,000

Pyramid Electric Co.______Preferred
(S. D. Fuller & Co.) $750,000

Pyramid Electric Co.______Common
(S. D. Fuller & Co.) 50,000 shares

Tekoil Corp.______Common
Eppler, Guerin & Turner 280,000 shares

Western Nebraska Oil & Uranium Co., Inc.__Com.
(Israel & Co.) $300,000

June 21 (Tuesday)

Avien, Inc. ______Class A
(Cohu & Co.) $299,400

Belock Instrument Co.______Common
(Carl M. Loeb, Rhoades & Co.) 200,000 shares

Duriron Co., Inc.______Debentures
(Lee Higginson Corp.) $1,500,000

Economy Auto Stores, Inc.______Common
(Courts & Co.) 120,222 shares

Fifteen Oil Co.______Common
(White, Weld & Co. and Rotan, Mosle, Inc.) 200,000 shares

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

Oklahoma Gas & Electric Co.______Bonds
(Bids 11 a.m. EDT) $15,000,000

Southern New England Telephone Co.____Debens.
(Bids noon EDT) $20,000,000

Vanadium Queen Uranium Corp.______Common
(Van Alstyne, Noel & Co.) $2,112,500

June 22 (Wednesday)

All State Uranium Corp. (Utah)______Common
(General Investing Corp.) $300,000

Colorado Sports Racing Association______Common
(General Investing Corp.) $600,000

Industrial 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

Wooster Rubber Co.______Common
(Hulme, Applegate & Humphrey, Inc.; Stroud & Co., Inc.; and The Ohio Company) 169,200 shares

June 23 (Thursday)

Ionics, Inc.______Common
(Lee Higginson Corp.) 150,000 shares

Silver Creek Precision Corp. ______Debentures
(General Investing Corp.) $600,000

June 27 (Monday)

Consolidated Cigar Corp.______Debentures
(Eastman, Dillon & Co.) $17,500,000

Hertz Corp. ______Debentures
(Offering to stockholders—underwritten by Lehman Brothers and Hornblower & Weeks) $5,052,300

Kerr-McGee Oil Industries, Inc.______Preferred
(Exchange offer to Deep Rock Oil Corp. common stock—Gregory & Son, Inc. and Sutro Bros. & Co. to acts as agents) $11,250,000

Purity Stores, Ltd.______Common
(A. G. Becker & Co. Inc.) 100,000 shares

Stewart Oil & Gas Co.______Common
(Barrett Herrick & Co., Inc.) $750,000

Therm-O-Disc, Inc. ______Common
(McDonald & Co.) 89,600 shares

June 28 (Tuesday)

Bogue Electric Mfg. Co.______Debentures
(Blair & Co. Incorporated) $2,000,000

Bogue Electric Mfg. Co.______Common
(Blair & Co. Incorporated) 335,000 shares

General Acceptance Corp.______Debentures
(Paine, Webber, Jackson & Curtis) $6,000,000

Merritt-Chapman & Scott Corp.______Debentures
(A. C. Allyn & Co. Inc.) $25,000,000

United Telephone Co. of Pennsylvania__Preferred
(Kidder, Peabody & Co.) $1,500,000

Vitro Corp. of America______Common
(Blyth & Co., Inc.) 160,000 shares

June 29 (Wednesday)

Bankline Oil Co.______Preferred
(J. Barth & Co.) $1,625,000

Chicago & North Western Ry.___Equip. Trust Ctfs.
(Bids noon CDT) $3,330,000

Mountain Fuel Supply Co.______Common
(Offering to stockholders—underwritten by The First Boston Corp.) 198,990 shares

June 30 (Thursday)

Southland Racing Corp.______Common
(General Investing Corp.) $1,250,000

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

Old Republic Insurance Co.______Common
(Offering to stockholders—underwritten by The First Boston Corp.) 100,000 shares

Pepsi-Cola General Bottlers, Inc.______Common
(Straus, Blosser & McDowell and Link, Gorman, Peck & Co.) 200,000 shares

July 5 (Tuesday)

Colohoma Uranium, Inc.______Common
(General Investing Corp. and Shalman & Co.) $1,250,000

McLean Securities Corp.____Preferred & Common
(White, Weld & Co.) 148,000 units

July 8 (Friday)

Primary Metals Corp.______Common
(General Investing Corp.) $700,000

July 12 (Tuesday)

Illinois Bell Telephone Co.______Bonds
(Bids to be invited) $30,000,000

July 20 (Wednesday)

Consumers Power Co.______Common
(Offering to stockholders—bids 11 a.m. EDT) 373,689 shares

July 21 (Thursday)

Consumers Power Co.______Preferred
(Morgan Stanley & Co.) 100,000 shares

September 13 (Tuesday)

Utah Power & Light Co.______Bonds
(Bids to be invited) $15,000,000

Utah Power & Light Co.______Common
(Bids to be invited) 177,500 shares

November 9 (Wednesday)

Southern Co. ______Common
(Bids to be invited) 500,000 shares

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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.** (6/21-22)
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 stockholders. **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.

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) of Philadelphia Dairy Products Co. 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.

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.

Freedom Insurance Co., Berkeley, Calif.
June 6 filed 1,000,000 shares of common stock (par $10). **Price**—$22 per share. **Proceeds**—For capital and surplus. **Business**—All insurance coverages, except, life, title and mortgage. **Office**—2054 University Avenue, Berkeley, Calif., c/o Ray B. Wiser, President. **Underwriter**—Any underwriting agreement will be made on behalf of this company by Uni-Insurance Service Corp.

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.

● **General Acceptance Corp.** (6/28)
June 7 filed $6,000,000 of 5% subordinated debentures due June 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—To redeem 15-year 5% convertible subordinated debentures due 1967; balance to general working funds of company and subsidiaries. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston, Mass., and New York, N. Y.

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.

★ **Given Manufacturing Co., Los Angeles, Calif.**
June 10 filed 87,500 shares of 6% cumulative convertible preferred stock, series B (par $10). **Price**—To be supplied by amendment. **Proceeds** — To redeem series A 6% convertible preferred stock, of which there are outstanding 7,310 shares; for machinery and equipment; and for working capital and other general corporate purposes. **Underwriter** — Straus, Blosser & McDowell, Chicago, Ill.

● **Great Atlantic Life Insurance Co.**
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. Statement effective June 7.

