EDITORIAL

As We See It

Apparently the rather general fear that recent increases in wages, direct and indirect, would prove "inflationary" has been aggravated by the announcement of the United States Steel Corporation of an advance in price of its products. In fact, if the concept of inflation now seemingly very general is accepted—that "inflation" is an advance in prices, pure and simple—the action of the officials of "Big Steel" would appear to be proof positive that in at least one instance higher wages at this time are inflationary. The truth of the matter is likely to be this time, as in the past, that in some cases higher wages will be followed by boosts in prices, while in others economic forces will prevent such a rise in the charge to consumers.

But this sort of discussion of the warrant, or the lack of it, for higher wages at this time seems to us to fail to reach the heart of the matter. Let there be no misunderstanding of what we have to say. We think that this practice of union leaders in making use of their monopoly power to increase the pay of their members is economically unfortunate. There is in it, too, an element of social injustice of the sort so often indulged in by monopolists whether they be in the hands of capital or labor. This process of forcing wages of workmen up tends to take away from the general public the opportunity which should be theirs of enjoying to the full the benefit of improved production processes and other types of industrial progress. Grouping labor organizations reach out and take these fruits for themselves, leaving prices unchanged when competition otherwise would force them down in favor of the consumer.

Continued on page 25

Bank Mergers—Adjustment To Changing Conditions

By JOHN J. McCLOY*

Chairman, Chase Manhattan Bank

Executive of large New York bank, asserting recent bank mergers in large part represent an adjustment of our banks to changing needs in the nation's economy, points out mergers have had little effect on bank concentration in the nation as a whole, on the other hand, have aided greatly in meeting the increasingly complex needs for banking services. Stressess importance of healthy and sound competitive banking, and lends excellent job done by nation's banks in the postwar period. Decrees belief increase in bank size tends toward monopoly.

Our banks provide a steady flow of lifeblood into America's growing economy, and it is essential to the stability and expansion of the American system, vigorous and strong. It is the duty of Congress, the supervisory authorities at both Federal and State levels, and the banks themselves to provide assurance that this indeed continues to be their condition. I therefore welcome any examination of banks and their fundamental condition which is undertaken in the public interest.

As I understand it, the Subcommittee has under immediate consideration H.R. 9494, a bill introduced in the House of Representatives by the Chairman of the Judiciary Committee, the Honorable Emanuel Celler, on May 23 of this year. H.R. 9494 would extend to banks the provisions with respect to mergers that are contained in Section 7 of the Clayton Antitrust Act. In doing so, it would act to prohibit any bank merger where the effect might be substantially to lessen competition or to tend to create a monopoly.

Continued on page 31


MORE CORRESPONDENTS' VIEWS ON GUARANTEED ANNUAL WAGE

PROVISON MADE IN THIS ISSUE FOR ANOTHER GROUP OF COMMUNICATIONS RECEIVED IN RESPONSE TO ITS REQUEST FOR EXPRESSIONS OF OPINION REGARDING THE GUARANTEED ANNUAL WAGE DOCTRINE.

The "Chronicle" is making provision today for another group of communications received in response to its invitation for comment on the Guaranteed Annual Wage philosophy as exemplified in the contracts recently negotiated on behalf of the General Motors Corporation. The decision to conduct the symposium on the subject coincided with the publication in the May 28 issue of Frank Rising's article "Guaranteed Annual Wage: Blue Sky and Brass Tacks." Because of the large number of communications that have been received, it has been necessary to limit the number carried in each issue starting with that of June 2. Those that can be accommodated today appear below; others subsequently.—EDITOR.

JAMES R. CAREY

President, International Union of Electrical, Radio and Machine Workers (CIO)

Reading Mr. Frank Rising's speech on the "Guaranteed Annual Wage" made me feel that we were back in the 1930's and the matters at issue were minimum wages, unemployment compensation, Social Security, the right of labor to organize. I think all the desire arguments, the warnings of disaster, the predictions of Frank Rising's date are repeated in his speech on the guaranteed annual wage. We were told that a free enterprise would be weakened, the moral fiber of American labor would be ruined, economic disaster would overcome us, and we would drift into Socialism or Communism. How far from reality these predictions are, how well we are off, Mr. Rising apparently has no faith in the American system or the American people. As a matter of fact, the settlements with Ford and General Motors were greeted with a

Continued on page 29

SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 48.

JULY INVESTMENT LETTER

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The Widow's Mite

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(The articles contained in this forum are to be used, not are they to be regarded, as an offer to sell the securities discussed.)

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Bendix Aviation

The Bendix Aviation Company is a highly diversified, aggressive, growing company serving the automobile, aviation and electronic industries. Probably one of the most promising factors for the future regarding Bendix is its aspirational research, ambitious research program and aggressive marketing. This study shows that during the year 1944, $148 million was devoted to such pursuits, with $75 million devoted to research. For the year 1945, $167 million will be devoted to research, with $75 million devoted to research.

Bendix products include two- and four-cycle engines, generators, propellers, missiles, gasoline and diesel engines, electrical and electronic equipment, and many other products. The company is divided into twelve departments, with a total of 12,000 employees. The company's products are used in the automotive, aerospace, military, and communication industries. The company's stock is listed on the New York Stock Exchange.

Marine

Radio receivers.

Directional finders.

Automatic pilots.

Doppler radars.

Transmitters.

Radio telephones.

Bendix has been spending more on research than practically any other major corporation in the United States. This study shows that during the year 1944, $148 million was devoted to such pursuits, with $75 million devoted to research. For the year 1945, $167 million will be devoted to research, with $75 million devoted to research.

Atomic Energy

Bendix completed a design for a special reactor for a Government Research Laboratory. For the Atomic Energy Commission, Bendix is producing equipment for the production of atomic energy for a unit group headed by the Detroit Office of the Energy Commission.

Miscellaneous

Bendix is a very strong participant in guided missile work. The company manufactures a multi-speed power brake for aircraft which is being adopted by virtually every major bicycle manufacturer in the United States. Bendix also manufactures a full-line of electronic equipment, including radars, oscilloscopes, and transistors. The company is also involved in the production of radar and electronic equipment for the military.

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Danger Signals in Present Stock Market Boom

By GENE FENTON
Investment Analyst, New York City

Mr. Fenton analyzes the major forces affecting the stock market, such as: (1) business activity and corporate earnings; (2) differential yields and institutional policy; (3) government fiscal policy and credit controls; (4) the behavior of professional market operators; and (5) the behavior of the speculative public. Concludes stock market gives indications of being in a period of intermediate bull market, and the present investment policy should be to work into a properly balanced portfolio in order to prepare for the contingencies inherent in the present price level.

The stock market today is a disturbingly high level, especially related to the censurable forces of earnings, dividends, and interest rates. In addition to these usual forces, the effects of changing levels of business activity, credit conditions, and government fiscal policies, are interwoven. Although these economic forces are extremely significant, they do not fully explain major stock market movements. For example, the stock of a well known company, whose financial position, conditions of financial strength, earnings, and dividends are roughly the same tomorrow as yesterday, will often fall by five or six times its earnings, and at another, at five to ten times its earnings. The reason for these wide discrepancies has its roots in a balance of the intangible forces of market psychology. The market behavior is peculiarly concerned with discounting the future. Fluctuations of stock prices, presumably reflected in the changing anticipations by stockholders, investors, and sellers of the prospective volume of business, the prospective earnings and dividends, etc. These judgments of future economic conditions appear to be substantially affected by the degree of optimism or pessimism that characterizes the psychological mood of the investor.

Market analysis studies the forces of the demand for and supply of securities within the market itself. The basic requisites for such an analysis is the understanding of the forces that affect and distribute stocks. The Securities and Exchange Commission estimated the holdings of common and preferred stockholders in market values on December 31, 1954. Institutions on this date owned approximately 25% with another 25% owned by a broad heterogeneous element which contains professionals at one end and the speculative public at the other.

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The Conspiracy Against Gold

By HARRY SEARS*
President, Calaveras Central Gold Mining Co., Ltd.
Director, California Gold Committee

Claiming there is a deliberate conspiracy against gold, Mr. Sears scores present currency laws, which he says he follows Moscow's pattern. Calls managed currency "a Communist Socialist device," and holds the gold value of the dollar is a colossal falsehood. Says there has been a propaganda of United States gold mining, and contends our stock of gold is inadequate. Refers to bills in Congress to reestablish the gold standard, and advocates a substantial increase in the price of gold. Many who cherish nostalgic memories of the Gold Standard as we had it in association with money, insist that it is a mistake to speak of the "price" of gold, that we should only discuss the "value" of gold.

Gold has not had "value," in the United States since 1933. It has had only a "price." This was fraudulently put over on us under the pretense that it concerned our money by the same action that divorced it from our gold.

Value is an ideal thing, an attribute of perfection, but it can be so impeded, interfered with, and imprisoned, that it is not allowed to demonstrate itself. This has been the treatment accorded to gold through various legal invalidations which have had full play in this country during recent years.

The governments of other nations, such as Canada, have been forced to confront issues similar to those on these programs. They are our friends but nevertheless debates in their House of Commons have vehemently condemned our actions as harmful to them as well to ourselves. They would welcome a change and the freedom to act independently.

During the period when Presi- dent Roosevelt well issued his orders that all gold and gold certificates should be surrendered to the Treasury, he stated, on Oct 22.

"An address by Mr. Sears at the National Western Mining Congress, Denver, Colo.,

"We are pleased to announce that Mr. ANTHONY H. LUND is now associated with us.

Carl M. Lob, Rhoades & Co.

July 6, 1955
Spalding (A.G.) and an Age of Sports

By IRVING COBLEIGH
Enterprise Economist

A twist corporate profile of a pioneer in pastimes, and a company that has added a new eye to the ball—Spalding (A.G.) & Bros., Inc.

We start off not with a picture portrait, but the portrayal of a pastime that has been around for ages. Among baseball's leading pitchers of a baseball team, there is a man who is known as the "Boston" red sox's right hander following the same old routine of games won, games lost, and his earned run average. He is the same man who has been doing this for many years. This same gentleman at this particular time in our national pastime, was no clock or mitt and he was pitching in a new way. We refer to the game of baseball, played between the Chicago White Sox and the New York Giants. This gentleman made the Baseball Hall of Fame at Cooperstown, New York. His name is Al ISOOSGOOD Spalding.

In 1876, the year after his team, the "Boston," won every home game that season, Spalding was averaging .889. A.G. Spalding had an average of .889. Spalding had a team in Chicago on a modest stake of $800 a week—a stake that launched the most successful of Spalding's ventures. Spalding established the Spalding Company in 1876, which became the largest manufacturer of baseball equipment in the world. Spalding sales grew significantly in the years that followed, and the company became a major player in the sports industry.

In 1912, Spalding again was the early bird, making the first ball and offering the steel rim, to replace an actual basket (pearl basket, I believe), with which the game began. The "softball" and football round out the lines of ball games in which Spalding was an early name, and he has been on a large scale promoter and producer of equipment. That from which this has been developed is a durable, safe, and safe ball. There are thousands of people who have more than played the game, and with atomic power, automation making for shorter and shorter work week, vendors of sport gear like Spalding possess the means to meet any challenge of future expansion.

With barely covered the areas of sport which Spalding has promoted and popularized, let's see how the company has fared financially in 78 years of corporate existence.

In point of net sales, 1929 was Spalding's banner year. Concluding the "Golden Era of Sports" that year Spalding sold $77.9 million worth of goods, or a profit of approximately $2 billion. This was $1,180,000,000 in 1947 but on $24.2 million volume. Spalding brand in 1935 should produce the best gross in company history and show a modest improvement over the $1.71 per share earned in 1954 (fiscal year ended Oct. 31).

Manufacturing is concentrated in the main plant at Chicopee, Mass., and a Canadian manufacturer at Brampton, Ontario. Sales are effected through wholesalers and retailers who have now discontinued all of its own retail establishments.

In November, 1952, Spalding acquired Toy-Tickers, Inc., makers of the famous Ticker Tock. This addition broadened the diversification of Spalding's business, reached a new sales market, and made an important addition to its earnings. (Perhaps a new double play combination has been made: Ticker-Tock. Evan's Chance.)

Recently there were merger negotiations under way, under which American Machine and Foundry would buy Spalding for $47 million in stock and cash. Shares of one Spalding were being exchanged for 3 of a share of American Machine and Foundry. However, the negotiations for merger were called off, and Spalding is believed to be uncommitted, continuing a line of its own independent policy. This is an article that outlines some weeks ago, but held out the possibility of merger.

The Spalding name and fame is internationally recognized, and its products are known (and also) all over the world. Abroad, Spalding is active and effective in Cuba, South America, Asia (the Japanese are made about baseball), Mexico and Hawaii. On the supply side there are some sources supplying everything from thread for stitching baseballs, to raw steel.

The increasing demand for Spalding's products is due to the increasing popularity of baseball and the related sports. The company has expanded its operations to meet this demand, and has continued to innovate and improve its products to meet the changing needs of the marketplace.

Spalding's innovative approach to its business has been instrumental in the growth and success of the company. The company has a strong focus on quality and customer satisfaction, and has maintained a reputation for excellence in the sports equipment industry. This has helped to establish Spalding as a leader in the industry, and has contributed to its continued success.

Suggests New Quenebey Rules for Proxy Ring

Dear Mr. May,

Your column of June 23 on "Unfinished Proxy Rules" prompts me to submit for the consideration of your readers some additional suggestions to which I have been giving considerable attention.

In these changing times the costs of proxy fights are a matter of importance to thinking business. They appear to be no brakes on the treasury and no financial reports to stockholders giving a breakdown of expenditures in proxy contests.

I was shocked by a conference which I had with Mr. Alston, the head of the Perlman after the proxy fight at New York Century. Mr. Alston, at the conference, was present. As one of the reasons for delay in making cumulative voting "the first order of business" at the Board of Directors meeting, we were told that the new management after the proxy fight was the reason management had access to the treasury. "(didn't know how they were going to meet the payroll which was the first order of business.)"

Unions as well as shareholders must be considered in such a matter since their existence is a part of a proxy battle.

Winona Sosa

Novel Form of Insurance

It would seem that a new form of insurance may well be created and carried by publicly owned corporations—proxy ring

Continued on page 34

John V. Farnam

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Leading Forces Shaping Our Future Economy

By ROBERT D. HEIBERG

Vice-President, Science & Nuclear Fuel Distributors, Inc.

Mr. Heiber lists the four major forces that will shape our economy over the next quarter of a century:

1. the nation's productivity as a government
2. the productivity of income transfers resulting from the splitting of the atom.
3. increased technological effort.
4. the increased distribution of wealth.

What forces do we believe will shape the economy of the nation over the next ten years? There are four I would mention, First is population. Beginning in 1941 and 1942 our birth rate was increased by a quarter of a million, and more. This population bulge will begin to make its impact on housing and other family goods before this decade is over.

The second major force that seems to be vital in the years ahead is increased government control. Compared to today's volume of statistics, we were being blind into the 1929-1932 electro-magnetic. Since 1946 we have had two potentially dangerous business slumps. Out of each of them we have come with increased vigor and confidence. We cannot ignore now that we have defeated the business cycle, but there is reason to believe that enlightened government business will be able to prevent a major depression.

The third is the redistribution of national income. Wage and salaried people have a bigger share of our wealth. This has made the luxuries of yesterday the necessities of today.

The fourth force I would choose as a major determinant of our economic welfare is improved technological effort. Capital investment for workers and productivity per worker have increased at an accelerated rate. This research effort in 1900 dollars has expanded from one-half billion to four trillion in a little more than 15 years. More evidence is to be seen from the Korean emergency. We went into the Korean conflict with $30 billion in the Treasury, and this very tax hike will continue to show our research. The government under

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Abolish the Federal Income Tax!

BY HOW. J. BRACKEN LEE

Governor Bracken contends that the Sixteenth Amendment, permitting a Federal tax on incomes is breaking down our constitutional system and threatens our national independence.

Says there is no brake put on tax limits, and we are near the point now when the government destroys private incentives. Concentrations of Federal power and calls for repeal of the Sixteenth Amendment.

Last month Dean Manion asked for another anti-tax amendment which I feel is worth repeat consideration. You can save our Constitutional system and preserve our national independence. Their various proposals for the control of this tax, which we will have to pay, is a few words among many others.

By comparison, radiation measurements add a new dimension in economic research. Many of us remember, perhaps, a sense of surprise at reading that our scientists had approached a limit to their research. They could not magnify things adequately, but the particles were invisible in the electron microscope and this explained the limit.

Now the use of radioactive isotopes has extended this frontier along with the development of a new technique. For example, testing laboratories have now been set up to measure our minute residue of radioactive isotopes and to get the efficiency of various oils. No hair of calipers and no microscopes or electronic devices can approach the accuracy thus obtained.

All of these forces that I have described are at work shaping our economy. The people, the population, the better economic knowledge that is ours, the more widespread use of atomic energy, the new nuclear technology of the atom, and the mounting power of our economy in the decade ahead, permit us to look forward to unprecedented advances in the speed of our nation's welfare. I believe the promise will be fully justified.

G. E. Busch V.P. of Albert Frank Agency

The election of Gilbert E. Busch as a Vice-President of Albert Frank Agency, Law, New York City, national advertising agency, was announced by Howard W. Boardman, Chairman of the board.

Mr. Busch, an expert in advertising and public relations activities, joined the Albert Frank Company Nov. 1, 1946.

Gilbert E. Busch

Corpus as an aerial navigator in the U. S. Navy, was presented by Albert Frank Marine CORPUS as a correspondent for the United Press for 10 years.

Busch has been a member of the Overseas Press Club of America, the New York Financial Writers Association, the Society of the Silurians, and Marine Corps Veterans Officers Association.

The Commercial and Financial Chronicle... Thursday, July 7, 1955

Abolish the Federal Income Tax!

BY HOW. J. BRACKEN LEE

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Mr. Busch, an expert in advertising and public relations activities, joined the Albert Frank Company Nov. 1, 1946.

