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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. Grasping 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

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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, and, on the other hand, have aided greatly in meeting the increasingly complex needs for banking services. Stresses importance of healthy and sound competitive banking, and lauds excellent job done by nation's banks in the postwar period. Decries belief increase in bank size tends toward monopoly.

Our banks provide a steady flow of lifeblood into America's growing econmy, and it is essential to the well-being of the nation that they remain sound, vigorous and strong. It is the duty of Congress, the supervisory authorities at both Federal and State levels, and of 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.

John J. McCloy

As I understand it, the Subcommittee has under immediate consideration H.R.5948, a bill introduced in the House of Representatives by the Chairman of the Judiciary Committee, the Honorable Emanuel Celler, on May 2 of this year. H.R.5948 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

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*A statement by Mr. McCloy submitted to the Antitrust Subcommittee of the Committee on the Judiciary of the House of Representatives, Washington, D. C., July 5, 1955.

More Correspondents' Views On Guaranteed Annual Wage

Provision made in this issue for another group of communications received by the "Chronicle" 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 auto workers' union. The decision to conduct the symposium on the subject coincided with the publication in the May 26 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 B. 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 and so on. All the dreary arguments, the warnings of disaster, the greediness of the Frank Risings of that date are repeated in his speech on the guaranteed annual wage. We were told that free enterprise would be weakened, the moral fiber of workers would be ruined, economic disaster would overcome us, and we would drift into Socialism or Communism.

James B. Carey

How far from reality these predictions of disaster were we are now well aware. 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

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SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 40.

The Security I Like Best

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

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

This Week's Forum Participants and Their Selections

Bendix Aviation Co.—Milton A. Allen, of Harris, Upham & Co., New York City (Page 2.)

American Cyanamid Co.—Charles J. Collins, President, Investment Letters, Inc., Detroit, Mich. (Page 2.)

MILTON A. ALLEN
Harris, Upham & Co., New York City
Members New York Stock Exchange and other leading exchanges

Bendix Aviation

The Bendix Aviation Company is a highly diversified, agressive, growth company serving the automobile, aviation and electronic industries.


Milton A. Allen

Probably one of the most promising factors for the future regarding Bendix is its apparent ambitious research program. According to a survey by "Data Digests," this company is spending more on research than practically any other major corporation in the United States. This study shows that during the year 1954, E. I. duPont expended $61 million for such purposes, Allied Chemical, $15 million, International Business Machines, $14.1 million, and Socony Mobile Oil, $16 million. These figures may be compared with an $81 million outlay by Bendix Aviation and it is reasonable to expect that its activities in this connection will eventually pay off in terms of new products, military and peacetime applications, and sales and earnings.

A tremendous percentage, about 77%, of Bendix's production is for the Armed Forces. It is anticipated that some of this business will be cutback in the future. However, the company is taking steps to see that earnings will not be seriously affected.

About 61% of Bendix's over-all production is for aviation, both civil and defense. The remaining 39% is divided between automotive, marine, consumer and miscellaneous fields.

Bendix products:

For Aviation

Starters.
Generators.
Oxygen supply equipment.
Radio communication systems.
*The Bendix Polar Path Compass.
†Airborne weather radar.
‡Bendix Beam Guidance System.
Filters.
Landing gear.
Ignition systems.
Navigation instruments.
Actuating and control devices.
Traffic and navigation control.
§Ground Radar.

*A gyro-actuated compass for accurate navigation in the polar regions where magnegic compasses are unreliable.

†Radar which locates and pictures storms 150 miles ahead of a plane. (Bendix has contracted to install this on several fleets of commercial planes.)

‡Links a ground signal with the plane's automatic pilot for automatic control of cross country flight as well as for approaches and landings.

§Bendix produces no less than eight different types of heavy radar.

For Automobiles and Trucks

Starter drives.
Electric gasoline pumps.
Air brakes.
*Car radios.
Brake lining.
Universal joints.
Hydraulic brakes.
†Stromberg Carburetor.

*Bendix makes half the radios for Ford and all the radios for Lincoln and Mercury.

†Cars equipped with the Stromberg Carburetors captured first and second place in the Mobilgas Economy run.

Marine

Radio receivers.
Directional finders.
*Bendix-Frieze Log.
Automatic pilots.
Depth recorders.
Transmitters.
Radio telephones.

*Used aboard the U.S.S. Nautilus, the world's first atomic submarine, to indicate speed and distance traveled. This information is fed into an automatic computer for dead reckoning and fire control.

Atomic Energy

Bendix completed a design for a special reactor for a Government Research Laboratory. For the Atomic Energy Commission, Bendix is producing instrumentation and electronic devices under a management contract basis. Bendix is in partnership with several companies designing a reactor for the production of atomic power for a utility group headed by the Detroit Edison Co.

Miscellaneous

Bendix is a very strong participant in guided missile work.

The company manufactures a multi-speed power brake for bikes which is being adopted by virtually every major bicycle manufacturer in the United States.

Bendix designed and manufactures an ultra-sonic cleaning system which cleans metals, rubber, glass, plastics and ceramics, more efficiently than any other technique, by the use of high frequency sound waves.

The company also manufactures Television Sets and Radios, as well as various types of electronic computers and other items.

Financial

	1954	1953
Current Assets	$232,959,000	$274,431,000
Current Liabilities	132,349,000	194,525,000
Cash	51,898,000	44,892,000
Sales	607,711,000	638,544,000
*Earn. per share	$5.61	$4.10
*Taxes per share	9.86	12.43
*Dividends	1.50 + 7% Stk.	1.88

*Adjusted for the 2-for-1 stock split in February, 1955.

Earnings for the first quarter of Bendix's present fiscal year was $1.32 per share against $1.13 per share for the same quarter last year.

Bendix's capitalization is extremely simple for a company of its size and scope. There is no funded debt or preferred shares ahead of its 4,555,000 shares of common stock.

It is the studied opinion of this writer that the greatest strides and progress will be forthcoming in the immediate future from the atomic, electronic and aviation industries. The Bendix Aviation Company is one of the strongest entities in each of these fields. Considering the heavy research expenditures, combined with the aggressiveness and ability of Bendix's management, tends to lead to the logical conclusion that the company will do better than just maintain its position in industry.

In conclusion, it is the belief of this writer that the stock of Bendix Aviation, down some 7 points from its high of 59½, selling at less than 9 times estimated earnings of about $5.50 per share is a BUY around its recent price of $52⅜ per share. The stock is listed on the New York Stock Exchange.

CHARLES J. COLLINS
President, Investment Letters, Inc.
Detroit, Mich.
Chairman of Investment Counsel, Inc.

American Cyanamid Co.

There are a number of factors in the American Cyanamid situation that lend investment interest to the stock at this time. For one thing, the $48-million Fortier petrochemical plant outside of New Orleans is now in production. This plant is one of the most important units in a general program of plant additions, in which Cyanamid has invested upwards of $315 million since the end of World War II. The benefits of the Fortier plant will be threefold. First, it will materially lower costs on certain base chemicals being manufactured and used by American Cyanamid under presently more expensive methods. Second, it will supply Cyanamid with other base chemicals that are now being purchased outside by the Company at higher quotations. Third, it will permit Cyanamid to further diversify its activities and products.


Charles J. Collins

Over 45 years ago the firm's business was founded on calcium cyanamide—made from limestone, coke, and air. Thousands of products were subsequently developed from these raw materials but production costs have been relatively high. American Cyanamid's profit margins have consistently been below those of other leading chemical concerns. In turning to natural gas, which has a price advantage over coal and limestone, there will be substantial savings and there is also the expansion potential of chemcial derivatives from petrochemistry.

Ammonia, hydrogen cyanide, sulphuric acid, and acetylene will be produced at the Fortier plant as "intermediates" and will be further processed to make, as "end products," ammonium sulphate and acrylonitrile, the important material now used in synthetic rubber, synthetic textiles, plastics, and soil conditioners. Depending on demand for the end products, output of the intermediates can be sold as finished goods, or used by the Company as raw materials. Largely because of this flexibility, the Fortier plant is expected to have unusually low production costs. Moreover, construction has been designed to permit a 100% expansion in capacity with small expenditure.

In 1953, American Cyanamid's sales were derived from the Company's several divisions about as follows: pharmaceuticals and biologicals for human and veterinarian use, 25%; organic chemicals, 19%; industrial chemicals, 16%. The remaining business was divided among the following departments in order of size: agri-

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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) governmental fiscal policy and credit conditions; (4) the behavior of professional market operators, and (5) the behavior of the speculative public. Concludes stock market gives indications of being in the process of forming a major bull market top, and the prudent 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 displaying symptoms highly reminiscent of the 1937 and 1946 periods. A diagnosis of present conditions indicates that a bull market top is developing with an eventual decline of serious proportions probable if the current trends continue.


Gene Fenton

The changing level of stock market prices appears related to the causative forces of earnings, dividends, and interest rates. In addition to these major factors, the effects of changing levels of business activity, credit conditions, and governmental 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 under reasonably stable conditions of financial strength, earnings, and dividends, will at one time sell at four or five times its earnings, and at another, at 25 to 30 times. The reason for these wide discrepancies has its roots to a great degree in the intangible forces of market psychology. Stock market behavior is peculiarly concerned with discounting the future. Fluctuations of stock prices presumably reflect the changing anticipations by stock purchasers and sellers of the prospective volume of business, the prospective earnings and dividends, etc. These judgments of future economic conditions appear to be most 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 requisite for such an analysis is an understanding of the composition and distribution of stock ownership. The Securities and Exchange Commission estimated the holdings of common and preferred stocks at market values on Dec. 31, 1954. Institutions on this date owned approximately 25% with the other 75% owned by a broad heterogeneous element which contains professionals at one end and the speculative public at the other. An analysis of the behavior of these three groups offers considerable enlightenment in the explanation for the change of major market movements. In order to understand this concept more clearly, a hypothetical stock market cycle is illustrated.

Bull markets (rising markets) begin at the "accumulation level" where professional investors and institutions, recognizing that business, although depressed, is due to improve, purchase equities from the discouraged speculative public. Stocks are statistically cheap during this period despite the unfavorable financial reports and general atmosphere of pessimism. Ultimately the improved tone of business activity and the rising trend of corporate earnings result in an advancing price level. The market begins to attract more attention and the speculative public begins to show an interest. Gradually, the market feeds on itself as the public invests more and more money with the advancing stock market. Finally the market reaches the "distribution area" where the boom in business activity and earnings receive wide publicity. Newspapers discuss the coming new era, business leaders are almost uniformly optimistic. The public flocks to the board room and the stock market becomes the favorite after dinner subject.

The professionals, realizing the high level of stock prices largely discounts the favorable atmosphere, begin to sell. The institutions, recognizing that stock prices are relatively high from an economic analysis, direct the flow of new money into the fixed income sector of the market since the difference in yields is abnormally low. The speculative public, on the other hand, grows more enthusiastic and buys aggressively. This process of distribution of stocks from strong hands to weak ones requires many months to complete. The market continues to display stability; however, the broad movement is lacking and only certain selective stocks continue to make new highs. Ultimately the tone begins to turn easier. Nevertheless, the initial decline is greeted as an opportunity to pick up more stock by the speculative public on the basis of the good earnings prevailing. As prices continue to decline, the speculators' confidence wavers; his paper profits become losses,

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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 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 destruction 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.


Harry Sears

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 money.

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 illegal actions which have had full play in this country in recent years.

The governments of other nations, such as Canada, have been forced to go along 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 President Roosevelt issued his orders that all gold and gold certificates should be surrendered to the Treasury, he stated, on Oct 22, 1933, in a radio address from the White House:

". . . we shall seek to establish and maintain a dollar which will not change its purchasing and debt paying power during the succeeding generation. The United States must take firmly into its own hands the control of the gold value of our dollar. This is a policy and not an expedient. We are thus continuing to move toward a managed currency."

Here was the pronouncement of a planned financial dictatorship entirely outside of any Constitutional authority vested either in Congress or the President.

Here was likewise the public renunciation of his oath of office when he swore to support and defend the Constitution.

Acting swiftly to implement these statements the Gold Reserve Act of 1934 was rushed through Congress. This purported to give a gold value to dollars represented by a stated number of grains of gold. When this formula was translated into ounces we found an established gold price of $35 per ounce and the Treasury issued arbitrary Regulations under which it has since operated a gold monopoly, claiming to have exclusive rights to supply gold to foreigners and foreign central banks, to supply all gold industrial users and the arts in the United States, but refusing to sell gold to American citizens or to permit them to possess gold, in their own country.

The Treasury has also compelled gold producers to secure a license before they were permitted to melt and prepare their gold for sale and has likewise compelled them to turn over their newly mined gold to the Mints, or their agents, at the arbitrary and capricious $35 price in exchange for inconvertible paper currency, which is not an obligation to pay anything and which has depreciated in buying power, or acceptance value by the public, by about 65% since the gold price was established by fiat.