Hartford Gas Co., Hartford, Conn.
May 10 filed $1,500,000 of 3¼% 10-year convertible debentures due July 1, 1965, being 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; rights to expire on July 1. **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.

● **Hertz Corp., Chicago, Ill.** (6/27)
June 3 filed $5,058,300 convertible subordinated debentures due July 1, 1970 to be offered for subscription by stockholders on basis of $100 of debentures for each 15 shares held as of June 24; rights to expire on July 11. **Price**—To be supplied by amendment. **Proceeds**—For working capital for expanded operations. **Business** — Automobile rental and truck leasing. **Underwriters**—Lehman Brothers and Hornblower & Weeks, both of New York.

● **Holmes (D. H.), Ltd., New Orleans, La.**
May 20 (letter of notification) 7,228 shares of common stock (par $20) being first offered for subscription by stockholders of record as of June 10; rights to expire on June 24. **Price**—$38.50 per share. **Proceeds**—To acquire The Dalton Co. of Baton Rouge, La., and for general corporate purposes. **Office**—819 Canal St., New Orleans, La. **Underwriters**—Arnold & Crane; Nusloch, Baudean & Smith; Scharff & Jones, Inc.; and Howard, Weil, Labouisse, Friedrichs & Co.; all of New Orleans, La.

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.

★ **Hudson Publishing Co., Hudson, Ohio**
May 31 (letter of notification) 30,000 shares of common stock (par $1) and $120,000 of 10-year 6% registered debenture notes (in denominations of $1,000 each). **Price**—At par. **Proceeds**—To purchase copyrights, subscription lists, etc., and for working capital. **Office**—34 North Main Street, Hudson, Ohio. **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.

● **Idaho Power Co., Boise, Idaho** (6/27-30)
June 7 filed 15,000 shares of 4% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For additions to properties. **Underwriter**—Wegener & Daly Corp., Boise, Idaho, which has agreed to purchase 3,000 shares and has an option to purchase up to 12,000 additional shares.

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.
May 17 filed 663,469 shares of capital stock being 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. (6/22)
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.

Ionics, Inc., Cambridge, Mass. (6/23)
June 3 filed 150,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for working capital and general corporate purposes. **Underwriter**—Lee Higginson Corp., New York and Boston.

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.

● **Jerrold Electronics Corp. (Pa.)** (6/21-23)
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.)** (6/21-23)
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.

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.

● **Kansas City Power & Light Co.**
May 23 filed 245,000 shares of common stock (no par) being 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**—$37 per share. **Proceeds**—To retire bank loans and for construction program. **Underwriters**—The First Boston Corp. and Blyth & Co., Inc., both of New York.

● **Kerr-McGee Oil Industries, Inc.** (6/27)
June 6 filed 450,000 shares of prior convertible preferred stock (par $25) to be offered in exchange for 150,000 shares of Deep Rock Oil Corp. common stock on a three-for-one basis. These preferred shares are part of a block of 674,880 shares owned by Deep Rock which were acquired by them on April 27, 1955. **Agents**—Gregory & Son, Inc., and Sutro Bros. & Co., New York City, have agreed to solicit tenders.

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.

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.

★ **Leborn Oil & Uranium Co.**
June 8 (letter of notification) 6,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office** — 124½ South Main St., Newcastle, Wyo. **Underwriter** — Mid-American Securities, Inc. of Utah, Salt Lake City, Utah.

Life and Accident Insurance Co. of Alabama
June 2 filed 750,000 shares of class B (non-voting) common stock (par $1). **Price**—$3 per share. **Proceeds**—To increase capital and surplus. **Office**—Gadsden, Ala. **Underwriter** — None, sales to be handled by Burlus Randolph Winstead, Secretary and Treasurer of the company.

★ **Life Insurance Co. of South Carolina**
May 17 (letter of notification) 11,038 shares of class B common stock (no par). **Price**—$10 per share. **Proceeds**—To increase surplus and working capital. **Office**—3122 Millwood Ave., Columbia, S. C. **Underwriters**—Edmon Jackson York, Myrt Everett, Bryan Waas Brabham and John L. Broome, Sr., all of Columbia, S. C.

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.

★ **Long Island Lighting Co.** (7/1)
June 10 filed 657,713 shares of common stock (par $10), of which 624,170 shares are to be offered for subscription by common stockholders of record July 1 on the basis of one new share for each 10 shares held; rights to expire on July 18. The remaining 33,543 shares are to be offered to employees by company. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters**—W. C. Langley & Co.; Blyth & Co., Inc.; and The First Boston Corp.; all of New York.

★ **Loveland Ski Corp., St. Louis, Mo.**
June 2 (letter of notification) 500 shares of 5% cumulative preferred stock (par $100) and 7,000 shares of common stock (par $1) to be offered in units of 2½ shares of preferred stock and 35 shares of common stock at $285 per unit, also $200,000 of 5% debentures due Dec. 31, 1960 (in denominations of $1,000 each). For each unit of stock purchased, the buyer must agree to purchase one debenture. **Proceeds** — For construction of chair lift, slope clearance and trail, ski rental equipment, etc. **Office**—716 S. 21st Street, St. Louis, Mo. **Underwriter**—None.

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) being offered for subscription by stockholders of record May 27 on basis of one new share for each eight shares held (with an oversubscription privilege); rights to expire on June 21. **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.

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, which will expire on June 24 (subject to 60 days extension), is subject to acceptance of not less than 80% of the stock of First National.

Marine Midland Corp., Buffalo, N. Y.
June 2 filed 160,500 shares of common stock (par $5) to be offered in exchange for all of the issued and outstanding capital stock of The Jamaica National Bank of New York, Jamaica, L. I., N. Y. at rate of 1.6 shares of Marine Midland stock for each share of Jamaica National stock held of record June 17. The offer is subject to acceptance of not less than 80% (80,000 shares) of the stock of Jamaica National.

★ **McIntosh Music, Inc., Washington, D. C.**
May 20 (letter of notification) 1,200 shares of common stock (no par) and 1,200 shares of 6% cumulative preferred stock (par $20). **Price**—The common at $5 per share, and the preferred at par. **Proceeds**—For working capital, etc. **Office**—Suite 1213, Wyatt Bldg., Washington 5, D. C. **Underwriter**—None.

• **McLean Securities Corp. (7/5-7)**
June 8 filed 148,000 units, each to consist of one share of $3 cumulative preferred and between one-half and one share of common stock. **Price** — To be supplied by amendment. **Proceeds**—To pay off bank loan which the company recently secured in connection with its purchase of approximately 99.5% of the outstanding capital stock of the Waterman Steamship Corp. **Underwriter**—White, Weld & Co., New York.

