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The COMMERCIAL and FINANCIAL CHRONICLE

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EDITORIAL

As We See It

What is the "Fed" planning to do in the next few weeks or so? What does it think of what is going on in the business world in general and banking in particular? Will it undertake to do anything about the boom that is upon us, and if it does take restrictive action sufficiently vigorous to check the growth of what a good many regard as a rather marked boom, can it limit the effect to the dimensions it desires? It is little short of remarkable how often one hears such questions as these, and how seriously they are discussed among a wide variety of business men. It is perhaps less remarkable how frequently the experience of 1953 is cited in the course of such conversations.

All this is in a sense reminiscent of how the Old Lady of Threadneedle Street was the center of attention in London in the days of Walter Bagehot. Yet how different is the context in which these discussions take place! The Bank of England was the center of attention and interest in London for the reason that London was essentially the financial center of the world, its business primarily financial in nature dealing with paper of very short-term, and its institutions in constant and real need of being as certain as humanly possible that its paper would liquidate itself at due date, and that the thin margins on which they worked would be adequately protected by reasonable stability in prices and rates.

Now, in this year of our Lord, 1955, the government of the United States has undertaken not merely to do such things as were entrusted to the Bank of England three-quarters of a century ago,

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Further Opinions on the Guaranteed Annual Wage

The "Chronicle" continues to receive expressions of opinion regarding the Guaranteed Annual Wage philosophy and the probable economic consequences of a widespread adoption of any such doctrine. Latest of the commentaries received are reproduced below.

The "Chronicle" is pleased to make provision in this issue for some more of the letters received in response to its invitation for comment on the Guaranteed Annual Wage philosophy inherent in the contracts recently negotiated by the auto workers union. The invitation was extended coincident with the publication in the May 26 issue of Frank Rising's article "Guaranteed Annual Wage: Blue Sky and Brass Tacks." Communications on the subject have appeared in each issue beginning with that of June 2. Some of those now in hand appear herewith, others will be given subsequently.—ED.

HON. EMANUEL CELLER
U. S. Congressman from New York

The automobile industry in principle has accepted its responsibility to guarantee wage payments to workers involuntarily idle. The settlement accepted is universally recognized to be a moderate one. Much of the responsible press has seen in the bargaining process of the Union and the industry the evidence of the health and dynamics of the democratic process, evidence of a faith by both management and labor in the expanding productive capacities of the free enterprise system. A democracy only proves itself in its willingness to move forward to meet the needs of its people. The principle of the Guaranteed Annual Wage is the recognition that a human being is not a machine, to be placed under wraps when not in use.


Emanuel Celler

There have been many arguments advanced against the principle of the Guaranteed Annual Wage, such as the burden placed upon management, which could force it out of business, the shackling

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Opportunities for Building A Life Estate in Investments

By ELDEN J. FACER
Associate Professor of Banking and Finance
University of Utah

Prof. Facer, pointing out that investment these days is not restricted solely to the rich and aged, but concerns almost every individual in planning for the future, discusses investment principles and financial planning. Says there is wisdom in starting an investment program early in life and that stock investments should be an essential part of every financial plan. Gives three illustrations of investment plans.

The purpose of this article is to partially answer two common and persistent ideas prevailing in the field of investments, both among some leading textbook writers in the field and the population as a whole. The first of these ideas was illustrated in a recent discussion with the educational director of a large army installation. Plans were being prepared for a series of college courses which would lead to a college degree. The author was asked what he taught, and when he said investments, the immediate answer of the educational director was, "Oh! We have no need for a course in investments; none of our employees make over $6,000 a year." He thus expressed the prevalent idea that investment is only for the rich, that only the well-to-do are entitled to the benefits of sound investment programs.


Dr. Elden J. Facer

The second of these ideas might be illustrated by paraphrasing statements from two recent textbooks on investments. Every financial plan should provide for the amount of insurance that should be carried, the amount of savings to be accumulated as an emergency fund, the question of home ownership and the accumulation of a down payment; and only after considering all of these parts of a financial plan,

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PICTURES IN THIS ISSUE—Candid pictures taken at the Annual Outing of the "Syndicats" at Echo Lake Country Club, Westfield, New Jersey, appear on pages 23 and 26.

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

Anaconda Company (formerly Anaconda Copper Co.) — Lawrence F. Smart, New Orleans, La. (Page 2)

Sheraton Corporation of America —Henry Warner, of Heller & Meyer, East Orange, N. J. (Page 2)

LAWRENCE F. SMART

Investment Securities
New Orleans, La.

Anaconda Company (formerly Anaconda Copper Co.)

Something big has been added to Anaconda Company (formerly Anaconda Copper Co.), which has not as yet been fully reflected marketwise and which could easily raise the investment status of this stock.

Lawrence F. Smart

In these busy trading days, stocks of companies engaged in Uranium activities are receiving the optimistic attention of the public and in some instances have risen $5 to $10 per share in price during the day's trading.

"Time" magazine reports the "Biggest Uranium Mine in the U. S. is being developed by Anaconda Copper on the Laguna Indian reservation in New Mexico. AEC says that Anaconda's Jackpile Mine is the first multimillionton deposit to be found in the U. S. Reserves are estimated at 5,000,000 tons or more."

Here, indeed, is a situation that should appeal to investors everywhere especially investment trusts who could very well use this established company for nice current income with good possibilities of capital growth.

While earnings for 1952 and 1953 just about covered the $3 dividend, 1955 and 1956 should bring a great improvement in earnings assuming present prices for copper and zinc would hold. This should come about due to several favorable factors now in the making, such as, Butte and Yerington resuming normal volume, brass mill operations recovery on an expanded basis, reaping of benefits from expansion of aluminum operations and the recent passage of a bill by the Chilean legislature giving better treatment to major foreign producers.

In addition to the above, the company announced discovery of a new ore body at its Butte, Mont., properties that may prove to be a major low-grade open pit copper mine.

Domestic earnings of $1.50 in 1954 could improve to $2.50 in 1955 since copper output is higher and prices are better. Chilean earnings under the new setup could also reach $2.50 and earnings from aluminum should bring in another $1 annually beginning the latter part of the year. From this, the main phases of the business, Anaconda would be selling at a lower multiple of current earning than other leading producers.

Due to the classified nature of Uranium operations, information is not available on the value of the ores. Varied estimates have run as high as $300 million but we do know that their holdings are immensely valuable, dwarfing anything found in this country to date.

However, it is not amiss to project earnings of at least $1 per share in 1956 when full production is obtained from their limestone mill at Grants, New Mexico, capacity of which is being doubled this year.

The really great potentials of Anaconda lie in their Uranium interests which cannot be appraised accurately until more data is released. The premium being paid for the stock on a times 1954 earnings basis, although pretty well in line with Kennecott and Phelps Dodge, could be very small indeed if the ore reserves turn out to be as reported in "Time" magazine, **"Biggest Uranium Mine in the U. S."** It would naturally become the biggest producer in the U. S.

I will string along with Anaconda, currently selling at 73 on the New York Stock Exchange, for a solid Uranium play. The stocks of other companies have zoomed on Uranium prospects but I like this one best of all.

HENRY WARNER

Heller & Meyer, East Orange, N. J.
Members New York Stock Exchange

Sheraton Corporation of America

The performance of Sheraton Corporation has helped secure a niche for the relatively new chain hotel business among the nation's great industries. Competent and progressive management has been instrumental in boosting earnings from only 60c per share in 1946 to a record level of moderately below $2.50 in 1954 —of which approximately 50% represented capital gains from the sale of property. This sharp improvement has occurred during a period of declining occupancy (93% in 1946 to todays rate of 75%).

Henry Warner

In order to achieve such earning power, Sheraton management capitalized on the advantages and economies derived from a chain operation which are as follows:

(1) Central buying of products and services.

(2) Employing full time staff specialists in food, maintenance and management.

(3) Setting uniform standards and practices.

(4) Advertising and soliciting business on a nation-wide basis.

(5) Diversifying its geographical interests and risks.

There is still another tremendous plus factor in this new industry. The chains have found it exceedingly profitable to buy, rebuild and sell hotel properties. This is made possible by a combination of favorable circumstances.

(1) The Revenue Act of 1954 provides the same tax treatment to hotels which has been available to other industries that depreciate capital goods. The advantages here is that liberal depreciation allowance permit substantial cash flow.

(2) Long term purchase money mortgages are now obtainable at reasonable rates as the result of the improved credit status of the hotel business.

(3) Many improvement expenses are being charged off in full against current income during the fiscal year in which they were incurred. In that manner, ordinary income is reduced and shows up later in the form of long term capital gains when the rehabilitated property is sold. The tax advantages are obvious.

Sheraton has found no shortage of privately owned hotel properties being offered to them for their consideration. Some hotel owners have put their incorporated properties on the market now that there is relief from double taxation. Only the stockholder is subject to a tax liability if and when liquidation of a corporation occurs within one year of the sale of assets. Still others are eager to sell when they have run out of available depreciation.

Sheraton is taking advantage of this large supply of offerings by upgrading their "hotel portfolio." They are buying first class properties and confining their sales to less attractive ones. Only under special circumstances would Sheraton management undertake new construction. This is the case in Tarrytown, New York, where the company is venturing into the motel business with a luxury "Highway Inn." The chain motel business might prove to be a valuable addition to Sheraton's basic operation.

With the purchase of the Statler chain and the recent antitrust suit, Hilton Hotels has been receiving more publicity than Sheraton during the last several months. This comparative lack of "limelight" for Sheraton should not blind the investor to some of the important differences between these two leading chains. For one thing, Sheraton goes in almost exclusively for the ownership of properties while Hilton-controlled real estate is often held on a lease basis. As a consequence of this difference in policy, Sheraton with moderately smaller gross revenues, throws off about twice as much cash through depreciation as Hilton. Additionally, Sheraton's first mortgages are only liens on specific properties and the parent company is not contingently liable for defaults on a specific mortgage.

Although half of Sheraton's 1954 earnings came from capital gains, it is not unrealistic to regard such income as "recurring" income, since it is apparent that the company will continue to build up and sell hotel properties. Sheraton's common stock (listed on the New York Stock Exchange) is currently trading at approximately seven times 1954 combined earnings results and at a 35% discount from net asset value of around $25.00 per share (based upon real estate valuations set forth by management's appraisal). It is significant to note that sales have occurred only at amounts in excess of book values. A price of $35.00 to $40.00 per share would probably reflect more accurately the true net asset value, particularly since the liberalized depreciation permitted under the Revenue Act of 1954 makes hotels even more desirable "cash-throw-off" holdings to a buyer than has previously been the case.

The combination of high book value, substantial cash flow and improved earnings has made the common stock of Sheraton Corporation of America the ideal vehicle for participation in the chain hotel business. An excellent opportunity for capital enhancement as well as liberal yield and relative safety may be found in Sheraton's 4¾% Convertible Debentures due March 1, 1967.

Corporate Capital Needs Between Now and 1965

By KEITH FUNSTON*

President of the New York Stock Exchange

Predicting U. S. corporations will need $375 billion of new capital to reach economic levels projected for 1965, Mr. Funston points out this will require a broader share-ownership by the public. Finds many corporations add to their debt merely because of a restricted market for their stock issues. Says broadening of the base of ownership in equities will be a slow process and must go hand-in-hand with the education of investors. Explains New York Stock Exchange efforts in the dissemination of corporate information.

At the outset it should be perfectly clear that the goal of broader stock ownership is long-range. It can be pursued only as quickly as a vast program of public education will permit. "Education" and "speed" are words that are almost mutually exclusive, and broadening the ownership base is going to be a painstaking process. First of all, we need an informed people, whether they are shareowners or not.

G. Keith Funston

It is also fundamental, though not so widely appreciated, that the country needs a continuing flow of equity capital — that is, capital supplied by the issuance of common stocks, and representing ownership of our great enterprises. We will require, in the next decade, more new equity than during any comparable period in our history. In my opinion, this money can best be raised by drawing on the accumulated savings of millions of our people who, in return for the anticipated rewards, are able to take the necessary investment risks.

It is perfectly true that industry's marvelous post-war growth has been accomplished by relying heavily on the issuance of debt securities. It is prudent however to question whether the financing trend of the last decade was the healthiest that could have been followed, and to wonder whether this pattern, if carried over into the future, will not spell trouble.

The exchange believes it will. We are very much concerned and somewhat alarmed by the long-term implications of heavy reliance on debt. Examples spring to mind of companies which are presently overloaded with fixed debt obligation to the detriment of their financial health. We know that many firms would have preferred to avoid additional high fixed costs if they had felt market levels were high enough to warrant issuing new equities, and if the ownership base had been broad enough to absorb these issues.

We know, for another thing, that venture capital has historically been the spring from which our economy is fed. If free enterprise is to survive, there must be enterprise; to finance enterprise there must be venture capital. If such funds dry up, the nation's vitality will dry up also.

We know, finally, that if our people fail to translate savings directly into ownership, they fail to gain their full share of the economy's growth . . . they tend to become indifferent to the workings of our system. And if they fall into the trap of believing that political democracy is somehow divorced from our economic system, they will be much riper for a philosophy that today is one of the world's great horrors.

NYSE Committed to Concept of Broader Ownership

The stock exchange is committed to the concept that a healthier and more vital America will emerge as the base of shareownership is broadened. We are also convinced that in the process a new kind of capitalism will develop for the world to marvel at. In a nation of 165 million people, surely more than 7½ million ought to exercise their right—in their own self-interest—to own our public companies. Certainly millions of financially able non-shareowners, particularly those in the higher income groups, are not enjoying the full benefits our economy can provide.

The exchange first voiced the idea of broadening ownership as a long-range policy goal when it became apparent at the end of World War II that the billions needed by industry exceeded anything in our peace-time experience. Where was the new equity money to come from? Patterns of wealth had changed . . . and the wealthy themselves were no longer able to provide equity in the magnitude our economy required. Fifty-five years ago, for example, a man with considerable vision named Edward Tuck made a gift of $300,000 in securities to found the Tuck School. We are here today, largely because of his vision, and because changing times have left men like him less able to meet our continuing needs.

The sum total of these observations made the exchange community realize that the sources from which new capital was raised were almost as important as whether or not capital could be raised.

In a performance that aston-

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*An address by Mr. Funston at the First Dartmouth-Tuck Business Conference, Hanover, N. H., June 23, 1955.

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Articles and News — Page

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SECTION TWO of today's "Chronicle" devoted to the 39th Annual Convention of the Investment Dealers' Association of Canada at Manoir Richelieu, Murray Bay, Quebec, includes the following articles:

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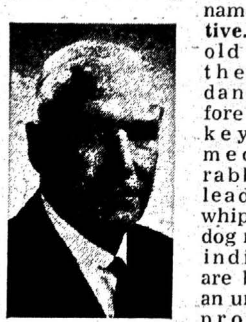
Incentives in Banking—Financial and Non-Financial

By PERCY J. EBBOTT*
Vice-Chairman, Board of Directors
The Chase Manhattan Bank

Asserting that in banking as in other businesses there are two types of incentives—financial and non-financial, prominent New York bank executive says, because of their size, the large banks have been giving serious study to make banking a more attractive career. Lists as areas needing consideration: (1) a training program; (2) a more realistic retirement program; (3) an insurance plan; and (4) a formal profit-sharing program. Holds leading non-financial incentive is "to become a greater boss in the bank than your predecessor."

In thinking about a subject which might be of interest, I decided to talk about one of the great motivating forces in life, namely, **Incentive**. It is the old story of the carrot dangling before the donkey or the mechanical rabbit always leading the whippet in the dog race. Most individuals are born with an urge to improve their lot. In banking as in other businesses there are two types of Incentive — financial and non-financial. Because of their size, the larger banks have been giving serious study and, I may say, have taken forward steps, to make banking a more attractive career. It has been a case of offering an Incentive program before it was demanded.



Percy J. Ebbott

Smaller institutions have not been subject to the same pressures but to maintain their vitality, standing in the community, and attract and retain the high type of personnel which any well run bank must have, their problem is identical with that of the larger banks. There is, in fact, very little difference between a large bank and the so-called country bank, except totals in the balance sheet and scope of services. We leave off the last three ciphers in our bank so that the daily statements which are circulated among our officers can be understood. None of us has even seen a billion dollars and few of us can comprehend precisely what it means.

Banks large and small operate under the same state and national laws; our procedures are basically the same. We take in corporate funds and the savings of the people and loan them for the benefit of the whole community. I often think it is much more difficult and takes more banking "know-how" to lend an individual $1,000 unsecured than to lend $1,000,000 to a corporation which presents a certified balance sheet and has a record of stabilized earnings and management.

Money Incentive

So with this brief preamble, let me return to the main track and talk about Incentives. First, I would like to review financial incentives—that is, money incentives other than salary itself. These are still designated as "fringe" benefits but in the city banks these benefits have become more than the "fringe." They are approximately 40% of the tablecloth and we should find a better designation.

In days gone by a young man was considered lucky to get a job in a bank. He was told that it gave him standing in the community, and social position. He was a man of importance destined to be a respected citizen but in many cases, his sleeves became shiny at the elbows and his trousers thin at the seat and he soon realized the first rule of banking: "You do not take home samples."

Approximately 10 years ago after the end of the Second World War, most of the larger banks faced up to a study of their personnel problems. They realized that a number of areas needed consideration:

(1) A training program to teach younger men the theory, the scope, and the appeal of the banking business—together with a program to see that those men when trained will not wither on the vine.

(2) A more realistic retirement program assuring security at the end of a lifetime of active service.

(3) An insurance plan, combined with accident and disability and hospitalization benefits.

(4) Consideration of a formal plan to assure the employee of a participation in the bank's profits based on salary rather than informal and irregular bonuses subject to all the uncertainties of what any current Board of Directors or management might decide.

The training program is probably the most important element in the categories mentioned. To compete with industry which commercial banking serves, bankers have been forced to raise their sights in the matter of initial compensation. Beginning salaries, merit increases, and job evaluations are generally geared so that most banks can truthfully state their wage scales are equal to corresponding jobs in industry for like responsibilities.

Training Program

The program of training in our bank is roughly one year as a general clerk, followed by an additional year of rotating training in various departments of the bank, and ultimate assignment to a particular job, giving the man a chance to state his own preferences. Our own clerks who have not had the benefit of specialized college training are eligible to join these training classes and supervisors are asked to suggest candidates for the annual training group. With ourselves and other large banks, this general plan has worked successfully and is now an established segment of bank policy.

Retirement Compensation

The matter of retirement compensation has become more assured. One now retires on a pension previously determined and officially approved. To meet conditions in industry banks are gradually adopting a retirement plan which is based on the average of the salary for the last five to ten years of service and multiplied by a factor such as 1½% for each year of service. In general it may be said that career individuals retiring under such a plan can count on approximately 40 to 50% of final salary at a retirement age of 65.

A relatively new development is an arrangement whereby a

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*An address by Mr. Ebbott before the Wisconsin Bankers Association, Milwaukee, Wis., June 21, 1955.

Observations . . .

By A. WILFRED MAY

THE MARKET "INFLUENCES" AT MID-YEAR

— — Offered for Subsequent Use — —

In view of the widespread qualms about current stock market levels, it seems appropriate at this mid-year period to anticipate our customary year-end citation of both the principal bull and bear arguments.

A. Wilfred May

Accordingly, we summarize the favorable and unfavorable sides of the picture with 12 elements for each.

This is not to provide a forecast. It will rather serve to (1) Cite the imponderabilities obstructing timing and prediction of future movements of the market as a whole; and (2) Indicate in advance the ready "explanations" for *whatever* market action eventuates. In fact, it will be noted that some of the items are contained in both the "bull" and "bear" columns; while others carry the prospect of subsequent contradictory interpretation to fit the preceding market behavior.

"FAVORABLE" FACTORS—OR EXPLANATIONS

Increased peace prospects; with the tendency to emphasize the psychological feeling that "peace is always bullish."

* * *

Alternatively, prospects of the Cold War's continuance, with defense spending benefits.

* * *

Rise in corporate profits and dividends (with the latter slated to attain a record-high of $10¾ billion this year).

* * *

The still available advantageous earnings and dividend yields. (The Dow Jones Industrials are now selling at 13 times earnings, against 21 times in 1946, 18 times in 1937, and 19 times in 1929.)

* * *

The high rate of business activity; with production of motors, steel, and building remaining at record levels. Estimated construction at almost $42 billion this year.

* * *

Growth aspects in new fields, as atomic energy.

* * *

An Administration generally favorable to business and the continuance of present prosperity. Permanent politically-guaranteed intervention.

* * *

High employment (less than 1½ million unemployed), and record consumer spending (5 to 10% above last year).

* * *

Inflation. Built-in and progressing further through the current trend of agreements for wage rises and benefits.

* * *

Increasing exports; and continued foreign aid programs.

* * *

The current conservative calculation of reported earnings; via accelerated depreciation and other generous write-offs.

* * *

Selectivity of the market's strength, with advances in the non-Blue Chips kept in moderation.

* * *

Healthy speculative psychology in the market place, with skepticism rampant, in lieu of the customary unbridled bull market enthusiasm.

* * *

The reservoir of institutional demand for "good" common stocks.

THE "UNFAVORABLE" FACTORS

Peace prospects; with the tendency to emphasize the removal of the support of defense activity.

* * *

Alternatively, prospects of the Cold War's continuance, with general fear, and emphasis on controls and taxation.

* * *

A tendency toward profitless prosperity outside the big companies.

* * *

Possibility that over near-term earnings and dividends will not rise sufficiently to justify the wide advance discounting reflected in the price of many stocks.

* * *

Signs of slackening in the boom's mainstays. Since April there has been some decline in residential building starts and permits. (In line with widespread expectations of a second-half sharp decline in automobile production, June dealers' sales, while still appreciably above last year, began a slackening-off from the previous month.) Any continued marked decline in these two industries would, of course, be felt in steel.

* * *

Current and possibly continued decline in farm income.

* * *

Inroads on dividend income from the individual income tax, reducing the stockholders' take-home pay, and supporting the relative attractiveness of tax-exempt securities.

* * *

Dangerous potentialities from obviously wild speculative areas, as in uranium issues.

* * *

The mere fact of a 6-year long bull market ("Of course a break was over-due").

* * *

Reiteration of "New Era" foibles — as overemphasizing the *scarcity* value of "good" stocks.

* * *

Possible post-1956 change of Administration or anti-inflation policies by lame-duck President.

* * *

Over-weighting the effectiveness of institutional holdings. Mutual fund-holders may yet run during a protracted bear market.

The State of Trade and Industry

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

A slight advance was noted in total industrial production for the nation in the period ended on Wednesday of last week. Compared with the similar week a year ago, it was about 10% higher.

On the other hand, latest weekly reports on employment reveal that for the first time since January, both initial and continued claims for unemployment insurance benefits were higher than in the preceding week.

Initial applications were 4% above the prior week, though 30% lower than a year earlier. Continued claims were 1% higher than in the previous week, but 41% under those of a year ago.

Declines in textiles, apparel, transportation equipment and ordnance contributed to the slightly increased unemployment.

The United States Department of Labor currently reports new seasonal decreases in unemployment across the nation.

Idle workers' first claims for unemployment compensation dropped by 3,300 to 190,400 in the week ended June 18, the department's Bureau of Employment Security said. Some 31 states reported decreases in new claims which reflect layoffs. A year earlier first claims totaled 268,000.

In the week ended June 11, the total of workers drawing jobless pay dropped by 31,600 to 1,161,900. This compared with 1,984,100 a year earlier.

Steel labor gets its pay raise this week. It will be less "substantial" than union leaders had hoped for, but more than steel producers wanted to give. Steel consumers will begin paying higher prices soon, "The Iron Age," national metalworking weekly, states this week.

Before the settlement is reached differences could erupt into something more serious than tablepounding if one major producer holds firm on its late offer of 12½ cents an hour, this trade journal adds.

But even though the negotiations should drag on to the Thursday night strike deadline, a peaceful settlement is likely. It looked like the union would get a total of between 13 and 15 cents per hour, with about 3.5 cents allocated to cover increases in the wage differentials between job classes, this trade magazine notes.

Steel prices will be upped an average of $4.50 per ton, with products being increased from $4 to $6, perhaps more than $6 on some items. Increased wage costs and the need for more money to finance another round of expansion require a realistic hike in prices. But not enough to avoid some absorption by steel firms. This absorption may be offset later by increased productivity through more efficient equipment and production techniques, it declares.

Steel companies will step from the frying pan into the fire once they dispose of steel labor, continues this trade authority. The ominous silence from the camp of John L. Lewis has them worried about their coal mine costs since he can reopen his contracts on 60 days' notice.

Meanwhile, the railroads have lessened chances of bringing steel deliveries into line with promises. They have hit the mills with a new freight program of 45,000 units, requiring some 1.2 million tons of finished steel and castings, concludes "The Iron Age."

In the automotive industry the 5,000,000th United States or Canadian vehicle of 1955 rolled off some assembly line on Friday, last.

"Ward's Automotive Reports," pegged combined United States car and truck production the past week at 185,490, or 12% better than the previous week's strike-hit turnout of 165,402 units.

The statistical agency estimated car output at 154,169 which is 11% better than the June 13-18 tally of 139,708 vehicles. A near-record truck volume of 31,321 also is on tap, being 22% above last week's output of 25,894 units.

Thus, considerably relieved of strikes, production came back strongly with United States car and truck building alone up some 20,000 units over the prior week's strike-infested work period.

Sparking the upturn was Ford Motor Co., whose current car building is at an all-time record rate. The company burst through the 50,000-unit level in the preceding week and was slated to hold the line the past week.

According to "Ward's," General Motors Corp., despite an improved labor situation, was hampered by parts shortages at various points. Nevertheless, the corporation's car slates were up a strong 31% over the prior week when walkouts crippled over a third of its 119 plants.

Meantime Plymouth output was lost on Friday, last, due to a walkout at the body division.

The industry publication reported that combined United States car-truck building through the past week will total 4,755,054, or 38% better than the company's 1954 span of 3,435,292 units. Cars alone enjoyed an impressive 43% lead of 4,131,535 units to 2,888,721 units a year ago, while truck construction is up 14% to 623,519 units as against 546,571 units in 1954.

The volume of building construction permits continued to

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History of the American Dollar: 1792 to 1955

By FREDERICK G. SHULL

Chairman, Connecticut Gold Standard League
New Haven, Conn.

Mr. Shull recounts the views on sound money and the history of the American dollar from Adam Smith to the present day. Proposes a return of this nation to the Gold Standard, with the value of the dollar firmly fixed at $35 per fine ounce of gold, with the privilege of "redeemability" on demand. Notes bills in Congress to restore U. S. to the Gold Standard.

A Biblical passage admonishes: "Hold fast to that which is good." As respects their spiritual and religious lives, people have done a pretty good job in observing that great principle; but in their economic undertakings they have at times failed dismally. For example, take the case of the Federal Reserve System: When it was established back in 1913 it was clearly stipulated that all Federal Reserve Notes were to be "redeemable" in Gold — that is, those paper notes were to be maintained "as good as gold." But we have failed to "hold fast" to that honest monetary principle—for the fine-print legend on current Federal Reserve Notes reads: "This Note Is Legal Tender for all Debts, Public and Private, and Is Redeemable in Lawful Money At the United States Treasury, or at Any Federal Reserve Bank."

Frederick G. Shull

This poses the question: What is "lawful money"? It can't be gold; because gold was withdrawn as "lawful money" back in 1933. But the Federal Reserve Note, itself, is "lawful money." The legend on that note, therefore, merely gives one the doubtful privilege of exchanging one piece of paper for another—a form of alleged "redeemability" that is enough to cause Adam Smith and Alexander Hamilton to turn over in their graves.

Now, I have no personal desire to possess even one piece of gold; for I would far rather have $20 in a bank at interest, than to have a 20-dollar gold piece in my bureau drawer at "no interest," and I am convinced that the great majority of people would hold that same view.

Therefore, when we go back on the Gold Standard — as we are bound to do—I anticipate no raid on the Treasury's huge stock of gold, which, incidentally, amounts to about 22,000 tons avoirdupois —or more than one-half of the world's known stock of gold. My one and only objective is to see the American Dollar restored to a basis of Honesty—a basis which it has not occupied since 1933; a basis which it does not occupy today; and a basis which it will not occupy until our Currency has been restored to the honest foundation of the Gold Standard.

Back in 1931, a British Committee of 14 eminent economists and financiers, and known as the "Macmillan Committee," rendered a report in which they included this significant statement:

"There is, perhaps, no more important object in the field of human technique than that the world as a whole should achieve a sound and scientific monetary system. But there can be little or no hope of progress at an early date for the monetary system of the world as a whole, except as the result of a process of evolution starting from the historic gold standard."

Definition of Gold Standard

This prompts the question, "What is the Gold Standard?" The answer is very simple: The Gold Standard involves just two basic principles, namely, "fixity of value" and "redeemability." Specifically, a nation fixes the "value" of its monetary unit—such as the dollar, the pound, the franc—in terms of a definite weight of gold, which is the gold-standard principle of "fixity of value"; and having done so, that nation must be willing to exchange gold for its paper money, or other token currency, at that "fixed value," and that is the gold-standard principle of "redeemability," on demand. There is nothing new, nor unusual, nor unreasonable in those basic principles; for they have been recognized by the leading nations of the world for upward of two centuries; and they have been practiced by those nations for the greater part of that time.

To make sure that we all understand the importance of those principles for keeping a monetary system honest, let me illustrate them in this way: In the common game of poker the chips are the circulating currency of the game. Before the game can start those chips are given definite values—which may not be changed for any given game. That is nothing more nor less than the gold-standard principle of "fixity of value." And at any time during the game, and at its conclusion, each player enjoys the privilege of exchanging his chips at their assigned "values"; and that is nothing more nor less than the gold-standard principle of "redeemability." Now, I need not remind you what would happen to the banker of a poker game if he ever attempted to change the value of the chips, or refused to redeem them. And yet, 130-million American people sat idly by, back in 1933, while their political leaders not only changed the "value of the chips" (the American Dollar), but also refused to redeem them even at their greatly "debauched" value. That is the greatest piece of "dishonesty" ever foisted upon the American people; and before I get through, I shall show how that dishonest act has penalized the people to the tune of billions of dollars. First, let's examine, in chronological order, what leading monetary authorities of the past, as well as present, have had to say on this subject of Sound Money:

Adam Smith, 1776: Smith's "Wealth of Nations" was first published in the year 1776. It is the only book on Economics included in Dr. Eliot's five-foot shelf and known as the "Harvard Classics." It, therefore, may properly be regarded as thoroughly authoritative. In that book Adam Smith devotes a sizable number of pages to the subject of Money; and he gives ample evidence that he was a firm believer in the Gold Standard. He cites the case of the Bank of England as having, at times, issued a greater quantity of bank notes than were needed for the normal conduct of business; that, as a result, the surplus of those notes tended to drift back to the bank for redemption in gold. This, of course, would pull down the bank's supply of gold. And Adam

Continued on page 32

Automation for the Nation

By IRA U. COBLEIGH

Enterprise Economist

Relaying some ideas about the sparkling future of magical production systems started or stopped, slowed, sped or staggered, by wiry little electronic brains; plus some investor-beamed notes about a few companies creating some of the components of electromatics.

When the first power loom took spinning away from peasants, plying their manual skills in thatched cottages, that awesome historic event, the Industrial Revolution was ushered in. For the last couple of hundred years, we've spent our major industrial effort (in advanced countries) in ever larger applications of power to production, delegating to Homo Laborans the task of tending the machine. And now Robot is going to do that, too. We have digital computers, electronic controls of everything from heat and humidity to duration and density; and if we can't make up our minds as to how to proceed, we have cybernetic machines to do our thinking for us.

Ira U. Cobleigh

All these wonders did not come upon us full blown. They resulted from the fertile flowering of inventive and innovating brains; and many were by-products of warfare. We wanted blind navigation of ships, subs, and aircraft so we invented radar and myriad electronic navigational controls. We wanted to hit far away enemy targets "on the nose" so we invented range and direction finders, bombsights and finally rockets, guided missiles, and pilotless planes. We wanted to defend so we invented radar beam grids. We wanted to communicate so we brought forth radio, walky-talky, and, as a by product, television. And most of these automatic devices developed and researched for the military are now being adapted for industry, impelled importantly by the constant increase in the price of labor.

Thus we are now entering the age of Atom Power and Automatic Machines auguring far more production in total, and per man, accompanied by the boons of higher incomes, shorter hours and greater leisure and (if man can be improved as much as machines have been) perhaps a peaceful world.

With this panoramic prelude to a push button world, let us now see what some of our clever corporate enterprises are turning out to activate automation. We can't begin to cover them all; and merely to catalog the electrical output of such leaders as General Electric, Westinghouse, Sylvania, Raytheon, etc. would fill this article—and bore you to death. So we'll just touch upon four exciting companies today.

Hazeltine Corp.

Our first entry is Hazeltine Corporation, an old and renowned name in electronics. Thirty-one years old, it has paid dividends in every year except 1933. Adjusted for numerous stock splits HZ common which now sells at 45½ could have been bought for 50c in 1932. We mention this just to show how much dough can be made if you string along with the right electronic.

HZ owns patents, and itself produces highly specialized electronic gear, including radar equipment and networks for the military. HZ owns 569 U. S. patents and 1851 foreign patents covering the fields of radio, television and controls through its subsidiary Hazeltine Research, Inc. From royalty revenue, manufacturing profit, and the potential of new items constantly being researched, HZ common offers an eminent electrical equity, which has by no means caught up with its horizon (700,000 common shares, sole capitalization).

Norden-Ketay Corp.

Much was heard about the famous, top-secret Norden Bomb Sight during the war. The company that produced it, Norden Laboratories Corp., was, in February, 1955, merged with Ketay Instrument Corp., creating the present company, Norden-Ketay Corporation. While mainly a military supplier of servo motors, indicators, amplifiers and automatic control systems used in guided missiles, radar and aircraft, Norden-Ketay is expanding its entry into items for private industry. An 80% owned subsidiary, Nuclear Science and Engineering, is developing nuclear industrial applications; and the Vari-Ohm Corp. (majority owned) will in due course turn out a full line of potentiometers. With five plants, 2 laboratories and 2500 employees, Norden-Ketay is in a position to expand and to justify the market glamor that has attached to its 1,191,025 shares of common, listed American Stock Exchange and selling currently at 14¾.

Hycon Manufacturing Co.

Hycon Manufacturing Company (over the counter) is of interest because its common stock offered for subscription in 1952 at $1 now sells at 8¾. Only eight years old, Hycon is doing a gross business of around $12 million and is gradually stepping up its ratio of civilian business output. In 1954, rockets and guided missiles, including the "Mighty Mouse" Navy rocket, and other military items delivered 70% of the gross. This year, non-ordnance items, including magnetometers, airborne scintillation detectors, aerial and stereo cameras, and industrial test equipment (oscilloscopes, signal generators, digital voltmeters, etc.) will assume greater importance and should carry net earnings for 1955 well past $500,000.

The Hycon horizon is further brightened by its majority stockholding in Hycon Eastern, Inc., a research aggregation of eminent scientists devoted to development of new products in the fields of nuclear instrumentation and digital computation. New processes dreamed up by this brain trust represent an interesting earning potential for the future.

Kurman Electric Co.

Another company with a considerable record for creative electronics is Kurman Electric Co., Inc. whose business started out back in 1928. Mr. Nathan Kurman, founder, and today Vice-President and Director, is renowned for his inventive contributions to the science of electronics. He was the first to invent intercommunication telephones, a bone conduction hearing device, an ultra sensitive relay circuit; and he probably built the first loud speaker, just to help a friend in Frisco sell hats, using a sidewalk sound amplifier as a barker.

Kurman Electric Co., incorporated in 1948 (N. Y.), has gained wide repute for research, perfection, and production of electromagnetic control devices that are absolutely basic in almost every phase of automation. These devices or remote control switches are called relays. They can start elevators, sound burglar alarms, control all sorts of machines and are vital to telephones, air conditioners, oil burners and guided missiles. In New York City, Kurman light-sensitive relays are being used to turn highway and street lights on and off automatically. Think of the savings to taxpayers, all over the land, if lights pop on only when it gets dark, and there's nobody to forget and leave 'em on all day!

Kurman has turned out over 2,000 different types of relays plus a wide assortment of vibrators which change low voltage direct current to alternating. Clients of Kurman include such distinguished names as Western Electric, Radio Corporation of America, Collins Radio, Walter Kidde Co., Allen B. Dumont Laboratories, Eastern Industries and U. S. Signal Corps.

New business management and capital were injected into Kurman in August, 1953 and by Feb. 28, 1955 net earned surplus had reached $140,000. While not a large company, Kurman has proved its capacity to create and produce superior electronic products, and since it produces the basics of automation appears in a favorable position to share in profits from this dynamically expanding field. Get the recent prospectus, offering common at $3, and from the official facts you may see some reasons why the common here could develop market gains characteristic of well managed electrical enterprises.

Other Good Prospects

We just haven't had time to cover the field and there are many others we'd have liked to talk about—like **Texas Instruments**, premier producer of silicon transistors; **Sprague Electric**, largest manufacturer of resistors and capacitors; **Servomechanisms, Inc.**; and **Sonotone**; which has just turned out a one ounce hearing aid.

There can be no doubt that this age of automation will usher in dramatic opportunities for capital gains to the patient investor in the right company. We hope we've given here some useful ideas for you to chew on. If our nation is to run by automation and we're all going to have great leisure due to immunity from toil, we'd better start stepping up our supply of spending money. Well selected electronic equities may be the answer, although we haven't yet reached the stage of "push button" market profits!

Brice A. Frey

Brice A. Frey, partner in James H. Oliphant & Co., New York City, passed away June 22 at the age of 74 following a long illness.

Zilka, Smither Adds

(Special to The Financial Chronicle)

PORTLAND, Oreg. — William W. Laxton, Jr. has been added to the staff of Zilka, Smither & Co., Inc., 813 Southwest Alder.

Lucas, Eisen Adds

(Special to The Financial Chronicle)

KANSAS CITY, Mo. — Frank Hoyt Purcell, Jr. has joined the staff of Lucas, Eisen & Waeckerle, Inc., members of the Midwest Stock Exchange.

Alden Wells Joining Plymouth Cordage

BOSTON, Mass. — Alden R. Wells is retiring as a general partner in the Boston investment firm of Moors and Cabot to become Assistant Treasurer of Plymouth Cordage Co., effective July 18.

Alden R. Wells

$19,187,000 Bonds of Nassau County, N. Y. Offered to Investors

The Chase Manhattan Bank and associates are offering $19,187,000 Nassau County, New York, 2.80% various purpose bonds, due July 1, 1956 to 1985, inclusive.

The bonds are offered at prices scaled to yield from 1.40% to 2.90%, according to maturity.

Firms associated in the offering include: Bankers Trust Company; Blyth & Co., Inc.; Smith, Barney & Co.; Harris Trust and Savings Bank; The Northern Trust Co.; Glore, Forgan & Co.; Chemical Corn Exchange Bank; Lazard Freres & Co.; Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; A. C. Allyn & Co., Inc.; Lee Higginson Corp.; Equitable Securities Corp.; R. L. Day & Co.; Estabrook & Co.; Reynolds & Co.; F. S. Moseley & Co.; Schoellkopf, Hutton & Pomeroy, Inc.; and Dick & Merle-Smith.

Palmer, Pollacchi Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Robert G. Schmidt and Martin E. Tarr have become connected with Palmer, Pollacchi & Co., 84 State Street.

Joins Robbins Staff

(Special to The Financial Chronicle)

WORCESTER, Mass. — Charles L. Curtis has become associated with H. L. Robbins & Co., Inc., 41 Pearl Street.

Dealer-Broker Investment Recommendations & Literature

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

Airlines—Analysis in current issue of "Market Pointers"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are analyses of **Flat Glass Makers, Canadian Pacific Railway Co.**, and lists of "Dollars at a Discount" stocks, selected portfolio for steady flow of income, low labor cost companies, and "two-way poential" stocks.

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.

Canadian Business Review — Monthly publication — Bank of Montreal, 64 Wall Street, New York 5, N. Y., and Montreal, Que., Canada.

Canadian Letter—Fortnightly review of the Canadian Securities Market—Newling & Co., 65 West 44th Street, New York 36, N. Y.

Canadian Review—Monthly review giving essential trading data on more than 1,000 listed issues—Toronto Stock Exchange, Bay Street, Toronto, Ont., Canada.

Equity Annuity: A Sounder Use of Common Stocks in Company Pension Plans—Bulletin—Johnson & Higgins, 63 Wall Street, New York 5, N. Y.

Facts on Canada—Monthly commercial letter—Business Development Division, The Canadian Bank of Commerce, 25 King Street, West, Toronto, Ont., Canada.

Insurance Stocks — Annual comparative analysis of leading companies—Blyth & Co., Inc., 14 Wall Street, New York 5, N. Y.

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

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

Latin-American Business Highlights: Raw Materials Opportunity—Brochure—The Chase Manhattan Bank, Pine Street, corner of Nassau, New York 15, 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.

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

Railroad Stocks—Bulletin—Bache & Co., 36 Wall St., New York 5, N. Y.

South African Gold and Uranium Stocks—Analysis—White, Weld & Co., 40 Wall Street, New York 5, N. Y.

Tidelands—Bulletin on Gulf Coast tidelands—Crerie & Company, Electric Building, Houston 2, Texas.

Titanium Powder—Descriptive pamphlet—United International Research, Inc., A. R. Globus, 10-15 Forty-Third Avenue, Long Island City, N. Y.

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Allied Artists Pictures—Analysis—Bregman, Cummings & Co., 100 Broadway, New York 5, N. Y.

American Radiator and Standard Sanitary Corp.—Analysis—Edward A. Purcell & Co., 50 Broadway, New York 4, N. Y.

Aztec Oil & Gas Co.—Memorandum—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

Blue Rock Cerium Mines Limited—Progress report—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

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

British Petroleum Co. Ltd.—Analysis—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

Chase Manhattan Bank—Circular—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Chicago Mill and Lumber Company—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

Consolidated Cement Corporation—Analytical brochure—Blair & Co., Incorporated, 105 South La Salle Street, Chicago 3, Ill.

Courtaulds, Ltd. — Analysis — Model, Roland & Stone, 120 Broadway, New York 5, N. Y.

Courtaulds, Ltd.—Analysis—Arnhold and S. Bleichroeder, Inc., 30 Broad Street, New York 4, N. Y. Also available is a memorandum on **Bowater Paper Corp., Ltd.**

Delta Air Lines Inc.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y. Also available is a memorandum on **Gerber Products Co.**

Denver & Rio Grande Western Railroad—Survey—Abraham & Co., 120 Broadway, New York 5, N. Y. Also available in the same bulletin is a survey of **Fansteel Metallurgical Corporation** and **Socony Mobil Oil.**

Dynamics Corporation of America — Analysis — McLaughlin, Cryan & Co., 1 Wall Street, New York 5, N. Y.

Gardner-Denver Company — Bulletin — Gartley & Associates, Inc., 68 William Street, New York 5, N. Y.

Harvill Corporation—Descriptive circular—Troster, Singer & Co., 74 Trinity Place, New York 6, N. Y.

Iowa Southern Utilities Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

Leece Neville Co. — Memorandum — Coggeshall & Hicks, 111 Broadway, New York 6, N. Y.

Marathon Corporation — Data — Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Equitable Gas** and **Ruberoid.**

May Department Stores Company—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Minerals & Chemicals Corporation—Analysis—Stanley Heller & Co., 30 Pine Street, New York 5, N. Y.

Mississippi Valley Gas Company—Analysis—Equitable Securities Corporation, 322 Union Street, Nashville 3, Tenn.

Morgan Engineering Company — Analysis — Ball, Burge & Kraus, Union Commerce Building, Cleveland 14, Ohio.

New York Capital Fund of Canada Ltd.—Report—Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York 5, N. Y.

Newport Industries, Inc.—Analysis—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Northern Canadian Oils Limited — Analysis — Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Can.

Oregon Portland Cement Company — Brochure — Dempsey-Tegeler & Co., 1000 Locust Street, St. Louis 1, Mo.

Phillips Petroleum Co.—Memorandum—The Illinois Company, 231 South La Salle Street, Chicago 4, Ill.

Riddle Airlines Inc.—Bulletin—Hal Leyshon & Associates, Inc., 292 Madison Avenue, New York 17, N. Y.

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

St. Lawrence Seaway—Comments on economic ramifications—J. R. Williston & Co., 115 Broadway, New York 5, N. Y.

Stuart Company — Analysis — William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Universal Match Corporation—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is an analysis of **Bird & Son, Inc.**

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

Uranium Corporation of America — Special report — Ned J. Bowman Co., 10 West Second South Street, Salt Lake City, Utah.

NSTA Notes

AD LIBBING

George A. Dockham

Harold B. Smith

In response to my recent letter to the membership of the NSTA, I am pleased to inform you that George Dockham of Hincks Bros. & Co., Inc., Bridgeport, Conn., was the first to reply with a sizable ad representing his firm.

We will look forward to reporting more.

It is indeed encouraging to advise that we are receiving marvelous cooperation from all officers of the NSTA and this year should be outstanding for results.

As a reminder, have you sent in your ad? Or can we help you in securing an industrial contract?

HAROLD B. SMITH, Chairman
National Advertising Committee
c/o Pershing & Co.
120 Broadway, New York 5, N. Y.

O. G. Brush Partner in De Witt Conklin Firm

Gaines Brush

O. Gaines Brush, an account executive with the De Witt Conklin organization, a Wall Street firm specializing in Stockholder and Financial Relations, has been admitted to a general partnership in that firm, T. Park Hay, senior partner, announced today. Mr. Brush previously had been associated with G. Harrison Pittman Associates, Investment Counsel, for 14 years, seven of which he served as President.

With Leo Schoenbrun

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard E. Crouch has joined the staff of Leo Schoenbrun, 1385 Westwood Boulevard.

With D. J. Risser

(Special to THE FINANCIAL CHRONICLE)

PEORIA, Ill. — George J. St. Germain has been added to the staff of D. J. Risser Co., First National Bank Building.

With Lyons & Shafto

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Donald L. Ellison has become affiliated with Lyons & Shafto, Inc., 79 Milk St. He was previously with Weeden & Co.

COMING EVENTS

In Investment Field

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

July 8, 1955 (Cleveland, Ohio)
Cleveland Security Traders Association outing at Lakewood 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.

Aug. 18-19, 1955 (Denver, Colo.)
Denver Bond Club annual outing at Park Hill County 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. 16, 1955 (Philadelphia, Pa.)
Bond Club of Philadelphia 30th Annual Field Day, at Huntingdon Valley Country Club, Abington, Pa.

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.

The Dynamism of Tradition

By W. RANDOLPH BURGESS*

Under Secretary of the Treasury for Monetary Affairs
Former President, American Bankers Association

Dr. Burgess asserts tradition itself may be dynamic in furnishing needed inspiration, and dynamic growth has resulted from what the people do for themselves, free of government help, when they have confidence in economic climate. Holds our national finances furnish many illustrations of the value of both change and tradition.

When I started studying the history of philosophy, we began with the contrast between two early Greek philosophers whose names were Heraclitus and Parmenides.

W. R. Burgess

Heraclitus was the philosopher of change. He thought that the most important characteristic of the world was constant change, its fluidity, as he observed the movements of the tides, the growth of all living things, and the infinite variety of human events.

Parmenides was the philosopher of permanence, of the essential continuity of existence. "The more it changes, the more it remains the same."

As I sit in my office in Washington, I am surrounded by tradition. The room, which dates back more than 100 years, once housed Andrew Johnson in his first few months in office as President after Lincoln's assassination, because he did not want to disturb Mrs. Lincoln at the Wh te House. Portraits of former Secretaries of the Treasury now hang on this wall.

These former Secretaries, as we realize when we read their writings, faced problems astonishingly like our own: difficulties in raising taxes, despair over the spending pressures of the Congress, the constant importunity of people looking for Federal jobs. "The more it changes, the more it remains the same."

A New World

But the world in which government works today is a different world. It faces threats and dangers which are new—the atom bomb is new; the battle of ideologies has a new tempo. There is a new destructive force in the world. Attila came with his conquering hordes from out of the East. So did Genghis Kahn. Both left a wake of physical destruction, but it was a narrow wake. Today, again, the age-old destructive impulse to scourge and conquer the rest of the world has stirred in the East; but today destruction is not limited by the length of a spear. Whole populations may be blasted with the atom bomb. An entire generation may be poisoned by the insidious venom of an idea.

Under the joint pressures of the hot war and cold war and a changing social point of view, the American people have come to expect their Federal Government will undertake a whole new range of activities and a new responsibility for the well-being of the people.

A few years ago, a truthful and influential book bore the title, "U. S. A.: The Permanent Revolution." The book showed with illustration after illustration how in this country we have been moving forward from one new conquest of nature to another, from one new social advance to another—how education is fitting our people for new and interesting adventures in living—social revolution without bloodshed.

To describe the challenge of the fast-moving world of today, we have built a new vocabulary. A good example is the word "dynamism." Everybody uses it today. A political policy must be a "dynamic policy." A public program must by "dynamic."

The word is from the Greek dynamis, meaning power. It conveys to us something more in the way of explosive growth. Modern research and invention, the atom bomb, the newer chemicals have stirred our imagination and desire for change. A new population spurt has pressed for new schools, new houses, new occupations. Wars and threats of war awaken our sense of history.

Thus we understand that it takes effort just to stand still—the law of nature decrees that every living thing moves either forward or backward. To remain in the same place, to follow the same patterns, often calls for the use of force to resist the inertia which is always slowing down physical or human effort.

Tradition Still a Great Force

But even the politician who talks about dynamism in his speech always get around to saying something about the great traditions of America and brings in a resounding quotation from Lincoln or Jefferson or Franklin. Religion is, of course, nourished by the wells of tradition.

At this time of year, many of us go trouping back to our college campuses and glory in the tradition of our colleges which has been passed down to successive generations. We want our sons to go to the ivy-covered colleges in order that they may absorb the traditions of the past.

When war comes, the band begins playing the martial airs of long ago; and the tradition of patriotism and the stories of the country's old-time war heroes prove the most inspiring influence to rouse the new generation into taking its militant part.

Every area of endeavor develops its own set of traditions. One of the best known belongs to show business. "The show must go on" has provided the inspiration and the strength by which many a saddened or sickened Thespian has surmounted personal grief or illness and gone before the footlights to give the finest performance of a lifetime.

An American President gave us the phrase, "Don't flinch, don't foul, and hit the line hard."

Tradition is a powerful cohesive force which enables millions of people of the same religion, or family, or nationality, or community to work together to subordinate their differences in serving a common purpose. A moral precept is a dull, inert affair; but a vital tradition which stirs the emotions can be in itself a great dynamic force.