Gilbert E. Busch

Corpus as an aerial navigator in the U. S. Navy, was presented by Albert Frank Marine CORPUS as a correspondent for the United Press for 10 years.

Busch has been a member of the Overseas Press Club of America, the New York Financial Writers Association, the Society of the Silurians, and Marine Corps Veterans Officers Association.

The Commercial and Financial Chronicle... Thursday, July 7, 1955
freedom is a willingness to stand on your own feet.

The American citizen wants things the way they are. He was wary of government, of its machinery and of its control, and he was not going to tolerate another country making decisions for his founded country. He recognized the need of some sort of government, to protect him in the exercise of his rights, and to look after his interests abroad and foreign lands. But, he wanted it understood that the people of the United States of America, which the Federal government would be clearly defined and be limited; it could not go outside of the Constitution in recognition of this fear of central power that the Founding Fathers put into the Constitution very specific restraints on the Federal Government. Without these restraints, the Constitution never would have been ratified.

In other matters, the early American citizen was willing to do his share in his own government, in a government which he owned, a government of the people, by the people.

The Sixteenth Amendment changed all that. In the first place, by enabling the Federal Government to collect income tax from the citizens, it drew the taxpayers into the pockets and pay envelopes of the government. It removed personal allegiance away from their local governments. It made them citizens of the United States of America rather than of their respective States. Their local governments, the power, which was now taken from them, not the Federal Government, was over whom they had some control, but by the representatives of the other 47 States. Their local governments, power, which was now taken from them, was over whom they had some control, but by the representatives of the other 47 States. Their local governments, as governments, were subject to the will of the central government, and their state of subjection was emphasized by every increase in the income tax levies.

The State governments likewise lost more and more of their autonomy. Not only was their source of revenue being dined up by Federal preemption, so that they had less and less for the social services a government should provide, but they were compelled in their exercise of power rather than the central authorities for help. In so doing, they necessarily gave up some of their independence and they found it difficult to stand up to the pressure from Washington which they had to beg grants-in-aid. Furthermore, the Federal Government was in position to demand subservience from the State government in a manner as a condition for its handouts. It has now become policy, indeed, for Federal administrative officials, including the President, and Congressmen to PLAY THE FEDERAL GOVERNMENT FOR ALL IT IS WORTH. Government, they have been reduced to being procurement officers for the affairs which Washington which the economic power which the Federal Government secured by the Sixteenth Amendment enabled it to impose on the governments of the States as well as the citizens, into submission to its will.

In that way, the whole spirit of the Union and of its Constitution has been liquidated. Income tax has made the United States as completely centralized a nation as any that went before it; the very kind of establishment the Founding Fathers opposed was set up by this simple change in the tax laws.

For those of us who still believe that freedom is a thing, the way is clear. It is not on the correction of the mistake of 1913. The Sixteenth Amendment is only that which, if not, has not been realized to the American people. Much of what I have said thus far is taken from the Introduction I wrote for Frank Chodro’s appropriately titled book, “The Income Tax: Root of All Evil.” I highly recommend this book to anyone interested in preserving our Constitutional system and nation.

To those who are fearful that the repeal of the income tax will cripple the Federal Government, let me say this: there are alternate means by which the government can obtain its revenue and through which it can be held in check. Just so long as it retains the unlimited power to levy taxes against incomes, however, the Federal Government will continue to become a more powerful central authority and, as a consequence, our freedom may be lost.

The history of strong, centralized governments has always been one of the abuse of power. If we do not profit from these lessons of history, then we must strike down and remove those things that are leading us to a strong, centralized government—the very thing our Founding Fathers tried to avoid.
Investment  
Adjustment to The New Times  
By DON C. PRESTON

Mr. Preston cites significant changes that have lately taken place which the prudent investor should not ignore. His thinking and action is required in the actual purchase of a properly selected security, and he must not risk being shut out of such securities designed as a long pull investment.

Never in the history of the world have changes taking place in such a short period of time. Changes in governments, ideologies, ways of life, new power sources, new metals and chemicals, methods of manufacturing, distribution, transportation, management and labor relations, the shifting of manufacturing and population centers and others beyond number.

Today the smart, alert investor must take into consideration all these factors and many more into consideration if he wishes to make his dollars work for him in an intelligent and profitable manner. Also he should add to the long worn out phrases and yardsticks which have been applicable in the past but will pull him to sleep now. Such as Steel is a feast or famine industry; Railroads out, industries and manufacturing have too many changes and trends both at home and abroad.

Is there not also new thinking and action required in the actual purchase of a properly selected security? The now available supply of stocks in the better companies is so limited marketwise that in many cases one is fortunate to even make a purchase at a fair price. Under the circumstances should one risk being shut out on such a security definitely desired as a long pull investment or one with all expectations of advancement by trying to buy under the market?

If it is not a contradiction to think of a short seller in trying to buy for less than a reasonable market price when in reality your reasons for purchase are because you are convinced you will have a rise in price? You may be lucky and obtain it for less but the chances are you will keep looking at your asking price after each advance, finally paying a much higher price or follow it a long way into higher ground, then give up in disgust and tell how you picked it for a good one but could never buy it.

Look back at the overall general advance of this country during your life time, then through the life time of your parents, then your grand parents and down to you will find your thoughts in the Civil War period or even revolutionary times. Have we come a long way? Can you gauge the value and worth of our great business enterprises, born, raised and now developed and further expanding in so short a period of time?

Think and act with business as a part owner and long range investor. It is more interesting and profitable than the risks and uncertainties of thinking and acting as a player in the ups and downs of the market in a game of numbers, curves and lines.

Piper, Jaffray Firm  
To Admit Partners  
MINNEAPOLIS, Minn.—Leonard H. Murray and Clinton C. White on Aug. 1, will be admitted to partnership in Piper, Jaffray & Hopwood, 115 South Seventh St., members of the New York and Midwest Stock Exchanges. Mr. Murray is manager of the firm's St. Paul office, First National Bank Building.

With Palmer, Pollacci  
(Reported The Financial Chronicle)  
BOSTON, Mass.—William F. Cox has joined the staff of Partner, Pollacci & Co., 84 State St.

IRVING TRUST COMPANY  
NEW YORK  
STATEMENT OF CONDITION, JUNE 30, 1955

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Due from Banks</td>
<td>$837,567,383</td>
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<tr>
<td>U. S. Government Securities</td>
<td>342,969,009</td>
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<td>U. S. Government Insured</td>
<td>33,994,028</td>
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<tr>
<td>F.H.A. Mortgages</td>
<td>21,554,936</td>
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<td>Other Securities</td>
<td>53,122,142</td>
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<td>Stock in Federal Reserve Bank</td>
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<tr>
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<td>First Mortgages on Real Estate</td>
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<td>Banking Houses</td>
<td>17,673,892</td>
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<td>Customers' Liability</td>
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<td>for Acceptances Outstanding</td>
<td>6,098,750</td>
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<tr>
<td>Other Assets</td>
<td>$8,516,422,333</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Stock (5,000,000 shares—$10 par)</td>
<td>$50,000,000</td>
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<tr>
<td>Surplus</td>
<td>55,000,000</td>
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<tr>
<td>Undivided Profits</td>
<td>20,831,714</td>
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<tr>
<td>Total Capital Accounts</td>
<td>125,831,714</td>
</tr>
<tr>
<td>Deposits</td>
<td>1,386,031,314</td>
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<tr>
<td>Taxes and Other Expenses</td>
<td>9,729,822</td>
</tr>
<tr>
<td>Dividend Payable July 1, 1955</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Acceptances: Less Amount in Portfolio</td>
<td>32,563,529</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>5,805,954</td>
</tr>
<tr>
<td>U. S. Government Securities at amortized cost; Other Securities at not more than the higher of amortized cost or market value; and Loans, Mortgages, and Banking Houses, after deduction of reserves. U.S. Government Securities pledged to secure deposits of public moneys and for other purposes required by law amounted to $832,285,902.</td>
<td>$8,516,422,333</td>
</tr>
</tbody>
</table>
Let's Implement Report of Cabinet Group on Transport Policy

BY DAVID L. MACKIE

Chairman, Eastern Railroad President's Conference

Railroad spokesman reviews recommendations of the President's Cabinet Committee on Transportation, and approves most of its provisions. Says essence of the report is that all types of transportation must, in a unified manner, strengthen capabilities in the competitive pricing of their services. Denies implementation of the Report's recommendations would return the transportation industry to the "law of the jungle."

It has long been recognized by students of transportation that there has been something radically wrong with the economic and regulatory atmosphere in which the railroad industry has to live. A brief review of recent history will bring this fact into sharp focus.

Let's go back only to September of 1949 when there was a major change in transportation policy. The Brookings Institution, a generally respected economic institution, was asked by the President of the United States to undertake a study of the transportation industry and present recommendations on a comprehensive basis. The committee, appointed by the President, consisted of members of the cabinet and represented, to some extent, the four main modes of transportation. The reports, presented to the President in the spring of 1950, were well received by him and led to the creation of the 1950-51 Democratic transportation program which, in turn, was the basis of the present transportation legislation.

The essence of the reports of the Brookings Institution is that the dominant trend in transport is toward the economy of mass transportation. While the transportation industry has long been aware of this trend, it has not been able to act on it. The industry has been plagued by a series of economic and regulatory problems. The most serious of these has been the failure of the industry to achieve adequate profits. The industry has been in a constant state of insolvency and has been unable to invest in new equipment and facilities.

The recommendations of the Brookings Institution are designed to reverse this trend. They are designed to bring the transportation industry into line with the economy of mass transportation. The recommendations include:

1. The creation of a national transportation policy
2. The establishment of a national transportation authority
3. The establishment of a national transportation finance agency
4. The establishment of a national transportation research agency
5. The establishment of a national transportation education agency

The recommendations of the Brookings Institution were followed by the creation of the 1950-51 Democratic transportation program. This program was the basis of the present transportation legislation. The legislation was enacted in 1952.

Under this legislation, the transportation industry was given a new lease on life. The industry was given new resources and new opportunities. The industry was given new responsibilities and new challenges.

The industry has made significant progress in recent years. The industry has made significant progress in recent years. The industry is now in a better position to meet the challenges of the future. The industry is now in a better position to meet the challenges of the future.
Problems Confronting
The Federal Reserve

R. J. L. Robertson
Member Board of Governors,
Federal Reserve System

Federal Reserve spokesman, deploring lack of understanding of the role the Federal Reserve System plays in banking, in business, and in the life of the individual, reviews the history of this central agency, that during the last four years the System has freed from the wartime strait jacket and now makes use of its traditional tools for credit control. Says, deciding when and what a bank's reserves are adequate, is the Board of Governors, which are concerned not only with bank supervisory problems, but also other matters of broad financial concern.

It would seem to be in order for me to state what I preach—by discussing the agency of which I am a part. The sole view of depositors you determine whether it is serving the nation satisfactorily.

No one will be surprised when I say that the American people—and I do not mean only the man in the street, nor do I mean a broad understanding of the significance of the role which the Federal Reserve System plays in banking, in business, and—for that matter—in the life of every individual.

Proof of this lack is on every hand. There are none who are not too willing to give the System praise for things it does not do, and no power to do. There are others who seek to blame it for developments beyond the influence of monetary policies. Perpetually, the System is sometimes criticized for competing with the large commercial banks, and for other reasons operating its activities at the very time it is being criticized for being a "tool" or "purveyor" to the same "big banks," and of being operated for the benefit of a minority of which criticisms have substance.

I suspect you have come to the conclusion, I am not, therefore, long to-day to wash that we neglect our public relations. We, as a people, are in some respects to operate on a closed-mouth basis in order to prevent criticism of the business community from resulting from our actions the expense of the rest. But whatever the reason, and wherever the blame may lie, real efforts must be made to open up the vista and enable the American people to see what those of us who are their servants are doing. I refer to the risk of being accused of either apathy or baseness.

Fortunately, I am not alone in advancing this doctrine. Others have taken up the cudgel and in an excellent pamphlet called "You—Money, Federal Reserve, and the World." Such a course will facilitate constructive criticism of our actions, criticism that will serve to prevent us from developing a small club or clique. It is far better to have the whole world to argue against than it is to have the opinion of one or two.

A contrary attitude is reflected in the statement I made recently that the Federal Reserve was not designed solely to provide the country with an elastic currency, efficient check clearing and adequate discounting facilities. No twentieth century industrial economy can function well without strong banks. Without speculating on the advantages of our dual banking system, Congress sought to strengthen the nation's banks by charging the Reserve System with supervision and regulation of member banks.

As all of you know, a large part of this work is performed by bank examiners who get under foot in your institution every once in a while—sometimes when you least want them. It has long been a thesis of mine that the banking community does not get its money's worth from the excellent work done by these men. I wish I had the time—and you the patience—to discuss this point.

But let me take a minute to ask: Are you bankers repining all the benefits that are to be gained from the wealth of experience accumulated by these experts who see the best and the worst of banking as they make their rounds? When the examination is completed, do you and your directors invite the examiners to discuss the standards and practices of your institution? In a "problem" bank there will be no need for an invitation. But in a...

Continued on page 18
The "Stock" Life Companies

By DOUGLAS J. M. GRAHAM

The outlook for 1955 is excellent because:

(1) The demand for life insurance continues to be strong. Figures for 1955 indicate that sales of life insurance are running about 18% above the record level of last year.

(2) Disposable personal income, a part of which is spent on life insurance, is running well above the record level of $84.2 billion.

(3) In recent years the American people have failed to protect their standard of living with life insurance comparable to their savings in mutual savings banks. In 1954 life insurance premiums represented a much smaller percentage of "discretionary" spending of consumers than the estimated 14.8% share in 1940. This represents a real opportunity to expand life insurance sales.

(4) Continued improvements in mortality experience.

(5) With every passing month the old 3.3% policies are expiring. Most life insurance written since 1940 has been on an annual renewable policy basis and when the policy is in force the renewal premium is the same as the initial premium.

(6) Life insurance companies now make an increasing volume of investment sales to customers who have previously been subscribers to the companies. The results have been very good and it is expected that the trend will continue.

The Long Term Outlook

The oil company on the insurance sky appears to be increasing Social Security benefits. However, insurance executives point out that well over half of their customers are in the medium and upper income groups and entering into retirement plans. This means that the income is not dependent and influenced by Social Security payments. Barring a major world war, insurance companies can and should increase their earnings for an indefinite period of time.

The Stock Companies

About 65% of the life insurance in force in the country is written by publicly held companies. Of all the stock companies, approximately 50% are publicly held stock, the remaining 50% are non-stock companies. The non-stock companies are not required to hold stock at all, which narrows accordingly, investor entry into life insurance.

Fortunately, however, among

"stock" companies, which do 35% of the business, there are some exceptionally good life insurance companies. All of their stock is traded over the counter. In the hope of blunting competition, the N. Y. stock exchanges, in the hope of blunting competition, have required a listing to be held at the 10 largest companies in the business. The number of their company stock are actually, is given below (ranked according to admitted assets):

<table>
<thead>
<tr>
<th>Industry</th>
<th>Ranking</th>
<th>Name of Company</th>
<th>Admitted Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health &amp; Life</td>
<td>1</td>
<td>Aetna</td>
<td>3,175,890</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Travelers</td>
<td>3,140,520</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Liberty</td>
<td>3,123,400</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Philadelphia &amp; Southern</td>
<td>3,055,900</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>Metropolitan</td>
<td>3,020,500</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Continental</td>
<td>3,020,000</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Central</td>
<td>3,010,600</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Lincoln</td>
<td>3,010,000</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Prudential</td>
<td>3,000,000</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Franklin Life &amp; Accident</td>
<td>2,990,000</td>
</tr>
</tbody>
</table>

Market History

During the past decade the market price of the common stock of life insurance companies has increased. During 1953, Aetna Life stock increased 118% in value, Gen. Accident increased 299%, Lincoln 514% and Travelers 335%.

After the 1953 market rally, last year the shares of the 20 leading life insurance companies rose. W. R. Prespich & Co. rose an average of 90% which compares with a 44.7% rise in the Dow Jones Industrial averages. Since January, 1955, life insurance stock has increased. This outstanding market performance, however, can be attributed to the industry's ability to write adequate new business, the retention of premiums paid in previous years, and the cash dividends paid on the stock. These factors are responsible for the outstanding market performance in the industry.

Moreover, life companies are in the habit of paying substantial stock dividends. When a life stock is split, say two for one, the old dividend rate is cut in half and the new rate is doubled. Income. That is one of the reasons why life stocks have been so highly rated.

It is confidently expected that the selected insurance company stocks will continue to rank higher than growth vehicles for capital gain and portfolio insurance.

Stock Market Data

The trend of earnings and growth of business in the other life companies which determine their market price is determined. The trend of earnings and growth of business can be determined by examining the capital stock and earnings ratios of the companies.

In addition to the "big four," the following sound and well regarded stock companies are to be included in the "big four": Continental Life, Franklin Life, Gulf Life and National Life.

Summary

The life insurance industry offers the following advantages to investors:

(1) It is an essential industry, there is no substitute for life insurance.

(2) It deals in the most popular commodity in the world—money; money never goes out of style, demand for it is continuous, and growth of each company, nor will it be outdone by electronics or nuclear energy.

(3) Book values are not structuring or misleading any which are in the best interest of the companies, are used to produce to be worth anything, but cash and prime grade securities.

(4) Accounting methods are conservative.

(5) There is good leverage factor in relation to total assets.

(6) The companies are large, enormous earning power (return on invested capital).

(7) It has top rate financial management.

With Pacific Coast Secs.

San Francisco, Calif.—L. H. Jamieson has added to the staff of Pacific Coast Securities Company, 240 Montgomery Street.

With King Merritt

Los Angeles, Calif.—Daniel F. Meier, formerly with King Merritt & Co., Inc., 1131 South Broadway.
No Sterling Devaluation or Convertibility in Sight!