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.

• **Merritt-Chapman & Scott Corp. (6/28-29)**
June 3 filed $25,000,000 convertible subordinated debentures due July 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To refinance certain bank loans and term debt of company and its subsidiaries; and for general corporate purposes. **Underwritre**—A. C. Allyn & Co., Inc., Chicago and New York.

• **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. **Offering**—Temporarily delayed.

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**—5[illegible] 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 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 costs. **Office**—716 Newhouse Bldg., Salt Lake City, Utah. **Underwriter** — Moab Brokerage Co., same city.

★ **Model Countrysides, Inc., Falls Church, Va.**
May 23 (letter of notification) $150,000 of 6% registered 20-year debentures (in denominations of $100 each) and 1,500 shares of common stock (par $1). **Price**—At par. **Proceeds**—For purchase of land, buildings, improvements and working capital. **Office**—106 Upside Court, Falls Church, Va. **Underwriter**—None.

★ **Monte Carlo Uranium Mines, Inc.**
June 6 (letter of notification) 6,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office** — 706 Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Mid-Continent Securities, Inc., same city.

Mountain Fuel Supply Co. (6/29)
June 8 filed 198,990 shares of capital stock (par $10) to be offered for subscription by stockholders of record about June 28 on the basis of one new share for each 10 shares held; rights to expire on July 18. **Price**—To be supplied by amendment. **Proceeds**—To finance expansion program. **Underwriter** — The First Boston Corp., 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.

★ **Nash (F. C.) & Co., Pasadena, Calif.**
May 19 (letter of notification) 29,916 shares of common stock offered for subscription by stockholders of record June 1 at rate of one new share for each 4¾ shares held; rights expired on June 15. **Price**—At par ($5 per share). **Proceeds**—To retire debentures and for working capital. **Office**—141 East Colorado Street, Pasadena, Calif. **Underwriter**—Pasadena Corp., 618 East Colorado Street, Pasadena, Calif.

★ **New Britain Machine Co.**
May 17 (letter of notification) 5,000 shares of common stock (par $10), to be offered for subscription by employees. **Price**—At market (estimated at $39.25 per share). **Proceeds**—To repay bank loans and for working capital. **Office**—South Street, New Britain, Conn. **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 Haven Water Co.
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).

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**—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.

★ **Old Republic Insurance Co., Greensburg, Pa. (7/1)**
June 10 filed 100,000 shares of common stock (par $5) to be offered for subscription by stockholders of record June 30 on the basis of one new share for each share held. **Price**—To be supplied by amendment. **Proceeds**—To diversify and increase its premium volume. **Underwriter**—The First Boston Corp., New York.

★ **Pacific Uranium & Oil Corp.**
June 6 (letter of notification) 3,000,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 811 Boston Bldg., Denver, Colo. **Underwriter**—Amos C. Sudler & Co., same city.

Peabody Coal Co., Chicago, Ill.
June 6 filed 6,492,164 shares of common stock (par $5) to be offered in exchange as follows: 578,739 shares for stock of Sentry Royalty Co. on a 147-for-1 basis; 216,000 shares of stock of Power Coal Co. on an 18-for-1 basis; 3,565,000 shares for stock of Homestead Coal Co. on a 713-for-1 basis; 794,200 shares for stock of Sinclair Coal Co. on a 44-for-1 basis; 611,064 shares for stock of Key Coal co. on a 54-for-1 basis; 546,000 shares for stock of Broken Aro Coal Co. on a 60-for-1 basis; 100,000 shares for stock of Alston Coal Co. on a 10-for-1 basis; and 81,161 shares for all of the properties of Sinclair Mines, Inc. (other than shares of any of the above seven companies owned by the Sinclair firm. The exchange offer is conditioned upon the acceptance of the offer by at least 80% of the total number of shares of each company to be acquired. **Underwriters**—None.

Pelican Uranium Corp., Salt Lake City, Utah
May 25 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 688 East 21st South, Salt Lake City, Utah. **Underwriter** — Trans-Western Brokerage Co., New Orleans, La., and Salt Lake City, Utah.

Peoples Gas Light & Coke Co.
May 9 filed 111,836 shares of capital stock (par $100) being offered for subscription by stockholders of record June 2 at the rate of one additional share of stock 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.

• **Pepsi-Cola General Bottlers, Inc. (7/1)**
June 3 filed 200,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans and for expansion program. **Underwriters**—Straus, Blosser & McDowell and Link, Gorman, Peck & Co., both of Chicago, Ill.

★ **Permian Basin Uranium Corp.**
June 2 (letter of notification) 640,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining costs. **Office**—613 Simms Building, Albuquerque, N. Mex. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

• **Personal Industrial Bankers, Inc., Washington, D. C. (6/20-24)**
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.

★ **Pinon Uranium Co., Inc., Santa Fe, N. Mex.**
June 6 (letter of notification) 300,000 shares of capital stock (par 20 cents). **Price**—$1 per share. **Proceeds**—For drilling expenses, equipment, acquisition of additional properties and working capital and general corporate purposes. **Address**—P. O. Box 23, Santa Fe, N. Mex. **Underwriter**—Frederic H. Hatch & Co., Inc., New York.

Pioneer Finance Co., Detroit, Mich.
May 26 filed 50,000 shares of 5½% convertible preferred stock. **Price**—At par ($10 per share). **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.

★ **Prairie Petroleum Co., Brownwood, Texas**
May 25 (letter of notification) 200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For oil and gas activities. **Office**—1608 Third St., Brownwood, Texas. **Underwriter**—None.

Primary Minerals Corp. (7/8)
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. **Office** — San Francisco, Calif. **Underwriter** — General Investing Corp., New York.

Public Service Co. of Colorado
May 13 filed 303,010 shares of common stock (par $10), of which 275,464 shares are being 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 being offered for sale to officers and employees. **Price**—$38.50 per share. **Proceeds**—For construction program. **Underwriters**—The First Boston Corp., Blyth & Co., Inc. and Smith, Barney & Co., all of New York.

• **Purity Stores, Ltd. (6/27-28)**
June 7 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—San Francisco, Calif. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

★ **Purple Mountain Mining Corp., Fort Smith, Ark.**
May 31 (letter of notification) 1,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** — For organizational expenses. **Underwriter** — Petroleum Finance Corp., Oklahoma City, Okla.