Here, then, are two of the great forces of the world standing in apparent opposition: "dynamism," the symbol of change and development; "tradition," the powerful urge to carry on the ideals and principles of the past.

On the surface, these two forces often appear to be in contradiction. One says, "We must not let mere tradition stand in the way of progress"; but the other cautions, "We must not let the desire for change ruin the great traditions of the past."

The successful yoking into a harmonious relationship of these two great impulses which bid for men's minds is one of the greatest problems of government, of banking, or of any other human endeavor. It is also one of the problems of The Graduate School of Banking, as each of you may have discovered as you have sat listening to your teachers during these two weeks.

Dynamism in Banking

In banking, the stand-still forces may have achieved a slight edge over the dynamic, and banking has suffered from the slowness to make changes. This is not strange because the banker, as the custodian of other people's money, develops a strong protective instinct. This is his plain duty.

But, let me give you a few illustrations.

Sometime in the '20s, the Economic Policy Commission of the American Bankers Association employed a competent economist to make a study of instalment credit. At that time, instalment credit was a method that was used only by a few finance companies and by the loan sharks. The economist who made the study, after a careful investigation, reported that instalment credit, if properly administered, was a safe and valuable form of credit. The ABA Committee received the report, studied it, and suppressed it as a thoroughly dangerous doctrine. It was only gradually over the last few decades that the banks experimented in this field, found it good, and adopted is as a regular department of banking.

All of you will recall the mortgage mechanisms of previous generations by which banks and others made short three to five year mortgages, supplemented by second mortgages at very high rates. Some of you are old enough to remember the troubles that arose when these mortgages fell due at the wrong time.

It took the emergency of the '30s to bring about a common adoption of the longer-term instalment-payment mortgage which has so proved itself that it has been generally adopted. In fact, it was the savings and loan associations, rather than the chartered commercial banks, which developed this form of lending. The traditional lending practice had been a poor one.

Pension funds provide another illustration. A few years ago, a prudent banker or trustee would, as a matter of principle, invest pension funds in prime bonds. Today they put up to 50% in equities. Even life insurance companies are authorized by law in some states to buy shares. Rightly or wrongly, this marks the passing of a stout tradition.

On the other hand, there are many traditions in the banking business which are properly cherished. There is the tradition of always balancing your books before you leave for the night. There is the tradition of knowing your customer and his character as well as looking at his statement. There is the tradition that complete integrity is essential in the banker. In no transaction must the banker sit on both sides of the same table. Complete confidence of the customer is the key to good banking.

In our national finances, there are also many illustrations of

Continued on page 27

*An address by Dr. Burgess before the Graduate School of Banking of the American Bankers Association, Rutgers University, New Brunswick, N. J., June 17, 1955.

Banks' Role in Mortgage And Construction Loans

By CHARLES B. RICH*

Vice-President, Wachovia Bank & Trust Company
Charlotte, North Carolina

Ascribing the tremendous expansion of home building to: (1) a relatively low volume of construction since the beginning of the 30's; and (2) the growth in population and tendency toward larger families, with improved dwellings, Southern banker contends commercial banks should back this movement if they are to perform a well-rounded banking service. Describes methods of making construction loans, and cites experience in this field of his own institution. Urges banks handling construction mortgage loans provide the proper mechanics for operations.

Almost every week it seems that an article appears in the newspaper indicating a new record was reached in the building industry. Public and private construction expenditures in 1954 established another new record of approximately $37 billion, the eighth successful year of record-breaking outlay. It now appears that 1955 expenditures will reach a peak of about $39 to $40 billion, perhaps more, thereby establishing another record. Indications are that residential building starts in 1955 should top the one million mark for the seventh consecutive year. Only a few days ago, a published report indicated that another high was reached during the month of April.

Charles B. Rich

What are the causes for this tremendous expansion? We recognize that many reasons can be and are offered, but it seems to me that there are two basic factors which have created this demand: (1) It should be recognized that there was a relatively low volume of construction for a period of years, particularly during the 1930's, and a cessation of preferred residential construction during the war years; (2) The growth in population and a tendency towards larger families is another major force behind the still unsatisfied demand for new and improved or larger dwellings.

In view of all this it would appear that the resurgence of the construction industry since World War II occupies a position in our economy equal to atomic energy, television, or any of the other fabulous new products we hear so much about.

Commercial Banks in Mortgage Field

Where do the commercial banks fit into this picture? Yearly financing needs of the home building industry, both short and long-term credits, are equal to or greater than all corporate bond issues, all state and municipal bond issues combined. Every year since the war and even today, the total rate of savings has not been enough to meet this demand and at the same time permit the lender to meet other requirements and have a diversification of assets. Certainly a commercial bank can and should have a reasonable portfolio of conventional, FHA and GI home loans, if for no other reason than to be in a position whereby it can offer a complete and well rounded banking service.

Regardless of size or location, each bank is a service institution, and it should never be forgotten that bankers have nothing to sell except service. Many of our banks today have adopted a hands-off attitude toward mortgage loans, particularly FHA and GI loans; and I am afraid in some instances make no effort to assist their customers in arranging the desired mortgage financing elsewhere. On the other hand, some banks, in an effort to render a better service to their customers, have established correspondent relationships with long-term investors such as insurance companies and savings banks. This puts them in a position to render the same service as if they were making the loans themselves, and it accomplishes two things: (1) the banks have assisted their customers in obtaining the desired financing; and (2) they have maintained their original position with them.

Construction Loans

Methods of handling construction loans will necessarily vary in the different states. Generally speaking, however, I believe the two methods which predominate are: (1) making the construction advances under the permanent mortgage loan deed of trust or mortgage, which ever the case might be; generally this method is used by the building and loan associations since they make no construction loans unless they are handling the permanent financing; (2) (I believe the one best adapted to commercial banks) taking a temporary construction deed of trust or mortgage. This instrument can be payable on a time basis or on demand. If on a time basis, a sufficient number of days should be allocated to assure completion of construction, taking into consideration, so far as possible, delays due to inclement weather or other unforeseen obstacles beyond the control of the contractors. In my opinion, it is preferable to prepare the various instruments on a demand basis, thereby placing the bank in a more favorable position and permitting it to act immediately in the event of difficulties.

A great many banks are reluctant to make construction loans. They feel that this type of loan offers extraordinary hazards and the rate of return does not justify the additional work or the risk involved. It is certainly true that there are many details connected with the financing of construction loans, but it is easy to exaggerate this phase of the financing. I believe the adverse feeling towards construction loans on the part of a great many bankers is a misunderstanding that has arisen partly due to an occasional heavy loss sustained in the past. If we could review these losses, I am sure we would find that they probably occurred due to the absence of qualified personnel, the absence of a systematic procedure, and negligence on the part of those responsible in carrying out existing policies and procedures.

An Experience Cited

With your indulgence, I would like to give you some idea of our experience since World War II in the Wachovia Bank and Trust Company, at which bank, I might add, I'm mighty happy to be on the payroll. For many years prior to World War II, the general credit officers handled mortgage loans without the benefit or assistance of established regulations or policies. During the depression, our bank, like so many others, sustained losses which then were considered mortgage loans; and for a long time, management was most conservative in its attitude towards mortgage loans. In 1945, after extensive investigation and study, it was decided, in order to render a more complete banking service, to establish a mortgage loan department. Therefore, management proceeded to employ experienced personnel and embarked upon an energetic mortgage loan program. We made conventional loans within our limitations and aggressively solicited FHA and GI loans. In 1949, due to our active solicitations of FHA and GI loans, our mortgage loan portfolio had grown rapidly. In view of this rapid expansion and the demand for commercial credits of other types, it was felt advisable to proceed with less rapidity and to dispose of at least a portion of our FHA and GI loans. Since we had built up a sizable and, I might add, efficient mortgage loan staff, it became necessary to look for new fields to utilize the facilities of our mortgage loan department. At that time, FHA 608 large scale housing was in full swing. This appeared to be a fertile field for the talents of our mortgage loan staff, so we entered this phase of financing rather heavily. In a period of five years, we handled millions of dollars of this type of credit; and I might add that this turned out to be a very profitable operation.

Here I would like to say that we did not, in any instance, commit to handle loans without a take-out commitment for a permanent investor prior to the first construction advance. Also, you will remember FHA insured all construction advances on projects of this kind, thereby giving us added protection. During this same period, we also developed a large volume of single-family FHA and GI loans for sale to insurance companies under a prior take-out commitment. Although we were the originating mortgagee on these loans, our principal function was as the construction lender since we were not developing them for our own portfolio. Enough about Wachovia and back to construction lending.

Should your bank decide to handle construction mortgage loans, and I believe every bank should, in my opinion it is essential that proper mechanics be established and the entire program be under the general supervision of an individual who is thoroughly familiar with all aspects of mortgage lending. In the interest of efficiency and good customer relations, all contacts with the bank by the owner, the builder, and others concerned with the construction loan should be made through the mortgage loan officer.

Laws pertaining to mechanics and materialmen's liens vary with the different states. In North Carolina, we use a deed of trust rather than a straight real estate mortgage. Under the lien laws of our state, it is generally accepted that the lender's deed of trust is a valid and first lien if it is recorded prior to the beginning of any construction or the placing of any material on the site. In order to insure that we do have a first lien, we require that an inspection be made of the site subsequent to the recording of our deed of trust and that an affidavit be signed by the contractor owner and a disinterested party stating that they inspected the premises and no materials had been placed on the site or labor had been performed prior to the recording date.

As with any type of credit, it is important to know your borrower, to be satisfied with his credit, character, etc., and particularly his ability to handle the mortgage loan transaction. These can all be handled through the usual channels of obtaining credit reports and financial statements. It is equally important to know your contractor and to assure yourself that he has sufficient resources to support the contract made. If you do not know the contractor, it is advisable to require that he furnish you with financial statements and to investigate through available sources his past performance on completed contracts. It has been found that many of the small home builders lack sufficient knowledge of accounting methods to enable them to estimate accurately or handle job financing efficiently. Errors in estimating costs may result in bids that are too low for profit or even too low to allow the builder to come out even. Therefore your lending officer charged with the responsibility of handling construction financing should be sufficiently familiar with building costs to readily spot a contract that is obviously too low or, for that matter, too high.

Time does not permit me to discuss in detail the various forms and documents essential in sound construction lending, but I have brought with me some of the forms we use which you are welcome to look at if you like.

Summary

In summary, I would like to repeat that construction loans do offer many hazards; but I believe that the advantages far outweigh the hazards if a few simple rules are followed—that loans be made:

(1) On firm contract or an itemized cost estimate of a responsible contractor; and if there is any doubt as to the responsibility, get completion bond.

(2) On property acceptable to you (your bank) for a regular real estate mortgage loan after the structure is completed or against firm commitment for a long term loan from a responsible lender.

(3) In an amount disbursed during construction on a firm contract not to exceed 90% of the long term loan commitment but on any type of estimate not to exceed 80% of the long term loan. When construction is fully completed and the long term lender is ready to proceed with closing, advances can be made up to 100% of the long term loan commitment.

(4) When you have determined that all funds required to make up the difference between the amount of the long term loan and the total cost of all proposed construction have been made to the contractor, or deposited with you for proper disbursement. (Exception: when the financial condition of the borrower justifies an open loan equal to such difference.)

(5) If on FHA dual commitment, the amount of the note will be as approved for the owner-occupant; but disbursement will not exceed amount approved for the operative builder until firm commitment to owner-occupant is received. No loan should be made on FHA conditional commitment.

*An address by Mr. Rich before the Credits Conference at the 53rd Annual Convention of the American Institute of Banking, Miami, Fla., May 30, 1955.

Chas. O'B. Murphy III V.-P. of John R. Boland

John R. Boland & Co., Incorporated, 30 Broad Street, New York City, announce that Charles O'Brien Murphy III has been elected Vice-President in charge of trading and dealer relations. The firm also announces their removal to large quarters on the 43rd floor at the same address.

With First of Michigan

(Special to THE FINANCIAL CHRONICLE)

FLINT, Mich.—George B. Leach has become associated with First of Michigan Corporation, Genesee Bank Building. Mr. Leach was formerly with the Citizens Commercial & Savings Bank of Flint.

From Washington Ahead of the News

By CARLISLE BARGERON

President Eisenhower's cheerfulness and light-heartedness on his trip through New England has revived speculation in Washington as to whether he will run in 1956. A new, relaxed Eisenhower was revealed on the trip, we are assured by those who accompanied him. None of the distaste which he has heretofore displayed towards politicians or the handshaking and baby kissing [illegible] politician is expected to do. None of the irritation about not being able to play golf or to fish whenever he wants to and without the public gaze. The result is that the accompanying newspapermen had a good time which is not what they usually have in accompanying him. When the Chief is in a bad mood it seems to pervade the whole camp.

Carlisle Bargeron

This seeming change that came over him is the important news of the trip, I gather.

However, the thing that impressed me most was the affection which he showed for his top aide, Sherman Adams. If any of Adams' critics or enemies—and he has legion—had any hopes of ever getting him away from the President's side, from the intimate and powerful position which he enjoys, they certainly must have been dissipated by the trip.

There is a question as to whether it was Eisenhower's trip or Adams'. At any rate Adams, praise for him, was the subject of nearly every Presidential utterance. Adams was responsible for the trip in the first place. He persuaded the President to make it. New England Republican Senators and State officials were on hand at the proper places but I haven't read or learned of an instance when the President publicly returned their courtesy or mentioned their names which is what they would have dearly loved. Everything was Sherman. He visited Sherman's home, called on his mother. He didn't visit any of the Senators' homes or call on their mothers. The picture inescapably left among New Englanders is that of all their native sons in Washington, Sherman is the most influential one. I don't know what the political purpose of it was, if any. New Hampshire's two Senators were elected for six-year terms last year so it can't be that Sherman is being groomed to run against them.

Adams' close relationship with Eisenhower began back in early 1952. Adams was Governor of New Hampshire at the time. He entered Eisenhower's name in the primary for Presidential delegates when the late Bob Taft seemed to have the edge. Eisenhower won handsomely and it was the beginning of Taft's end. Eisenhower has always felt grateful to Adams for that as he should. Adams moved quickly into the Eisenhower campaign entourage and subsequently to the top place.

It is doubtful if any man in official Washington has been the subject of so much grumbling on the part of Republican members of Congress. He has been held largely responsible for the White House bungling of so many matters which have delighted the Democrats and given them so much material with which to campaign in a way only the Democrats can.

But this so-called bungling has had to do with the political mechanics rather than with fundamentals. Political mechanics are the life blood of the politicians and the Washington commentators. However, when you get out into the country it is amazing how little attention people pay to them or care about them. They become important and are on the lips of people generally when things are going wrong with the country. They mean nothing when things are going good. Things are going good and the countless little political misdeeds which have been attributed to Adams' guidance, rightly or wrongly, and to which we in Washington attach so much importance, fade away completely before the people who vote. The gay Democrats will learn that, I believe.

In the meantime, there seems to be no question as to Adams' devotion to the man he is serving. From what they tell me, he is a hard task master to those who serve under him at the White House. But he is obviously in the saddle.

A friendship that I can't understand for the life of me concerns another man quite unpopular in Washington, particularly among Republicans on Capitol Hill. He is Harold Stassen.

Certainly Eisenhower owes him nothing. He was "for" Eisenhower in the pre-convention days of 1952, or at least he said he was. But the fact is that he was a candidate himself and entered several primaries in opposition to the General.

It is true that when he saw he wasn't getting anywhere he explained to the Eisenhower devotees that he was really one of them and this was just his way of showing it. He was muddying the waters against Taft, he argued. The Eisenhower devotees didn't think this was what he was doing, however.

On the show-down at the Chicago convention he pleaded with his Minnesota delegation to let him have the prestige of delivering them to Eisenhower on the second roll call. But the delegation turned him down and said they didn't need anybody to deliver them; they were going to Eisenhower on their own after a token vote for Stassen.

However, apparently against the opposition of nearly everybody around here, he seems to stand ace high with the President.

Foreign Investments

By ROGER W. BABSON

Mr. Babson discusses concessions for doing business in foreign countries, and the difficulties arising from such "one-sided" agreements. Approves the Govett Plan of a 50-50 participation of local governments or capitalists in making foreign investments.

Last week I showed that Uranium, Aviation, the Telephone, and Television are opening up the entire world to businessmen with vision. I will now offer some suggestions to **investors with vision.**

Roger W Babson

For the past 100 years English and American promoters have sought "concessions" to invest money and do business in foreign countries. These concessions consisted of railroad and trolley lines, electric power plants, manufacturing or merchandising operations, and later mining and timber rights. Some were unprincipled exploitations, but most have been honestly operated. All, however, have given little attention to the local people of these foreign countries, almost none of whom have had a stock interest.

These "one-sided" agreements have caused many diplomatic misunderstandings and even revolutions "against the white man." Where the "white man" has insited on his "pound of flesh" and has refused to voluntarily give up anything, he has ultimately lost; but in Burma this has not been the case. I have in mind Burma Mines Limited, Burma Oil Co., and other foreign developments. Burma has a wonderful climate and faces on the Bay of Bengal midway between Indo-China and India. During World War II Burma was sacked by the Japanese, and Burmese companies were forced to reorganize. J. R. Govett, of 37 Dover Street, London, formulated a plan which will be used world-wide.

The Burma Plan

Mr. Govett's Plan divides stock ownership, and membership on the Board of Directors of the foreign-owned companies between the old stockholders and the foreign government **at the start of the reorganization.** One-half of the stock goes to the old stockholders, and the other half is put in trust in a Rangoon bank to be delivered to the Burmese Government as it contributes labor and native supplies. The Govett Plan insures that the profits henceforth will be divided fifty-fifty. The foreign nation supplies the ore, or oil, or customers if it is a utility, while the English and American investors supply the "know-how" and management.

I not only believe in the future of these Burma "50-50" companies but also I believe in other companies in Africa, Australia, and Argentina which are considering the Govett Plan. Powerful Standard Oil interests have just adopted a similar plan for the Argentine, and the St. Joseph Lead Company may follow.

Firm Name Chnged To Rippel & Co.

NEWARK, N. J. — Announcement is made that the firm name of Julius A. Rippel, Inc., 744 Broad Street, has been changed to Rippel & Co.

Join Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—William H. Andreas and John C. Cox have joined the staff of Daniel D. Weston & Co., 140 South Beverly Drive.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Mabel S. Opley has joined the staff of King Merritt & Co., Inc., 1151 South Broadway.

Curran Adds To Staff

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Sylvia J. Little is now associated with The Curran Company, 5336 Fourth Avenue.

Flow of Savings Into Mortgages

By KILGORE MACFARLANE, JR.*
President, The Schenectady Savings Bank, Schenectady, N. Y.

Upstate New York savings bank executive, warning against the deficiencies and defectiveness of housing and mortgage statistics, discusses the impact of the rapid increase of the flow of savings and other capital funds into mortgages. Says we should not and cannot expect "the boom" to be continuous, and calls attention to expansion of commercial banks into the mortgage field. Sees some problem in present size of nation's mortgage debt, and urges bankers adapt themselves to changed conditions in the mortgage field.

Let me first offer a suggestion. Take all statistics on housing with a goodly seasoning of salt. As a matter of fact, I suggest that you always adopt an inquiring frame of mind about any statistics. But about housing — there has been and will continue to be a certain amount of hysteria. Crackpot enthusiasm, promotion and politics are liberally mixed with facts and realities. One of our great difficulties in this country seems to be to get at the facts and to distinguish reliable figures from guesswork.

K. Macfarlane, Jr.

A great deal has been learned by the banker over the past 30 years about mortgages and mortgage lending. New conceptions of the entire problem have been presented. We now have the FHA as part of our mortgage system. The making of veteran loans has required the combination of the best public relations policy and good mortgage lending. Ordinarily these two factors are difficult to team together. In an effort to create good will, it is easy to relax on the mortgage loan policy or, in the case of a too conservative banker, to neglect the public relations angle. With GI loans it seems to me that both policies must coordinate unerringly if a volume of good loans and good will is maintained.

The Question of Mortgage Loan Volume

Many thoughtful bankers over the past few years have been puzzled and somewhat worried about the tremendous increase in mortgage loans. Some have feared that it might reach a saturation point; a point at which there would be no further reason or capacity for growth, at which point the economy would become stagnant until the population increases or some dynamic force starts it upward again. I often wonder whether the current mortgage market, which has become increasingly based upon little or no down payments, with longer terms, has not been moving too fast and too long and might burn itself out. The builder, real estate man and the mortgage broker believe the pace to be real, while still others have half-formed doubts. Somewhere in between is the middle road that we, the bankers, must tread and tread successfully. Certainly this country can look forward to a period of further growth. As some people have recently said, the economy has hardly worked up a sweat. In terms of what we are capable of doing, it has just been cruising. But this thought naturally is based upon our continued increased productivity per man, per acre, or as one would say, per the whole economic machine. I have always believed that productivity is the key to your welfare as well as mine.

Regardless of whether prices are high or low, the banker must continue to make mortgage loans. Over the coming 20 years or more, there will be great need for more and better housing. During this period our economy will be stretched at times like one would stretch a rubber band. Then a slackening off period will have to arrive. A slackening off period would be nothing but a consolidation for further advancement. But, it is during these periods that the banker must be careful. Too many bankers at the present time are treading the mortgage path rather carelessly. Too many are making 30-year, no-down-payment mortgages. Too many are relying solely on a government guarantee. The more this is done, the more you trend toward socialized banking and, if it should come about that trouble does occur in the mortgage market, I am fearful that too many of us bankers would hide behind the government's protection. Once that happens, the door is open for the socialization of our banking system.

Money has been flowing into the mortgage market at a tremendous rate. In my opinion, we are now at the point where we should be sure of our statistics and study the need and the demand for increased mortgage lending. Let me explain it this way. A family in a tenement needs better housing but lacks the necessary money. That is a need. When the family scrapes together sufficient money and begins to seek a new home, that becomes a demand. This should be the important function of the banker in the mortgage business. He should study the cases carefully in order that he will not become overextended. And we should not be misled that one has to have three cars in every garage and a television set in every room.

Thus, it is my considered opinion that too large a volume of debt has been created because of home building and installment purchasing of consumer goods. Today we are going through a great period of optimism and we will have other great periods of optimism, but too much optimism for new home purchases will eventually create a surplus of old homes just as it will create a surplus of old cars if we produce too fast and too long. You can see in your banks that people today are borrowing aggressively and we are becoming too willingly the lender. Haven't you all read ads telling you to fly to Miami and pay later —buy an automobile for $8.00 a week. It seems to me that sooner or later the American family will reach a point where, after installment payments have been made, there will be very little left. I do not believe that any system can perpetuate a boom such as the one we have seen for the past 10 years. Yet, I must admit that the pattern of the future under this economy cannot be like that of the past. We have learned much over the past 30 years and declines should be more modest. In other words, this country should have learned its lesson back in 1929.

No Continuous Boom

What I am saying is that we should not and cannot expect a continuous boom. It is my hopeful belief that present excesses will be checked in time and we bankers will plan sufficient curbs to be placed on ourselves so that we will become financially stronger over the coming years. One way that a mortgage officer can police himself is to make doubly sure of his "risk calculations" when reviewing new mortgages. Now, to become financially strong in mortgage lending I believe, as was recently expressed by the First National City Bank "Letter," that no builder should be able to get government help on his financing unless he stands to lose some of his own money first if his judgment on the house proves wrong. No buyer should be able to get government help on his financing unless he stands to lose some of his own money first if the house proves a bad investment. No lender should be able to get insurance on his loan unless he stands to lose some of his own money first if his judgment proves wrong and the loan is defaulted. This is a standard to go on. I think that even with current high prices we can make good mortgage loans.

Under current conditions there is a great deal of competition for mortgages. Statistics and long-term graphs of money rates will clearly indicate that we have been gradually getting into a higher interest rate pattern. The result has been a drop in government bond prices with a consequent increase in yield. Commercial and savings banks have increased their interest rates to depositors. The increasing of interest rates to depositors immediately requires larger earnings for you bankers. FHA and GI rates have moved upward. We must recognize as far as the mortgage market is concerned that the three primary investors have been the savings banks, building and loan associations, and life insurance companies. The commercial banks are always in the market for mortgages at times when they can obtain no other type of investment with adequate yields. This was particularly true during the war period when restrictions on borrowing were so tight. However, as soon as other forms of investment became available, the commercial banks did not wish to add to their mortgage portfolios. Rather they were inclined to retain what they already had. Unfortunately in some cases in an effort to obtain mortgages when other forms of investments were not readily available, the commercial banks have generally been inclined to reduce the mortgage rate below that of the savings bank. In other words, they have to buy their way into the market when they seek to return to it. The result is that at such times the cost of mortgage money reaches a low point, and by the same token it provides an exceptionally easy medium for increasing prices when housing is generally short. Now that money rates are firmed up and mortgages have become more attractive, we notice that throughout the entire country commercial banks who have never loaned a dime on a mortgage are becoming more interested. Undoubtedly you have read in the papers about some of the big Wall Street banks opening mortgage departments with very capable men to operate them. It has injected new factors into the mortgage situation and has thus increased competition.

Savings Banks Mortgage Problems

Let's now get down to some of our problems. What about the problem of out-of-state lending which has been going along for a considerable number of years by the life insurance companies and savings banks, and is aggressively being sought after now by

Continued on page 24

*An address by Mr. Macfarlane before the American Institute of Banking, Miami, Fla., June 1, 1955.

Boom Still Healthy, Davis States

President of America's Financial Analysts Societies tells London analysts our vigorous boom will continue. Commends public's conservative and cautious attitude as avoiding previous distortions. Maintains "floor" under business warrants optimism.

LONDON, England—The American boom is still healthy and vigorous and its end is not yet in sight, according to Shelby Cullom Davis, managing partner of the investment banking firm of Shelby Cullom Davis & Co. of New York and President of the National Federation of Financial Analysts Societies of America.

Shelby Cullom Davis

At the invitation of Douglas S. Allison, director of the Manufacturers Life Insurance Co., he addressed the inaugural meeting of the London Analysts Society in London on June 29. The National Federation consist of 4,500 members located in 18 financial centers of the United States and Canada.

Since the war Americans have suffered from a fear psychosis, said Mr. Davis, and have continually been looking for the depression which was thought to be "around the corner." This conservative attitude has made for caution so that the distortions of other booms have not occurred. Now America is really beginning to enjoy the boom, fear has disappeared, people are spending money and the government is determined to see that no excesses appear.

Ironically enough, America has adopted that part of the Keynesian philosophy which holds that the consumer is King. Wages are high and going higher under the Guaranteed Annual Wage. Savings are at an all-time peak. Inventories are consequently moving from factories to consumers with a minimum of delay at retail. Like an umpire at a baseball game, the Federal Government stands prepared to take action when any side, either capital or labor, gets out of bounds and it is fair to say, Mr. Davis observed, that labor relations are at their best in many years.

Continuation of American Boom

This epoch will probably go down in history as the Era of Good Feeling, predicted Mr. Davis, who foresaw no immediate end to the American boom. On the countrary the dynamic population growth, the amazing advances in technology and the general acceptance of the reforms of the past several decades which in effect put a floor under business all make for an optimistic outlook.

People have been afraid to call this combination of favorable circumstances a New Era because of the connotions of the late, less fortunate, '20s. Realistically it is a New Era, concluded Mr. Davis, and those who believe in it and who have acted accordingly have prospered and will continue to do so.

Mr. Davis brought a message of greeting from the 4,500 financial analysts of America to the financial community of Great Britain and expressed the hope that some way might be found for an affiliation of financial analysts of the two countries in an "across the seas" gesture of international amity. He envisaged an International Federation of Financial Analysts Societies which would be of inestimable aid in the coming period of international lending and investment.

Osborne & Thurlow Formed in New York

B. K. Thurlow

H. Thomas Osborne

Announcement is made of the formation as of July 1 of Osborne & Thurlow, members of the New York Stock Exchange, with offices at 39 Broadway, New York City, and 7 Avenue George V, Paris. Partners are H. Thomas Osborne, Bradbury K. Thurlow, Oliver H. Everett, Henri de La Tour d'Auvergne, and Charles H. Cunningham.

Associated with the firm are Lennart J. Gran, Gottfried von Meyern-Hohenberg, Henry MacN. Jones, Edward LeMaire and Harold Nelkin.

Formation of the firm was previously reported in the "Chronicle" of June 23.

Golf Winners at Inv. Assn. Outing

On Friday, June 24, 160 members of the Investment Association of New York attended the organization's annual outing at Sleepy Hollow Country Club in Scarborough, New York. A heavy rain late in the afternoon interrupted the golf, tennis and swimming activities. About 130 members stayed for dinner at Sleepy Hollow. Bill Gallagher, Lee Higginson Corporation, and his committee, handled the arrangements for the golfers, while Harry Jacobs, Bache & Co., and his committee, lined up the tennis competition.

H. Lawrence Parker

Winners in the gold tournament were:

First Low Gross — Joseph A. Lee, Jr., Reynolds & Co. Score 73.

Second Low Gross — James E. Osborn II, Dominick & Dominick. Score 77.

Low Net—John Arthur Anderson, Riter & Co., and Verne Horton, Goldman, Sachs & Co. tie with 68 score.

Closest to Pin on 17th Hole (3 Feet) — William H. Steen, First Boston Corp.

Longest Drive (Second Hole)—John Y. G. Walker, Jr., Granbery, Marache & Co.

Lawrence Parker, Morgan Stanley & Co., is President of the Association.

Govt. Securities as Liquidity Assets of Savings Associations

By ROBERT VAN CLEAVE*
Assistant Vice-President,
C. F. Childs and Company, New York

After pointing out need of liquidity for savings associations, Mr. Van Cleave discusses the relative liquidity position which should be maintained, and the place of government securities in the liquidity position. Estimates average liquidity is now about 12% as compared with a required ratio of 5%. Concludes ratio of liquidity should be determined by the individual association according to its prospective needs. Reveals factors which should determine classes and maturities of government bonds held for liquidity, and holds present outlook makes it prudent to confine portfolios to short-term issues.

Why is liquidity needed? For the same reason you and I try to keep a little cash on hand in our pockets, and another moderate amount in a checking account. All of us, both persons and businesses, try to figure out what is likely to be our need for spending within a few days or a few weeks, and to keep that amount readily available. We don't attemtp to pay this month's food bill with money expected to become available next year, when an endowment policy matures, for instance.

But requirements for cash may vary widely. Some of them are routine, regularly occurring, and experience soon teaches when these must be met and how much money it takes to meet them. Some are less predictable, but still they may be allowed for with a fair degree of accuracy. Others are remote in time, and in probability, and in amount. Nevertheless, the prudent man does not neglect these liabilities for cash needs, even though they are only contingent and not precisely to be forecast.

I think there are three divisions within which the liquidity needs of savings and loan associations should be considered. First, you need money in the till, for the day's business operations. Second, you need cash balances on deposit with other institutions. They are needed for clearing, for settlement purposes, and the like. They can be drawn on instantly if net withdrawals in a day or a week should happen to be larger than has been provided for in the till. All these needs may vary considerably in amount. I suppose that more people may demand cash before holiday week-ends—or, at least, may bring less cash in to you—than at other times; and probably withdrawals before Christmas run still higher.

Then there is a third class of need for liquidity. That is the longer-run contingency. It is the possibility that at some time in the future there may develop a net, over-all, withdrawal of funds from your institutions — a withdrawal which may continue for some time, and which may completely exhaust your cash balances.

It may seem super-cautious to argue in this way with representatives of a growth industry such as yours. Caution certainly can be overdone, but in moderate amounts it has been found to be good medicine for nearly everyone. During the postwar period there has actually been little or no need to resort to the liquidation of any asset to pay off net withdrawals, and the minor degree of liquidity related to current and seasonal cash needs has proved sufficient.

Nevertheless, there is still the possibility that at some time in the unknowable future it will be necessary to liquidate earning assets. When or if that time comes you must be able to liquidate, quickly, surely, and without considerable loss. If the securities portion of your liquidity reserve then does not meet these requirements, the interest income which they may have produced in the past will be an inadequate substitute.

*An address by Mr. Van Cleave at the 12th Annual Convention of the National Savings and Loan League, Cleveland, Ohio.

The amount of your total liquid resources is required by Federal authorities to be at least 6% of your assets. How much more than this each of you, as managers responsible for your individual institutions, will consider to be prudent cannot be told by an outsider. Actually, it probably differs fairly widely from one association to another.

For one example taken at random (I just happened to run across it in the "National Savings and Loan Journal") the First Federal Savings and Loan Association of Wilkes-Barre, according to the statement published by President O'Malley as of the end of last year, held 10% of its assets in cash and nearly 18% in cash and securities—that is, liquidity was nearly three times requirements. The average for more than 6,000 associations at the end of 1953 was just about twice requirements—roughly, 5% cash and 7% government securities.

It seems to me pretty clear, however, that the smaller the portion of your assets held in liquid form, the more truly liquid they ought to be. If we are going to operate pretty close to fully invested positions all the time, it must seem like only commonsense to take fewer risks with the safety margin which we do maintain.

It follows, also, that if the highly liquid position is small, the really productive assets — that is, the mortgages — necessarily are relatively large. That means that we can afford to accept a considerably smaller return on the investments constituting a part of the liquidity position, and this has an important bearing on the distribution of the liquidity resources as between cash and securities.

What Form for Liquidity?

The actual decision about how much of your liquidity position should be held in cash and how much in securities is again something that must be made individually. The average, as I noted a moment ago, is nearly half and half—about 5% of total assets in cash and about 7% in governments. You are the best possible judge of your own requirements, and you will get the answer with pencil and paper, your records of last years' operations, and your forecasts of the future. These forecasts, naturally, must be based on two factors, (1) your own past experience records, and (2) the economic outlook. There are some general observations, however, which may be useful if they are kept in mind while making your decisions.

Consider this over - simplified and probably exaggerated example. If you hold $100,000 in cash and $100,000 in long-term bonds yielding 2½%, the $200,000 liquidity position yields a return of $2,500. If you hold shorter, more liquid bonds, you perhaps might be just as well off with only $50,000 in cash and $150,000 of bonds. If these shorter bonds yielded only 1¾% instead of the 2½% on the longer bonds, the income nevertheless would be raised from $2,500 to $2,625.

Let me insist, this is only illustration. I am not suggesting that you should all cut your cash holdings in half. The principle is that by judiciously adjusting relative amounts of cash and securities with an eye on relative maturities and yields, it is sometimes possible to improve both liquidity and income.

Nonmarketable or Marketable?

When you have decided how much cash ordinarily must be held, the choice for the remainder lies between nonmarketable and marketable securities—that is, between U. S. Treasury and Federal Home Loan Bank securities, which are marketable, and U. S. savings bonds, which are not.

A sample of 151 associations recently surveyed as of the end of last December revealed 20 which held only nonmarketables, 21 which held only marketable, and 97 which held both. There were, also, 13 which held no governments at all.

Total holdings of governments by all together were a little less than 6¼% of assets aggregating about $2.1 billion. Of the governments held, 1.40% were nonmarketable, and 4.57% were marketables.

This seems to show a rather decided preference for the marketable type, and I must say that here I agree with the majority. The Treasury Department seems to agree, also. You may know that the issuance of Treasury savings notes was discontinued at the end of October, 1953, and since then those outstanding are being retired as they mature. These notes, you remember, were for two or three years maturity, and, like savings bonds, were nonmarketable.

It is sometimes argued that, "I don't have time to manage a portfolio of marketable securities, and, besides, I intend to buy and hold these nonmarketables to maturity."

That is one possible view, certainly. But surely **some** time might be devoted to marketables. Perhaps the manager's program might allow time in about the same ratio that marketable bonds bear to total assets.

As to holding them to maturity, that may or may not prove to be the case. If they **should** be redeemed before maturity, the holder gets a considerably lower yield for the shorter time held; or, if he prefers to regard income as having been level throughout the holding period, he takes a loss.

Results of comparisons between the losses that might have been sustained in marketable bonds sold in the market, and nonmarketables redeemed before maturity, vary with the period for which the comparison is made.

This much can be said, however. which marketable bonds sold to There have been also periods in realize cash would have produced a profit, whereas savings bonds redeemed after a short period of holding must always and necessarily result in a loss. And a marketable bond can be held to final maturity just as well as a savings bond. Furthermore, right now the yields on savings bonds for short holding periods—out to about 10 or 11 years—are considerably below those available in the market.

There is another drawback to nonmarketables, which at some times may be highly important. Marketable Treasury securities sold today means available cash tomorrow—indeed, in a very great many cases, particularly those involving Treasury bills, cash may be had on the same day they are sold. Savings bonds, on the other hand, require a period of waiting after demand is made for redemption. Cash can be had somewhat more quickly, it is true, for the Investment Series D bonds—the nonmarketable 2¾s which are not redeemable, but which can be converted into 1½% notes and then sold in the market. But though this operation may take only a few days, it is certainly more cumbersome and slower than arranging the sale of marketable securities in the market.

Another point is that savings bonds cannot be used as collateral for loans, and still another is that accrual of interest stops on the interest date last preceding your decision to redeem them before maturity.

Assuming we are persuaded that marketable securities are preferable to nonmarketables, the next question is, what sort of marketables? As you all know, U. S. Treasury bills are available, running from one to 91 days; certificates, with a life of up to 12 months; notes, which mature in five years or less, and bonds, which may be callable or noncallable before final maturity, and which may have any or no maturity. The latest issue of this class was for 40 years at 3%. All these types are identical as far as credit rating is concerned. Federal Home Loan Bank consolidated notes, which may be also eligible for your portfolios, have maturities up to a year and presently yield nearly 2%. Bills lately have ranged around 1.40% to 1.65%; certificates about the same. Notes have been yielding around 2¼% or more.

How are we to choose among these? Again, the decision finally must be yours in specific cases. But again, some general observations may be of some use as a guide.

For another fundamental principle, let us return for a moment to the relation between your liquidity position and your total liquid assets. If the liquidity position, which earns relatively little, is relatively small, it necessarily follows that the more productive portion of assets must be large. Because of the leverage involved, the yield on the liquidity position can have little effect upon total earnings.

Over-simplifying again, let us imagine your institution has total assets of $1,000,000. Ninety per cent of the total is in mortgages, earning 5%, the remainder is in government securities. If those securities are long-terms, yielding, say, 2¾%, the return on total assets is $47,750. If the long-terms are replaced with shorter maturities which yield only 1½%, the total return is $46,500. That is $1,250, or about $100 a month, less than before. The question, of course, is whether the added degree of liquidity, which means, of safety, is worth the difference in your particular case. Very often, I think, it may be.

Keeping in mind the obvious precaution I mentioned earlier—the smaller the size of the liquidity portion, the more essential it is that it be truly liquid—a general policy of investment might be outlined somewhat like this:

After estimating your immediate cash requirements—day to day till money and average cash balances required during periods of a few weeks, invest the remainder in Treasury bills. As I remarked before, these can be sold on a few minutes notice, with the proceeds available on the following business day. Not at all infrequently it is possible to have the funds

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NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

John R. Suman, former Vice-President and director of Standard Oil Co. (New Jersey) has been elected to the Advisory Committee of the board of directors of **Chemical Corn Exchange Bank of New York,** it was announced on June 27 by N. Baxter Jackson, Chairman. Mr. Suman, who has established a consulting business in Houston, Texas, since his retirement from Standard Oil, also will serve as special consultant to the Oil and Gas Department of Chemical Corn Exchange Bank.

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S. Sloan Colt, President of **Bankers Trust Co. of New York,** announced on June 27 the election of Joseph C. Kennedy as Vice-President. Mr. Kennedy was formerly an Assistant Vice-President, and is associated with the bank's Corporate Trust Department. Herbert G. Schoebel was elected Assistant Secretary. He is assigned to the bank's Legal Department. Mr. Kennedy, who came to Bankers Trust Co. in 1935, was made Assistant Secretary in 1946, and Assistant Vice-President in 1948. Mr. Schoebel joined the bank staff in 1922 and has been associated with the work of the Office of the Secretary of the company.

* * *

Miss Maud Gallagher, the first woman employee of the **Franklin Savings Bank of New York** at Eighth Avenue and 42nd Street, will retire on July 1 after a half century of service. Miss Gallagher was private secretary to the last six Presidents of this institution.

* * *

July 3 will mark the 136th Anniversary of New York State's first mutual savings bank — **The Bank for Savings in the City of New York.** When the bank opened on July 3, 1819, in a basement room in City Hall Park, there were 80 New Yorkers banking a total of $2,807. Today, assets are $430 million and the bank serves more than 200,000 savers for whom it safeguards over one third of a billion dollars. Depositors have received continuous dividends for 136 years.

* * *

At the regular meeting of the Board of Directors of **The First National City Bank of New York** on June 28 three Assistant Vice-Presidents, two Assistant Cashiers and one Branch Manager were appointed. The new Assistant Vice-Presidents, all assigned in New York, are John T. Dimon, Caribbean District, Head Office; John H. Early, Fifth Avenue Branch; and Serge J. Hill, 42nd Street Branch. Joseph G. Goetz and Robert P. Graham, formerly Official Assistants, were appointed Assistant Cashiers. Raymond A. McCaffrey, formerly an Assistant Manager, was named Manager of the Washington Heights Branch.

* * *

Trustees of **The Dime Savings Bank of Brooklyn, N. Y.,** announced on June 24 that a dividend at the rate of 3% a year will be paid to its 313,127 depositors for the quarter ended June 30. This is an increase in rate of ¼ of 1% from the 2¾% paid by The Dime of Brooklyn since the fourth quarter of 1953. Beginning with the dividend payment of June 30, The Dime of Brooklyn will revert to a former policy of paying dividends on a semi-annual basis, instead of quarterly which has been the practice since the first quarter of 1951. This will result in further economies in operation, President George C. Johnson said, and is expected to help make possible continuation of the 3% dividend rate. The June 30 disbursement will be the bank's 236th consecutive dividend payment. It has never missed a dividend since it was organized June 1, 1859 with $1,892 in the accounts of 91 depositors. Today, The Dime of Brooklyn has more than $693,440,000 on deposit in its main office and three branches. Total resources are reported in excess of $786,000,000.

* * *

While mention was made in our issue of June 16, page 2776, of the 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.,** which became effective early in June under the name of the **First Suffolk National Bank,** we are indicating here some of the further details which were not available at the time of our earlier item. The First Suffolk National Bank of Huntington just prior to the consolidation had a capital of $1,432,350; the capital of the **First National Bank of Lindenhurst** was $270,000 while the **First National Bank of Islip** had a capital of $150,000. At the effective date of the consolidation the consolidated bank had a capital of $1,830,600, in 183,060 shares of common stock, par $10 each; surplus of $2,527,850 and undivided profits of not less than $901,550.

* * *

As of May 31 the merger of the **Bank of Southold,** of **Southold, Long Island, N. Y.,** into the **North Fork Bank & Trust Company of Mattituck, Long Island, N. Y.,** became effective, the Bank of Southold thereupon becoming a branch of the Mattituck Bank. An item with regard thereto appeared in our June 16 issue, page 2776.

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Ralph T. Tyner, Jr., President of the **National Bank of Westchester at White Plains, N. Y.,** has announced receipt from R. M. Gidney, Comptroller of the Currency in Washington, D. C., of a certificate entitling the bank to increase its common stock to $3,578,750 by the sale of new shares effective June 27. This certificate is in line with the completion of arrangements resulting from the most recent merger of **National Bank of Westchester,** that of the former **Westchester County National Bank of Peekskill** and **The Crestwood National Bank in Tuckahoe, N. Y.,** which took place April 11 of this year. Mr. Tyner also reported that the additional 102,250 shares of stock at $5 par value offered on May 13 to stockholders of record of that date at a price of $22.50 per share had been fully subscribed. With the issuance of this new stock, Mr. Tyner said that the total capital of National Bank of Westchester is as follows: Capital stock (715,750 shares $5 par), $3,578,750; surplus, $5,174,375; total capital and surplus, $8,753,125.

President Tyner of the **National Bank of Westchester** at **White Plains, N. Y.,** has announced the completion of plans for opening the bank's new office at 361 Elwood Avenue, **Hawthorne, N. Y.,** on July 1. Mr. Tyner has also announced the appointment of Gino Grenci, Assistant Cashier, as Manager of the Hawthorne office. Mr. Grenci has been Assistant Manager of the bank's Eastchester office, and has been with the bank, in the offices of the former First National Bank and Trust Co. of Tuckahoe, since 1947.

* * *

Stockholders of the **Central National Bank of Yonkers, N. Y.,** and **The County Trust Company of White Plains, N. Y.,** have approved the proposed merger of the two banks, according to a joint statement dated June 23 received from Gerald S. Couzens, President of the Yonkers bank, and Andrew Wilson, Chairman, and Joseph E. Hughes, President of The County Trust Company. The statement reported that 87% of Central National's 141,000 shares and 81% of County Trust's 943,000 shares were voted in favor of the merger. Consolidation under the name and charter of **The County Trust Company** is scheduled to take place at the close of business on June 30, following final confirmation of the merger by banking authorities. At that time, Mr. Couzens will become a member of The County Trust board of directors and Chairman of the Executive Committee. An item bearing on the proposed consolidation appeared in our May 5 issue, page 2088.

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Following the approval by the New York State Banking Department of plans for the merger of the **Port Leyden National Bank of Port Leyden, N. Y.,** into the **Lewis County Trust Company of Lowville, N. Y.,** the quarters of the Port Leyden National have become a branch of the trust company. As noted in our June 2 issue, page 2562, the Lewis County Trust Co. recently increased its capital from $150,000 to $200,000. The Port Leyden National Bank had common stock of $34,950 and preferred stock of $15,000 par value (retirable value, $36,120).

* * *

Directors of the **Camden Trust Company of Camden, N. J.** and of the **Oaklyn National Bank of Oaklyn, Camden County,** have voted to merge their institutions, subject to shareholders' approval and approval of supervising authorities. The plan provides that the Oaklyn National Bank will be merged into the 83-year old Camden Trust Company and will operate after the merger as the Oaklyn office, Camden Trust. J. Boyd Morris, President of the Oaklyn National Bank, will become a director, member of the Executive Committee and a Vice-President of the enlarged institution, and will continue in charge at Oaklyn. George D. Rotherrel, Director of the Oaklyn National Bank, will also be a director of the enlarged bank. The recommendation to Camden Trust shareholders is to authorize an increase in common stock of that institution of 100,000 shares, 27,500 of which will be issued to shareholders of the Oaklyn National Bank to effectuate the merger. The balance of 72,500 shares will be offered for sale, present shareholders of Camden Trust being given preemptive right to acquire. All preferred stock of the Camden Trust Company still outstanding will be retired. The merged bank it is said will be the largest in South Jersey with capital resources of approximately $12,500,000.

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Ned Feldman, Vice-President of Administration for Sidney Blumenthal & Co. Inc. is a member of a group of investors who recently bought controlling interest in the **Bergen Trust Company,** located at 26 Journal Square, **Jersey City, N. J.** Upon completion of the transfer of control, Mr. Feldman was elected Vice-President and a member of the board of directors of the bank. The Bergen Trust Company was organized in 1929 to take over the business of the **Bergen Savings Bank,** and moved to its present address in 1940.

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The promotion of three key executive officers of **The Phila-**

Continued on page 36

$100 Million Connecticut Road Issue Planned

Additional Greenwich-Killingly Expressway bonds expected to reach market in 60 days. Frank Morse, of Lehman Bros., managers of group which underwrote initial $100 million issue, praises various measures enacted by State Legislature pertaining to Expressway bonds.

Governor Abraham Ribicoff and State Treasurer John Ottaviano announced that the Expressway Bond Committee has authorized the sale of an additional $100,000,000 Greenwich-Killingly Expressway Bonds. The Treasurer said that he expects to bring the issue to market in about sixty days. The bonds will provide funds for continued construction of the toll expressway running 129 miles across the State from Greenwich to Killingly. A first issue of Greenwich-Killingly Bonds was sold by the State in May 1954 in the amount of $100,000,000.

Frank H. Morse

It was pointed out that the General Assembly, which adjourned Friday, June 24, enacted several measures of interest to bondholders:

(1) The State pledges to continue to impose a gasoline tax of at least 4 cents so long as any Greenwich-Killingly bonds remain outstanding.

(2) Effective July 1, 1955, the gasoline tax is increased 2 cents, the new rate being 6 cents per gallon.

(3) The Treasurer is authorized to ask for a vote of the holders of the outstanding $100,000,000 Greenwich-Killingly Bonds to close the first lien on the State's gasoline tax.

(4) The State would then issue the remaining bonds needed to complete the $398,000,000 Greenwich-Killingly Expressway under a revised Bond Declaration. Future financing of free roads by the issuance of Highway Fund Revenue Bonds having a lien on the gasoline tax equal or pari passu with the remainder of the Greenwich-Killingly Bonds would be permitted. Only the outstanding $100,000,000 Greenwich-Killingly Bonds would remain as a prior lien.

(5) Although the General Assembly did not authorize the immediate issuance of Highway Fund Revenue Bonds, it did establish a financing plan whereby such bonds may be issued in the future after further authorization. The Highway Fund Revenue Bonds would be payable from the gasoline tax and also from motor vehicle license fees. The amount of Highway Fund Revenue Bonds and additional expressway revenue bonds which may be issued for future expressways is limited by formula under which the principal and interest charges on all such bonds can not exceed 50% of the pledged gasoline tax receipts of the preceding year.

(6) The Governor and the Treasurer said that they regard the legislative program as furnishing the strongest type of security for all Greenwich-Killingly bonds as well as for Highway Fund Revenue Bonds which may be issued in the future. Greenwich-Killingly Expressway is estimated to be self-supporting. The 6 cent gasoline tax is expected to produce $42,000,000 and the license fees $13,000,000 annually.

(7) Management of the financing of the Greenwich-Killingly Expressway was transferred by the General Assembly from the Highway Commissioner to the State Treasurer, subject to concurrence by the Expressway Bond Committee which includes the Governor, the Comptroller, the Attorney General, the Commissioner of Finance and Control and the Public Works Commissioner as well as the Treasurer.

(8) The General Assembly directed the Highway Commissioner to fix and collect such tolls on the Greenwich-Killingly Expressway and any other future expressway as may be determined by the Commissioner, upon the advice of engineers, to be the highest tolls which may be charged without reducing aggregate revenues and which allow suitable provision for commuter traffic. The General Assembly also authorized the Highway Commissioner to increase tolls on existing parkways and bridges.