These demands and Regulations of the Treasury are enforced through criminal prosecution, plus fines, penalties, and confiscation of the gold involved.

The purported authority under which these things have been done rests upon the Constitutional provision granting Congress power to "Coin money and regulate the value thereof," but Congress has used no such power with regard to this Act and the Treasury therefore has been clothed with no authority. It has merely been acting under an embezzlement of power during these past 20 years.

This is confirmed by brief quotations from the Act:

"No gold shall hereafter be coined, and no gold coin shall hereafter be paid out or delivered by the United States: . . . All gold coin of the United States shall be withdrawn from circulation and together with all other gold owned by the United States, shall be formed into bars of such weight and degree of fineness as the Secretary of the Treasury may direct. No currency of the United States shall be redeemable in gold."

This is not the exercise of power to "Coin money," on the contrary, it is the destruction of money, the return of gold into the metal from which the coins were originally made. In this form the gold becomes merely bars of metal, losing all identity with coinage and becoming a simple commodity.

It is only the existence of gold coinage in the United States, which can give Congress Constitutional power to legislate on gold. With gold coins destroyed and outlawed, Congress has no more valid power over gold than over copper, peanuts or cabbage.

Fort Knox Gold Not a Monetary Stock

The gold stored in Fort Knox and other Treasury depositories is actually a warehouse stock to sell to foreigners and industrial gold users at $35 per ounce. This has been the declared policy of the Treasury for the past 20 years. They buy and sell gold at this price to their favored customers.

They do not redeem dollars, they merely sell gold. That gold is separated from money or currency and placed beyond the reach of our citizens by the very terms of the Act under which it has been accumulated.

But the possession of this gold in commodity form does not and can not enlarge the authority of

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

The State of Trade and Industry

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

Total industrial production for the country-at-large in the period ended on Thursday of last week was slightly better than the level of the week preceding and considerably improved over that of a year ago.

New orders booked at some factories surpassed current production with the result that backlogs mounted.

Reflecting the advanced level of over-all output, claims for unemployment insurance showed a decline in the latest week.

New orders on manufacturers' books in May totaled $26,700,000,000 or a rise of $5,600,000,000 from the year-earlier level. On a seasonally adjusted basis, incoming business was the greatest since January, 1951, the United States Department of Commerce reported. Booming business was the chief factor in the flow of orders, it added, but fears of auto or steel strikes also entered the picture. Sales of manufactured products in May amounted to $26,200,000,000, about the same as in April, but $3,500,000,000 above May, 1954.

The steel wage boost will cost steel companies approximately $450,000,000 a year, according to "The Iron Age," national metalworking weekly, this week. This includes direct wage and salary increases and subsequent rises in cost of materials and services.

To compensate for the wage rise, steel prices were boosted an average of $7.50 per ton. Producers moved almost immediately to bring their prices into line with higher wage costs. The increase is smaller than the last big steel price boost of 1948. In July of 1948 steelworkers got an average increase of 13¢ an hour and steel prices went up about $10.50 per ton.

Steel producers also face a bout with the United Mine Workers, whose chief, John L. Lewis, will be in the market soon for a healthy wage boost for his members. Steel companies employ miners in their so-called "captive" coal mines.

The loss of production threw the steel market into utter confusion, blasting the hopes of producers for bringing deliveries into line with promises any time in the near future. It also opened the door to steel speculators who reap big profits when supply is short and demand long, this trade authority states.

Even without the shutdowns, steel consumers knew they were in for a bad time over the balance of the year. Just last week the railroads hit the steel industry with a long-overdue freight car building program that will consume tremendous tonnages of products already in tight supply.

The strike also will further aggravate the mills' problem of maintenance repairs which had been delayed in the interest of holding production at a high level. From now on they will have a tough time keeping production at the near-capacity rate they would like, it adds.

According to "The Iron Age," consumer inventories are short. Since early this year many have been forced to buy emergency tonnages from warehouses to tide them over until mill deliveries arrive. Some of these warehouse orders have been more than the warehouses could conveniently handle without slighting their regular customers.

Last week's United States car and truck manufacture bounded to the highest level in a month as producers put the finishing touches to the strongest first-half turnout in history.

"Ward's Automotive Reports" estimated January-June car-truck assembly at a record 4,899,000 units or 4,256,000 cars and 643,000 trucks, some 39.3% above the same 1954 period which turned out 2,958,629 cars and 557,906 trucks and almost 26% above the previous peak of 3,894,577 units, consisting of 3,109,134 cars and 785,443 trucks hit in the first six months of 1951.

The former all-time half-year volume was established in July-December, 1950 at 4,251,678 units, including 3,567,010 cars and 684,668 trucks.

The statistical agency pegged June 1955 construction at 648,000 cars and 120,000 trucks, down 11% and 8%, respectively, from

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Observations . . .

By A. WILFRED MAY

ALTERNATIVE INTERPRETATIONS OF A MARKET INFLUENCE

Last week we pointed out the habit of explaining market action by selecting *ex post facto* those of the conflicting interpretations of an external event which are subsequently found to fit the preceding movement of stock prices. A striking instance of this is to be seen in the new wage settlements, as foreshadowed by the current comment on the steel and auto agreements.

A. Wilfred May

We summarize, for convenience, the chief conflicting "bull" and "bear" conclusions.

"Bullish" Effects

The wage and resulting price increases are pyramiding "inflation."

Price rises in motors and steel ($7.50 a ton) spreading to other industries, as copper, will cause a generally higher price level.

They will result in increased buying power, in line with the postwar experience wherein factory wages have risen twice as much as the cost of living.

The squeeze on smaller and weaker companies will increase the present great investment attractiveness of the monopoly "Blue Chip" companies.

The arrival at agreement without government intervention furthers the trend toward the free market economy.

The guarantee against penalty from idleness will further automation and productivity; since employers will have a greater inducement to use labor-saving methods to reduce costs, and workers, because of the added security, will be more amenable to such innovations.

"Bearish" Elements

The new unexpectedly large round of wage increases may upset the recently-achieved stability of the cost of living, with general threat to the balance in the economy.

Resulting rising costs may entail consumer opposition—voluntary or involuntary—with deterioration of industrial activity.

The guaranteed wage technique may well inflict undue hardship on the smaller companies, with some spreading of depression.

In this way also, it may bring on government subsidization and general control.

Necessitated consequential price rises may drive some struggling industries permanently and completely out of the market—as, for example, coal.

The "Guaranteed Wage" feature in the auto industry is merely a brief stop-gap and extra cost in the long procession of out-and-out wage rate hikes.

* * *

Suggests New Queensberry 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 devoting considerable attention.

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

Wilma Soss

I was shocked by a conference which I had with Messrs. Robert Young and Alfred Perlman after the proxy fight at New York Central, a conference at which John Gilbert 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 (during which the former 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 shareowners must be concerned if such a condition can exist after a proxy battle.

Novel Form of Insurance

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

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Spalding (A. G.) and an Age of Sports

By IRA U. COBLEIGH

Enterprise Economist

A swift corporate biography of a pioneer in pastimes, and a company that has always kept its eye on the ball—Spalding (A. G.) & Bros., Inc.

We start off not with a picture portrait, but the portrait of a pitcher. By the autumn of 1875, the leading pitcher of a baseball team known as the "Bostons" had racked up the following five-year record: games pitched, 301; games won, 241. (Are there any questions, Mr. Newcombe?) This same gentleman at this pristine period in our national pastime, wore no glove or mitt and he pitched underhand; and in his day, relief (either as an economic concept, or a fresh right hander from the bullpen (was unknown. This gentleman made the Baseball Hall of Fame. He should have. His name—Albert Goodwill Spalding.

Ira U. Cobleigh

In 1876, the year after his team, the "Bostons," won every home game and racked up a season average of .899, A. G. Spalding started a sporting goods firm in Chicago on a modest stake of $800—a stake that launched the most eminent name in sporting goods; and financed a company now doing about $27 million in annual sales; with 2,400 stockholders, 2,100 employees, and its 80th birthday coming up next year. Spalding (A. G.) & Bros., Inc., we salute you.

Spalding has virtually thrown the first ball in half a dozen sports, and if next Saturday afternoon you find yourself hacking your way out of a sand trap, shooting for a service ace, playing softball at a company outing, or hurling epithets at Sal Maglie, it's all importantly due to the pioneer sporting perception, and effective manufacturing and merchandising technique of the Spalding firm.

In early days there was no standard baseball, and the home team provided its own pelota. If it was a good hitting team, somehow a lively ball seemed always to be in play; if its forte was pitching, then a soggier sphere was to be contended with. Spalding corrected all that. It provided a uniform ball (also the uniforms) for the National League when the league began (in 1976) and the American League adopted the A. J. Reach ball (also a Spalding product) at the turn of the century. That's the way it's been ever since—the Spalding ball, official in the National League, and the Reach ball in the American.

Spalding also introduced, and helped in the development of, specially designed gloves and mitts for the various positions: plump catcher's mitts, flexible filder's gloves, and ham shaped leather scoops for first basemen.

Spalding entry into tennis was by its early (and unpublicized) purchase of the Wright & Ditson Company. Spalding makes millions of tennis balls under its own name as well, but the Wright & Ditson is still the official one at Forest Hills.

If your wife is a gold widow every Sunday, it's partly due to an accident or happenstance. In 1892 Spalding had a cub salesman (who later rose to be Board Chairman) named Julian W. Curtiss. He was over in England at the time, and happened to pick up a few golf clubs and balls. He brought 'em back and all of a sudden the game caught on, first as a leisurely pastime of the financial and social elite, and then as required exercise for business executives, and Presidential aspirants. First balls were of gutta-percha, then came livelier balls of rubber, leading to longer golf courses (and much club house vaunting abong long ball hitting). Then came the era of big names on the payroll, and the promotion of the game from Coast to Coast—and of course competitors, MacGregor, Wilson and Rawlings.

In basketball, Spalding again was the early bird, making the first ball and offering the steel rim, to replace an actual basket (peach basket, I believe) with which the game began.

Softball and football round out the lines of ball games in which Spaulding was an early name, and ever a large scale promoter and producer of equipment. That from all this has been developed a fine durable business is pretty obvious. People have more and more leisure time, and with atomic power, automation making for a shorter and shorter work week, vendors of sport gear like Spalding possess interesting vistas of future expansion.

Having briskly covered the areas of sport which Spalding has promated and popularized, let's see how the company has fared financially in 79 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 $27.9 million of goods and netted above $2 billion. (Net was $2,180,000 in 1947 but on $24.2 million volume.) 1955 should produce the best gross in company history and show a modest improvement over the $1.47 per share earned in 1954 (fiscal year ends Oct. 31).

Manufacturing is concentrated in the maint plant at Chicopee, Mass., and a Canadian manufactory at Brantford, Ontario. Sales are effected through wholesalers and retailers, and the company has now discontinued all of its own retail outlets.

In November, 1952, Spalding acquired Toy Tinkers, Inc., makers of the famous Tinker Toys. This addition broadened the diversification of Spalding's business, reached a new sales market, and made an important addition to earning power. (Perhaps a new double play combination has been created—Tinkertoy, Evans to Chance.)

Recently there were merger negotiations under way, under which American Machine and Foundry proposed an exchange of shares. One share of Spalding was to have been exchanged for ¾ of a share of American Machine and Foundry. On May 20, however, the negotiations for merger were called off, and Spalding will, presumably, continue along on its own independent way. Fact is this article was outlined some weeks ago, but held up, due to the possibility of merger.

The Spalding name and fame is by no means local. Spalding products are known (and thrown) all over the world. Abroad, distribution is especially effective in Cuba, South America, Asia (the Japanese are mad about baseball), Mexico and Hawaii. On the supply side there are some 450 sources supplying everything from thread for stitching baseballs, to bar steel.

Something should be said about the labor force. It's unique, with the keynote on craftmanship. Personnel at Spalding take real pride in their work, and there are dozens of instances where sons and daughters follow fathers and mothers on the Spalding payroll. Over 80 employees have been with the company for more than 35 years.

Important to the company future is Spalding's promotional activity. Spalding is active in the Athletic League which aims for broader participation in all sports; in the National Golf Foundation which seeks development of more golf courses. As a result, some 200 new courses are now in various stages of construction in the U. S. A. And to get 'em young, Little Leagues in Baseball, and Pee Wee Golf are fostered to start the youngsters off as gamesters at an early age.

For investors, present our prospective in Spalding, there are 541,174 common shares listed on the NYSE and currently quoted around 20. With a $1 dividend, the yield is thus 5%; but a higher cash distribution this year is a possibility. Cash dividends have been paid regularly since 1945. Working capital position is excellent and there is only $2.5 million in funded debt ahead of the common.

As an interesting and profitable example of product promotion, industrial expansion, financial stability and corporate durability, Spalding deserves the attention of both sportsmen and investors. Never was a familiar expression used more accurately than in this phrase—"Spalding is on the ball."