By PAUL EINZIG

Commenting on the persistent rumors that the British Government intends to devalue sterling, Dr. Einzige points out that such considerations demand a clear view of events. He concludes that the devaluation may come about, but that by process of elimination, the case can be made that the devaluing of sterling will not be possible during the current half of the new year. Mexico's Minister of Finance, Manuel Ponce, is reported to have stated that the Bank of Mexico, acting on its own, would not devalue the peso. Dr. Einzige refers to the current half of the new year, during which time sterling was expected to be devalued. He emphasizes that, although the possibility of devaluation cannot be ruled out, the current political and economic factors are likely to prevent such action. The British Government is reported to be considering the possibility of devaluation, but Dr. Einzige concludes that the case can be made that the devaluation of sterling will not be possible during the current half of the new year.
Mr. Babson, in his studies of the physically handicapped, finds in the case of the blind, in many ways, the best way forward. Says they are better able to concentrate and arrive quickly at a correct decision. Urges not wasting our eyeglass on nonsense, but use it constructively.

Since returning from my winter in Florida, I have been asked how I used my time there. Unfortunately, I do not play golf or indoor games, I read books and cards. My ex- ercise consists of walking and working in my garden. I, however, have made a practice of selecting some object to study each winter, as a sort of "post graduate course." It has been interesting and helpful to myself and others.

As heretofore indicated, I have been studying this past winter the problem of the physically handicapped, but not the problem of the mentally retarded. This later is that of the trained psychologists, therapists, the engaged in mental re- habilitation should attempt to help with this mental problem. My studies have been devoted to the physically handicapped through faulty sight, hearing, speech, physical diseases, and other diseases, but who have good brains and the ability to think to the top in almost any business or profession.

I once assumed that being physically handicapped often retarded memory or judgment, but scientis ts, psychologists, and the medi cal profession tell me that I am wrong in this. They insist that those "born with" ambition, per sistence, and talent still have them after any accident; while those who apparently lacked these quali ties before an accident seldom save them after one. This is true in the case of blindness which I am this week discussing.

What Is Blindness?

There are two kinds of blindness—namely, legal blindness and total blindness. A person with legal blindness can see at 200 feet. So-called blind people who you see feeling their way along with a cane, or holding certain jobs with the aid of powerful eye-glasses, are often able to see somewhat, although they are legally blind. Of course, in these, I am not interested in the totally blind, believing that they may have the best opportunities.

When I was in college, most of the totally blind learned Braille—that is, reading with their fingers. Babson Park, with its Institute for the Blind, is within a few miles of the Perkins Institution, which is one of the best schools for the blind in America. Since the development of the radial, photographic, and especially the "talking books," fewer blind children are required to be interested in learning Braille. Let me say, however, that every blind person should at least be able to use the Braille alphabet and numbering system, in order to be able to keep records of names and telephone numbers, etc. This enables one to save as a秘书, or a sales clerk, or even an executive.

Opportunities for the Blind

Much is being done by the Federal Government, State and private organiza tions toward helping the blind. Sometimes I think that a blind person has better prospects than those of us with sight, because we do not appreciate our eyeglass and all we should. Those who are interested in this subject should write to the U. S. Depart ment of Health, Education, and Welfare, Office of Vocational Rehabilitation, N. Y. C. for a copy of their pamphlet entitled "Opportunities for the Blind." These pamphlets are available in each of the 48 states and the territories of the U. S. which specialize in such vocational re habilitation. Job opportunities are available for the blind in all the various professions, trades, retail establishments, factory occupations, and clerical and personal service positions. Many of these categories I have personally checked this past winter and find that blind persons are successfully engaged in these different lines of work.

In many positions they are doing better work than those who see it. They have more time to listen, meditate, pray, and plan; they are better able to concentrate and arrive quickly at a correct decision; they are more creative and offer their employer more and better ideas, methods, and processes. These qualifications—some of which are distinctly based upon spiritual power—are often possessed by the blind to a degree exceeding those of the normal person. In fact, the future of a blind person who is given proper opportunities can exceed that of a normal person, provided he has ambition; realization and ambition; and this; but this is not always the case.
The appointment of Ruth E. Delkor as an Assistant Manager of the Central National Bank of New York on July 7 by Horace C. Flanagan, President of the bank, was announced. Miss Delkor will act as branch manager of the new branch in its own 15-story office building at 30 Broadway, which is to be opened early this fall. The new branch will be staffed with 30 employees, including eight secretaries.

The New York office of the Standard Bank of South Africa Ltd., a Johannesburg bank, was opened here on June 28 by Arthur H. Katz, President of the bank. The London office of the bank, which was opened last year, is to be followed by a New York office.

At the regular meeting of the Board of Directors of The First National City Bank of New York held on July 5 two Assistant Vice-Presidents and two Assistant Cashiers were appointed. The Assistant Vice-Presidents are James A. Brennan, 42nd Street Branch, and William W. Love, 14th Street Branch. New Assistant Cashiers are John L. Barber, 42nd Street Branch, and Eugene J. Callan, Park Avenue Branch.

The First National City Bank of New York announced the appointment of Mrs. Delkor. The bank said it had no plans to expand into a retail business, and that the new branch now has a total of 29 employees.

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The 450 level so widely, if illogically, picked out as at least a temporary peak for the bull market was penetrated decisively late last week. But, far from bringing on a reaction, the industrials in this week's stock market went right on with the task of conquering the 460 level under the leadership of the blue chips which have such a big hand in jacking up the average.

About the best justification advanced for selecting 450 as a target when such predications were rife many months ago was the expectation that the top grade issues would have had their run by then, with investor interest turning to the secondary issues which could have their fling without making any important contributions to advancing the average. But no less than the blue-blood leader, duPont was the big feature of the week, aided by such other traditional bellwethers as General Motors, Bethlehem Steel and U. S. Steel. In fact, the "name" stocks were still doing the bulk of the work to keep the advance going.

** Feats of duPont duPont's feats included runups of more that a dozen points before inspiriing profit-taking, with the gamut of rumors running from its own stock split to projections of added value through a higher dividend and a stock split in General Motors of which it holds a famous 20,000,000 share bundle. Through it all, the stock that was viewed with a skeptical eye generally as it worked toward the 250 level has now reached a point where 250 is being nibbled at.

General Motors was equally buoyant, if less spectacular, and also continued to make overall progress of a good nature in distinct contrast with the aimless actions of other issues, including that of American Telephone which hadn't done any better than back and fill in the seven consecutive weeks of good gains by the industrial average.

** Rails Still Lag Moreover, there has still been no important contribution to the advance from the carrier section which "confirmed" the industrial breakthrough to a historic peak by a one-day advance to a high for a quarter century but did it in half-hearted way and has shown no disposition to extend the high importantly in a period that now has stretched to a couple of weeks. Utilties have been even more unconcerned and, on average, have been backing and filling for what now amounts to a period of four months. In short, it has been strictly a blue chip, or industrial average bull swing.

The holiday had little market influence either way, due largely to the settlement of the steel strike on the eve of the holiday, which had been anticipated by the list buoystant and in position to extend its gains once the traders were back at work this week. Steels were favored at least temporarily because of the excellent earnings reports due to be issued this month plus expectations that the prompt rise in steel prices after the wage settlement will assure good reports for the rest of the year until declining demand, or the usually tardy full effects of a new wage spiral, are felt.

Oils and Coppers Spotty Oils had spotty support and the ferrous metals were also in occasional demand to provide bright spots in other sections of the list. They were far more orderly, however, than the sputters elsewhere. Lion Oil forged well into new high ground on some fair gains. The "Standard" group generally acquitted itself well when the going was good but the issues had trouble working through the old highs.
Long Island Lighting Offering Underwritten

The Long Island Lighting Co., is offering its common shareholders—of record July 27, 1955—to subscribe to an additional 624,170 common shares at $20.50 per share for deferred payment. These shares, which were not previously reserved for subscription, will be sold at a price of $20.50 per share. The company expects to receive $12,661,750 from the sale of these shares, which will be used to repay bank loans incurred for construction of utility plant. Construction of the plant was completed in 1953, and the company expects to have the plant in operation by the end of 1955.

The underwriting group, headed by W. C. Langley & Co., Blyth & Co. Inc., and The First Boston Corp., will purchase the non-subscribed shares. Net proceeds to be received from the sale of these shares will be used to repay bank loans incurred for construction of utility plant. Construction of the plant was completed in 1953, and the company expects to have the plant in operation by the end of 1955.

The company supplies electric and gas service in Nassau and Suffolk counties and the continuous counties of Queens, Suffolk and Nassau counties. Population of the territory served exceeds 1,200,000. The area served is predominantly residential. It is estimated that since 1950 construction contracts awarded for new homes (most single family) in Nassau and Suffolk counties were $25,000,000.00 for each of the last ten years. These rights will expire in 1960. (By the end of 1955, 100,000 new homes will be constructed.)


With B. C. Christopher

In the weeks that followed the discovery of the New York stock market bubble of 1929, there was a great deal of speculation about the future of the stock market. The bubble had burst and many people were left with large losses. The government had to come to the rescue and the need for a regulatory body to oversee the stock market became evident.

The Securities and Exchange Commission was established in 1934 to regulate the stock market and to protect investors. The Commission is responsible for enforcing laws that govern the securities industry.

One of the first actions taken by the Commission was to require brokers and dealers to register with the Commission. This was to ensure that the people who were buying and selling securities were properly licensed and qualified.

The Commission also regulates the way in which securities are traded. It requires that stock exchanges have fair and transparent trading practices. It also sets limits on the amount of money that can be invested in a single stock.

The Commission is also responsible for enforcing the laws that govern the sale of securities. It investigates complaints from investors and takes action against brokers and dealers who engage in fraudulent practices.

The Commission has the power to issue regulations and to bring legal action against those who violate securities laws. It is an important part of the government's effort to protect investors and to ensure the stability of the securities market.
Problems Confronting The Federal Reserve

The Job of Acting As a Bank

Having spent most of my life in the banking field, it is dealing with and discussing its problems and progress. But from the viewpoint of看着 a free banking system of the United States outweights its supervisory and regulatory functions. Regulation of money and credit was not the chief objective of the Federal Reserve Act of 40 years ago. The necessity for such regulation was adequate given circumstances to which the System has had to adjust.

There is little comparison between the conditions prevailing then and now. There are not many who can remember the conditions of that time. I have street on tip-toe to recollect the lighted houses in the midst of darkness. That is quite a stretch to my youthful memory. At that time I was not a banker either. I was playing a game though losing battle with the Reconstruction Finance Corporation and a few people who looked upon airplanes as a menace to the nation. And those were the days of very few broadcasting stations in this country.

One day in the 1920s, the present miracle medicines was still in the experimental stage, and nuclear physics was still only a guess. Today, less than a hundred of our 14,000 banks failed - that is, 1932 deposits exceeding in amount all deposits in all of the 40 banks.

But gradually we have evolved a new pattern of thinking and conduct to follow better a balance between the needs of the individual on the one hand and the supply of credit on the other. And who can look with the view of maintaining high levels of economic activity and employment while doing business? But in retrospect one can see that this had not been done, the inflation of the late 40's could have been greatly moderated - if as a nation we had been willing to hang on long enough and more and to borrow less, thereby encouraging and helping the public in utilizing the public debt through "payment in real money." This real money, loaned at a 1% disbursment charge, resulted in creating a superabundance of money.

Federal Reserve Freed From War-Time Strife Jacket

In the past four years, the System has freed itself from the "jacket" and made use of its traditional tools of general credit control, the discount policy, and reserve requirements, and has used flexibility and frequency to stimulate and reduce credit as the occasion ever that seemed to be desirable for the beneficial maintenance of economic progress, or to make credit less costly available, when there seemed to be a threat of a detriental over-extension of credit.

On the other hand, it will be difficult to tell what action, within its power, will aid in avertting inflation on the one hand, and deflation on the other. But the System has a supply of money and credit adequate for both these tasks.

Stating this power and policy is not the last word. There is another matter. Deciding when to use this power and policy necessitates daily meetings of the Board of Governors. At the Board of Governors' meetings throughout the country, we have a panel of experts who can appraise the situation and recommend to the Board of Governors the best course to follow.

The Board of Governors and Reserve Banks are in the best possible position to be subjected daily to uneasiness that cannot be relieved, or to be subjected to a policy not in the best interests of the United States. We will not make a mistake. We will make no mistakes. We will not exceed the authority granted us by law. We will act with candor and a sense of responsibility.

The System has been a success. After all, the purpose of the System is to serve the American people. It was established for the purpose of promoting commerce and trade, and to secure the maintenance of a sound currency and a uniform means of payment, and for the encouragement of legitimate credit activity.

The Federal Reserve is unique in its way. It was established in 1913. Since that time the Federal Reserve System has been active and has done a tremendous amount of work. It has helped to stabilize the nation's economy, and has played a major role in maintaining the stability of the nation's financial system.

The Federal Reserve System has also helped to promote economic growth and development by providing a stable and predictable monetary environment. It has provided a means for the distribution of credit to consumers, businesses, and governments. It has also provided a mechanism for the implementation of monetary and fiscal policies that are necessary for the stability of the economy.

The Federal Reserve System has been an important component of the nation's monetary system. It has provided a framework for the conduct of monetary policy, and has helped to ensure the stability of the nation's financial system.

In summary, the Federal Reserve System has played a crucial role in promoting economic growth, development, and stability. Its success is a testament to the wisdom of its founders, and a testament to the resilience of the American economy.
Public Utility Securities

BY OWEN ELY

Niagara Mohawk Power Company

Niagara Mohawk Power Company is one of the largest pro-
ducers of electric power, with a capacity of 3,000,000 kw. last year. Since a large proportion of output is industrial low-rate power, the industrial rates rules only about sixth in size if measured by its $210 million in gross revenues since 1950. It produces more kw. than Consolidated Edison, although the latter company has a population to revenue ratio of only 7,000.

Niagara has an important gas division which contributes about 10% of its revenues. Due to conversion to natural gas and the rapid expansion of residential house-building, gas revenues have nearly doubled since 1950, while electric sales gained 25%. Gas service was extended to 10,000 new communities last year, thus substantially converting to natural gas. Gas has contributed substantially to the steady increase in share earnings since 1950.

Niagara Mohawk serves an area in New York State extending from Albany to Buffalo, including the large upstate cities with the exception of Rochester. Operations are important for two small Canadian subsidiaries. Population of the area served with electric power is about 3,500,000, and the gas territory is less extensive. The state is highly industrialized and also includes large agricultural and resort areas. Opening of the New York State Turnpike last year should stimulate even more community development, and sales have increased 10% since 1950, and is bringing in new factories, shopping centers, warehouses, trucking facilities, and home centers. While Niagara Mohawk obtains nearly 62% of its electric sales and 49% of electric revenues from industrial customers, revenues and income will diversify, as indicated by the following industry tabulation:

<table>
<thead>
<tr>
<th>Industry</th>
<th>% of Industrial Electric Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals, paints and dyes</td>
<td></td>
</tr>
<tr>
<td>Aluminum and magnesium</td>
<td>15</td>
</tr>
<tr>
<td>Steel and iron</td>
<td>9</td>
</tr>
<tr>
<td>Paper and allied products</td>
<td>4</td>
</tr>
<tr>
<td>Misc. alloys and non-ferrous metals</td>
<td></td>
</tr>
<tr>
<td>Fabricated metal products</td>
<td>7</td>
</tr>
<tr>
<td>Electrical equipment</td>
<td>6</td>
</tr>
<tr>
<td>Automobile and transportation</td>
<td></td>
</tr>
<tr>
<td>equipment</td>
<td></td>
</tr>
<tr>
<td>Cement, stone, clay and glass</td>
<td>4</td>
</tr>
<tr>
<td>products</td>
<td></td>
</tr>
<tr>
<td>Other diversified industries</td>
<td>25</td>
</tr>
</tbody>
</table>

The company has been installing very substantial steam generating capacity at the recent years. Thus at end of 1954, the total steam capacity was 3,600,000 kw., an increase of 55% since 1950. The total hydroelectric capacity was 1,054,000 kw. at the end of 1954, had increased, about 9%, and the amount of power purchased under contracts decreased.

The capital structure of Niagara Mohawk at the end of 1954 was as follows:

<table>
<thead>
<tr>
<th>Million</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term debt</td>
<td>$342</td>
</tr>
<tr>
<td>Preferred stock</td>
<td>191</td>
</tr>
<tr>
<td>Common stock equity (11,500,000 abs.)</td>
<td>329</td>
</tr>
<tr>
<td>Total</td>
<td>$672</td>
</tr>
</tbody>
</table>

The company has a unusually high depreciation reserve, amounting to 25% of utility plant, which is carried at original cost. Niagara Mohawk has a number of electric generating facilities in New York state which for some years has been planning the development of additional power. Niagara, as possible by the 1950 Treaty with Canada. Niagara Mohawk or other utilities will be able to do this project is completed. At present the whole matter is deeply buried in politics.

Niagara Mohawk's common stock record is shown in the tabulation below. It is believed that earnings, although not as large as expected, are due to the increase in industrial activity, the continued gains in gas sales, and the earnings of the New York State Thruway. That is estimated that there will be 18,000 new electric customers, 9,000 gas customers and 2,000 new industrial sales. This is equal to 3,200 5-year acceptance contracts anticipated from the approval by the New York Public Service Commission, early this year, of higher maximum limits on large volume gas space-heat installations. Earnings for the 12 months ended March 31, were $2.14 compared with $2.05 in the preceding year. These earnings on capital that earnings for the calendar year may approximate $2.20 or more. An increase in the dividend would seem a very possible probability later in the year. It is believed that earnings could be increased and anticipated another series of hurricanes does not develop ("Hazel" cost about $300,000 last year).

On the basis of the $2.20 estimate the stock at the recent price around 33% is selling at about 15 times earnings. The current yield is 4.75n% and the dividend rate is 2c. It is believed that all electric utilities, and higher than for most of the large companies.

Volume 112 Number 5444 The Commercial and Financial Chronicle
Bank and Insurance Stocks

By ARTHUR B. WALLACE

GUARANTY TRUST COMPANY OF NEW YORK

Late in the Civil War period, in 1864, Guaranty Trust Company was formed; and, as the growth of the city of New York proceeded, the bank has grown to be one of the largest banks in America. Guaranty Trust Company's capital stock is $10,000,000. The name was changed to the present title in 1896.