(9) The Bond Committee asked Lehman Brothers, who managed the group which underwrote the original Greenwich-Killingly Bonds, to assist the State Treasurer in carrying out the program now authorized by the Legislature and the Committee. Frank Morse, of Lehman Brothers, who has been senior representative of this banking firm in connection with this legislation, told the Board Committee that this is the finest, most modern and flexible piece of legislation for highway construction that has ever been passed by any State. He further stated that the legislation will no doubt be used as a model by many other states in the future and complimented the Governor and other State officials and the leadership of the General Assembly on their understanding and bi-partisan cooperation on this very difficult legislation.

Ricker Sales Mgr. Of Milwaukee Co.

MILWAUKEE, Wisc. — Edward G. Ricker, Jr. has been appointed sales manager of The Milwaukee Company effective July 1, it was announced by Joseph T. Johnson, President. He will succeed Fred G. Morton who was recently appointed to the Wisconsin State Investment Commission.

Edw. G. Ricker, Jr.

Mr. Ricker, son of the late Edward G. Ricker, former president of Edgar, Ricker & Co. until his death in 1940, is a graduate of Milwaukee Country Day School and Cornell University. After returning from service in 1946, he became associated with The Milwaukee Company as a sales representative. He is secretary of the Wisconsin Semi-Pro Baseball Commission and a member of the Citizens Governmental Research Bureau. He is also a member of the University, Cornell and Milwaukee Clubs.

The Milwaukee Company is a member of the Midwest Stock Exchange and has branch offices in Chicago, St. Paul, Madison, Green Bay, Racine and Wausau. Its subsidiary, Edgar, Ricker & Co., is the national distributor of Wisconsin Fund, Inc., a mutual fund managed in Milwaukee.

The Use of Special Situations In Mutual Funds

By HILTON H. SLAYTON
President, Managed Funds, Inc.
President, Slayton & Company, Inc., St. Louis, Mo.

Mutual Funds specialist argues that special situation investments should receive greater emphasis in mutual fund portfolios, particularly at this time when the more orthodox stocks have advanced so much in price. Says special situation securities need not be unduly speculative for mutual funds, although their price fluctuations are likely to be wide and more abrupt. Holds, special situation securities could be set up and held in combination with general purpose funds.

During my 25 years in the mutual fund field I have seen the fund industry make tremendous strides—both in size and scope. Today the total assets of mutual funds are above $6 billion, and they enjoy widespread acceptance as an investment medium.

Hilton H. Slayton

Mutual funds, by providing diversification, enable the purchaser to invest in a broad segment of American industry. At the same time, managers of mutual fund portfolios attempt to invest in those companies and industries which have the most favorable outlook and offer above-average investment opportunities.

Many mutual funds make it a policy to confine their investments to well-known companies with established dividends and earnings records. Frequently, too, preference is given to companies whose securities are listed on a national stock exchange.

Professional investors, however, recognize that there are many excellent investment opportunities in so-called special situations. Graham and Dodd in their classic work on investments, "Security Analysis," point out that there is no recognized precise definition of a special situation. Generally speaking, a special situation security is one that is attractive because, through one special factor or another, it offers the opportunity for price advances. The particular security may behave independently of general market movements, its profit resulting mainly from some particular corporate circumstance. Among the various factors that may create a special situation are these:

(1) Development of new products or processes that create new industries or revolutionize depressed ones.

(2) Superior performance by young, relatively obscure companies.

(3) Revitalization of old, moribund concerns by new managements and new policies.

(4) Mergers, reorganizations and liquidations.

(5) Special circumstances expected to correct a condition of undervaluation, such as listing on a large exchange or sponsorship by a large investment house.

(6) Legal proceedings, the settlement of which can be expected to benefit the company.

Special situations can be unearthed by patient investigation and analysis, and the trained financial analyst has the tools necessary to discover such situations and evaluate their potential. The financial community has always been more or less interested in special situations, but this interest has intensified in recent years.

Professional investment advisors, security analysts and brokers now devote more time than ever to finding special situations and informing their clients of favorable investment opportunities which offer above-average possibilities for price appreciation.

Mutual funds have also recognized the merits of special situations, and the charters of some of them permit investment in special situation securities. Prior to any purchase of a special situation stock a thorough analysis is made, and the purchase is based on an expected price increase. There are, of course, risks, but these are considered in the analysis and calculation of expected gain. Further, such risks should be absorbed at least partially in the total over-all results of a diversified portfolio.

There are many types of favorable opportunities in special investments, only a few of which can be mentioned here. Reorganizations of corporations in bankruptcy have afforded investors many favorable buying opportunities. The securities of such companies, prior to reorganization, are frequently sold at prices well below their expected post-reorganization market value. Investors in various railroad reorganizations, for example, have realized substantial profits in recent years.

A liquidation of a corporation affords special investment situations if the expected break-up value of the securities is higher than the current market price. The Public Utility Holding Act of 1935 required the dissolution of many utility holding companies, and this created excellent special investment opportunities for alert investors.

An example of an unusual but excellent investment is Foote Mineral, which specializes in the production of little-known metals, such as ilmenite, zircon, strontium, and lithium. Comparatively unknown only a few years ago, Foote has benefited from a tremendous increase in the demand for its products. In 1929 the market value of its common stock was only $90,000. Today, it is approximately $30,000,000. A different type of situation is illustrated by Royal Dutch Shell, the world's second largest oil company, which enjoys tremendous financial strength. However, because it was a foreign security, its investor appeal in the United States was limited. This was a true special investment situation, as the shares could be purchased at about $30 each in the over-the-counter market until a relatively short time ago. After the company decided to apply for listing on the New York Stock Exchange the price more than doubled, to $70 a share.

Legal proceedings can also create special situations. The stock market usually has a tendency to undervalue the securities of a company which is engaged in tedious legal proceedings. This is expressed in the Wall Street adage, "Never buy into a law suit." This attitude, however, can depress prices to unwarrantedly low levels, thereby creating bargain opportunities for the alert and imaginative investor. For example, the bonds of the Atlantic and Danville Railroad rose over 100% in the three-month period April-June, 1948, after a favorable settlement of the company's claims against the Southern Railway.

Emhart Manufacturing Co. was formerly the old Hartford-Empire Co., manufacturers of automatic glass bottle making machinery. Forced to change its operations as the result of prolonged anti-trust litigation, it became the country's largest producer of plastic squeeze bottles. This new product revitalized the company, and the stock went from the adjusted price of 8¼ in 1949 to 49¼ in 1953.

Where are such special investment situations to be found? The answer is simple—anywhere and everywhere. The number of situations providing above average investment opportunities is great. The securities may be listed or unlisted, foreign or domestic.

Many institutional investors, including mutual funds, restrict their investments to listed securities. This policy may be unduly restrictive. The Over-the-Counter Market is considerably larger than the nation's stock exchanges. An article in the Oct. 21, 1954 issue of *The Commercial and Financial Chronicle* indicated that the securities of about 50,000 corporations are traded in the Over-the-Counter market. Virtually all banks and insurance stocks are bought and sold over the counter, as well as many public utility, railroad and industrial securities. Numerous substantial and financially strong companies are traded in the Over-the-Counter market, including such well-known names as Time, Inc., The Chase Manhattan Bank, Weyerhauser Timber, M. A. Hanna Co., Anheuser-Busch, Dun & Bradstreet, Travellers Insurance, Tennessee Gas Transmission, Aetna Insurance, Smith, Kline & French, J. P. Morgan & Co., Texas Eastern Transmission, Plymouth Cordage, and The First National City Bank.

The National Quotation Bureau has maintained a price index of 35 Over-the-Counter industrial stocks since Oct. 1, 1938, which is comparable to the Dow-Jones Industrial Index. A comparison of the performances of these two indices is of interest. The Over-the-Counter industrial stock index was 17.59 on Oct. 1, 1938. On June 13, 1955, it stood at 76.08, representing a rise of 333%. The Dow-Jones Industrial Stock Index, which was 143.13 on Oct. 1, 1938, had risen to 440.17 on June 13 of this year. This was an increase of 208%. Dividend yields also indicate an interesting contrast. For the 15½-year period from 1939 to mid-1954 the dividend yield on the stocks in the National Quotation Bureau Industrial Stock Index was 6.35%. The yield on the Dow-Jones Industrial stocks in the same period was 5.28%—over a full percentage point less.

Special investment situations also exist in foreign securities, including those of Canada. Further, special situations exist not only in common stocks, but also in bonds and preferred stocks. In addition, an investor in special situations may frequently make dividends secondary to capital gains. Some special situation securities, such as those of companies in liquidation or reorganization, may not pay any dividends. However, the opportunities for price appreciation may be sufficient to warrant purchase, regardless of dividends. With present tax laws, moreover, capital gains are worth more to the investor than dividends.

In brief, special situation securities are those offering above-average opportunities for price appreciation. It is this type of securities that professional investors will tend to buy for their own accounts to secure capital gains. They include bonds, preferred and common stocks, Over-the-Counter as well as listed issues, and the securities of both foreign and domestic companies. Although there are usually greater risks than accompany other security purchases, special situations need not be speculations. A special situation investment is based on complete and thorough security research with an appraisal of the expected profit and the possible risks involved.

First California Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Edward E. Roth has become connected with First California Company Incorporated, 647 South Spring Street.

3 With Commerce Trust

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—John O. Brown, Charles F. Jones and Robert D. Martin have become associated with the Commerce Trust Company, 10th and Walnut Sts.

Spencer Trask & Co. Advances August Huber And E. L. Chapman


August Huber Edward L. Chapman

Spencer Trask & Co., 25 Broad Street, New York City, members of the New York Stock Exchange, have appointed August F. Huber Manager of the stock department and Edward L. Chapman Manager of the bond deparement. Both Mr. Huber and Mr. Chapman have been connected with the firm for over a quarter of a century.

Donald Cotterell Is With Putnam Fund

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Donald L. Cotterell has become associated with Putnam Fund Distributors, Inc., 215 West Seventh Street. Mr. Cotterell has recently been with Dempsey-Tegeler & Co. and prior thereto was with Keystone Company and was a partner in Vachon and Cotterell.

E. H. Donnerberg Is With McCluney & Co.

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Elmer H. Donnerberg has become associated with McCluney & Co., 418 Olive Street. Mr. Donnerberg was formerly president of Olson, Donnerberg & Co., Inc. and prior thereto was an officer of Slayton & Company, Inc.

Joins Reynolds Staff

(Special to THE FINANCIAL CHRONICLE)

SAN FRANFISCO, Calif.—Houston A. Hannon is now with Reynolds & Co., 425 Montgomery St.

Railroad Securities

New York, Chicago & St. Louis ("Nickel Plate")

During the past six months or so there has been built up a substantial public enthusiasm for speculative railroad stocks. Over a more extended period, stretching back almost two years, imaginative institutional buying based on a willingness to recognize fundamental changes for the better, has brought about some spectacular price advances for what might be termed the "glamor" stocks in the rail list. In contrast to these two extremes there has been an intermediate group that has been pretty well neglected. The desultory performance of this group, which comprises thoroughly sound, but in most cases not spectacular, railroads, has been particularly marked during the better part of the current year. It is felt by many railroad analysts that this group, selling at relatively low price-earnings ratios and affording liberal yields, can not permanently be ignored by investors.

Prominent in the group of sound stocks with favorable long-term records that have been laggard is New York, Chicago & St. Louis common. Toward the end of last week, even after some price recovery had been witnessed, the stock was still selling at only eight times earnings for the 12 months ended May 31, 1955 and to yield 5.5% on the basis of the present $3.00 annual dividend. This seems like a low evaluation for a road with such a good long-term record as that of Nickel Plate — even in the depths of the depression of the 1930s the only concern ever felt with respect to the road's continued solvency centered around maturity problems (since solved) and not around lack of earning power. Moreover, it is the opinion of most analysts that earnings for the full year 1955 will be appreciably higher than reported for the 12 months through May and that the present dividend may well be increased before the year is out.

As mentioned in this column at times in the past, Nickel Plate has many important fundamental advantages that have been important factors in maintaining a transportation ratio consistently lower than that of the industry as a whole and a profit margin consistently wider than the average for Class I carriers. Many of these factors have also resulted in a traffic trend favorable not only in relation to the area in which it operates, but also the country as a whole. It has very little in the way of low density branch line mileage to support. It is essentially a high-speed bridge line, with a large volume of through traffic on which it enjoys a long haul and where terminal costs are kept to a minimum. Finally, it has very little passenger business. All of these will continue to support a high degree of operating efficiency. As a matter of fact, they should be augmented, and the operating performance further improved, as the present dieselization program gains additional momentum.

Gross revenues for the five months through May increased some $4,749,000 (8.2%) over a year earlier. All categories of expenses were higher and so were tax accruals, despite which almost a third of the revenue gain was carried through to net income. Common share earnings of $2.57 were $0.76 larger than in the first five months of 1954. In this connection it is important to bear in mind that during part of the period deductions were made both for the dividend on the old preferred and for interest on the Income bonds sold to refund the stock. May taken by itself was particularly impressive, with a cut of 2.4 points in the all-important transportation ratio and an increase of 84% in earnings available for the common stock. Obviously this rate of improvement will not be sustained during the latter part of the year but all indications point to some further revenue gains at least through the third quarter, and with ever better control over operating expenses it is felt in some quarters that earnings for the full year 1955 may reach as high as $8.00. Presumably such results would warrant liberalization of dividend policies.

Harold Allen Director

The Cosmopolitan Life Insurance Company of Memphis, Tennessee, announced the election of Harold Allen, special partner of Allen & Company, New York investment banking firm, as Director and Chairman of the Board.

Harold Allen

The company is engaged in the business of selling industrial and ordinary life insurance and accident insurance in the State of Tennessee.

It was incorporated in 1923 and began business in February, 1924.

The number of policies in force total approximately 141,183.

H. W. Durham, President, stated that Mississippi, Arkansas and Alabama probably will be first States entered by the Cosmopolitan Life Insurance Company when it undertakes an expansion program this fall.

William L. Bagnard Joins Harris, Upham & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—William L. Bagnard has become associated with Harris, Upham & Co., 523 West Sixth Street. Mr. Bagnard was formerly with Fred D. Blake & Co. in the mutual funds department. Prior thereto he had been with Gross, Rogers, Barbour, Smith & Co.

With Investors Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Armand Casavant, Herbert L. Coffin, Robert L. Merrick, Daniel Pernick and Harold H. Shanks have joined the staff of Investors Planning Corporation of New England Inc., 68 Devonshire Street.

Mutual Fund Asso. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Leo Kuh, Lynn W. Nones, George M. Nowell, William B. Reeder, Jr. and George T. Wallace have joined the staff of Mutual Fund Associates, 444 Montgomery St. Mr. Reeder was previously with Paul C. Rudolph & Co.

THE MARKET . . . AND YOU

By WALLACE STREETE

The pattern of last minute rallies by a few of the blue chips to keep the stock market on the plus side, as far as the industrials are concerned, was snipped this week after a string of nine consecutive advances had been scored by the industrial average. Even in this case duPont had tried to bolster the market with a multi-point runup, but it wasn't enough.

* * *

This type of highly selective strength for a couple of weeks has obscured what has been mostly a standoff among the general run of issues, with little continued progress made generally and with the 450 level in the industrials putting up stout resistance to any breakaway new advance.

* * *

Rails Still Supine

Nothing seemed able to perk up the rails despite the heavy parade of good earnings and their ability to push to a new quarter century high which achievement is now a week old. Only a few situations with plenty of intangible aspects had momentary life including oil land-heavy Northern Pacific and Missouri-Kansas-Texas which suddenly bobbed up with a new group in control of the road. A measure of the neglect for the carriers is the fact that the average, which occasionally throughout a year will end a day unchanged, has done the feat no less than twice in June. In fact, it is the only average to put in a completely purposeless day so far this year.

* * *

The utility index, which has been even more sluggish than the rail one recently, has managed to avoid a standoff by a penny or two a couple of occasions, but that was the nearest it came to matching the performance of the rails.

* * *

Spotty Leadership

Leadership was spotty, the occasional eruptions in the blue chips being pretty much a solo performance and the volume leadership falling into the hands of such low-priced issues as Callahan Zinc, Benguet Mining. United Park City Mines, and Avco. Sustained interest was in the very best grade issues and a few specialties including Evans Products which ran up excessively at times. The improvement in the issue has been enough to make it a candidate as one of the better-acting issues of the year up to here. The stock hadn't sold as high as $20 since 1949 and only reached the 30's in 1946, until last year when it ran across $25 by a slim margin. This week it raced to around $65, ignoring even the periods of general market heaviness.

* * *

DuPont the Blue-Blood Wonder

duPont was one of the wonders in the blue-blood section. A pet game among the market spectators has been figuring out by what percentage the stock is "overvalued," and this has been going actively lately. At the year-end price of $167, with a yield of 3¼%, the argument wasn't raging. By May when it reached $195 with the yield pretty close to the 3% line it was very popular. Yet this week duPont was among the skyrockets and reached the $225 line.

* * *

Standard Oil of New Jersey, about which a wildfire rumor of a 10% stock dividend circles without official confirmation, was also able to dazzle the tape watchers with galvanic action that carried it to the $130 line.

* * *

Some of the other "Standards" — notably Standard of California, and the Jersey affiliates of Creole Petroleum and Humble Oil, participated in the moments of oil strength but the group as a whole held to a somewhat mixed pattern. Gulf Oil was able to stand out as one of the better-acting, including nudging to new highs, and Amerada came out of a long lethargy to, among other things, make the most-active list on a dull day which isn't a normal slot occupied by this higher-priced issue.

* * *

Amerada is undoubtedly the holder of the stock-split title for the post-War II era. It was split in 1946, 1951 and again this year, but the magic seems to have worn thin since the all-time high of 1952 has stood inviolate. Between the other splits the issue doubled in price or better.

* * *

Aircrafts Coast

Aircrafts continued generally easy but were able to buck the trend on a couple of occasions without showing any significant change of status. The Stromberg Carlson-General Dynamics merger, approved this week, was hailed briefly but there wasn't much follow-through to it. Among the other defense sections the prevalent tone was weakness in the shipbuilding shares which a rather dramatic turnabout to strength on large gains by the warehouse-pier issue, New York Dock, couldn't offset.

* * *

Metals had their troubles, including Reynolds Metal, Bethlehem Steel, National Lead and Youngstown Sheet which were rather more prominent on declines of sizable proportions. Kennecott and Anaconda in the coppers also alternated on weakness.

* * *

The chemical situation, apart from a couple of the soaring items in it, wasn't overly impressive. Hercules and Atlas Powder, Monsanto Chemical and Virgina Carolina Chemical were largely given to alternating moderate strength with comparable weakness that came to little overall.

* * *

Autos were quiet for the most although wildcat strike troubles presumably prompted some liquidation in General Motors which sagged a bit at times. The imminence of Chrysler's contract expiration had little apparent effect. Steels were highly nervous on occasion which was also attributed to strike possibilities.

* * *

Quick Whirl

Rumor mills were active and gave some long-neglected issues a whirl, none more prominent than White Sewing Machine which gained some 20% on one runup. This issue has been sinking to a lowly estate regularly since it last enjoyed enough popularity in 1950 to warrant a stock split. Dividend payout declined steadily from the time of the split up to last year's outright omission. It had held in a scant two-point range all this year until its outburst this week.

* * *

The still-most-neglected title would seem to be held by the television issues with even the more active Radio Corp. featuring on the minus side on reduced activity this week. Zenith has worked around a dozen and a half points below its peak for the year with the rest in the video group holding about midway in their year's ranges and seldom featuring on either strength or weakness of any pronounced nature.

[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.]

Mid America Secs.

SALT LAKE CITY, Utah—Mid America Securities, Inc. of Utah has been formed with offices at 26 West Broadway. Officers are Byron L. Tanner, President; Briant G. Badger, Vice-President; Glenna W. Bliss, Secretary-Treasurer; Ralph O. Bradley, Robert J. Fellmeth, and J. Keith Hansen, directors. Mr. Tanner was formerly an officer of Melvin G. Flegal & Co.

U. S. Investors a Potent Force in Rising Trend of British Equities

By PAUL EINZIG

Ascribing much of the recent rising trend on the London Stock Exchange to American buying of industrial shares, Dr. Einzig sees in this buying a good effect on "official sterling exchange." Warns, however, though American buying of British securities may aid in the balance-of-payments, it has in it a threat of "hot money," that may cause future trouble.

LONDON, Eng.—One of the causes of the recent rising trend on the London Stock Exchange was American buying of good class industrial shares. Compared with the total turnover the extent of these operations was relatively moderate. The evidence of American buying produced, nevertheless, a strong impression. It also resulted in a revival of the controversy as to whether American investment in British industries is advantageous from the point of view of the British economy. This question is, of course, of purely academic interest. The buying is on account of American private investors whose natural concern is not with the effect of their purchases on the British balance of payments but with the yield on the equities and their prospective capital appreciation.

Dr. Paul Einzig

Notwithstanding American buying of British securities sterling displayed a distinctly weak tendency during the period of these purchases. This is not surprising, having regard to the fact that the purchase price was paid with the aid of "security sterling"—the proceeds of the sale of British securities formerly held by Americans. The operations did not, therefore, result in a demand for "official" sterling in the foreign exchange market, and could not, therefore, affect the sterling dollar rate. Their only effect was a rise in the quotation of security sterling which, in spite of the absence of any official support, rose to the vicinity of the officially supported transferable sterling. This may be regarded as an advantage, because the cessation of any substantial discount on any types of sterling has constituted a step towards *de facto* convertibility. At the time of writing the discount on both security sterling and transferable sterling is a bare fraction of 1%, and it seems possible that before very long even this diminutive discount will disappear, so that all types of sterling will be quoted within the range of \$2.78 to \$2.82. For all practical purposes sterling would then be convertible in the open market into dollars even in the absence of any official undertaking to that effect.

Since the American purchases are financed out of sterling resources already in the possession of American holders the question of the effect of these operations on the balance of payments does not actually arise. Nevertheless, the publicity given to these operations revived the controversy over the general principle whether it would be a satisfactory solution if Britain's adverse balance of payments were met by means of an influx of American capital in the form of investment in British industries.

One school of thought would enthusiastically welcome this solution, because it would further postpone the evil day when the government and the public will have to face the realities of the situation. Ever since the end of the war, Britain's balance of payments received external support from time to time in the form of the American loan of 1946, the Marshall Plan, U. S. military aid, and more recently an accumulation of Colonial sterling balances which have reached fantastic proportions. Should there be an influx of American capital through security purchases on a really large scale, it would help to bolster up sterling and would obviate the need for drastic and unpopular remedies to correct the balance of payments.

Taking a long view, such purchases would solve nothing. They would merely result in an influx of "hot money" which would be liable to be withdrawn at most inconvenient moments. But even if the investment assumed the shape of the acquisition of permanent participations in British industries by American investors the result in the long run would be an increase of the burden represented by dividend payments to American holders. And sooner or later such investments are liable to be realized. Since American purchases are confined to good class securities, the chances are that buyers will secure substantial capital appreciations in the long run, which again would be a dead loss from the point of view of Britain's balance of payments.

Notwithstanding this, many quarters are enthusiastic about the idea. In reply to arguments against American investment in British industries they point out that, after all, throughout the 19th Century British investors had been acquiring participations in industries all over the world so that to argue that the present operations are disadvantageous to this country is equivalent to an admission that throughout the 19th Century Britain had acted against the interests of he countries whose industries British capital had assisted in developing. What this argument overlooks is that, while 19th Century Britain invested in the industrial development of backward countries, the Britain of the middle of the 20th Century is fully developed industrially, so that there is little scope for further development with the aid of outside capital.

The analogy with British investment abroad during the 19th Century conjured up in the minds of those who view with disfavor the present American penetration into British industries the somewhat unrealistic picture of tough American engineers building a railroad across the impenetrable steaming jungles of the London suburbs, or exploring the neglected oil deposits of Sussex Downs. With somewhat heavy humor it is argued that the kilted cannibals of Caledonia have no right to resent interference with their primeval privacy, because in the long run it is to their interests that industries should be built up in the unspoiled rural areas of Glasgow. And the barefooted barbarians of Lancashire should appreciate the advantages of creating there a textile industry in which in due course some of them may achieve the exalted rank of foremen.

If this were a true picture then an influx of American capital would be welcomed with open arms. Britain would stand to benefit by American investment in the same way as backward countries in the past benefited by British investment. Since, however, in reality, Britain is an industrially mature country, the balance of payments difficulties should be solved in some different way. There is no economic justification for Britain to sell out her industrial investments to overseas countries.

There would, of course, be every justification for the establishment of certain American industries in Britain which would result in an increase of exports to or imports from hard currency countries. Such operations have in fact taken place since the War, but participation of American capital in existing industries is apt to create in the long run more problems than it solves.

Doolittle Co. to Admit

BUFFALO, N. Y.—Doolittle & Co., Liberty Bank Building, members of the New York Stock Exchange, on July 7 will admit Roy W. Doolittle, Jr. to partnership.

Curtis Straus With Greene and Company

Curtis J. Straus

Curtis J. Straus has become associated with Greene and Company, 37 Wall Street, New York City. Mr. Straus has recently been with John R. Boland & Co., Inc., and prior thereto was a partner in Heimerdinger & Straus.

Two With Hemphill, Noyes

Hemphill, Noyes & Co., members of the New York Stock Exchange, have announced that Albert D. Wedemeyer and James K. Allardice have become associated with the firm as registered representatives.

Mr. Wedemeyer, who is with the firm's Washington, D. C., office, is a graduate of the United States Military Academy at West Point. His father is Lt.-General Albert C. Wedemeyer, U. S. A. (Retired).

Mr. Allardice, with the Hemphill, Noyes & Co. office in Indianapolis, Ind., is a native of that city and a graduate of Wabash College.

Hewitt & Co. to be Formed

Hewitt & Co., members of the New York Stock Exchange, will be formed as of July 1 with offices at 39 Broadway, New York City. Partners of the new firm will be J. Robert Hewitt, Clement M. Stuart and Edwin R. Wallace, all members of the Exchange. Mr. Hewitt is a partner in Hewitt, Lauderdale & Co., which is being dissolved as of June 30. Mr. Wallace has been active as an individual floor broker.

Ritz Mutual Investor

Albert L. Ritz is engaging in a securities business from offices at 76 Charles Street, New York City, under the firm name of Ritz Mutual Investor.

Continued from first page

As We See It

but to keep business generally on an even keel, and in particular to keep as nearly all of the people occupied at good wages as possible. Furthermore, the Federal Reserve system is quite generally regarded as possibly the most potent instrument for the purpose in hand. In particular, this system is expected to prevent anything in the nature of a depression, and, of course, in times like the present not to put a damper on the "good times" that are so dear to the hearts of the politicians.

They Know

But Federal Reserve authorities were not born yesterday. They know that to do what is humanly possible to prevent anything in the nature of a really serious depression it is essential to prevent the economy from getting out of hand on a speculative boom more or less certain to be followed by a bust. Whether or not the politicians clearly recognize the fact, these authorities, if they are to play the role that has been assigned to them, must take an interest in any excessive speculation or even undue exuberance on the part of the business community. Dangerous inflationary developments must of necessity be their worry. Current conditions at least raise the question in a good many minds as to whether what is popularly known as inflation is not now just about upon us. What more natural, then, or even inevitable, than that business men begin to wonder what the Federal Reserve people intend to do in the premises, if anything.

Now, in contrast to the Britain of the latter half of the 19th century, we make our living primarily in agriculture and manufacturing along with such services as are necessary either to facilitate these basic occupations or to supplement them in order to provide the goods and services we want here at home. Such activities as these spread all over the length and breadth of this broad land of ours, and naturally are not in ordinary circumstances so much under the thumb of central banking authorities as the normal operations of the London financial center were under the control of the Bank of England. Of course, central bank policies have a bearing upon business operations at any time, but the extraordinary concern felt at this time about what the "Fed" may do is an outgrowth of special circumstances.

The present boom has in a sense been force fed from the first with large injections of artificially created funds and special credits of one sort or another. It has been permitted, even encouraged, to develop on such doubtful bases as these until it has assumed large proportions. Naturally enough in these circumstances, it also rests in unusual degree upon "confidence" (better stated, a kind of boom psychology) induced by the attitude and promises of politically minded men in Washington and others much under their influence. In such circumstances, it is always in one sense dangerous to take steps which might undermine this inflated enthusiasm.

We have a typical manifestation of this sort of thing in the stock market at the present moment. Thanks to inflationary policies of the past and to the enthusiasms that have been generated among the rank and file, sensational development has followed sensational development in this market until there are a good many who have begun to wonder. What is apparently construed as more favorable prospects for world peace, and repeated reports of ever better business, have added fuel to the flame of enthusiasm which may well at times be not as soundly based as it could be. At any rate, a market which began as a basically money market stock market has now become one which is feeding enthusiasm to the business community. So strong is this wave of optimism, and so independent is it of loans made directly for the purpose of purchasing or carrying stock—thanks to over easy credit to all other segments of the business world—that successive increases in margin requirements have been ineffective in controlling it.

Could Put It on the Skids

But no informed person doubts that the Federal Reserve could put this market on the skids quite successfully should it be determined to do so. The question is could it do so, or even could it hold it in moderate restraint, without wide repercussions in the business world? Of course, we are not prepared to admit that it is part of the duties of the Federal Reserve authorities to decide when stocks are too high or too low and to undertake to have its judgment imposed on the market. But this seems to be one of the functions that have in some quarters been assigned to the system, and the question is, once the matter has been permitted to gain the current headway, can the course be reversed without undercutting the momentum not only of the stock market, but elsewhere in the business community? The same question must of course be asked about the many other areas which the Federal Reserve is charged with controlling in these days and times.

One trouble with all this is that specious booms—whether this is one of them or not we do not undertake to say—look good to the managers until they have got such headway that they cannot be stopped without reversing the course of things. It has long been a matter of great controversy as to what powers central banks have in controlling the fluctuations in business. It is fairly generally agreed that they have the ability to stop booms in much larger degree than they have to stimulate business when it is in the doldrums. The way to limit the ravages of depressions is obviously to limit the excesses of the booms which nearly always precede them. But that limiting has to be done in good season if it is to be done at all without danger of precipitating the very sort of depression which it is the aim of all to limit. These are some of the difficulties about controlling fluctuations in business which those who seem to think we have found a way to eliminate depressions obstinately refuse to recognize.

At the very least we can say that any effective work in minimizing business cycles must embrace the whole course of public policy and not expect the central banking system to do the impossible.

Typical!

"Disposal of government power projects, let us say, might benefit the private utilities but not the industries dependent on low-cost power. Curtailment of the T. V. A. fertilizer program might benefit some fertilizer firms but not the farmers.

* * *

"The list could be extended indefinitely. I cite these cases merely to suggest that the incidence of opportunity for private enterprise cannot be determined by adherence to some simple formula that government enterprise is inherently bad and private enterprise is inherently good."—Representative Chet Holifield.

Just such essentially political attacks as this must be expected by any group, such as the so-called Hoover Commission which suggests the least withdrawal from the creeping socialism (if it really only creeps) of the New Deal.

Dominican Republic Inaugurates First Display for Trade Fair

The first window display in the United States announcing the Dominican Republic Fair for Peace and Brotherhood of the Free World, Ciudad Trujillo, Dec. 20, 1955 — Feb. 27, 1956, was opened by Dominican Consul General Rev. Dr. Oscar Robles Toledano, at Lionel Perera, Manfra and Brookes money exchange, 48 West 50th Street, New York City. According to the Dominican Republic Information Center, similar displays in New York and other "gateway" cities to the Caribbean republic will promote participation by American enterprises and travel to the Fair for business and pleasure.

Father Toledano said at a brief ceremony that the Fair will provide an opportunity for businessmen and investors to look into the trade possibilities at Rio Haina port where a mammoth $50,000,000 free port and shipbuilding yard is being constructed. "We are at the crossroads of two continents," he said, "where there are unlimited commerce opportunities and tax franchise laws to encourage investment. The Fair will be our first international exposition, calling attention to this and our plans for the future."

The Dominican Fair commemorates 25 years of progress and prosperity under the leadership of Generalissimo Rafael L. Trujillo, the Consul General said, during which the republic has paid in full its foreign and public debts, amassed continual favorable trade balances and accomplished remarkable labor and humanitarian advances. The United States Government and free world nations will exhibit as will numerous private industries.

Blyth Group Offers Vitro Common Stock

Blyth & Co., Inc. yesterday (June 29) headed an underwriting group offering publicly 160,000 common shares, 50 cents par value, of Vitro Corp. of America, priced at $23 per share.

The company, which participates in the development of nuclear energy and new and advancing technologies, will use about $1,825,000 of the proceeds to prepay its V-Loan and 5% second mortgage note; another $45,000 will be used to prepay a 4½% mortgage note; and the balance will be added to working capital.

Vitro operates plants for the production of uranium concentrates through chemical processing of uranium ores and, through a subsidiary, in the acquisition and exploration of uranium properties. The company also designs, engineers and manages construction, particularly in the fields of chemical processes, metallurgical plants and nuclear power reactors; and engages in research into chemistry, physics, electronics and electro-mechanical equipment.

Total revenues for the four months ended April 30, 1955 were $13,679,921 and net earnings were $68,224. This compares with total revenues of $7,250,637 and net earnings of $85,246 for the comparable period a year ago.

New Firm Name

Effective July 1, 1955, Lepow Company, dealers, underwriters and brokers, with offices at 42 Broadway, New York 4, N. Y., will be known as Lepow Securities Corp.

Officers are Monroe E. Lepow, President; George Nelson, Vice-President.

Nuclear-Powered Locomotives Long Way Off

Forman H. Craton, marketing manager of General Electric's Locomotive and Car Equipment Department, says that any application of atomic energy to motive power must be justified by its economic advantage over other moving forces.

Forman H. Craton, Marketing Manager of the General Electric Co.'s Locomotive and Car Equipment Dept., Erie, Pa., told the Association of American Railroads on June 22 at Montreal, Que., that while nuclear energy will be put to work to help railroads in the future, space and economic considerations must first be overcome.

F. H. Craton

He predicted that electric, diesel-electric, or gas turbine electric locomotives may provide insurmountable competition for atomic locomotives during the next 25 years. The "harshest reality" is that imposed by dollars and cents, Mr. Craton said.

"The hard facts are that any application of atomic energy to motive power, or for that matter to any private industry, must be justified by its promise of economic advantage over other means of doing the same job," he said.

He added, though, that if atomic locomotives ever show promise of commercial feasibility, "the General Electric Company, with its history of progress in the field of transportation, certainly does not intend to run second to anyone."

He pointed out that G. E. built the first mainline electric locomotive, electrical equipment for the first successful diesel-electric locomotive, and the first gas turbine electric locomotive in America.

Mr. Craton said that neither G. E.'s situation in the electrical manufacturing industry or the situation of rail transportation can be compared to that of the military where the peculiar abilities of atomic energy demand its use without regard to cost.

The prime design consideration mitigating against an early atomic locomotive is the lack of space, according to Mr. Craton. This is because of the need for heavy shielding against radiation in the application of nuclear reactor to a locomotive. Many people, he pointed out, believe that present predictions of sizable reductions in reactor power plants will prove correct.

Even if a nuclear-powered locomotive becomes feasible from a design standpoint, he warned that it shouldn't be expected to be a cure-all for every motive power application. He said that the rule that every energy source has its advantages and limitations and eventually finds its long-term economic place applies equally well in this case.

The steam turbine generator is today's economic choice for producing electric power for cities, industry, and other large users of power, he said. But it can't compete with diesel-electric power for locomotives or small generating stations. The reverse is true when you try to use diesel engines for large power requirements, Mr. Craton said.

While predicting that the atomic locomotive will not be on the scene for years, Mr. Craton thinks atomic electric power will help railroads move goods and people in the near future. He pointed out that General Electric expects electricity generated in atomic powered plants to be competitive within the next five to ten years.

"This promise of more economical electric power from the atom might be of great importance to the railroads in that it could well herald a new era of railroad electrification," Mr. Craton said.

The 60th Anniversary of railroad electrification is being observed this year.

In noting atomic power plant advances during the past decade, Mr. Craton said that a graphite-moderated nuclear reactor can produce electricity at 6.8 mills per kilowatt-hour as compared with 4.5 to 8 mills per kilowatt-hour in modern coal (steam turbine) plants.

Graphite-moderated, water-cooled reactors have been operated since 1946.

Another recent development, the G.-E. dual cycle boiling reactor, allows steam to be produced right in the reactor, eliminating a heat exchanger and improving economy. This design will be incorporated in an atomic plant G. E. will build for the Commonwealth Edison Company in the Chicago area. It is scheduled for completion in approximately five years.

Rollin Bush Pres. of N.Y. Municipal Forum

Rollin C. Bush, First National City Bank of New York, has been elected President of the Municipal Forum of New York for the coming year, succeeding Marquette de Bary of F. S. Smithers & Co. L. Walter Dempsey, B. J. Van Ingen & Co., was elected Vice-President; Edmund George Anderson, Dean Witter & Co., Secretary; and Edmund G. O'Leary, Eastman, Dillon & Co., Treasurer. Robert W. Fisher, Doremus & Company, and Donald C. Patterson, Chemical Corn Exchange Bank, were elected to the Board of Governors.

Rollin C. Bush

J. A. Overton Adds

(Special to The Financial Chronicle)

CLEVELAND, Ohio—Edward J. Wardwell has been added to the staff of J. A. Overton & Co., National City Bank Building.

Joins Ohio Company

(Special to The Financial Chronicle)

COLUMBUS, Ohio — Claude J. Bartlett is now with the Ohio Company, 51 North High Street.

Joins Gallagher-Roach

(Special to The Financial Chronicle)

COLUMBUS, Ohio — Harold B. Hackett has become associated with Gallagher-Roach and Company, Lincoln-LeVeque Tower. Mr. Hackett was previously with Westheimer & Co. and McDonald & Co.

With Draper, Sears Co.

(Special to The Financial Chronicle)

MANCHESTER, N. H.—Chester J. Greenier is with Draper, Sears & Co., 922 Elm Street. In the past he was with Gordon B. Hanlon & Co. of Boston.

Public Utility Securities

By OWEN ELY

Kansas City Power & Light Company

Kansas City Power & Light Company is the largest of three electric utilities bearing the name "Kansas." Annual revenues approximate \$51 million (91% electric, 7% gas, 2% miscellaneous), an increase of 60% over 1950. During the same period utility plant grew 50% and net income increased by the same percentage.

The company supplies electricity to a population of 750,000 in Kansas City, Missouri, and neighboring communities in Missouri and Kansas, also electricity and natural gas in Mason City and environs in northern Iowa.

Greater Kansas City ranks 17th among the metropolitan areas of the nation, and is only 85 miles from the geographic center of the country. In addition to waterways, the city is served by 12 major trunkline railroads, 14 bus lines, 147 truck lines and 7 airlines.

Kansas City is also the metropolis of the great agricultural region surrounding it. Crops are diverse in character, including wheat, tobacco, corn, potatoes, fruit, soybeans and livestock. These combined with oil and natural gas, coal and mineral resources, furnish a stable economy for the area. Industry includes meat packing, grain milling and soy bean plants, oil refining and miscellaneous diversified enterprises. Thus manufacturing (without any single important industry), wholesale and retail trade, agriculture, and excellent transportation facilities, combine to give the area a broadly based and stable economy. With only 21% of revenues from industrial business, the company shares in this stability.

Population in the Kansas City metropolitan area, which began to climb rapidly after World War II, is continuing to grow at a rapid pace. It now totals approximately 900,000, a gain of almost 100,000 since the 1950 census. Over 10,000 new housing units were built in the area in 1954. The rapid pace of last year has accelerated in 1955: for the first four months completed homes increased 17% over last year, and building permits were up 24%. Thus the company is planning for substantial future growth. While \$22 million of new property was added to plant in 1954, \$28 million will probably be added in 1955, and only slightly less in 1956; the total for the year 1955-58 will probably exceed \$100 million.

Recently a second 100,000 kw unit was completed at Hawthorne Station, and the company is now beginning construction of a 175,000 kw until at the new Montrose Station to be located about 60 miles southeast of Kansas City. A second unit of the same size will be added about 1960, and the station may be expanded to as much as 800,000 kw by 1965 or 1970. At the new plant it is planned to burn raw unwashed coal from nearby strip pits, which can be trucked to the plant at very low transportation cost. The resulting fuel savings should be very substantial and will greatly outweigh the added expense involved in transmitting the power to Kansas City.

Due to the rapid increase in residential and air-conditioning loads, the company has embarked on a major program to improve and increase the capacity of its distribution system in the Kansas City area. Some \$11 million has been budgeted for this work in 1955 through 1958 with about 40% of it this year. The company is also decentralizing its construction and maintenance work and the warehousing of materials and supples, so as to avoid traffic congestion inherent in present downtown locations.

With pro forma adjustment for the current equity financing as well as the earlier \$16 million bond issue, capital ratios are approximately 47% funded debt, 18% preferred stock, and 35% common stock equity. The company's bonds are rated Aaa by Moody. No definite plans have yet been made for further financing, but short-term bank loans will probably be resorted to and later on, perhaps early next year, the company may sell additional preferred stock.

In June last year the company applied for electric rate increases in Missouri and Kansas, and about 90% of the amounts requested were granted in April 1955, to yield an estimated \$4 million per annum. After taxes this would be equivalent to about 67¢ a share on the increased number of shares, but only 46¢ will be received in the remainder of 1955.

For the full year 1955 the management estimates common share earnings of about \$2.40 on 2,695,000 shares compared to \$2.33 on 2,450,000 shares in the 12 months ended May 31. This estimate would appear to be on the conservative side but presumably the management is making allowance for the wage increase which is now being negotiated, possible cool weather which might reduce the air conditioning load, etc. Practically no allowance appears to be made for earnings on funds raised by the current sale of common stock; although sooner or later these should help swell "interest charged to construction—credit." Barring unforeseen factors, a further gain in earnings in 1956 seems indicated, reflecting the balance of the rate increase and a return on equity funds.

The stock has been selling recently around 40, to yield about 4½% on the \$1.80 dividend rate. Based on the estimated earnings of \$2.40 the price-earnings ratio is 16.7. The 1955 price range is 45½-39⅝.

Fausnaugh and Zahler With Ball Burge Kraus

(Special to The Financial Chronicle)

CLEVELAND, Ohio — Hal A. Fausnaugh and William P. Zahler have become associated with Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges. Both were formerly with W. F. Kurtz & Co.

R. C. Williams With Paine, Webber Firm

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Roscoe C. Williams, Jr., has become associated with Paine, Webber, Jackson & Curtis, 626 South Spring Street. Mr. Williams was formerly an officer of Rutland Company.

With Shearson, Hammill

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert L. Jurans is now with Shearson, Hammill & Co., 520 South Grand Avenue.

Opposes Fulbright Bill

Commerce and Industry Association of New York registers vigorous objection to measure which would make all corporations with assets exceeding $5 million and having more than 500 stockholders subject to SEC rules applying to companies having listed securities.

Vigorous opposition to the Fulbright Bill (S. 2054), which would make all corporations with assets in excess of $5 million or more than 500 stockholders subject to the rules of the Securities and Exchange Commission just as if they were listed on an exchange, was registered by the Commerce and Industry Association of New York, Inc., with the Senate Committee on Banking and Currency, which began hearings on the measure in Washington on June 27.

Thomas J. Miley

Declaring that the proposed legislation "is contrary to the best interests of investor and industry alike," Thomas Jefferson Miley, Executive Vice-President of the Association, in a letter to Chairman J. W. Fulbright of the Senate Committee, declared its adoption would impose on a vast segment of American industry an unwarranted heavy burden of regulation and government control which, along with costs, would be borne in turn by investors who are stockholders in the affected companies.

Citing the introduction of similar bills—first in 1941, next in 1946, and as the Frear Bill of 1950—with each "appropriately left to die on the vine," Mr. Miley said that "in accordance with the five-year cyclical pattern the proposition again has been taken from the mothballs and brought before the Congress." Outlining the basis for Association opposition, he wrote:

"The vast majority of concerns involved use quite adequate accounting systems which might not and should not be required to conform to the rigid framework prescribed by the Securities and Exchange Commission. Such an unnecessary change in accounting system in many cases would require new accountants and additional personnel on the bookkeeping staffs of these companies.

"Publication of salaries, particularly those of sales representatives and other personnel, would be most damaging in smaller communities and to the smaller companies.

"The financial and inventory requirements of the Commission work particular hardships on these smaller concerns and raise a number of problems in their purchases and sales of materials when information of this character is made available to their customers.

"It is the considered opinion of Commerce and Industry Association that the proposal contained in S. 2054 is contrary to the best interests of investor and industry alike. It would bring about the imposition of a heavy burden of regulation and government control on a vast segment of American industry. The costs and burdens of this regulation and control in turn must fall upon the shoulders of investors who are stockholders in these companies."

Oswald Benwell Joins Mt. States Securities

DENVER, Colo. — Mountain States Securities Corporation, Denver Club Building, has announced that Oswald F. Benwell has become associated with their firm as Vice-President and Manager of the Municipal Department. Mr. Benwell was formerly with the Colorado National Bank and in the past conducted his own investment business in Denver.

Oswald F. Benwell

Homer Hess Adds

(Special to THE FINANCIAL CHRONICLE)

WOOSTER, Ohio — Glen R. Evans has been added to the staff of Homer I. Hess, 216 Kurtz St.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

CHARLOTTE, N. C.—John W. Bradley, Jr. is now affiliated with Harris, Upham & Co., Johnston Building.

James Kyle Opens

SAN DIEGO, Calif. — James Kyle is engaging in a securities business from offices at 3024 Nichols Street under the firm name of James Kyle Company.

Continued from page 3

Corporate Capital Needs Between Now and 1965

ished the most optimistic, some $240 billion were poured into American industry in the years between 1945 and 1954. Retained earnings and depreciation allowances naturally accounted for much of this sum, but nevertheless nearly one-third of it had to be supplied by the general public and financial institutions.

Postwar Financing Out of "Balance"

In raising approximately $80 billion of new outside money, debt financing provided the primary and most convenient vehicle, and accounted for 75% of the total. Bonds were relatively easy to issue; interest rates were low while stock yields were high; bond interest could be written off; and the burden of paying dividends on new equities could be avoided. As a result, debt financing during those years was sometimes as much a matter of expediency as of choice. Any misgivings about the dangers and uncertainties inherent in piling up too much debt simply had to be subordinated to the urgency of meeting the pent-up demand for goods and services.

The net effect was that equity financing fell to only 25% of outside money raised, compared to 37½% in the nine years after World War I. Here is a paradox peculiar to America; we are a venture capital nation, yet we are slowly giving venture capital a second-class status. . . . We have a psychological distaste for debt, yet we are adding to corporate debt during prosperous times when logically we should be reducing it. . . . We are, finally, losing sight of the basic idea that the prospect for growth and profits should attract individual savings into the production of goods individuals want. The next decade is going to test whether the idea—the particular form of venture capitalism we have created—will flourish, or atrophy.

America in 1965: New Growth . . . New Opportunities to Broaden Ownership

By almost any yardstock we appear to be entering a 10-year period of growth as exciting as any the nation has known. Year by year we shall be rewriting the record book. The America of 1965 will be a land of 190 million people with a labor force of 76 million. We will have, according to the Joint Committee on the Economic Report, a gross national product of $535 billion, 50% higher than in 1954. We will have disposable personal income of $380 billion. We will see corporate profits rise to $30 billion, and dividends mount 82% over '54 to $18 billion.

And we will need, in the year 1965 alone, $60 billion for plant and equipment expenditures, according to the Joint Committee's Report. This is more than twice the amount which will be spent this year for new plant and equipment.

Using these figures, and accepting the Committee's assumption of constant prices, the Stock Exchange estimates that a staggering $375 billion will be needed by U. S. corporation for the plants, products, tools and jobs required to reach the economic levels projected for 1965.

As corporations expand they are going to be under increasing pressure to pay a greater portion of their net income to stockholders in the form of dividends, and the percentage of earnings retained by these corporations will perhaps not be as high as it has been in the past. But even should retained earnings supply the same proportion of funds as in the postwar years, we estimate that a little over 40% of the $375 billion required for capital expenditures—some $160 billion—will have to be raised from outside sources. How is it to be raised? Do we follow the postwar pattern with its inherent dangers, or do we strike out in more challenging—and sounder—directions?

Debt financing will obviously play a major role. But it must not be so burdensome to our corporations that they are strapped by high fixed costs that limit their flexibility. And it must not be so great that we damage the concept that individually we are filling to venture on the future.

I feel very strongly that much of the new outside money ought to be provided by the issuance of common stocks. Even if we perpetuate the three-to-one debt-equity ratio of the post World War II period, new equity securities worth $40 billion will be required. While this may not seem like a great deal, it is actually more than twice the amount raised between 1946-1954. But I think we should do better than that. We can no longer take the chance of more than doubling corporate debt every 10 years. To do so would mean that corporate debt in 1965 would equal 79% of national income. I submit that our goal should be to raise through equity at least 50% of our external needs. This will mean offering to the public $80 billion in new equity securities between now and 1965—an average of about $7.3 billion a year.

It is a large order; it represents almost four times the recent annual rate. Perhaps it is too large an order, but we ought to come as close to it as we can. And broader ownership can help make this possible. It can provide companies with the markets they have sorely needed for their securities; it can develop new stockholders who are good prospects for the products and service these companies will be producing. And it can provide millions of financially able Americans with the chance to channel their money into productive enterprises, and thereby stake a direct and personal claim in our nation's future growth.

Some Progress in Broadening Ownership and a Look at the Obstacles

Now that we've seen the size of the job ahead—and its potentials—how do we go about accomplishing broader ownership? What sort of progress have we made already? Well, some one million new shareowners have been added in the last three years. If we assume this same steady progress over the next 11 years, our stockholder family will embrace about 11 million people. It is exciting to consider that these millions of our people shall share the additional billions in dividends that our growth will make possible in the next decade.

No overnight miracle, however, is going to broaden the ownership base. Through employee stock programs and the Monthly Investment Plan important techniques have been developed for doing the job. Through mutual funds additional people are participating in indirect ownership. But we have to recognize that progress to date has been very small indeed when weighed against our wealth as a nation, the savings of our people, and the needs of our economy. And I believe we must be realistic about the enormity of the job ahead.

We are not likely to take any giant steps as long as Joe Public little understands his role and responsibility in the economic machine we have built. Several months ago the Stock Exchange released the results of a nation-wide public opinion survey. One finding that strikes close to home indicates that less than 25% of the public knows what common stock is. Our people have a let-George-do-it attitude that the money needed for future growth can be raised somehow, because it always has been in the past. This was revealed when only 10% of adults said they would invest **extra** money in common stocks.