Leading Forces Shaping Our Future Economy

By ROBERT D. HEDBERG*
Vice-President, Science & Nuclear Fund Distributors, Inc.

Mr. Hedberg lists the four major forces that will shape our economy in the next 10 years as: (1) the accelerated population increase; (2) improvement in economic knowledge; (3) the more equitable distribution of wealth; and (4) the increased technological effort. Stresses the impact of the scientific revolution resulting from the splitting of the atom.

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 increased by a quarter or more. This population bulge will begin to make its impact on housing and other family goods before this decade is up.


Robert D. Hedberg

The second major force that seems to me to be vital in the years ahead is our improved economic knowledge. Compared to today's volume of statistics, we were flying blind into the 1929-1932 malestrom. 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 say now that we have defeated the business cycle, but there is reason to believe that enlightened government and business will be able to prevent a major disaster.

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 the increased technological effort. Capital investment per worker and productivity per worker have increased at an accelerated rate. This research effort in 1955 dollars has expanded from one-half a billion to four billion in a little more than 15 years.

Much of this is a legacy from the Korean emergency. We went into the Excess Profits Tax and this very tax spurred long-range research. The government under forced draft has pushed jet airplanes, electronic fire control, nuclear power for ships, guided missiles, thermo nuclear explosion and other developments.

The government has financed research in universities and spent many millions, including some here at Pennsylvania, for long-range products with civilian applications that will benefit all of us.

Products that have come out of this are: computers, new synthetics, isocyanatefoams, polyvynal chlorine, silicones, color television and many others.

But all of this made puny by the scientific revolution that is resulting from splitting the atom. We are in the midst of a change that scientists say is the most significant event affecting energy in the history of men. In one leap we have found a means to convert matter to energy in the order of magnitude of 300 million times the units that have heretofore been possible to us.

We thus have a rapidly expanding supply of energy. Give industry just a few years. Reactor technology is only 15 years old. By comparison that steam engine is 150 years old. But the pace of atomic development is much more rapid than was the pace of development of the steam engine. Experts predict that within ten years private industry may spend as much as the government has spent to date on atomic energy. And the government expenditure has been $13 billion.

Thus we can look for certain breakthroughs. The cost of shielding is now half the cost of the reactor. The refining and processing of atomic fuel is still accomplished by the same processes that were set up in uneconomic haste in the early forties. Better methods are going to be found. We continue to use a complex set of heat exchanging apparatus to generate steam. This power source is so light and small related to the tons of fuel used by the conventionel chemical processes that its eventual economic competition is assured.

Visualize what it would mean to the world to have an available and cheap source of power that would permit economic desalting of the sea. A dry but fertile peninsula like lower California could be converted into a garden. And there is a belt of semi-arid countries north of the tropical zone all round the world that could be transformed into fertile lands. The period of growth through the world through such a development could well exceed that which followed the discovery of the Americas.

Let us look briefly at another facet of nuclear science. All technologists are limited in their ability to advance by the accuracy of their measurements. We have not begun to spend the economic fruits of radioactivity as a measuring tool.

The radiation measurements that are generally used in rolling mill processes for items like steel, rubber and paper have permitted savings that are aggregating more than $50 million annually. The significance of this is that there is a real addition to the wealth of the nation. The savings are in direct proportion to our ability to measure. With atomic tools we are thus conserving a natural resource, the power used to process it, and the manpower used to handle it.

Moreover, radiation measurements adds a new demension in our ability to learn. Many of you remember, perhaps, a sense of astonishment in reading that our scientists had approached a limit in microscopic investigation. They could magnify things adequately, but the particles they were inspecting were smaller than the wave length of light. Within the last 20 years we developed the electronic microscope and this extended those frontiers appreciably.

Now the use of radioactivity has extended this frontier again and the extension is a giant step. For example, testing laboratories now use radioactive piston rings and measure their minute residue to determine engine wear and the efficiency of various oils. No pair of calipers and no microscope approach the accuracy thus obtainable.

All four of these forces that I have described are at work shaping our economy. The growing population, the better economic knowledge that is ours, the more widespread distribution of wealth and the new nuclear technology will have a cumulative effect on our economy in the decade ahead. Together they hold promise of an unprecedented advance in the material welfare of mankind. I believe this promise will be richly fulfilled.

*An address by Mr. Hedberg as a panel member in a discussion of "Atoms, Automation and Business," University of Pennsylvania, Philadelphia, Pa., June 18, 1955.

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

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


Gilbert E. Busch

Mr. Busch, an advertising and public relations account executive, joined the agency on Nov. 1, 1945. During World War II he served in the U. S. Marine Corps as an aerial navigator in the Asiatic-Pacific area. He is a Captain in the Marine Corps Reserve.

Prior to the war, Mr. Busch was a correspondent for the United Press for 10 years.

He is a member of the Overseas Press Club of America, the New York Financial Writers Association, the Society of the Silurians, and the Marine Corps Reserve Officers Association.

Abolish the Federal Income Tax!

By HON. J. BRACKEN LEE*
Governor of Utah

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 of confiscation. Points out high progressive tax rates destroys private incentive. Condemns concentration of Federal power and calls for repeal of the Sixteenth Amendment.

Last month Dean Manion asked a rhetorical question in his broadcast which I feel is worth repeating tonight: "If you can save our Constitutional system and preserve our national independence, but deliberately refuse to do so, are you guilty of treason?" The fight Dean Manion and others are making in the midst of heartbreaking apathy and complacency is to save our Constitutional system and preserve our national independence. Their voices may be lost in the wilderness in this day and age, but the time will come, I am sure, when posterity will observe how right they were. Let us hope and pray that when this awakening comes, it will not be too late to save the heritage that is ours.


Gov. J. Bracken Lee

Like Dean Manion, I am engaged in a crusade which I believe can help save our Constitutional system and preserve our national independence. The particular cause for which I am working is to obtain the repeal of the Sixteenth Amendment to the United States Constitution.

Very likely there are few people listening who could identify the subject matter of the Sixteenth Amendment, and of those who could there would be few who could relate its repeal to saving our Constitutional system and preserving our national independence. To orient this discussion, therefore, I must first identify the Sixteenth Amendment and then relate it to the cause of freedom.

The Sixteenth Amendment has fewer words than any amendment adopted since the Bill of Rights, but its impact has been nothing short of revolutionary. The Sixteenth Amendment reads as follows:

"The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumerations."

More briefly and forcefully stated, the Sixteenth Amendment gave the Federal Government the right to put its hands in your pockets and share your wealth. Some of that wealth, I might add, is being scattered around the world in what would seem to be a completely unconstitutional use of your money.

The Increase in the Income Tax Rates

Now, at the time the Sixteenth Amendment was ratified, back in 1913, its sponsors allayed the fears of those who objected to unlimited taxation by claiming public opinion would never permit a Congress to levy a tax beyond 10% of a person's income. Not many years have elapsed since that time and we have tax rates that run up to 91%. One wag told an audience recently that people in the 91% bracket could take some measure of comfort; that all Congress could do if it raised their taxes would be to increase them another 9%.

Ninety-one per cent is just 9% away from complete confiscation. That is a far cry from the 10% limit that some of the original sponsors of the Sixteenth Amendment felt public opinion would enforce. More than that, it is a point of grave danger.

Perhaps few of us have sympathy for those persons in the 91% bracket. After all, such persons had to make a million or more dollars to get in that bracket and even after taxes they will still have something to live on. But that is not the point! The ninety-one per centers are going to get along, even at that rate, but will the government get along? At one time it was outrageous to suggest that the government would levy a tax of as much as 10% on a person's income. Now we are conditioned to accept both 10% and 91% with little more than a shrug.

Public opinion proved to be no brake at all on the tax limits on your income, and yet it is the only limitation there is on the extent of your Federal taxes. Some people are now being taxed within 9% of total confiscation of income—and who is there to say that other incomes won't be placed in this bracket, or that total confiscation won't be applied to some.

Freedom Ends When Taxation Is Unlimited

What I have said up to this point surely relates to freedom. How free is a man whose income can be confiscated or whose government has unlimited powers to tax? And what has happened to that government since the time it was granted these powers?

Some answers are self evident. Perhaps the most obvious has been the tremendous growth in the size of the Federal Government that has occurred. To be sure, much of this growth was spawned during the war years, but all of it proved possible because of the income tax. As the size of the Federal Government has grown, so has its powers, and today we are witness to the very thing our Founding Fathers dreaded most—a strong, centralized authority.

In our early days, this was, to be sure, "the home of the free and the land of the brave." Americans were free simply because the government was too weak to intervene in the private affairs of the people—it did not have the money to do so—and they were brave because a free people is always venturesome. The obligation of

*Radio address by Gov. Lee made for the Manion Radio Forum, Salt Lake City, Utah, June 19, 1955.

freedom is a willingness to stand on your own feet.

The early American wanted it that way. He was wary of government, especially one that was out of his reach. He had just rid himself of a far-away and self-sufficient political establishment and he was not going to tolerate anything like it in his newly-founded country. He recognized the need of some sort of government, to keep order, to protect him in the exercise of his rights, and to look after his interests in foreign lands. But, he wanted it understood that the powers of that government would be clearly defined and be limited; it could not go beyond specified limits. It was in recognition of this fear of centralized 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 was willing to put his faith in home government, in a government of neighbors, a government close to the people. For that reason, the United States was founded as a Union of separate and autonomous States. The States could go in for any political experiments the folks might want to try out—even Socialism—but the Federal Government had no such leeway. After all, there were other States nearby, and if a citizen did not like the way one State Government was managing its affairs he could move across the border; that threat of competition would keep each State from going too far in making changes or in intervening in the lives of the citizens.

The Decline of State Powers

The Constitution, then, kept the Federal Government off balance and weak. And a weak government is the corollary of a strong people.

The Sixteenth Amendment changed all that. In the first place, by enabling the Federal Government to put its hands into the pockets and pay envelopes of the people, it drew their allegiance away from their local governments. It made them citizens of the United States rather than of their respective States. Their loyalty followed their money, which was now taken from them, not by their local representatives, over whom they had some control, but by the representatives of the other 47 States. They became 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 dried 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 extremity to apply to the central authorities for help. In so doing, they necessarily gave up some of their independence. They found it difficult to stand up to the institution from which they had to beg grants-in-aid. Furthermore, the Federal Government was in position to demand subservience from the State governments as a condition for its handouts. It has now become politically wise for Governors, legislators, and Congressmen to PLAY BALL with the central government; they have been reduced to being procurement officers for the citizens who elect them. The economic power which the Federal Government secured by the Sixteenth Amendment enabled it to bribe the State governments, 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 taxation has made the United States as completely centralized a nation as any that went before it; the very kind of establishment the Founding Fathers abhorred was set up by this simple change in the tax laws.

For those of us who still believe that freedom is best, the way is clear: we must concentrate on the correction of the mistake of 1913. The Sixteenth Amendment must be repealed! Nothing less will do. For it is only because it has this enormous revenue that the Federal Government is able to institute procedures that violate the individual's right to himself and his property; enforcement agencies must be paid.

With the abolition of income taxation the States will be better able to serve their citizens, and because the State governments are closer and more responsible to the will of the people, there is greater chance that the citizens will get their full dollar's worth in services.

However, the principal argument for the repeal of the Sixteenth Amendment is that only in that way can freedom from an interventionist government be restored to the American people.

Much of what I have stated thus far is taken from the introduction I wrote for Frank Chodorov'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 national independence.

To those who are fearful that 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 are to 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.

Joins Fewel Co. Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Harold H. Hoge has become affiliated with Fewel & Co., 453 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Hoge was previously with First California Company.

E. F. Hutton Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Leslie D. Joynes is now with E. F. Hutton & Company, 623 South Spring Street.

Dealer-Broker Investment Recommendations & Literature

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

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

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

Commercial Bank Stocks—Sixth annual edition containing analyses of 37 banks—The First Boston Corporation, 100 Broadway, New York 5, N. Y.

Facts for Business Men Planning 10 Years Ahead—Booklet emphasizing the West's financial and industrial importance including list of growth factors; included is San Francisco Stock Exchange balance sheet and information for listing on the Exchange—San Francisco Stock Exchange, San Francisco, Calif.

Interest Ratios for Japanese Industries—Comparative figures in current issue of Weekly Stock Bulletin—The Nikko Securities Co., Ltd., 6, 1-chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan. Also available is an analysis of **Maruzen Oil.**

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

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

Mendoza's Sugar Review—Bulletin—Luis Mendoza y Cia., Obispo 305, Havana, Cuba.

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

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

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

Puerto Rico: A Growing Field for Mortgage Investment—Illustrated brochure—Government Development Bank for Puerto Rico, San Juan, Puerto Rico.

Shoe Industry—Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York, N. Y. Also in the same issue are analyses of the **Ruberoid Co.** and **Warner Bros. Pictures**, and a list of stocks for investment at mid-year.