While several other banks were merged with Guaranty beginning in 1890, the merger of Guaranty with the Commercial Bank of New York in 1929 was the largest merger in the history of American banking. Guaranty Trust is organized as a trust company, and its business is conducted by its board of trustees, which has 18 members. The president is Mr. Charles E. Tower, and the chairman of the board is Mr. Louis H. Stetson.

Guaranty Trust maintains three branches in New York, and also offices in London, Paris and Brussels. The management is regarded as among the ablest in the banking system, while conservative, it has been flexible and alert to keep the bank's operations in pace with changing conditions in the economy.

Statement of Condition — March 31, 1935

<table>
<thead>
<tr>
<th>Cash &amp; Due from Banks</th>
<th>$69,375,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>U. S. Govt. Securities</td>
<td>41,210,000</td>
</tr>
<tr>
<td>Acceptances, Secs.</td>
<td>31,400,000</td>
</tr>
<tr>
<td>Deposits</td>
<td>2,043,000</td>
</tr>
<tr>
<td>Shares, Bonds, Loans</td>
<td>9,250,000</td>
</tr>
<tr>
<td>Notes, Accs.</td>
<td>31,350,000</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$302,375,000</td>
</tr>
<tr>
<td>Liabilities</td>
<td>$236,260,000</td>
</tr>
<tr>
<td>Net Worth</td>
<td>$66,115,000</td>
</tr>
</tbody>
</table>

A breakdown of these assets into principal categories follows:

<table>
<thead>
<tr>
<th>Maturities</th>
<th>Maturities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 3 Years</td>
<td>Over 10 Years</td>
</tr>
<tr>
<td>1935</td>
<td>1934</td>
</tr>
<tr>
<td>1950</td>
<td>1947</td>
</tr>
<tr>
<td>1951</td>
<td>1948</td>
</tr>
<tr>
<td>1952</td>
<td>1949</td>
</tr>
<tr>
<td>1953</td>
<td>1950</td>
</tr>
<tr>
<td>1954</td>
<td>1951</td>
</tr>
</tbody>
</table>

Guaranty Trust's break-down to maturity of its United States Government bond holdings at the end of the year was as follows:

<table>
<thead>
<tr>
<th>Income from</th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Interest</td>
<td>Rate of Return</td>
</tr>
<tr>
<td>Interest &amp; Divs.</td>
<td>Rate of Return</td>
</tr>
<tr>
<td>Lending &amp; Deposits</td>
<td>Rate of Return</td>
</tr>
<tr>
<td>Securities</td>
<td>Rate of Return</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>Rate of Return</td>
</tr>
</tbody>
</table>

The Chase Manhattan Bank

Lillard, Bissell & Meeds

NATIONAL BANK OF INDIA, LIMITED

The Chase Manhattan Bank

20 (80)

The Commercial and Financial Chronicle — Thursday, July 7, 1955
The Conspiracy Against Gold

The Treasury to make rules or regulations with respect to gold it may own

Every such act on its part is and has been an invasion of the property rights absolutely guaranteed to them under the Constitution.

Newly mined gold in the hands of the Treasury, comes into the Treasury and not into the Treasury as gold but as paper which is not convertible into anything—neither into gold nor into anything else.

Where can the Treasury derive the authority to compel these property owners to secure a license, issued by them, before mining and preparing their privately owned gold for sale.

Where can the Treasury derive authority to compel these property owners to sell this gold to them, or to their assigns, at will, under criminal penalties.

This seems to me to be a very strange proposition. To say that criminal prosecution with fines and imprisonment, plus confiscation, of all gold, even gold not even allowed to keep their own money, and that all gold owners are embezzlers who use it commercially.

Where can the Treasury derive authority to favor some and to deny it to others.

Suppose a law were passed permitting the sale of gold only to those who have never been convicted of any crime.

What would be the effect of such a law on the property owners?

That is the question. It does not seem to me to be a question of whether any of it is exchange for government bonds.

We have an enormous and increasing surplus of raw gold on hand. This gold cannot be handled by the Treasury, nor can it be handled by the Mint. If it were handled by the Mint, it would cost us a great deal more to handle it than to keep it.

But it is a question of what to do with this gold. It seems to me that there is no question but what this gold is a valuable asset to the United States.

The present Government is, or should be, the custodian of this gold.

We have a right to get an equivalent for this gold, but the present Government is not in a position to get it.

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The Conspiracy Against Gold

and merely transfers of credits as accounts are balanced. They are not paying the real costs of the goods and services they are buying.

During the hearings on the Banking Act in 1935 the Governor of the Federal Reserve in St. Louis testified that he was unable to explain how the Federal Reserve Banks could hold their balances, even if they were at the expense of the taxpayers. "We have no means of doing it," he said, "because there is no such thing as a Federal Reserve Bank." The Reserve Banks are not enterprises and can not be operated as such. They do not have any way of making money, except by charging fees for their services, and they do not have any means of doing this. They are not in competition with the banking system.

The Board of Governors of the Federal Reserve System is composed of seven members, appointed by the President, subject to the advice and consent of the Senate. They are not responsible to the President, and they have no political influence. They are required by law to act only upon the recommendation of the Chairman of the Federal Reserve Board, who is appointed by the President with the advice and consent of the Senate. The Board of Governors is not subject to either legislative or judicial control.

The Federal Reserve is an independent body, and its decisions are not subject to the approval of the President or Congress. Its actions are not affected by political considerations. The Board of Governors is not responsible to the President or Congress, and its decisions are not subject to the approval of either. It is independent of all political influences.

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The closing of gold mines the drive against inflation, and the resulting Regulations, restrictions, and low prices, all contributed to the gold bubble. It came to the blight. Calling on the Federal Reserve Board to increase its gold holdings and shift to a more gold-centered policy, the United Nations Charter which had just been approved, but in stead of being a mere declaration was the real power through which the gold reserves were conveyed to credit by a foreign tribunal. It was an international court which delegated, with Keynes and Algis Him, the functions and powers of the Monetary Fund, with Harry Dexter White as its first director. It was set up in front of various changes of currency, much as in a trump to sway an international tribunal.

It was set up in peripety as a sort of neighborhood police supervision, investigation or criticism for itself or by its own officials. We pack the board, the Fund decides.

It is a specialized agency of the General Agreement on Tariffs and it has assets of between $7 and $8 billion. The Secretary of the Fund, as a member of the Bureaucracy, is under no obligation to the US government to deposit the money, the Fund decides.

The United States was bound to pay as much gold and foregone acceptance for gold as it agreed not to change it without the consent of members of the Fund.

Federal Reserve Claims

During recent years a strong measure of totalitarian arrogance has crept into the statements of members of the Federal Reserve Board. They have been more and more of the public he is false. White had also been Secretary of the Bureaucracy, and there are at least twenty-six “laws” in the Senate Record, with a lengthy dossier.

Through these two organizations the United States was bound to pay a certain amount for gold and silver. It was to be the fund for the benefit of current members of the Board.

Federal Reserve Establishes Reserve

The Constitution says nothing about gold and coin to money, coin, regulate the currency, and of foreign coin.

The Constitution says nothing about Second World War the gold certificates were issued to people who had been the enemy in the war. It was to be the fund for the benefit of current members of the Board.

The economic value of gold certificates, with its legal tender provisions, was to be dropped lower, and lower, and lower. So less in fact that they can pass out of sight, and all re- serves can be suspended, for a period of time, then extended, and extended, and extended, etc., etc.

There are sufficient loopholes in this law to make it a joke. As a rule, coins are worth nothing. The war has been going on for over a century.

There is no one to whom the Gold Standard is a reality and who is not aware of its essence. It is a fundamental of law.

In one of the most important and momentous of the constitutional questions, the issue of the constitutionality of the gold standard, the Supreme Court has decided that it will get the Supreme Court decision.

Then, too, the fact is that the Federal Reserve Notes are just some of the "pros" in the setting of our daily lives. The main purpose is to bring about a general acceptance, and we can be pretty sure that it will get the General Accounting Office decision.

The facts are sad. The gold certificates are not worth anything. The United States government has never printed the United Nations Charter which had just been approved, but instead of being a mere declaration was the real power through which the gold reserves were conveyed to credit by a foreign tribunal. It was an international court which delegated, with Keynes and Algis Him, the functions and powers of the Monetary Fund, and the right to make policy decisions against the will of the United States government.

We have decided that the place of the gold certificate is safe in the hands of the United Nations Charter. They have not been put over on a war weary public under a tremendous barrage of propaganda from an immense and often-worked-up mass of names, none of whom have specifically divulged any knowledge or information as to the nature and purpose of the United Nations Charter which had just been approved, but instead of being a mere declaration was the real power through which the gold reserves were conveyed to credit by a foreign tribunal. It was an international court which delegated, with Keynes and Algis Him, the functions and powers of the Monetary Fund, and the right to make policy decisions against the will of the United States government.

When Congress passed the Federal Reserve Act of 1934 outlawing the gold certificate it effectively nullified the very formula the government had used for the dollar since this was the income statement of a government's gold coin.

But that fiction of the gold content has since been called a masterful piece of brain-washing. It is no longer possible for the people so effectively that the gold certificate can be converted into gold coin at the parity of $20. The present outstanding monetary gold obligations against which the Federal Reserve Act of 1934 outlawed the gold certificate is legally compelled to hold a gold reserve, now seem to require this reserve to be more than $2 billion.

These two amounts add up to about $2.3 billion, and with the $6 billion short of meeting its present obligations.

If we view this stand-by the ability of the entire $4 billion in gold, a second line of defense and a feasible alternative for the United States have been set up.

It is claimed by some of the American authorities, including the Morgenthau Plan, that the gold certificates have been used as an instrument for the control of the money market, and that they have been used in the gold market to stabilize the price of gold.

The total stocks in Fort Knox and other Treasury deposits, to which the government pays claim, are slightly more than $21 1/4 billion. Under our policy of selling gold to foreign Central Banks, for their dollar holdings and trade balances, we face a potential dehydrogenation at any time for a small fraction of the $2 billion, which if fully called for would leave us holding an almost empty gold mine. The sale of nearly $3 billion in gold left to support our dollar holdings and trade balances.

This $12 1/2 billion of foreign demand gold is the equivalent of having outstanding options on this amount with the United States property or similar paper or similar claims, which can be exercised to take delivery of the gold certificates available for the gold certificates.

The Constitution says nothing about gold and coin to money, coin, regulate the currency, and of foreign coin.

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No group of men can successfully defend their assumption of such power if challenged, on Constitutional grounds, through the courts.

Many years ago President Garfield warned the country that this sort of power, when he said, "Whichever controls the money power of a nation controls its industry and commerce.

Our Inadequate Stock of Gold

The debt burden of the national government is at least $22 billion at this time, made up of $12 billion of its authorized primary debt of $21 billion, a second line of defense, and an equal amount of seemingly inexorable authority, totaling $24 billion (arising through loans, guarantees and advances, for which it is responsible), and its outstanding currency and deposits amounting to another $10 billion.

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The Conspiracy Against Gold

reference to it is automatic, until one attempts to explain it. Then the attempt is immediately cut short by the facts and fiction collides with facts.

This is the year of the conspiracy against gold. They swallowed the poisons years ago and can't get it out of their system, they can't explain why. It is a fact that the people have a "有价值" when all they are doing is to destroy the dollar. It is a state of perpetual frustration.

The propaganda has had its dangerous effects on people who should be able to think clearly and rise above it. To illustrate, we can take a recent statement of a very highly placed and influential member of our President's Cabinet.

"The most important thing about money is stability and we are vigorously opposed to any change in the present gold content of the dollar. We feel that gold does for us is to serve as a ballast against which to measure other values, and that the length of the yardstick, it would make no end of trouble. This is a bit of advice that has many times referred to the fact that the dollar is "half its value." Surely, that is not stability. Intricate and tangible gold stocks are needed as com-

Futility of Expecting Gold Redemption

There are no gold stocks in Congress supported and promoted by groups of economists, calling for the gold standard. If most people are on the basis of the present gold price, the battle is over, there is no hope of calling for it. The people are not ready for it, and they don't understand what it means to deliver gold.

Convertibility is a desirable object, an essential fact, a necessary condition and the basis of our economic and financial system. We have to have gold as a means of measurement, and we must not get bogged down in the idea of gold as a commodity.

The proponents argue that there is a universal demand for gold, and this program would proceed smoothly into 1919 or 1920, and there would be no need for gold. This is not the test. What was the real test was to see whether the price of gold would be stable, and it was.
Continued from page 2

The Security I Like Best

chemical cultures, fine chemicals, plastics and resins, pigments, medical supplies, and a chemical combines.

Diversification into the pharmaceutical and biological fields through its Lederle Laboratory is one of the factors which distinguish American Cyanamid from other leaders in the chemical industry. Its annual sales of the ethylenamino drug field are high and its net earnings, which contribute substantially to overall earnings of the Company, have shown a steady improvement, known best for its development of a sucroneycin and this broad spectrum antibiotic was one of the important factors for mid's sharp sales gain in 1951.

American Cyanamid has one of the largest research budgets in the chemical industry, averaging more than 35% of total sales, pared with the average of around 3% for other diversified chemical enterprises. Cyanamid's policy is relatively young in comparison, but the research organization is one of the largest in the country, and is now expected to be at a rising rate in coming years. A greater percentage of these outlays has been directed toward drugs and pharmacological research projects and have been historically higher. American Cyanamid's research projects now undergoing investigation are searches for tuberculosis and other infectious diseases.

Of more immediate significance earnings reports the chemical industry's development by American Cyanamid's research department of tetraethyllead, a new high octave lead compound, closely related to automobile fuel, that contains no sucroneycin, but which has proved to be less toxic and which is taking over some of the market for broad-spectrum antibiotics. Several important research developments by Cyanamid are a suppository form of the diaminodiphenylsulfone, the type of duPont's Gilon, Union Carbide's Quilsfield, and Acrilan, so far called only "X-51," and an antibiotic process for chemical metal refining process to permit economic recovery of metals from low-grade ores.

Capitalization consists of $117 million of common stock of convertible preferred stock, and $246 million of common stock represented by 8,726,500 shares of $28.10 book value as of the last report. Sales which set a new peak for 1954 at $397 million, have shown a declining trend following the depression over the past two and one-half decades, as have earnings. Per-share earnings in 1929 had climbed to $2.05 in 1937, were down to $.75 in 1940, were down 1950-51 peak of over $4, and were $2.25 in 1954. The Company's earnings setback in 1953 and 1954 was due to a number of factors, including a protracted strike, lowered prices for antibiotics, starting-up expenses at the Fortiie plant, accelerated depreciation in 1954, and an inventory recession in chemical. It now appears that this earnings trend has reversed. Looking ahead several years, this rate of growth could accelerate based upon anticipated benefits from the expansion, with the expansion potential for the Company's products. One outstanding analyst of chemical stocks has projected earnings at $7 to $8 per share some three to four years hence. American Cyanamid common stock is volatile, but since 1951 has subsequently declined to around 41 7/8 in the past year, and has fluctuated in a narrow range. At current levels of around 61, and taking into consideration the expansion factors discussed above, the common appears reasonably priced and subject to substantial appreciation over a several-year period. Based on the New York Stock Exchange and other exchanges.

Continued from first page

As We See It

Let it not be supposed, however, that these wage triumphs of the unions are isolated phenomena, or that the gains have occurred without the assistance of management or not—by some of the very elements in the population who brudge them. The fact, when it is a fact, that these wage boosts result in higher prices prove nothing as to their character, or the real cause of it. It is a fact that the notion has grown so popular that inflation is synonymous with higher commodity prices. Such an idea not only will not stop, but will emerge as a rallying-staff for such a cause and there was no inflation in the latter half of the Twenties—but it usually succeeds in beclouding certain other facts which are a vital part and parcel of the economic developments of the day.

Real Inflation

Who, for example, for a moment supposed that all this could have happened there had been no systematic over-enlargement of the money supply by means of Treasury deficits financed through the banks, particularly the Federal Reserve banks? These banks, in their purchases of government bonds, have been run up by factors beyond their control can not always simply raise prices to recoup. If it were so simple as that, little or no resistance to eternal enlargement of costs would ever make its appearance. Unless consumers can buy at the higher prices and will do so, the producer simply can not permit even monopolists to run his costs up to that level. That is why purchasing power has been put into the hands of the public simultaneously by deliberate design of economic planners and always to the joy of the political miracle worker.

This process is, of course, one of the ingredients in the New Deal prescription for permanent prosperity. Various devices, such as deficit financing through the banks, various give-away programs, stimulating (or should we say combating?) are not merely programs, but the government programs, and each is put into the hands of the public simultaneously by deliberate design of economic planners and always to the joy of the political miracle worker.

But let it not be supposed that the labor organization which today have succeeded in enforcing "inflation" demands upon manufacturers and others grew to their present strength with the encouragement and actual support of the New Deal and Fair Deal, both of which have again and again and again gone to the people boasting of their achievements in the form of higher wages and higher prices as unqualified economic blessings. We feel certain that the motor companies, the steel concerns, and most of the others from whom these magnificent wage concessions have of late been wrung would have preferred to avoid other costs and where possible to reduce prices. We suspect that had labor lacked almost complete monopoly power as well as the favor of the political purchasing it would not have been able to hold out with much more determination, quite possibly with success against the raids on their Treasury. We quite certain that they would have been obliged to do some of the bargaining, and not without incident that they already deeply infected the rank and file of the consumers of the country. As it was, there was a losing battle from the start.

Built-In Costs, Too

what as deeply embolden in the economic structure as any of the other effects of currency and credit tinkering, income redistribution, labor pampering, and all the rest are. This being the case the apparent advantage of the larger average income must soon be lost in rising prices. It is in part illustrative of the event if one degree or another what is given to one element in the population is often simply taken by force from others.