Pyramid Electric Co. (6/20-24)
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. (6/20-24)
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.

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★ Quinby & Co., Inc.
June 8 filed (by amendment) additional $260,000 of shares in the Quinby Plan for the accumulation of common stock in Standard Oil Co. (New Jersey).

Rebel Oil & Uranium Co., Denver, Colo.
May 27 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—636 South Broadway, Denver, Colo. **Underwriter**—Lester Gould & Co., Inc., same city.

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.

★ Rio Grande Western Uranium Co.
June 6 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office** — 610 Patterson Bldg., Denver, Colo. **Underwriter**—None.

★ Rock-Well Uranium & Petroleum, Inc.
June 8 (letter of notification) 2,646,723 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office** — 300 Fremont St., Las Vegas, Nev. **Underwriter**—None.

Royal Uranium Corp.
May 26 (letter of notification) 200,000 shares of common stock (par five cents). **Price**—At market (total not to exceed $150,000). **Proceeds**—For working capital. **Office**—Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—Whitney & Co., same city.

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.

★ Santa Fe Uranium & Oil Co., Inc.
May 26 (letter of notification) 2,959,500 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining operations. **Office**—416 Independence Bldg., Colorado Springs, Colo. **Underwriter**—Columbia Securities Co., Denver, Colo.

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.

Shoni Uranium Corp., Riverton, Wyo.
April 21 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds** — For mining expenses. **Address** — Box 489, Riverton, Wyo. **Underwriter** — Melvin F. Schroeder, Denver, Colo.

● Silver Creek Precision Corp. (6/23)
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.

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.
May 20 filed 100,000 shares of common stock (par 10 cents) to be offered for subscription by stockholders of record June 10 on the basis of one new share for each eight shares held (with an oversubscription privilege); rights to expire June 29. **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes, including investments in subsidiaries. **Underwriter** — Bioren & Co., Philadelphia, Pa.

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**—To be received up to noon (EDT) on June 21 at Room 2315, 195 Broadway, New York, N. Y.

★ Southland Racing Corp., West Memphis, Ark. (6/30)
June 10 filed 1,250,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For construction and related purposes, and for operating capital and reserve for future expansion. **Underwriter**—General Investing Corp., New York.

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 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.

● Stewart Oil & Gas Co. (6/27-30)
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.

★ Superdraulic Corp., Somerset, Ky.
May 27 (letter of notification) 50,000 shares of cumulative convertible preferred stock (no par). **Price**—$1 per share. **Proceeds**—To reduce accounts payable and pay accrued payroll taxes. **Address**—Route 27, Somerset, Ky. **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. (6/20-24)
May 31 filed 280,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **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.

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.

● Therm-O-Disc, Inc., Mansfield, Ohio (6/27-30)
June 7 filed 89,600 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter** — McDonald & Co., Cleveland, Ohio.

★ Thunderbird Uranium Corp., Albuquerque, New Mexico
June 9 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—915 Simms Bldg., Albuquerque, N. M. **Underwriter**—Hicks, Newton & Co., Inc., Denver, Colo.

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.

★ Ucon Uranium Corp., Salt Lake City, Utah
June 2 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining costs. **Office**—406 Judge Building, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Las Vegas, Nev.

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 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 Fur Industries, Inc., Atlanta, Ga.
June 2 (letter of notification) 3,487 shares of class A common stock (no par). **Price**—$75 per share. **Proceeds**—For acquisition of plant and equipment; purchase and development of suitable chinchilla breeding stock; and for working capital. **Office**—350 Peachtree Street, N. E., Atlanta, Ga. **Underwriter**—None.

● United Gas Corp.
May 17 filed 525,036 shares of common stock (par $10) being 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** — $28 per share. **Proceeds** — To Electric Bond & Share Co., who is the selling stockholder. **Underwriter**—None.

● United Telephone Co. of Pennsylvania (6/28)
June 7 filed 15,000 shares of 4½% cumulative preferred stock, series A (par $100). **Price**—To be supplied by amendment. **Proceeds**—Together with proceeds from issuance of 20,000 shares of common stock to United Utilities, Inc., its parent, to be used for payment of bank loans and advances owing to parent; and for general corporate purposes. **Office**—Harrisburg, Pa. **Underwriter**—Kidder, Peabody & Co., New York.

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.

★ Uranium Properties, Ltd., Virginia City, Nev.
June 13 filed $600,000 of Grubstake Loans to be offered in amounts of $25 or multiple thereof. **Proceeds**—75% to be invested in U. S. Savings bonds and the balance for equipment and exploration and development expenses. **Underwriter**—None.

★ Utah Southern Uranium Co., Las Vegas, Nev.
June 6 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—210 N. Third St., Las Vegas, Nev. **Underwriter**—Lester L. LaFortune, same city.

★ Vactron Corp.
May 13 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To manufacture, process, rebulid and market television pictures tubes, etc. **Underwriter** — Zone Investments Co., Fort Worth, Texas.

● Vanadium Queen Uranium Corp. (6/21-22)
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.

★ Vitro Corp. of America (6/28)
June 7 filed 160,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—$2,170,000 to prepay $1,800,000 V-loan and certain notes and for working capital. **Underwriter** — Blyth & Co., Inc., New York and San Francisco.

★ Wabash Uranium Corp., Moab, Utah
June 10 (letter of notification) 10,000,000 shares of capital stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Underwriter**—Moab Brokerage Co. and National Securities, Inc., 368 South State St., Salt Lake City, Utah.

Washington Natural Gas Co.
May 24 (letter of notification) 238,632 shares of common stock (par one cent), of which 192,011 shares are for account of company and 46,621 shares for account of selling stockholder. **Price**—$1.25 per share. **Proceeds**—To retire indebtedness and for working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

★ Washington Plywood Co., Inc., Lowell, Wash.
June 13 filed 296 shares of common stock (par $5,000). **Proceeds**—To purchase plywood mill of Walton Plywood Co., Inc., etc. **Underwriter**—Albert Walter Braedt.

● Webstetr Uranium Mines, Ltd., Toronto, Canada
Dec. 30 (regulation "D") 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Underwriter**—James Anthony Securities Corp., New York Statement withdrawn.

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 Mercury & Uranium Corp., Las Vegas, Nevada
May 23 (letter of notification) 400,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Underwriter**—None.

● Western Nebraska Oil & Uranium Co., Inc. (6/20-24)
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.