Tax Exempt Bond Market—Mid-year survey—Halsey, Stuart & Co. Inc., 123 South La Salle Street, Chicago 90, Ill.

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Aerovox Corporation—Analysis—Blair & Co. Incorporated, 44 Wall Street, New York 5, N. Y. Also available is a report on **New York State Thruway Authority Bonds.**

Air Way Industries, Inc.—Bulletin—DeWitt Conklin Organization, 100 Broadway, New York 5, N. Y.

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

Burlington Industries—Analytical brochure—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Campbell-Taggart Associated Bakeries, Inc.—Analysis—Sanders & Newsom, 1309 Main Street, Dallas 1, Texas.

Canadian Industries (1954) Limited—Review—James Richardson & Sons, 173 Portage Avenue, East, Winnipeg, Man., Canada, and Royal Bank Building, Toronto, Canada. Also in the same bulletin is a review of **Du Pont of Canada Securities Limited.**

Central Maine Power—Report—Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available is a review of **General American Transportation.**

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

Cinerama Productions Corp.—Analysis—Amott, Baker & Co., Incorporated, 150 Broadway, New York 38, N. Y.

Dover Corporation—Analysis—Cohu & Co., 1 Wall Street, New York 5, N. Y.

Allen B. Dumont Laboratories—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. In the same bulletion are data on **Westinghouse Air Brake** and **Celotex Corporation.** Also available is a selected list of Equities for Investment, arranged according to industries.

Eagle Picher Company—Analysis—G. H. Walker & Co., 1 Wall Street, New York 5, N. Y.

Eagle Picher—Data—Bache & Co., 36 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Norfolk & Western.**

Eastern States Corporation—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y. Also available is an analysis of the current investment outlook.

Glasspar Co.—Analysis—Marache, Dofflemyre & Co., 634 South Spring Street, Los Angeles 14, Calif.

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

Joy Manufacturing Co.—Memorandum—Walston & Co., 120 Broadway, New York 5, N. Y.

Kansas City Life Insurance Company—Analysis—Burgess & Leith, 30 State Street, Boston 9, Mass.

Koppers Co.—Memorandum—Hemphill, Noyes & Co., 15 Broad Street, New York 5, N. Y.

Lehigh Portland Cement Company—Analysis—American Securities Corporation, 25 Broad Street, New York 4, N. Y.

Lone Star Brewing Company—Bulletin—Muir Investment Corp., 101 N. St. Marys, San Antonio 5, Texas.

Max Factor Co.—Bulletin—Frank C. Masterson & Co., 64 Wall Street, New York 5, N. Y.

Mid Continent Uranium—Report—General Investing Corp., 80 Wall Street, New York 5, N. Y. Also available is a memorandum on **Shawano Development Corp.**

Minerals Engineering Co.—Memorandum—Taylor & Co., 105 South La Salle Street, Chicago 3, Ill.

North American Car Corporation—Analysis—Glore, Forgan & Co., 40 Wall Street, New York 5, N. Y.

Portland General Electric Company—Report—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis.

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

Transamerica—Bulletin—J. R. Williston & Co., 115 Broadway, New York 6, N. Y. Also available is the July Investment letter containing articles on **Forecasting The Market, Oil Stocks** and the **Widow's Mite.**

Trans World Airlines—Review—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.—$2 per copy.

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

Western Auto Supply Company—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Whitin Machine Works—Bulletin—H. M. Byllesby and Company, Incorporated, 1500 Chestnut Street, Philadelphia 2, Pa.

NSTA Notes

AD LIBBING

Ralph C. Deppe, of Edward D. Jones & Co., President of the Security Traders Club of St. Louis, has sent us a copy of a letter he has addressed to all the St. Louis membership. Ralph is urging his members in addition to placing their own ads in the Chronicle's NSTA Year-Book Convention issue, to secure an ad from some company, bank or institution with which they have personal contact or whose stock they retail.

Ralph C. Deppe

Harold B. Smith

He points out that the Chronicle is a wonderful medium to acquaint investment houses on a national scale with St. Louis companies that have either listed or unlisted stock outstanding (as well as help our Treasury).

Other regional affiliates please note! And let's make this year's NSTA Year-Book the best yet.

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

Milton C. Cross Joins First Boston Corp.

Milton C. Cross, until recently Director of Technical Operations of the International Bank for Reconstruction and Development, has become associated with The First Boston Corporation, 100 Broadway, New York City, as a Vice-President and director. Previous to his assignment with the World Bank commencing in 1953, Mr. Cross was Executive Vice-President and a director of Harriman Ripley & Co., Inc.

Milton C. Cross

Anthon Lund Joins Carl M. Loeb, Rhoades

Carl M. Loeb, Rhoades & Co., 42 Wall Street, New York City, members of the New York Stock Exchange, announced that Anthon H. Lund had become associated with its Syndicate Department. Mr. Lund has held various key posts with the Securities and Exchange Commission in Washington, D. C. during the past 21 years. From 1942 to 1954 he was assistant director and then director of the Trading & Exchange Division. During 1954 he accepted a special assignment in Yugoslavia evaluating American business enterprises confiscated by the communists. Upon his return he became attorney-advisor to the Commission.

Anthon Lund

COMING EVENTS

In Investment Field

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

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

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

Aug. 18-19, 1955 (Denver, Colo.)
Denver Bond Club annual outing at Park Hill County Club.

Investment Adjustment to The New Times

By DON C. PRESTON
Seattle, Washington

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

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


Don Preston

Today the smart, alert investor must take 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 lay aside all the old worn out phrases and yardsticks which have been applicable in the past but will lull him to sleep now. Such as "Steel is a feast or famine industry; Railroads have too much competition and regulation; Coal has changed from black to red and is no longer a factor in heating or power generation, etc."

Watch for the obvious turning points, such as the awakening of the Southern States a few years ago, resulting in the start of a manufacturing shift to that region. Volumes could be written on this change alone. Now this shift has gained momentum presenting sure and obvious opportunities for the alert investor, while the ones who reasoned it out early are already seeing their trend dollars grow and multiply at a very rapid rate.

Is there a new trend in metals, when we will quit looking at copper companies as representing unsound investments, depending solely upon the price, supply and demand of copper? Take a few deep looks at some of the larger copper companies and study the progress they are making in not only the new uses of copper but their diversifications and heavy investments in other new metals, rare earths, natural resources, chemicals, etc.

With the advent of atomic power developments in a fast expanding variety of uses, is it not necessary to reappraise various other present sources of power and evaluate their possibilities on a new competitive basis, or in balance with one another?

Will the oil industry, that great investment favorite, in view of the vast quantities of oil now being discovered all over the world, find the use of its main products restricted and out of balance for various uses? Such as heat, transportation energy, power, etc. On the other hand, investigation will show that certain oil companies are diversifying into other fields and expanding their developments and uses of oil by-products at a very fast and profitable rate.

Are there not definite signs that the American way of life is spreading on a global scale never before achieved and that great new markets are forming to supply millions of new foreign customers? Customers who will not be denied a part in our way of life. The signs are many that this move is well under way.

These are only a few samples of necessary analysis and thinking in order to make intelligent investments on the basis of a company's or industry's future in relation to present and future 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?

Is it not a contradiction to think as 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 it will soon advance in price? You may be lucky and obtain it for less but the chances are you will keep trying to buy at a little under the 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 no doubt 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 A, 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, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — William F. Cox has joined the staff of Palmer, Pollacchi & Co., 84 State St.

Let's Implement Report of Cabinet Group on Transport Policy

By DAVID I. 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 common carrier be free to utilize their economic 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.

David I. Mackie

Let us go back only to September of 1949 when there was published by The Brookings Institution a penetrating study entitled "National Transportation Policy," written by Charles L. Dearing and Wilfred Owen of its staff. Many of the fundamental problems confronting the transportation industry — especially regulatory inequalities — were sharply delineated. What that book said in 1949 is equally true today.

In the early part of 1950, protracted hearings concerning government transportation policy and regulation were held under Senate Resolution 50. The following year Senators Bricker and O'Connor issued a Progress Report of the Committee which had held those hearings, including that the national goal of a strong, healthy, well-balanced transportation industry had failed of attainment.

In 1952, a number of bills dealing with transportation were introduced in the Congress and further lengthy hearings were held.

No important legislation was enacted as a result of any of these steps.

Finally, in July of 1954, the President of the United States, recognizing the importance of transportation to the economic and defense well-being of the country, appointed a Cabinet Committee to undertake a comprehensive reveiw of over-all Federal transportation policies and problems.

The viciousness of the attacks which have been made on the work of that Committee is amazing in view of the high character of the men who composed it. The Committee was under the chairmanship of Secretary of Commerce Weeks. Its other members were Secretary of Defense Wilson, Director of Defense Mobilization Flemming, with *ad hoc* participating members consisting of the Secretary of the Treasury, the Postmaster General, the Secretary of Agriculture and the Director of the Bureau of the Budget.

To assist them, the Cabinet Committee appointed a thoroughly qualified working group. Under the chairmanship of Arthur W. Page, a director of A. T. & T., that group included Charles L. Dearing, former Deputy Undersecretary of Commerce for Transportation, who is a member of The Brookings Institution staff and co-author of the 1949 volume to which I have referred; Dr. Ernest W. Williams, Associate Professor of Transportation, Columbia University; Fairman R. Dick, well-known security analyst; George Roberts, prominent New York attorney; and two outstanding traffic executives, Charles H. Beard, General Traffic Manager, Union Carbide and Carbon Corporation, and Arthur C. Schier, Vice-President for Traffic, General Foods Corporation.

While no formal hearings were held, the working group asked all interested parties to present their views. Many of them, including the railroads, did so. So did the trucking industry and presentations were likewise made on behalf of waterway operators and many others.

After several months of concentrated study, the working group submitted to the Cabinet Committee a report and recommendations. That document has never been published.

The Cabinet Committee Report

On April 18, 1955, the Cabinet Committee unanimously issued its report of findings and recommendations which was shortly thereafter referred to by the President of the United States as a "brilliant piece of work." In the course of its report, the Cabinet Committee, after noting that

"Within the short span of one generation this country has witnessed a transportation revolution," found in effect:

(1) That competition pervades the transportation industry today, with travelers and shippers having available a wide selection of transportation methods, both private and for-hire.

(2) That while government has actively promoted the development of this competition in transportation, it has not adjusted its regulatory concepts, policies and practices to these competitive conditions.

(3) That "in many respects, government policy at present prevents, or severely limits, the realization of the most economical use

Continued on page 37

*An address by Mr. Mackie before the Third Annual Meeting of the Railroad Public Relations Association, Colorado Springs, Colo., June 17, 1955.

From Washington Ahead of the News

By CARLISLE BARGERON

In recent years the "news letter" has come to occupy a prominent place in Washington journalism. The old-timers such as the Kiplinger and Whaley-Eaton letters have, of course, been with us, for many, many years. But currently there must be at least 50 others, of varying degrees of reliability and profitability. It depends upon the particular author, how well he knows his business and how conscientious he is.

Carlisle Bargeron

But the fact that they exist, that there is a market for them, is a commentary on our daily newspapers. They have become so absorbed with global matters and the A and H bombs that businessmen have to subscribe to these letters in an effort to learn what is going on that directly concerns them. Several industries have adopted the practice of having their own reporters here. They are experienced newspapermen, enticed away from their newspaper jobs by higher salaries and those that I know do a bang-up job.

My article is prompted at this time by two highly important pieces of legislation that have received very little coverage by the daily press. First is the President's proposed highway legislation by which some $25 billion would be spent over a period of 10 or 12 years to modernize the nation's interstate highway system. Modernization of the highway system is important and the expenditure of $25 billion is a lot of money. Yet in the several months the matter has been before Congress the daily press as a whole has given it only a hit or miss treatment. When the Senate several weeks ago, for example, passed a substitute Democratic bill providing for only a five-year program with inadequate funds for even that, and with no way of raising the additional money, the press generally dismissed the subject with the statement the President's plan had been defeated. Not very informative.

However, it has been apparent for some time that the House Public Works Committee would report out a bill with the amount of money the President has asked for and for the past several days the Democrats on the committee, in control of it, have been in agreement on a financing plan which would pay for the project through the raising of present Federal levies on gas, diesel fuel and truck tires, together with imposition of a tax on camel back used in recapping tires. The plan has been for the Public Works Committee to incorporate these taxes in the main bill and Speaker Sam Rayburn was to see that the powerful House Ways and Means Committee which is charged with originating taxes, waived its rights in the matter. A most unusual procedure but it has been done in the past.

I have seen little or nothing of this in the daily press. Yet it is likely this bill will have been reported out of the committee by the time this article appears.

But at this late date, the President who had given little or no support to the proposed financing plan recommended by the Clay Committee which worked for several months on the highway program, a bond issue by a Federal highway corporation, has decided to make a fight for the plan. This in spite of the fact that the Democrats' plan of financing seems acceptable to the promoters of the highway program. The President's activity at this time endangers the program, particularly when taken with the protests that have been aroused against the increased taxes.