To a very great extent our educational system must share the blame for not giving more people a better grasp of the economic community they live in. But we—industry and the securities business—must also share the responsibility. In recent years we have undertaken to help fill the educational gap. In our first efforts we tended to talk economic theory to the public rather than specifics. Economic theory is frequently obscure and difficult to grasp.

While we are convinced the nation will benefit from broader shareownership, the individual interested in investing his funds in common stocks is less concerned with the debt-equity ratio or the capital needs of industry than with a precise story of what his investment means personally . . . Can he earn income . . . Can he protect his purchasing power . . . What are the risks and the rewards . . . How should be go about investing?

What the Exchange Is Doing

To meet the needs of the single investor the Exchange has developed a continuing information program that is as precise, specific and meaningful to the individual as we can make it. The media and techniques we are using—films, advertising, booklets, a speakers' bureau, and work with schools and colleges—provide a flexibility that helps us direct the proper story to the proper groups.

We are, of course, defining the fundamentals — the meaning of stocks and bonds, the role of profits and dividends, the methods of investment. But we are doing a great deal more. We are emphasizing risks and rewards and we are fighting tipsters and rumor-mongers. We are stressing the principles that govern sound investments, and we are telling people how and where they can get the help they need. With sound professional advice readily available, without cost, a man need not be a trained economist in order to buy good stocks. There is no industry I know of that has gone to such great lengths to tell a prospective customer: "We want your business **only** if you're able to spare the money and appreciate the risk . . . only if you're willing to seek information and sound advice . . . and only if you realize you must periodically review your decision."

We have a final aim that transcends the basic theme of broadening ownership. We are convinced that everyone should develop a realistic investment program that satisfies his personal requirements, without regard to whether stocks are, or are not, a part of that program. It is perfectly clear to us that while millions of non-shareowners may want to undertake the risks of stock ownership, seeking either dividends, capital appreciation, protection of purchasing power, or speculative profits, there are additional millions who should restrict their investments to insurance and cash savings.

In considering the risks, though, we do not have to be apologetic about America's future, or reluctant to say this is still a land of promises. We have an obligation, I think, to say that prudent common stock investments seem to have a way of returning a steadily higher standard of living . . . we can point out that for the average man, exercising good judgment, no other form of investment offers better opportunities for growth and income, combined with high liquidity, and low cost of purchase and sale.

We are confident that if Joe Public understands these basic investment facts, appreciates fully his goals, and is able to measure these against risks and rewards, we don't have to fear his ability to enter the stock market, to judge what is best for himself, and to bear in mature fashion the risk he has assumed.

The Outlook for Broader Ownership

When we talk of broader ownership we have a right to wonder how much broader it is apt to be. No one is able to estimate precisely how many Americans will or should own common stock, but our survey, "The Public Speaks," points up some interesting facts: 40 million adults think more people should own stock; 20 million would be interested in a MIP type purchase plan; and four million non-shareowning families, half of them with incomes over $5,000, actually considered buying stocks last year. Can more Americans afford to buy stocks? We have found there are over a million non-shareowning **families** with incomes over $10,000 a year. We have found there are 5½ million professional and business **people** earning $7,500 and over who are non-shareowners. To many of these people, I think we can properly ask in light of our history and our progress, "can they afford not to buy stocks?" I think these upper income Americans are our primary educational target. They represent a group that will have an important bearing on whether or not corporations will be able to raise the equity capital needed between now and 1965.

Steps to Be Taken

If industry and the exchange community are agreed that broader ownership is a logical and necessary step, I think we can agree, too, that the job of seeing it through has to be shared. The securities business will happily do its full part—through education, through developing techniques like MIP which put stock purchases on a regular basis within the reach of many, through improving services to small investors, and through recruiting and training capable young people to serve these investors.

The corporate role, I feel, lies in an intensified and realistic educational effort, in employe stock programs which some companies have pioneered with gratifying results, in modern stockholder relations programs, and in equity financing that views both a company's and the country's long-range needs.

The activities of government are a third pillar on which broader shareownership depends. At state and local levels, the education process must turn out people who understand the world they live in, and who can equate economic freedom with our other freedoms. And we face the constant necessity of urging the Federal government to remove or lessen those formidable investment barriers — high progressive income taxes, capital gains, and the double tax on dividends—that destroy incentives for individual investments.

There is no suggestion that all of the above steps can be accomplished immediately, though I think we have to pursue our goals vigorously, because the years have a way of slipping by. I am not so much concerned with immediate speed, as I am with people who say the job simply can't be done because we've become too big and complex to safely broaden ownership so that it embraces the "average man."

I would like to make one comment about that—as it pertains not only to shareownership, but to our entire society. About 30 years ago a rising young politician who learned a great deal about capitalism said: "American efficiency is that indomitable spirit which never knows nor will be detoured by any obstacle; which plugs away with businesslike perseverence until every impediment has been removed; that simply must go through with a job once it has been tackled."

The time was 1924. The audience was a group of University students. The speaker was Joseph Stalin.

For once, we are delighted to agree with Stalin. American efficiency does have a way of doing a job that is crucially important and, in my opinion, broadening the base of shareownership is just such an undertaking. Within the framework of our economic system—with freedom, and with competition — we are extending the advantages of ownership with its great benefits, to more of our people. Through broader ownership we are on the way towards making our economic democracy as strong and as potent as our political democracy. Broader shareownership is, in fact, so integral a part of democratic processes that we must acomplish it, however painstakingly, if we are going to keep our essential character as a nation.

Form American Secs. Co.

DENVER, Colo.—American Securities Company has been formed with offices in the Kittredge Building to engage in a securities business. Officers are Wm. C. Chadwell, President; Elmer H. Ulrich, Vice-President, and Norman E. Kipskind, Secretary-Treasurer. Mr. Chadwell was previously with Wilson, Johnson & Higgins; Mr. Kipskind was with Rogers & Co.

Walter Blaha Open

LONG ISLAND CITY, N. Y.—Walter R. Blaha & Co., Inc., has been formed with offices at 29-28 Forty-first Avenue to engage in a securities business. Officers are Walter R. Blaha, President; Herman H. Botie, Treasurer, and Dr. Mortimer Danzer, Vice-President and Secretary. Mr. Blaha was formerly with Auchincloss, Parker & Redpath.

Nassau Shares Opens

Nassau-Shares Sales Corp. is conducting a securities business from offices at 5 Beekman Street, New York City. Officers are Milton Saslow, President; Kelsey Volner, Vice-President, and Abraham Korman, Secretary-Treasurer.

Nat'l Securities Opens

SALT LAKE CITY, Utah—National Securities, Inc. is engaging in a securities business from offices in the Newhouse Building. Officers are Robert S. Herman, President; Preston Reed, Vice-President, and Dan Bushnell, Secretary and Treasurer. Mr. Herman was previously with Cromer Brokerage Co.

E. M. Kiernan Co.

E. M. Kiernan & Co., members of the New York Stock Exchange, will be formed July 1 with offices at 71 Broadway, New York City. Partners will be Edward M. Kiernan, member of the Exchange, and Dorothy S. Sackett. Both have been partners in James McKenna & Co.

Thomas F. Loop Opens

NEW ORLEANS, La.—Thomas F. Loop is engaging in a securities business from offices in the Cotton Exchange Building.

Advocates "Point 5" to Replace Foreign Aid

Ralph T. Reed calls on free nations to adopt program of self-help to substitute "earned" dollars for the present "aid" dollars from the U. S. Advocates stimulation for consumer industries; elimination of red-tape in customs; and building-up of tourism.

Ralph T. Reed, President of the American Express Co., urges business and government leaders of the free nations — particularly those in Asia —to undertake a "Point 5" program of economic self-help which will bring them millions of "earned" dollars in contrast to the "aid" dollars they now receive from the United States. Mr. Reed, just returned from a three-month inspection trip around the world, identified Point 5 as an all-out expansion of American tourism which, he said, could ultimately replace our government's economic assistance programs.


Ralph T. Reed

He pointed out that American tourists are already spending $100 abroad for every $43 sent by the U. S. government as non-military foreign aid.

Speaking before a gathering of 200 industrialists and bankers at a welcome-home reception for him at the Park Lane Hotel, 299 Park Ave., New York City, on June 16, Mr. Reed declared, "Point 5 is based on the economic power of the American consumer directed to overseas nations through tourism. It is a power of major proportions . . . which can bring new life to their commerce . . . which can assist them to prosperity . . . which can fortify them against Communism."

"It is, therefore, a private citizens' counterpart to Point 4," he added.

At the same time, Mr. Reed urged that the Communist countries should lift the iron curtain and the bamboo curtain and permit tourists to travel freely in both directions.

He declared that this would help relieve tensions, fear, misunderstanding and hatred in the world today, and bring about closer understanding among peoples.

"Gradually, I hope we can arrive at a climate where free movement of people is practical," he said.

In describing the economic potential of Point 5, Mr. Reed noted "those nations which have had the largest numbers of United States tourists during the last 10 years are also those which now have least need for our economic assistance."

"The American traveler, moved by the desire for fun, relaxation and knowledge has created a force to which the world's economic and political councils must give serious thought."

Asia the Focal Point

Asia is an area where Point 5 should have urgent backing according to Mr. Reed. The free nations of Asia are now receiving the major share of U. S. economic assistance, but they are earning relatively few dollars through American tourism.

He contrasted the situation in Asia with the experience of Western Europe, which in 1949 received several billion dollars in U. S. aid. By 1954, it dropped below $600,000,000, in 1955 it was further reduced to $213,000,000, and in 1956 it appears that economic aid for Europe will be under $100,000,000, he said.

At the same time, he pointed out, earnings from U. S. tourist expenditures in Western Europe grew—from less than $150,000,000 in 1948 to an estimated $500,000,000 this year.

"These statistics," he continued, "tell only part of the story. American travelers have released a dynamic economic force that has inspired Western European countries to rebuild and develop their transportation systems, to revitalize their hotel industry, and to increase production of consumer goods.

Europe a Pattern

The experience of Europe offers a pattern for other parts of the world, particularly Asia and the Far East. In Britain, tourism leads all dollar-earning industries, Mr. Reed pointed out.

Reed emphasized the role of business leaders as well as the governments of each country in the success of "Point 5." The program would include concerted efforts:

—to increase investments, in hotels, transportation, consumer goods, food, beverage and service industries;

—to eliminate red-tape in customs, border-crossing formalities, and exchange controls;

—to organize and strengthen agencies engaged in development of tourism;

—to recruit and train personnel to handle tourists;

—to develop promotional programs to capture the interest of the American tourist.

Bel-Air Secs. Co.

PROVO, Utah—Bel-Air Securities Company has been formed with offices at 290 West Center Street to engage in a securities business. Blair M. Sorensen is a principal of the firm.

Form Lang Driscoll Co.

SALT LAKE CITY, Utah—Lang-Driscoll & Co., Inc. has been formed with offices at 29 East Second South Street to engage in a securities business. Joseph T. Driscoll is a principal of the firm.

Moab Brokerage Formed

SALT LAKE CITY, Utah—Howard Christensen has formed Moab Brokerage Co. with offices at 363 U. P. Annex 19th, West South Temple, to engage in a securities business.

Forms Shumate Co.

DALLAS, Tex. — Gaston A. Shumate III has formed Shumate and Company, with offices at 4524 North Versailles, to engage in a securities business.

Joins Nathan Fay

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Maine—George R. Armstrong has joined the staff of Nathan C. Fay & Co., 208 Middle Street.

New Branch Office

LAKE PLACID, N. Y.—Oppenheimer, Vanden Broeck & Co. have opened a branch office at 103 Main Street under the management of Nehemiah Friedman.

Justice Detwiler Opens

DENVER, Colo.—Justice B. Detwiler is engaging in a securities business from offices at 430 Sixteenth Street.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

A short while ago there were given in this column figures on the 1954 increase in asset valuations of a number of the larger stock fire and casualty insurance companies. It was brought out that the gains in that year were record-breaking for a large majority of the companies listed. Material is now available for a 20-year study of these companies' showings. A time span of this length has been taken because it brings in just about every manner of economic gyration that we can experience.

The beginning of the period was just after the depression lows. There followed the trials and frustrations that business went through in our planned economy; then war in Europe and our own preparation for war; all-out war that mobilized the whole nation; then the postwar inflation; the cold war; Korea; and finally a return to a relatively stable economy with something approaching boom business conditions. Surely in this melange, if ever a corporation management was to be put to the test, this was it!

The vicissitudes of the insurance companies were no less formidable than those of general business. So far as underwriting operations were concerned, they had to contend with the bad moral hazard (at least until the arsonist got into his creditor's hands), difficult rate conditions, the unaccustomed hazards brought about by the war, and, probably worst of all, the inflation of values that became so costly to the fire companies.

But let us see what kind of a showing they made in their investment operations. Here their problems were formidable too. War disrupted their normal investment procedures, for the insurance companies, as was true of everybody else, had to help finance the colossal effort. So it is that there probably has never been a like period in our history when the portfolio manager was put to so exacting a test of his ability to do a good job of investing.

As was pointed out in the earlier discussion of 1954 results, individual company showings were greatly influenced in this 20-year period by company investment practices and standards. Thus the companies that made bonds the mainstay of their investments did not complete the score of years as favorably as the equity investors, so far as portfolio growth was concerned.

In several cases where there were mergers the data of the two units prior to the mergers were consolidated.

Twenty-Year Change in Value of Assets and Per Share

	—Increase to Dec. 31, 1954—	
	Assets	†Per Share
Aetna Casualty	$31,539,000	$52.56
Aetna Insurance	28,815,000	28.82
Agricultural Insurance	7,999,000	20.00
American Insurance	33,612,000	16.80
American Re Insurance	14,783,000	18.48
American Surety	5,675,000	18.92
Bankers & Shippers	4,849,000	48.49
Boston Insurance	20,529,000	20.53
Continental Casualty	37,756,000	18.88
Continental Insurance	177,604,000	71.04
Federal Insurance	27,868,000	10.32
Fidelity & Deposit	7,493,000	18.73
Fidelity Phenix	177,028,000	88.51
Fire Association	19,363,000	28.48
Fireman's Fund	50,919,000	16.97
*Firemen's Insurance	43,044,000	21.52
General Re Insurance	18,676,000	28.29
Glens Falls	22,323,000	34.34
Great American	71,612,000	24.96
Hanover Fire	14,180,000	35.45
Hartford Fire	105,492,000	52.74
Home Insurance	135,908,000	33.98
Insurance Co. of No. America	231,030,000	52.75
Massachusetts Bonding	1,640,000	3.28
National Fire	26,052,000	52.10
National Union	6,202,000	10.34
New Amsterdam	13,217,000	26.43
New Hampshire	8,942,000	22.35
Northern Insurance	11,800,000	44.69
North River	16,776,000	20.97
Pacific Fire	7,478,000	74.78
Phoenix Insurance	68,247,000	68.25
Providence Washington	4,045,000	10.11
St. Paul Fire & Marine	35,079,000	10.96
Seaboard Surety	4,074,000	20.37
Security Insurance	5,621,000	18.73
Springfield Fire	19,355,000	27.65
Standard Accident	3,788,000	7.69
United States Fidel. & Guaranty	31,171,000	18.26
United States Fire	24,923,000	24.92
Westchester Fire	16,610,000	16.61

*Seventeen years.
†As of Dec. 31, 1954.

Harris & Harris Open

(Special to The Financial Chronicle)

SAN ANTONIO, Tex.—Harris & Harris has been formed with offices in the Gunter Building to engage in a securities business. Partners are Eugene A. Harris and Georgia M. Harris.

Form Ludlow Inv. Co.

SALT LAKE CITY, Utah—Ralph H. Ludlow and Jesse D. Knedsen have formed Ludlow Investment Company with offices at 30 West Ninth South to engage in a securities business.

Continued from page 4

Incentives in Banking— Financial and Non-Financial

benefit is paid to a surviving spouse or children when an employee dies in active service during the period when he could have retired. The benefit is about one-half of what the man's pension would have been and is in addition to life insurance.

Life Insurance Programs

Life insurance programs vary but there is a distinct trend toward providing at least an amount of insurance equal to one year's salary on a non-contributory basis and the same amount on a contributory basis with the employees having the benefit of a group insurance rate.

Profit Sharing

Perhaps one of the most dramatic and popular employee announcements which banks have made in recent years, has been the adoption of a profit sharing arrangement. In our own case, it has been given the name of a Thrift Incentive Plan. A number of banks have profit sharing plans in force but naturally, I am familiar with the program of the Chase Manhattan Bank and I hope the details of that plan will interest you. In gist, it allows for a certain percentage of earnings on capital stock to be set aside for the stockholders prior to any distribution to employees. It is based on a formula which has worked out over the past several years to equal somewhere in the neighborhood of 12 to 13% of an employee's annual wage. To be eligible, an employee must be 25 years of age and must have been in the employ of the bank for at least one year. This eliminates the part time help and youngsters who come into the bank without any idea of staying with the organization.

Another requirement is that any employee must contribute out of his wages either 2, 4, or 6% to participate in the Thrift Incentive Plan. The funds are managed in our own Trust Department and soon after the end of the year—when profits have been determined — the bank's contribution according to the formula is paid over to the Thrift Incentive Fund. At the end of each quarter, each member of the Fund receives a statement showing the value standing to his credit at the end of that quarter. The statement also shows the amount deposited by each member in the form of a payroll deduction and a grand total evaluation to date which includes earnings and appreciation of the Fund. The total amount, less the capital gains tax, is available to the employee at retirement date. Provision is also made for withdrawal from the Fund in the event of disability.

Thrift Incentive Plan

Our Thrift Incentive Plan has two fundamental objectives. One is Thrift. The plan makes it easy for employees to save regularly and continuously. The other is Incentive. It is a true Profit-Sharing Plan and the larger the bank's profits, the more the employees may benefit. The plan itself is a challenge as well as an incentive and should be a real stimulus to reduce expenses at every turn and to attract new customers. The results should benefit the employees and the shareholders together.

In summary, an employee is assured of a good pension at retirement which relieves him of worry, plus a substantial amount of money in his hand at retirement date to buy a house in Florida or a fishing camp in Wisconsin or any other spot that suits his fancy. It might be called enforced savings but experience has shown that our employees are much happier accumulating this substantial cash fund for their old age as contrasted with the old form of annual bonus which is either committed for before it is received or spent immediately thereafter and, of course, under our present tax laws this kind of a Thrift Plan is specially attractive to the people who make the best progress in the bank. They can get a tax shelter on their own savings, as well as the money put in by the bank.

I am mentioning these details in the hope that these remarks may be of some value to those among you who may have under consideration some such plan for your own banks. A few large city banks have group plans which can be adapted to fit the requirements of many boards which would like to establish a sound and well regulated program.

Non-financial Inventives

Up to this moment I have been dealing with "financial incentives." Now, I should like to devote the rest of my time to mentioning non-financial incentives which, to my mind, are equally important—perhaps more important.

My observations are born out of 43 years spent in banking—watching men and women, how they live, marry, raise families, provide for their future and arrive at that peak of all human aspiration—happiness in living.

Banks are all quite similar, as you well know. They have substantial buildings centrally located, impressive vaults, and their inventories are identical — cash, notes, and securities. Their procedures are much the same. They do not present new models each year and they do not fear wide fluctuations in inventory values but bank personalities vary as widely as the personalities of people. Two men lunching together may say "I like the First State Bank but I have no yen for the Citizens Bank." My friend, Ben Wooten, President of the First National Bank of Dallas, says, "The major difference between banks of today is the way people are treated." Banks are managed by human beings and the atmosphere of a bank and the attitude of the officers and clerical staff are its most important assets. The customer is the first to sense a happy spirit in any bank.

It is a fascinating business and each day is different. The problems of national security, politics, weather and seasons are all contributing factors. Every man and woman in a bank is a part of a mutual effort. The lone wolf has no place in the counting house. Every person should strive to inspire the man on the rung below him to better accomplishment. Each person should be observant of the work on the next desk above to be ready to take over that niche at any time. The bank is a public service organization. Each man who meets the public in person or by letter or by telephone is the bank at that moment, and the tone of his voice or the spirit of his letter or the smile at the teller's window—not forgetting the platform man—add up to the spirit of the bank. That public estimate either builds the bank or adds nothing to its momentum.

From observation over a long period of years, I think the average man or women working in a bank wants to know and believe a few important things concerning the bank with which he is identified. He wants to have confidence in and respect for his boss. Perhaps this is a tip to all bosses and supervisors to be worthy of that respect. He wants sufficient authority to do his job efficiently and well. He wants to feel that the bank has a sincere interest in him as an individual. He wants to be assured occasionally that he is doing well or if not, helped with kindly criticism. He wants praise when it is warranted, he wants to work in a happy environment (air conditioning desirable but not mandatory). He wants to be proud of his bank, his job and the team he plays with. He wants to feel there is a better job ahead.

It takes a well-rounded person to succeed in the banking business. The individual must not be too ambitious, he must like people, be interested in their daily problems, be imaginative and resourceful, patient, and above all, trustworthy, dependable and loyal. I saw a sign in a shop window a few days ago which read roughly as follows: "You can have your geniuses. Just give me some dope who knows what he is doing."

Our bank recently merged. We are stressing the word "usefulness" in our advertising, and our desire to make banking and daily living better for others. These words must be backed up by deeds. The management of any bank, large or small, is looking for the individual who thinks of ideas and ways of "building a better mousetrap." Two years ago we started a Suggestion System in our bank with cash prizes to all suggestions adopted by the committee and to date the score is as follows: 4,607 suggestions. It has been a healthy and inspiring development. The boss is always ready to recognize the ideas, the abilities, the background of knowledge and good citizenship of the people in his bank. Inspiration runs both ways — from management down and from the junior clerk up.

If you have most of the qualities I have rather briefly described, you will be happy as a banker. If you have given banking a fair trial and are a bit critical, disinterested or bored, I would say—transfer quickly to fields which look more lush. Your salary is important to pay the rent or amortize the mortgage, meet the grocery bills and the current instalment on your car. But the joy of living and a greater satisfaction comes from a realization that you are needed in your bank, that you are a dependable and imaginative member of the staff, that each year you have a greater knowledge of the business and under our free enterprise system you may one day be the boss. The question is—Will you be a better boss than your predecessor? That is the great non-financial incentive!

Watling, Lerchen Adds

(Special to The Financial Chronicle)

DETROIT, Mich. — Harold R. Boyer, Jr. has been added to the staff of Watling, Lerchen & Co., Ford Building, members of the New York and Detroit Stock Exchanges.

Jas. Philips Branch

EAST HAMPTON, N. Y.—James Philips & Co., members of the New York Stock Exchange, have opened a branch office at the Hunting Inn with James J. Philips resident partner and Frank C. Ryder, Manager.

Securities, Inc. in Denver

DENVER, Colo.—Securities, Inc. has been formed with offices in the C. A. Johnson Building to conduct a securities business. Officers are Waldo C. Burns, President; Walter L. Clasquin, Secretary-Treasurer.

Syndicats Hold Annual Outing

Margaret Rentelman, *Blyth & Co., Inc.;* Eva Tarpinian, *Glore, Forgan & Co.;* Edith McGill, *First Boston Corporation*

Winifred McGowan, *E. F. Hutton & Company;* Kathryn McCarthy, *Walston & Co.*

Ruth Curtayne, *White, Weld & Co.;* Lois West, *Blyth & Co., Inc.*

Carolyn Scheid, *Morgan Stanley & Co.;* Marion Lynch, *F. S. Moseley & Co.;* Claire Borick, *Blyth & Co., Inc.*

Ruth Ainsworth, *Halsey, Stuart & Co.;* Helen Campbell, *Lee Higginson Corporation;* Claire Marshall, *Shields & Co.*

Mildred Stevens, *Smith, Barney & Co.;* Lillian Neylon, *Harriman Ripley & Co. Incorporated;* Jane Hand, *First Boston Corporation*

Gertrude Harrington, *Smith, Barney & Co.;* Dorothy Boardman, *Union Securities Corporation;* Elayne Whalen, *Blair & Co., Incorporated*

MORE SYNDICATS PICTURES ON PAGE 26

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Flow of Savings Into Mortgages

the big commercial banks? This huge reservoir of money has been flowing into the mortgage market and at a rather rapid rate during the past five years. Not into the mortgage market as we would have thought of it during the 20's, when there was little or no amortization and all loans were on a quarterly or semi-annual basis, but flowing into the mortgage market in the modern sense with most loans being on monthly amortized bases with the result that amortization payoffs come in each month and thus create a continuous and terrific volume of an additional amount of new money seeking investments.

What does this all mean? For example, a medium size bank with a portfolio of $50 million in mortgages would probably have monthly payoffs and amortization of between $400,000 and $500,000. The reinvestment of this money is necessary if the bank is only to maintain its present mortgage portfolio. On top of this, when you consider great deposit growth, a portion of which must also be invested in mortgage loans, the dynamic force then becomes very real.

A few years back the savings banks of many of our states were given nationalized lending powers. This has been an additional competitive force. When this law was first passed, many of the bankers were reluctant to make a mortgage loan in some other state miles away from their home base. However, as time passed and bankers gained by experience, it became apparent that it was an excellent piece of legislation to allow the savings banks to aid our economy by providing capital in many areas where most mortgages in the past were granted by commercial banks on a short-term basis or from private sources. Here we are today meeting in Miami. Millions of dollars have literally poured into this state from the savings of the people of the north in order to keep this great dynamic state moving forward as rapidly as has been done during the past five years. The standard of living and the economy as a whole has been affected greatly by this great basic industry, the Home Building, which has been financed by the savings of people all over the country.

Many problems have been presented because of this new concept in lending money. In the first place we have the legal aspects of each state, some of which are not entirely clear, and the problems arising in case of foreclosure. Then, of course, there is the tax problem. If we make a mortgage investment in a state other than our own, will that state consider that we are doing business in it, and if so are we taxable and to what extent? Some states have long periods of redemption after a foreclosure sale, thus creating a further problem. However, it is fast becoming apparent that most states now realize the importance of long-term capital available for mortgage loans and many have changed their laws to encourage this type of investment. Money is needed by these states. A leading mortgage banker from California told me approximately a year ago that for every $2 in local funds, they need an additional dollar of Eastern money to meet their economic needs in their home building.

After the legal problem we have the operational aspects which are very important. The firm handling your business in a foreign state is the first step in this connection. This firm has a dual purpose; first, it must have the proper standing and character so that there is no question about the collection of funds and all that entails, and secondly, in order to be a good servicing contractor or servicing agent, the firm must have the business ability and the facilities to properly handle the servicing. Also, and very important, financial standing and integrity is a must. Already many servicing agents are falling by the wayside and we are beginning to separate the sheep from the goats.

Now, in addition to being able to handle our business which has been created, it is also very necessary that the servicing contractor have the ability to originate further business. Due to payoffs and amortization, the banker has the problem of continually reinvesting his funds. So, this servicing agent is the crux you might say of out-of-state lending and certainly a person or a group of people whom you must consider as part of your organization, in whom you have confidence and with whom you feel you have a very close relationship at all times.

Another very important phase of this business today is the Servicing Contract itself and its importance to you, the investor. After all, you bankers have invested your bank's money, and, although the agent may originate the business and then service it, he does this for a fee and the actual investment is yours. Accordingly, the Servicing Contract should be drawn in your favor to cover all eventualities. Too many banks have been careless in this regard.

Better Management in Out-of-State Mortgage Banking

In other words, what does this out-of-state mortgage banking business revert back to? Naturally, the same as any other business — MANAGEMENT (that's you). We bankers have to learn to manage our businesses not only from the safety factor viewpoint, which is always present, but also with a view to the future, knowing full well that, although the servicing agent is responsible, in the final analysis it is up to us. If we know our business, know the legal requirements, and set the proper standards, and then through management make sure that our agents carry on accordingly, we will have done a good job for ourselves and our banks and for the servicing agent as well in the long run.

Another factor which thoughtful bankers are concerned about is the broker. The brokers have contributed to our problems and at the very same time have made an important contribution. In the first place, we have lived in an age of easy mortgage money for the past 15 years and like industry as a whole we are obliged to begin to change our pattern. It has been possible for brokers to demand of any bank lower and lower interest rates and higher and higher loans. They naturally took full advantage of this. Of course, if some bank held to a policy, it was a cinch for the broker to shop around and switch his business to another bank that was willing to take the gamble with him. The mortgage broker was in a position to boast to a customer that he could get him the top price for his property and he could say to the purchaser that he could get him the lowest possible interest rate for his loan and the largest amount available. It made almost any deal a cinch. In addition, many real estate brokers, encouraged by some weak-kneed bankers, were able to obtain commissions from those banks for obtaining such mortgages. Many of them imagined that they were not only real estate brokers but mortgage brokers too.

Now I have no quarrel with paying a commission for rendering a good and valid service. However, when real estate brokers think that they become mortgage brokers by merely bringing a mortgage to the bank, they are greatly mistaken. A mortgage broker has a job to do—a job of paper work and good sense—a job of talking with the borrower and getting facts and credit information plus many, many other things if they expect to earn a commission. In other words, they have got to take the place of the originating officers in the bank. If a bank can eliminate its originating department, saving a considerable amount of expense thereby, and depend on good sound mortgage brokers to furnish the business, that is one thing, but if the fact that a real estate agent brings in a customer and the bank has to do all of the originating work that is to be carried on, then we have an entirely different problem. These are some of the factors that will present problems over the next few years during a period when the placing of mortgage money becomes more competitive.

Size of the Mortgage Debt

What about the present size of our mortgage debt? What about some of the policies your banks are pursuing? Let us look at what Dr. Nadler recently said and I know that many of you here in this room have heard him express his views many times. He recently said that:

"The mortgage debt outstanding on non-farm one- to four-family homes has increased from \$18.5 billion at the end of 1945 to \$75.6 billion at the end of 1954. In the period from 1945 to 1954 the ratio of combined mortgage and consumer debt to disposable personal income has increased from about 16.0% to about 41.7%. In recent years most mortgages have been insured by the FHA or guaranteed by the VA. Since the passage of the Housing Act of 1954, many mortgage loans have been made without any down payment. FHA and VA mortgages are, of course, sound, and they have contributed to the building of homes and better citizens. They have removed to all practical effect, the danger of wholesale foreclosure and have widened materially the demand for mortgages.

"In spite of the fact that the experience has been satisfactory, the following questions arise: (1) Is a no-down-payment 30-year mortgage really sound? One can readily see that in certain cases exceptions might be made, but to establish it as a general practice certainly does not seem to be desirable or sound. (2) Is it advisable to induce veterans to buy homes which leave them no leeway in case of an emergency and which are bought only because no down payment is required and other inducements are offered? Is it really economically and socially sound to have so many homes constructed when nobody—neither the builder nor the mortgagor—takes any risk and the entire risk primarily rests on the Government? These are questions which all institutions engaged in the financing of home mortgages ought to consider carefully, particularly at present when we are in the midst of a great building boom and where the number of home starts by far exceeds family formation."

Remember what I said at the beginning. Take all statistics with a grain of salt. There certainly has been no dearth of housing forecast during the past five years. Pick up any paper and you'll see statements by the home builders, Government officials, and bankers concerning the housing outlook and up-to-date there has been a complete lack of agreement among all these experts. What do I think? I don't think any of them are right. Maybe I feel it is a case of having two sides, the wrong side and my side.

So much has been said on this topic that it is really difficult to find something new to say to you, but if you are going to see your banks grow and survive in this great period of competition, your survival will depend on your ability to adapt yourselves to changing conditions. The mortgage banking has changed and those of you who adapt yourselves to it accordingly will thrive and do very well.

However, I do not advocate the adoption of every crackpot idea, forgetting the fact that we must always follow sound banking principles, but those who cannot forget the past and those who refuse to learn, of necessity will fall by the wayside. This is the law of evolution. We must move forward, but over the next five years it is my considered opinion that from the standpoint of mortgage lending we must be careful. The vacancy ratio in the U. S. has been moving upward. There are certainly many areas in this country where there is an oversupply of housing and naturally there are some areas where we still need new housing. If we continue to build at the rate of new starts so far during the first four months of this year, we shall add additional vacancies to the housing situation. Supposing this should continue for the next five years, which some of the statistics being presented to us by some of the authorities would indicate? This vacancy ratio will then rise in my opinion each and every year, and when you have too large a vacancy in the housing situation, it creates a very vulnerable position. Let this country run into a decline in real estate values and you may be surprised

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June 24th at Echo Lake Country Club, Westfield, N. J.

Mae MacDonald, *Blyth & Co., Inc.;* Claire Happener, *Goldman, Sachs & Co.*

Kathleen O'Toole, *Granbery, Marache & Cc.;* Kate Gartland, *Morgan Stanley & Co.*

Winifred Lees, *Kidder, Peabody & Co.;* Kathleen Barrett, *Equitable Securities Corporation*

Marguerite Aimone, *W. C. Langley & Co.;* Mary O'Rourke, *Reynolds & Co.;* Virginia Smithers, *Merrill Lynch, Pierce, Fenner & Beane*

Peggy Cronin, *Lehman Brothers;* Marguerite Kascle, *Riter & Co.;* Mildred Manna, *F. S. Smithers & Co.*

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Flow of Savings Into Mortgages

at the volume of foreclosures. The housing market would then be in for considerable trouble.

At the present time we have begun to sow the seeds for future trouble. Perhaps if we are wise we can avoid this pitfall. You bankers are not being of service to your depositors or stockholders by overestimating housing demand after this long 9-year period of housing building which this country has seen. I agree with those authorities who believe that the Government should avoid the stimulation of unsound mortgage terms. The next five years will be the most important in the mortgage lending business in order that when the next dynamic upward cycle comes, we will be ready to build homes as Dr. McKinley of the Prudential Company says, "on sound foundations rather than on failures and foreclosures."

Ten million homes have been built since the end of World War II. This has been a wonderful accomplishment and has surprised even the optimists. As I said earlier, the boom has been sustained of late by ultra-easy credit terms and almost 50% of all housing has been constructed with Government aid either by FHA or VA guarantees, or public housing which has been subsidized by the Treasury. This all should be a warning to us bankers; however, there is an instrument at hand that will go a long way toward stabilizing the housing boom. This is urban redevelopment—it is the means of replacing our slums, not only by new housing, but by new neighborhoods with tax producing shops and light industries. This can be done by private industry. If such a program as is now conceived fails, it will be because of the failure of our Government, Federal, State and local, as well as you the bankers. Time does not permit me to discuss this in detail, but I urge your careful consideration of this program which has gained acceptance during the past few years. The economics of the program is sound.

Let me spend a moment with you on the European mortgage situation. In Great Britain the savings banks do not make mortgages. They are done through the building associations. Back in 1817 a man by the name of George Ross sponsored an Act of Parliament which was passed and which required the savings banks to place money on deposit with them all except enough to keep in their cash drawers and for current use with a body known as the National Debt Commissioners. These commissioners were a part of the government and therefore when the savings bank trustees put their money with the commissioners, it was putting their money with the government. Thus, home building is not in the hands of the savings banks, but in the hands of the building associations. On my trip to Europe two years ago, this problem was studied and I do not have the time to go into it today. Suffice it to say that there are about 800 building societies, some of them having as many as 150 branches, throughout Great Britain. These building associations are similar to our savings and loan associations in the U. S. and are the principal factor in mortgages in Britain.

In Belgium, mortgage money is loaned usually at the rate of 5½%. The savings banks there buy many of their loans from commercial banks in other parts of their country. In these cases they make loans up to 50% of the value of the property, but they require the guarantee of a group of individuals in the neighborhood from which the loans came, for which guarantee and the service of the loan they pay 1% a year. They also make loans at 4% but these loans are for the working class. What seems to happen is the government will make an outright grant to the working man which will provide the equity for the purchase of a home. The bank makes a loan at 50%, the balance of the loan also being made by the bank at a maximum rate of 4%, but this amount is guaranteed by the government. In some cases the rate is even less than 4%, sometimes as low as ½ of 1%, but in these cases the government guarantees the interest up to 4%. Why is this done? Such a loan as this is given to a man who has a very large family. Thus it pays to have children in Belgium. Such procedures as this you can readily see are the source of our present FHA and GI loans which are guaranteed long-term loans. Most countries in Europe make loans for a long period of years and at rates that vary in accordance with the interest paid the depositor, and the rates vary over a period of years.

In conclusion, let me say that I sincerely believe that a great deal has been accomplished here in American in the field of mortgage lending during the past two decades. Some harm has been done, but the good has outweighed the bad. Let us preserve the good part of the mortgage lending and eliminate the bad features of the FHA insured loan system as well as the GI as rapidly as possible. To those charged with good banking, the future will test your skills in developing a banking service of a quality that will provide the needs of the people in the areas you serve. Bankers must render a service so efficient that there will be no question whatever about their value. In meeting this challenge, bankers will secure the position of banks as part of the structure of our private enterprise system. You here in the AIB have done a tremendous job and will continue to do so because your basic thinking has been one of better banking education. As you know, no man can be a banker or continue as a successful banker without continued reading and studying. He may be trained for a job, disciplined to his daily task, kind to animals, an honest man and sorts of desirable things. But, he will never be a banker or understand mortgage banking unless continued reading and studying of mortgage problems becomes a part of his everyday life.

Thomas H. Keller With J. A. Hogle & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Thomas H. Keller has become associated with J. A. Hogle & Co., 507 West Sixth Street. Mr. Keller was formerly in the trading department of Fewel & Co. and prior thereto was with Crowell, Weedon & Co. and Morgan & Co.

Louis J. Ocon has also been added to the firm's staff.

To Carlisle, Pa.

Eastman, Dillon & Co., members of the New York Stock Exchange, announce that Edward Anderson Parsly, formerly of their Philadelphia office, has been transferred to their Carlisle, Pa. office at 100 West High Street.

In addition to Carlisle, Eastman, Dillon & Co. has offices in New York, Philadelphia, Chicago, Hartford, Conn.; Reading and Easton, Pa.; Paterson, N. J. and Southern Pines, N. C.

Peace Is From Within!

"All member participants in the commemorative meeting of the United Nations assembled in San Francisco on the 10th anniversary of the organization have reaffirmed their common determination to save succeeding generations from the scourge of war. The 10 years since June 26, 1945, have given new meaning and urgency to this universal aspiration of the peoples, for they know that another war fought with the weapons now at their disposal would bring untold calamities to mankind. Their aim is peace, based in accordance with the explicit text of the Charter on security, justice and good neighborliness.

E. N. van Kleffens

"They proclaim again their common dedication to the purposes and principles formulated in the United Nations Charter. They recognize that the hope of enduring peace rests upon how well the nations carry out their purposes and uphold these principles in their relations with each other."—Dr. Eelco N. van Kleffens, Chairman of the UN San Francisco anniversary celebration.

But let us not forget that pursuit of peace, like the Kingdom of God, is from within.

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The Dynamism of Tradition

both the value of change and the value of tradition.

The Reserve System and Tradition

The introduction of the Federal Reserve System was a drastic yet highly desirable departure from banking practices of the past century. The System was received rather slowly by the banks of the country; and there are still certain respects, I believe, in which banking has not fully adapted its way of life to the presence of a central banking system. For example, a very interesting report on check clearings by a joint committee of commercial banks and Federal Reserve representatives was recently rendered. The recommendations of the committee were carefully, thoroughly studied and would appear to lead to overall economies in the handling of checks. Yet there has been such resistance to this report that the question may well be raised as to whether some of this resistance does not spring from a fear of change rather than from a reasoned judgment.

But more generally we are, I believe, building in this country a tradition of central banking—new in some of its aspects, but in others as old as the Bank of England.

The economic and social reasons for cherishing a central banking system are overpowering. They stem from the need to exercise control over the great swings of economic activity and employment which are called the business cycle. These cycles, if unimpeded, bring a swifter transition from rags to riches and riches to rags than our economy can take without disaster and rebellion.

There are two kinds of prescriptions for the business cycle. One is government management of business—intervention at every point—in effect, state socialism.

The alternative is fiscal and monetary control — influencing the economy through the supply and price of money. This method leaves the individual and business free to exercise their own choices, but alters the climate in which these choices are made. This is the form of economic control most consistent with a political democracy. It allows the maximum of freedom for enterprise and progress with the least government interference.

For this type of social control, a central banking system such as the Bank of England or our Federal Reserve System is essential. Alexander Hamilton knew that when he set up the Bank of the United States as one of the financial cornerstones of our new Republic.

Unhappily, Hamilton's concept was dulled and distorted under political pressures; and the First as well as the Second Banks of the United States were allowed to perish.

During succeeding years when we had no central bank, we learned to our sorrow the need for one — and 41 years ago the Federal Reserve System was established.

In these 41 years we have been learning to live with this sort of banking system—learning the meaning of the discount rate, open market operations, and its other mechanisms.

We have learned that the Reserve System has powerful weapons of great influence. As recently as the spring of 1953, we saw their power in checking economic overexpansion, and in 1954 the restorative influence of easy money.

Another thing with which I believe you would all agree is that there is nothing automatic or mechanical in the System's operations. They work only through their influence on the decisions of many people — d e c i s i o n s whether they press forward or hold back with their individual undertakings.

Thus the success of the System in its great social objectives depends on the understandings and cooperation of leading citizens. If they heed its signals promptly and trim their sails accordingly, the economic ship can sail a true course. Here is dynamism in its truest sense — yet at the same time we enter the realm of tradition, of the accumulation of experience and understanding. When the Old Lady of Threadneedle Street, the Bank of England, speaks through action, Lombard Street understands, through 250 years of experience. The leadership of the Bank is recognized and respected—it was one of the foundations of England's long-time financial leadership of the world. Here is a great tradition.

In 41 years of the Federal Reserve System we have begun to build such a tradition. The financial and business community is beginning to understand the place of the Reserve System and what its action means. Sometimes the System has failed to give clear leadership. Sometimes business and banking have failed to heed its signals. But year by year progress is being made in accruing a tradition. Nothing could be more vital to the preservation of the kind of economic principle we want here—the dynamic, vigorous life of free enterprise.

Thus, indeed, a sound tradition of central banking becomes for us a foundation of dynamic growth. A sound central banking policy supported by a powerful tradition can give us the underlying confidence to support courageous enterprise. So we are justified in speaking of the dynamism of tradition.

Tradition of the Budget

Side by side with the central banking action as an instrument of economic policy is fiscal policy centered on the budget. An unbalanced budget tends to increase the country's money supply and so could offset the central bank's effort to keep the money supply on even keel. History shows that unbalanced budgets have been the greatest and most frequent cause of disastrous inflations.

So there has grown up a tradition that "the budget must be balanced." All over the world this powerful tradition has been invoked in times of stress to persuade reluctant parliaments to forego excess spending, levy adequate taxes, and so keep their money sound. When the International Bank and the Export-Import Bank are considering loans in any country, one of their requirements is that the budget must be under control and at least within range of balance.

In recent years, this tradition of the balanced budget has been disputed in the name of dynamism. Just a year ago, for example, several economists appeared before the United States Congress and recommended large government spending programs as essential to start the country growing again and take up the slack of unemployment. Their appeals were fortunately not heeded, and the natural forces of private enterprise have brought a vigorous recovery. So today the problem is not lack of dynamism, but almost too much. The question is whether the economic pace may not be faster than can be sustained.

The important lessen is that dynamic growth came not from what the government did for the people, but what the people themselves did when they had confidence in the economic climate. Sound monetary policies and sound budgetary policies helped to provide an encouraging climate. They were a symbol of integrity in government.

So here again is evidence of the dynamic quality of sound tradition.

The experience of various European countries in recent years is especially interesting testimony to the resurgent power of old traditions of balanced budgets and vigorous central bank policies. In Belgium, in Germany, in Holland, in Italy, in England, and elsewhere the greatest upswing of recovery and vigorous economic growth came after the reestablishment of traditional fiscal and monetary policies; bringing budgets into balance; checking inflation by courageous monetary policies.

Conclusion

It seems clear that there is no pat answer to the conflicts between the great forces of change and the conserving power of tradition. Both may be good and both may be bad, depending on the time and the circumstances.

Tradition, itself, may be dynamic in furnishing that confidence and that inspiration which are so often the wellsprings of human action. And, again, in this country we have a tradition of welcoming change and seeking the dynamic solution of our problems.

The problem is one of balance, of anaylsis, and of nurturing both of these great forces for social progress.

Perhaps one can do no better than to quote from St. Paul and say, "Prove all things; hold fast that which is good."

With Lloyd Arnold Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Cal.—Robert Fox has become associated with Lloyd Arnold & Company, 404 North Camden Drive. Mr. Fox was previously with Samuel B. Franklin & Co.

Two With J. Barth

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Sampson L. Dietz and George C. Hodgkins are now with J. Barth & Co., 210 West Seventh Street. Mr. Dietz was previously with California Investors.

Watson, Geer & Swetnam

SANTA FE, N. Mex.—Watson, Geer & Swetnam has been formed with offices in the Blatt Building to engage in a securities business. Partners are Henry A. Geer and K. C. Swetnam.

W. R. Dickson Forms Co.

ROCK SPRINGS, Wyo. — William R. Dickson is conducting a securities business from offices at 119 Bank Court under the name of W. R. Dickson Agency.

Two With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Henry Blesener and Frank E. Jack have been added to the staff of California Investors, 3924 Wilshire Boulevard.

Joins Harbison Henderson

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Harold G. Fogarty has become affiliated with Harbison & Henderson, 210 West Seventh Street, members of the Los Angeles Stock Exchange.

E. F. Hutton Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif—John M. Martin, Jr., has been added to the staffof E. F. Hutton & Company, 623 South Spring Street.

Continued from first page

Opportunities for Building A Life Estate in Investments

should an individual consider investments and the problems involved. In other words, investments should always come last, after everything else has been provided for. Or you might say that investment is only for the well-to-do and the aged.

How many individuals in their late 40s or early 50s wake up to the fact that their financial planning has been all wrong! Undoubtedly their planning followed the traditional pattern still being recommended, the one which was drilled into the author during his early investment studies. The planning consisted of four parts. First, build up adequate life insurance. Adequate is defined as sufficient to permit the dependents to live at a standard similar to that which would have been possible had the insured lived. The kind of insurance recommended is the expensive, permanent type. Second, establish an emergency fund, starting with an amount equal to several months' salary and later building up to $5,000 or $10,000. Third, provide a home for the family. And finally, if and when these first three have been satisfied, plan an investment program. Unfortunately, many moderately successful businessmen and professional men are never able to develop their financial programs much beyond the first three steps, to say nothing of people in lower income groups. And if they are able to do so, they will be so old that an investment program will have very little time to work for them.

This article is not condemning any of the above worthy objectives and recognizes their place in financial planning. However, it does question the wisdom of their complete satisfaction at the expense of an investment program and relegating investment, as it does, to the aged and the wealthy. It contends that people of modest means can benefit from a sound investment program, that the program should be started early in life, and that it should be made an integral part of the individual's financial planning to be built up simultaneously with the other parts and not postponed until old age when time is too short for an investment program to produce results.

What Are Investments

It should be recognized at this point that savings, insurance, and home ownership, as well as stocks, bonds, real estate, and business ownership, are often referred to as investments. Without trying to arrive at any exact definition for the term, we should point out that it is being used in this paper to mean the employment of funds or money for the purpose of making a return, either in the form of income and/or appreciation. In employing funds certain risks must be assumed, either large or small, depending upon the individual. In this respect we can have speculative investment and relatively safe investment. In other words, we are using investments to mean the putting of our money to work for us, as distinguished from the buying of goods and services we deem essential.

We are therefore safe in our distinguishing investment from the other parts of financial planning. Purchasing of insurance is to buy protection against sickness, accident, and death. It is not to make money. Protection and investment are often combined in the same policy; consequently in some cases we are correct in calling insurance an investment. Home ownership is the purchase of an essential good, but unless it can be proved that ownership is cheaper financially than renting, it cannot be called an investment. Buying a home can rarely be justified on purely dollar-and-cents economic grounds, unless the home is purchased at the bottom of the real estate cycle. The emergency fund is a savings but not necessarily an investment. If it is properly employed in a savings account, building and loan company, or in a savings bank, it may be earning an income, but liquidity should never be sacrificed for income, and its primary purpose is protection not income.

Savings Essential to Investment

It follows that the prerequisite of all financial planning and investment is savings. The success of financial planning is the wise use of these savings. It has been said many times in many ways, and it can be verified by simple observation, that the real test of financial success is not what a man earns but what he saves. Some elements of financial planning, such as home ownership and insurance policies with savings features, can be justified, if for no other reason than the fact that they force the individual to save. It therefore behooves everyone to plan a savings program that requires the saving of a fixed amount regularly and to begin this program just as early as possible.

The American people as a group do save. This is evidenced by the number of policy holders and the large amount of life insurance in force, the size of savings accounts in banks and savings associations and the purchase of savings bonds, . . . On the other hand, many people are unable or unwilling to save. Some will not save except under pressure of semi-force, such as instalment payments, regular required payments as in life nisurance, or home payments. The tremendous amount of consumer credit and buying today indicates that people are spending next year's earnings in advance rather than saving ahead of spending. All this indicates the necessity of planned savings. Planned savings involve the setting aside of a certain amount, either a fixed number of dollars or a fixed per cent of income, each income period and doing it regularly. It should be regarded just as much a part of one's personal budget as items of food, clothing, and rent. The amount should be fixed at a level high enough to be significant, but within reasonable limits of one's earning power so that it can be set aside regularly over a long period of time.

However, to plan a savings program without planning for the wise use of the savings is to lose the battle before it starts. Idle funds in the pocket or bank account are soon dissipated. The haphazard spending of savings without a plan might easily result in the loss of the savings and be worse than no savings at all. The financial highway is lined with the wrecks of years of savings that were spent on the moment without plan or reason and probably on the basis of some "hot tip." Prudence would indicate that as much attention and effort should be given to the spending as to the saving.

It seems safe to conclude that most savings plans that fail do so because of the lack of a wise plan for utilizing the savings or the failure to realize what might be accomplished with the savings. Equally true, many people fail to save because they lack the knowledge of what can be accomplished with a savings program. What one does with his savings is just as important as saving in the first place.

The Significance of Compound Interest

The ultimate success of any long-term investment program rests largely on the principle of compound interest. This might be best expressed in the words of Benjamin Franklin, "Money begets money, and its offspring begets more." Table I indicates the potential results of a small investment of $100 a year over a period of time at various rates of interest.

Two investment factors are immediately apparent from the above Table: The importance of the time element and yield. A hundred dollars a year invested regularly at 2% for 40 years (or a total of $4,000) will be worth $6,161, whereas the same investment at 8% is worth $27,978, and at 12%, $85,744. Also $100 a year invested regularly for 20 years at 8% will be worth $4,942 on a total investment of $2,000, whereas if continued for a total of 40 years ($4,000) would be worth $27,978, and for 50 years, $61,967, on a total investment of $5,000.