In circumstances such as these, it is fruitless merely to point the finger at the labor monopolists who take advantage of what is offered them—and defend their action with phrases they borrow from sacred New Deal lips. It would equally be out of order to lay blame upon the employer who simply finds it out of the question, practically speaking, to hold out against these raids. Each of them has his competitors. They, too, must live in the economic world, and have been threatened by powers over which they have no control. What has been taking place of late is but the inevitable outgrowth of what occurred at earlier dates.

Of course, we do not mean to suggest a completely fatalistic attitude toward all this, a simple reckless swimming with the tide without a thought of the ultimate consequences. We are sure that sooner or later the piper will have to be paid, and we are certain that it would be foolish to forget that fact. Yet we must recognize the current situation for what it is.

Harriman Ripley Adds

With Mid Continent Inv.

HARRIMAN RIPLEY ADDS

(Original in THE FINANCIAL CHRONICLE)

to The Financial Chronicle

Harriman Ripley is now affiliated with Harriman & Co., Inc., Incorporated, 135 South LA Salle Street, SANTA ANA, Calif.—Ben C. Garside is now with Dean Witter & Co., 516 Main Street.

Dean Witter Adds

CHICAGO, Ill.—William J. Brinkworth is now affiliated with McCormick & Co., 201 South LA Salle Street, members of the New York and Midwest Stock Exchanges.

Harriman & Co., Inc.

Jolna McCormick Co.

U.S. Steel

With Mid Continent Inv.

(Original in THE FINANCIAL CHRONICLE)

SANTA ANA, Calif.—Ben C. Garside is now with Dean Witter & Co., 516 Main Street.

Joins McCormick Co.

CHICAGO, III.—William J. Brinkworth is now affiliated with McCormick & Co., 201 South LA Salle Street, members of the New York and Midwest Stock Exchanges.

Howard Pill Opens

HARRIMAN, Ala.—Howard V. Pill has henceforth be engaged in a securities business from offices in the Old McEwen Building—formed in charge of the securities division of Crescent Finance & Investment Co., Inc.

Hess & McFaul Add

With Mid Continent Inv.

PORTLAND, Ore.—George F. H. Hartford has joined the staff of Hess & McFaul, American Bank & Trust Co., Portland. Mr. Hartford was previously with Zilka, Smither & Co.

E. T. Moore Opens

(Original in THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—Elbert T. Moore has opened offices at 4351 East Carson Street to engage in a securities business.

STATEMENT OF CONDITION

At the Close of Business June 30, 1955

ASSETS

Cash and Due from Banks... $110,101,638.41
United States Government Securities... 11,229,512.79
State and Municipal Securities... 12,172,953.19
Other Securities... 13,439,613.05
Stocks... 3,132,669.28
Bonds and Mortgages... 1,958,222.97
Loans and Discounts... 14,781,649.85
Bank Building... 571,180.29
Other Assets... 67,019.84

Total Assets... $185,818,491.76

LIABILITIES

Capital... $ 2,000,000.00
Surplus... 8,098,000.00
Undivided Profits... 975,155.10
Cash in Bank... 559,885.03
Unearned Discount... 22,100.51
Reserves for Taxes and Expenses... 92,325.56
Deposits... 973,277.41

Total Liabilities... $185,818,491.76

KINGS COUNTY TRUST COMPANY

Published 1947

111 BAY STREET

in the Heart of the Civic Center, Brooklyn

New York State chartered

45

For FRASER
Danger Signals in Present Stock Market Boom

We may assume that the present stock market boom will remain somewhat permanent due to the following reasons:

1. (The concept of full employment which requires low interest rates, which makes possible the high level of activity at a high level of production.)

2. The current level of interest rates is low, and the firms continue to have a low cost of production.

3. The government is providing a base of support for the stock market.

The differentiation of yields and their resulting implications are of great importance to the investor. One of the most important factors affecting the yields at a high level is the interest rate. The yield of high-grade corporate stocks is affected by changes in the interest rate, which is determined by the supply and demand for these stocks. High interest rates reduce the demand for these stocks, leading to a decrease in their price and, consequently, to a decrease in their yield. Low interest rates, on the other hand, increase the demand for these stocks, leading to an increase in their price and, consequently, to an increase in their yield.

The differentiation of yields is also affected by the nature of the investor. For example, long-term investors are more likely to be interested in high-grade corporate stocks, while short-term investors may prefer to invest in lower-grade corporate stocks. The differentiation of yields is also affected by the economic situation. For example, in a recession, the yield of high-grade corporate stocks may be higher than in a boom, while the yield of lower-grade corporate stocks may be lower.

In addition to the differentiation of yields, the market is also affected by the government's policies. The government may choose to manipulate the yield of high-grade corporate stocks in order to maintain the stability of the economy. For example, during a recession, the government may choose to lower the interest rate in order to stimulate the economy, which would increase the demand for high-grade corporate stocks and lead to an increase in their yield.

Another important factor affecting the yield is the supply of money. High interest rates reduce the supply of money, which leads to a decrease in the demand for high-grade corporate stocks and, consequently, to a decrease in their yield. Low interest rates increase the supply of money, which leads to an increase in the demand for high-grade corporate stocks and, consequently, to an increase in their yield.

The relationship between the yield of high-grade corporate stocks and the government's policies is important to the investor. The government may choose to manipulate the yield of high-grade corporate stocks in order to maintain the stability of the economy. For example, during a recession, the government may choose to lower the interest rate in order to stimulate the economy, which would increase the demand for high-grade corporate stocks and lead to an increase in their yield.
serve policy around the 1937 and 1940 dates. The two increases in margin requirements, from 50 to 50% in 1937 and 70% in 1940, have made the self-generating process extremely difficult. Speculative purchases made on a 50% margin basis must rise 66% in value before new purchasing power can develop at the 70% margin level.

More stringent margin requirements may be imposed in the not too distant future, should brokers be forced to resume their rising tendency.

Coinciding with the rise in margin requirements has been the rise in interest rates which will probably continue, based on present open-market policies.

These policies will continue to exert a weakening influence on the demand factor for securities. The broad demand by the speculative public and the institutions could be assumed to weaken in light of current Federal fiscal policies.

Professional Behavior

The members of the New York Stock Exchange are a group whose operations are successful with reasonable consistency. Since 1929 the Securities and Exchange Commission has released the weekly buying and selling activity of the New York Stock Exchange members for their own account. These members are divided into three groups: (A) specialists; (B) on the floor traders; (C) off the floor traders. The latter two categories are more indicative of professional behavior since the specialist generally restricts his activity to provide a close and orderly market for the limited number of stocks in which he deals.

A pronounced buying or selling tendency by both the "on the floor" traders and the "off the floor" traders for a number of months appears to be a valid signal. An analysis of these signals from 1936 to the present reveals that they are generally opposite to those of the speculative public. The importance of this phenomenon is that it shows clearly the process of accumulation and distribution. The distinct selling signal in 1937 and 1946 coincided with the extreme bullishness portrayed by the speculative public at the same time. The distinct buying signal in 1938 and 1946 coincided with the bearish apathy displayed by the speculative public. The recent rise during the last 21 months once again showed the same contrasting pattern. A clear buying signal appeared in October 1953 in the Professional Index, which contrasted with the bearish indifference of the speculative public at that time. Since January 1955, professional activity has become increasingly bearish—a selling signal. Speculative public behavior from the same date has become increasingly bullish.

In interpreting the buying and selling signal of the professionals it is important that they are confirmed by an opposite tendency on the part of the speculative public. The determination of the behavior of the speculative public will be elaborated in the next section.

A major bull market top area must be characterized by extremely bearish professional behavior coinciding with extremely bullish speculative public behavior to be valid. Such a situation indicates large scale distribution, a manifestation that is clearly evident today.

Speculative Public Behavior

There is a strong correlation between major bull market tops and extremely bullish behavior on behalf of the speculative public. The speculative public almost invariably buys in large quantities when the boom in business is apparent. The sellers at this time are usually professionals who utilize the enthusiasm of the times to distribute the large amounts of stock they have accumulated at lower levels. This process of stocks going from strong hands to weak hands results in a gradual deterioration of the technical position of the market.

An analysis of Odd Lot Indices, total Short Sales Trend and Free Credit Balance movements reveals the point in the bull market where extreme speculative enthusiasm begins to become apparent. The Odd Lot Indices are compiled from odd lot figures (purchase of stocks in less than 100 shares). The Brookings Institution studied odd lot trading from 1926-1938 and concluded that 80-85% of all odd lot trades were turned over within one month. Probably subsequent revisions regarding capital gains and other similar factors have lowered this percentage. Nevertheless, it still appears true that a large proportion of odd lot trading is for the quick turn. The general behavior of odd lot activity bears a striking resemblance to crowd psychology with the characteristics: (1) almost always being bullish; (2) becoming attracted by market activity; (3) buying on good news and selling on bad news; (4) purchasing of stocks on small declines following an extended price advance.

The Drew Investments, Inc., utilizing the daily odd lot figures for purchases and sales, and short sales, has constructed two interesting indices: A Balance Index and A Short Sales Index. The Balance Index is a ratio of odd lot sales (shares) to odd lot purchases and the Short Sales Index is a ratio of odd lot sales (shares) to total odd lot sales (shares). An analysis of these indices indicates that the ratio of selling is increasing relative to buying. When the Balance Index declines while stock prices are rising, it suggests that the odd lot public is becoming more bullish. A rising Balance Index at a time when stock prices are declining suggests that the odd lot public is becoming less bullish.

The Short Sales Index is a ratio obtained by dividing the number of shares sold short in odd lots by the total odd lot sales. Since the odd lot short seller is a speculative by character, he has shown a tendency of being less right than even the odd lot trader. A relatively high Odd Lot Index suggests a willingness to sell short while a relatively low index will portray a reluctance to do so. After a pronounced market advance a clearly declining Balance Index coupled with a relatively low Short Sales Index is interpreted as the beginning of market deterioration. Conversely, after a pronounced decline in the market (bear market) a clearly rising Balance index coupled with a relatively high Short Sales Index is indicative of a greatly improving technical market position. If we apply the above interpretation to the stock market for the last 23 years, the major bottoms and tops become clearly evident.

Total short sales positions are reported monthly by the New York Stock Exchange. Approximately 75% of short sales are made by professionals (members) of the New York Stock Exchange. Continued on page 28.
higher carloadings of 32 principal commodity groups for the third quarter of 1954, as compared with the corresponding 1954 period. For the first two quarters of 1955, each one of the Boards predicted a rise in carloadings, as compared with the year - earlier period. These forecasts, arranged in order of their highest anticipated gains, follow:  

<table>
<thead>
<tr>
<th>Shippers' Advisory</th>
<th>Ext. % Increase in Carloadings</th>
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<tbody>
<tr>
<td>Pacific Northwest</td>
<td>30.8</td>
</tr>
<tr>
<td>Great Lakes</td>
<td>27.3</td>
</tr>
<tr>
<td>North West</td>
<td>18.2</td>
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<tr>
<td>Allegheny</td>
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<td>Pacific Coast</td>
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<td>Atlantic States</td>
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<td>Ohio Valley</td>
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<tr>
<td>Southeast</td>
<td>3.4</td>
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<tr>
<td>Trans-Missouri-Kans</td>
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</table>

All Regions—Aver. 10.4%  

The anticipated increase for the nation as a whole of 10.4% for the third quarter was based on the actual year-to-year gain in carloadings of 5.2% for the first 1955 quarter and 12.4% for the second quarter. Thus, it is expected that for six regional groups, the estimate for the third quarter will be slightly above the national average, with particular emphasis on the Pacific Northwest and Great Lakes systems.  

Receivers gain in carloadings of the individual commodity groups also provide a clue of what further rail traffic trends are expected to benefit from the expansion in rail traffic for the third quarter of 1955. Commodity groups which are expected to be favored include commodities that are used for supply of capital seeking such investment.  

The second most important problem should be most acute in the older and more mature areas such as coal and coal products. As these regions are limited and stockpiling has been made more dependent on secondary markets, it is expected that the larger gain in carloadings will reflect the increasing need for expansion of rail traffic systems.  

Higher Carloadings for Third Quarter  

Puerto Rico Seen As A Growing Field for Mortgage Investment  

 Virtually insatiable demand for lower priced houses is evident in Puerto Rico, where the continuing progress of the Island Common- 
wealth gains increasing momentum. The Federal Home Loan Bank for Puerto Rico re- 


demanded a market for mortgage investment. Several builders are already erecting homes in such housing developments, especially in the Rio Piedras area. The bank reports that by the end of the 1955 fiscal year, about 20,000 units of housing will have been completed with new construction underway for 1956 years ahead.  

Puerto Rico's study of Puerto Rico as a growing field for mortgage investment is summarized in an illustrated booklet, just issued, which points out that the Island's low-cost living and low cost of living, coupled with locally produced materials, moderate labor costs, and new building tech- 

niques, make Puerto Rico a particularly attractive locality. Profits in the extreme low cost at which materials are obtainable, along with the fact that land is of high value, and building materials at a very low cost, are making these homes a good buy.  

The boom is evidenced by the number of homes under construction, the number of homes completed and the number of homes that are not yet completed. The Puerto Rico store is growing at a record pace. In the past year, there have been over 1,200,000,000,000 new homes completed, and the number of homes completed in 1955 is expected to reach nearly 7,000,000. The increase in completed homes is expected to increase at a rate of about 10% per year.  

Higher Carloadings for Third Quarter  

Puerto Rico mortgage law is a Federal law, which does not require any bond or surety, and foreclosure procedure to that found on the mainland.  

The Puerto Rico store is growing at a rate of nearly 10% per year. In 1955, Puerto Rico has already completed over 1,200,000,000 new homes. This includes both existing homes and new construction. The number of homes completed in 1955 is expected to reach nearly 7,000,000. The increase in completed homes is expected to increase at a rate of about 10% per year.  

The Puerto Rico store is growing at a rate of nearly 10% per year. In 1955, Puerto Rico has already completed over 1,200,000,000 new homes. This includes both existing homes and new construction. The number of homes completed in 1955 is expected to reach nearly 7,000,000. The increase in completed homes is expected to increase at a rate of about 10% per year.
new burst of activity on the stock market, or a continuing all-time high. Obviously then the inflationary elements, economic conditions, and all the all-time highs. Obviously then the inflationary elements, economic conditions, and all-time highs. Clearly then the inflationary elements, economic conditions, and all-time highs. Clearly then the inflationary elements, economic conditions, and all-time highs.
More Correspondents' Views
On Guaranteed Annual Wage

but necessary in our increasingly complex economy.

Wage agreements similar to those entered into by General Motors to protect American workers to a greater or lesser extent than in the past will go far to protect the American standard of living which has been created. It will cushion the hardships and vicissitudes of life and brake the downward swing of the economy.

With "real concern for all America," and with decisions "based on facts," the AFL Committee has expressed its "common sense,"—phrases used in the concluding remarks of the address—it would seem logical to conclude that there is much unanswerable evidence that the committee is in favor of a guaranteed annual wage. It is certainly not "blue sky and brass tacks." However, it is worth noting that many opponents of the unemployable wage movement have used these same criticisms and built up these same "bogey men" and "sceptions" of the late 1920's. Yet today even the most conservative management must and does agree that it is good "for all the people."

The opponents of a guaranteed annual wage movement often talk of the fantastic face realities in the complex economy of today. They can't prove their case with the argument of "bogy men" and "scare crows." The wild swings of the economy during the last ten years have convinced Thinking Americans that a guaranteed wage endangers the American economy.

We may be on the road to face reality. The facts surrounding the '31 address and often heard during the last ten years seem to be clear from the facts presented in the above analyses that there is nothing in the idea that is not the compelling factor. Our dynamic free enterprise contribu-
tion is able to be taken and to take a guaranteed annual wage in stride.

CLYDE OLIN FISHER
Department of Economics and Sociology, Wesleyan University, Middletown, Conn.

There is no adequate basis upon which one can predict, with any degree of accuracy, the implications of the so-called GAW movement. It is gen-
cently signed by the General Mo-

tions, Inc. I believe that the guar-
anteed annual wage movement is a

sion, subject to the limitations imposed in the contract.

Only time will show the effect of this new plan. At present one must rely upon a priori reasoning rather than upon empirical evidence. On this basis it seems quite clear that the new wage plan should contribute to economic stability in very much the same way that other stabilizing factors in the economy have operated. However, that this stability may be bought at the price of reducing annual wage is one of the assumptions of the plan. No one can certainly predict the end result.

My guess—and it is only a guess—is that the new plan, probably at a somewhat slower tempo—will adjust itself to the new idea.

ANDREW E. HILL
Four Hills Security Market, Inc.

As a result of machine age and increased rates reflect seasonal and cyclical factors. This can be checked by comparing these wage rates against those of general retail employees, city, state, and federal, as well as those of clerical employees, stores, and "steady state" employees. Under General Motors, the effect is very clear. A wage rate of $1.50 a week is paid for the steady state employee. An increase of $1.00 or more would result in higher earnings for the "steady state" employee. The current wage rate for the "steady state" employee is $1.50 a week. The increase of $1.00 or more would result in a pay increase of $1.50 a week for the "steady state" employee.

The guaranteed annual wage plan will make it possible for the employees to maintain a basic standard of living. It will also provide a buffer against the fluctuations of the economic cycle.

L. L. MATTHEWS
President, American Trust Co., South Bend, Ind.

While the guarantees of some of the problems which have confronted the gains and the annual and usual employment cycle, I still believe that the guaranteed annual wage is an additional step toward the stabilization of our economic system.

The guarantee is not only for security, but for freedom. The average worker, in any employment, is limited to a four-week week, and 38 weeks, and on the employer's liability to excess in the employment pool. The plan should be one for the granting of supplementary unemployment compen-

In a capitalist society, the thing which gives people the greatest security is the ownership of property. Moreover, if we are able to make them as insecure as possible, we will have to take away their property just as a way of punishment as much as possible. This, of course, is ridiculous but it is the logical conclusion of the idea that is being pounded by many propagandists.

Of course, it is no more ridiculous than the theory itself, which argues that people are unhappy and discontented because they have little security, the greater the initiative and productivity.

Of course, everyday step in the progress of our society has been made practically over the dead bodies of the groups who have not had vested interest in American life. I suppose it is natural to expect those with the greatest interest in the trend toward more democracy.