★ White Horse Uranium, Inc., Salt Lake City, Utah
June 9 (letter of notification) 2,900,000 shares of capital stock (par 2½ cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1030 South Sixth West St., Salt Lake City, Utah. **Underwriter**—J. W. Hicks & Co., Inc., Denver, Colo.

Wicker-Baldwin Uranium Mining Co.
May 26 (letter of notification) 900,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For mining expenses. **Office**—616 Sixth St., Rapid City, S. D. **Underwriter**—Driscoll-Hanson, Inc., same city.

★ Wilma K. Uranium Mining Corp.
May 31 (letter of notification) 9,990,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—For mining expenses. **Office**—Grand Junction, Colo. **Underwriter**—Columbia Securities Co., Inc., Denver, Colo.

Wooster Rubber Co. (6/22-23)
June 2 filed 169,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To eight selling stockholders. **Underwriters**—Hulme, Applegate & Humphrey, Inc., Pittsburgh, Pa.; Stroud & Co., Inc., Philadelphia, Pa.; and The Ohio Company, Columbus, Ohio.

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.

★ York Oil & Uranium Co.
June 3 (letter of notification) 10,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining and oil activities. **Address**—P. O. Box 348, Newcastle, Wyo. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Prospective Offerings

★ American Natural Gas Co.
June 9 company filed an application with SEC for authority to offer 736,856 shares of common stock (par $25) for subscription by common stockholders shortly after July 4 on the basis of one new share for each five shares held (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriter**—None.

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.

Arkansas Power & Light Co.
May 27 it was reported company plans to issue and sell about 80,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); White, Weld & Co. **Bids**—Probably in September or October.

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.

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.

★ California Electric Power Co.
June 7 it was announced permanent financing had been postponed to fourth quarter of 1955. **Proceeds**—To retire bank loans (estimated at $10,000,000). **Underwriter**—To be determined by competitive bidding. (1) For bonds, probable bidders may be Halsey, Stuart & Co. Inc.; Blair & Co., Incorporated; White, Weld & Co.; Blyth & Co., Inc. (2) For any common stock, bidders may include: Carl M. Loeb, Rhoades & Co. and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane.

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.
June 1 stockholders were to vote 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.

★ Chance (A. B.) Co., Centralia, Mo.
June 13 it was reported company may offer next month 50,000 additional shares of common stock. **Underwriter**—Stifel, Nicolaus & Co., Inc., St. Louis, Mo.

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, 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.

★ Chicago & North Western Ry. (6/29)
Bids will be received by the company up to noon (CDT) on June 29 at 400 West Madison St., Chicago 6, Ill., for the purchase from it of $3,330,000 equipment trust certificates to be dated July 15, 1955 and to mature in 15 equal annual installments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

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 Edison Co. of New York, Inc.
June 14 it was announced company expects to sell from $40,000,000 to $50,000,000 bonds some time during the current year. **Proceeds**—For construction program. **Underwriter**—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. (7/21)
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. **Registration**—Expected June 24.

● Consumers Power Co. (7/20)
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 about July 21; rights to expire on Aug. 5. 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; Ladenburg, Thalmann & Co. **Bids**—To be received up to 11 a.m. (EDT) on July 20. **Registration**—Expected June 24.

★ Continental Aviation & Engineering Co.
June 13 it was reported company plans sale in near future of $2,000,000 convertible debentures. **Underwriter**—Van Alstyne, Noel & Co., New York.

Erie RR. (6/20)
Bids will be received by company up to noon (EDT) on June 20 for purchase from it of $3,270,000 equipment trust certificates to mature annually from July 15, 1956 to 1970, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co., Incorporated.

Ferro Corp.
June 3 it was announced stockholders on July 8 will vote on a proposal to issue and sell $6,000,000 of convertible subordinated debentures. **Proceeds**—To retire approximately $5,000,000 of long-term debt and for general corporate purposes. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York. **Offering**—Expected about the middle of July.

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.

● First National Bank & Trust Co., Tulsa, Okla.
June 8 it was announced Bank is offering 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** — $25 per share. **Underwriter** — Merrill Lynch, Pierce, Fenner & Beane, New York.

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."

★ Goodyear Tire & Rubber Co., Akron, Ohio
June 14 P. W. Litchfield, Chairman of the Board, announced company plans to issue and sell some additional common stock (par $5) to its stockholders on the basis of one new share for each 10 shares held (at March 31, 1955, there were outstanding 9,106,608 shares). **Price**—To be determined shortly prior to the offering and is expected to provide in the area of $50,000,000 of additional capital funds. **Proceeds**—For capital expenditures and working capital. **Underwriter**—Dillon, Read & Co., Inc., New York.

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.

★ Gulf Sulphur Corp.
June 6 it was reported that the corporation may issue and sell $3,000,000 of convertible debentures.

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.

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, will offer additional convertible debentures to shareholders, the latter probably sometime in the Autumn of this year. **Office** — 726 Jackson Place, N. W., Washington, D. C. **Business**—Industrial merchant bankers.

● Lithium Developments, Inc., Cleveland, Ohio
June 9 it was announced that company plans soon to file a registration statement 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, will head group.

Long Island Lighting Co.
April 23 it was announced company plans to sell an issue of $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.

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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
June 10 it was announced stockholders of record June 9 have been given 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.

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 Bank of Toledo
June 9 stockholders approved an offering to stockholders of 20,000 shares of common stock on a one-for-three basis. **Price** — $40 per share. **Proceeds** — To increase capital and surplus. **Underwriter**—None.

National State Bank of Newark (N. J.)
June 6 the Bank offered to its stockholders of record June 3 the right to subscribe on or before June 24 for 45,000 additional shares of capital stock (par $25) on the basis of one new share for each three shares held. **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 Haven Clock & Watch Co.
June 7 it was announced that in connection with its proposed plan of recapitalization to be voted upon July 26, the company plans to raise not less than $300,000 of new capital. **Underwriter**—Probably Reynolds & Co., New York.

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 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 Illinois Gas Co.
June 14, Marvin Chandler, President, announced that the company plans to spend $60,000,000 on new construction through 1958, and that about $25,000,000 would be raised through the sale of bonds in the period. **Underwriters**—The First Boston Corp., Halsey, Stuart & Co. Inc. and Glore, Forgan & Co.

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.

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.