It should also be pointed out that a loss of investment time in the early years cannot be made up by increasing the dollar amount of the investment in later years. A hundred dollars a year invested for 45 years at 8% would be worth $41,743; whereas $300 a year invested for 15 years, or exactly the same dollar amount of $4,500, would be worth only $8,796. A man starting at 20 and investing $100 a year at 8% for 45 years until he retires at 65, will be almost five times better off than one starting at 50 and investing $300 a year at the same return until he is 65, even though the dollar savings are the same. With a return of 12% he would be more than 12 times better off on the same total dollar amount, $151,820 to $12,504. It follows then that the real success of any savings program is dependent on the length of time it can be carried out and the yield that can be obtained.

Most people are well aware of the possibilities of receiving compound interest on their savings accounts in commercial banks and savings and loan associations. The possibilities of obtaining the benefits of compound interest in common stock investment is not equally understood. This growth in investment value can take place in several ways. First, most companies retain substantial proportions of their earnings and plow them back into the business for expansion purposes. These profits retained in the business add to the book value of the stockholder's investment, and in years to come the company earns on the original stockholder's investment, plus the periodic amounts added to that investment by retained earnings. Second, through new inventions, research, expanding population, and markets, wider public acceptance of the products, increased standard of living, and other factors, a company's earning power may grow faster than the additional investment, thus increasing the value of the outstanding ownership. Finally, the stockholder can reinvest his dividends each year, thus earning a return on the original investment and on the periodic earnings from that investment.

Evidence of this compound interest growth can be readily obtained by comparing the present value of an investment made 30 or 40 years ago in almost any of our leading companies. A thousand dollars invested in General Electric in 1923 would have been worth $23,000 in 1955. A thousand dollars invested in International Business Machines in 1921 would have been worth more than $256,000 in 1955, to indicate just a couple of cases. According to the Cowles Commission report, "Common Stock Indexes, 1871-1937," the average annual increment in market value of all industrial stocks listed on the New York Stock Exchange was 2.8% for the 67-year period. Since 1937 the average annual increase has been higher. There is no evidence to indicate that this rate of increase is going to slow down in the future.

Realizing the importance of yield, the saver might ask next what kind of yield or return he may safely expect. Return on investment may vary from slightly more than 1% on short-term United States Treasury Bills up to extremely high levels on risky stocks. Today typical savings accounts pay interest from 2% to 2½% on amounts of less than $10,000. Savings and loan companies pay from 2½% to 4%. United States Saving Bonds, if held for the 10-year period, pay 3%. Most life insurance companies offer returns around 3% on the investment part of their policies. Bond yields average slightly better than 3%, and Moody's industrial common stock yields are just above 4%. However, common stock investments hold out the possibility of higher returns in the form of appreciation.

The Risk of Common Stock Investment

It is assumed, then, that to get the desired higher yields the investor must put his investment into stocks. Can this be done without taking undue risk? It should be pointed out that no investment is riskless. It should also be pointed out that any investor can seek such high returns that he endangers his whole savings program. Greed is always an investment danger. On the other hand, financial risk or loss of principal is only one of the investor's risks. Loss of purchasing power, present or future, may be just as great. The protection of purchasing power offered by stock ownership may well offset any additional financial risk.

Nor should it be assumed that the ownership of carefully selected common stocks or investment trust shares is unduly risky. Numerous studies over recent years have indicated that the common stock purchaser has fared better both as to dividends and principal than purchasers of the so-called less risky securities. Also there are methods of purchasing common stocks that remove some of the risks involved, such as dollar cost averaging. Common stocks are becoming generally accepted as a necessary component of a sound savings investment program. The systematic purchase of good common stocks should present no greater financial difficulty than similar payments for savings bonds or insurance. In fact, the two should be complementary. However, the amount should be in line with what could be safely saved over a long period of time. Even if as low as $100 a year, the results as indicated by our compound interest table can be impressive.

The principle of dollar cost averaging fits into our suggested savings investment program. Its basic principle is that of investing a fixed dollar amount regularly into a common stock program. The program can be carried out by the investor purchasing at regular intervals a fixed amount in dollars of one or more stocks of his selection or by buying shares in one of the many mutual trust funds. The New York Stock Exchange monthly investment plan is basically a dollar averaging program. Dollar averaging keeps the average price of the stocks down to a reasonable level and thereby reduces the risk of loss and increases the opportunity of gain. Over a period of price movements, unless liquidated at or near the bottom, it is certain to produce reasonable appreciation to the investment portfolio. Lucile Tomlinson in her book "Practical Formulas for Successful Investing" states: "No one has yet discovered any other formula for investing which can be used with so much confidence of ultimate success, regardless of what may happen to security prices, as Dollar Cost Averaging."

Unquestionably, the systematic investor in stocks will find that both values and income will fluctuate, but over a period of years he can be confident that the ultimate results will produce a satisfactory return substantially in excess of investment in fixed income securities.

The investor, however, should realize that dollar cost averaging is a long-term investment plan. It is not designed to build up a fund to be liquidated at a fixed date in the near future, nor as a fair weather savings program. The biggest danger to this and any other systematic saving - investment program rests in the possibility of their being discontinued when business activity is down, or of the program's being liquidated at a period of low stock prices.

Common Stock Yields

If the saver undertook a long-term systematic stock investment program, what kind of return could be reasonably expect? No precise answer can be given to this question, but there is enough information available to make a conservative estimate. The Cowles Commission report, "Common Stock Indexes, 1871-1937," states that the average annual investment accomplishment of all the industrial stocks listed on the New York Stock Exchange was 8.8% for this period of 67 years, 6% from income and 2.8% appreciation. During the period following the Cowles Report, 1938-1951, studies show the average annual increment to be 12%, or an overall 80-year accomplishment of better than 9%. This return was realized over a period of time that included all kinds of business conditions, prosperity and depression years, high taxes and low taxes. A study made by the Bureau of Business Research at the University of Michigan indicated that a fixed sum of money invested every year for a period of years in a cross section of common stocks would produce a return equivalent of 12.2% compounded annually, if all dividends were reinvested. The period used for this study was from Jan. 15, 1937 to Jan. 15, 1950, a period that ended with the Dow Jones Averages only 7% higher than they were at the beginning of the period. The only basis for selection of the stocks used in the study was the volume of trading during the year 1936. By taking every stock which traded a million or more shares in 1936, a list of 92 stocks were obtained, representing 27 industries, good and bad, speculative and blue chip. There was no selling during the period. A thousand dollars was invested in each stock on Jan. 15 of each year. One might say that this represented a favorable period, but the facts are that only

TABLE I

How $100 Invested Annually Will Grow Over a Period of Years at Various Rates of Interest Compounded Annually

Yrs.	2%	3%	4%	5%	6%	7%	8%	9%	10%	12%
5	$530	$546	$563	$580	$598	$615	$634	$652	$671	$710
10	1,117	1,181	1,248	1,321	1,397	1,478	1.565	1,656	1.753	1,962
15	1,764	1,916	2,082	2,266	2,467	2.689	2,932	3,200	3,495	4.168
20	2,478	2,767	3,096	3,472	3,899	4,387	4,942	5,576	6,300	8,057
25	3,267	3,755	4,331	5,011	5,816	6,767	7,895	9,232	10,818	14,911
30	4,138	4,900	5,833	6,976	8,380	10.107	12,2[illegible]4	14 857	18.094	26,975
35	5,099	6,227	7,660	9,484	11,812	14,791	18,610	23,512	29,812	48,250
40	6,161	7,766	9,882	12,684	16,404	21 361	27,978	36,829	48,685	85,744
45	7,333	9,550	12,587	16,768	22,551	30.575	41,743	57,318	79,079	151,820
50	$8,627	$11,618	$15,877	$21,981	$30,776	$43,498	$61,967	$88,844	$128,030	$268,297

during the Fall of 1945 and early 1946 did the Dow Jones Industrial averages go above the level they were when the study started, and ended just 7% above the starting level as a result of advances made at the end of 1949. Actually one could argue that in the long run the investor might expect better results, because over the past 55 years the Dow Jones industrial averages have moved up at an average rate of 3.18% a year. Also by careful selection and trading along the way better results might be obtained.

Standard and Poor's Industrial Stock Price Index covering the period from 1871 to 1953 shows a gain in stock prices equivalent to 3.4% a year compounded. This added to dividends of approximately 6% would give an average annual return of better than 9%.

Assume that a person had started an investment program on Jan. 1, 1930, when the Dow Jones Averages stood at $248.48, by investing a fixed amount at the beginning of each year in the Dow Jones Industrial stocks. By the end of 1953 the fund would have shown an appreciation of 100% without reinvestment of dividends. This would have been equivalent to an average compound interest growth of 5½%. The average dividend return over the 25 year period would have been 8% or a total of 13½% compounded.

At the present time corporate stock yields as reported by Moody's Investment Services are slightly above 4%. Earnings on common stocks are increasing at a rate of approximately 4% annually. This would also indicate a gain in excess of 8% on common stock investment.

There is no assurance that results in the future will be as good as the past. It should be pointed out that all of these results have been obtained without the benefit of selection. They are average results based upon diversification. In most cases they include the bad as well as the good stocks, and they cover bad times as well as good. However, all indications are that we are facing one of the greatest periods of industrial growth and expansion ever known. It seems only natural that such a period should prove beneficial to the common stock owner. The one real danger might result from the increased purchase of common stocks, as more people try to take advantage of these potential benefits and force stock prices to excessive highs and yields to lower levels.

However, in light of past experience and studies, present results, future outlook, and the opinions of many investment counsellors, it appears safe to assume that a long-run, systematic investment program involving the regular purchase of common stocks in good companies and in sound and growing industries should produce on a conservative basis an average accomplishment of 8% or better compounded. This does not mean that there would be that much cash to take out every year, but it does mean that the fund should grow over the years at a rate in excess of 8% compounded. It should be pointed out that the results of such studies as the Cowles Commission assumed no selection, no change in investment other than to buy new stocks as they were tested.

Availability of Investment Funds

The next question to ask is, "How will the young man starting out in life, when his need for funds is great and his earnings low, be able to start this investment program, especially if he provides for the other essential elements of sound financial planning? This question cannot be precisely answered. We are trying to point out that the reward might justify the effort. We might also suggest that if insurance is purchased for protection only, if home ownership is postponed a few years, especially while the family is small and the job unsettled, the money which would have otherwise gone into these things could start the investment program. Proper financial planning would provide ways for the investment program to complement the other phases of financial planning and not be postponed until all other items have been satisfied.

As important as protection is in case of death, it should not completely overshadow the protection one needs in case he lives. In addition to asking oneself what will happen to his family in case he dies, one should consider what will happen to him and his family in case he lives. In view of the rapid increase in life expectancy, early retirement age (using present mortality tables, at age 65, 12 to 14 years before expectation of death) and increasing costs of living, this question is more pertinent today than ever before. These two protections are related. As investments grow, the need for insurance decreases. By integrating the two programs, it may be possible to get better results or protection whether one dies or lives.

The first thing one should remember in planning an insurance program is that protection costs money, and the cost of protection increases as one ages. There is no magic policy eliminating this cost. The second point is that all policies (which contain an investment element) outside of term are not insurance policies of a fixed amount plus an investment, but are combination policies in which the insurance part (protection) and the investment part add up to equal the face of the policy. In other words, all policies are endowment policies at some age, when the investment part of the policy equals the face amount and the insurance part reaches zero. Put in other words, a $5,000 endowment policy, age 65, is not a policy consisting of $5,000 insurance plus the investment. If one dies, he receives only $5,000. It is a combination insurance-investment policy in which the insurance element is reduced as the investment part builds up, so that the two together equal $5.000. At age 65 the investment reaches $5,000 and the insurance is zero.

This is as it should be. Insurance and investment go hand in hand; as the investment fund builds up, the need for insurance (protection) decreases. A proper financial plan should contain both. The simple point to remember is that there is no magic policy that removes the cost of protection. Stripped of all the propaganda attached to any policy, insurance as an investment must be judged, as any other investment, on the results it can produce. If other investment media can produce better results within the required safety limits, there is justification for the separation of the two. If an investment in insurance produces only 3% return and a long range common stock program can produce in excess of 8% without jeopardizing the ultimate principal, the two should be separated.

The big argument for investment through life insurance—and it is a good argument—is that it forces the individual to save. He cannot forego the investment without forfeiting his protection. However, it seems reasonable to assume that with a sound educational program on the advantages of common stock investment and with the development of investment programs such as the New York Stock Exchange monthly investment program, the plans of many investment trust companies, company savings programs, and profit sharing plans such as that of Sears Roebuck & Co., sufficient pressure and inducement can be given to cause the individual to carry through on this planned investment program.

It is unfortunate, as some have suggested, that the insurance salesman is not always an investment expert and does not sell both insurance and other investment plans. With both programs to offer, he would be more likely to recommend insurance for protection and higher yielding investment plans for the balance of the savings.

We have already pointed out that unless purchased under very favorable conditions home ownership can rarely be justified on purely dollar-and-cent grounds. Certainly during periods of high real estate values, such as 1946-1954, this is true. To many people who have not carefully considered the cost of home ownership, these statements sound fantastic. This sort of statement is commonly heard, "I have been paying rent for 20 years, and all that money has gone down the drain. If I had purchased a home 20 years ago, it would have been all paid for, and I would have had something to show for my money." The last statement is undoubtedly true. If he had purchased a home, it would have been paid for, and he would have had something to show for the money, but it would have been because the purchasing of a home would have forced him to save and not because the ownership of the home was cheaper than rent.

It should be remembered that one cannot live in a home for nothing. If all the costs are considered, including taxes, insurance, repairs and maintenance, and utilities not paid for by renting, interest on the investment, either paid or lost because of money tied up in the home, and reasonable depreciation, it will probably approximate a monthly expense of 1% of the cost of the home and be in excess of rent required for similar living quarters. Many people would like to ignore depreciation, but if an individual is considering his home as an investment and plans to live in it over a period of time, this cannot be done. To do so is just financially fooling oneself.

There are two other financial dangers present in purchasing a home too early, especially at the expense of an investment program. The first is that the size and kind of home that fits a young man's needs when he starts out in life is seldom adequate or suitable to his needs or desires later on. As the family and income grow, more bedrooms and space become necessary. To anticipate this in advance and to secure a home at the start adequate for future needs will probably require an investment beyond the young man's means, tying up money which otherwise would be working for him and increasing the costs in the form of taxes and interest. To buy the smaller home will necessitate at some future time the selling of the first and purchasing of the second. Again only under favorable conditions can this exchange be made on a profitable basis. There will be real estate commissions to be paid on both the house sold and the one purchased. This alone could be several hundred dollars. Some people wish to secure a new home before selling the old. This again ties up funds, often leading to discounting the price of the first house to obtain a quick sale. Such moves are usually costly.

The second financial danger comes from changing jobs or being transferred. Again the young man starting out in life may be unsettled about his employment, both as to the company he is working for and the location. It is not uncommon for young people to move from job to job and to different areas before settling down. Or if he stays with the same company, he may be transferred several times before being permanently located. This all creates the possibility of disposing of the first house, often hurriedly under forced conditions, involving the cost and expense already referred to.

Money tied up in a home becomes a very frozen asset. If it has to be tied up at the expense of other financial needs by too early a purchase, it may be worth postponing.

The above arguments are not designed to condemn home ownership. There are many reasons to justify the ownership of a home, in spite of the financial costs. Every financial plan should work to this end. As a family grows, children develop friends and become established in church and school, making it unwise to shift them around by changing homes. Families are often happier in their own homes. These and other psychic values justify the cost. All we are suggesting is that ownership be postponed only long enough to start an investment program working so other parts of the financial plan are not sacrificed at the expense of home ownership during the early years when the young man is unsettled, the family is small, and children make friends easily.

Building a Life Estate in Investments

The next step is to see how the type of program we are suggesting will work out in practice. Here again we are limited largely to past experience, plus the excellent outlook for economic and industrial growth and development in the future. To conclude that the opportunities of the future are less than those of the past is a fallacy. We appear to be standing on the threshold of one of the greatest periods of technical and industrial expansion the world has ever known. With such developments as atomic power, the electron, automation, as well as the rapid expansion of production, it has been forecast that the next 25 years will see changes, the like of which the world has never known. Add to this our expanding population and our better knowledge through economic and governmental controls to control business activity, past experiences appear to be a conservative guide to the future. A financial plan that fails to provide investments, sharing in this growth and development, is unsound and does an injustice to the wisdom and knowledge of men in this field.

In the first place, let us recite from a few hypothetical situations. Suppose a man age 35 wished to accumulate approximately $20,000 over a period of 15 years and at the same time have protection of that amount if he should die. For $1,500 a year he could purchase a 15-year endowment policy which would mature at the end of the period for an amount in excess of $20,000 and protect him for that amount in case he died. On the other hand, he could purchase a 15-year $20,000 term policy in a leading insurance company for approximately $180 a year. The balance of $1,320 a year could have been used to purchase good high-grade stocks or mutual investment trust shares. If his stock purchases had done as well as the average of all the industrial stocks on the New York Stock Exchange, the bad as well as the good, his investment would have been worth in excess of $42,000, and he would still have been protected for the $20,000. In addition, had he died during the period, his estate would have received the $20,000 insurance plus the amount in the investment fund. If death had come just prior to the expiration of the insurance policy, this sum would have been in excess of $62,000. Any number of investment trust shares would have produced equal or better results.

Now let us assume a man aged 40 wishes to plan for retirement at age 65. He can save $100 a month or $1,200 a year. He wishes protection during the remaining years of his life, and at the same time he wants to build up a retirement fund should he live.

The following options are available:

(1) A 25-year endowment policy.

(2) Ordinary life plus investment.

(3) Term insurance plus an investment program.

If he purchases a 25-year endowment policy from a leading insurance company, the $1,200 would purchase a non-participating policy of $29,296. The $1,200 would have purchased a participating policy with a face value of $26,768. By leaving the dividends with the company, the final value at the end of the 25 years would have exceeded the $29,296 for the non-participating policy.

If he used ordinary life and an investment fund, a $25,000 non-participating policy would cost approximately $690 a year, leaving $510 to invest. If the $510 a year were invested in stocks that did as well as the Dow Jones Industrial Averages, adjusted for a 7½% selling charge, they would have a value of $44,041.05 (assuming the 25-year period 1929-1954). The ordinary life policy would

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Opportunities for Building A Life Estate in Investments

have had a cash surrender value of $12,548.75. In comparison with the endowment policy with a living and death estate of $29,296, this program at age of 65 would have produced a living estate of $56,589.80 and a death estate of $69,041.05. Had he used a participating policy, the dividends could have been used to reduce the premium on the insurance policy, leaving a lower net cost and more funds to be invested. This would have produced higher estates. However, the differences between the results of both programs would have been comparable.

If a program of reducing term insurance, starting out at $25,000 and reducing it by $5,000 every five years, were used, his premium costs would average approximately $235 on a non-participating policy. This would leave $965 a year for a stock program. Again, had he invested in stocks doing as well as the Dow Jones Industrial Averages for the period 1929-1954 (which is less than the 80-year average of all industrial stocks on the New York Stock Exchange), his investment portfolio would be worth approximately $82,000. He would therefore have both a living and death estate of that amount. (See Table II).

TABLE II

Summary of Plans 1, 2, 3

	Yearly Cost	Total Cost 25 Years	Living Estate Age 65	Death Estate Age 65
Plan 1	$1,200	$30,000	$29,296.00	$29,296.00
Plan 2	1,200	30,000	56,589.80	69,041.05*
Plan 3	1,200	30,000	82,000.00	82,000.00

*To maintain this full estate the insurance premiums must be paid until death.

Let us compare the results for two young veterans age 24. One drops or converts his National Service Life policy and purchases a $20,000 non-participating ordinary life policy. The other retains his N. S. L. P. company until he is 64. He also purchases another $10,000 term policy, which he carries until he is 54. This person invests the difference between the cost of ordinary life and his term policies into a common stock program, making his investments the first of each year and allowing the dividends to be reinvested. The amount he can invest each year from his savings will gradually be reduced as the cost of the term insurance increases; the investment fund amounting to $205.70 a year for the first five years and only $16.10 the last five years.

Assuming a conservative return of 7%, which should cover all costs, taxes, and other expense without taking any money from other income, the following comparisons can be made. At age 65 the person who invested in the ordinary life would have a death estate of his $20,000, if he continues to pay his premiums, and a living estate of $12,548.75, the cash surrender value of his policy. The person who purchased the term insurance and invested the difference would have a death and living estate of $37,028.10.

The following two cases are designed to illustrate the difference in two proposed financial plans. (See Appendices I and II.) In both cases it is assumed that the young man starts out at age 25 with a yearly income of $3,600. It further assumes that this income increases at the rate of $200 a year until it reaches $9.600 and remains constant from then on. No attempt is made here to use any standard income or budget figures but only to establish some base for comparison. It is also assumed that he can save 10% a year to put into the purchase of protection, a home and investments, including the maintenance of some liquid cash for emergencies. It is reasonable to assume he could save a larger percentage of his income as he reaches higher income levels, but at those levels his taxes would also increase.

In both cases it has been assumed that he would purchase a home costing $18,000 as soon as he had a fund of $5,000 from savings, investment, or cash value of insurance policy. It is also assumed that he is able to pay rent of $75 a month the first 5 years, $100 a month the next 5 years, and $125 thereafter. When a home is purchased, $50 of the rent money will be needed to pay expenses such as taxes, insurance, and maintenance . . . which he did not have while renting. The remainder of the rent money can be applied on the house payments. The balance of any house payments is made out of savings. The house is purchased on a 5%, 20-year mortgage. Probably better results could have been obtained in case two had the home been purchased earlier on a lower down payment and larger or longer payments. It would have been difficult to purchase earlier in case one because of higher payments.

In case No. 1 the individual starts out by buying a $20,000 ordinary life policy. The difference between his savings and the cost of the policy is invested in a savings and loan company at 3% compounded annually. The savings account is allowed to build up, and by the time he is 37 years old, by borrowing $3,000 on his life insurance policy, he is able to make the $5,000 down payment on the home. This loan is paid off over the years. Cash balances are kept low because the cash value of the life insurance policy is available in case of emergencies. Finally, when the insurance loan is paid off, an investment program is started by investing available savings beyond a small balance at the beginning of each year. Unfortunately he is 54 years old before this investment program can be started.

In case No. 2 the individual starts out by buying two 10-year $10,000 renewable term insurance policies. One he carried until he is 55, and the other is dropped when he reaches 65. The difference between the savings and the insurance he invests, part in a cash or emergency fund with a building and loan company at 3% and the balance in a regular investment fund, either in securities of his own choosing or in mutual investment fund shares. On this investment it is assumed that all income is reinvested and he is able to get a return equivalent to 8% compounded annually, including income and appreciation. This is considered conservative in light of the studies we have referred to. With careful selection he should get more. However, we are using a figure that should be safely realized. This investment is made at the beginning of each year. It starts out at $200 a year for the first six years, is increased to $300 for two years, then to $400 for 21 years, $500 for four years, and $600 for the rest of the period. When the investment was large enough $5,000 of the securities were sold to secure the down payment on the home. The cash fund was allowed to get substantially larger in case 2 than in case 1 because of the lack of a cash surrender value or loan fund in the term insurance.

The final results are similar to those already referred to. In case No. 1 at age 65 there would be a death estate of $31,307.00 and a living estate of $23,526.00. In case No. 2 the death and living estate would be $50,793.00. If the program were carried out until the men were 70 years old or for 45 years, the death estate in case 1 would be $40,241.00 and the living estate $33,903.00; in case 2 they would both be $79,513.00.

In making all of these comparisons there are some problems not adequately handled, the most important of which is the calculation of income taxes. The investor in securities is subject to income tax on his investment income and a capital gains tax when securities are sold. The insurance buyer is not. However, the calculation of tax is dependent on how the income is taken and the tax bracket concerned. It is almost impossible to show an accurate comparison of tax costs involved among various types of programs. The gains under the investment program will be somewhat reduced when the program is liquidated by the capital gains tax. We believe the actual gains will exceed the 8%, and the additional amounts can be applied on the taxes.

Some of these results may be accomplished through the use of qualified profit-sharing and retirement funds. In such cases there are no taxes on dividends reinvested in the fund. Taxes are paid at the time of distribution according to the annuity formula or, if paid in a lump sum, by the lower capital gains tax. Because personal exemptions are higher after 65 and regular income may stop at retirement, taxes on such distribution may be very small.

The practical evidence of the effectiveness of the program suggested is illustrated by the programs of such companies as Sears Roebuck and Co. Reports have been made of employees of that company who have been employed for 35 years or so and who have never been in the high income groups, retiring with estates worth in excess of $90,000. This has resulted from the regular systematic investing in the stock of that company, with the funds from the savings program contributed by the employees and the company.

Dynamic retirement funds of the type illustrated and invested in industrial common stocks should produce results far superior to most of those in effect today. Let us assume a qualified plan wherein the employee puts up just $100 a year and the company matches it with another $100. If this were invested and realized at 8%, the young man who started when he was 25 would have a retirement fund of $54,156.07. This should continue to earn an 8% return and produce an annual income of $4,332.48, or $361.04 per month. Add to this social security payments, and we would have a monthly retirement of from $450 to in excess of $500 per man and wife. In addition, the principal would remain intact as an estate to pass on if desired.

There are some dangers to this program. The individual would be taking greater financial risk than through investing in savings in-

APPENDIX I

INVESTMENT PROGRAM: CASE NO. 1

Age	Yearly Earnings	Yearly Savings	Cost of $20,000 Ordinary Life Ins.	Savings Avail. for Investment	Cumulated Liquid Fund Invest. at 3%	Due on Home	Due on Insurance Loan	Savings Use on House Payment & Interest on Insurance Loan	Cash Value of Ins. Policy	Death Estate	Investment Fund at 8%	Living Estate
25	$3,600	$360	$338	$22	$22					$20,022		22
26	3,800	380	338	42	66					20,066		66
27	4,000	400	338	62	131				182	20,131		313
28	4,200	420	338	82	218				456	20,218		674
29	4,400	440	338	102	328				735	20,328		1,063
30	4,600	460	338	122	461				1,020	20,461		1,481
31	4,800	480	338	142	619				1,308	20,619		1,927
32	5,000	500	338	162	802				1,602	20,802		2,404
33	5,200	520	338	182	1,011				1,902	21,011		2,913
34	5,400	540	338	202	1,247				2,206	21,247		3,453
35	5,600	560	338	222	1,509				2,516	21,509		4,025
36	5,800	580	338	242	1,800				2,830	21,800		4,630
37	6,000	600	338	262	120	*$13,000	$3,000		149	17,120		269
38	6,200	620	338	282	126		3,000	$280	473	17,126		599
39	6,400	640	338	302	153		3,000	280	802	17,153		955
40	6,600	660	338	322	201		3,000	280	1,134	17,201		1,335
41	6,800	680	338	342	270		3,000	280	1,472	17,270		1,742
42	7,000	700	338	362	362		3,000	280	1,814	17,362		2,176
43	7,200	720	338	382	476		3,000	280	2,161	17,476		2,637
44	7,400	740	338	402	116		2,500	280	3,011	17,616		3,127
45	7,600	760	338	422	289		2,500	255	3,325	17,789		3,614
46	7,800	780	338	442	488		2,500	255	3,641	17,988		4,129
47	8,000	800	338	462	213		2,000	255	4,460	18,213		4,673
48	8,200	820	338	482	476		2,000	230	4,780	18,476		5,256
49	8,400	840	338	502	266		1,500	230	5,602	18,766		5,868
50	8,600	860	338	522	96		1,000	205	6,426	19,096		6,522
51	8,800	880	338	542	467		1,000	180	6,750	19,467		7,217
52	9,000	900	338	562	370		500	180	7,576	19,870		7,946
53	9,200	920	338	582	315			155	8,402	20,315		8,717
54	9,400	940	338	602	303			130	8,728	20,803	500	9,531
55	9,600	960	338	622	312			130	9,054	21,352	1,040	10,406
56	9,600	960	338	622	321			130	9,379	21,944	1,623	11,323
57	9,600	960	338	622	331			130	9,703	22,584	2,253	12,287
58	9,600	960	338	622	372				10,026	23,405	3,033	13,431
59	9,600	960	338	622	415				10,348	24,291	3,876	14,639
60	9,600	960	338	622	458				10,667	25,244	4,786	15,911
61	9,600	960	338	622	404				10,984	26,273	5,869	17,257
62	9,600	960	338	622	347				11,298	27,386	7,039	18,684
63	9,600	960	338	622	289				11,608	28,691	8,302	20,199
64	9,600	960	338	622	229				11,916	29,895	9,666	21,811
65	9,600	960	338	622	168				12,219	31,307	11,139	23,526
66	9,600	960	338	622	204				12,518	32,834	12,630	25,352
67	9,600	960	338	622	242				12,812	34,482	14,240	27,294
68	9,600	960	338	622	280				13,100	36,258	15,978	29,358
69	9,600	960	338	622	320				13,384	38,176	17,856	31,560
70	9,600	960	338	622	361				13,662	40,241	19,880	33,903

*Paid off over 20 years.

stitutions and insurance companies. This would be offset by protection of purchasing power.

The greatest dangers will probably be with the individual himself. These dangers may be listed as follows:

(1) The investor may become greedy and try to build his fund too fast. The line between speculation and investment is very fine, and to overstep it is dangerous. Greed is one of the greatest investment sins and must be avoided.

(2) The investor may fail to follow through on his program. The results suggested are based upon long-term results. To drop the program or to liquidate at unfavorable periods will spell loss.

(3) In purchasing protection he must be sure to buy renewable term insurance. Otherwise he may become uninsurable and lose his protection.

(4) He must be emotionally stable so as not to be frightened by fluctuating security prices, even though his portfolio may show temporary values below cost.

These opportunities and risks should be a challenge to the people in the security field. With the type of product they have to offer and the great possibilities that it offers to the saver, it behooves this industry to develop types of programs for the small investor which are relatively safe and productive. Some progress along this line has been made.

Many of the mutual investment funds have established investment programs for the small investor. The new Monthly Stock Purchase Plan of the New York Stock Exchange has made securities available to the small investor that did not exist before. Increased attention to the possibilities of dollar cost averaging is opening the eyes of many people. Through dollar cost averaging we have a formula that can be used with confidence as to ultimate success regardless of what may happen to security prices. It reduces the risk and increases the capital growth probabilities to the extent that common stock holdings are suitable for conservative individuals and investment programs.

However, there is still much to be done. When it is realized that according to the recent New York Stock Exchange survey 77% of the population could not even define common stock, we see both the opportunity and the danger. Common stocks for our conservative program cannot be purchased ignorantly or blindly. Perhaps no modern-day commodity of such significance is so undersold. Even people in the field have acted as though they were afraid to demonstrate their product. Too often in the past they have been too much interested in making a speculative profit for themselves to develop investment programs for the common man. This is one of the great fields for the future in investments. As we wake up to its possibilities, programs will be developed in this field as they have been in insurance. Common stocks hold out to the man who lives the same opportunity for financial gain as insurance does for the man who dies.

As evidence of the difference in emphasis, the author was looking for information in the Industrial Arts Index. In one year's volume something over 80 pages were devoted to listing articles on insurance, and only three pages covered all the articles listed on investments.

Conclusions

Many people will question the wisdom of a young man's starting an investment program in the early years of life, especially before many other needs have been satisfied. However, to understand the importance of an early program, it is essential to understand the opportunities. Money can work for an individual just as effectively as he can work for himself. Two things are essential for money to be productive, time and a high return. Time can be gained only by starting young, and a high return can come only by sharing in the growth and development of our great economic system, through purchase of ownership in that system. Funds for this program can be gained by limiting the purchase of insurance to protection only, by postponing if necessary the non-monetary values of home-ownership during the unsettled period of early married life.

The risks of such a purchase have been and can be reduced through investment plans such as dollar cost averaging, monthly stock purchase plans, mutual investment company plans, and many other programs still to be developed.

Some people may question the possibilities of securing these high returns through common stocks. In this respect we have pointed out that the 67-year average, 1871-1937, covered by the Cowles Commission report shows average returns of 8.8% and that the results since then have been nearly 12%, making an overall 80-year average of 9¼%. There is also much evidence to indicate that results in the future will be better than the past.

It is our conclusion that stock investments should be an essential part of every financial plan, that investment is not just for the rich and old, but that everybody is entitled to the advantages of this type of return. A small annual investment of $100 and up if invested long enough will produce results well beyond most expectations, and the young man who will save a modest amount regularly over a long period of time can make himself financially able to provide for the future whether he lives or dies.

APPENDIX II

INVESTMENT PROGRAM: CASE NO. 2

Age	Yearly Earnings	Yearly Savings	Cost of Insurance	Balance of Savings Available for Investment	Cumulated Liquid Fund Investment	Due on Home	Savings Used on House Payment	Death Estate Insurance Plus Investment	Investment Account 8%	Living Estate
25	$3,600	$360	$131	$229	$32			$20,232	$200	$232
26	3,800	380	131	249	86			20,494	408	494
27	4,000	400	131	269	162			20,803	641	803
28	4,200	420	131	289	260			21,152	892	1,152
29	4,400	440	131	309	381			21,545	1,164	1,545
30	4,600	460	131	329	527			21,984	1,457	1,984
31	4,800	480	131	349	597			22,470	1,873	2,470
32	5,000	500	131	369	689			23,012	2,323	3,012
33	5,200	520	131	389	705			23,614	2,909	3,614
34	5,400	540	131	409	741			24,283	3,542	4,283
35	5,600	560	168	392	762			24,987	4,225	4,987
36	5,800	580	168	412	803			25,766	4,963	5,766
37	6,000	600	168	432	865	*$13,000		21,625	760	1,625
38	6,200	620	168	452	818		$130	22,039	1,221	2,039
39	6,400	640	168	472	791		130	22,510	1,719	2,510
40	6,600	660	168	492	782		130	23,038	2,256	3,038
41	6,800	680	168	512	793		130	23,629	2,836	3,639
42	7,000	700	168	532	826		130	24,290	3,464	4,290
43	7,200	720	168	552	879		130	25,020	4,141	5,020
44	7,400	740	168	572	955		130	25,827	4,872	5,827
45	7,600	760	288	472	922		130	26,583	5,661	6,583
46	7,800	780	288	492	917		130	27,431	6,514	7,431
47	8,000	800	288	512	932		130	28,367	7,435	8,367
48	8,200	820	288	532	969		130	29,399	8,430	9,399
49	8,400	840	288	552	1,026		130	30,531	9,505	10,531
50	8,600	860	288	572	1,106		130	31,771	10,665	11,771
51	8,800	880	288	592	1,209		130	33,127	11,918	13,127
52	9,000	900	288	612	1,335		130	34,607	13,272	14,607
53	9,200	920	288	632	1,485		130	36,219	14,734	16,219
54	9,400	940	288	652	1,559		130	37,971	16,412	17,971
55	9,600	960	310	650	1,634		130	29,859	18,225	19,859
56	9,600	960	310	650	1,712		130	31,895	20,183	21,895
57	9,600	960	310	650	1,811		130	34,109	22,298	24,109
58	9,600	960	310	650	1,925		130	36,607	24,682	26,607
59	9,600	960	310	650	2,042			39,298	27,256	29,298
60	9,600	960	310	650	2,163			42,200	30,037	32,200
61	9,600	960	310	650	2,288			45,328	33,040	35,328
62	9,600	960	310	650	2,416			48,699	36,283	38,699
63	9,600	960	310	650	2,548			52,334	39,786	42,334
64	9,600	960	310	650	2,684			56,253	43,569	46,253
65	9,600	960		960	2,739			50,793	48,054	50,793
66	9,600	960		960	2,795			55,694	52,898	50,694
67	9,600	960		960	2,854			60,984	58,130	60,984
68	9,600	960		960	2,914			66,694	63,780	66,694
69	9,600	960		960	2,976			72,858	69,882	72,858
70	9,600	960		960	3,040			79,513	76,473	79,513

*Paid off over 20 years.

Securities Salesman's Corner

By JOHN DUTTON

Vacation Story

You never know where you may find a good idea—a story for this column—or even a new client. Recently I was sitting around a swimming pool enjoying the Florida summer weather and I made the acquaintance of a vacationing Doctor from a northern city. Between interruptions from the demands made upon us by his three lively children who were splashing around in the pool, he told me about his investments, his problems, and his broker. Sometimes it is good to get the customer's viewpoint when he is more objective than if he were giving you his opinion about your efforts in his behalf. In this case, the Doctor's broker was 1,300 miles away and he was on vacation, although his investments were on his mind.

The Little Things

He told me that he was a bit bothered about 50 shares of stock that he owned. There had been a stock dividend and the original certificate which he owned was either in the safe keeping of his broker, or he had misplaced it, he didn't know which. He said he left his home rather hurriedly and he had called his registered representative twice the week before he left but he didn't receive a return telephone call from him. I asked him if he looked at his statement to see if his broker held the stock for him in his account. He said that he was too busy and just couldn't get around to it. Here was a typical case—busy Doctor, didn't remember if he held the certificate, and had not checked his statements from his broker. He depended upon his registered representative to make a check for him. There was nothing unusual about this, it happens regularly. When such requests as this are made by clients they should be taken care of immediately—but let's go on.

Selling Too Soon

Then he got around to his stocks. He had a well balanced medium sized account and I must admit that there were a number of good, sound, growth situations among his holdings. Since he was in his early forties and well established in his practice of medicine, it seemed to me that his overall situation was well constructed with emphasis on growth and I told him so. But he answered, "Yes, I think I am on the right track now, but I've done a lot better since I've been doing some studying and selecting the stocks myself than when my man at ——— & Co. was telling me what to buy and what to sell. You see, he is one of the partners and he is always so busy running around the country looking over deals and other matters for his firm that I don't think he has the time to give to his customer's accounts any more. I changed to someone else in the firm for a while and then back to him. I think that's where this mixup with the misplaced stock certificate arose."

Then he told me he had sold out growth stocks such as Carrier in the 20's and Radio in the 30's with only small profits, whereas he should have held such growth situations for the long pull and disregarded trading profits. I agreed with him and I am sure that anyone who had a busy doctor, in the higher income brackets as a client, who has his eye on retirement fifteen years from now, would not criticize his viewpoint. He was interested in long-term growth above all else, and that should be his main objective when it comes to the selection of investments.

Get The Customer's Viewpoint

I wonder how many firms have clients that feel like the busy Doctor? This man was not a cronic complainer. He realized that his broker was busy, and also fallibly human, but he was unhappy. I don't think it would have taken much persuasion to obtain his account—he was not comfortable because he did not have the feeling of confidence that an investor should possess when he is doing business with an investment firm. This man needed above average personal interest—he was not getting it. Some people do not want super service, others do.

I am positive that there is a great deal of additional business that every firm can do among its own customers if they would only have a real heart to heart talk with many of their clients and find out if they can serve them better—give them sounder investment suggestions that are based upon their particular requirements, and more personal interest.

It's like the Doctor said to me, "When you need medical help, try and find a competent Doctor, who will take the time to give your case adequate consideration and take a personal interest in you, then pay him a fair fee for his work." It's the same way with your investment advisor.

With Harris, Upham

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Jack A. Dalziel is now with Harris, Upham & Co., 232 Montgomery Street. He was formerly with Consolidated Investments Incorporated.

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History of the American Dollar: 1792 to 1955

Smith says the bank never hesitated to go into the gold market and pay a premium for gold, if necessary, in order to maintain a proper level at the bank—that the Bank of England had been known to pay as high as 4 pounds sterling per ounce of gold, and then coin that gold into English coins carrying a face-value of only 3 pounds 17 shillings 10½ pence (which was the gold-standard value of the pound sterling for generations)—that the bank thus took a loss of from 2 to 3% on the money itself. The Bank of England did that for just one reason, namely: When it had issued a paper-money claimed to carry a definite "value" in terms of Gold, that bank had the honesty and integrity to see to it that that paper-money be maintained "as good as gold."

An oft-quoted passage from Adam Smith's book is as follows: "The raising of the denomination of the coin has been the most usual expedient by which a real public bankruptcy has been disguised under the appearance of a pretended payment." In 1933, our political leaders violated the sound-money principle envisaged in that quotation—they "raised the denomination of our coin" by taking what had been a $20 gold piece for a matter of a century and declaring it to be a $35 gold piece, approximately. That was "raising the denomination of the coin"; and in the words of Adam Smith, it was "disguising a real public bankruptcy under the appearance of a pretended payment." And we are paying for it in the form of the most highly "inflated" prices ever known to this nation.

Alexander Hamilton, 1792: Just 13 years after the publication of "Wealth of Nations," we set out as a new nation, in 1789. It soon became apparent that we needed a national Currency; and, in 1792, under the leadership of Alexander Hamilton as Secretary of the Treasury, the American Dollar was born. Hamilton was what is known as a bi-metal man—he believed that our currency should be specie-backed with both gold and silver. And he was very wise in that view at that time; for in 1792, this nation possessed very little gold—as compared with the 22,000 tons that this nation owns today. They, therefore, established the "value" of the Dollar in terms of each of these rare metals. First, they gave it a "value" of 412.5 grains of silver, 0.9 fine, or exactly 371.25 grains of pure silver. They then, by some process, decided that the proper relationship of gold to silver was 15 to 1—i.e., that gold was 15 times as valuable as silver; and they, therefore, gave the Dollar a "value" of 24.75 grains of fine gold—which 24.75 is exactly 1/15th of the 371.25 set for the silver value of the Dollar.

Under that arrangement our Government went forward for the next forty-years, without any change in the "value" of the Dollar, as originally set in 1792. But, in the early 1830's, there were those who felt that the 15 to 1 relationship wasn't quite right—that it ought to be 16 to 1, instead; and that idea apparently had merit. At any rate, that change was made by Congress. It was accomplished by leaving the silver-content of the dollar as originally set, and dropping the gold-content from the original 24.75 grains to 23.22 grains— and that produced the desired 16 to 1 relationship. It also resulted in that well-known official-price of gold, namely, $20.67 a troy ounce, which became effective in 1837 and was never tampered with until 1933. That, of course, was in strict accord with the gold-standard principle of "fixity of value"—as it should be.

In times past, I often wondered why our Government had happened to choose such an odd value as $20.67 as the official-price of gold—instead of a round figure like $20, or $25, an ounce. But the answer is very simple: They had set the "value" of the Dollar at 23.22 gr. of gold; there are, of course, 480 grains in a troy ounce; and 480 dividend by 23.22 gives 20.67 as the result.

Silver "Value" Unchanged

Incidentally, you may be interested to know that the "value" of the Dollar in terms of silver, set by Hamilton and his associates in 1792, has never been changed to this day—it is still 412.5 grains of silver, 0.9 fine; and if you read the legend on a One-Dollar Bill, or Silver Certificate, you will find it to specify that there is "On Deposit in the Treasury of the United States of America One Dollar in Silver Payable to the Bearer on Demand." It therefore, becomes evident that insofar as the silver "value" of the Dollar is concerned, our Government has never deviated from the gold-standard principles of "fixity of value" and "redeemability, on demand." With the gold-value of the Dollar, however, our Government has, at times, erred; and that will be dealt with a little later on in this presentation.

Daniel Webster, 1834: Again, in the 1830's, there was agitation to do away with paper-money, altogether, and use nothing but specie; and the strongest opponent of that ill-advised move was the great Daniel Webster. Addressing the U. S. Senate on Feb. 22, 1834, on the subject "A Redeemable Paper Currency," Webster made the following contribution to the cause of Sound Money. He wisely said:

"I know, indeed, that all paper ought to circulate on a specie basis; that all bank-notes, to be safe, must be convertible into gold and silver at the will of the holder." And he continued with these words of sound monetary policy: "While banks are bound to redeem their bills by paying gold and silver on demand, and are at all times able to do this, the currency is safe and convenient. Such a currency is not paper money, in an odious sense. It is not like the Continental paper of Revolutionary times; it is not like the worthless bills of banks which have suspended specie payments. On the contrary, it is the representative of gold and silver, and convertible into gold and silver on demand, and therefore answers the purposes of gold and silver; and so long as its credit is in this way sustained, it is the cheapest, the best, and the most convenient circulating medium. I have already endeavored to warn the country against irredeemable paper; against the paper of banks which do not pay specie for their own notes; against that miserable, abominable, and fraudulent policy, which attempts to give value to any paper of any bank, one single moment longer than such paper is redeemable on demand in gold and silver."

Those are the words of Daniel Webster, spoken 120-years ago. They were true when they were spoken. They were true 100-years later, when we went off the Gold Standard in 1933. And they are true today. But notwithstanding those truisms, we are continuing to operate with "irredeemable" paper-money—a type of currency that Daniel Webster correctly described as "miserable, abominable, and fraudulent"; and we seem contented to do this, even though the present Administration has a plank in its 1952 Platform promising return of our currency to "a dollar on a fully convertible gold basis."

John Sherman, 1875-1879: As previously stated, the official-price of gold, at $20.67 a fine ounce, went into effect, as planned, in 1837; and nothing further happened to our currency for more than two decades. But in the year 1861, with the Civil War upon us, and with heavy demands on the Treasury, there were those who started to hoard gold. And, in order to conserve the Nation's supply of gold in the interest of all the people, instead of the few, our Government, quite properly, temporarily withdrew the privilege of "redemption" in gold—which status of our Currency continued until 1879. But in the early 1870's, with the Civil War behind us, there were those who felt that the United States ought to get back on the firm foundation of the Gold Standard; and the leader in that movement was the then Senator John Sherman, who later became Secretary of the Treasury in 1877, under President Hayes. Mr. Sherman was the chief architect of the so-called "Redemption Act of 1875," which restored our currency to "redeemability" in gold, following the Greenback era from 1861 to 1879. Great credit, therefore, is due John Sherman, who, incidentally, was one of the founders of the Republican Party in the 1850's.

It should be noted that the "Resumption Act of 1875" did not become effective until 1879—thus allowing a time-lag for the country to condition itself for this change before actually putting it into effect. That is a possibility which the present Administration seems to be overlooking; for the Treasury officials are taking the position that we can't go back to the Gold Standard until the budget has been balanced. Just why a budget cannot be balanced in terms of "honest" dollars, instead of "printing press" dollars, is something that is hard to understand.

Andrew D. White, 1875-1896: Another man who rendered great service in the development of public opinion favorable to return of our currency to the Gold Standard, and which restored it to "redeemability" as of Jan. 2, 1879, was Andrew D. White. Mr. White graduated from Yale in 1853, and was promptly given an appointment as attache at St. Petersburg. He spent the next three years in Europe, much of the time in further study. Among those studies was the history of the French Revolution—with particular reference to the type of money France used at that time. White found that France, being in financial difficulty in 1789, embarked on a program of "irredeemable" paper money—the type of so-called "money" that the United States has been using since 1933. The initial issue approximated 400-million paper francs, which seemed not too disturbing. But it wasn't long before France needed more money, and she came out with a second issue, and a third, and she continued that process; and by the year 1797, or within the comparatively short period of eight years, France had actually printed and put into circulation an aggregate of 45,000 million francs of that "printing press" money. By that time that paper-money had so depreciated in purchasing-power that it had become practically worthless; and, as Dr. White points out in his book ("Fiat Money Inflation in France"), the people threw out that paper money with other wastepaper and trash as of no value whatever. When, therefore, we were in the Greenback era of the 1870's, Mr. White was fearful that we might follow too far in the unfortunate footsteps of France. It prompted him to develop those French Revolution experiences into the form of an address, which he delivered before the New York State Senate, of which body he had formerly been a member; before a group of leading Congressmen in Washington; and before leading bankers and businessmen in New York. And that "address" became the basis of his monetary masterpiece, "Fiat Money Inflation in France." Andrew D. White, therefore, played an important role in getting our Currency restored to a true Gold Standard in 1879.

Again, in 1896, when William Jennings Bryan had been nominated for President on the "free silver" platform, Dr. White's book was reprinted in pamphlet form, and was used as campaign literature by the Republican Party in the successful waging of that great political battle, Gold Standard versus Free Silver. Mr. White, therefore, not only helped to restore the Gold Standard in 1879, but also to preserve it in 1896. One passage in Andrew D. White's book pretty well sums up his view as to what is bound to happen when nations resort to "irredeemable" paper-money. Here are his words:

"Every other attempt of the same kind in human history, under whatever circumstances, has reached similar results in kind if not in degree; all of them show the existence of financial laws as real in their operation as those which hold the planets in their courses."

In that statement Mr. White is saying that once a nation establishes the "value" of its monetary unit in terms of a definite weight of Gold, it has placed that "monetary unit" in an orbit. And one can no more disturb that unit in its orbit, properly, than he can disturb the planets in their orbits. As he so truly says, there are "financial laws as real in their operation as those which hold the planets in their courses."

Henry Cabot Lodge (the elder), 1896-1900: It was Senator Henry Cabot Lodge who wrote the gold-standard plank of the Republican Platform of 1896. It was he who went to the St. Louis Convention of that year, and demanded of Mark Hanna, the Republican leader, that a gold-standard plank be included in the Platform. Mr. Lodge had his way; the gold plank was put into the platform; and, as previously stated, the campaign was waged on that issue. Therefore, Senator Henry Cabot Lodge played a leading part in preserving the Gold Standard in 1896.

An again, in 1900, after President McKinley had been nominated for a second term, it was the distinguished Henry Cabot Lodge who was delegated to go to Mr. McKinley's home town—Canton, Ohio—and apprise Mr. McKinley that he had been renominated for President. And on that occasion Mr. Lodge delivered an address at Canton, in which he complimented President McKinley on the sound stand he had taken on the gold-standard issue; and, in that speech, Mr. Lodge referred to the Gold-Standard as "the cornerstone of our economic structure." Henry Cabot Lodge, therefore, deserves great credit for preserving Sound Money.

Andrew Carnegie, 1908: Addressing the Economic Club of New York in 1908, Mr. Carnegie gave strong support to the Gold Standard in the following words:

"There is only one substance in the world which cannot fall in value, because it is in itself the world's standard of value, and that is gold, which the banks of civilized nations have as their reserve."

He likened the Gold Standard to the North Star, calling attention to the fact that the North Star is the most nearly fixed in its position of any of the heavenly bodies—that it is the one about which the solar system revolves; and continued: "To object to gold as the standard of value, therefore, is as if we were to refuse to call the star nearest of all stars to the true north, the North Star."