Another important matter lurking in the House Agricultural Committee and about to make its appearance on the House floor with a good chance of quick passage is of interest to all users of sugar, industrial as well as home. It would advance by a year the 1948 Sugar Act by which quotas of domestic production, for which a bounty is paid, were fixed for eight years, through 1956. The domestic producers who produce only about one fourth of this country's consumption and for whom a vast allocation and subsidy system has had to be devised in order for them to survive, have enjoyed some good weather and have a surplus on hand. So they want the law changed a year ahead of its expiration date to give them a larger quota. This would be at the expense of Cuba and also at the expense of sugar users in this country. Inasmuch as there is some sugar produced in 22 States which means 44 Senators, you can imagine what a formidable force the domestic sugar producers constitute.

Joins Dean Witter Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—William B. Keller has joined the staff of Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Two With Putnam & Co.

(Special to THE FINANCIAL CHRONICLE)

HARTFORD, Conn.—Dudley W. Butler and Roger F. Loucks are with Putnam & Co., 6 Central Row, members of the New York Stock Exchange.

Revel Miller Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert E. Jacobsen is now affiliated with Revel Miller & Co., 650 South Spring Street, members of the Los Angeles Stock Exchange.

Brush, Slocumb Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Edward P. Boss is now associated with Brush, Slocumb & Co., Inc., 1 Montgomery Street, members of the San Francisco Stock Exchange. Mr. Boss was formerly with Schwabacher & Co.

Two With Sutro Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Albert Haas, Jr. and Dan B. Williams have become associated with Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Williams was formerly with Stewart, Eubanks, Meyerson & York and prior thereto with Kaiser & Co.

Problems Confronting The Federal Reserve

By J. L. ROBERTSON*
Member Board of Governors,
The 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 and problems handled by this government agency. Points out that during the last four years the System has been freed from the wartime strait jacket and now makes use of its traditional tools for credit control. Says, deciding when and what actions should be taken necessitates daily meetings of the Board of Governors, which are concerned with not only bank supervisory problems, but also other matters of broad financial concern.

It would seem to be in order that I should start by practicing what I preach—by discussing the agency of which I am a part, with the sole view of enabling you to determine whether it is serving the nation satisfactorily.


J. L. Robertson

No one will be surprised when I say that the American people—and I do not mean only the man on the street—do not have 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 some who are all too willing to give the System praise for things it does not do and has no power to do. There are others who seek to blame it for developments clearly beyond the influence of monetary policies. Paradoxically, the System is sometimes criticized for competing with the large city banks for correspondent bank balances, and for otherwise impeding their activities, at the very time that it is also being criticized for being a "tool" or "captive" of those same "big banks," and of being operated for their benefit, neither of which criticisms has substance.

I suspect my associates in the System and I are most responsible for this situation because we tend to become so absorbed in our day-to-day work that we neglect our public relations. In addition, we are obliged in some respects to operate on a closed-mouth basis in order to prevent some segments of the business community from profiting by our actions at the expense of the rest. But whatever the reasons, 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—even at the risk of being accused of either apologizing or boasting.

Fortunately, I am not alone in advancing this doctrine. Others have taken up the cudgels. For example, the American Bankers Association has just released an excellent pamphlet called "You—Money and Prosperity."

Such a course will facilitate constructive criticism of our actions, criticisms that will serve to prevent us from developing a smug ivory-tower outlook. There is no better way to keep an organization from becoming so isolated and insulated that it loses the common touch than the frequent tender of constructive criticism. I do not mean captious criticism of the sort that can be shrugged off as merely partisan, but rather informed, intelligent, and objective presentations of views that challenge an agency to "take another look" just to be sure its policies are thoroughly justified when tested on the firing line of actual daily operation.

Forty years ago the authors of the Federal Reserve Act showed great perspicacity in devising and creating a system that was tailor-made for the country's economic expansion. The fact that the System has survived two World Wars, two booms and a bust, floods, droughts, inflation, deflation, and what have you, is vivid testimony to their imagination and foresight. Their creation constitutes one of the best illustrations to be found anywhere in the world of democracy at work. There is nothing quite like it. It is somewhat similar to a pyramid. The Board of Governors, which is its capstone, is purely government—and wholly non-partisan. The Federal Reserve Banks and their branches which form the next slice of the pyramid, are quasi-public-quasi-private institutions. They are directed by 260 private citizens—men who serve as directors of the System's units, contributing their time and efforts to make the organization's performance efficient and effective; to read the roster of their names is to know that they rank among the leading citizens of the nation. And although somewhat fewer than half of all commercial banks are members of the System and as such constitute the pyramid's base, the breadth and strength of that base is attested by the fact that those banks hold more than 85% of the demand deposits of the country.

The Work of the Federal Reserve

The work of the System may be roughly divided into two parts, although the parts are almost inseparable one from the other. By far the greater number of its 20,000 employees are engaged in serving the public through the member banks and in supervising those banks. Nobody, today, would seriously contend that the nation's financial structure would run as smoothly or as efficiently without those services. However, the System's biggest job — monetary regulation—is even more important to the country, although it is performed by a relatively small part of our manpower.

Only the senior members of this audience can recall the country's cash and check arrangements before the Federal Reserve was established 40 years ago because most of us were either in knee-pants or yet unborn. It is difficult for us to conceive of shortages of cash, and yet the panic of 1907 resulted largely from the fact that there was not enough cash to go around and no way of increasing the supply. (I refer, of course, to the great national panic of 1907—not the somewhat smaller one which occurred precisely at the same time in my home town of Broken Bow, Nebraska, upon the announcement of my birth.)

Today we take for granted the clearance of checks from one end of the country to the other in a matter of two or three days, as contrasted with the waste and delay involved in the circuitous routing of the years before the first World War.

It may interest some to know that each year the System handles enough paper currency to make a stack 350 miles high, and enough checks to make a ribbon that would wrap around the world 10 times with enough left over to tie a bow-knot, the loops and ends of which would festoon the State of Wisconsin and all the states contiguous to it.

In contrast to 40 years ago, today we have an elastic currency system responsive to the needs of agriculture, commerce, and industry. The banking reserves of the country are fluid and can be quickly mobilized to meet unusual credit demands anywhere in the land. And, at least in so far as member banks are concerned, there are adequate facilities for the discounting of paper; assuming they are sound banks to begin with, their ultimate liquidity is assured in all kinds of economic weather.

The Supervision Task

But the System 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 sacrificing 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 doesn't 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 reaping 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

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*An address by Mr. Robertson before the 59th Annual Convention of the Wisconsin Bankers Association, Milwaukee, Wisc., June 21, 1955.

The "Stock" Life Companies

By DOUGLAS J. M. GRAHAM
R. W. Pressprich & Co., Members New York Stock Exchange

Commenting on the great prosperity of the life insurance companies, Mr. Graham lists as the causes: (1) population growth; (2) impressive expansion of group life policies; (3) continued favorable mortality experience; (4) larger families covered, due to the increased birth rate; and (5) a higher rate of earnings on investment funds. Gives data on leading stock life insurance companies.

Introduction

1954 was another record year for the life insurance industry. Life insurance today is by far the most important way of saving in America, and growing bigger with each passing day. There are more life policy holders than owners of savings accounts. At the end of 1954, 93 million policy holders held $339 billion in life insurance. Assets of all life companies hit an all-time high of $84.2 billion, a gain of over 7% and sales $44.9 billion, a gain of over 24% for the year.

D. J. M. Graham

Why this great prosperity?

First, continued population growth.

Second, impressive expansion of group life policies. Included in last year's addition to life insurance in force was the largest group ever insured, 1.7 million U. S. Government employees covered by a special act of Congress for $6.7 billion of life insurance written through 162 life insurance companies.

Third, post war increase in the birth rate, making larger family coverage necessary.

Fourth, continuation of favorable mortality experience; the nation's death rate for 1954 was 9.2 per 1,000 of population, well under the record low figure of 9.6 for 1952 and 1953.

Fifth, the rate of earnings on invested funds increased from 3.15% to 3.23% after Federal income taxes.

As a result, most life insurance companies reached new high levels of earnings in 1954.

Outlook for 1955

The outlook for 1955 is excellent because:

(1) The demand for life insurance continues to be strong. Figures so far for 1955 indicate that sales of life insurance are running about 19% above the record level of last year.

(2) Disposable personal income—part of which is spent on life insurance—is running well above the record level of $253½ billion in 1954.

(3) In recent years the American people have failed to protect their high standard of living with life insurance comparable to their pre-war protection. In 1954 life insurance premiums represented a much smaller percentage of "discretionary" spending power of consumers than the estimated 14½% share in 1940. This represents a real opportunity to expand life insurance sales substantially.

(4) Continued improvements in mortality experience.

(5) With every passing month the old 3½% policies are expiring. Most life insurance written since 1945 has been on an annual reserve interest rate of 2½% or less. As life companies now make an increasing volume of investments at better than a 3% return basis, they can maintain their overall rate earned on investments well in excess of the required return on policy reserves.

The Long Term Outlook

The only cloud 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 group earning over $3,000 a year, who are less dependent and influenced by Social Security payments. Barring a major war, life insurance companies and their shareholders can look forward to improved earnings for an indefinite period of time.

The Stock Companies

About 65% of the life insurance in force in the country is written by mutual companies like Metropolitan, Prudential, John Hancock and many other renowned mutuals which are owned by their policy holders with no publicly held stock at all, which narrows accordingly, investor entry into life insurance stocks.

Fortunately, however, among "stock" companies, which do 35% of the business, there are some exceptionally well-managed companies. All of their stock is traded over the counter. In the hope of contributing to investor knowledge in the field, a list of the leading stock life companies among the 100 largest companies in the business, and the stocks of which are actively traded, is given below (ranked according to admitted assets):

Industry Ranking 1954		Head Office	No. of Shares	(In million dollars) Total Admitted Assets	Ins. in Force	% of Ins. Non-Participat.
7	Aetna Life	Hartford, Conn.	3,000,000	$2,619	$14,802	92.1
8	Travelers	Hartford, Conn.	400,000	2,552	15,375	100.0
14	Conn. Gen'l	Hartford, Conn.	600,000	1,315	6,156	94.8
16	Lincoln	Fort Wayne, Ind.	1,000,000	1,044	6,865	86.5
24	Nat'l Life & Acc.	Nashville, Tenn.	2,500,000	526	3,917	100.0
29	Jefferson	Greensboro, N. C.	2,000,000	392	1,324	56.7
31	Life of Virginia	Richmond, Va.	600,000	348	1,752	99.8
32	Continental	Chicago, Ill.	1,300,000	338	3,127	70.8
33	Southwestern	Dallas, Texas	500,000	323	1,212	85.5
34	Kansas City	Kansas City	40,000	306	1.055	89.3
38	Franklin Life	Springfield, Ill.	1,734,375	291	1,755	45.0
39	Northwestern Nat'l	Minneapolis	220,000	265	1,372	34.0
42	Life & Casualty	Nashville, Tenn	3,333,333	196	1,157	99.2
46	Monumental	Baltimore	500,000	163	813	98.8
59	Gulf Life	Jacksonville, Fla.	2,000,000	118	783	100.0
60	Columbian	Boston	250,000	111	484	99.8
87	U. S. Life	New York	250,000	70	695	87.3
90	West Coast	San Francisco	300,000	65	455	71.6
93	Colonial	East Orange, N. J.	100,000	62	359	99.8

Market History

During the past decade the market performance of the leading life insurance stocks has been outstanding. Between January 1943 and January 1955, for example, Aetna Life stock increased 1185% in value, Connecticut General 2909%, Lincoln 5141% and Travellers 864%.

Last year the shares of the 20 leading life insurance companies followed by R. W. Pressprich & Co. rose an average of over 90% which compares with a 44.7% rise in the Dow Jones Industrials. Since January, 1955, life insurance stocks rose by a further 19%. This outstanding market performance more than offsets the low yield on these stocks. As in the case of other growth stocks, current cash yields should be an incidental consideration when buying life insurance stocks. The reason that dividend returns of 1% or less are rather typical is, that the greatest part of earnings (87.2% was the 1954 average for the top four companies) go to build up a larger capital which in turn builds up larger earnings. Most insurance companies are compounding earnings at a much faster rate than most investors subject to any income tax can possibly do. Except for those investors who need income to meet living expenses, the low current cash dividend return from life insurance stocks, once the reason for it is understood, is an advantage, not a disadvantage.

Moreover, life companies are in the habit of paying substantial stock dividends. In most cases, when a life stock is split, say two for one, the old dividend rate is continued on the new shares, thus doubling cash income. That is why people buy life stocks.

It is confidently expected that selected life insurance company stocks will continue to be excellent vehicles for capital gain and potential increased cash income.