Puget Sound Power & Light Co.
April 5, Frank McLaughlin, President, said that "it will be necessary in 1955 to obtain funds for construction purposes from outside sources—at least to the extent of several million dollars." The company has scheduled a large-scale expansion program, involving $75,000,000 in order to keep abreast of estimated load growth over the next five years. **Underwirters**—Probably Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co.

Pure Oil Co.
April 9 stockholders approved the possible issuance of a convertible debenture issue. This would not exceed $50,000,000 and would be issued at the discretion of the directors any time within the next 12 months. **Underwriter**—Probably Smith, Barney & Co., New York.

Radio Receptor Co., Inc.
Feb. 28 it was reported that a public offering is soon expected of about 250,000 shares of common stock, of which 100,000 shares will be sold for account of company and 150,000 shares for selling stockholders. **Underwriter**—Bache & Co., New York.

• Reading Co.
June 7 stockholders approved a proposal 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.

★ Siegler Corp.
June 13 it was reported that company plans early registration of 225,000 shares of common stock. **Underwriters**—William R. Staats & Co.; Dominick & Dominick; Bache & Co.; and Schwabacher & Co. **Offering**—Expected about the middle of July.

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 July.

• Sterling Precision Instrument Corp.
June 6 the stockholders voted to approve an authorized issue of 500,000 shares of first preferred stock (par $10), of which 300,000 shares (to be convertible into common) are to be publicly offered. **Proceeds**—For working capital. **Office**—Buffalo, N. Y.

★ Swank, Inc.
June 14 it was reported a secondary distribution is planned today (June 16) of 64,000 shares of common stock. **Price**—$8.25 per share. **Underwriter**—Cohu & Co., New York.

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.

★ Thorofare Markets, Inc., Murrysville, Pa.
June 8 it was announced company plans to issue and sell $2,000,000 of sinking fund subordinated debentures due 1975 (convertible until June 30, 1962). **Price** — To be named later. **Proceeds**—To equip and stock additional stores opened and to be opened; and for working capital needed for increased inventories. **Underwriter**—Hulme, Applegate & Humphrey, Inc., Pittsburgh, Pa.

Unexcelled Chemical Corp.
May 25 stockholders approved creation of 100,000 shares of 5% non-voting preferred stock (par $25) and increased authorized common stock from 500,000 shares to 1,000,000 shares.

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 Union Telegraph Co.
March 15 it was announced that conside[illegible]on is being given to the issuance of some additional [illegible]res of common stock through an offering to stockh[illegible]ers. Stockholders April 13 voted to approve a 4[illegible]r-1 split of the company's stock and the issuance o[illegible] additional 1,580,000 new shares, part of which are [illegible]ected to be offered as aforesaid, but no definite [illegible]cing plans have been formulated. **Underwriters**—[illegible]cted to include Kuhn, Loeb & Co.; Lehman Broth[illegible] and Clark, Dodge & Co.

Westpan Hydrocarbon Co.
March 2 it was announced Sinclair Oil C[illegible] has agreed with the SEC to divest itself of its inves[illegible]t of 384,380 shares of Westpan stock (52.8%). **Und[illegible]iter**—Union Securities Corp., New York, underwrot[illegible]ent sale of Sinclair's holdings of Colorado Interstate [illegible] Co. White, Weld & Co., New York, may be incl[illegible]mong the bidders.

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The Security I Like Best

were $337,000, there has been a steady increase with sales totaling $37.9 million in 1954. Earnings per share for the full year 1954 were $2.20 on a larger number of shares outstanding compared with $1.88 for the previous year. Figures for the first quarter of 1955 show *sales up 15%* and net earnings up 26%. These earnings give every assurance of continuation of the present dividend with a possibility for increased dividends.

American Hospital Supply, including its nine subsidiaries, is the leading distributor of supplies and equipment used by hospitals and similar institutions. Products include about 12,000 items and their sales are approximately twice the size of their nearest competitor. The company is able to furnish practically all of the supply and equipment needs of a hospital. About 85% of its sales are in expendable type goods that are used up in a short period of time and have to be replaced.

A unique program called Hospital Planning Service provides complete decorating, furnishing, and equipment planning for new hospitals, additions, and remodernization projects. More than 300 hospitals have used this service since it started.

At the end of last year the company acquired all the assets of V. Mueller & Co., marking American's initial entry into the doctor and wholesale-retail surgical supply markets. The American group with its complete line of products and highly trained personnel will be able to serve virtually all the needs of the doctor-laboratory-hospital team through nationally coordinated supply and service.

Today about 100 million Americans have some form of hospital insurance. Facilities of hospitals are taxed to capacity and construction of additional facilities are badly needed. Under the Hill-Burton Law, Congress has extended the program of providing Federal funds for assistance in the construction and remodeling of hospitals and related health institutions. In New Jersey, a comparatively small state, some 200 million dollars worth of new construction, expansion and improvement is either under way or planned. Nation-wide, hospital authorities expect the present pace to continue for some time as the result of rising suburban population, increasing public membership in hospital insurance plans, and the continuing advance of medical science.

There are now nearly 11,000 hospital and related institutions in the United States. Hospitals now rank as the nation's sixth largest industry. Approximately 95% of all such institutions are customers of American Hospital Supply. The stock, traded in the over-the-counter market, is definitely an attractive investment in a successful and growing enterprise. The management is progressive and of high caliber. From the investor's viewpoint all of these factors create a highly favorable atmosphere for the company's future outlook.

Incidentally, the foregoing represents the writer's second contribution to this Forum. The first appeared in the Dec. 7, 1950 issue and the issue recommended was Detroit International Bridge, then selling at 14¼. This stock has since been split 2 for 1, and with the new stock now at 21 bid it shows an appreciation of 200%. With the more than good chance that this bridge will be taken over by some public authority before very long, there is still plenty of opportunity left for further appreciation. I believe the bridge could be sold within the next year or two and the stockholders would receive not less than $30 per share.

E. J. Halladay Co. Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—E. J. Halladay and Company is engaging in a securities business from offices at 711 Seventeenth Street. Officers are E. J. Halladay, President; Edwin J. Guldner, Vice-President; and D. L. Halladay, Secretary-Treasurer.

Joins Hess Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill. — Bluford W. Jackson has joined the staff of Hess Investment Co., 721 Maine Street. Mr. Jackson was formerly with A. G. Edwards & Sons.

Two With Mid Continent

(Special to THE FINANCIAL CHRONICLE)

SHREVEPORT, La.—Norbert C. Gooden and L. C. Lockart have been added to the staff of Mid-Continent Securities, Inc.