Andrew W. Mellon, 1921-1924: In 1921, Mr. Mellon became Secretary of the Treasury, under President Harding. And in just three years Mr. Mellon, by careful and skillful handling of the finances of this nation, reduced the National Debt from $26 billion to $17 billion—a reduction of $9,000 million. In 1924, Andrew W. Mellon wrote a book, "Taxation: The People's Business," in which he gives strong support to the Gold Standard in these words:

"In so far as this government is concerned its policy has been to keep its own house in order; to maintain the gold-standard unimpaired; to balance its budget; and to carry out a reasonable program for the orderly funding and gradual liquidation of the war debt."

It will be noted that Mr. Mellon placed "maintaining the gold standard" ahead of "balancing the budget"—correctly believing that the budget should be balanced in terms of "honest" dollars, rather than in dollars of the "printing press" variety. That is something that the present Administration seems to be overlooking; for it has taken the position that we cannot go back to the Gold Standard until the budget has been balanced. Why, nothing could possibly give the people greater confidence in the American Dollar than for Congress to promptly pass one of the gold-standard bills that have currently been introduced; and nothing could do more to prevent further Inflation. Such an Act need not await "balancing of the budget"; for, as in the 1870's, such legislation can be made to provide for a time-lag of one, or more, years before its effective date—thus giving the Nation time to condition itself for this change before actually putting it into force.

New Deal-Fair Deal, 1933-1953: Notwithstanding this nation's 140 years of sound monetary policy from 1792 to 1933, what did the New Deal do when it took over in 1933? Why, one of the first things they did was to throw the Gold Standard "out the window." This they did by raising the official-price of gold from $20.67 to $35 an ounce—which violated the "fixity of value" principle of the Gold Standard; and they withdrew the privilege of "redeemability, on demand," which violated the only other basic principle of the Gold Standard. In the perpetrating of that "dishonest" act by our political leaders, few people seemed to have realized what was happening; but it was the most fraudulent piece of business that has ever been foisted upon this nation.

Here is how it works: Raising the official-price of gold from $20.67 to $35 an ounce, automatically reduced the "value" of the Dollar, itself, from about 1/20th to 1/35th of an ounce of gold per dollar—a 41% "devaluation" of the Dollar. And here is how it affected both the Treasury, and the People, of this nation: Before the change was made, the Treasury owned about $4 billion in gold, based on the $20.67 price; but after the increase in price, the Treasury owned $7 billion worth of gold. Therefore, the Treasury made a quick profit of about $3 billion. But there is another side to the coin, as follows:

Before that 41% "devaluation" of the Dollar, the People owned more than $125 billion of dollar-assets, in the form of bank deposits, Government bonds, and life insurance benefits—all in terms of definite numbers-of-dollars, regardless of the "value" of the Dollar itself. The 41% "devaluation" of the Dollar, therefore, robbed the People of more than $50 billion of the "value" of their savings; and they have been paying for that ever since, by the degree of Inflation that that "dishonest" act brought on. For example, with the Dollar valued at 1/35th of an ounce of gold — as against the former "value" of 1/20th of an ounce per dollar—it now requires 70% more dollars to equal the same gold-value as formerly, i.e., it now takes $35 to do what $20.67 used to do, or 70% more dollars. And that is just about the degree of "inflation" that we have experienced, all along the line, since that "devaluation"; for we pay upward of $2,000 for what used to be a $1,200 automobile; more than $20 for what were $12 shoes; 25c for 15c milk; 5c for a 3c newspaper—and so on ad infinitum. And if there were to be further "devaluation" of the Dollar, there would be further Inflation—just as sure as The Almighty made little green apples. And if one were to assume that there may not be further tampering with the "value" of the Dollar, the following facts should not be overlooked:

For several years a lobby of gold-producers has been operating in Washington, and using every effort to get the Government to raise the official-price of Gold to as high as $70 an ounce—which would mean the automatic dropping of the "value" of the Dollar from its present 1/35th of an ounce of gold per dollar to a new "value" of only 1/70th of an ounce per dollar. That would mean a 50% "devaluation" of our present dollar; and it would be far more serious today than back in 1933; for the People now own more than $500 billion of dollar-assets in the form of bank deposits, Government bonds, and life insurance benefits already paid for; and a 50% devaluation of the Dollar would rob the People of more than $250 billion of the "value" of their accumulated savings. And it wouldn't be long before prices would be double what they are today. That is the way it worked in France at the period of the French Revolution; that is how it worked in Germany after World War I — when "printing press" paper-money was issued in such volume that by 1923 it required one-trillion postwar marks to equal the "value" of just **one** pre-war mark; and that is the way it is bound to work when a nation resorts to "irredeemable" paper-money. As Andrew Dickson White so wisely said in his book, "Fiat Money Inflation in France," there are "financial laws as real in their operation as those which hold the planets in their courses."

Edwin W. Kemmerer, 1900-1944: The greatest monetary expert of the Twentieth Century was the late Professor Edwin W. Kemmerer, of Princeton University. Professor Kemmerer wrote and lectured extensively, throughout the first four decades of this century. His last book, "Gold and the Gold Standard," published in 1944 (McGraw-Hill) not long before his death, is a masterpiece on monetary science. In that book (page 123) Kemmerer says: "Had Roosevelt, immediately after his election, joined President Hoover in a bipartisan declaration, of the ringing, Grover Cleveland type, that the gold standard and the existing gold dollar would be maintained at all hazards and that, to this end, all the financial resources of the United States would be mobilized if necessary, such a declaration, coupled with a reasonable policy of party cooperation, would probably have prevented the disastrous collapse of our currency and banking system in early 1933. In that case the breakdown of the American gold standard with its subsequent devaluation of the dollar would have been avoided." And the last paragraph of Professor Kemmerer's book offers this sound advice as proper action for the United States to pursue after the close of World War II:

"Finally, the United States Government should promptly declare its intension to rehabilitate its own gold standard after the war, and should call an international conference of all countries desiring to return to a gold basis, with the object of formulating plans for the restoration of the international gold standard and for international cooperation to make that standard a better standard."

Dr. Walter E. Spahr, 1935-1955: For the past 20 years, as Executive Vice-President of the "Economists' National Committee on Monetary Policy"—an organization composed of some 70 of the leading economists of this nation from Coast to Coast—Dr. Spahr has been using every reasonable effort to get the United States to firmly fix the "value" of the Dollar at $35 a fine ounce of gold, and restore the age-old privilege of "redeemability, on demand," at that fixed value.

And the "Gold Standard League," founded and largely financed by a successful industrialist, Mr. Philip McKenna, is working hand-in-glove with Dr. Spahr in that worthy effort.

The Eisenhower Administration

In 1952, those of us who were working for a return of the United States to the Gold Standard were given great encouragement by the fact that the Republican Party included a plank in its 1952 Platform pledging return of our Currency to "a dollar on a fully convertible gold basis." But, unfortunattely, the Administration seems to have forgotten that promise. Why, only a few months ago Secretary Humphrey defined a Sound Dollar as "a dollar that will buy the same tomorrow, next week, next month, and five years from now as it will buy today." Now, that is an excellent definition of a "stable" dollar; but it is far wide of the mark as to what constitutes a "sound" dollar. We cannot have a reasonably "stable" dollar without first having a "sound" dollar; and we can't have a "sound" dollar until the Dollar has been firmly fixed in terms of the one commodity that is recognized by the world as a proper basis of "value" for a nation's currency, namely, Gold. To accomplish this, Congress should pass one of the gold-standard bills now pending, calling for fixing the "value" of the Dollar at $35 a fine ounce of Gold, and restoring the privilege of "redeemability," on demand, at that fixed value.

The position taken by Mr. W. Randolph Burgess, Under Secretary of the Treasury, on March 29, 1954, gives little encouragement to those working for a return to the Gold Standard. Appearing before a Senate Committee on that date, Mr. Burgess made the following statement:

"From the founding of our nation until 1933, with interruptions of serious war, the dollar was firmly attached to gold. The gold value of the dollar, established under Washington and Hamiliton, was not changed, except fractionally, for over 140 years. The confidence in the value of the dollar which this helped instill in our people and the people of other countries was one of the foundations of the Nation's spectacular success." But strange as it may seem, Mr. Burgess was appearing, on that occasion, as an opponent of our Government's returning to the Gold Standard.

Money for Future Delivery

On the brighter side, is a statement by an insurance executive at hearings held in Washington on December 6 and 7, 1954. Those hearings were held by Senator Flanders, as Chairman of the "Subcommittee on Economic Stabilization." In attendance were high officials of the Treasury and Federal Reserve System, economists, bankers, and others—among whom was Mr. Frazar B. Wilde, President of the Connecticut General Life Insurance Company. In his prepared address, Mr. Wilde made the following forthright statement:

"I may be biased because of the fact that my business sells money for future delivery, and to me it is a pretty wicked thing to consider the possibility that people will make present sacrifices for future protection, and then get dollars of much lower value."

Now, we should not overlook the fact that insurance companies are not the only companies "selling money for future delivery"; for every bank in the United States that accepts depositors' dollars is "selling money for future delivery." We-the-people, therefore, should demand that the money we have bought, "for future delivery," with our insurance premiums and bank deposits, shall be of the same "Quality" as the money we used in those "purchases"—that it shall be in dollars carrying a "value" of 1/35th of an ounce per dollar. That assurance can be had only by a return of this nation to the Gold Standard—with the "value" of the Dollar firmly fixed at $35 a fine ounce of Gold, and the privilege of "redeemability," on demand, reinstated.

What Can the People Do?

Those having faith in the great monetary leaders—past and present—as summarized herein; and all who are opposed to the fiction that "irredeemable" paper-money is Sound Money—can write their U. S. Senators and Representatives, and demand that prompt and favorable action be taken on one of the gold-standard bills now pending in the Congress of the United States.

Personal Industrial Bankers Stk. Offered

Johnston, Lemon & Co. on June 24 publicly offered 60,000 shares of new $1.40 dividend prior preferred stock and 60,000 shares of common stock of Personal Industrial Bankers, Inc. The shares are offered on a unit basis consisting of one share of prior preferred stock and one share of common stock at a price of $23 per unit.

Net proceeds from the sale of the preferred and common shares will be added to the company's working capital. The company intends to use such funds primarily to increase receivables and for the acquisition of additional assets from others.

Personal Industrial Bankers, Inc. is engaged in the business of lending money to individual borrowers, primarily to wage earners in widely diverse occupations. Loans are made on a secured and unsecured basis, and wherever practicable, insurance on the lives of borrowers is obtained. The company operates 28 loan offices in five states, Pennsylvania, Maryland, Virginia, Florida and Kansas.

For the year ended March 31, 1955, gross revenues of the company aggregated $1,277,073 and net profit was $181,633.

Upon completion of the current financing, outstanding capitalization of the company will consist of $775,000 of funded debt; 60,000 shares of new $1.40 dividend prior preferred stock; 2,473 shares of 7% preferred stock; 14,021 shares of $1 cumulative preferred stock and 554,725 shares of common stock.

Rejoins H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Phillip E. Sperry has rejoined H. L. Jamieson & Co., Inc., of San Francisco.

With King Merritt

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Donald J. Drysdale is now with King Merritt & Company, Inc., 1151 South Broadway.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The money market is awaiting the coming financing of the Treasury with more than a passing amount of interest, because it is believed that what the government does in the impending operation will give important clues as to what might be expected for the balance of the calender year. The announcement that the offering of Treasury bills will be increased by $100 million weekly for an indeterminate period and be part of the money raising operation, indicates the Treasury has yielded to widespread demands to increase the supply of the shortest government paper.

Indications, as put forward by the means of "Open Mouth Operations," seem to forecast the reopening of the 3% bond of 1995 as the medium through which the Treasury will be able to raise a limited amount of long-term money. At the same time, it appears as though there will be no immediate changes in reserve requirements of the commercial bank. On the other hand, the current position of the economy could bring about seemingly conflicting or unorthodox action by the powers that be.

$10 Billion of New Money Required

The money market is still full of rumors about the impending financing. There is no question but what the position of the monetary authorities at this time is a very delicate one, since business activity is quite dependent upon the expansion which is taking place in instalment credit and mortgage debt. Also, the equity market continues to move ahead in spite of the increases which have been made in margin requirements by the Federal Reserve Board. The fact that the Treasury will have to raise some $8 or $10 billion of new money in the last half of this year, tends to further complicate matters. Also, business activity is expected to continue at a rapid rate and this will mean that funds will be needed from the commercial banks in order to carry out this part of the picture.

The rumors or talk about a lowering of reserve requirements of the deposit institutions does not appear to be as strong as it was, since it seems as though the opinions in many quarters of the financial area now are that there will be no changes made in the immediate future. This appears to mean that the first part of the new money raising operation of the Treasury probably between $4 and $5 billions will be carried out without altering reserve requirements of the commercial banks.

On Re-Opening the 3s of 1995

It is evident that sources other than the deposit banks will have to take quite a volume of the new money raising securities if no more than a token amount of help is going to be given to the commercial institutions by the monetary authorities. This brings up the talk about the issuance of a long-term government obligation which would appeal to non-bank investors, mainly at this time public and private pension funds. When attention is being given to a long-term issue for new money purposes by the Treasury, money market specialists are concerned with rumors that the 3% issue of 1995 will be reopened. The most distant government bond is a comparatively small issue and could be built up to proportions which would be considered by some in the financial district a more workable size by having it reopened from time to time.

The question at this time, however, is how many of the 3s due 1995 could be sold under existing money market conditions. Demand for mortgage money seems to be about as strong as ever, even though there are indications that greater selectivity is being exercised by some of the mortgage lending agencies. Private placements continue to absorb a substantial amount of the loanable funds of institutional investors, which means that the attraction of a long-term government bond must not only be measured against these two forms of investment, but also must be compared with the return available in corporate bonds as well as preferred stocks and in some cases, common stocks.

Under presently prevailing money market conditions, it seems as though public pension funds and to a lesser degree private pension funds, would be the important buyers of a long-term government bond, most likely the 3s due 1995, which would be reopened for such a purpose. To be sure, there will be other buyers of a long-term government bond, and in the amount that such an obligation is sold outside of the commercial banking system, funds that would most likely be going into mortgages would be used to finance the needs of the Treasury.

The Potential Demand for Long 3s

Guesses as to the amount of money that would be invested in a new money raising long-term government bond appear to vary rather widely, with the high side in the neighborhood of one and a quarter billion dollars, and the low side somewhat in excess of a half billion dollars. It seems as though three-quarters of a billion dollars in a long-term bond is what some money market specialists believe would be taken by those that have an interest in such an obligation.

Joins H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Joseph C. Eldridge and John T. Schneider are now connected with H. L. Jamieson Co., Inc., Russ Building. Mr. Eldridge was previously with Stewart, Eubanks, Meyerson & York.

Joins Dean Witter

(Special to THE FINANCIAL CHRONICLE)

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

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)	July 3	§96.1	*95.0	95.8	65.8
Equivalent to—					
Steel ingots and castings (net tons)	July 3	§2,320,000	*2,292,000	2,312,000	1,568,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 17	6,625,600	6,600,250	6,676,350	6,494,650
Crude runs to stills—daily average (bbls.)	June 17	¶7,520,000	7,522,000	7,329,000	6,893,000
Gasoline output (bbls.)	June 17	25,535,000	25,985,000	24,552,000	23,587,000
Kerosene output (bbls.)	June 17	2,197,000	1,579,100	2,165,000	2,186,000
Distillate fuel oil output (bbls.)	June 17	11,205,000	11,755,000	10,557,000	9,292,000
Residual fuel oil output (bbls.)	June 17	8,109,000	7,956,000	8,804,000	8,070,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 17	165,285,000	166,233,000	170,677,000	168,983,000
Kerosene (bbls.) at	June 17	28,435,000	27,032,000	24,144,000	25,942,000
Distillate fuel oil (bbls.) at	June 17	91,269,000	88,414,000	76,109,000	79,402,000
Residual fuel oil (bbls.) at	June 17	45,684,000	45,194,000	43,386,000	49,772,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 18	785,425	786,707	774,419	707,237
Revenue freight received from connections (no. of cars)	June 18	657,505	655,242	669,287	591,808
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 23	$412,067,000	$327,950,000	$402,699,000	$312,926,000
Private construction	June 23	225,458,000	192,942,000	289,598,000	160,090,000
Public construction	June 23	186,609,000	135,008,000	113,101,000	152,836,000
State and municipal	June 23	147,855,000	98,511,000	83,802,000	123,238,000
Federal	June 23	38,754,000	36,497,000	29,299,000	29,598,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 18	9,600,000	9,345,000	9,250,000	7,956,000
Pennsylvania anthracite (tons)	June 18	538,000	502,000	489,000	564,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 18	117	114	115	115
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 25	**10,226,000	9,987,000	9,976,000	8,981,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 23	205	214	204	215
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 21	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	June 21	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	June 21	$35.33	$34.00	$34.00	$27.58
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 22	35.700c	35.700c	35.700c	29.700c
Export refinery at	June 22	36.400c	36.800c	36.125c	29.500c
Straits tin (New York) at	June 22	94.500c	93.625c	91.750c	94.125c
Lead (New York) at	June 22	15.000c	15.000c	15.000c	14.000c
Lead (St. Louis) at	June 22	14.800c	14.800c	[illegible]	[illegible]
Zinc (East St. Louis) at	June 22	12.500c	12.000c	12.000c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 28	95.88	96.28	96.65	99.89
Average corporate	June 28	108.88	108.88	108.70	110.34
Aaa	June 28	112.19	112.19	112.19	115.04
Aa	June 28	110.52	110.52	110.15	112.19
A	June 28	108.88	109.06	108.88	109.97
Baa	June 28	103.97	103.97	104.14	104.31
Railroad Group	June 28	107.44	107.62	107.09	108.88
Public Utilities Group	June 28	109.24	109.24	109.24	110.52
Industrials Group	June 28	109.79	109.79	109.97	111.44
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 28	2.81	2.77	2.75	2.51
Average corporate	June 28	3.23	3.23	3.24	3.15
Aaa	June 28	3.05	3.05	3.05	2.90
Aa	June 28	3.14	3.14	3.16	3.05
A	June 28	3.23	3.22	3.23	3.17
Baa	June 28	3.51	3.51	3.50	3.49
Railroad Group	June 28	3.31	3.30	3.33	3.23
Public Utilities Group	June 28	3.21	3.21	3.21	3.14
Industrials Group	June 28	3.18	3.18	3.17	3.09
MOODY'S COMMODITY INDEX	June 28	406.4	411.2	398.1	429.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 18	239,200	263,819	236,922	215,919
Production (tons)	June 18	285,547	282,825	279,415	248,260
Percentage of activity	June 18	99	100	97	91
Unfilled orders (tons) at end of period	June 18	548,315	598,936	578,264	376,344
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	June 24	106.73	106.75	106.74	106.89
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	June 4	834,871	949,591	1,198,335	723,761
Dollar value	June 4	$44,941,752	$49,452,043	$61,643,937	$34,123,978
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 4	829,588	907,341	1,005,245	708,645
Customers' short sales	June 4	4,268	5,142	7,046	3,758
Customers' other sales	June 4	825,320	902,199	998,199	704,887
Dollar value	June 4	$40,934,508	$44,600,658	$50,704,445	[illegible]
Round-lot sales by dealers—					
Number of shares—Total sales	June 4	227,350	239,870	245,430	204,010
Short sales	June 4	------	------	------	------
Other sales	June 4	227,350	239,870	245,430	204,010
Round-lot purchases by dealers—					
Number of shares	June 4	294,000	320,140	447,300	232,170
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	June 4	333,960	451,640	508,460	296,660
Other sales	June 4	9,794,750	10,318,740	11,845,600	7,327,740
Total sales	June 4	10,128,710	10,770,380	12,354,060	7,624,400
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	June 4	1,153,030	1,303,420	1,515,570	805,410
Short sales	June 4	183,780	258,740	271,420	185,410
Other sales	June 4	970,280	1,055,170	1,327,750	685,260
Total sales	June 4	1,154,060	1,313,910	1,599,170	870,670
Other transactions initiated on the floor—					
Total purchases	June 4	298,100	214,140	263,730	252,600
Short sales	June 4	17,700	20,070	36,300	24,500
Other sales	June 4	277,150	214,670	302,890	260,540
Total sales	June 4	294,850	234,740	339,190	285,040
Other transactions initiated off the floor—					
Total purchases	June 4	523,247	453,685	505,656	257,930
Short sales	June 4	50,510	73,030	103,100	34,880
Other sales	June 4	569,577	514,055	547,076	264,725
Total sales	June 4	620,087	587,085	650,196	299,605
Total round-lot transactions for account of members—					
Total purchases	June 4	1,974,377	2,001,245	2,284,956	1,315,940
Short sales	June 4	251,990	351,840	410,820	244,790
Other sales	June 4	1,817,007	1,783,895	2,177,736	1,210,525
Total sales	June 4	2,068,997	2,135,735	2,588,556	1,455,315
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 21	110.3	110.2	110.3	109.9
Farm products	June 21	91.6	91.9	91.8	94.4
Processed foods	June 21	103.6	103.6	103.1	104.5
Meats	June 21	90.1	90.2	84.2	91.1
All commodities other than farm and foods	June 21	115.7	115.5	115.6	114.4

*Revised figure. ¶Includes 827,000 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. **New all-time high record.

	Latest Month	Previous Month	Year Ago
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR — Month of May (in millions):			
Total new construction	$3,537	$3,261	$3,140
Private construction	2,490	2,349	2,116
Residential building (non-farm)	1,304	1,298	1,107
New dwelling units	1,220	1,170	970
Additions and alterations	117	105	111
Non-housekeeping	27	23	26
Non-residential building (non-farm)	593	563	430
Industrial	184	184	162
Commercial	235	214	170
Warehouses, office and loft buildings	88	84	72
Stores, restaurants and garages	147	130	98
Other non-residential building	174	165	158
Religious	59	54	42
Educational	37	40	41
Social and recreational	20	17	17
Hospital and institutional	30	28	28
Miscellaneous	28	26	30
Farm construction	131	114	145
Public utilities	386	360	365
Railroad	29	28	30
Telephone and telegraph	60	55	58
Other public utilities	297	277	277
All other private	16	14	9
Public construction	1,047	912	1,024
Residential building	22	22	31
Non-residential building	388	378	394
Industrial	86	86	132
Educational	206	200	177
Hospital and institutional	32	31	34
Other non-residential building	64	61	51
Military facilities	90	87	78
Highways	360	255	342
Sewer and water	97	89	81
Miscellaneous public service enterprises	19	16	19
Conservation and development	57	51	65
All other public	14	14	14
BUILDING PERMIT VALUATION — DUN & BRADSTREET, INC.—215 CITIES—Month of April:			
New England	$33,495,976	$35,119,569	$18,196,320
Middle Atlantic	113,328,935	81,747,900	71,572,574
South Atlantic	57,641,519	44,085,131	41,269,931
East Central	116,977,846	102,254,681	112,113,620
South Central	85,854,855	95,164,623	64,233,097
West Central	44,169,443	46,303,002	29,662,286
Mountain	22,696,406	23,288,665	16,617,379
Pacific	89,656,737	93,209,258	81,350,212
Total United States	$563,821,717	$521,173,029	$435,015,419
New York City	65,782,634	49,939,864	35,373,510
Outside New York City	$498,039,083	$471,233,165	$399,641,909
COTTON AND LINTERS — DEPT. OF COMMERCE—RUNNING BALES:			
Consumed month of May	703,240	696,354	645,472
In consuming establishments as of May 29	1,713,624	1,812,825	1,586,698
In public storage as of May 29	10,432,247	11,189,378	8,997,176
Linters—Consumer month of May	142,419	134,964	108,256
Stocks May 29	1,720,619	1,769,645	1,589,668
Cotton spindles active as of May 29	18,302,000	19,160,000	19,318,000
COTTON SPINNING (DEPT. OF COMMERCE):			
Spinning spindles in place on May 29	22,284,000	22,280,000	22,762,000
Spinning spindles active on May 29	18,302,000	19,160,000	19,325,000
Active spindle hours (000's omitted) May 29	8,937,000	8,854,000	8,363,000
Active spindle hours per spindle in place May	446.8	450.1	418.3
DEPARTMENT STORE SALES—SECOND FEDERAL RESERVE DISTRICT, FEDERAL RESERVE BANK OF N. Y. — 1947-49 Average=100—Month of May:			
Sales (average monthly), unadjusted	97	99	*94
Sales (average daily), unadjusted	99	97	*96
Sales (average daily), seasonally adjusted	101	101	*98
Stocks, unadjusted	113	117	*117
Stocks, seasonally adjusted	110	111	*114
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of May:			
All manufacturing (production workers)	12,879,000	*12,828,000	12,394,000
Durable goods	7,537,000	*7,467,000	7,163,000
Nondurable goods	5,342,000	*5,361,000	5,231,000
Employment Indexes (1947-49 Avge.=100)—			
All manufacturing	105.7	*104.7	101.8
Payroll Indexes (1947-49 Average=100)—			
All manufacturing	149.7	*146.5	134.5
Estimated number of employees in manufacturing industries—			
All manufacturing	16,321,000	*16,260,000	15,781,000
Durable goods	9,495,000	*9,421,000	9,095,000
Nondurable goods	6,826,000	*6,839,000	6,686,000
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE—U. S. DEPT. OF LABOR—Month of May:			
Weekly Earnings—			
All manufacturing	$76.11	$74.77	$71.13
Durable goods	82.98	80.97	76.21
Non-durable goods	66.98	*65.91	63.91
Hours—			
All manufacturing	40.7	40.2	39.3
Durable goods	41.7	41.1	39.9
Non-durable goods	39.4	*39.0	38.5
Hourly Earnings—			
All manufacturing	$1.87	$1.86	$1.81
Durable goods	1.99	1.97	1.91
Non-durable goods	1.70	1.69	1.66
NEW YORK STOCK EXCHANGE—As of May 31 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$2,731,191	$2,752,305	$1,840,702
Credit extended to customers	46,746	48,414	45,071
Cash on hand and in banks in U. S.	326,997	336,842	313,426
Total of customers' free credit balances	927,963	973,129	836,470
Market value of listed shares	182,829,779	181,385,690	137,928,085
Market value of listed bonds	104,458,956	104,344,023	105,093,898
Member borrowings on U. S. Govt. issues	100,127	91,814	184,332
Member borrowings on other collateral	2,205,753	2,131,122	1,125,649
SELECTED INCOME ITEMS OF U. S. CLASS I RYS. (Interstate Commerce Commission)—Month of March:			
Net railway operating income	$97,733,241	$66,604,262	$69,166,876
Other income	18,318,940	17,410,309	19,182,814
Total income	116,052,181	84,014,571	88,349,690
Miscellaneous deductions from income	4,001,488	3,820,778	3,774,370
Income available for fixed charges	112,050,693	80,193,793	84,575,320
Income after fixed charges	80,964,138	49,206,351	52,873,434
Other deductions	3,097,965	3,072,977	2,692,925
Net income	77,866,173	46,133,374	50,180,509
Depreciation (way & structure & equipment)	44,034,131	44,007,875	43,416,430
Federal income taxes	40,661,482	21,868,315	29,856,290
Dividend appropriations:			
On common stock	20,148,610	34,276,374	19,425,611
On preferred stock	4,085,268	13,585,252	5,294,224
Ratio of income to fixed charges	3.60	2.59	2.67

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The State of Trade and Industry

climb during May, Dun & Bradstreet, Inc., reports, bringing the total for the month for 217 cities (including New York) to the near-record figure of $563,821,717. This was exceeded only in May and June of 1950, both of which months had permit totals of slightly over $570,000,000. Compared with the $435,015,419 in May a year ago, last month's total showed a rise of 29.6%. It was 8.2% greater than April's $521,173,029.

The valuation of plans filed in New York City alone during May increased 86.0% to $65,782,634, from $35,373,510 in May last year, and compared with $49,939,864 in April, a gain of 31.7%.

Steel Output Scheduled at 96.1% of Capacity This Week

Demand for steel and other metals will continue strong in the last half if that period shapes up like the metalworking industry thinks it will, says "Steel," the metalworking weekly, the current week.

Metalworking companies expect their sales volume to rise 2% in the next six months, "Steel's" Midyear Business Conditions survey, covering 7,600 metalworking plants, shows. That increased pace, along with a fast first half, will put the metalworking industry's sales for the year at $120,000,000,000, up 9.1% over 1954 and only 4% below record 1953.

Prospects for 1956 are even brighter, say many of the executives participating in the survey. They think we are entering an era of expansion and growth. Thirty per cent of the respondents will start expansion programs next year.

Strong business will bring an upward trend to manufacturing costs, distribution costs and selling prices in the last half of 1955. Two-thirds of those replying in the survey believe their manufacturing costs will rise then. Thirty-seven per cent will raise prices this summer. The majority of the increases will be between 2.5 and 7.5%. More companies expect to work full weeks, and they will employ 1.3% more people. New products will be introduced by 43% of the companies. The net result will be a 5.1% rise in the metalworking industry's second-half profits over those of the corresponding period of last year, declares this trade magazine.

The steel industry winds up the first half on a high note with ingot production at 97% of capacity and a house full of orders. On some products, steel producers are booked full for the third quarter and are entering orders for the fourth quarter. Even though national ingot output has averaged 95.8% of capacity in the second quarter, some producers have been unable to keep up with the influx of orders. In some cases, deliveries are a month behind schedule. Some producers have turned down orders for August delivery so they can use that month to catch up on shipments.

Lending buoyancy to the second-half outlook is the upward revision in the estimate of new construction, this trade journal states. The government calculates this year's total will be a record $41,800,000,000, up 5.8% over its earlier estimate and 11% above record 1954's $37,600,000,000.

Railroads at last are showing life in their buying. For the second consecutive month, orders for freight cars rose. An upturn in freight car orders will make demand for sheared steel plates even tighter than it is. Because business has picked up, some foundries will not shut down for summer vacations and others will suspend operations for only one week instead of two, this trade weekly reports.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 96.1% of capacity for the week beginning June 27, 1955, equivalent to 2,320,000 tons of ingots and steel for castings as compared with 95.0% (revised) and 2,292,000 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 95.8% and production 2,312,000 tons. A year ago the actual weekly production was placed at 1,568,000 tons or 65.8%. 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 Scores A New All-Time High Record In Latest Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 25, 1955, was estimated at 10,226,000,000 kwh., a new all-time high record, according to the Edison Electric Institute. The previous high record occurred in the week ended Feb. 5, 1955 when output reached 10,047,000,000 kwh.

This week's output advanced 239,000,000 kwh. above that of the previous week, when the actual output stood at 9,987,000,000 kwh. It increased 1,245,000,000 kwh., or 13.9% above the comparable 1954 week and 1,780,000,000 kwh. over the like week in 1953.

Car Loadings Edged Slightly Lower Last Week But Were 11.1% Above Year Ago

Loadings of revenue freight for the week ended June 18, 1955, decreased 1,282 cars or 0.2% below the preceding week, according to the Association of American Railroads.

Loadings for the week ended June 18, 1955, totaled 785,425 cars, an increase of 78,188 cars, or 11.1% above the corresponding 1954 week, but a decrease of 27,153 cars, or 3.3% below the corresponding week in 1953.

U. S. Automotive Output Reported 12% Higher Than Preceding Week and 38% Above Like Period a Year Ago

The automotive industry for the latest week, ended June 24, 1955, according to "Ward's Automotive Reports," assembled an estimated 154,169 cars, compared with 139,708 (revised) in the previous week. The past week's production total of cars and trucks amounted to 185,490 units, or an increase of 12% above the preceding week's output of 165,402 units and 38% above the 133,926 units reported for the same week a year ago, states "Ward's."

Last week's car output advanced above that of the previous week by 14,461 cars, while truck output rose by 5,627 vehicles during the week. In the corresponding week last year 113 886 cars and 20,040 trucks were assembled.

Last week the agency reported there were 31,321 trucks made in the United States. This compared with 25,694 in the previous week and 20,040 a year ago.

Canadian output last week was placed at 9,640 cars and 2,142 trucks. In the previous week Dominion plants built 10,618 cars and 2,420 trucks, and for the comparable 1954 week 5,329 cars and 1,440 trucks.

Business Failures Hold to Modest Downtrend

Commercial and industrial failures declined slightly in the week ended June 23 to 205 from 214 in the preceding week, according to Dun & Bradstreet, Inc. Although failures were slightly below the 215 a year ago, they remained above the 195 in the similar week of 1953. Continuing below the pre-war level, failures were down 34% from the 310 in 1939.

Failures involving liabilities of $5,000 or more dipped to 166 from 175 last week and compared with 192 a year ago. No change took place among small failures with liabilities under $5,000. They held at 39 but exceeded their 1954 toll of 23. Fourteen businesses failed with liabilities in excess of $100,000 as compared with 18 in the previous week.

All industry and trade groups except wholesaling had fewer failures during the week. Manufacturing failures fell to 42 from 52, while retailing dipped to 100 from 103, construction to 24 from 25 and commercial service to 18 from 20. Failures of wholesalers rose to 21 from 14 and topped the year-ago total. Construction equalled its 1954 level while the three other lines had mild declines from a year ago.

The Middle Atlantic States accounted principally for the week's downturn, reporting 69 failures as against 83 in the previous week. Mild dips prevailed in the East North Central States, down to 24 from 27, in the South Atlantic, off to 10 from 16, and in the Mountain States, 1 from 3. Moderate increases prevailed in four regions, including the Pacific States where the toll edged up to 60 from 52. There was no change in the East South Central region. Mortality exceeded last year's level in four regions, notably in the New England States. Four other regions had fewer failures than in 1954, with marked declines in the South Atlantic, East South Central and Middle Atlantic States.

Wholesale Food Price Index Declines Mildly After Sharp Rise of Previous Week

The wholesale food price index, compiled by Dun & Bradstreet, Inc., turned mildly downward the past week following the sharp rise of the week before. The June 21 index fell to $6.49, from the previous figure of $6.51. It compared with $7.28 on the corresponding date a year ago, or a drop of 10.9%.

Commodities quoted higher in wholesale cost last week included corn, hams, coffee, eggs and hogs. Lower in price were flour, wheat, rye, oats, lard, sugar, tea, cocoa, steers and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Continues Steady In the Latest Week

The Dun & Bradstreet daily wholesale commodity price index showed little change during the past week. Day-to-day fluctuations were small and the index closed at 273.35 on June 21. This contrasted with 273.45 a week previous, and with 271.71 on the corresponding date last year.

Grain prices moved irregularly downward last week, wiping out most of the gains scored in the previous week.

Wheat displayed considerable firmness in early dealings, aided by the high prices currently being paid for new crop wheat in the Southwest. Additional rainfall over the week-end was a depressing factor and hindered harvest operations to a great extent. Receipts of new crop wheat have been running much smaller than usual for this time. The condition of the Spring wheat crop was said to be good with indications pointing to a larger yield than last year. Corn and other grains finished lower as buying tapered off toward the close of the period. Most of the corn crop has been planted with prospects excellent on a slightly larger acreage than last year. Sales of grain and soybean futures on the Chicago Board of Trade last week averaged 34,000,000 bushels per day. This was down slightly from the previous week and well below the year-ago volume.

Although buying remained on the conservative side, there was some improvement in bookings of hard Winter wheat bakery flours last week as the result of dwindling inventories and sizable price reductions at mid-week.

Trading in other flours was routine with buyers still awaiting new crop offerings. Spot coffee prices continued to rise. Trading was very active in both the spot and shipment markets as roasters became apprehensive about their low inventory position. All spot offerings were being snapped up at premium prices.

Cocoa prices finished higher for the week but developed some easiness at the close. Warehouse stocks of cocoa were reported at 238,744 bags, up slightly from a week earlier. Raw sugar prices were fairly well maintained aided by heavy buying by refiners. Lard displayed a steady undertone throughout the week, aided by moderate export demand and strength in vegetable oils. Live hog prices continued to advance under active buying which lifted top prices for choice weights to $22.65 per hundredweight, the highest since last August.

Mill demand for spot cotton showed some improvement, reflecting a more active demand for cotton textiles, and prices advanced moderately during the week.

Reports of unwanted heavy rains in some parts of the belt had little effect on the market.

Reported sales in the 14 markets totalled 48,100 bales, as compared with 60,600 bales a week earlier, and 51,800 two weeks ago. Consumption of cotton during the four-week May period, according to the Bureau of the Census, totalled 703,200 bales. This was equal to a daily average of 35,162 bales, compared with 35,402 bales in the April period, and 32,274 bales in May a year ago.

Trade Volume Lifted Moderately For the Week and Year Aided By Fathers' Day Buying and Promotions

Retail trade in the period ended on Wednesday of last week rose moderately higher than in both the previous week and the corresponding week a year ago.

As Summer officially began, retailers again launched aggressive promotional campaigns in an effort to improve usually dull Summer sales. Father's Day buying also helped boost retail activity.

The total dollar volume of retail trade in the week ranged from 2 to 6% above a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the year-ago levels by the following percentages: New England and Northwest 0 to +4; South +1 to +5; East +2 to +6; Midwest and Pacific Coast +3 to +7 and Southwest +4 to +8.

Apparel sales were much higher than the week before and a year ago. Presents for Father's Day bolstered the volume of haberdashers and the demand for men's suits was above the level of recent weeks. All types of sportswear sold well with children's clothing frequently requested. Luggage sales continued to rise.

Housewives were offered ample supplies of fresh fruits and vegetables in grocery stores throughout the country. Beef was generally cheaper than in the preceding week, but prices of eggs continued to rise. Dairy products, beverages and frozen foods were in heavy demand, bringing the dollar volume of food purchases considerably higher than a year ago.

Home furnishings sales increased slightly, with interest in air conditioners and electric fans improving. Bedding, outdoor furniture and barbecue equipment were popular.

While sales of both new and used automobiles were much above last year at this time, total car buying slowed somewhat from that of the week previous.

Widespread confidence in continued heavy retail sales was reflected in wholesale buying a week ago.

Although activity slackened in food markets, most other wholesale trade was considerably above that of the prior week and noticeably higher than in the corresponding period of 1954.

Preliminary reports indicated that the buying of women's Fall apparel at most market centers was greater than ever before at this time of year. Retailers, expecting yearly sales gains ranging from 3 to 7% during the rest of 1955, placed heavy orders for coats and suits.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended June 18, 1955, advanced 2% from the like period of last year. In the preceding week, June 11, 1955, a rise of 3% was registered from that of the similar period of 1954, while for the four weeks ended June 18, 1955, an increase of 5% was recorded. For the period Jan. 1, 1955 to June 18, 1955, a gain of 6% was registered above that of 1954.

Retail trade in New York City the past week was more active with sales volume higher than in the similar period of 1954. Occasional rains during the week failed to have any serious effect on the week's good showing.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended June 18, 1955, declined 1% below that of the like period of last year. In the preceding week, June 11, 1955, the figure was revised to show no change from that of the previous week. For the four weeks ended June 18, 1955, an increase of 1% occurred. For the period Jan. 1, 1955, to June 18, 1955, the index recorded a rise of 1% from that of the corresponding period of 1954.

Business Uptrend Seen Leveling Off

Business Survey Committee of the National Association of Purchasing Agents indicates that there is a leveling in the upward trend of recent months.

A composite opinion of purchasing agents who comprise the National Association of Purchasing Agents Business Survey Committee, whose Chairman is Chester F. Ogden, Manager of Purchases, The Detroit Edison Company, report that business in June continues to be excellent. There are, however, indications of a leveling in the upward trend. Only 36% report increased production and 33% increased new orders. We have to go back to the Summer of 1954 to find lower figures. On the other hand, relatively few (7% on production and 14% on new orders) report a worse situation than last month. This substantiates the fact that business is good.

Chester F. Ogden

Purchasing Executives view the supplemental unemployment insurance granted by Ford and GM in their recent labor negotiations with both relief and concern. They are relieved in that they believe these settlements greatly lessen the danger of an immediate marked production decline due to the shutdown of any major segment of our industry. This strengthens their opinion of last month, that business will remain on a high level during the balance of 1955. They express concern in that they believe the settlements will result in further inflation. They are sure that some prices will increase and, they are wondering how much effect these higher prices will have on consumer demands. Those with smaller companies are worried about the effect of the plan on their companies' operation.

There is price strength in the industrial materials market. Stocks of purchased materials are again reported up from last month. For the most part, Purchasing Executives have stabilized their buying policy and are operating in the 30-90 days' range.

Employment remains high and the balance of 1955 is still viewed with optimism.

Commodity Prices: Although, generally speaking, commodity prices are keeping within a narrow range, Purchasing Executives report that most changes are upward. 44% state that prices are higher; 59%, the same, and only 1% report that prices are lower. On most items, competition continues to be keen and numerous instances of lower than "book" prices are cited.

Inventories: Inventories of industrial purchased materials continue to increase. This current trend toward higher inventories is largely the result of higher production schedules and deliberate planning of bigger stocks of materials that are in a tight supply situation, such as copper, steel and nickel. This willingness to add to stock is further evidence of confidence that, in the immediate period ahead, production will continue at a fairly high rate.

Employment: Industrial employment is up again this month. More than five times as many members report adding to their employment rolls as report decreases. The skilled labor market remains tight and new college graduates are finding jobs plentiful. There is some indication of increased overtime in order to meet high production schedules.

Buying Policy: There is little change in the buying policy situation from last month. 92% of reporting members are operating in the 90-day or lower range in procuring their production materials. This is identical with last month's figure. 96% are in this 90-day or lower range on their MRO supplies. As expected, capital additions require advance planning and for these items 57% of committee members report buying for delivery six months or more into the future.

Jerrold Electronics Securities Offered

Van Alstyne, Noel & Co., and Butcher & Sherrerd are heading a group which is underwriting $2,750,000 of 6% convertible subordinated debentures, due 1975, and 200,000 shares of common stock of Jerrold Electronics Corp. The debentures are offered at par and accrued interest and the common stock is priced at $4 per share.

Jerrold Electronics Corp. is presently engaged in the design, development, manufacture, sale, installation, servicing and leasing of master antenna systems for television reception. The systems have been used principally in communities otherwise unable to receive satisfactory television reception, apartment houses, housing projects, hotels, dealers' showrooms, etc. The company also manufactures products used in connection with community antenna systems such as amplifiers, signal distribution equipment, coaxial cable fittings, automatic gain control equipment, power supplies, tap-off accessories, variable attenuators, field strength meters, etc.

Proceeds of the offering together with the proceeds of a special offering of 50,000 shares of common stock to company employees, will be added to the general funds of the company. The company intends that a substantial portion of the proceeds will from time to time be invested in community antenna systems. A part of the proceeds will be used to develop the company's product line, to expand the engineering and development department and to increase sales personnel for areas not now actively covered by the company.

Private Placement

Salomon Bros. & Hutzler have arranged the private placement of $12,000,000 of General Finance Corp. 10-year 3½% promissory notes, due June 15, 1965.

Becker Group Offers Purity Stores Shares

A. G. Becker & Co., Inc., Chicago, Ill. on June 28 headed an underwriting group which offered 100,000 shares of Purity Stores, Ltd. common stock, $1 par value, at $20 a share. All of the 100,000 shares are being sold by certain stockholders.

Purity Stores, Ltd. operates a chain of 101 food stores in California with current annual sales running at approximately $90,000,000.

Kerr-McGee Preferred Offered in Exchange For Deep Rock Stock

Deep Rock Oil Corp. is offering holders of its common stock the right to exchange an aggregate of 150,000 of such shares for 450,000 shares of Kerr-McGee Oil Industries, Inc. 4½% cumulative prior convertible preferred stock, on the basis of three shares of Kerr-McGee preferred stock for one share of Deep Rock common stock.

The exchange offer will expire at 3:00 p.m. (EDT) on July 15, 1955. If more than 150,000 shares of Deep Rock common stock are tendered for exchange, the 450,000 shares of Kerr-McGee preferred stock will be divided on a prorata basis. Gregory & Sons and Sutro Bros. & Co. are underwriting the offering.

All shares of Deep Rock Oil acquired by it as a result of the exchange offer will be held in its treasury with no present view to any distribution. Kerr-McGee Oil Industries, Inc., will realize nothing from the exchange transactions, as the 450,000 shares of 4½% cumulative prior convertible preferred stock are part of a block of 674,880 of such shares which were acquired by Deep Rock Oil on April 27, 1955, in a transaction with Kerr-McGee.

In that transaction, Deep Rock sold to Kerr-McGee its holdings, including among other things, all crude oil in its refinery and pipeline system and ancillary storage tanks; all its refined and semirefined products, property and property rights, accounts and notes receivables, and materials, supplies and equipment incident to its refining, pipeline and marketing operations; its trade mark and trade names, and substantially all of its undeveloped leases in the United States.

Southwest American Houses Stock Offered

Aetna Securities Corp., New York City, is offering publicly 120,000 shares of common stock (par 10 cents) of Southwest American Houses, Inc., at a price of $2.50 per share.

The net proceeds of the offering will be used principally for working capital and sales promotion.

Southwest American Houses, Inc. was organized in Texas in 1947 to engage in the prefabricated building business as successor to a partnership which, during World War II, had produced a number of different types of prefabricated units for defense purposes. The corporation is now engaged in the business of prefabricating houses and other structures and, in some instances, of erecting and selling the complete prefabricated home. The corporation's prefabricated packages of components provide the basic structures for homes with retail sales prices ranging from $5,200 to $15,500.

Sales of the corporation and its subsidiaries for the fiscal year ended Nov. 30, 1954, were $2,217,593 compared with sales of $761,881 for the previous fiscal year. For the five months ended April 30, 1955, sales totaled $1,025,117.

George J. Muller

George J. Muller, Vice-President and Secretary of Janney & Co., Philadelphia, passed away suddenly at the age of 47. Mr. Muller was a graduate of the University of Pennsylvania Wharton School of Business. He was in charge of publicity for the National Security Traders Association and was a former president of the Investment Traders Association of Philadelphia.

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News About Banks and Bankers

delphia National Bank of Philadelphia, Pa., was announced by Frederick A. Potts, President, on June 27. Ralph W. Withington and John McDowell, Vice-Presidents, who have headed the Loan Division of the bank, have been elected to the newly created office of Senior Vice-President. G. Edward Cooper, in addition to his duties as Vice-President, has been appointed Cashier to succeed James H. Kennedy, Vice-President and Cashier, who will retire on June 30 under the bank's retirement plan. The promotions become effective as of June 30. Mr. Withington has been associated with The Philadelphia National Bank for 44 years, having first entered the employ of the bank as an office boy Feb. 14, 1911. In 1929 he was appointed Assistant Cashier and in 1939 the bank elected him Vice-President. He is located at the bank's 421 Chestnut Street office. Mr. McDowell before his election as a Vice-President of The Philadelphia National Bank in 1942 had been an officer of the Federal Reserve Bank of Philadelphia. Mr. Cooper as Vice-President and Cashier, will be the bank's senior officer in charge of operations. As the bank's 14th Cashier since its organization in 1803, Mr. Cooper joins a group of Philadelphia National bankers who have worked their way through the ranks to serve the institution in that capacity. He started at The Philadelphia National in 1924. After working up through all the operaitons departments he was appointed as Assistant Cashier in 1945. Two years later he was made Assistant Vice-President and Comptroller and in 1953 he was elected Vice-President.

* * *

C. F. Norberg, President of The Electric Storage Battery Company has been elected to the board of directors of **Tradesmens Bank and Trust Company of Philadelphia.** Mr. Norberg is a director of The Electric Storage Battery Co., Electric Storage Battery International Corp., President of director of Exide Batteries of Canada Ltd., and a director of the Chamber of Commerce of Philadelphia.

* * *

Fulton Kurtz, Chairman of the Board, and William L. Day, President, of **The Pennsylvania Company for Banking and Trusts,** of **Philadelphia,** and William B. Walker, President of **The First National Bank of Philadelphia,** announce that in meetings on June 23 the directors of the two institutions agreed upon terms of merger, subject to the approval of the stockholders and of appropriate authorities. Stockholders will meet Sept. 19 to vote on the proposal to merge on a share-for-share basis, with the merger to become effective shortly after stockholder ratification. The new bank will be known as **The First Pennsylvania Banking and Trust Company.** It will be State chartered and a member of the Federal Reserve System. The Chairman of the Board will be William L. Day. The President will be William F. Kelly, now Executive Vice-President of The Pennsylvania Company. The Executive Vice-President of the new bank will be William B. Walker. Wm. Fulton Kurtz will serve as a director and Chairman of the Executive Committee. It is stated that the combined bank will give Philadelphia for the first time a bank with resources of more than a billion dollars and a history of 143 years of banking service. As of Dec. 31, 1954, the resources of The First National Bank were $228,294,611 and the resources of The Pennsylvania Company were $831,467,548. The total for both banks was $1,059,762,159.

In commenting on the merger, Messrs. Kurtz and Day said, "For years The First National Bank, which holds the first national bank charter issued in America, has been regarded by bankers throughout the United States as an institution of unique quality. Over a period of many years the growth of its earnings in relation to its book value has just about matched the growth of earnings of The Pennsylvania Company. Today the book value per share of the two banks is a most identical. . . . Both the senior and junior officers of The First National complement the officers of The Pennsylvania Company, so that there will be a natural integration when the two staffs are joined."

The new bank will have, in addition to its central city offices, two offices in the old city at Third and Chestnut Street and Sixth and Chestnut Street, a large office at 32nd and Market Streets to serve the new development around the Pennsylvania Railroad terminal, and 21 neighborhood branches in virtually every section of Greater Philadelphia.

* * *

As part of the proposed merger of **The Morton National Bank of Morton, Pa.,** previously announced, the directors of the **Broad Street Trust Company in Philadelphia, Pa.,** at their meeting on June 17, authorized a two-for-one split of the outstanding shares of the capital stock by changing the par value from $20 to $10 per share, subject to the approval of the shareholders at their meeting scheduled for Aug. 24. The merger plans of the Broad Street Trust Company and the Morton National Bank were noted in our June 16 issue, page 2776.

* * *

The Girard Battles National Bank of Girard, Pa., has increased its capital from $150,000 to $200,000 — the addition having been brought about by a stock dividend of $25,000 and the sale of $25,000 of new stock. The enlarged capital became effective May 19.

* * *

The First National Bank of Dawson, Pa., with common capital stock of $100,000 was absorbed on May 13 by the **Gallatin National Bank of Uniontown, Pa.**

* * *

Effective June 3, the capital of the **Towson National Bank of Towson, Md.,** was increased from $200,000 to $250,000 by a stock dividend of $50,000.

* * *

While an item on the consolidation of the **Lincoln National Bank of Cincinnati, Ohio,** with another local bank appeared in these columns June 16, page 2776, the name of that institution was inadvertently given as the **Fifth Third National Bank,** hence, we are making further mention of the merger herewith. To quote from the June 13 Weekly Treasury "Bulletin," issued by the Office of the Comptroller of the Currency, "the **Lincoln National Bank of Cincinnati, Cincinnati, Ohio,** with common stock of $1,000,000, was merged with and into the **Fifth Third Union Trust Company, Cincinnati, Ohio,** under the charter and title of the latter bank, effective at the close of business May 13, 1955."