Stock Market Data

The trend of earnings and growth of business more than any other factor determines common stock prices. The return on invested capital (earnings on book value) and the growth in life insurance in force over a period are two of the most important ratios to look for when considering investments in life company stocks. These are the best yardsticks by which the management and the companies' earnings power can be determined. Capital is built up and dividends are paid out, after all, from earnings, and the higher the above ratio over a period, the more there is available to stockholders in the form of dividends (cash income) and increase in book value. These additions to book value are in due course, translated, with patent logic, into higher share prices.

The figures below were drawn chiefly from convention statements and from 1954 annual reports. "Estimated equity per share" includes capital funds plus various reserves considered to be free surplus reserves, excesses of market on subsidiary book values over carrying values, equities in unearned premium reserves on non-life business, and estimated value of life insurance in force. In valuing life insurance in force, ordinary life has been taken at $15 per thousand, group at $5 per thousand and industrial at one-half latest years premiums. "Earnings per share" are based on net earnings after dividends to policy holders and exclude capital gains, which were quite substantial in some companies.

These four companies are the so-called "big-four" stock companies, all with assets of well over $1 billion. They are the "blue-chips" of the industry, with an investment status of their own. These companies are not entirely comparable: **Aetna** and **Travelers** are the largest "multiple line" companies, writing in addition to life insurance, a considerable amount of accident and health, and casualty insurance; **Connecticut General** writes mainly straight life and group accident and health business; and **Lincoln** does a substantial re-insurance business.

	Per Share Figures in Dollars: Est. Equity	1954 Earn.	Cur. Div.	Price on 6/10/55	Price Times 1954 Earns.	Percentages: Yield	Return on Inv. Capital	Cash Div. to 1954 Earns.
Aetna	148.58	13.07	3.00	196	15.0	1.53	21.9	23.0
Conn. Gen'l	317.19	24.64	2.60	477	19.4	0.55	16.7	10.5
Lincoln	274.91	26.29	2.00	414	15.7	0.48	29.2	7.6
Travelers	1,525.00	188.06	19.00	2,480	13.2	0.77	25.5	10.1
Average					15.8	0.88	23.3	12.8

The following figures illustrate their excellent growth record since 1949:

	Insurance in Force	Assets	Capital Funds	Earns. per Share	Dividends per Share
Aetna	81%	60%	105%	104%	140%
Conn. Gen'l	93	73	79	82	84
Lincoln	97	146	127	118	166
Travelers	61	41	76	139	73

In addition to the "big four," the following sound and well regarded equities of medium sized companies appear to be a good value at present: **Colonial Life, Franklin Life, Gulf Life and National Life and Accident.**

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, does not require a new model each year, nor will it be outmoded by electronics or nuclear energy.

(3) Book values are not structures or machinery which must produce to be worth anything, but cash and prime grade securities.

(4) It is closely supervised and regulated by public authorities.

(5) It is a growth industry.

(6) Labor problems are at a minimum.

(7) It has top rate financial management.

(8) Accounting methods are conservative.

(9) There is a high leverage factor due to small capitalization in relation to total assets.

(10) It has exceptionally high earning power (return on invested capital).

(11) Clean capitalization of the leading companies — none have senior stock or debt outstanding.

(12) It has a record of profitable operations even in the worst depression years.

Joins H. L. Jamieson

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — R. H. MacMichael has joined the staff of H. L. Jamieson Co., Inc., Russ Building.

With Pacific Coast Secs.

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Lilyan H. Brandt has been added to the staff of Pacific Coast Securities Company, 240 Montgomery Street.

N. W. Newbold's Son Adds

PHILADELPHIA, Pa. — W. H. Newbold's Son & Co., 1517 Locust Street, members of leading stock exchanges, announce that Thornton C. Pray is now associated with them.

With King Merritt

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Daniel F. Meier, Jr. is now with King Merritt & Co., Inc., 1151 South Broadway.

No Sterling Devaluation or Convertibility in Sight!

By PAUL EINZIG

Commenting on the persistent rumors that the British Government intends to devaluate sterling, Dr. Einzig points out those acquainted with the secretive character of the British Government are aware that there could not possibly be any foundation to such rumors. Says conditions are not yet present for restoration for sterling convertibility.

LONODN, Eng.—Ever since the recent Paris meeting of the Finance Ministers of Western European countries, there have been persistent rumors all over the world about the British Government's alleged intention to devalue sterling. The story was going 'round in Paris, Amsterdam, New York and other centres that Mr. Butler had informed his Continental colleagues about his intention to devalue the pound simultaneously with the restoration of its convertibility. These rumors were partly responsible for the weakness of sterling during the second half of June.

Dr. Paul Einzig

Those acquainted with the secretive character of the British Government must be aware that there could not possibly be any foundation to this story. Let it be sufficient to remember that in 1947 Dr. Dalton had to resign because he communicated to a journalist some minor provisions of his Budget an hour or two before he announced them in public. In few other countries would breach of secrecy carry such a heavy penalty. Nor have Dr. Dalton's successors forgotten the lesson. The late Sir Stafford Cripps gained the reputation of being one of the greatest "stonewallers" of all time. Mr. Gaitskell, when Chancellor of the Exchequer, refused to answer a journalist's harmless question as to whether the Bill he was to introduce next day was short or long. As for Mr. Butler, he obviously enjoys himself in the House of Commons when sidestepping one question after another.

Moreover, British Chancellors strongly distrust their Continental colleagues. In 1949 Sir Stafford Cripps kept his French colleague in the dark about the impending devaluation of sterling until it was announced publicly, even though he did not hesitate to take his American colleague into his confidence. But then things have a habit of leaking out in Paris, and he had to safeguard himself. He may not have forgotten that the Commonwealth Convertibility Plan was a closely-guarded secret —until it was communicated to Continental Governments.

It is perfectly safe to take it for granted that, if Mr. Butler intended to devalue, he would not have informed in advance his Continental colleagues about it. The story that he had actually done so must be dismissed as sheer invention. What may have happened was that he repeated the well-known formula, embodied in the Commonwealth Plan, according to which sterling would be made more flexible when it is made convertible. Owing to the weak trend of sterling, it was assumed that this would mean a depreciation of sterling the moment it is made convertible. No doubt, if convertibility were to come tomorrow, that is precisely what would happen. But convertibility is not imminent. Quite possibly by the time it will become possible, sterling may have assumed a firm tone, in which case flexibility would mean appreciation and not depreciation. Indeed the chances are that Mr. Butler would choose for convertibility a moment when sterling is firm, in order to avoid a too heavy initial drain on his gold resources. Even if sterling could not remain firm forever in any conceivable circumstances, it is important that it should be made convertible during one of its firm periods, in order to minimize the first shock.

In answer to a question in the House, the Economic Secretary to the Treasury, Sir Edward Boyle, did in fact most emphatically deny the devaluation rumors on June 30. Of course cynics may recall the number of times Sir Stafford Cripps disclaimed his intention to devalue in 1949. But on the present occasion the official denial may safely be accepted at its face value. As Sir Edward Boyle recalled, Mr. Butler had made it plain under what circumstances he would be prepared to restore convertibility. He also implied that those conditions are as yet unfulfilled. There can be no question of changing the value of sterling in either direction unless and until its convertibility could be restored at the same time. Nor is there any question, even then, of any change in its parities. All that flexibility would mean is that the official limits to its range of fluctuations would be widened.

The Conservative Party has often been accused of having gone off the gold standard in 1931 after having fought and won the general election on the slogan of defending the gold standard. This charge—which was originated by John Gunther in his best seller "Inside Europe"—is utterly and obviously false. Britain went off the gold standard in September 1931, and the general election did not take place until a month later in October 1931 Yet to this day many people firmly believe—or pretend to believe—that the National Government of 1931 was guilty of a flagrant breach of faith. To this day Mr. Gunther did not correct his obvious error in revised editions of his book. The last thing the Conservatives would wish to do is to provide an opportunity for reviving the old charge—which would be well-founded this time—by devaluing sterling soon after the general election during the course of which they claimed to be the defenders of sterling. So from this point of view alone there could be no question of devaluing sterling, or allowing it to fall, for a long time at any rate.

The prospects of the British balance of payments are such as to rule out the possibility of making the pound convertible for quite a while. If Mr. Butler were ill-advised enough today to follow Dr. Dalton's example by plunging into premature convertibility, quite possibly he would have to terminate the attempt ever sooner than did Dr. Dalton in 1947. Such a fiasco would discourage further attempts for at least another 10 years.

There is yet another aspect of the problem. By restoring convertibility, the Government would further strengthen the bargaining position of the Trade Unions. They would be aware that, by calling a major strike, they would endanger convertibility. And since a suspension of convertibility would be a heavy blow, the Government would have to do its utmost to avoid major and prolonged strikes at all costs. Wages demands would become even steeper if those putting them forward were aware that refusal might mean the end of convertibility.

It is true, if sterling is made more flexible, it would be possible to grant wages demand without impairing the competitive capacity of British exporters. For the increase in the cost of production could be followed by a depreciation of sterling. But the Government would utterly discredit itself by thus taking the line of least resistance. Convertibility will have to wait until Britain has become less vulnerable to threats of strikes.

P. G. Shields Opens

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Cal.—Peter G. Shields is conducting an investment business from offices at 58 Sutter Street.

New S. F. Exch. Member

SAN FRANCISCO, Calif.—Edison A. Holt has been elected to membership in the San Francisco Stock Exchange, it was announced by Ronald E. Kaehler, President of the Exchange.

Mr. Holt, a general partner of Holt & Collins, acquired three ¼ memberships at $1,500 each, and one ¼ membership by intrafirm transfer from William V. Murphy, a member of the Exchange.

The acquisition of a membership by Mr. Holt gives Holt & Collins two seats on the Exchange.

Opportunities for the Blind

By ROGER W. BABSON

Mr. Babson, in his studies of the physically handicapped, finds in the case of the blind, in many positions they are doing better work than those who can see. Says they are better able to concentrate and arrive quickly at a correct decision. Urges not wasting our eyesight on nonsense, but use it constructively.

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

Roger W. Babson

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 latter is in a class by itself. Only trained psychologists, therapists, the others engaged in mental rehabilitation should attempt to help with this mental problem. My studies have been devoted to those physically handicapped through faulty birth, accidents, war, polio, and other diseases, but who have good brains and the ability to rise to the top in almost any business or profession.

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

What Is Blindness?

There are two kinds of blindness—namely, legal blindness and total blindness. A person with legal blindness can see at a distance of only 20 feet what the normal person 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 eyeglasses, are often able to see somewhat, although they are legally blind. I, of course, am interested in these, but I am especially 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 and Research Plants, 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 radio, phonograph, and especially the "talking books," fewer blind people have been 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 and short memos. This enables one to serve as a secretary, or a sales clerk, or even an executive.

Opportunities for the Blind

Much is being done by the Federal Government, the State Government, and private organizations toward helping the blind. Sometimes I think that a blind person has better prospects than those of us with eyesight, because we do not appreciate our eyesight and use it as we should. Those who are interested in this subject should write the U. S. Department of Health, Education, and Welfare, Office of Vocational Rehabilitation, Washington 25, D. C. for a copy of their pamphlet entitled "Opportunities for the Blind." This pamphlet lists agencies in each of the 48 states and the territories of the U. S. which specialize in such vocational rehabilitation. Job opportunities are often available for the blind in 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 can see. 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 or she has natural memory, judgment, and ambition; but this brings me back to the third paragraph of this column. Blind people instinctively learn to sacrifice, which is the basis of success.

Lessons for Us Who Can See

I sometimes wonder whether, when Jesus "restored the sight of the blind and made the lame walk," He changed them physically, or rather aroused in them a spirit to overcome their handicap. Just a word, in closing, to my readers who have normal eyesight, hearing, and speech, with full use of all limbs. This includes 95% of those who read this column. The principal thing I have learned from my winter studies has been the great value and possibilities of these wonderful machines that we all carry in our heads, technically known as our "brains." As I pass through an office or factory or even down the street, I am impressed with how little realization people have of their opportunities and of the possibilities to be derived from their most powerful and miraculous brain.

We wonder about the marvels of the airplane, the radio, television, telephone, and other "great inventions." We become frightened about atomic energy, automation, cybernetics, and robots, which some magazines say will revolutionize employment, production, and sales. None of these things upon which the great laboratories are working compare with the machine which each one of us has in our heads. Therefore, I forecast that there will develop thousands of Edisons and Ketterings, Van Dykes and Rembrandts, Longfellows and Tchaikovskys. The present number of inventors, writers, scientists, and musicians should increase. Many of the blind are now developing such brains. A few of us who can see are attempting the same, and my appeal is that all of us should appreciate our eyes more. Let us not waste our eyesight on nonsense, but use it constructively. If we do, I believe that we will not only gain in character and satisfaction but will also get increased promotions—far greater than we ever hoped.

Herbert J. Sims Opens New Chicago Office

CHICAGO, Ill. — Herbert J. Sims & Co., Inc., of New York City, has opened a branch office at 29 South La Salle Street with Philip T. Collins as manager. Mr. Collins has been in the securities business since 1922, when he represented the former Union Trust Co. of Cleveland, O. Five years ago he opened a Chicago office for the American Securities Corp. and has been their manager in Chicago until recently.