With Baldwin, White

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine — Carl R. Barker is now with Baldwin, White & Co., Casco Bank Building.

Bache Adds To Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Gerald D. Winter has been added to the staff of Bache & Co., 21 Congress St.

Joins Blyth Co. Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Cullom E. Connely is now associated with Blyth & Co., Inc., 75 Federal St.

With Goldman, Sachs Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Barbara A. Frazier has joined the staff of Goldman, Sachs & Co., 75 Federal Street.

Three With Inv. Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — P. Homer Chalifoux, Nasip J. Coury and Frederick E. Shipp are now with Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

Smith, La Hue Adds

(Special to THE FINANCIAL CHRONICLE)

ST. PAUL, Minn. — T. Charles Green is now associated with Smith, LaHue & Co., Pioneer Building.

With Prescott, Wright

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Richard T. Lawman has become associated with Prescott, Wright, Snider Co., 916 Baltimore Avenue.

A. G. Edwards Adds

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Leonard J. Nick is now with A. G. Edwards & Sons, 409 North Eighth Street, members of the New York and Midwest Stock Exchanges.

With McCourtney Firm

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Oliver E. Coulter and Charles J. Kloske are now with McCourtney Breckenridge & Company, Boatmen's Bank Building, members of the Midwest Stock Exchange.

Our Reporter's Report

Scarcity is putting a premium on some recent corporate issues which had lagged for a time after their initial offering. But the hardening of the market has not served to stir up much in the way of new business for underwriters and the calendar, accordingly, remains on the thin side.

Yet the fact remains that institutional investors who were hesitant about placing orders for a number of recent offerings at the time of issue, have since found it necessary to pay over the offering prices to fill their belated needs.

Among such issues are Detroit Edison's recent offering, that of Ohio Edison and also Potomac Electric Power's 35-year bond issue, all of which have moved forward to bring premiums ranging from ½ to 1½ points.

Convertible issues such as those of W. R. Grace & Co., and Lockheed Aircraft, being nicely favored by the strong stock market naturally have been taking their cues from their equity counterparts. They have been a bit on the spectacular side as stocks have worked higher.

Meanwhile, strength in equities has been turning corporate interest toward the improved prospects for raising new capital through the sale of additional stock rather than by use of debt securities.

So far as the corporate market is concerned it now appears that for the next month or six weeks such undertakings, largely on the basis of "rights," will overshadow activity in the fixed term market.

Big Equity Deals

Among the larger equity issues projected on the basis of initial offering to present stockholders is that of Goodyear Tire & Rubber Co., which plans to file shortly for enough stock to provide it with $50,000,000 of new capital.

The offering, to be made in the ratio of one share of new stock for each 10 shares held, will be underwritten by a large banking syndicate.

Meantime American Natural Gas Co. has projected an offering of 736,856 shares of additional common stock to its holders as a means of securing upward of $40,000,000 of additional capital.

And Mountain Fuel Supply Co., has scheduled an offering of 198,990 shares of additional common also on the basis of "rights."

Turnpike Bonds Revive

But for the next little while it appears that the center of interest in the field of debt securities will be returned to the various turnpike authorities across the country.

Florida State Turnpike Authority last week found a ready market for its $74,000,000 of 40-year bonds, carrying a 3¼% rate and offered at par.

Texas Turnpike Authority put out $58,500,000 of new bonds, $15,000,000 due in 1980 and the balance in 1995 to finance a toll road between Dallas and Fort Worth.

Bankers who bid on the bonds, fixing a 2.70% coupon for the shorter end and 2⅞% for the long bonds reoffered at prices to yield 2.80 and 2.90% respectively for the issues.

The shorter-maturity was reported taken up readily and good demand seemed to obtain with respect to the longer issue.

Next Week Quiet

The corporate market faces another slow period in the week ahead. Tuesday will prove the busiest day with two moderate sized utility issues up for bids.

Oklahoma Gas & Electric will open bids for $15,000,000 of bonds and on the same day Southern New England Telephone is slated to sell $20,000,000 of 34-year debentures.

As a bit of diversification, Merritt-Chapman & Scott is scheduled to offer, on June 28, through its bankers, $25,000,000 of debentures, and Consolidated Cigar Co.'s issue of $17,500,000 of debentures is expected to develop about the same time.

Joins Morfeld, Moss

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo. — Leonard J. Nick has joined the staff of Morfeld, Moss & Hartnett, 721 Olive Street, members of the Midwest Stock Exchange.

J. L. Elmore Opens

Ft. SMITH, Ark.—James L. Elmore is engaging in a securities business from offices in the First National Bank Building.

Flowers Opens Office

JACKSON, Miss.—E. G. Flowers is conducting a securities business from offices in the First Federal Savings & Loan Building.

Wm. Stewart Co. Opens

SALT LAKE CITY, Utah—William Stewart has formed William Stewart & Company with offices at 505 South First West to engage in a securities business.

Roderic Collins 3rd

Roderic Greene Collins, 3rd, passed away June 13 at the age of 50 following a brief illness. Mr. Collins, a former member of the New York Stock Exchange, had been associated with Seeley & Lindley and more recently was with William L. Burton & Co.

New Carlson Branch

DALLAS, Texas — Carlson & Company of Birmingham have opened a branch office in the Life of America Building under the management of Gus Rounsaville.

Lawrence D. Woodbury

Lawrence D. Woodbury passed away June 13 at the age of 72 following a heart attack. Mr. Woodbury was formerly a member of the New York Stock Exchange.

Weill, Blauner Co. Formed

Weill, Blauner & Co. Inc. has been formed with offices at 120 Broadway, New York City to engage in a securities business. Leon Weill is a principal of the firm.

Joins Stevens & White

(Special to THE FINANCIAL CHRONICLE)

FT. MYERS, Fla. — Herbert J. Beckel has become connected with Stevens & White, 2226 Hendry St., members of the Midwest Sstock Exchange.

Berkson, Morson Opens

Berkson, Morson and Co. is engaging in a securities business from offices at 29 Broadway, New York City. Jack J. Berkson is a principal of the firm.

W. L. Chamberlin Opens

BILLINGS, Mont.—Walter L. Chamberlin is conducting a securities business from offices at 946 North 27th Street.

Washington... And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—This last two or three weeks has sharply pointed up one of the fundamentals of the Washington scene, which is that there is a lot which goes on that nobody much hears about, and it isn't even going on under the table, behind closed doors, or otherwise on the sly. It is right there for everybody to see, but it is seldom reported in the daily newspapers or on the radio.