* * *

The First National Bank of Burton, Ohio, has increased its capital from $150,000 to $225,000 as of June 10. The addition to the capital was brought about by a stock dividend of $37,500 while a similar amount ($37,500) resulted from the sale of new stock.

Continued from first page

Further Opinions on the Guaranteed Annual Wage

of free enterprise, the coddling of the worker, the slowdown in productivity, in short, every argument that was advanced against the eight hour day. The opponents of GAW are concerned about every item from change in production schedules to "inroads on the American way of life," except the worker, who, when laid off, must eat, buy clothes, pay his doctor, as do management executives who receive an annual wage whether management is in full production or not. Unpaid workers mean a drop in consumer purchasing power, a drop in demand which in turn affect the economy of all the country.

Nobody yet has gone into the question of why production stability is necessarily injurious to an industry. It is not a divine decree that industry must have periods of concentrated production to be followed by periods of slack any more than it is a divine decree that the free enterprise system must be subject to economic depressions periodically, nor is it a divine decree that the poor must always be with us. It is conceded that the continued use of automation will demand stability of production. It necessarily follows that the principle of the guaranteed annual wage moves in the same direction as does the use of automation. It was the introduction of stability of production in the dress manufacturing industry which ultimately stabilized the industry itself and drew it away from the area of the slack seasons feared by both the manufacturer and the employee. Unemployment insurance is now an accepted principle in our way of life. Nobody seriously questions its need, yet there are spokesmen who, in opposition to the settlement in the automobile industry, have said "the question is not whether unemployment compensation as now regulated is inadequate, or whether a supplementary fund is good, but whether industry shall pay for work not performed." This begs the question. What is being said in effect is that the principle is all right but let somebody else pay for it.

GAW insures management of the means of keeping its pool of skilled workers intact so that with the wheeled stock rolling again, management need not be put to the trouble and expense of initiating training programs for new workers. GAW insures better labor relations, reduces the areas of friction and reduces the possibility of wildcat strikes. Its economic effects are much healthier than would be an increase in wages only. For GAW amounts actually to an increase in wages but an increase that is spread around the year instead of being concentrated in specified periods. Whether there is GAW or not, management in, let us say, the automobile industry knows that it will rehire the workers in accordance with its production schedule, but without the principle of GAW it means that the worker must wait it out to be picked up and dropped again at the dictates of the schedule. Actually as GAW can work out it is the company's and the employee's form of insurance, present payments to be applied at a future time of need.

E. E. AGGER
Rutgers University
New Brunswick, N. J.

While I should want to modify some of Mr. Rising's criticisms not directly related to G. A. W., I go along with him on his major representations concerning the plan. It seems to me that, in a nationally coordinated economy, broadly based on a free market procedure, the development of income security must be on a similarly broad and coordinated basis. The attempt to force any stabilized income scheme by starting at the top, with big and powerful corporations, is bound, I believe, to be increasingly destructive of the marginal producer, and to emphasize the already disturbing advance toward monopoly power. This in turn is bound to bring increasing governmental intervention and schemes of control that represent a progressive corrosion of the free market system.

E. E. Agger

MERWIN K. HART
National Economic Council, Inc.,
New York City

It seems to me that Mr. Rising, in his talk which appeared in the "Chronicle," puts his finger on one of the main dangers when he says with respect to the "Guaranteed Annual Wage" that "its proposed demands will break the American tradition of confidence, risk-taking and steady progress." America has attained her success through the exercise of the liberty of her citizens under the Constitution, and because to a very large extent each man and woman who worked has realized that it was up to him or her to do a constructive job.

Merwin K. Hart

When anything is guaranteed to a group of the people, it must be paid for by the rest of the citizens. If we convert our free enterprise system into one where eventually every group will have certain benefits guaranteed them, we will be right back where we started from. Only the will to work will have been weakened and the country as a whole will have suffered.

It is a fair question to ask whether the pressing of the GAW may not be a part of a concerted program to soften up the American people so that at the right moment they will be the more readily taken over by Soviet Russia or by some other world government.

What ideas Walter Reuther got when he was in Russia poses a question.

I have been greatly disappointed that the Executives of both the Ford Motor Company and General Motors have not been willing to fight rather than submit their corporate managements, their employees and their stockholders, as well as the great mass of American citizens, to the vast disadvantage they are now bound to suffer because the managements yielded.

I am glad that you are stressing the great danger of the Guaranteed Annual Wage.

C. KENNETH FULLER
President, County Bank and Trust Company, Paterson 1, New Jersey

I will take the opportunity of passing along my thoughts on the subject of the "Guaranteed Annual Wage." Of course, the decision of Ford Motor Company and General Motors points to some of the answers, but nevertheless the threat to industry as a whole still remains. Firstly, from the standpoint of sound economics, I am deeply opposed to the principle of the GAW. Inherently, it has all the dangers mentioned by Mr. Rising. I must admit, however, that past experience seems to indicate that in actual operation many of the "bugbears" of the past have ultimately been woven into the economy without the catastrophic damages which had been predicted (except possibly as they may have aggravated the long-term trend of inflation, the dangers of which I do not in any way minimize).

C. Kenneth Fuller

In my opinion, management should strive for stability of employment with a high measure of social consciousness, but not to the degree that it stultifies initiative or the progressive and dynamic development of the business.

If the economy is to be relatively free, with human nature as it is, we will experience periods of excess and periods of recession, both for the over-all economy and for its individual segments. It is only through these fluctuations that we can hope to maintain a relative degree of balance. I believe, therefore, that the achievement of full stability of employment is utterly incompatible with a fluctuating industrial economy.

W. T. PIPER
President,
Piper Aircraft Corporation

The "Guaranteed Annual Wage" is so radically different from anything that we have had in the past that no one can be positive how it will work. In some companies where business runs along on an even keel, it will probably make little change, but in industries which have big seasonal changes and frequent lay-offs, it will probably be ruinous. Every one of us needs an incentive of some sort and when the unemployment compensation is increased, the incentive which compels one to look for work is proportionately decreased. My own feeling is that unless one is doing some productive work, any unemployment compensation should be small.

W. T. Piper

No one can tell how the various companies may react to a "Guarantee Annual Wage." Some companies will undoubtedly be very cautious about hiring new employees. It is very difficult for a man 45 or over to get a job now and this may make his task increasingly difficult. In an industry, such as ours, which has big peaks and depressions and occasional long lay-offs, such a plan might easily use up all our resources and put us entirely out of business. After a comparatively short period of employment, this plan puts the union members in an unfairly strong position. They have priority over the "white collar" employees who can be laid off at any time, and ahead of the shareholders who often go many months with no return on the investment. This, I believe to be very unsound and think that a company that adopts this plan will in due time wish it had not done so.

W. G. VOLLMER
President, The Texas and Pacific Railway Company

The economic implications of the so-called "Guaranteed Annual Wage" are both profound and complex, and I do not pose as one having ready and simple answers. To begin with, however, I think we should attempt to minimize the confusion inherent in such coined phrases and designed terminology.

W. G. Vollmer

"Guaranteed Annual Wage" is a confusing and probably misleading term for the substance of the most widely-publicized element of the recently negotiated labor contracts in the automobile industry. Accurately descriptive terms might be "Contractual Supplementary Unemployment Compensation," or "Private Unemployment Compensation" or "Contract Unemployment Compensation." Perhaps you can think of a better term, but whatever it may be, it should contain the words "unemployment compensation," because that is what the Ford and General Motors contracts actually provide for, and unemployment compensation is something with which the public has some familiarity and which in some degree it understands.

"Guaranteed Annual Wage" is a newly-designed term—a recently coined phrase, alleged by both sides to describe a new, untried economic phenomenon. To each casually informed reader or hearer it has a different meaning, but withal a certain appealing connotation. "Unemployment Compensation" is not new. Its advantages as well as its alleged pitfalls and dangers have been debated and balanced in our statutes throughout the land.

The importance of public understanding of the issue cannot be over-emphasized. Undoubtedly the issue ultimately will be resolved by public opinion, rather than by labor leaders and business managers. Both of these contending groups should be eager for clear public understanding of what is involved. Management should strive to insure such understanding by substituting "unemployment compensation" for "guaranteed annual wage"; or, if substitution of terms is not feasible, by insisting on coupling with the new phrase the more accurate and more familiar "unemployment compensation."

Stripped of its 1955 cowling, then, the issue is not so new. The novelty is not in principle, but in quantity and method: What is already provided for by public law now is to be largely augmented by private contract. And yet the *amount* of unemployment compensation—its *quantum*, if you please—has always been recognized as one of its critical factors, of public concern.

When our American unemployment compensation laws were enacted the public took into account the several counterbalancing considerations. It recognized the social and humanitarian desirability of cushioning the shock of unemployment. It also remembered the deadening effect of the dole in a stagnated economy. The American public had a traditional aversion for monopoly. And finally, it took into account the ability of free, competitive American industry to pay the bill. (When the public gets the facts in these matters, I think it understands pretty well who finally pays the bill.) Our unemployment compensation laws, then, were patterned accordingly.

Now it is proposed to change those laws by private contract—to change them in their most critical particular, which has always been recognized as a matter of vital public concern. State laws must actually be amended in many instances to activate these new contracts. The legislative attempts are already underway. Thus promptly is public opinion invoked to render the controlling decision.

It seems to me that those of us who are responsible for business management have a clear, primary and pressing obligation—to see to it at once that the public understands that the issue is *unemployment compensation*, and not a wage or a wage structure, guaranteed or otherwise. Wage structures and wage patterns in labor contracts are various and complicated, and are generally not well understood by the public. Unemployment compensation has been publicly debated and is widely understood. And it is actually what is now involved.

Neither chance nor whim prompted our legislatures to take unemployment compensation from the bargaining table and put it in the statute books. The public interest in this subject is imperative and paramount. If our economy is not to be strangled by monopoly, unemployment compensation is a production cost which must be borne by all industry with reasonable uniformity, in the manner of taxes, and not selectively and erratically imposed in a series of free-for-alls of economic strength. Our present laws contemplate such uniform distribution of the cost. If demand is not to be dried up, with resulting market staleness or collapse, the size of this cost element must be kept in proper relation to other costs and public purchasing power. If incentive and vigor are not to be supplanted by listlessness and lethargy, a wide differential must be maintained between wages and unemployment compensation. Our laws comprehend all of these factors, and the public understands them.

In due course, if it is so wished, debate may be resumed on the weight which should be given these several factors. Our first duty, however, seems clear: we should be sure that the public understands that *unemployment compensation* is the subject under consideration, and *not* wages, annual, guaranteed, or otherwise.

If the public understands what is truly involved, its judgment probably will be sound enough. It will recognize its interest. It is possible that it will not be willing for its publicly enacted laws to be nullified or supplanted by forcefully negotiated labor contracts in which the public has no voice, but for which it must pay the bill.

Our first and pressing job is to see that the public understands what's up. Let's quit talking about "guaranteed annual wage"—that's a new term which may mean many things to many people. Let's talk about unemployment compensation—that's really what's involved, and most people know a little something about it.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

Academy Uranium & Oil Corp.
June 10 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—65 East Fourth South St., Salt Lake City, Utah. **Underwriter**—Western States Investment Co., same city.

★ **Alaska Merchant Line of Alaska, Inc.**
June 20 (letter of notification) 3,000 shares of class A common stock. **Price**—At par ($100 per share). **Proceeds**—For construction of vessel and working capital. **Office**—710 Central Bldg., Seattle 4, Wash. **Underwriter**—None.

● **All State Uranium Corp., Moab., Utah**
April 19 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—For mining operations. **Underwriter**—General Investing Corp., New York. Filing to be amended.

★ **Allied Industrial Development Corp., Houston, Texas**
June 20 (letter of notification) 300,000 shares of class A common stock. **Price**—$1 per share. **Proceeds**—For oil and gas operations. **Office**—1508 Capitol Ave., Houston, Tex. **Underwriter** — Paul C. Ferguson & Co., same address.

★ **A. M. Electronics, Inc., Washington, D. C.**
June 17 (letter of notification) 2,400 shares of common stock. **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office**—802 N. Capitol St., Washington, D. C. **Underwriter**—None.

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 & 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 Natural Gas Co. (7/7)**
June 15 filed 736,856 shares of common stock (par $25) to be offered for subscription by common stockholders on the basis of one new share for each five shares held on or about July 7 (with an oversubscription privilege); rights to expire about July 21. **Price**—To be supplied by amendment. **Proceeds**—To be applied to the purchase of equity securities of subsidiaries or to replace other corporate funds used for that purpose. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; The First Boston Corp.; Lehman Brothers; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on July 7 at 165 Broadway, New York 6, N. Y.

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.

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.

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.

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.

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.

● **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. Statement effective June 21.

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.

California Water & Telephone Co. (7/7)
June 16 filed 200,000 shares of common stock (par $12.50). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—Blyth & Co., Inc., San Francisco and 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.

Canadian Uranium Mines, Ltd., Montreal, Canada
June 3 (regulation "D") 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—Tellier & Co., Jersey City, N. J.

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.

Carter Blatchford Corp., Chicago, Ill.
June 8 (letter of notification) 14,250 shares of common stock (par $1). **Price**—$3.50 per share. **Proceeds**—For working capital. **Office**—80 East Jackson Blvd., Chicago, Ill. **Underwriter**—Pacific Coast Securities Co., San Francisco, Calif.

Cedar Springs Uranium Co., Moab, Utah
June 8 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—Universal Investment Corp., Washington, D. C.

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.

● **Charmin Paper Mills, Inc. (7/7)**
June 17 filed $5,000,000 of convertible debentures due July 1, 1975. **Price** — To be supplied by amendment. **Proceeds** — For plant expansion. **Office** — Green Bay, Wis. **Underwriter**—Robert W. Baird & Co., Inc., Milwaukee, Wis.

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.

★ **Cincinnati Box & Partition Co.**
June 17 (letter of notification) 500 shares of 5% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—To reduce accounts payable, and for working capital and inventory. **Office** — 5219 Crookshank Road, Cincinnati 38, Ohio. **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.

★ **Cliff & Creed Uranium Co., Colorado Springs, Colo.**
June 23 (letter of notification) 25,000 shares of capital stock (par $1). **Price**—$5 per share. **Proceeds**—For development expenses. **Underwriter**—None.

★ **Collins Radio Co. (7/19-20)**
June 29 filed 75,000 shares of class B common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co., both of New York.

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 (7/7)**
April 29 filed 600,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For purchase of land and other facilities and for working capital. **Office**—Grand Junction, Colo. **Underwriter**—General Investing Corp., New York.

Colzona Oil & Uranium Corp., Denver, Colo.
April 29 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1300 Larimer St., Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

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 (7/7)
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 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.

★ **Consolidated Telephone Co., Florence, Ky.**
June 21 (letter of notification) 10,000 shares of 5½% cumulative convertible preferred stock. **Price**—At par ($10 per share). **Proceeds**—To repay accounts payable, for additions and improvements and working capital. **Underwriter**—None.

★ **Consumers Power Co. (7/20)**
June 24 filed 373,689 shares of common stock (no par) to be offered for subscription by common stockholders 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.

★ **Consumers Power Co. (7/21)**
June 24 filed 100,000 shares of cumulative preferred stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For additions and improvements. **Underwriter**—Morgan Stanley & Co., New York.

★ Cook (Frank R.) Co., Denver, Colo.
June 23 (letter of notification) approximately 1,000 shares of 5% cumulative preferred stock (par $100) and approximately 300 shares of common stock (par $100). **Proceeds** — To purchase outstanding shares of Gognon Plating & Mfg. Co. and organization and other expenses. **Office**—Mile High Center, Denver, Colo. **Underwriter**—None.

Cordillera Mining Co., Denver, Colo.
June 8 (letter of notification) 2,995,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Offices** — 738 Majestic Bldg., Denver, Colo., and 317 Main St., Grand Junction, Colo. **Underwriter**—Lasseter & Co., Denver, Colo.

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.

Cromwell Uranium & Development Co., Inc.
May 25 (regulation "D") 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development expenses, etc. **Offices**—Toronto, Canada, and New York, N. Y. **Underwriter**—James Anthony Securities Corp., New York.

Crown Uranium Co., Casper, Wyo.
May 6 (letter of notification) 225,435 shares of common stock (par five cents). **Price**—At market (estimated at about 15 cents per share). **Proceeds**—To selling stockholder who received these shares in exchange for shares of Kontika Lead & Zinc Mines, Ltd. **Office**—205 Star Bldg., Casper, Wyo. **Underwriter**—Justin Steppler, Inc., New York.

● Cuba (Republic of) 7/5-8)
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.

Dahl Uranium Mine, Inc., Spokane, Wash.
June 9 (letter of notification) 500,000 shares of capital stock (par 10 cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office**—408 Hutton Bldg., Spokane, Wash. **Underwriter** — Standard Securities Corp., same city.

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.

★ Denver-Golden Oil & Uranium Co.
June 23 (letter of notification) 2,999,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For oil and gas operations. **Office**—Denver Club Bldg., Denver, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

★ Dependable Enterprises, Inc.
June 24 (letter of notification) 175,000 shares of common stock (par 10 cents) and 25,000 shares of 6% non-cumulative preferred stock (par $1). **Price** — $1 per share. **Proceeds**—To purchase and/or discount accounts receivable, etc.; to make loans; and for investment in real estate and business concerns. **Office** — 10 East 43rd St., New York 17, N. Y. **Underwriter**—None.

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.

★ Devonian Gas & Oil Co., Renova, Pa.
June 8 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—Working capital for drilling operations and acquisition of new properties. **Office**—704 Erie Ave., Renova, Pa. **Underwriter**—None.

★ Dinosaur Uranium Corp., Seattle, Wash.
June 20 (letter of notification) 1,750,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—1226-1411 Fourth Ave. Bldg., Seattle, Wash. **Underwriter**—Mid-Continent Securities Co., Wichita, Kansas.

Durango Kid Uranium Corp., Moab, Utah
April 1 (letter of notification) 30,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Underwriter**—Guss & Mednick, Arches Building, Moab, Utah.

Dyno Mines, Ltd., Toronto, Canada.
March 25 filed 1,100,000 shares of common stock (par $1). **Price**—To be related to the current market price on the Toronto Stock Exchange. **Proceeds**—To American Trading Co. Ltd., the selling stockholder. **Underwriter**—R. W. Brown Ltd., Toronto, Canada, on a "best-efforts basis."

★ Electro-Ceramics, Inc., Salt Lake City, Utah
June 16 (letter of notification) 66,450 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For purchase of equipment and supplies; and for working capital. **Office**—975 East Fifth South St., Salt Lake City, Utah. **Underwriter**—None.

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.

★ Farm Family Mutual Insurance Co., Albany, N. Y.
June 28 filed $1,500,000 of 5% debentures to be offered directly to members of the American Farm Bureau Federation and to State Farm Bureau Federations and local organization. **Price**—At 100% of principal amount (in denominations of $250 each). **Proceeds**—To provide company with necessary funds to comply with requirements of surplus to policyholders under New York and other state laws. **Underwriter**—None.

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.

★ Ferro Corp., Cleveland, Ohio (7/14)
June 24 filed $6,000,000 of convertible subordinated debentures due July 1, 1975. **Price** — To be supplied by amendment. **Proceeds**—To prepay $4,970,000 of funded debt and for property additions and improvements. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Fidelity Insurance Co., Mullins, S. C.
March 25 (letter of notification) 86,666 shares of common stock (par $1). **Price**—$1.87½ per share. **Proceeds**—To increase capital and surplus. **Underwriters**—McDaniel Lewis & Co., Greensboro, N. C.; Dietenhofer & Heartfeld, Southern Pines, N. C.; and Calhoun & Co., Spartanburg, S. C.

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.

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NEW ISSUE CALENDAR

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

Strevell-Paterson Finance Co. — Common
(Offering to stockholders—underwritten by Harrison S. Brothers & Co.) $246,400

July 5 (Tuesday)

Colohoma Uranium, Inc. — Common
(General Investing Corp. and Shaiman & Co.) $1,250,000

Cuba (Republic of) — Bonds
(Allen & Co.) $2,500,000

Natick Chemical Industries, Inc. — Common
(G. F. Rothschild & Co., Inc.) $266,000

Silver Creek Precision Corp. — Debentures
(General Investing Corp.) $600,000

Southland Racing Corp. — Common
(General Investing Corp.) $1,250,000

Stewart Oil & Gas Co. — Common
(Barrett Herrick & Co., Inc.) $750,000

Washington Natural Gas Co. — Common
(Barrett Herrick & Co., Inc.) $298,290

July 6 (Wednesday)

Vanadium Queen Uranium Corp. — Common
(Van Alstyne, Noel & Co.) $2,112,500

July 7 (Thursday)

American Natural Gas Co. — Common
(Bids 11 a.m. EDT) 736,856 shares

California Water & Telephone Co. — Common
(Blyth & Co., Inc.) 200,000 shares

Charmin Paper Mills, Inc. — Debentures
(Robert W. Baird & Co., Inc.) $5,000,000

Colorado Sports Racing Association — Common
(General Investing Corp.) $600,000

Consolidated Cigar Corp. — Debentures
(Eastman, Dillon & Co.) $17,500,000

Gulf Sulphur Corp. — Debentures
(Bear, Stearns & Co.) $4,500,000

July 8 (Friday)

Primary Metals Corp. — Common
(General Investing Corp.) $700,000

July 11 (Monday)

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 300,000 shares of stock

McLean Securities Corp. — Preferred & Common
(White, Weld & Co.) 148,000 units

Siegler Corp. — Common
(William R. Staats & Co.) 225,000 shares

July 12 (Tuesday)

Illinois Bell Telephone Co. — Bonds
(Bids to be invited) $30,000,000

Northern Indiana Public Service Co. — Preferred
(Central Republic Co., Inc.; Blyth & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Beane) $12,000,000

Wright Line, Inc. — Class B Common
(Paine, Webber, Jackson & Curtis) 110,000 shares

July 13 (Wednesday)

Texas Eastern Transmission Corp. — Preferred
(Dillon, Read & Co. Inc.) $16,000,000

July 14 (Thursday)

Ferro Corp. — Debentures
(Merrill Lynch, Pierce, Fenner & Beane) $6,000,000

July 15 (Friday)

Petrolane Gas Service, Inc. — Common
(Bateman, Eichler & Co.; First California Co.; and William R. Staats & Co.) 61,302 shares

July 18 (Monday)

Livingston Oil Co. — Common
(Van Alstyne, Noel & Co.) $1,298,500

July 19 (Tuesday)

Collins Radio Co. — Class B Common
(Kidder, Peabody & Co. and White, Weld & Co.) 75,000 shares

Pacific Finance Corp. — Debentures
(Blyth & Co., Inc. and Hornblower & Weeks) $20,000,000

West Coast Telephone Co. — Common
(Blyth & Co., Inc.) 150,000 shares

July 20 (Wednesday)

Consumers Power Co. — Common
(Offering to stockholders—bids 11 a.m. EDT) 373,689 shares

Kroehler Mfg. Co. — Common
(White, Weld & Co.) 216,628 shares

July 21 (Thursday)

Consumers Power Co. — Preferred
(Morgan Stanley & Co.) 100,000 shares

July 22 (Friday)

Goodyear Tire & Rubber Co. — Common
(Offering to stockholders—underwritten by Dillon, Read & Co. Inc.) 912,512 shares

July 25 (Monday)

Western Nebraska Oil & Uranium Co., Inc. — Com.
(Israel & Co.) $300,000

July 27 (Wednesday)

Southern Colorado Power Co. — Preferred
(Stone & Webster Securities Corp.; Paine, Webber, Jackson & Curtis; and others) $1,000,000

Aug. 16 (Tuesday)

Pacific Telephone & Telegraph Co. — Debentures
(Bids to be invited) $67,000,000

Sept. 5 (Monday)

Housatonic Public Service Corp. — Common
(Offering to stockholders—no underwriting) $325,974

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

Sept. 20 (Tuesday)

Ohio Power Co. — Preferred
(Bids 11 a.m. EDT) $6,000,000

Ohio Power Co. — Bonds
(Bids 11 a.m. EDT) $22,000,000

Oct. 18 (Tuesday)

Worcester County Electric Co. — Bonds
(Bids to be invited) $8,500,000

November 9 (Wednesday)

Southern Co. — Common
(Bids to be invited) 500,000 shares

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Frio Frozen Foods, Inc., Anthony, Texas
June 10 (letter of notification) 34,997 shares of common stock. **Price** — At par ($5 per share). **Proceeds** — For working capital. **Underwriter** — Norman D. Patterson, Jr., El Paso, Tex.

GAD Enterprises, Inc., Alexandria, Va.
March 15 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of factory and working capital. **Office**—1710 Mount Vernon Avenue, Alexandria, Va. **Underwriter**—T. J. O'Connor and Associates, Washington, D. C.

★ **General Finance Co., Phoenix, Ariz.**
June 6 (letter of notification) 100,000 shares of class B common stock (par $1). **Price**—$3 per share. **Proceeds**—To make loans. **Office** — 1436 East Van Buren St., Phoenix, Ariz. **Underwriter**—None.

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For plant expansion, new equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

★ **General Outdoor Advertising Co., Inc.**
June 23 (letter of notification) 6,000 shares of common stock (no par) to be offered to certain employees. **Price**—At closing market price on New York Stock Exchange on July 12 (closed at $31.62½ per share on June 28). **Proceeds**—For general corporate purposes. **Office**—Harrison and Loomis Sts., Chicago, Ill. **Underwriter**—None.

★ **Goodyear Tire & Rubber Co., Akron, Ohio (7/22)**
June 28 filed 912,512 shares of common stock (par $5) to be offered for subscription by stockholders of record June 21 on the basis of one new share for each 10 shares held; rights to expire on Aug. 8. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriter** — Dillon, Read & Co., Inc., New York.

★ **Great Eastern Mutual Life Insuarnce Co.**
June 23 (letter of notification) 45,583 shares of common stock (par $1) to be offered for subscription by stockholders of record June 10 in the ratio of one new share for each three shares held; stock not subscribed for by Sept. 10, 1955 will be offered to public. **Price**—To stockholders, $3 per share; and to public, $5 per share. **Proceeds**—To increase capital and surplus accounts. **Office**—210 Boston Bldg., Denver, Colo. **Underwriter**—None.

★ **Griff Mines, Inc., Winnemucca, Nevada**
May 26 (letter of notification) 220,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—151 Sonoma St., Winnemucca, Nev. **Underwriter**—None.

Gulf Sulphur Corp., Houston, Texas (7/7)
June 17 filed $3,000,000 of 5% series A convertible debentures due July 1, 1970, and $1,500,000 of 5% series B convertible debentures due July 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—To repay promissory note and for working capital and general corporate purposes. **Underwriter**—Bear, Stearns & Co., New York.

Harley Patents, Inc.
April 6 (letter of notification) 10,000 shares of capital stock (par 10 cents.) **Price**—$1.50 per share. **Proceeds**—For working capital. **Office**—580 Fifth Ave., New York 36, N. Y. **Underwriter**—E. E. Smith Co., same city.

Hartford Gas Co., Hartford, Conn.
May 10 filed $1,500,000 of 3¼% 10-year convertible debentures due July 1, 1965, 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.

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.

★ **Haydock Fund, Inc., Cincinnati, Ohio**
June 23 filed 624,500 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

★ **Hemisphere Products, Ltd., Washington, D. C.**
June 8 (letter of notification) 8,000 shares of 10% cumulative preferred stock (par $2.50) and 120,000 shares of common stock (par 25 cents) to be offered in units of 30 shares of common stock and two shares of preferred stock. **Price**—$25 per unit. **Proceeds**—For production of pilot films, and working capital. **Office**—407 Pennsylvania Bldg., Washington 4, D. C. **Underwriter**—None.

● **Hercules Plastics Corp.**
June 16 (letter of notification) 141,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For equipment, loan to subsidiary and working capital. **Office**—9 Rockefeller Plaza, New York, N. Y. **Underwriter**—Lincoln Securities Corp., same city. **Offering**—Now being made.

● **Hertz Corp., Chicago, Ill.**
June 3 filed $5,058,300 4% convertible subordinated debentures due July 1, 1970 being 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**—102½% of principal amount (flat). **Proceeds**—For working capital for expanded operations. **Business**—Automobile rental and truck leasing. **Underwriters**—Lehman Brothers and Hornblower & Weeks, both of New York.

Home-Stake Production Co., Tulsa, Okla.
May 12 filed 60,000 shares of capital stock (par $5) and 1,000 debentures (par $100) to be offered for sale in units of 60 shares of stock and one $100 debenture, or multiples thereof. **Price**—$400 per unit. **Proceeds**—For working capital. **Underwriter**—None. O. Strother Simpson, of Tulsa, Okla., is President.

Horseshoe Bend Uranium, Inc.
March 16 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For exploration and development expenses. **Office**—10 West 2nd South, Salt Lake City, Utah. **Underwriters**—James Anthony Securities Corp., New York; Lawrence A. Hays Co., Rochester, N. Y., and Ned J. Bowman Co., Salt Lake City, Utah.

Horton Aircraft Corp., Las Vegas, Nev.
April 26 filed 500,000 shares of common stock (no par), of which 400,000 shares are to be offered for account of company and 100,000 shares for account of William E. Horton, President. **Price**—$1 per share. **Proceeds**—For construction of model of "Horton Wingless Aircraft" and expenses incident thereto. **Underwriter**—None.

Humble Sulphur Co., Houston, Texas
April 25 filed 500,000 shares of common stock (par 1¢). **Price**—$1.20 per share. **Proceeds**—For exploration for sulphur and related activities. **Underwriter**—Garrett & Co., Dallas, Texas.

Idaho Power Co., Boise, Idaho
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. Statement effective June 16.

● **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. Statement effective June 16.

Illinois Bell Telephone Co. (7/12)
June 21 filed $30,000,000 of first mortgage bonds, series D, due July 15, 1995. **Proceeds**—To repay advances from American Telephone & Telegraph Co., parent. **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.

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. (7/11-15)**
May 12 (amendment) $1,500,000 of 5% debentures due 1975 and 300,000 shares of common stock (par 50 cents), of which 85,000 shares are to be sold to Seymour and Bernard Offerman at $5 per share. **Price**—To be supplied by amendment. **Proceeds**—To purchase Hugh H. Eby Co. and Wirt Co. **Underwriters**—Milton D. Blauner & Co., Inc., New York; Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., New York.

★ **Inland Steel Co., Chicago, Ill.**
June 23 filed 500,000 shares of capital stock (no par) to be offered for subscription by officers and employees under the company's 1955 Employees' Stock Option Plan.

International Fidelity Insurance Co., Dallas, Tex.
March 30 filed 110,000 shares of common stock (no par). **Price**—$5.75 per share. **Proceeds**—To 12 selling stockholders. **Underwriter**—Franklin Securities Co., Dallas, Texas.

★ **Interstate Adjusteze Corp., Anaheim, Calif.**
June 23 filed 345,534 shares of common stock (par $1) to be offered for subscription by common stockholders of Interstate Engineering Corp. on a share-for-share basis. **Price**—$2 per share. **Proceeds** — For machinery and equipment; and for working capital. **Underwriters**—Dempsey-Tegeler & Co., St. Louis, Mo.; Cruttenden & Co., Chicago, Ill.; and Fairman & Co., Los Angeles, Calif.

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.

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.

★ **Kentucky Harness Racing Association, Inc.**
June 20 (letter of notification) $280,000 of 6% 10-year cumulative income debentures and 28,000 shares of common stork (par one cent) to be offered in units of a $1,000 debenture and 100 shares of stock. **Price**—$1,001 per unit. **Proceeds**—For purchase of land, construction of proposed harness racing plant, and working capital. **Office**—Versailles, Ky. **Underwriter**—None.

● **Kerr-McGee Oil Industries, Inc.**
June 6 filed 450,000 shares of 4½% prior convertible preferred stock (par $25) were offered on June 27 in exchange for 150,000 shares of Deep Rock Oil Corp. common stock on a three-for-one basis; the offer to expire on July 15. 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 & Sons, 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.

★ **Kroehler Mfg. Co., Naperville, Ill. (7/20)**
June 28 filed 216,828 shares of common stock (par $5), of which 160,328 shares are for account of company and 56,500 shares for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For expansion and repayment of bank loan of Canadian subsidiary. **Underwriter**—White, Weld & Co., New York.

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 Alabama**
June 6 (letter of notification) 6,000 shares of common stock (par $5). **Price**—$50 per share. **Proceeds**—To increase surplus and capital accounts. **Office**—American National Bank Bldg., Gadsden, Ala. **Underwriter**—Burius Randolph Winstead, Vice-President and Assistant Secretary, same address.

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.

● **Livingston Oil Co., Tulsa, Okla. (7/18-21)**
June 16 filed 742,000 shares of common stock (par 10 cents). **Price**—$2.75 per share. **Proceeds**—For purchase of properties and working capital. **Underwriter** — Van Alstyne, Noel & Co., New York.

Lone Star Uranium & Drilling Co., Inc.
April 7 (letter of notification) 570,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—1100 Fidelity Union Life Bldg., Dallas, Tex. **Underwriter** — Christopulos-Nichols Co., Las Vegas, Nev.

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.

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.

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.
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, which will expire on July 1 (subject to 60 days extension), is subject to acceptance of not less than 80% (80,000 shares) of the stock of Jamaica National.

Marine Midland Corp., Buffalo, N. Y.
June 20 filed 96,000 shares of common stock (par $1) to be offered in exchange for all the issued and outstanding capital stock of Auburn Trust Co., Auburn, N. Y., at rate of four shares of Marine Midland stock for each share of Auburn stock held of record July 1, 1955. The

offer is subject to acceptance by the holders of not less than 80% (19,200 shares) of the stock of Auburn. **Underwriter**—None.

★ Marvin Electric Manufacturing Co.
June 15 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital, payment of notes and purchase of equipment. **Office**—648 Santa Fe Ave., Los Angeles, Calif. **Underwriter**—Aetna Securities Corp., New York.

● McLean Securities Corp. (7/11-15)
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.

Medical Abstracts, Inc., Philadelphia, Pa.
June 15 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office**—825 Western Savings Fund Bldg., Philadelphia, Pa. **Underwriter** — Carl J. Bliedung, Washington, D. C.

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., New York
June 28 filed 314,718 shares of common stock (par $12.50) to be offered in exchange as follows: 102,250 shares to class A stockholders of Devoe & Raynolds & Co., Inc. on basis of 1⅔ shares for each Devoe share; 6,621 shares to class B common stockholders of Devoe on 1⅓-for-1 basis; 127,623 shares to common stockholders of New York Shipbuilding Corp. on a share-for-share basis; 53,324 shares to common stockholders of Tennessee Products & Chemical Corp. on a 1¼-for-1 basis; 13,453 shares to common stockholders of Newport Steel Corp. on a 1-for-2.1 basis; 10,899 shares to common stockholders of Marion Power Shovel Co. on a 1½-for-1 basis; and 548 shares of class B common stockholders of The Osgood Co. on a 1-for-1½ basis. **Underwriter**—None.

Midwestern United Life Insurance Co.
May 25 filed 75,000 shares of common stock to be offered for subscription by stockholders of record June 1 on a 1-for-4 basis. **Price**—$2 per share. **Proceeds**—For capital and surplus. **Office**—229 West Berry St., Fort Wayne, Ind. **Underwriter**—None. **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**—518 Main St., Siloam Springs, Ark. **Underwriter**—Dewitt Investment Co., Wilmington, Del.

★ Mira Uranium Corp., Socorro, N. M.
June 21 (letter of notification) 105,500 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For mining expenses. **Office**—113 Bernard St., Socorro, N. M. **Underwriter**—None.

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.

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.

Morning Sun Uranium, Inc., Spokane, Wash.
June 14 (letter of notification) 700,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Office** — 415 Paulsen Bldg., Spokane, Wash. **Underwriter**—Pennaluna & Co., same city.

Morrell (John) & Co., Ottumwa, Iowa
March 31 (letter of notification) 16,000 shares of capital stock (no par) to be offered in exchange for a like number of shares of John J. Felin Co., Inc., plus a cash payment. **Underwriter**—None.

Mortgage Associates, Inc., Philadelphia, Pa.
June 7 (letter of notification) 20,000 shares of 60-cent convertible preferred stock (par $5) and 20,000 shares of common stock (par 10 cents). **Price**—For preferred, $10 per share; and for common, $2.50 per share. **Proceeds**—For construction loans and acquisitions. **Underwriters**—Rambo, Close & Kerner Inc., Philadelphia, Pa.; and J. S. Hope & Co., Scranton, Pa.

● Mountain Fuel Supply Co.
June 8 filed 198,990 shares of capital stock (par $10) being offered for subscription by stockholders of record as of June 23 on the basis of one new share for each 10 shares held; rights to expire on July 18. **Price**—$25.50 per share. **Proceeds** — To finance expansion program. **Underwriter**—The First Boston Corp., New York.

★ Muddy River Uranium Corp.
June 20 (letter of notification) 1,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Offices**—206 N. Virginia St., Reno, Nev., and 214 Tenth Ave., Salt Lake City, Utah. **Underwriter** — Elmer K. Agaard, 323 Newhouse Bldg., Salt Lake City, Utah.

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.

Natick Chemical Industries, Inc. (7/5-8)
June 13 (letter of notification) 266,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office** — 780 Worcester St., Natick, Mass. **Underwriter**—G. F. Rothschild & Co., Inc., New York.

National Credit Corp., Phoenix, Ariz.
May 6 filed 300,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Underwriter**—None.

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) being offered for subscription by stockholders of record June 15, 1955 on basis of two new shares for each seven shares held; rights to expire on July 15. **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.

● Northern Indiana Public Service Co. (7/12)
June 20 filed 120,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters**—Central Republic Co. (Inc.), Chicago; and Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

★ Northport Water Works Co.
June 23 (letter of notification) 4,438 shares of common stock (no par) to be offered for subscription by stockholders on the basis of one share for each 3½ shares held (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and accounts payable and for new construction. **Office**—50 Chuch St., New York, N. Y. **Underwriter**—None.

★ Oasis Uranium & Oil Corp., Fort Worth, Texas
June 8 (letter of notification) 265,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For uranium and oil exploration. **Office**—Fortune Arms Bldg., Fort Worth, Tex. **Underwriter**—Standard Securities, Inc., Salt Lake City, Utah.

★ Ocean Drilling & Exploration Co., New Orleans, La.
June 23 filed 225,666 shares of common stock (par $1) to be offered for subscription by common stockholders on the basis of two new shares for each nine shares held. Murphy Corp., which owns 530,450 shares (52%) of the 1,015,500 common shares outstanding, intends to exercise rights to purchase at least 104,230 of the 117,877 shares to which it is entitled. **Price**—$8 per share. **Proceeds**—For equipment, to acquire oil and gas interests, exploration and possibly drilling costs; and to pay all or a portion of a $705,000 mortgage note. **Underwriters**—Morgan Stanley & Co. (New York) and Reinholdt & Gardner (St. Louis, Mo.) on a best-efforts basis.

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; rights to expire on Aug. 1. **Price**—To be supplied by amendment. **Proceeds**—To diversify and increase its premium volume. **Underwriter**—The First Boston Corp., New York.

★ Pacific Finance Corp., Los Angeles, Calif. (7/19-20)
June 28 filed $20,000,000 of 3½% debentures due 1985. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term bank loans. **Underwriters**—Blyth & Co., Inc. and Hornblower & Weeks.

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.

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.

★ Petrolane Gas Service, Inc. (7/15)
June 24 filed 61,302 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—Signal Hill, Calif. **Underwriters**—Bateman, Eichler & Co., First California Co., Inc. and William R. Staats & Co., all of Los Angeles, Calif.

Pictograph Mining & Uranium Co., Inc.
June 15 filed 2,400,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For exploration and mining operations and for purchase of equipment and additional claims or leases when justified. **Office**—Edgemont, S. D. **Underwriters**—General Investing Corp., J. H. Lederer Co. and McGrath Securities Corp., all of New York City; and Shaiman & Co., Denver, Colo.

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.

Powder River Pipeline, Inc., Billings, Mont.
May 31 (letter of notification) $300,000 of 5½% 10-year debentures. **Price**—At par (in denominations of $1,000 each). **Proceeds**—For expenses incident to oil and gas activities. **Underwriter**—The First Trust Co. of Lincoln, Neb. **Office**—Fratt Bldg., Billings, Mont.

Powder River Uranium, Inc., Elko, Nev.
June 13 (letter of notification) 10,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—For mining expenses. **Office**—522 South 5th St., Elko, Nev. **Underwriter**—Lewellen-Bybee Co., Washington, D. C.

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.

Pyramid Electric Co.
May 3 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter** — S. D. Fuller & Co., New York.

★ Quinby & Co., Inc., Rochester, N. Y.
June 23 filed $1,000,000 of Quinby Plans for Accumulation of Common Stock of General Electric Co. and $278,000 of Quinby Plans for Accumulation of Common Stock of E. I. du Pont de Nemours & Co.

Rand McNally & Co., Skokie, Ill.
June 9 (letter of notification) not to exceed 3,045 shares of common stock (par $10) to be offered for subscription by stockholders. **Price**—$16 per share. **Proceeds**—For general corporate purposes. **Office**—8255 Central Park Ave., Skokie, Ill. **Underwriter**—None.

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.

★ Redding-Miller, Inc., Denver, Colo.
June 21 (letter of notification) 300 shares of class A voting stock (par $100) and 16,905 shares of class B

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non-voting stock (par $10) to be offered in units of one class A and 50 class B shares. **Price** — $600 per unit. **Proceeds**—For planning, financing and construction and management of real estate properties. **Office**—931 East Sixth St., Denver, Colo. **Underwriter**—None.

Revere Realty, Inc., Cincinnati, Ohio
March 8 filed $1,000,000 of 5½% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). **Price**—Par for debentures and $100 per share for stock. **Proceeds** — To purchase real estate or interest therein. **Underwriter**—Stanley Cooper Co., Inc., Cincinnati, O.

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. No general offer planned.

Saint Anne's Oil Production Co.
May 9 (letter of notification) 20,000 shares of common stock (par $1) to be first offered to stockholders. **Price**—$6.25 per share. **Proceeds** — For oil and mineral and related activities. **Office**—Northwood, Iowa. **Underwriter**—None.

★ St. Regis Paper Co., New York
June 28 filed 329,327 shares of common stock (par $5) to be offered in exchange for common stock of General Container Corp. on basis of 2⅜ shares of St. Regis for one General share. Offer is conditioned upon St. Regis obtaining 80% of outstanding General stock. **Underwriter**—None.

★ San Juan Uranium Corp.
June 23 (letter of notification) 89,850 shares of common stock (par one cent), represented by options issued to underwriters. **Price**—50 cents per share. **Proceeds**—To selling stockholder. **Office** — Fidelity Bldg., Oklahoma City, Okla. **Underwriters**—Moran & Co., Newark, N. J. and E. W. Whitney, Wewoka, Okla.; and through company.

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.

★ Sheraton Corp. of America, Boston, Mass.
June 24 filed $1,380,000 of participations in the Employees Savings Plan for the employees of this corporation and participating subsidiary companies.

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.

★ Shumway Uranium, Inc., Moab, Utah
June 20 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office** — 6 Kirby St., Moab, Utah. **Underwriter**—Skyline Securities Inc., Denver, Colo.

★ Siboney Development & Exploration Co., Tulsa, Okla.
June 27 filed 2,000,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For geological and geophysical surveys and for drilling of exploratory wells. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

Siegler Corp., Centralia, Ill. (7/11-12)
June 20 filed 225,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay current indebtedness and for general corporate purposes. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

● Silver Creek Precision Corp. (7/5)
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.

★ Silvaire Aircraft & Uranium Co.
June 17 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share). **Proceeds**—For mining operations. **Office**—Fort Collins, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

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.

★ Southern Colorado Power Co. (7/27)
June 27 filed 20,000 shares of 4.72% cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—For payment of bank loans. **Underwriter**—Stone & Webster Securities Corp., Paine, Webber, Jackson & Curtis, and six other firms.

● Southland Racing Corp. (7/5-8)
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. **Office**—West Memphis, Ark. **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.

Stewart Oil & Gas Co. (7/5-8)
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.

★ Strevell-Paterson Finance Co. (7/1)
June 16 (letter of notification) 352,000 shares of common stock (par 50 cents) to be offered for subscription by stockholders at 70 cents per share; unsubscribed shares to be publicly offered at $85 per 100 shares. **Proceeds**—For working capital. **Office**—76 West Sixth South St., Salt Lake City, Utah. **Underwriter**—Harrison S. Brothers & Co., same city.

● Sun Hotel, Inc., Las Vegas, Nev.
Feb. 16 filed (as amended) 3,750,000 shares of common stock (par one cent). **Price**—$2.50 per share. **Proceeds**—To construct hotel and for working capital. **Underwriters**—Golden-Dersch & Co., Inc., New York; and Coombs & Co. of Las Vegas, Inc., Las Vegas, Nev.

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.

Super-Seal Piston Ring Corp., Brownwood, Tex.
June 3 (letter of notification) 575,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For machinery and working capital. **Office**—1812 Belle Plain Ave., Brownwood, Texas. **Underwriter**—Great Southwest Securities Co.

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.

★ Tennessee Life & Service Insurance Society
June 20 (letter of notification) 9,200 shares of common stock (par $5) to be offered for subscription by stockholders. **Price**—$30 per share. **Proceeds**—To increase working capital for agency expansion. **Office** — 1409 Magnolia Ave., Knoxville, Tenn. **Underwriter** — None.

Texas Eastern Transmission Corp. (7/13)
June 21 filed 160,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay borrowings made in connection with reconversion of a portion of the Little Big Inch pipeline to the transportation of petroleum products. **Underwriter**—Dillon, Read & Co. Inc., New York.

Texas Western Oil & Uranium Co., Denver, Colo.
June 15 (letter of notification) 5,960,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office** — 407 Denver National Bldg., Denver, Colo. **Underwriter**—Floyd Koster & Co., same address.

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
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.

★ 1320 Corporation, Washington, D. C.
June 9 (letter of notification) 507 shares of preferred and 338 shares of common to be offered in units of three shares of preferred and two shares of common stock; and $50,000 of 5% unsecured debentures. **Price**—For stock, $500 per unit; and for debentures, at par (in denominations of $2,500 each). **Proceeds**—To operate a banquet hall. **Office**—954 Washington Bldg., Washington 5, D. C. **Underwriter**—None.

Thorofare Markets, Inc., Murrysville, Pa.
June 22 filed $2,000,000 of sinking fund subordinated debentures, series A (convertible on or before June 30, 1962), due July 1, 1975. **Price** — To be supplied by amendment. **Proceeds**—To retire note, and for expansion and working capital. **Underwriter**—Hulme, Applegate & Humphrey, Inc., Pittsburgh, Pa.

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.

Tremont Motel Corp.
June 13 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For new construction, furniture and equipment and working capital. **Office** — 321 Milburn Ave., Milburn, N. J. **Underwriter**—Berry & Co., Plainfield, N. J.

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.

Tungsten Mountain Mining Co., Fallon, Nev.
June 8 (letter of notification) 149,800 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining operations. **Address** — P. O. Box 456, Fallon, Churchill County, Nev. **Underwriter**—H. P. Pratt & Co., Seattle, Wash.

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.

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 Funds, Inc., Kansas City, Mo.
June 22 filed (by amendment) an additional 200,000 shares of United Income Fund; 1,000,000 shares of United Accumulative Fund; 1,000,000 shares of United Scientific Fund; 1,000,000 shares of United Continental Fund; $50,000,000 in Periodic Investment Plans without insurance and an undeterminate number of underlying shares of United Accumulative Fund; and $3,000,000 of Periodic Investment Plans with insurance and an indeterminate number of underlying shares of United Accumulative Fund.

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 as of 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.

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. (7/6-7)
April 18 filed 550,000 shares of capital stock (par 10 cents), of which 70,000 shares are for the account of selling stockholders and 480,000 shares for the company's account (each share being accompanied by a warrant to purchase one-half share before Jan. 3, 1957. **Price**—$2.50 per share. **Proceeds**—To repay notes and for exploration and development expenses. **Office** — Grand Junction, Colo. **Underwriter**—Van Alstyne, Noel & Co., New York.

Vanura Uranium, Inc., Salt Lake City, Utah
June 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — I. J. Schenin & Co., New York. **Name Change**—The company was formerly known as San Miguel Uranium, Inc.

★ **Vas Uranium & Drilling Co., Monticello, Utah**
June 20 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Underwriter**—Skyline Securities Inc., Denver, Colo.

Vectron, Inc., Waltham, Mass.
June 10 (letter of notification) 5,700 shares of class A common stock ($1). **Price**—At market (estimated at $8.75 per share). **Proceeds**—To increase working capital. **Office**—400 Main St., Waltham, Mass. **Underwriter**—May & Gannon, Inc., Boston, Mass.

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.

★ **Warren Christmas Trees, Inc.**
June 20 (letter of notification) 297,000 shares of common stock (par $1), of which 150,200 shares are to be offered for cash at par, and 146,800 shares to be offered for debts and rent for two years in advance and assignment of application for U. S. Letters Patent. **Proceeds** — For manufacture and sale of artificial Christmas trees. **Office**—261 West Base Line, San Bernardino, Calif. **Underwriter**—Ernest W. White, 1364 Conejo Drive, same city.

Warwick Hotel Associates, New York
June 22 filed $4,250,000 of participations in partnership interest in Associates in minimum amount of $10,000. **Proceeds** — To pay part of purchase price of Warwick Hotel, Philadelphia, Pa., and related expenses. **Underwriter**—None.

Washington Natural Gas Co. (7/5-8)
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.

Weco Products Co., Chicago, Ill.
June 3 (letter of notification) 3,500 shares of common stock (par $1). **Price**—At market. **Proceeds**—To a selling stockholder. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

★ **West Coast Telephone Co. (7/19)**
June 27 filed 150,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds** — For construction program and to repay bank loans. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Western Hills Inn, Fort Worth, Texas
Jan. 31 filed 200,000 shares of capital stock (no par) **Price**—$5 per share. **Proceeds**—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. **Underwriter**—Schwanz & Co., Inc., Aurora, Ill.

● **Western Nebraska Oil & Uranium Co., Inc. (7/25-29)**
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.

★ **Western States Mineral Venture, Denver, Colo.**
June 17 (letter of notification) 20 participating units of $5,000 each. **Price**—At face value. **Proceeds**—For mining operations. **Office**—c/o Minerals Mining & Exploration Inc., 711 Majestic Bldg., or P. O. Box 143, Denver, Colo. **Underwriter**—None.