Philip T. Collins

With Herbert J. Sims & Co. he will specialize in municipal issues and private placements.

He is a member of the Investment Analysts Society of Chicago, the Bond Club of Chicago, the Bond Traders Club and the Sales Executive Club.

Bond Club of N. J. Elects New Officers

Glenn D. Thompson, Drexel & Co., has been elected President of the Bond Club of New Jersey, succeeding Edwin F. Kezer, B. J. Von Ingen & Co., Inc. Other officers named were Andrew C. Spring, Outwater & Wells, Jersey City, N. J., Vice-President; John J. Ryan, Ryan, Hanauer & Co., Newark, Secretary; J. William Roos, MacBride, Miller & Co., Newark, N. J., Treasurer. This is a re-election for Mr. Roos.

Glenn D. Thompson

Chosen for the Board of Governors were Edwin F. Kezer, Herbert A. Hoehn, Gregory & Sons, and Walter H. Stohl, Fidelity Union Trust Company, Newark.

Berk, Greenberger Admit

Berk, Greenberger & Co., 60 Beaver Street, New York City, on July 1 admitted Sam Horowitz and James J. Kandel to limited partnership in the firm. Samuel Pivar and Joseph Grogan retired from the firm June 30.

Business Man's Bookshelf

American Bureau of Metal Statistics—34th Annual Issue of Year-Book — American Bureau of Metal Statistics, 50 Broadway, New York 4, N. Y. (paper), $3.

Antitrust Bulletin, June 1955 — Containing articles on Patent and Trade Mark Aspects of the Report of the Attorney General's National Committee, by Milton Handler and Laurence I. Wood; Progress Report of the House Monopoly Subcommittee by Rep. Emanual Celler; Mergers and the Antitrust Laws, by Gen William J. Donovan—Federal Legal Publications, Inc. (paper), $2.00.

Economic Accounting — John P. Powelson — McGraw-Hill Book Company, 330 West 42nd Street, New York 36 (cloth), $7.50.

Economic Issues in Federal Minimum Wage Legislation—A Bibliography—Selected Reference, Industrial Relations Section, Princeton University, Princeton, N. J. (paper), 20c.

Farrar, Straus & Cudahy — Fall Catalogue of books for 1955—Farrar, Straus & Cudahy, Inc., 101 Fifth Avenue, New York 3, N. Y. (paper).

Final Report to the Congress—Commission on Organization of the Executive Branch of the Government—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 25¢.

Fundamentals of Successful Stock Market Investing—Martin Kimberly—William-Frederick Press, 313 West 35th Street, New York 1, N. Y. (paper), $4.00.

Input-Output Analysis: An Appraisal — Conference on Research in Income and Wealth—Princeton University Press, Princeton, N. J. (cloth), $7.50.

Intelligence Activities — Commission on Organization of the Executive Branch of the Government — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper).

Money: Master of Servant? 48-page booklet on the role of money and banking in our economy — Federal Reserve Bank of New York, Public Information Division, Federal Reserve Bank of New York, New York 45, N. Y. (paper), on request.

Overseas Economic Operations—Commission on Organization of the Executive Branch of the Government—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 25¢.

Secured Transactions — Lester E. Dennon — Monograph — Practising Law Institute, 20 Vesey Street, New York 7, N. Y., $2.

Significance of the Personal Insurance Business in the National Economy — William A. Berridge—Reprinted from "Examination of Insurance Companies," New York State Department of Insurance—William A. Berridge, Metropolitan Life Insurance Company, New York (paper).

Water Resources and Power Volume Two—Commission on Organization of the Executive Branch of the Government—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 35c.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

The First National City Bank of New York opened on July 5 a new branch in its own 15-story office building at **Sao Paulo, Brazil**, to better serve Brazilians and Americans traveling or doing business abroad. Located on Avenida Ipiranga, the new quarters will bring expanded banking facilities to this section of Sao Paulo. The bank will occupy five floors of the building. First National City has 59 overseas branches, including seven in Brazil of which two are in Sao Paulo.

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The New York Agency of the **Standard Bank of South Africa Ltd. of London** announced on June 28 that it had been advised by the London office that due to increased business activity in the territories in which the bank operates, the Directors have decided to issue 2,000,000 shares of £1 each out of the authorized capital which is £15,000,000. The new issue, it is announced, will be added to the present paid-up capital of 5 million shares of £2 and £1 paid, and 2 million fully paid shares of £1, making the total capital subscribed £14,000,000. The total paid-up capital will be £9,000,000. The new shares, it is added, will be offered, by way of provisional alloment, at 35/— each to shareholders of record at the close of business on June 28, 1955, in the ratio of two new shares for seven shares held, without distinction between the £2 and £1 shares in issue.

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Col. T. Colburn Davis, Chairman of the Board of the Missouri Pacific R. R. Co., has been named to the Board of Directors of **Colonial Trust Company of New York**, it was announced on June 23 by Arthur S. Kleeman, President of the trust company. Col. Davis is a director of General Aniline & Film Corp., American Chain & Cable Co., Inc., Brightwater Paper Co. and Michigan Chemical Corp.

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GUARANTY TRUST COMPANY, N. Y.

	June 30,'55 $	Mar. 31,'55 $
Total resources	3,002,716,477	3,020,375,779
Deposits	2,521,874,341	2,542,004,971
Cash and due from banks	603,084,329	698,374,836
U. S. Govt. security holdgs.	784,031,184	750,042,509
Loans & discts.	1,408,320,980	1,380,542,059
Undiv. profits	104,867,944	102,840,648

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MANUFACTURERS TRUST CO., N. Y.

	June 30,'55 $	Mar. 31,'55 $
Total resources	2,890,845,800	2,798,205,348
Deposits	2,630,549,632	2,539,246,511
Cash and due from banks	785,157,759	714,285,712
U. S. Govt. security holdgs.	823,837,655	857,110,206
Loans & discts.	919,756,686	860,014,297
Undiv. profits	43,361,846	41,291,876

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THE CHASE MANHATTAN BANK, NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	7,421,809,650	7,596,575,718
Deposits	6,712,185,361	6,865,133,336
Cash and due from banks	1,808,126,521	2,018,131,240
U. S. Govt. security holdgs.	1,612,671,157	1,701,666,145
Loans & discts.	3,106,360,183	2,974,014,748
Undiv. profits	68,382,004	64,553,729

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The appointment of Ruth E. Delker as an Assistant Manager of **Manufacturers Trust Company of New York** was announced on July 7 by Horace C. Flanigan, President. Mrs. Delker came to the trust company in 1935 and is in charge of its Transcribing Department. She is a past President of the Transcription Supervisors Association of New York and a member of both the National and New York State Federation of Business and Professional Women. With the appointment of Mrs. Delker, Manufacturers Trust Company now has a total of 20 women officers.

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THE HANOVER BANK, NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	1,839,137,611	1,661,744,579
Deposits	1,641,155,840	1,459,726,578
Cash and due from banks	478,116,357	394,660,141
U. S. Govt. security holdgs.	476,863,440	480,653,746
Loans & discts.	752,458,400	665,387,531
Undiv. profits	23,121,419	21,123,035

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IRVING TRUST COMPANY, NEW YORK

	Jun 30,'55 $	Dec. 31,'54 $
Total resources	1,561,462,333	1,574,204,661
Deposits	1,386,031,314	1,406,781,695
Cash and due from banks	376,577,883	373,921,397
U. S. Govt. security holdgs.	342,969,009	445,395,005
Loans & discts.	709,720,418	620,253,230
Undiv. profits	20,831,714	19,224,778

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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. Lowe, 34th Street Branch. New Assistant Cashiers are John L. Barber, 42nd Street Branch, and Eugene J. Callan, Park Avenue Branch.

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THE FIRST NATIONAL CITY BANK OF NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	6,855,988,459	7,082,386,485
Deposits	6,174,785,823	6,250,879,365
Cash and due from banks	1,620,936,191	1,662,946,632
U. S. Govt. security holdgs.	1,719,056,930	1,747,791,266
Loans & discts.	2,641,050,349	2,669,484,067
Undiv. profits	56,078,400	54,313,395

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CITY BANK FARMERS TRUST COMPANY, NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	166,926,172	159,897,872
Deposits	128,833,278	122,498,975
Cash and due from banks	48,498,519	38,005,210
U. S. Govt. security holdings	86,045,779	81,221,933
Loans & discts.	3,156,405	12,263,327
Undivided profits	12,321,580	12,016,751

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J. P. MORGAN & COMPANY, INCORPORATED, NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	830,322,246	878,310,106
Deposits	735,581,016	782,530,300
Cash and due from banks	196,211,003	223,076,450
U. S. Govt. security holdings	189,910,960	223,585,490
Loans & discounts	327,634,577	304,354,531
Undivided profits	12,892,911	12,143,061

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THE NEW YORK TRUST CO., N. Y.

	June 30,'55 $	Mar. 31,'55 $
Total resources	800,103,832	868,253,698
Deposits	206,929,409	766,432,816
Cash and due from banks	202,130,924	262,885,771
U. S. Govt. security holdings	193,842,760	203,271,456
Loans & discounts	362,259,065	344,964,077
Undivided profits	7,523,232	7,005,632

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THE MARINE MIDLAND TRUST CO. OF NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	504,960,095	463,177,956
Deposits	457,614,958	415,543,166
Cash and due from banks	151,495,993	119,506,709
U. S. Govt. security holdings	110,201,019	112,427,293
Loans & discounts	230,918,949	214,678,532
Undivided profits	7,789,060	7,560,576

* * *

CHEMICAL CORN EXCHANGE BANK OF NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	3,009,760,216	2,855,063,936
Deposits	2,755,473,132	2,582,211,612
Cash and due from banks	817,308,631	724,203,971
U. S. Govt. security holdgs.	658,519,235	648,114,025
Loans & discts.	1,137,352,006	1,051,098,636
Undivid. profits	22,973,446	20,901,103

BANKERS TRUST COMPANY, NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	2,644,380,603	2,179,603,608
Deposits	2,349,905,896	1,930,954,769
Cash and due from banks	622,057,597	527,149,831
U. S. Govt. security holdgs.	530,102,952	429,350,338
Loans & discts.	1,341,795,409	1,050,130,916
Undivid. profits	45,008,491	54,427,662

* * *

THE BANK OF NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	484,484,246	461,786,743
Deposits	429,263,236	403,113,028
Cash and due from banks	133,878,429	107,910,901
U. S. Govt. security holdings	110,015,280	101,642,738
Loans & discounts	214,146,188	220,599,968
Undivided profits	6,295,508	6,134,290

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J. HENRY SCHRODER BANKING CORP., NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	110,160,278	110,463,621
Deposits	72,810,395	76,181,950
Cash and due from banks	11,236,659	15,520,943
U. S. Govt. security holdings	43,310,331	43,829,754
Loans & discounts	24,928,948	22,546,415
Surplus and undivided profits	4,868,936	4,762,314

SCHRODER TRUST COMPANY, N. Y.