There was that housing bill, for instance. In the good old frame of conflict, of a scrap between the White House and the Democratic Congress, and the ancient and reliable news frame of a clash of personalities, popular media concentrated almost entirely on the fact that the Senate voted to approve up to more than 800,000 units of public housing versus 70,000 Mr. Eisenhower had asked for a two-year program.

Yet this housing bill was easily a package of some of the most far-reaching commitments the government has ever considered making in any single year. The other elements of inflation and subsidy and long-term responsibilities, seldom got more than honorable mention if that, in the daily press.

The broadened public housing commitment was only one part of this new and extravagant package. In some four different ways the Senate voted special provisions for public housing for "elderly persons," who are no longer referred to in Congressional committee prints as "the aged."

Government Would Undertake To House the Aged

If one analyzes the housing bill passed by the Senate, one thing stands out clearly: The government would undertake a responsibility in an entirely new sphere. That sphere is responsibility for housing "elderly persons," regardless of the fact that they did not come from slums or areas of substandard housing, etc., the alleged prerequisites for admission of tenants into government-subsidized public housing.

Responsibility is thus inaugurated; once inaugurated, it is not lightly dropped so long as credit can continue to be manufactured. If the House approves these provisions and Mr. Eisenhower does not have the hardihood to veto them, then a new undertaking for subsidizing housing for the aged is as surely accomplished as if the current pending bill especially to provide housing for the aged, complete with soothing preamble and all, and backed by X-teen Congressmen, had itself been passed.

Broaden College Housing

For some four years, now, the government has been underwriting "college housing." This consists primarily of dormitories for students, and reams of college housing loan approvals keep coming out from the Housing and Home Finance Agency.

So far, however, the program had a dollar ceiling of $300 million. The Senate boosted this to $500 million, which in itself is another of hundreds of proofs that once a new form of subsidy however casually is written on the books, whether for farmers or elderly persons or for colleges, it in political fact becomes permanent.

However, "Title II of this bill (relating to college housing) is intended to renew and invigorate this program," the committee observed. This was something of an understatement. The committee made college cafeterias, dining halls, student centers or unions, "and other essential facilities" eligible for housing loans. Gymnasiums and stadiums were specifically made ineligible. However, the benefits of long-term, low interest rate Federal credit for college housing would be extended also to junior colleges.

Glorify Cooperative Housing

The glorification of cooperative housing was another objective which the Senate voted. Just to make money easier, the Senate voted that the basis of lending on co-op housing projects should be replacement cost, rather than their value. The same appraisal treatment was proposed for special "urban renewal" housing which the Administration dreamed up last year and put into the Housing Act of 1954, but which hasn't yet worked.

For some time there has existed an agency known as the Federal National Mortgage Association. This, a Federal institution, has been an indirect means of steaming up the market for FHA and VA loans, in other words, government-sponsored mortgage loans, instead of having the Treasury itself barefacedly do it.

Under the Housing Act of 1954 this supposedly "secondary market" for government-aided loans (the government using Treasury money through FNMA to buy up loans the government previously guaranteed) was to be made, so the Republicans said, "private."

This was to come about by requiring each bank, insurance company, etc., which placed a VA or FHA loan in FNMA, to purchase 3% of the principal of the loan in capital stock of FNMA, which would then—if the government itself later didn't change its mind—some time, maybe a generation or two hence, retire the Federal capital.

The Senate lowered this capital requirement to 2%, thereby postponing still farther into the limbo of time, this allegedly good intention of getting the government out of the business of supporting the market for its own guaranteed loans, of doing indirectly with public money what it was supposedly not doing directly.

Finally, for good measure, the Senate proposed that FNMA should use $50 million for "advance commitments" to buy cooperative housing mortgages. In other words, the government would agree to finance, lock, stock, and barrel, $50 million of cooperative housing.

Offer Several New Features

It is almost impossible to summarize adequately the delicious subsidy sweets the Senate is offering free, without writing a young book. There were several other features. For instance, the government would set up "FHA insurance" for financing trailer parks, at $1,000 per piece of cement area and utilities required for each "mobile home."

In the days of the RFC, that agency at one time had outstanding more than $1.5 billion in "public agency" loans, or for almost any kind of a municipal improvement.

In the cute way the Eisenhower Administration has of keeping supposedly at little or no cost the form—at least initially—of some welfare program, the Housing Act of 1954 transferred public agency loans to the Housing and Home Finance Agency, but Congress appropriated only $2 million therefore.

The Senate went the GOP Congress 50 times better on this, authorizing a loan fund of just $100 million, which of course is bound to grow and grow and grow.

Take on Industrial Sites

Then there is that matter of $500 million which the Eisenhower Administration asked for "capital grants" to cities to finance slum clearance and "urban renewal" over a three-year period. A "Capital grant" may be accurately and exactly translated as a gift of Federal money.

Well, the Senate gave Ike his $500 million additional for capital grants. And for good measure it would add $25 million for capital grants to clear slum areas for industrial sites. Heretofore, Federal gifts to cities to clear slum areas for industrial sites had not yet touched th imagination of Congress.

This is a new undertaking like college housing was in 195 like housing for elderly person would be in 1955, and so on. I the provision stays in the fina housing bill, $25 million would be merely the "foot in th door," the small nominal down payment, like all welfare pro grams of late, "with no monthl payments due until the thir generation," as a smart pub licity man for the governmen might advertise it.

Ike Has His Own

Not all the brand new welfare programs originate on a "foot in the door basis" with th Senate or House, however. To implement his new program fo the part-time farmers, the President has approved a new program of loans through th Farmers Home Administration for loans to "low income and part time farmers."

No one eligible for private credit, Farm Credit Administration Credit, or other Farmers Home Administration credit, can get one of these new loans for "low income or part time farmers." Said loans could run for 20 years, be up to $10,000 per loan. In other words, this encompasses a brand new low in marginal credit.

All this appears to show that both the Congress and the White House are in hot competition to (1) give away taxpayers' money, and (2) to tap the nation's savings for backing the poorest kind of risks on a scale which if enacted will amount to billions.

(This column is intended to re flect the "behind the scene" inter pretation from the nation's Capita and may or may not coincide wit the "Chronicle's" own views.)

BUSINESS BUZZ

"Don't think you'll get away with this!——coming in after banking hours and making me miss my train for Scarsdale!"