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.

● **Wright Line, Inc., Worcester, Mass. (7/12)**
June 17 filed 110,000 shares of class B common stock (par $1), of which 50,000 shares are to be offered for the company and 50,000 shares by certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To finance additions to factory building and for working capital and general corporate purposes. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

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 County Gas Co., York, Pa.**
June 3 (letter of notification) 5,571 shares of common stock (par $20) to be offered for subscription by stockholders. **Price**—$45 per share. **Proceeds**—To pay off bank loans. **Office** — 127 West Market St., York, Pa. **Underwriter**—None.

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 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.

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.

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.

Chicago, Milwaukee, St. Paul & Pacific RR.
May 10 it was announced stockholders will vote July 13 on approving the creation of an issue of $60,000,000 5% income debentures, series A, to be offered in exchange for outstanding preferred stock, series A, about Aug. 1 on a par for par basis; offer to expire on Sept. 1, 1955.

Commonwealth Edison Co.
Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing. **Proceeds**—For new construction, which, it is estimated, will cost about $125,000,0000 in 1955. **Underwriters**—For last equity financing were The First Boston Corp. and Glore, Forgan & Co.

Consolidated 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.

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.

First National Bank of Arizona
June 17 it was announced that this Bank plans to offer to its stockholders 160,000 additional shares of capital stock on the basis of one new share for each three shares held. **Price**—$30 per share. **Proceeds** — To increase capital and surplus. **Underwriter** — None, but Transamerica Corp., the parent, will purchase any unsubscribed shares.

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.

Florida Power Corp.
April 14 it was announced company may issue and sell between $10,000,000 and $12,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp. **Offering**—Expected late in 1955 or early 1956.

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."

★ **General Minerals Corp.**
June 20 it was reported that company plans early registration of 1,200,000 shares of its common stock. **Underwriters**—Sanders & Newsom and Rauscher, Pierce & Co., both of Dallas, Tex.; and Laird & Co., Wilmington, Del.

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.

Housatonic Public Service Corp. (9/5)
June 20 it was reported company plans to issue and sell 14,817 additional shares of common stock (par $15) to common stockholders of record Sept. 5 on the basis of one new share for each 25 shares held; rights to expire on Sept. 26. **Price**—$22 per share. **Proceeds**—For construction program. **Underwriter**—None. Unsubscribed shares to be sold to highest bidder.

Hupp Corp.
May 13 stockholders approved a proposal increasing the authorized capital stock from 3,000,000 to 4,200,000 shares (200,000 of such increased shares shall be (new) serial preferred stock, $50 par value and 1,000,000 shares shall be common stock, $1 par value); also waiving of preemptive rights to such increased shares.

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.

International Oil & Metals Corp., Seattle, Wash.
May 23 it was reported company may do some financing some time in the future. William D. Bost of Whitcomb & Co., New York, is Chairman of the Board.

Isthmus Sulphur Co. (Texas)
March 30 it was reported early registration is planned of an undertermined number of common shares. **Underwriters**—L. D. Sherman & Co., New York, and Garrett & Co., Dallas, Tex.; and others.

Jersey Central Power & Light Co.
Feb. 21 it was reported company plans to sell $5,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Glore, Forgan & Co. **Offering** — Expected before July 1.

Keystone Wholesale Hardware Co., Atlanta, Ga.
Jan. 27 it was stated that the company plans at a later date to offer additional shares for sale nationally. An offering of 16,666 shares of common stock was recently made to residents of Georgia only at $3 per share. **Office**—517 Stephens St.. S.W., Atlanta, Ga.

Lithium Developments, Inc., Cleveland, Ohio
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.

Lucky Stores, Inc.
April 20 stockholders approved a proposal to increase the authorized common stock (par $1.25) from 1,000,000 shares to 2,000,000 shares (there are 804,063 shares outstanding). It was reported previously that the company

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proposed to raise approximately $1,500,000 through the sale of 150,000 shares. However, no immediate financing is planned. **Underwriter**—Probably Blair & Co. Incorporated, New York.

Maine Central RR.
Feb. 14, E. Spencer Miller, President, said company has not given up the idea of refunding the $17,000,000 5⅛% first mortgage and collateral trust bonds due 1978. Probable bidders for new bonds may include Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; Coffin & Burr, Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Glore, Forgan & Co.

Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. Office—Room 717, 141 Broadway, New York 6, N. Y.

Maremont Automotive Products, Inc.
May 23 it was reported company plans early registration of $2,000,000 convertible debentures due 1970. **Underwriters** — Hallgarten & Co.; Straus, Blosser & McDowell; and McCormick & Co. (latter handling books).

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.

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 Power Co. (9/20)
June 20 it was reported company plans to issue and sell 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Lehman Brothers; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly). **Registration**—Planned for Aug. 17. **Bids**—Expected to be received up to 11 a.m. (EDT) on Sept. 20.

Ohio Power Co. (9/20)
June 20 it was reported company plans to issue and sell $22,000,000 of first mortgage bonds due 1985. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly); Kuhn, Loeb & Co.; Blyth & Co., Inc.; Union Securities Corp. and Salomon Bros & Hutzler (jointly); The First Boston Corp. **Registration**—Planned for Aug. 17. **Bids**—Expected to be received up to 11 a.m. (EDT, on Sept. 20.

Pacific Far East Line, Inc., San Francisco, Calif.
June 18 it was reported that early registration is expected of 80,000 shares of cumulative convertible preferred stock (par $25) and of about 160,000 shares of common stock, of which 100,000 shares are to be sold for the company and the balance for the account of Chicago Corp. **Underwriter**—A. G. Becker & Co. (Inc.), Chicago, Ill.

Pacific Telephone & Telegraph Co.
June 21 it was announced company plans to offer to its preferred and common stockholders later this year 1,339,196 additional shares of common stock on a 1-for-6 basis. (American Telephone & Telegraph Co., the parent, owns a majority of the common and preferred stocks presently outstanding.) **Price**—At par ($100 per share). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—None.

● **Pacific Telephone & Telegraph Co. (8/16)**
June 21 it was announced company plans to issue and sell $81,000,000 of 30-year debentures due 1991. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co., Lehman Brothers and Union Securities Corp. (jointly). **Registration**—Planned for the latter part of July. **Bids**—Expected to be opened Aug. 16.

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.

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.

Southern California Gas Co.
Feb. 28 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds. Application has been filed with California P. U Commission for exemption from competitive bidding. Bids received on last sale of bonds were from Halsey, Stuart & Co Inc.; Blyth & Co., Inc.; White, Weld & Co. and Union Securities Corp. (jointly): Lehman Brothers.

Southern Co. (11/9)
Dec 30 it was announced company plans to issue and sell to the public 500,000 additional shares of common stock (par $5). Proceeds—To repay bank loans and for investment in additional stock of subsidiary companies Underwriter—To be determined by competitive bidding. Probable bidders The First Boston Corp., Ladenburg. Thalman & Co.. Carl M Loeb Rhoades & Co and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp (jointly): Lehman Brothers: Morgan Stanley & Co.; Kidder Peabody & Co., and Merrill Lynch. Pierce, Fenner & Beane Bids—Tentatively scheduled for Nov 9. Registration—Not expected until Oct. 12

Southland Frozen Foods, Inc.
April 18 it was reported company plans to offer $600,000 of 6% debentures and 60,000 shares of common stock. **Office**—160 Broadway, New York City. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York. **Offering**—Expected in 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.

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.

Texas National Bank, Houston, Texas
June 16 it was announced this Bank plans to offer to its stockholders 50,000 additional shares of capital stock (par $20). **Price**—$40 per share. **Proceeds**—To increase capital and surplus.

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).

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.

Warren Brothers Co., Cambridge, Mass.
June 21 it was announced stockholders on July 19 will vote upon a plan to refinance the outstanding 40,665 shares of $2.50 cumulative preferred stock (par $50). It is proposed to issue not more than $2,500,000 of notes, bonds or debentures which may be in whole or in part convertible into common stock at not less than $50 per share. **Proceeds**—To retire preferred stock, to pay off a $225,000 loan and for working capital.

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 consideration is being given to the issuance of some additional shares of common stock through an offering to stockholders. Stockholders April 13 voted to approve a 4-for-1 split of the company's stock and the issuance of an additional 1,580,000 new shares, part of which are expected to be offered as aforesaid, but no definite financing plans have been formulated. **Underwriters**—Expected to include Kuhn, Loeb & Co.; Lehman Brothers; and Clark, Dodge & Co.

Westpan Hydrocarbon Co.
March 2 it was announced Sinclair Oil Corp. has agreed with the SEC to divest itself of its investment of 384,380 shares of Westpan stock (52.8%). **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. White, Weld & Co., New York, may be included among the bidders.

Worcester County Electric Co. (10/18)
The company proposes to file a registration statement with the SEC early in September with respect to sale of $8,500,000 first mortgage bonds, series D, due 1985. **Proceeds**—For payment of bank loans and new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutzler and Stroud & Co., Inc. (jointly); Coffin & Burr, Inc.; Kidder, Peabody & Co., Blyth & Co., Inc. and White, Weld & Co. (jointly); Blair & Co. Incorporated and Baxter, Williams & Co. (jointly). **Bids**—Tentatively scheduled to be received on Oct. 18 at company's office, 441 Stuart St., Boston 16, Mass.

Mutual Funds

By ROBERT R. RICH

National Analyses Market Strength

Basic economic factors provide much sounder support for the stock market today than in 1929 and in relation to these factors current market prices are not high, according to a special study released today by National Securities & Research Corp., which sponsors and manages the National Series of mutual investment funds with combined assets of about $240,000,000.

The current study is a sequel to one originally published a year ago, when the market was at a much lower level. It includes the following tabulation showing the relationship between stock prices and the economic indicators in 1929 and now. Economic data for 1955 are partially estimated by the National Securities staff.

Some Economic Supports and the Market (1929=100)

	1929	1955*
Dow-Jones Industrial Average	100	115†
Value of all NYSE stocks	100	204‡
Personal consumption expends.	100	310
Producers' durable equipment	100	385
New private construction	100	346
Fed. purch. goods & services	100	3600
State & local govt. expends.	100	419
Gross National Product	100	362
Disposable personal income	100	315
Personal saving	100	402
National income	100	353

*Our estimates of economic data for calendar 1955. †At 440 level. No estimate for 1955 projected. ‡At May 31, 1955. No estimate for 1955 projected.

"It is clear," the report points out, "that the smallest percentage increase for calendar 1955 among the economic supports shown—an estimated 210% gain over 1929 in personal consumption expenditures—is over twice as large as the 104% rise in the value of stocks listed on the Bid Board."

Major factors affecting the market which are discussed in the study include the volume of trading, brokers loans, margins, earnings and dividends of industrial corporations, population growth, industrial production and corporate capital expenditures. It is pointed out, for example, that the dividends on the Dow-Jones Industrial average in 1955 may closely approximate the $19.94 of earnings accruing to that index in 1929.

NET ASSETS of Canadian Fund increased about 15% per share in the last six-month period, it was revealed in the semi-annual report covering the six months ending May 31, 1955.

Total net assets as of May 31 had reached $33,191,070, equivalent to $16.91 a share compared with $29,324,397 or $14.73 per share on Nov. 30, 1954.

In a message to stockholders, Hugh Bullock, President, quoted recent statements by James E. Coyne, Governor of the Bank of Canada.

Mr. Coyne estimated that "in the next 20 years Canada's Gross National Product may well increase by 100%." He further predicted that in this period the gain in Canada's exports would be some 65% and the rise in imports about 50%.

Canadian Fund, Inc. was organized in 1952 as a U. S. corporation with a policy of investing in companies which offer outstanding opportunities for participation in Canada's long-term growth. As of May 31, 1955, approximately 95% of its total net assets were invested in Canadian common stocks.

THE LARGEST dividend distribution from investment income ever made in one quarter was made by Wellington Fund today when it distributed $3,408,460 to approximately 150,000 shareholders.

Dividend checks representing the declaration of 20 cents a share in distributions from net investment income were mailed to Wellington Fund shareholders of record June 9, 1955.

A. J. Wilkins, Vice-President of the $455,000,000 mutual fund, stated that the payment in the 102nd consecutive quarterly payment to Wellington shareholders.

IN THE LESS than three years since it was formed, the net assets of the Value Line Income Fund have topped the $50 million mark.

More than 18,00 shareholders have now purchased over 8,000,000 Value Line Income Fund shares. During the Fund's corporate existence, net asset value per share has risen from $5.00 to $6.33. Beginning in 1953, total dividends of $1.10 per share have been paid from income together with an additional six cents per share paid from security profits.

ALL MONTHLY sales records in the 61-year history of Investors Diversified Services, Inc., were broken during May, 1955, reported Grady Clark, Vice-President of Sales today. The grand total was $83,705,646.

Of this amount, gross dollar volume of sales of four mutual investment funds managed and distributed by I.D.S. totaled $37,661,48. The funds are Investors Mutual, Inc., Investors Stock Fund Inc., Investors Selective Fund, Inc. and Investors Group Canadian Fund Ltd., all affiliates of I.D.S.

Total maturity value of face-amount instalment certificates purchased by individual investors during May was $46,044,158. These certificates were issued by Investors Syndicate of America, Inc., and Investors Syndicate Title & Guaranty Company (New York), subsidiaries of I.D.S.

Perennial Study Analyzes Market

Are the fears of investors who hesitate to buy stock at the present time justified?

A barometer of market sentiment which will give investors an answer to this question has been developed by Arthur Weisenberger & Company, members of the New York Stock Exchange.

This device is a feature of the 15th edition of "Investment Companies," a reference in the field, published this week.

The 400-page illustrated book contains a full chapter on measuring market sentiment.

In addition, the book contains full portfolio holdings, earnings and performance data on 117 mutual funds and 53 closed-end companies as well as basic information on the operation and many uses of investment companies.

"On the average, over recorded stock market history, investors have apparently felt that stocks were worth just about 20 times the annual rate of dividends," says Mr. Weisenberger, senior partner of the firm. "In other words, to get $1 of dividend income it was necessary to invest $20."

In practice, however, most of the time investors either refused to pay that much or gladly paid more—because of the importance of psychological factors. Since the turn of the century, $1 of dividends has sold for as little as $10 and for as much as $36, it was noted.

"These variations can not only be measured, but they hold within a rather well-defined range," Mr. Weisenberger asserted, "and therefore, in the price of $1 of dividends, the investor has available—not a forecasting device—but a valuable measure of the degree of risk in the market at any time."

By charting the price people were willing to pay for $1 of dividends from 1900 to the present time, the Weisenberger firm has been able to develop a single barometer of stock market sentiment.

The years 1928, 1933, 1938 and 1946, for example, were times of high public enthusiasm for common stocks and people were willing to pay $30 or more for $1 in dividends.

By contrast, in 1932, a panic stricken public would pay only $10 for $1 in dividends, and in 1937, 1942, 1949, and 1951 a worried public would only pay $15 or less for that same $1 in dividends.

It is noted that at the present time the public is willing to pay around $23 for $1 in dividends.

"While stock market sentiment indicates public confidence well above the level of worry and caution of several years ago, it is still far short of the degree of enthusiasm which would suggest the existence of an inflated and dangerous market level."

I.D.S. Fund Up

Total net assets of Investors Selective Fund, Inc., mutual fund affiliate managed by Investors Diversified Services, Inc., rose from $20,723,845 as of Nov. 30, 1954 to $21,604,012 as of May 31, 1955, an increase of $880,167 for the first half of the 1955 fiscal year, according to the fund's semi-annual report issued to shareholders today.

At the close of the first six months, over 95% of the fund's assets was invested in bonds and preferred stocks. Of this total, 17.30% was invested in bonds, and 78.59% in preferred stocks.

DIF Reports For Half

Diversified Investment Fund, Inc., in its semi-annual report for the six months ended May 31, 1955, termed the period one of continued progress, with total net assets crossing the $50,000,000 mark and with substantial increases in net asset value per share and number of shares outstanding.

Total net assets at the close of the period amounted to $54,235,949, representing an increase of $6,378,152 over the fiscal year-end figures reported Nov. 30, 1954.

Asset value per share of $9.17 on May 31 compares with $8.37 at the close of the previous year and $7.47 reported May 31, 1954. Outstanding shares on May 31, 1955, totaled 5,914,876, exceeding by 197,901 the shares outstanding Nov. 30, 1954.

During the six months ended May 31, the relationship within the fund's investment portfolio between senior securities and cash on the one hand and common stocks on the other was maintained virtually unchanged. Although bonds and preferred stocks were increased slightly, common stocks continued throughout the period to represent approximately 70% of the fund's investment holdings.

This proportion of interest in corporate equities, according to William Gage Brady, Jr., the fund's Chairman, reflects the management's belief that economic conditions still favor a major weighting in common stocks. New common stock investments included purchases of automotive, railroad and machinery company shares.

PERSONAL PROGRESS

CHARLES W. IRELAND of Orlando and De Bary, Florida has been appointed Florida representative of Mutual Fund Distributors, Inc., principal underwriters of Managed Funds, Inc. of St. Louis, Mo., one of the nation's largest mutual fund organizations, with net assets of over $37,800,000.

Charles W. Ireland

Mr. Ireland recently resigned as representative for the First Florida Investors of Orlando with whom he had been associated for two years. In his new position, he will represent Mutual Fund Distributors, Inc. in the wholesaling of Managed Funds through investment dealers in the State of Florida.

A long-time resident of De Bary, Mr. Ireland, 33, studied at Temple University in Philadelphia, Pa. and gained his first experience in the mutual fund field with Keystone Custodian Fund in Boston, Mass.

THE MUTUAL Investment Company of America, a mutual fund sponsored by MICA Fund Distributors, Ins., announces the election of Philip M. Jenkins of White Plains, New York, to its board of directors.

Mr. Jenkins is believed to be the first Negro to become a director of a mutual fund. Formerly associated with Bache & Co. of New York, Mr. Jenkins also is a director of North American Television Productions, In.

Atomic Reps Plan to Attend Geneva Parley

Atomic Development Mutual Fund will send three representatives to the International Conference on the Peaceful Uses of Atomic Energy at Geneva from Aug. 8 to 20.

Newton I. Steers, Jr., President of the Fund, Louis Gerald, New York City representative, and S. Chadwick Reed, New England representative, will attend the Conference and confer with European businessmen who are interested in atomic affairs.

The fund will also have an exhibit in the U. S. Industrial Section of the First International Exhibition on the Peaceful Uses of Atomic Energy to be held in Geneva concurrent with the Conference.

Mr. Steers said that a vast amount of new information would be declassified for presentation at the Geneva Conference, and that the atomic industry would receive a great forward impetus as a consequence.

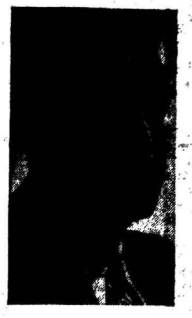
A secondary purpose of the visit, Mr. Steers said, was to investigate the desirability of the fund's investing in European companies which are entering the atomic energy field.

The fund already owns the securities of a number of South-African gold-uranium companies, as well as Canadian and Australian atomic companies. It also holds a large block of shares of N. V. Phillips Gloeilampenfabriken, nuclear equipment manufacturer with plants throughout Western Europe.

Debt Service Improving on Foreign Dollar Bonds

Bulletin of the Institute of International Finance of New York University, issued by Dean G. Rowland Collins and Dr. Marcus Nadler, gives estimate of 76.46% as 1954 debt service of publicly offered foreign dollar bonds compared with 73.16% in 1953.

In 1954 debt service was paid in full on $3,415,808,075, or 76.46% of the total $4,467,279,321 of publicly offered foreign dollar bonds outstanding on Dec. 31, 1954, according to a bulletin entitled "Statistical Analysis of Publicly Offered Foreign Dollar Bonds," issued on June 20 by Dean G. Rowland Collins, Director, and Dr. Marcus Nadler, Research Director of the Institute of International Finance of New York University. The increase in proportion of bonds serviced in full from 73.16% in 1953 was due to the growing number of bonds assenting to the various debt-service resumption plans and to the flotation of new issues by Canadian political subdivisions ($69,266,000), Belgium ($30,000,000), and the International Bank for Reconstruction and Development ($100,000,000). The new issues and the funding bonds issued in settlement of interest arrears have offset partly the reduction in the total principal amount of outstanding bonds caused by amortization, calls, and maturities. Upon completion of validation of German bonds, the outstanding total of such bonds will be drastically reduced. As of Dec. 31, 1954, $130,626,200 principal amount of bonds have been registered for validation with the Validation Board and $116,923,100 of bonds have been validated.


G. Rowland Collins


Marcus Nadler

Status of Publicly Offered Foreign Dollar Bonds

	—Dec. 31, 1953— (000,000)	%	—Dec. 31, 1954— (000,000)	%
Debt Service Paid in Full	$3,277.2	73.16	$3,415.8	76.46
In Default in Regard to Interest	1,143.4	25.52	1,028.2	23.02
In Default in Regard to Sinking Fund or Principal	59.3	1.32	23.2	0.52
Total	$4,479.9	100.00	$4,467.2	100.00

On Dec. 31, 1954, European and Latin-American obligors accounted for 98.9% of defaulted bonds. Of the total Latin-American bonds in default, Bolivia and Mexico accounted for 54.53% and 15.86%, respectively, while German issues represented 63.62% of total European defaulted bonds. Latin-America accounted for 10.6% of total defaulted bonds, as compared with 12.3% on Dec. 31, 1953. Europe's percentage increased from 86.3% at the end of 1953 to 88.3% on Dec. 31, 1954. The Far East accounted at the end of 1954 for 1.1% of total defaulted bonds.

Geographical Distribution of Bonds in Default in Regard to Interest on December 31, 1954

	Amount Outstanding (000,000)	Amount in Default (000,000)	% of Total Defaulted Bonds
Latin America	$727.5	$109.9	10.6
Europe	1,238.7	908.4	88.3
Far East	229.3	10.8	1.1
North America	1,606.7	*	---
Internatl. Bank for Reconstruction and Develop.	665.0	---	---
Total	$4,467.2	$1,028.2	100.0

*Less than $30,000.

At the end of 1954, 15% of the Latin-American bonds, 73.3% of the European, and 4.7% of the Far Eastern bonds outstanding were in default. For the year 1953 the percentages were 18.4 for Latin America, 78.7 for Europe, and 6.3 for the Far East. Canadian defaulted bonds amounted to only $28,400 of total outstanding bonds in the amount of $1,606,751,241.

In analyzing interest payments, the Institute's study states:

The actual rate of interest return in 1954, based upon the amount of cash interest received for 1954 coupons on the nominal amount of publicly offered foreign dollar bonds outstanding at the end of the year, was 2.6% as compared with the average contractual rate of 4.06%. In 1953 the amount of cash interest received constituted 2.49% as against the contractual rate of 4.09%. The increase in the actual amount of interest paid as compared with the corresponding figure for 1953 is due to the increase in the total principal amount of new fully serviced issues and to the rise in the percentage of bonds assented to the various debt-service resumption plans.

For 1954 an actual rate of return of 2.09% was received on Latin-American bonds as compared to a contractual rate of 3.09%, while for 1953 the rates were 2.02 and 3.19%, respectively. In 1954 Europe paid at the rate of 1.03% instead of 5.66% contractual rate. In the preceding year Europe paid 0.82% instead of 5.74%. The North American issues in both years paid the full contractual rate of interest. The return on the Far Eastern issues was 3.99% against a contractual rate of 4.25%. The amount received in cash in respect to 1954 coupons was 64.02% of the contractual amount due, as against 60.98% in 1953.

Under the heading "Recent Developments" the N.Y.U. study presents current information of importance to holders of foreign dollar bonds, including offers for resumption of debt service, progress and changes made in default settlement plans, redemptions, before maturity, and new issues. The cash settlement offers for 13 issues of German municipalities, public utilities and corporations and offers of new bonds for five issues are fully discussed.

An analysis of the results of the Brazilian Government debt adjustment plan of Nov. 23, 1943, shows that during 1954 the principal amount of dollar bonds was reduced by $9,525,550. Since the inception of the plan, the total Brazilian bonded dollar debt (exclusive of the State of Ceara bonds) has been reduced from $284,560,645 outstanding on Nov. 1, 1943, to $107,551,905 at the end of 1954. Thus in the 11 years from January 1, 1944, through Dec. 31, 1953, the outstanding amount of Brazilian dollar bonds was reduced by 62.2%.

Contractual Amount of Interest Due and Amount Received in Cash for Coupons of Bonds Outstanding Dec. 31, 1954

	Nominal Amount Outstanding (000)	Contract'l Amt. of Int. Due (000)	% of Avg. Contract'l Rate of Int. Due	Actual Amt. Rec'd in Cash (000)	% Average Rate of Return
Latin America	$727,546	$22,491	3.09	$15,194	2.09
Europe	1,238,667	70,146	5.66	12,775	1.03
Far East	229,315	9,739	4.25	9,141	3.99
North America	1,606,751	58,636	3.65	58,635	3.65
Int. Bk. for Reconst. & Dev.	665,000	20,388	3.07	20,388	3.07
Total	$4,467,279	$181,400	4.06	$116,133	2.60

Continued from page 13

Govt. Securities as Liquidity Assets of Savings Associations

made available on the day of sale, especially if we are acting as custodians of your securities.

Your estimates, which I assume you are making or can make regularly, will indicate larger demands for which you may expect to to need cash within the next 12 months. Funds to meet these requirements may be invested also in Treasury bills, in certificates, or in FHLB notes maturing in one year or less.

Any additional funds in the liquidity position may be invested in longer-term issues for the sake of the higher yield. Under present conditions, however, I should prefer to limit myself to maturities of three years or less, and certainly not longer than five.

Present and Prospective Market

Now I think this is an appropriate place for a brief look at the current and prospective market situation. It will account for my view that now, especially, shorter maturities are preferable if we need to be certain of a high degree of liquidity. I shall have to be rather dogmatic, because my time is running out.

Fundamentally, I think that we are in a period of rising interest rates. Fluctuations upward and downward must be expected, but on the whole I think the trend is gradually upward.

This applies to the longer-run outlook, but in addition I think it will be true of the shorter-run, say, to the end of this year. Business is not going to fall on its face this year; rather, the year at present is giving every promise of being the best on record.

This means the demand for capital funds, for money and credit of all kinds, will be high. I am aware that savings being accumulated are also high, and this, I think, is the reason why interest rates are not likely to shoot up abruptly.

Governments — Federal, State, and local — are likely in the aggregate to be spending more than they will take in during the remainder of the calendar year, and this means they will be large borrowers of money. Demands for long-term funds by business still may be somewhat below last year's levels, but short-term accommodation will be needed. Commerce and agriculture also will be needing bank loans. And I believe that experts in the savings and loan field expect mortgages to continue in fully ample supply.

All this will be reflected in rising demand. The Federal Reserve System, as always, will make it possible for commercial banks to supply all legitimate needs for credit, but I think that in the present economic climate this cannot be expected to be done on a falling trend of interest rates.

Interest rates already have risen —not, it is true, to the levels of mid-1953, but considerably above those of mid-1954. Historical evidence seems to show that, in a period of rising rates, short-term rates usually rise first, and further, and more rapidly. This in fact is taking place right now; indeed, looked at in the longer perspective, it has been going on trend-wise ever since 1940.

The result of all this from the practical standpoint is that nowadays, you, as an investor, sacrifice less in terms of yield if you take fairly short-term issues in preference to long ones. In 1940, for example, the spread between three-year and twenty-year Treasury securities was more than 200 basis points. Now it is somewhere in the neighborhood of 50 or 60 basis points.

A second reason for preferring rather short-term investment for funds needing positive liquidity is that a further rise in yields, even though it may be greater in short-terms than in 20-year or 40-year bonds, will mean much less in terms of dollar values. Prices as you know, are much less sensitive than yields on short-terms, while on long-terms yields are much less sensitive than prices. This is simply due to the mathematics of compound interest and time. The possibility of loss, either in terms of book value, or in actual dollars if it becomes necessary or desirable to sell the securities, therefore is substantially less. And, as I indicated earlier, market yields in the suggested area are noticeably above those on savings bonds bought and held for short periods.

Summary

Now, if I can sum up quickly the essence of what I have tried to say, I shall be finished.

We need liquidity in our arrangements as persons and as managers of savings associations to meet expected demands for cash in the ordinary course of business, and for unexpected or contingency demands. Some needs can be predicted with fair accuracy, but we should allow a comfortable margin for error. Even an industry growing as yours has grown cannot neglect the possibility that at some time there will be a setback, and a net outflow of funds which may last a considerable time. It is then that you will need investments which can be liquidated, quickly, surely, and with little or no loss. Interest which may have been earned in a preceding period will be no substitute for these qualities.

How big your liqiuidty position must be can be determined only by you. The average recently was about 12%, as compared with a required ratio of 6%. Individual associations may have ratios substantially higher.

But the smaller your liquidity position, the more truly liquid it ought to be. It follows also that if liquidity is small, earnings from the major assets must be large. This is significant because it makes it possible to accept a smaller yield on the investments in your liquidity assets, and because of the leverage, a smaller yield on these does not pull down total earnings very much.

Only you can determine not only how big a liquidity position you need, in total, but also how much may be invested and how much held in the form of cash. One principle which may be useful is that it is sometimes possible to improve both liquidity and income by holding shorter maturities and less cash. That is **not**, however, a general recommendation.

In choosing between nonmarketable and marketable securities, you may wish to consider these points:

Nonmarketables if redeemed before maturity always show a loss. Marketables at some times in the past have shown losses, too, and sometimes the losses were greater than those which would have been shown by nonmarketables. But it is also true that there have been other times when they would have shown a profit.

Marketables can be turned into cash almost instantly—sometimes the cash proceeds are available on the same day as the sale, especially as to bonds in our custody. Nonmarketables require notice of redemption and a waiting period.

Savings bonds cannot be hypothecated and thus cannot be used as collateral for loans, if required. Marketable Treasurys are the best collateral in the world. Interest stops accruing on savings bonds on the last interest date before you redeem them.

Finally, marketables at present yield more than savings bonds for comparable short periods of holding.

Our suggestion is that funds above day to day cash requirements but which your estimates show may be needed in less than a year should be put into Treasury bills, certificates, or FHLB securities. Any other money, which you expect will not be called for in less than a year, may be put into longer maturities, for the sake of the higher yield.

The present outlook, however, makes it seem prudent to confine this portion of the portfolio to about three years, or at the most, five.

Good business, which implies a demand for borrowed funds by individuals, business, industry, agriculture; plus heavy capital demands by all levels of government for capital investment purposes and to cover operating deficits, makes it seem probable that interest rates are in a gradually and moderately rising trend. This seems especially probable for the remainder of this year.

Historical evidence indicates that when rates generally are rising, short-term rates rise more rapidly. This trend in fact has been in effect for about 15 years past, and it has been especially noticeable in the past year.

This makes it possible to buy securities of only a few years maturity at yields much closer to those on securities many times as long than was possible in the past; hence there is less reason and justification for including long-terms in one's liquidity position. A fairly large rise in yields on short-term securities arithmetically implies a relatively insignificant decline in terms of price.

Our Reporter's Report

The Treasury's move to raise some new cash at this time, whether by choice or by coincidence, comes at a point where it is destined to raise the least hob with the general capital market.

Government bond prices continued to settle a bit in anticipation of the announcement of terms of forthcoming operations, but not to the extent of creating any real serious disturbance to the general structure.

As a matter of fact the Treasury's decision to obtain at least a substantial portion of such new money through the sale of an additional $100,000,000 of bills weekly, tended to take some pressure off the long-term end of the list.

The long 3s, brought out in January, settled a bit further to rule around 100 7/32 against the recent high of 101½ on the bid side, with the 3¼s and the long 2½s also tapering a bit.

But aside from the municipal market which is burdened with fairly large backlogs in some divisions, prospective investors had to scratch around in their efforts to place their funds at work.

In the corporate field, underwriters' and dealers' shelves are literaly bare of inventory a fact which came sharply into focus a week ago when Southern New England Telephone Co.'s $20,000,000 of 3¼s, after a slow start, quickly picked up momentum and were closed out.

Holiday Week Ahead

With the Fourth of July holiday stretching the weekend through Monday, a short week, and a not too busy one, shapes up for distributors of new securities. The largest undertaking in fact is one which is not being underwritten.

American Natural Gas Co. is going it alone in offering on "rights" 736,856 shares of additional common stock to present holders.

The major scheduled offering is Consolidated Cigar Co.'s $17,500,000 of 20-year debentures which is slated for next Thursday. On the same day, a smaller issue, Gulf Sulphur Corp.'s $4,500,000 of debentures, $3,000,000 series A and $1,500,000 series B, is also slated for market. On July 12 Northern Indiana Public Service Co. is offering 120,000 shares of new preferred.

Long Look Ahead

Another projected operation which does not shape up as too palatable from the underwriter's standpoint is that of Southwestern Public Service Co. involving bonds and prefered stock.

Taking a nine months jump on the market, the company has announced plans to raise $10,000,000 through the sale of bonds, plus another $3,000,000 in prefered stock next March.

And just to make things a little more bitter, it is made known that this financing will be done via the direct placement route.

Calendar Builds Slowly

For the moment, with the strong stock market putting greater emphasis on equities as a means of raising new capital, the build up of the forward calendar of new bond issues is slow at best.

The only substantial new debt offering to go into registration with the Securities and Exchange Commission recently is Pacific Finance Corp.'s $20,000,000 of 10-year debentures.

Slated to carry a 3½% coupon, proceeds from this issue will be used to expand the firm's general funds and to cut short-term bank debts.

Associates Investment Private Placement

Associates Investment Co. of South Bend, Ind. on June 29 sold $10,000,000 of 4% capital debentures maturing Jan. 1, 1969. The issue was placed privately and provides for a sinking fund of 10% from Dec. 31, 1957, to Dec. 31, 1964, with a 5% sinking fund thereafter to maturity.

Robert L. Oare, Board Chairman, announced that these funds will further strengthen the capital base of the company in anticipation of a good volume of business in the months ahead. Initially, the proceeds are being applied to reduce short-term bank loans.

Direct placement of the abovementioned notes was arranged through Salomon Bros. & Hutzler.

S. D. Fuller Offers Pyramid Electric Stk.

Public offering of 75,000 shares of 5% cumulative convertible preferred stock of $10 par value of Pyramid Electric Company is being made today (June 30) by S. D. Fuller & Co. of New York City. The preferred, convertible into common stock until Dec. 31, 1960, is priced at $10 per share. Initial conversion rate of the preferred stock is one share for 67/100 share of common.

Proceeds from the sale of the preferred stock will be used by the company for the acquisition of new facilities, equipment and machinery and as working capital.

The company, organized in 1944, manufactures electronic components, the major portion of output being manufactured to customers' specifications. The manufacture of capacitors constitutes approximately 95% of the company's business. Net sales amounted to $7,773,882 and net income was $529,645 for the year 1954. For the first two months of 1955 sales were $1,327,649 and net income $94,138.

The company numbers among its customers practically all of the leading concerns in the various branches of the electrical and electronics industry, including such companies as General Electric, Westinghouse, Radio Corp. of America, Emerson, Stromberg Carlson and Raytheon.

In addition to the 75,000 shares of new preferred stock the company has outstanding $60,000 of 4½% debentures serially due to Oct. 15, 1956, 824,965 shares of common stock and 92,000 common stock purchase warrants exercisable at $3.25 per share, which expire June 24, 1960.

Pinon Uranium Stock Offering Completed

Frederic H. Hatch & Co., Inc., New York City, it is announced today (June 30), has offered and sold an issue of 300,000 shares of capital stock (par 20 cents) of Pinon Uranium Co., Inc. "as a speculation."

The net proceeds from the stock sale are to be used to pay for further exploration and development of the company's properties, including further drilling in the Fort Wingate area, to the acquisition and development of additional properties and for working capital.

The company's present properties are all located in Central New Mexico. These comprise approximately 5,000 acres in the Mesa Gigante area; 640 acres in the Fort Wingate area (section two); 5,604 acres in Sandoval County; 4,300 acres in Socorro County; 874 acres in Valencia County; and 1,280 acres in Rio Arriba County.

Laurence J. Hirsch

Laurence J. Hirsch passed away June 23 at the age of 62. Prior to his retirement he had been a partner in Morris & Smith.

Stix Adds To Staff

(Special to THE FINANCIAL CHRONICLE)

ST. LOUIS, Mo.—Ferd H. Bach is now with Stix & Co., 509 Olive Street, members of the Midwest Stock Exchange.

FINANCIAL NOTICE

Notice to Security Holders of

The Cleveland Electric Illuminating Company

Earnings Statement for the Twelve Months Ended May 31, 1955

The Cleveland Electric Illuminating Company has made generally available to its security holders, in accordance with the provisions of Section 11(a) of the Securities Act of 1933, as amended, an earnings statement for the twelve months ended May 31, 1955, such period beginning after the effective date of the Company's registration statement for $20,000,000 First Mortgage Bonds, 3% Series due 1989, filed with the Securities and Exchange Commission under said Act.

Copies will be mailed upon request to any of the Company's security holders or other interested parties.

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY

By Donald E. Williams
Secretary

75 Public Square • Cleveland 1, Ohio

Capitol Reef Uranium Stock at $1 a Share

Franklin, Meyer & Barnett, members of the New York Stock Exchange, are offering publicly at $1 per share "as a speculation" an issue of 300,000 shares of common stock (par 10 cents) of Capital Reef Uranium Corp.

The Capital Reef company was incorporated in Nevada on Aug. 16, 1954. It is in the business of exploring for uranium and other minerals and has mining interests in Wayne and Garfield Counties, Utah.

The net proceeds are to be used for exploratory drilling in the San Rafael, Miner's Mountain, Reef and Sheets Gulch groups and the Green Monster claim; to purchase equipment; and for working capital and other general corporate purposes.

The properties of the company consists of a total of 262 unpatented mining claims of a total acreage of about 5,240 acres, in addition to the rights of the company under a contract with the U. S. Atomic Energy Commission as to the Green Monster claim consisting of approximately 40 acres.

E. R. Bell Adds

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo.—Loyal E. Morest is now with E. R. Bell Co., 4627 Wornall Road.

Three With King Merritt

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo. — Vernon L. Drain, Paul M. Lowry and Charles A. Petterson, Jr. are now with King Merritt & Co., Inc., Woodruff Building.

Joins Ross, Borton

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio—Joseph W. Mayne is now with Ross, Borton & Simon, Inc., The 1010 Euclid Building.

DIVIDEND NOTICES

TITLE GUARANTEE and Trust Company

DIVIDEND NOTICE

Trustees of Title Guarantee and Trust Company have declared a dividend of 30 cents per share designated as the third quarter-annual dividend for 1955, payable on August 26, 1955 to stockholders of record August 4, 1955.

WILLIAM H. DEATLY • *President*

CONSOLIDATED NATURAL GAS COMPANY

30 Rockefeller Plaza
New York 20, N. Y.

DIVIDEND No. 30

THE BOARD OF DIRECTORS has this day declared a regular quarterly cash dividend of Thirty-Seven and One-Half Cents (37½¢) per share on the capital stock of the Company, payable on August 15, 1955, to stockholders of record at the close of business July 15, 1955.

R. E. PALMER, *Secretary*

June 23, 1955

An increased regular quarterly dividend—from 25c per share to 30c per share—has been declared by Daystrom, Inc. Checks will be mailed August 15th to shareholders of record July 27th.

DAYSTROM, INC.
ELIZABETH, N. J.

Electronics
Furniture
Printing Equipment

GOODYEAR

DIVIDEND NOTICE

The Board of Directors today declared the following dividend:

50 cents per share on the Common Stock, payable September 1, 1955 to stockholders of record at the close of business July 20, 1955.

The Goodyear Tire & Rubber Co.
By Arden E. Firestone, Secretary
Akron, Ohio, June 27, 1955

THE GREATEST NAME IN RUBBER

DIVIDEND NOTICES

GAMEWELL

At a meeting of the Board of Directors of The Gamewell Company, held today, Friday, June 24, 1955, a dividend of $.50 cents per share was declared payable on the Common Stock of the Company on July 15, 1955, to stockholders of record at the close of business on July 5, 1955.

W. C. Beck, Treasurer

Stauffer CHEMICALS SINCE 1885

STAUFFER CHEMICAL COMPANY

DIVIDEND NOTICE

The Board of Directors has declared a dividend of 37½¢ per share on the common stock payable September 1, 1955 to stockholders of record at the close of business August 18, 1955.

Christian deDampierre
Treasurer

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PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of $1.25 per share on the 5% Series Preferred Stock ($100 par value) payable August 1, 1955, to stockholders of record July 15, 1955, was declared by the Board of Directors on June 22, 1955.

B. C. REYNOLDS, *Secretary*

LONG ISLAND LIGHTING COMPANY

QUARTERLY DIVIDEND

COMMON STOCK

The Board of Directors has declared a quarterly dividend of 25 cents per share payable on the Common Stock of the Company on August 1, 1955, to shareholders of record at the close of business on July 1, 1955.

VINCENT T. MILES
Treasurer

June 22, 1955

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Congress probably will not finish enacting this year the Fulbright bill to regulate unlisted securities, even if that proposition should find clear sailing in the Senate, it was indicated by House informants.

Senator Herbert H. Lehman (D., N. Y.) was scheduled to conduct hearings this week, as Chairman of a Senate Banking subcommittee, on this bill which would subject corporations with more than $5 million of assets and more than 500 stockholders to most of the SEC reporting requirements.

Interest in this bill got an accidental revival as a consequence of Chairman Fulbright's inquiry earlier this year into the level of securities prices on organized stock exchanges. Some of the spokesmen for the regulated companies complained that it was unfair for over-the-counter issues to escape regulation.

In the House there simply is yet no interest in the Fulbright bill. It isn't a question of opposition, but of the fact that this particular enterprise is primarily Senator Fulbright's newest legislative amour. Consequently, nobody has yet in the House come to imagine the same political profit some of the Senators see in getting that kind of a bill enacted. So it probably will go over until next year, and only then will it be picked up if somebody sees nice. seductive, curving political attractions in the figure of the unlisted securities bill.

However, little can be called certain in the outlook for legislation in the present chaotic state of the Congressional Democratic leadership. So desperate are the Democratic leaders for issues, now that Presiden Eisenhower has stolen about 80% of the New Deal, that they are poking around all the trash heaps for the discarded proposals of yesteryear, and are dolling them up like useless last year's Christmas presents, with pretty new wrappings for 1955.

In other words, you can never tell when a bright young boy might think this was hot stuff for the Democratic inventory.

See Gas Bill Killed

The House may finally have a go at the natural gas bill since it may be ordered by Speaker Sam Rayburn. And even of Speaker Sam says the House can vote on it, the bill probably will not be enacted by both Houses.

This is the bill which would repeal the Supreme Court legislation (such legislation is not subject, like Congressional bills, to a White House veto), as members of Congress ascribe it, to subject local sale of gas from producers independent of interstate pipelines, from price regulation.

When Congress passed the first Natural Gas Act back in the 30's, it thought it was exempting local production from price regulation. Then in 1947 a large majority of Congress reaffirmed this specific intention. While President Truman vetoed the bill, a majority of Congress nevertheless has thus interpreted the intent of Congress—for any court to see—contrary to this extraordinary later ruling in the Phillips case, a ruling also contrary to the wishes and interpretation of a majority of the regulating agency, the Federal Power Commission.

The oil and gas industry thought this year that it had White House approval for the pending natural gas bill, which again would reaffirm the intent of Congress that the price of natural gas produced locally should not be regulated by the Federal Government.

However, a "compromise" was worked out whereby, while the local production would not be regulated, the pipeline would be regulated, having to prove it paid fair prices for the gas in connection with future rate cases.

In other words, the regulation would be made via the pipeline rather than via the producer.

The industry unanimously credits Treasury Secretary Humphrey with this cute compromise, and notes a hitherto complete absence of any affirmative support from the Administration crowd even for the "compromise." The oil and gas industry, which loved Mr. Eisenhower so dearly in 1952, has cooled somewhat in its ardor toward this public figure.

On the other hand, the industry also thinks that its supposed two great Democratic stalwarts in Congress, Speaker Rayburn and Lyndon Johnson, Senate Majority Leader, are notably lacking in diligence and energy in supporting this bill, even though both are Texans. The Speaker's statement for the bill several days ago was hardly strong enough to raise hopes for final passage.

In its emasculated form the bill seems to exempt local prices from regulation whilst achieving a practical regulation thereof, notwithstanding. Even in this emasculated form, the bill would professedly preserve the principle of exemption of local production.

However, after the "compromise," which was a practical victory for the "liberals", was voted out, it was learned that this "compromise" was not such brilliant political strategy after all. The "liberals" had decided that they could make political hay out of calling the bill a bill to raise the price of your natural gas. "And you could talk for two hours and explain that this was not the case but you coudn't undo the political damage of this one sentence," as one of the Congressional proponents of the bill explained it privately.

So it is for all practical purposes a dead proposition.

Compromise on Bank Mergers

There is another compromise coming up. This one is on the question of regulating bank mergers.

At the moment there is a race on between the antitrust division of the Department of Justice and certain vocal elements in Congress, to see which can stick his tongue out farthest and say the nastiest things about concentration of power in the business world, concentration of power in Big Labor and Big Government not being subjects of interest to this gentry.

Both the legislative and departmental parties in political interest have been making much of the bank mergers in New York City. Being an honest middle-man without profit therein, Chairman Bill Martin of the Federal Reserve Board has attempted to broach a compromise.

He came up with the idea that with respect to bank mergers, the bank supervisory agencies should first pass upon them, asking the advice of the Department of Justice if necessary. Then if the formula were changed so that the effect were not to lessen competition "unduly," instead of, as the present Clayton act says, "substantially," they could be approved. Finally, enjoinment of mergers which "lessened competition unduly," would be left to the Department of Justice instead of to the bank supervisory agencies.

This might look like a way to take the demagogues off the backs of the officials who examine and supervise banks. On the other hand, the demagogues recognize only one consideration, MERGER, and MERGER is a bad thing, per se, in their opinion.

So this "compromise" could conceivably cause far more embarrassment than it would avoid to the FDIC, Reserve Board, or Comptroller of the Currency.

Dawson Checks Into Hoover Commission

While some 23 bills have been introduced in Congress to carry out various phases of the Hoover Commission recommendations issued thus far, not a wheel of Congress has turned nor a bit of action of any kind has been taken in respect to the Commission, with one exception.

That one exception is the House Government Operations Committee, which has held a course of hearings on the Hoover Commission report on government lending agencies. Under the direction of its Chairman, Rep. William L. Dawson (D., Ill.), the committee has called in various members of the Hoover lending agencies task force and of the Federal lending agencies whose activities and subsidies would be curtailed if Congress legislated the Hoover Commission recommendations into existence.

Mr. Dawson explained the objectives of his committee hearings.

(1) Mr. Dawson wanted to examine into the background of the men on the Commission task force which made these extensive recommendations to get the government out of the lending business and reduce subsidies thereon.

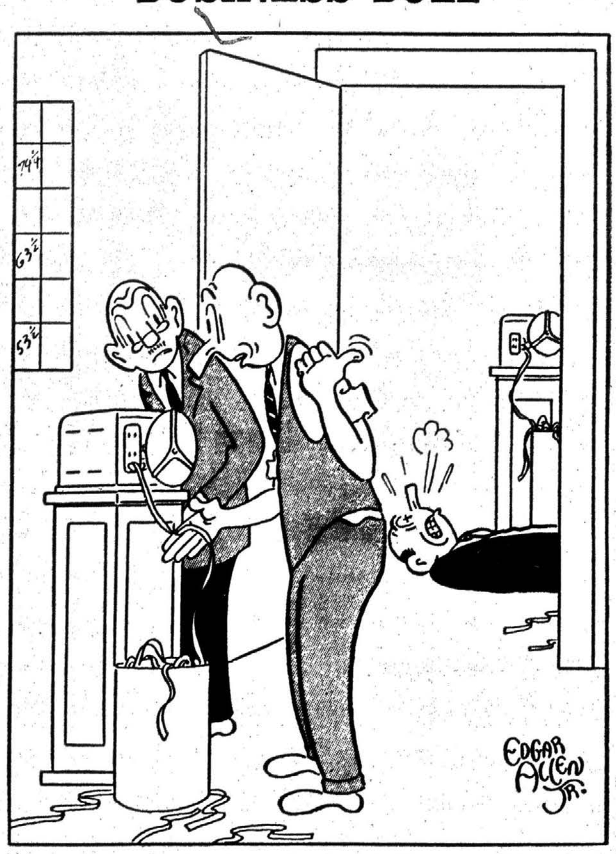
(2) Mr. Dawson wanted to hear from the lending agencies which would be affected if these recommendations were voted, and to learn what service they render.

The Congressman found, he explained, that without exception the men who worked on this project for the Hoover Commission were men who simply had a background of business enterprise, of lending for private profit. They had no conception of the value of the service the government has been rendering, he said.

"When you lend money to a man to buy a house or a piece of land, you make him a much more valuable citizen. This is a benefit which cannot be measured by the standard of profit. We are in danger of doing great harm because of the catch words of 'getting the government out of business'," said the Congressman.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



"That Sneedle in there is certainly calm—his stock just dropped ten points and not one sound out of him!"

Business Man's Bookshelf

Antitrust Problems of Fair Trading—Sidney A. Diamond—In the May issue of the Antitrust Bulletin—Federal Legal Publications, Inc., 18 Rose Street, New York 38, N. Y.—$2.00 per copy; subscription rate, $17.50.

Business Organization of the Department of Defense—Commission on Organization of the Executive Branch of the Government — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), $1.00.

Everything and the Kitchen Sink: How the first century of industry created the first century of good living—Farrar, Straus Young, Inc., New York C[illegible] (cloth), $4.00.

Guaranteed Annual Wage and Business Stabilization: A Bibliography — The W. E. Upjohn Institute for Community Research, 709 South Westnedge Avenue, Kalamazoo 44, Mi[illegible] (paper), on request.

Investment Companies—1955 Edition — Arthur Wiesenberger—Arthur Wiesenberger & Company, 61 Broadway, New York 6, N. Y. (cloth) $20.00.

Marginal-Cost Price-Output Control: A Critical History and Restatement of the Theory—Burnham Putnam Beckwith—Columbia University Press, New York 27, N. Y. (cloth) $5.75.

United States Merchant Marine Policies: Some International Economic Implications—Wy[illegible] Garter — International Finance Section, Department of Economics and Sociology, Princeton University, Princeton, N. (paper), on request.