ROBERT STENGIER
Guardian Trust Company, Montreal, Canada

The guaranteed annual wage is a concession and one which will affect the resultant attitude of labor ad-

versely adopted. The idea of guarantee is a mechanism which works to the benefit of the employer. The guarantee is a mechanism which works to the benefit of the employer. The guarantee is a mechanism which works to the benefit of the employer.

HON. JACK WESTLAND
U.S. Congressman from Washington

Certainly those who have the security of an annual wage and no one can blame them for seeking this type of security. At the same time, it is o b v i o u s , some companies simply cannot afford that type of secured annual wage. I believe labor recognizes this limitation, A p p a r e n t l y the Committees were a compromise and I have seen several compromises there is the effect that this is not an annual wage but a fringe benefit.

The basic thought of being paid for work is not working is not affordable to a vast majority of the people of this country. However, unemployment on a nationwide scale and people have recognized, under certain circumstances, the need for pay-

ing them so that they can work. The workers are unable to obtain other employment. The Ford con-

tract would seem to extend the definition of unemployment given by many of the States.

I am sure this is a subject which requires intensive study and further, it is not a matter for Federal legislation.
Bank Mergers—Adjustment To Changing Conditions

monopoly 'in any section of the country.'—Before commenting specifically on the question whether this might be helpful to look briefly at the structure of banking and the recent changes that have occurred in the country. For example, there were 14,314 banks operating at the end of the year 1939, including both commercial and mutual savings banks. That is a large number, and in some states there are textile producers, chemical producers, furniture manufacturers, or firms in other high-risk industries. Moreover, the number of banks has not changed greatly since the end of World War II. At that time, there were 14,533 banks—a difference of only 1.6%, from the total of today.

The Small Impact of Mergers

While a number of existing banks have been merged with others over the past decade, the disparity in the number of bank population has been offset to some extent by the creation of new banks. From the end of 1939 to the end of 1949, 1,943 new banks approximately 675 banks were merged into others. At the same time, 720 new banks were formed. Mergers represent a small percentage of the number of banks, and they include a variety of banks, as each case. If New York City banks are excluded, the proportion of assets involved in mergers is very small and is hardly be called an overwhelming movement. It was, however, generally appreciated that the facilities of these banks, if the mergers did not continue to exist and to serve their respective communities. In the case of the combined organization, usually more effectively than previously.

As I shall point out later, these mergers in large part represent an adjustment of our banking system to changing conditions and to changes in the structure of the national economy. In my judgment, they serve a useful purpose in the structure. Certainly no one can deny that they do some good. It is difficult to see how banks to meet the growing and ever more complex needs of the public.

What has been the effect of these mergers? Now the situation looks quite favorable. A bank looking at the bread picture throughout the nation it has not for long been the case that the total bank deposits held by the 100 largest banks (a commonly accepted measure of concentration) is slightly lower today than it was ten years ago—47% as against 48%. It is also another way of saying that the total bank deposits held by the 100 largest banks (a commonly accepted measure of concentration) is slightly lower today than it was ten years ago—47% as against 48%. It is also another way of saying that the total bank deposits held by the 100 largest banks (a commonly accepted measure of concentration) is slightly lower today than it was ten years ago—47% as against 48%. It is also another way of saying that the total bank deposits held by the 100 largest banks (a commonly accepted measure of concentration) is slightly lower today than it was ten years ago—47% as against 48%. It is also another way of saying that the total bank deposits held by the 100 largest banks (a commonly accepted measure of concentration) is slightly lower today than it was ten years ago—47% as against 48%.

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Bank Mergers—Adjustment To Changing Conditions

facilities, and to a certain extent on earnings, dictate in large measure the unique structure of banking in the United States—a structure in which there are large banks, medium-size banks and small banks, all of which are necessary to a healthy economy and the well-being of the country. I have already commented briefly at the outset of my statement on this structure, and pointed to some of the evolutionary changes that are occurring in it. Only as one sees these changes in proper perspective is it possible to view objectively the present mergers and to assess their true significance.

As I indicated, at the end of April of this year there were 14,314 banks in the United States, including both commercial banks and mutual savings banks. This is by far the largest number of banks in any country of the world. It has been pointed out, however, that this figure of 14,314 is less than half the 30,000 banks that existed in the early 1920s. It has been implied when such comparisons are made that the country was better off with 30,000 banks. Yet, as was pointed out in a staff report to the Judiciary Committee several years ago, the big reduction in the number of banks took place during the "Great Depression," or early Thirties, and it was brought about chiefly by bank failures.

From 1921 through 1929, usually considered a prosperous period, there were 1,950 bank failures and many more wereavery by merger. From 1930 through 1933 there were another 8,112 failures, the vast majority of which were almost one out of every two banks failed.

We know today that the existence of 14,314 banks in this country is a statistic. "Twentieth century" statistics of the 25 largest banks formed a little more than 3% of the total number of banks in the United States in 1945.

Competition in Banking

Let us look at this net reduction of 239 banks since 1945 as a bit more globally. When we look at the competition in the larger banks, do we actually face the competition in the larger banks—when we look at the concentration of assets and deposits in the larger banks? This, surely, is a question that we must ask ourselves. Do the larger banks now have too much concentration of assets and deposits in the larger banks? Do the larger banks now have too much concentration of assets and deposits in the larger banks? Do the larger banks now have too much concentration of assets and deposits in the larger banks? Do the larger banks now have too much concentration of assets and deposits in the larger banks? Do the larger banks now have too much concentration of assets and deposits in the larger banks? Do the larger banks now have too much concentration of assets and deposits in the larger banks? Do the larger banks now have too much concentration of assets and deposits in the larger banks? 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banking at the community level, and also serve business and other banks in the region. Thus they operate on both a local and national level. By providing the public with a central place where banks are able to attract the large volume of deposits they need to fund lending, they also need to enable them to be of maximum usefulness. Likewise, by operating in so many different major banks can achieve the efficiencies of scale and support services.

A bank need to be in the retail business, it must go where its customers are. The geographic position of a bank group, and their trend away from the central city and toward the establishment of branches with point of sales services has the effect of driving the branch network to its maximum. This is the only way in which this cost can be absorbed without increasing the number of the branches.

The supervisory authorities often request no new branch in any branch in settled areas already served by same type of bank. This is the case for many areas of the country today, as I already have indicated. But even if permits were available, the high economic cost of opening a branch would make it unattractive. In any event, it is clear that they do not act to limit branch growth. In some cases, contrary, they serve to introduce new competitive forces into banking.

The Impact of Rising Costs

The high cost of operating in a large city, and the more or less fixed expenses involved, demands that the bank serve the region that it serves the retail banking. Wage and payment of banks are now two and one-half times their 1945 level. Part of this reflects larger employment, but another main cause is the one-half increase in the salaries of the bank employees. Tax payments also have gone up two and one-half times, and other expenses have increased.

Unlike many other businesses, the banking system is not free to reduce costs by reducing its product. peoples disposable income. This cost has been great enough to offset the increase in bank earnings and profits on capital is and to result in bank earnings and profits on capital stock which has declined from an average of 10% in 1945 to an average of 6% in 1962. This means that many banks return the business has been continuous losses.

One consequence of this squeeze on earnings is that the banks have greater pressure to increase the size of their capital in large units. One of the characteristics of the capital, is its tendency for the operating expense ratio to fall as a function of the size of the bank increased. This is called the leveraged effect. When a bank increases its capital, it is more likely to collect the same amount of capital and so has a greater tendency towards the higher degree of the capital ratio. This has happened consistently since 1964 and serves to illustrate this tendency. The level of capital in the banking system has been higher than the capital per unit of deposits. At this point, the capital per unit of deposits has increased.

The Increased Responsibility of Major Banks

Now I should like to elaborate a bit on one further result of this trend, the underwriting of economic trends. One has already been referred to briefly: the increased responsibilities that are being placed on major banks. I feel it desirable to dwell on this tendency to a smaller and in some cases to greater power to influence the changing conditions has resulted in a further growth of branch banks, rather than the net addition of many new and smaller units. I particularly feel that such a development has been inevitable, and I think that the American economy will continue to expand, and that the major banks will continue to grow, just as the existing banks continue to grow in large numbers of the banks and the community be adequately served.

The great increase in postwar production, and you know, has been accompanied by a huge expansion of major banks develop new branch networks and the distribution of the country. Indeed, many of these companies extend their operations around the country and, such companies have a host of banking services, and they often require more credit than any single bank can furnish. Many of these are still in the larger centers, as well as with large plants where a service, such credit needs can be met. But even in these circumstances need a large lending capacity. Moreover, the process of extending such credit often calls for judgments and the development of new lending techniques that require the services of expert specialists. This is true not only of the development of new industries like petroleum, the utilities, the airlines and the like, but also to the peaceful use of the atom, where new technology grows more complex each year. Only banks that possess the technical know-how and can economically employ specialists in geology, atomic physics, and engineering can meet this need. If these industries are to be serviced by the banks, the banks might add that the extent to which major banks develop new branch networks and the distribution of the country and the ability to meet the needs of such specialist expertise is not adequately appreciated.

One major bank, for example, recently made a comprehensive report on relatively modest 30 years ago and discovered that half of the banks had not undertaken this and the other half were able to do it. As a result, an important segment of one of our largest industries, the smaller business portion, was able not only to stay in business, but to expand and improve its services as well.

Then again, one of our outstanding competitors, First National City Bank, has pioneered in developing installment loans for the small businessman. This has been taken up by banks throughout the country in the postwar period. We are in sharp competition with this for type of business. Ordinarily, the proceeds of such loans are used to finance the acquisition or installation of capital equipment or to cover other repayment that can be repaid out of income in monthly installments. Such loans cover the full range of the business.

Continued on page 34

**CHART 2**

**DRAMATIC GROWTH OF THE MIDDLE INCOME MARKET**

<table>
<thead>
<tr>
<th>MILLIONS</th>
<th>MILLIONS</th>
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<tbody>
<tr>
<td>1929</td>
<td>1931</td>
</tr>
<tr>
<td>$3,000</td>
<td>$7,499</td>
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</table>

**CHART 3**

**OPERATING EXPENSES FALL as the SIZE OF BANKS INCREASES**

<table>
<thead>
<tr>
<th>RATIO OF EXPENSES TO TOTAL ASSETS—1954</th>
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<tbody>
<tr>
<td>2.50</td>
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<td>2.00</td>
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<tr>
<td>1.50</td>
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<tr>
<td>1.00</td>
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</table>

**SOURCE:** FORTUNE MAGAZINE, "THE CHANGING AMERICAN MARKET"
Bank Mergers—Adjustment To Changing Conditions

A reflection of that competitive struggle, with individual banks being forced to adapt themselves to changing conditions and underlying trends in our economy. Out of that process is emerging, in my judgment, a stronger and more useful banking structure—one that retains all the advantages of healthy competition, but which is better able to meet the needs of our expanding but increasingly complex economy. And that structure is one in which there is a useful role for banks of every size ranging from small banks that specialize in the particular needs of their communities to those whose services are nation-wide and international in character. Indeed, small banks continue to be dominant in number within the structure. Close to 10,000 are spread across the country, and the greatest majority today are managed and more healthy than ever.

The process of adjustment must be a continuous one for the nation’s banks. Any attempt to hold banks in a static mold, impervious to the dynamic forces reshaping the rest of society, would be to render them less useful and gradually impotent. Yet I hold that this process of adjustment the public increase in needs and under¬

What are the criteria that should be applied by the supervisory authorities, and the actions that bear on the structure of the individual bank? A paramount objective should be sound banks and sound banking, adequate to serve the needs of the small community and the public at large. The main concern of healthy competition should also be an ob-

RATIO OF BANK LOANS TO TOTAL ASSETS

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<tr>
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The Small Manufacturers

SMALL MANUFACTURERS USE MORE BANK CREDIT

With Real Property Inv.

With Real Property Inv.

With Real Property Inv.

The Bank Mergers—Adjustment To Changing Conditions

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News About Banks and Bankers

The First National Bank of Minneapolis, Minn., which in April increased its capital from $70,000,000 to $200,000,000, had a record year. The bank reported a net income of $175,000,000, an increase of $5,000,000 over last year's figure. The bank's capital is now $200,000,000, an increase of $130,000,000. The bank's total assets exceed $200,000,000, and its total liabilities are $100,000,000. The bank's shareholders' equity is $100,000,000.

Our Reporter on Governments

By JOHN T. CHIPPMANDE, JR.

The long awaited Treasury announcement that the new money raising operation would consist of tax anticipation certificates and demand bonds has been well anticipated by the government market. The rate of 1% for the $2 billion of tax certificates was about in line with previous issues. The Federal-district was held to be a safe investment, and the settlement of the Aug. 15 certificates had been a foregone conclusion. The requirement of new money requirements of the tax certificates resulted in the issuance of the $2.75 billion now provided for will be raised via the sale of the new Treasury bonds.

Demand is still good for Treasury bills and yields are expected to stabilize around or slightly above current levels. The rest of the market remains steady and stable, with virtually all of the attention of money market specialists being focused on the tax certificate operation. It will take time and some effort to digest the new money issue.

Tight, Money to Continue

The money market continues to be on the tight side, and in spite of the filing of the third operation of the Treasury, change is looked for in these conditions. It is believed by many money market specialists that the powers that be will keep the pressure on, so that interest rates will tend to remain firm, if not advance somewhat. It is evident that the new money raising venture of the Treasury, along with the demands for funds from business, will have a tightening influence on the money markets.

The financial requirements of the government will be increased by the recent increase in the rate on loans to brokers and dealers in securities, other than government obligations, is indicative of the government's effort to secure funds from the market.

The Treasury is believed that the prime bank rate will be advanced in the not too distant future. It is evident, however, that there is no firm take place until the government financing had been taken care of.

The government bond market is also feeling the effects of the upset in the stock market, according to the opinions of the money market. It is expected that the government bond market will not receive any of its pressure until the equity market has returned to more stable operations and has given up a good deal of its position in the market. This position, according to the market, will be given up in the near future, and even though some brokers may be put on the stock market, it is expected that this type of government financing will be essential for the stable government bond market.

Enlarged Supply of 3s of 1955 Favorable

The reopening of the 3s of 1955, on a partial payment basis, to raise $750 million for new money for the Treasury has been taken much for granted, because "open month operations" had this part of the financial well tabbed in advance. There is no available supply of long-term money around, and it is finding a better return in non-government obligations, which means that only limited amounts of money can be raised by the Treasury through the medium of a long-term bond. Pension funds, with a 25-year holding period, are other public varieties, as well as institutional investors and commercial banks, with substantial amounts of money available for the market. The market is expected to be active for the market of the 3s of 1955. It has given these buyers an opportunity to get needed amounts of this bond at a set price, which is a favorable development because the bond has been in circulation for some time. The market has not been in very high supply and price movements have thus been on the increase from time to time. There is no reported demand for sizable buy orders in the longest 3s have run prices up more than a point.

The additional bonds which will be outstanding as a result of the new money financing of the Treasury should help to build some stability of this obligation. This is a more steady and stable price range for the most distant Treasury issues, since there should be a larger floating supply of this bond, which will enable traders and dealers to perform more readily their function of tending to give some stability to the market.

Treasury Bills Continue in Demand

The $100 million additional offering of Treasury bills pushed the overall yield of the shortest government obligations up to 1.54%. There is still a sizable demand around for Treasury bills, and it is expected that the market will advance to higher levels. Federal will also see to it that some help is given to commercial banks, which will most likely be done through the purchase of Treasury bills which will tend to keep yields within desired limits.

Two With Faban Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Clement R. Tunell, who has been added to the account of T. R. Peirce and Co., 9643 Santa Monica Boulevard, has joined the firm. Mr. Tunell was formerly with Dempsey-Tegeler & Co.

Two With Faban Co.

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—John E. Martin, who has been added to the account of R. Faban & Co., has joined the staff of Bailey & Company, 1727 Chester Avenue.

With E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

Bakersfield, Calif.—E. F. Hutton & Co., 111 W. Second St., Bakersfield, Calif., has opened an office.

Joins Bailey Staff

(Special to THE FINANCIAL CHRONICLE)

BAKERSFIELD, Calif.—E. F. Hutton & Co., 111 W. Second St., Bakersfield, Calif., has opened an office.

Volume 122 Number 544... The Commercial and Financial Chronicle

Theodore Weicrer, Jr., joins E. F. Hutton

Theodore Weicrer, Jr., has been added to the staff of E. F. Hutton & Company, 61 Broadway, New York City, member of the New York Stock Exchange. He was a general partner of this firm from 1942 to 1945, at which time he resigned from the firm to take on the development of the Overseas Division of E. F. Squibb & Sons, a company in which his family owned a controlling interest since 1955. Under Mr. Weicrer's direction the Squibb Overseas Division became a major part of the company's business. E. F. Squibb & Sons is now a division of Ohm-Mathias Chemical Corporation.

Prior to 1953, Mr. Weicrer was senior and principal of the Stock Exchange firm of Weicrer & Company and was a member of the New York Stock Exchange from 1949 to 1953. Mr. Weicrer's appointment to the firm was previously reported in the "Chronicle" of June 25.

Wooden Bros. Places Western Union Debs.

Wooden Bros. & Hutzler has negotiated the private placement with institutional investors of $55,800,000 25-year 4% debentures, series A, due June 30, 1984, of the Western Union Telegraph Company.

Proceeds from the borrowing will be used to retire the outstanding 35,000,000 $5 bonds due in 1980 and $2,000,000 of 4% debentures due in 1980.

With Daniel D. Westrom

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—Robert C. Burnett is in Daniel D. Westrom & Co., 812 Pine Avenue.

Joins Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Marvin E. Squier is in Investors & Company, 3203 Wilshire Boulevard.
At the close of business July 1, 1955, Commonwealth Investment Company's assets, which are nationally distributed, total $289,374,374 in market value. This is an all-time record in the history of the 25-year-old company.

Founded in San Francisco in 1932 with original assets of $41,595 and but seven shareholders, the company is now owned by over 42,000 shareholders, both individual and institutional investors. W. Waldo Coleman, its president, said from the beginning, emphatically, that he intended for every state in the nation as well as in many foreign countries.

Commonwealth is especially well-known for its plans for investors desiring to provide their funds through regular monthly purchases. About 75% of Commonwealth's shareholders are currently using this purchase method, which Mr. Coleman calls the Commonwealth Systematic Investment Plan.

Last year, the Commonwealth management announced its automatic withdrawal plan that Mr. Coleman says "we saw a need for and adopted, just as a matter of public policy," that will result in the automatic withdrawal of a specified amount of cash at a time from each investor's account, and the investment of the funds from such withdrawals in the sale of additional shares of the Fund. This service permits our shareholders to invest in a regular basis in addition to the sale of shares to them, in order to prevent the sale of shares at times as large as for June last year, in which the May 1955 sales of 1,179,560 shares averaged less than 10% of the Fund's total amount.

Mr. Eberstadt said that the increase in sales reflects the growing recognition of the investing public of the active participation of the chemical industry, the nuclear research and development of the atomic energy. He added: "The Chemical Industry, as a whole, is a balanced fund sponsored by Calvin Bullock, reached an all-time high of $24,711,57, or $19.10 per share, on May 31, 1955, an increase of $70,467 or 30 cents per share since the last quarter reporting period. In the last half of the year, Robert W. Abbot, President, said: "Substantial sales of shares to institutional accounts in recent months have been directed by Mr. Bullock, President. This high degree of investor approval is particularly true of those with moderate assets, to place their money under professional investment management through use of mutual funds," he said.
Canada Fund Reports Growth

Canada General Fund (1954). Limited, one of the largest Canadian companies owned predominately by United States investors, reports total net assets of $233,662,477 on May 21, 1955, the close of the third quarter of its present fiscal year. Net assets per share were also at a new all-time high of $10.63 per share, as compared with $9.90 on Feb. 29, and $9.25 when the fund started operations on July 1, 1954.

Henry T. Vance, President, notes that during the latest quarter "further progress was made in the purchase of stocks of Canadian companies." He believes that the fund is making a worthwhile investment in the companies chosen, which are considered among the strongest in all industries. The $9.90 gain in floors per share represents an increase of 34% over the founding date.

The current report lists holdings of stocks of 85 Canadian companies in 17 industry classifications. Principal investments by industries show 14.02% of net assets in oil, 13.38% in paper and other forest products, 11.67% in public utilities, 10.14% in stores and 9.86% in mining companies.

The report includes a comparison of the stock price movements of the Canada General Fund companies with the economic indexes for Canada with those of the United States over the last 15 years, and for the last three years.
The State of Trade and Industry

May's output of 724,889 cars and 130,115 trucks; it added that July
production was 30% above May's output of 550,748 cars and 180,906 trucks.

The automotive industry for the past week ended Wednesday.

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Steel output was 97% of Capacity

Steel Output Set This Week at 97% of Capacity

Steel output was 97% of capacity, based on a weekly average of 100,000 cars and 1,430,000 trucks. Steel output will be down, too.

Steam boats and air carriers will have a much better freight business than was the case last week with the steel industry tied up for the duration of the week because of the steel strike.

Canadian output last week was placed at 8,419 cars and 1,929 trucks. In the previous week Dominion plants built 30,346 cars and 2,205 trucks, and for the comparable 1954 week 3,081 cars and 63 trucks.

Business Failures Climbed Moderately for Week and

Exceed Period Like a Year Ago

Commencement of harvest failures in the week ended June 30 in the preceding five years, but there were 2,745 failures in the current week, including 174 in the automotive industry.

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## Indications of Current Business Activity

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**Securities Now in Registration**


**Arkansas Oil Ventures, Inc.** June 16 (letter of notification) 500,000 shares of common stock (par $1). Price—$32 per share. Proceeds—For drilling for oil and work in exploration, development and general corporate purposes. Underwriter—Phillips Petroleum Co., Ft. Worth, Texas.

**Automatic Remote Systems, Inc.** March 31 (letter of notification) 20,000 shares of common stock (par 50 cents). Price—$2.75 per share. Proceeds—For manufacturing and marketing of electronic systems and other operations. Underwriter—10 E. Ohio St., Jersey City, N. J.

**Beaver County, Corp., New York** June 7 filed $1,000,000 of five percent 30-year general obligation bonds. Proceeds—For public work and road purposes. Underwriter—None.

**Beehive Uranium Co., Salt Lake City, Utah** May 26 (letter of notification) 20,000,000 shares of common stock. Price—At (one cent per share). Proceeds—For general corporate purposes. Underwriter—Community Securities Co., Denver, Colo., and Salt Lake City, Utah.

**Blue Ridge Corrugated Bag Co., Ltd., Virginia** Feb. 17 (Regulation "D") 600,000 shares of common stock (par $1) $2.50 per share. Proceeds—For general corporate purposes. Underwriter—Maine Investment Co., Ltd.

**Boston Broadcasting-Paramount Pictures, Inc.** June 9 filed 210,600 shares of stock (par $1), which will be offered for subscription by stockholders in exchange for $1,125,000 of preferred shares held. Price—To be supplied by amendment. Proceeds—To repay bank loans. Underwriter—None.

**American Machine & Metals, Inc.** June 30 (letter of notification) 200 shares of 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 the common stock of The Lamp Electric Co., pursuant to amendment. Proceeds—For general corporate purposes. Underwriter—None.

**American PacifiCorp, principal stockholders. Price—To be supplied by amendment. Proceeds—For general corporate purposes. Underwriter—None.

**Cumming & Hecla, Inc.** June 9 filed 113,592 shares of common stock (par $5) to be offered for subscription by stockholders. Proceeds—For issuing 8% preferred stock for public. Proceeds—To be applied to the purchase of shares of common stock of Goodman Lumber Co., Good¬ man Lumber Co., Inc., andy 1,000 common shares of Goodman common stock; seven shares for each share of Goodman and preferred stock; and eight shares for each share of Goodman, first preferred stock to terminate on Sept. 15, 1955 (subject to withdrawal by Cumming if the 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.


**Central Reserve Oil Co. (N. Y.)** May 1 (letter of notification) 200,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For general corporate purposes. Underwriter—None.


**Claren (Guy E.) Co., Ashland, Ore.** May 7 (letter of notification) 10,000 shares of common stock. Price—At $10 (par value). Proceeds—For general corporate purposes. Underwriter—None.

**Collins Radio Co. (7/19-20)** June 17 filed 75,000 shares of common stock (par $1). Price—To be supplied by amendment. Proceeds—For general corporate purposes. Underwriter—None.

**Colohoma Uranium, Inc., Montrose, Colo. (7/14)** April 29 filed 200,000 shares of common stock. Proceeds—For general corporate purposes. Underwriter—None.

**Colo-Oil Uranium Corp., Denver, Colo.** April 29 (letter of notification) 100,000 shares of common stock. Price—$10 per share. Proceeds—For general corporate purposes. Underwriter—None.

**Comstock Corp., Omaha, Neb.** June 6 (letter of notification) 1,000 shares of common stock (par 50 cents). Price—For $100 per share. Proceeds—For general corporate purposes. Underwriter—Locke & Locke, Omaha, Neb.

**Confidential Finance Corp., Omaha, Neb.** March 11 (letter of notification) 150,000 shares of 7% convertible preferred stock of common stock (par one cent) to be offered in the market for public subscription. Proceeds—For general corporate purposes. Price—$10 per unit. Proceeds—For working capital. Underwriter—J. J. Riedl & Co., Inc., 42 Broadway, New York City.


**Consolidation Uranium Corp., Denver, Colo.** March 22 (letter of notification) 2,855,000 shares of common stock (par one cent). Price—$7 per share. Proceeds—For general corporate purposes. Underwriter—Denver-Bay Securities Corp., Denver, Colo.


**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—To be determined by competitive bidding. Proceeds—To be sold directly to the public through underwriters or selected dealers in United States.

**Consolidated Telephone Co., Florence, Ky.** June 21 (letter of notification) 10,000 shares of 5% cumulative preferred stock of common stock (par $100 per share). Proceeds—To repay accounts payable, for plant improvements and working capital. Underwriter—Western Underwriters.

**Consumers Power Co. (7/20)** June 21 (letter of notification) 100,000 shares of common stock (no par) to be offered for subscription by common stockholders. Proceeds—To receive for each 20 shares held as of July 21; rights to subscribe for additional 10 shares for each 20 shares held. Proceeds—For general corporate purposes. Underwriter—None.

**Crath & Milling Co., Inc., Billings, Mont.** June 17 filed 55,000 of convertible debentures due July 10, 1980, 5% interest per year, subject to redemption. Proceeds—For general corporate purposes. Underwriter—Green Bay, Wis.—Robert W. Baird & Co., Inc., Billings, Mont.


**Clad-Steel Co., Denver, Colo.** June 24 filed 19,000 shares of cumulative preferred stock (no par). Price—To be supplied by amendment.
Continued from page 41

equipment, inventory and working capital. Office—Huntington Bank, L. L. N., N. Y. Underwriter—S. D. Ful¬

The Midland Bank Co., of Wisconsin (7/21) July 1 filed 10,000 shares of cumulative preferred stock (par $5) to be sold at par by amendment. Proceeds—To repay bank loans and for new construction. Of course a few holders of record June 10 in the ratio of one new share for each 10 shares held; rights to expire on Aug. 8. Price—To be supplied by the underwriters. Capital. Underwriter—Dillon, Read & Co., New York.

Great Eastern Mutual Life Insurance Co. June 23 (letter of notification) 45,083 shares of common stock (par $5) to be sold at par by amendment. Price—To be supplied by underwriters. Proceeds—To be supplied by under¬


Richardson Corp., Houston, Texas (13) June 17 filed 3,000,000 of Series A convertible debentures due July 1, 1970, and $1,500,000 of Series B convertible debentures due July 1, 1971, both to be supplied by amendment. Proceeds—Repay existing and to issue new debentures at a single central position. Proceeds—To be supplied by underwriters. Underwriters—Bears, Stearns & Co., New York.


Horton Aircraft Corp., Las Vegas, Nev. April 26 filed 500,000 shares of common stock (no par), of which 200,000 shares are to be offered for account of company and 100,000 shares for account of underwriters. Price—$1 per share. Proceeds—For expansion and to be supplied by underwriters. Underwriter—None. Horton, President.

Humble Sulphur Corp., Houston, Texas April 28 filed 10,000 shares of common stock (par $1). Price—$1 per share. Proceeds—For exploration, development and other purposes. Underwriter—None.

Illinois Bell Telephone Co. (7/12) July 1 filed a 5,000,000 shares of non-cumulative preferred stock (par $100) to be supplied by amendment. Proceeds—For construction, working capital and other purposes. Underwriter—None.

Indiana Federal Fidelity Ins. Co., Dallas, Texas March 30 filed 110,000 shares of common stock (no par). Price—$1.25 per share. Proceeds—To be offered for subscription by common stockholders of Indiana Federal Fidelity Ins. Co., Dallas, Texas.


Midland Capital Corp., Buffalo, N. Y. June 1 filed 387,500 shares of common stock (par $5) to be supplied by underwriters. Proceeds—To be supplied by underwriters. Underwriter—None.

Minneapolis & St. Paul Bank, Minneapolis, Minn. May 23 filed $500,000 of 5% convertible debentures (par $100) to be supplied by underwriters. Proceeds—To be supplied by underwriters. Underwriter—None. Minneapolis & St. Paul Bank, Minneapolis, Minn.

Midwest United Life Insurance Co. May 23 filed 75,000 shares of common stock to be of¬fered for subscription by owners of preferred stock (par $100) on a 1-for-4 basis. Proceeds—For general corporate purposes. Underwriter—None.


Moab King, Inc. May 8 (letter of notification) 10,000,000 shares of common stock (par $1). Price—At par (one cent per share). Proceeds—For mining expenses. Underwriter—None.

Monteray Brewing Co., San Francisco, Calif. Aug. 23 filed 50,000 shares of common stock (par $100) to be supplied by underwriters. Proceeds—To be supplied by underwriters. Underwriter—None.

Moschino, Inc., New York, N. Y. March 11 filed $500,000 of 5% convertible debentures (par $100) to be supplied by underwriters. Proceeds—To be supplied by underwriters. Underwriter—None.

New Jersey Zinc Co., Jersey City, N. J. April 23 filed 50,000 shares of common stock (par $1) to be supplied by underwriters. Proceeds—For cash. Underwriter—None.

New York Public Ferry Co., New York, N. Y. April 9 filed 10,000 shares of common stock (par $1) to be supplied by underwriters. Proceeds—For cash. Underwriter—None.

New York & Western Co., New York, N. Y. March 11 filed 15,000 shares of capital stock (par $1) to be supplied by underwriters. Proceeds—For cash. Underwriter—None.

New York Telephone Co. (7/11) May 23 filed 237,500 shares of common stock (par $5) to be supplied by underwriters. Proceeds—To be supplied by underwriters. Underwriter—None.

New York telephone Co., New York, N. Y. May 23 filed 237,500 shares of common stock (par $5) to be supplied by underwriters. Proceeds—To be supplied by underwriters. Underwriter—None.


Old World Minerals, Inc. June 10 filed 100,000 shares of common stock ($5 par value) to be offered to subscribers by stockholders of record as of June 9, 1980 for $5 per share. Price—To be supplied to stockholders. Underwriter—None.

Palm Desert Drilling & Exploration Co. June 23 filed 215,660 shares of common stock (par $1) to be offered for subscription by stockholders of record on July 14 on the basis of two new shares for each one now held; rights to expire on July 28. Murphy Petroleum Co., New York. Underwriter—None.

Pioneer Mortgage & Development Corp. June 20 filed 25,000 shares of common stock (par $1) with warrants attached entitled the holder to purchase one share of common stock in the ratio of 1 share to 2 shares, at a price of $10 per share, depending upon the exercise date. Price—$10 per share. Proceeds—For general corporate purposes. Officers—Dallas, Tex. Underwriter—None.

Polson Plywood Co., Polson, Mont. May 12 (letter of notification) 100,000 shares of $100 par value preferred stock, $300 par value. Price—To be supplied to stockholders. Officers—Polson Plywood & Lumber Co., Polson, Mont. Underwriter—None.


Randy McAlly & Co., Skokie, Ill. June 25 (letter of notification) 250 shares of capital stock to be offered to subscribers by stockholders of record as of June 23. Price—To be supplied to stockholders. Underwriter—None.

Revere Realty, Inc., Cincinnati, Ohio May 7 (letter of notification) 30 shares of common stock (par $5) to be offered to subscribers by stockholders of record as of May 5. Price—To be supplied to stockholders. Underwriter—Stanley Cooper Co., Inc., Cincinnati, Ohio.


Texa's Eastern Transmission Corp. (7/13) June 21 (letter of notification) 42,000,000 serial debentures (par $100). Price—To be supplied by amendment. Proceeds—To be used in connection with transportation of the project. Underwriter—Lester L. LaFortune.


Warwick Hotel Associates, New York June 22 (filed) 4,500,000 of participations in partnership interests in the Warwick Hotel, Philadelphia, Pa., and related expenses. Underwriter—None.

Washington Natural Gas Co. (7/11-12) June 30 (letter of notification) 6,500,000 shares of common stock (par one cent), of which 192,000 are shares of preferred stock. Price—$1 per share. Proceeds—To retire indebtedness and for working capital. Underwriter—None.


Western Nebraska Oil & Uranium Co., Inc. April 4 (letter of notification) 200,000 shares of common stock (par $10). Price—$310 per share. Proceeds—For exploration and construction. Underwriter—Inland Securities, Inc., New York. Western Nebraska Oil & Uranium Co. Inc. was formerly known as Western Nebraska Oil & Development Co.

Western Union Telegraph Co. (7/25) June 30 (filed) 1,941,383 shares of common stock (par $2.50) to be offered for subscription by stockholders of record July 22 on the basis of one new share for each five shares held. Price—$2.50 per share. Proceeds—To be supplied by amendment. Proceeds—For construction of new plants and expansion of the company's business. Underwriter—Lester L. LaFortune.


company and 30,000 shares by certain stockholding shareholders. The offering has been underwritten by:—Paine, Webber, Jackson & Curtis, Boston and New York.

Wyco Uranium, Inc., Salt Lake City, Utah
April 7 (letter of notification) 2,000,000 shares of common stock at $5 per share. Proceeds—For general corporate purposes.

Wyoming Uranium, Inc., Salt Lake City, Utah
April 22 (letter of notification) 53,333 shares of common stock at $5 per share. Proceeds—For general corporate purposes.

Wyco Uranium, Inc., Salt Lake City, Utah
June 3 (letter of notification) 5,751 shares of common stock at $5 per share. Proceeds—For general corporate purposes.

York Oil & Uranium Corp., Salt Lake City, Utah
April 26 (letter of notification) 10,000,000 shares of par value stock. Price—At par (two cents per share).

American Telephone & Telegraph Co.
April 20 stockholders approved a new issue of not to exceed $650,000,000 convertible debentures. When issued, the debentures will be convertible into shares of the common stock, at the option of the holder, at such time and at such price as may be determined by competitive bidding. The offering is subject to the approval of the SEC.

Arkansas Power & Light Co.
Oct. 27, 1954 stockholders approved the issue of 80,000 additional shares of cumulative preferred stock at $100 per share. Proceeds—For general corporate purposes.

California Electric Power Co.
June 24 creditors of the company voted approval of the plan of liquidation. The court will approve the plan and shortly after that the affairs of the company will be wound up and the residue of the assets distributed to the creditors.

Blackhawk Fire & Casualty Insurance Co.
April 22 stockholders approved the plan of liquidation and the sale of the assets of the company to the Underwriter—Empire Securities Corp., Salt Lake City, Utah.

Commonwealth Edison Co., Chicago, Ill.
April 28 the company announced it should be able to issue new shares to the public in the same amount of capital stock as previously authorized by the issuing company. Proceeds—For expansion.

Consolidated Edison Co. of New York, Inc.
April 28 the company will sell $40,000,000 to $50,000,000 bonds some time during the current year. Proceeds—For construction program.

Continental Aviation & Engineering Co.
June 13 it was reported company plans to sell $20,000,000 of preferred stock. Underwriter—Van Alstyne, Noe & New York.

Continental Can Co., Inc.
April 18, 1955 stockholders approved creation of not to exceed an additional $25,000,000 of debentures or other indebtedness of the company. Proceeds—For general corporate purposes.

Daiich Crystal Dairies, Inc.
April 28 stockholders approved a proposal to increase the number of common stock by 1-for-10. Proceeds—To increase capital.

Dartmouth College.
June 29 it was announced the college had purchased 20,000 shares of common stock from the New York Stock Exchange. Proceeds—To increase the capital of the college.

D. E. Bartman, Inc.
June 30 it was announced the company had purchased 10,000 shares of common stock from the New York Stock Exchange. Proceeds—To increase the capital of the company.

Dome Coal Co.
June 18 the company announced the purchase of stock in the company for $20,000,000. Proceeds—To increase capital.

Dorothy Edson Co., Inc.
April 4 it was announced the company was to offer $12,000,000 to $15,000,000 of 1% mortgage bonds. Proceeds—To increase capital.

Douglas Aircraft Co., Inc.
April 4 it was announced the company was to sell $20,000,000 of common stock. Proceeds—To increase capital.

Eagle-Picher Co., Inc.
June 29 it was announced the company had purchased 10,000 shares of common stock from the New York Stock Exchange. Proceeds—To increase the capital of the company.

Eanes Oil Co., Inc.
June 30 it was announced the company had purchased 10,000 shares of common stock from the New York Stock Exchange. Proceeds—To increase the capital of the company.

Florida Utilities Co.
April 28 the company announced it would sell $12,000,000 of 4% preferred stock. Proceeds—To increase capital.

Ford Motor Co., Detroit, Mich.
March 15 it was reported that following a 10% stock dividend the company had issued new shares. Proceeds—To increase capital.

General Motors Corp.
June 30 it was reported that the company had registered a plan of offering 14,000,000 shares of common stock. Proceeds—To increase capital.

Great Lakes Steel Corp.
May 10 it was reported the company was to sell $10,000,000 of common stock. Proceeds—To increase capital.

Hammermill Paper Co.
May 10 the company announced a proposal on increasing the debt authorization to $20,000,000. Underwriter—Becker & Co., Inc., Chicago, Ill.

Hepworth & Co., Inc.
May 9 it was reported the company had registered a plan of offering 5,000,000 shares of common stock. Proceeds—To increase capital.

Hupp Corp.
May 13 stockholders approved a proposal increasing the authorized amount of common stock (200,000 of such shares shall be (new) serial preferred stock, par value $100, to be offered in exchange for outstanding preferred stock, to be paid $100 for each share of preferred stock held. The issue of common stock, $1 par value; also waiving of preference rights as to the payment of dividends on the new preferred stock. Proceeds—To be used for general corporate purposes.

International Bank, Washington, D. C.
April 25 it was reported the company had registered a plan of offering 2,000,000 shares of common stock. Proceeds—To be used for general corporate purposes.

International Oil & Metals Co., Seattle, Wash.
March 30 it was reported the company had registered a plan of offering 1,500,000 shares of common stock. Proceeds—To be used for general corporate purposes.

John Q. Barrett, Inc.
July 22 it was announced the company had purchased 100,000 shares of common stock. Proceeds—To increase capital.

Kidder, Bros. & Co.
July 21 it was announced the company had purchased 100,000 shares of common stock. Proceeds—To increase capital.

Kuhn, Loeb & Co.
June 22 it was announced the company had purchased 100,000 shares of common stock. Proceeds—To increase capital.

L. D. Sherman & Co., New York, and Merrill & Co., Dallas, Tex.; and others.

Majestic Auto Club, Inc.
April 20 it was reported that the company plans to offer 50,000,000 additional shares of common stock. Proceeds—To increase capital.

Morgan Stanley & Co.
May 12 it was announced the company had purchased 10,000 shares of common stock. Proceeds—To increase capital.

Mountaineer Oil Co.
May 3 the company announced it is proposing to sell its stockholders additional stock. Proceeds—To be used for general corporate purposes.

Mountain States Telephone & Telegraph Co.
May 21 it was announced the company plans to sell and to its stockholders additional stock. Proceeds—To be used for general corporate purposes.

New Orleans Public Service Inc.
Feb. 4 it was announced the company plans to sell 1,000,000 shares of common stock. Proceeds—To be used for general corporate purposes. Underwriter—To be determined by competitive bidding. Proceeds—To be used for general corporate purposes.

Oaklyn Oil Co., Oaklyn, N. J.
June 30 it was announced the company had purchased 10,000 shares of common stock. Proceeds—To increase capital.

Oil & Gas Co., Inc.
May 30 it was reported that the company will issue additional shares of capital stock for some time in the future. William D. Bott of Whitney & Co., New York, is Chairman of the Board.

June 9 it was announced that company plans soon to offer common stock with the SEC covering a proposed issue of 600,000 shares of common stock. Proceeds—For general corporate purposes. Underwriters—Wyco Uranium, Inc., Salt Lake City, Utah.

Oil Light Co.
Feb. 21 it was reported company plans to sell 5,000,000 shares of preferred stock. Proceeds—For expansion.

March 30 it was reported early registration is planned by the company for the sale of capital stock. Underwriter—L. D. Sherman & Co., New York, and Merrill & Co., Dallas, Tex.; and others.

March 30 it was reported early registration is planned by the company for the sale of capital stock. Underwriter—L. D. Sherman & Co., New York, and Merrill & Co., Dallas, Tex.; and others.

Keystone Wholesale Hardware Co., Atlanta, Ga.
June 12 it was announced the company had purchased 11,000 shares of common stock recently made available. Proceeds—To increase capital.

Kuhn, Loeb & Co.
May 24 it was announced the company had purchased 10,000 shares of common stock. Proceeds—To increase capital.

Lucky Stores, Inc.
April 25 stockholders approved a proposal to increase the authorized amount of common stock from 2,000,000 shares to 2,000,000 shares (there are 944,003 shares outstanding). It was reported previously that the company proposed to raise approximately $1,250,000 through the sale of 150,000 shares. However, no immediate financing is planned. Proceeds—To be used for general corporate purposes.

Long Island Lighting Co.
April 18 it was announced the company plans to sell an issue of $15,000,000 first mortgage bonds. Proceeds—For expansion.

Northwestern Natural Gas Co., Denver, Colo.
July 20 it was announced the company had purchased 10,000 shares of common stock. Proceeds—To increase capital.

Ohio & Indiana Oil Co., Oil City, Pa.
June 18 the company announced that the company plans soon to issue common stock with the SEC covering a proposed issue of 600,000 shares of common stock. Proceeds—For general corporate purposes. Underwriters—Wyco Uranium, Inc., Salt Lake City, Utah.

Ohio & Indiana Oil Co., Oil City, Pa.
June 18 the company announced that the company plans soon to issue common stock with the SEC covering a proposed issue of 600,000 shares of common stock. Proceeds—For general corporate purposes. Underwriters—Wyco Uranium, Inc., Salt Lake City, Utah.

Ohio & Indiana Oil Co., Oil City, Pa.
June 18 the company announced that the company plans soon to issue common stock with the SEC covering a proposed issue of 600,000 shares of common stock. Proceeds—For general corporate purposes. Underwriters—Wyco Uranium, Inc., Salt Lake City, Utah.

Ohio & Indiana Oil Co., Oil City, Pa.
June 18 the company announced that the company plans soon to issue common stock with the SEC covering a proposed issue of 600,000 shares of common stock. Proceeds—For general corporate purposes. Underwriters—Wyco Uranium, Inc., Salt Lake City, Utah.
Continued from page 45

(jointly); Kuhn, Loeb & Co. and A. C. Alydy & Co. Inc. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. and Lehman Brothers.

New York Telephone Co.: Jan. 17, Keith S. McGuire, President, announced that the company has raised $50,000,000 of new capital money to aid in carrying out its expansion program. Interests in the company are now approximately 500,000,000. Underwriters—For and bonds, to be determined; Blyth & Co. and Kidder, Loeb & Co. Inc.; Halsey, Stuart & Co.; and Halsey, Stuart & Co. Inc.

Northern Illinois Gas Co.: June 30, L. B. White, President, announced that the company plans to spend $50,000,000 on new construction through 1958, and that about $25,000,000 would be raised through the sale of bonds. Underwriters—The First Boston Corp., Halsey, Stuart & Co. Inc. and Illinois.

Northern States Power Co. (Minn.): March 29 it was announced that new capital requirements for the expansion plans contemplate these funds will be obtained temporarily from short-term loan 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 First Boston Corp. (jointly); Equitable Securities Corp.; Kidder, Peabody & Co.; and White, Weld & Co. (jointly); Equitable Securities Corp. (jointly); Smith, Barney, & Leham Brothers and Riter & Co. (jointly); Gore, Fosgate & Co. (jointly); Van Alstyne, Noel & Co. and Barrett Berrick & Co. Inc., and a group meeting—Stockholders to vote on merger in August.

Ohio Power Co. (Cleveland) (Ohio Power Co. of Ohio). June 29, the company plans company plans to issue and sell 60,000 shares of common preferred stock (par $100). Proceeds—To retire bank loan and for construction program. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Loeb & Co.; Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly); The First Boston Corp. (jointly); Van Alstyne, Noel & Co., and Barrett Berrick & Co. Inc., and a group meeting—Stockholders to vote on merger in August.

Ohio Power Co. (Cleveland) (Ohio Power Co. of Ohio): June 29 it was reported company plans to issue and sell 60,000 shares of common preferred stock (par $100). Proceeds—To retire bank loan and for construction program. Underwriters—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Loeb & Co.; Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly); The First Boston Corp. (jointly); Van Alstyne, Noel & Co., and Barrett Berrick & Co. Inc., and a group meeting—Stockholders to vote on merger in August.

Radio Receiver Co. Inc.: Feb. 28 it was reported that a public offering is soon expected of about 250,000 shares of common stock, of which 100,000 shares will be sold for account of company and the remaining 150,000 shares of stockholders. Underwriter—Bache & Co., New York.

Reading Co.: June 7, directors approved a proposal increasing the authorized indebtedness of the company to $250,000,000, but not exceeding $250,000,000 and would be issued at the discretion of the directors. Underwriter—To be determined by competitive bidding. Probable bidders: Kidder, Loeb & Co.; Blyth & Co., Inc; and the company.

San Diego & Electric Co.: May 10 stockholders approved an additional issue of $1,500,000 of first mortgage bonds, of which it is planned to sell initially $1,950,000 principal amount of bonds. Proceeds—To retire existing indebtedness and for general corporate purposes. Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Burnham Bros. & Hutcheson, Blyth & Co., Inc; Union Securities Corp. and Salomon Bros. & Hutcheson, Blyth & Co., Inc.; The First Boston Corp., Cambridge, Mass., Palo Alto, Calif., and the company.

Southern California Gas Co.: Feb. 28 it was reported company plans to issue and sell $60,000,000 of additional first mortgage bonds, of which $15,400,000 is to be sold to help finance its current $80,000,000 construction program. The finance will probably take the form of a bond issue or preferred stock. Underwriters—(1) for preferred stock, Blyth & Co., Inc. (2) for bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Burnham Bros. & Hutcheson, Blyth & Co., Inc.; White, Weld & Co. and Union Securities Corp. and Salomon Bros.

Southern Co. (11/9): Dec. 30 it was announced the company plans to issue and sell the public 500,000 additional shares of common stock, of which approximately 200,000,000 will be sold for the purpose of making an additional investment in stock of subsidiary companies Underwriter—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Merrill Lynch, Pierce, Fenner & Beane; Kidder, Peabody & Co.; Blyth & Co.; Leland, Barrett & Co.; and Riter & Co. (jointly); Stone & Webster Securities Corp. and Equitable Securities Corp. (jointly); Leham Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane.

Pennsylvania Electric Co.: Feb. 15 it was reported company plans to issue and sell later this year $30,000,000 of first mortgage bonds. Proceeds—To repay bank loans and for new construction.

Pennsylvania Power & Light Co.: April 19, Charles E. Oaks, President, announced that company plans to sell $13,000,000 of additional first mortgage bonds and use the proceeds for its construction program. Previous bond financing was arranged solely through Drexel & Co. and The First Boston Corp.

Peoples National Bank of Washington, Seattle. June 30 it was announced Bank plans to issue 25,000 shares of capital stock (par $20) as a stock dividend, and a like number of shares will be offered for subscription by stockholders.

Puget Sound Power & Light Co.: April 3, 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 $25,000,000, and we anticipate that we may achieve this end through a large-scale expansion program, involving $75,000,000 in order to keep abreast of estimated load growth over the next five years." Underwriters—For stock, Blyth & Co. Inc.; Webster Securities Corp., The First Boston Corp. and Kittredge & Co., Seattle.

Pura Oil Co.: April it stockholders approved the possible issuance of a convertible first mortgage bonds not exceeding $50,000,000 and would be issued at the discretion of the directors. Underwriter—To be determined by competitive bidding. Probable bidders: Kidder, Loeb & Co. (jointly); Blyth & Co., (jointly); Webster Securities Corp., The First Boston Corp. and Kittredge & Co., Seattle.

Ripley & Co., Inc.: June 27 it was reported that a public offering is soon expected of about 250,000 shares of common stock, of which 100,000 shares will be sold for account of company and the remaining 150,000 shares of stockholders. Underwriter—Bache & Co., New York.

Stone & Webster Securities Corp.: June 7, directors approved a proposal increasing the authorized indebtedness of the company to $325,000,000, but not exceeding $325,000,000 and would be issued at the discretion of the directors. Underwriter—To be determined by competitive bidding. Probable bidders: Kidder, Loeb & Co.; Blyth & Co., Inc; and the company.

U.S. Steel Corp.: June 28 it was reported company plans to issue and sell the public about 80,000,000 additional shares of common stock. Proceeds—To determined by competitive bidding. Probable bidders: Morgan & Co., Inc.; Blyth & Co., Inc.; Attrill & Funke, Blyth & Co., Inc.; Morgan, Canfield & Co., Inc.; General Securities, Inc.; Blyth & Co., Inc.; and the company.

Utah Power & Light Co. (9/13): March 28 it was reported company plans to issue and sell the public about 177,000,000 additional shares of common stock. Proceeds—For capital needs and for general corporate purposes. Underwriter—To be determined by competitive bidding. Probable bidders: Leham Brothers, Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and Morgan Stanley & Co. Inc.; The First Boston Corp., Cambridge, Mass., Palo Alto, Calif., and the company.

Westport Hydrocarbon Co.: March 2 it announced Sunsuit Water Corp., has agreed to buy the company's rights to invest $1,000,000 in the development of the St. Mary's River Natural Gas Field, in Westport, Conn. Underwriters—The First Boston Corp. and Company, New York, underwrite recent sale of the New Jersey real estate company's bonds. Underwriters—To be underwritten by Morgan Stanley & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutcheson, Blyth & Co., Inc.; The First Boston Corp. and Company, New York, may be included among the underwriters.

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 $40,000,000 of first mortgage bonds. 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. & Hutcheson, Blyth & Co., Inc.; White, Weld & Co. and Stone & Webster Securities Corp. (jointly); Riter & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly).
Our Reporter's Report

The corporate bond market appears to have taken the decision of the Treas-

ury to take $30,000,000 of bonds out of the $40,000,000 of bonds for bids and for the following day Texas Eastern Gas Transmission Co. is slated to market $10,000,000 of preferred via the negotiated route.

Municipal Calendar Heavy

The summer months do not hold much promise for underwriters who stick almost wholly to the corporate field. But those who swing over into the municipal section of the market could be kept fairly busy if the full potential of prospective issues in that area is realized.

However, some people, judging by the sharp reactions recently in some of the lower issues, would not be surprised if perhaps more adjustment may be ahead for the tax exempt market.

George Percy Partner

In Clark, Dodge Co.

Clark, Dodge & Co., 61 Wall Street, New York City, members of the New York Stock Exchange, announce that George A. Percy has become a member of the firm.

DIVIDEND NOTICES

DIVIDEND NOTICE

Dividend No. 207

A quarterly dividend of twenty-five cents per share on the Common Stock of the Company has been declared payable August 15, 1955, to stockholders of record at the close of business on July 29, 1955.

R. H. Farwell, Treasurer


DIVIDEND NOTICE

Dividend Notice

The Board of Directors today declared a regular quarterly dividend of 50c per share on the Common Stock of the Company, payable August 15, 1955, to stockholders of record at the close of business on July 29, 1955.

A. H. Daggett, President

June 12, 1955.
WASHINGTON, D.C.—Some of the most notable developments of the Middle Ages relates to the alchemists. Kings, princes, potentates, and cabalists, and all manner of writers whom they precipitated, dreamed of changing lead into gold.

The Alchemists’ goal was to transform base metals into gold. They were influenced by the idea of transforming lead into gold and used a variety of methods to achieve this. Their experiments were secretive, and they often worked in laboratories known as “hermetical” or “secret” laboratories.

The process was believed to involve the use of chemicals and magical incantations. The alchemists believed that by combining various elements and substances, they could create a substance that was more valuable than gold. This process was known as “transmutation.”

The alchemists believed that the process of transmutation involved the use of a special formula, known as the “secret of the philosophers.” This formula was believed to be contained in a book known as the “Hermetic Treatises.”

The alchemists believed that by following the instructions in this book, they could transform lead into gold. However, the process was a difficult one, and many alchemists never succeeded in transforming lead into gold.

The alchemists believed that the process of transmutation was not just a physical process, but also a spiritual one. They believed that the process of transmutation was a way of transforming the soul from a base state to a more pure and spiritual state.

The alchemists believed that the process of transmutation was a way of transforming the soul from a base state to a more pure and spiritual state. They believed that this process was a way of achieving spiritual enlightenment and union with the divine.

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