	June 30,'55	Mar. 31,'55
Total resources	$69,989,005	$69,765,770
Deposits	63,084,596	62,854,074
Cash and due from banks	12,620,481	10,641,360
U. S. Govt. security holdings	41,800,729	46,529,621
Loans & discounts	14,554,247	11,538,287
Surplus and undivided profits	2,519,987	2,513,310

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BROWN BROTHERS HARRIMAN & CO., NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	222,280,679	220,260,093
Deposits	189,222,695	187,662,806
Cash and due from banks	44,952,537	51,015,843
U. S. Govt. security holdings	49,643,542	52,875,929
Loans & discounts	59,041,442	47,116,717
Capital & surplus	14,445,284	14,425,284

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GRACE NATIONAL BANK OF NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	161,959,460	147,856,183
Deposits	137,311,222	126,630,564
Cash and due from banks	38,245,489	36,772,948
U. S. Govt. security holdings	50,063,433	47,107,538
Loans and discts.	58,972,821	48,698,120
Undivided profits	1,561,319	1,372,303

THE STERLING NATIONAL BANK & TRUST COMPANY OF NEW YORK

	June 30,'55 $	Mar. 31,'55 $
Total resources	150,107,824	148,008,077
Deposits	138,305,541	136,489,083
Cash and due from banks	37,026,057	34,847,296
U. S. Govt. security holdings	34,315,425	37,286,385
Loans and discts.	69,428,022	63,694,847
Undivided profits	1,600,215	1,568,482

* * *

UNDERWRITERS TRUST COMPANY, NEW YORK

	June 30,'55	Dec. 31,'54
Total resources	$42,020,646	$46,989,710
Deposits	37,946,259	43,333,307
Cash and due from banks	7,693,293	10,390,809
U. S. Govt. security holdings	16,985,544	16,595,033
Loans and discts.	14,307,420	18,168,019
Undivided profits	1,366,047	1,329,853

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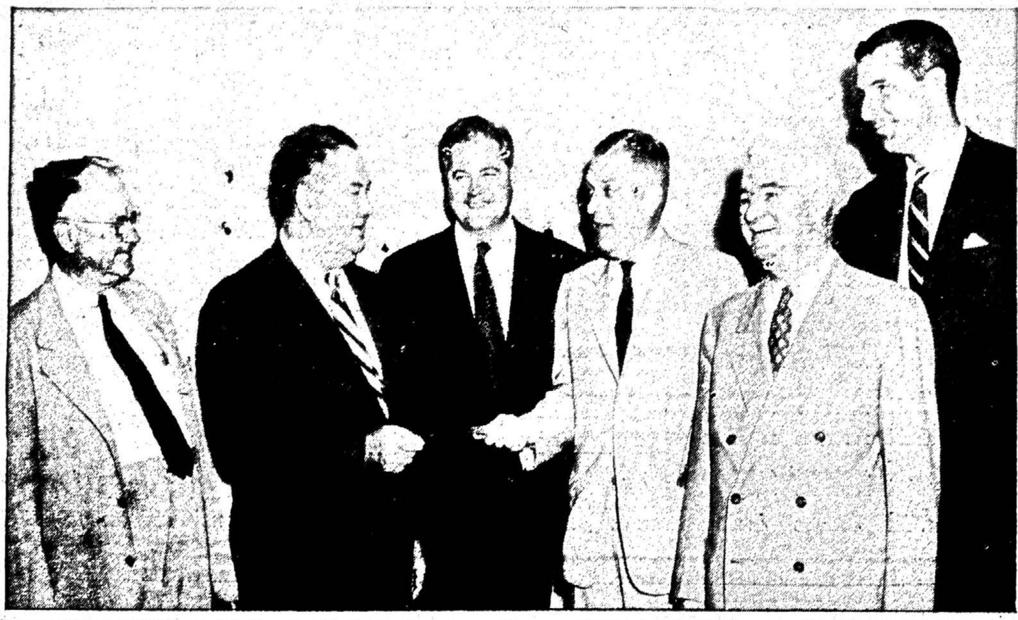
FEDERATION BANK AND TRUST CO., NEW YORK

	June 30,'55	Mar. 31,'55
Total resources	$93,055,538	$87,855,613
Deposits	84,246,565	80,712,940
Cash and due from banks	9,546,671	8,902,376
U. S. Govt. security holdings	38,353,704	38,386,733
Loans & discounts	36,754,881	31,218,818
Undivided profits	702,792	671,751

Continued on page 35

At Conclusion of Florida Turnpike Authority Financing



LEFT TO RIGHT: T. H. Boyd, Blyth & Co., Inc.; Thomas B. Manuel, Chairman, Florida State Turnpike Authority; Charles Commander, Member, Florida State Turnpike Authority; Wilbur M. Merritt, First Boston Corp.; James B. Sullivan, Sullivan, Nelson & Goss and Robert Gardner, Reynolds & Co.

The Florida State Turnpike Authority, headed by Colonel Thomas B. Manuel, chairman, received payment in New York July 1, for the $74,000,000 of Florida Turnpike revenue bonds, series of 1955, due 1995. The bonds were offered at public sale on June 7, 1955. The bonds were sold to a national underwriting syndicate headed by The First Boston Corporation.

The total funds received by the Authority as a result of the sale of the bonds were $73,365,376. These funds are being promptly reinvested temporarily in U. S. Government Obligations, and will be utilized as needed to pay for the construction of the 104 mile first segment running from Miami northward to Fort Pierce of the Sunshine State Parkway.

Chairman Manuel announced that the Turnpike Authority will promptly begin its construction activities. The ground breaking ceremonies took place on Monday, July 4 near Fort Lauderdale, with Governor LeRoy Collins turning the first spadeful of ground. The Authortiy has already awarded two construction contracts, subject to receipt of the bond proceeds, and additional contracts will be let as rapidly as possible.

THE MARKET . . . AND YOU

By WALLACE STREETE

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.

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About the best justification advanced for selecting 450 as a target when such predictions 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 inspiring 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 200 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 hasn't done any better than back and fill in the seven consecutive weeks of good gains by the industrial average.

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Rails Still Lag

Moreover, there has still been no important contribution to the advance from the carrier section which "confirmed" the industrial break-through to a historic peak bv 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 couply of weeks. Utilities 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 shutdown which kept the list buoyant 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 non-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 sprinters 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.

Aluminums Do Well

Aluminums did well, occasionally helped by a bit of strength in the copper section. Reynolds Metals continued to offer some of the wilder gyrations, fat runups nipped rather hard by subsequent profit-taking. Alcoa and Aluminium, Ltd., were generally in good form with the latter finding it somewhat easier to extend its high in a continuing process.

* * *

Monsanto Chemical was able to keep pace with du-Pont to a more moderate degree and not entirely as a matter of mere sympathy. Talk of a Monsanto-American Viscose merger was at least partly responsible for trader interest in both issues and they were able to post some wide gains at times. Monsanto proved to be a bit more susceptible to profit-taking, particularly since its price was a bit optimistic compared with Viscose if the rumors of a two-for-one deal are anywhere near accurate. Allied Chemical, however, kept the chemical section from being completely buoyant by reverting to its recent habit of lagging when the others were doing better. There was little drastic about it, however.

* * *

Desultory action by the aircrafts kept the defense issues cautious and sedate despite a few momentary runups by an issue here or there in the group. For example, Babcock & Wilcox was able to put on a spirited demonstration now and then that made it an occasional favorite after its recent correction. Newport News Ship, however, still showed a willingness to sag under light pressure that has carried it around 20 points under its peak for the year to about midway in its 1955 range. Chance Vought seemed definitely out of favor in the air group and was more than 30 points under its year's top with the low only a handful of points away. General Dynamics also showed little in the way of trading interest.

* * *

Time ran out on a few of the specialties that have been wonder-workers recently, none harsher handled than Evans Products. This issue soared from a low this year of less than $24 to a high of $72 before it ran out of steam. Its gain last week alone was better than $16 but this week it fell into at least one air pocket and a handful of the gain was whittled away rather rapidly. U. S. Hoffman which had an even more spectacular 1954-55 rise was also roughly handled on occasion. The preferred of Mo-Kan-Tex Rail was another special situation that foundered occasionally.

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Televisions Act Badly

Televisions were one of the poorer acting groups with good response by Zenith to the hopes of the pay-as-you-see advocates running out of strength rather rapidly and the rest of the set makers idling through much neglect. Admiral was rather consistent in backing to new lows and Radio Corp. was inclined to lag even in the face of good market strength.

* * *

Airlines were hardly distinguished and some stirrings in the textiles that hinted at a possible quickening of interest came to naught. A rather odd deal in the works for Textron to take over the cable business of Western Union was greeted phlegmatically by the market. Food shares offered little of interest and building equipment issues were largely immune to the high pace of the building industry, all of which adds that much more evidence of the selective nature of the buying and the concentration on blue chip quality.

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

Securities Salesman's Corner

By JOHN DUTTON

Get to the Point

This week I am going to talk about something that is so vital in saleswork that I believe that if it was practiced diligently by all those who are conveying ideas to others, the results in terms of agreements reached would be so enhanced that they would never again go back into their old habits of overtalking about side issues and extraneous matters. Come to the point, say your say, get it over with and give the other fellow a chance. That is all there is to it, but what a difference it will make in your sales results if you follow this simple procedure.

Find The Issue

There is one main, central, all motivating reason why people will do a thing. There are side issues, but these are unimportant considerations. A man may buy a new house because he wants to live in a higher income neighborhood, or his family has increased, or the plumbing is bad in the one he now owns, or he would like to have some shade trees, or any number of other reasons. **But there is one all important reason.** The creative, thinking, real estate salesman will sit down with this prospect and let him tell him what is on his mind—then he'll go out and show him that house which he knows will come close to filling the bill. He won't waste time showing houses that are in the wrong neighborhood, or are too small. He won't burden his prospect with a lot of extra talk about the service his firm can render, the terms of a mortgage, the number of satisfied clients that he has served. **He'll show the right house and in the majority of cases he'll sell it.**

The other day a nice young man came into my office and he told me he was from one of the Mutual Funds. I try to see as many wholesale representatives as I can but at times it is difficult to do so. On this day I was quite rushed, my phone was ringing often, we had an underwriting underway, and I was sitting at a fairly busy desk. Despite all this the young wholesale man pulled out his brief case and started to tell me all the dry statistics regarding the comparative performance of his Fund over some others. I tried to tell him that I could look over the figures if he would like to leave them and that if he would devote his available time and mine to a discussion of any facts which he thought might place his Fund in a special category where we could consider using it for offering to certain of our clients and prospects, he should do so. Despite this gentle hint, and a busy phone which I was polite enough to tell my operator to disconnect for 10 minutes, he still insisted on going back to his facts and figures.

If he would have asked me for a few questions he could have discovered our attitude toward Mutual Funds, and whether or not we might have been able to use a new Fund. He might also have been on sounder ground with me if he would have taken one look at those graying hairs of mine and realized that possibly I might have heard his stereotyped story from at least a hundred wholesale representatives of Mutual Funds, and some of it went back to North American Trust Shares, Basic Industry Shares, and some of the others way back in 1929.

Finally, I had to call the interview to a halt. It was a complete waste of my time—and his. He had to give his sales talk—but he never discovered the reason why I might want to sell his Fund, or any other Fund. Naturally, I passed his Fund by and went back to my immediate task.

Don't Overtalk

In the days when I was trying to learn the technique of intangible selling (and you can learn it, don't make any mistake about being a born salesman) I used to try and nail down each point as I went along. There is a school of salesmanship that says you should build up a "yes" attitude on the part of your prospect. You make a point then say, "isn't that right Mr. Jones?" Sometimes Mr. Jones was just cantankerous and he'd say, "No, I don't think so." Then I was way off in left field. It was the same idea as a lawyer building a case in front of a jury. The trouble with this kind of selling, in my opinion, is that it is too labored and too stilted. You wear yourself and your prospect out before you get his name on the dotted line. It will work, but it is hard work.

I believe that it is better to create what I would like to call a "Yes attitude." This is a feeling you can engender in your interview that is based upon cordiality between yourself and your prospect. It has a dynamic quality behind it because it assumes that you are both on a mission, and the conference between you becomes a mutual sort of thing rather than an effort on your part to persuade, convince, and hammer home an agreement.

Here is an example. The other day I was interviewing a young lady who had saved a modest sum and was looking for an investment. I first asked her a few questions and this is what she told me. She was expecting to get married soon. She had been married once before and financial difficulties were one of the main causes of her first broken marriage. She wanted an investment that would grow and also one that she would not have to divulge to her future husband. Then if her second marriage turned out satisfactorily, possibly later on she might tell him about her hidden nest egg. There it was right on a silver platter. I suggested a Mutual Fund that had its investments in Canada and that reinvested all the earnings and paid no dividends. The increase in value from dividends reinvested would acrue to the liquidating value. In this investment she would not receive any dividend checks, the shares could be kept in safekeeping by her mother, and it was ABC from there on.

One question came up, "Was it safe?" I said, "Yes, I thought so." She replied, "Alright she would make the investment." I didn't have to go into a long series of arguments to prove the safety of the Fund. If necessary I could have brought out a few simple points that would have been helpful in building confidence. I didn't have to do this because I knew that she wanted to make an investment that would grow and that would be convenient for her to hold under these particular circumstances. **She didn't worry about safety — that was only a minor consideration.** I knew she assumed this was a conservative investment, not a wildcat speculation. She wanted a safe place to put some money **that would be out of the reach of any of her future husband's ideas** should he have them. Husband number one cost her a tidy sum; number two was going to find it a bit different.

That's what I sold her!

Long Island Lighting Offering Underwritten

The Long Island Lighting Co. is offering its common shareholders of record July 1, 1955 rights to subscribe to an additional 624,170 common shares at $20.50 per share on the basis of one share for each ten held. These rights will expire at 3:30 p.m. (EDT) on July 18, 1955.

An underwriting group headed by W. C. Langley & Co.; Blyth & Co. Inc., and The First Boston Corp. will purchase any unsubscribed 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 expenditures for the period May 1, 1955 to Dec. 31, 1956 are estimated at $84,000,000 of which $67,000,000 is for electric property, $11,000,000 for gas property and $6,000,000 for common property.

The company supplies electric and gas service in Nassau and Suffolk counties and the contingugous Rockaway peninsula in Queens County (New York City). Population of the territory served exceeds 1,500,000. The area served is predomoninantly residential. It is estimated that since 1950 construction contracts awarded for new homes (mostly single family) in Nassau and Suffolk counties amounted to about 35% of all the dwelling units contracted for in New York State.

Net income of the company for the twelve months ended April 30, 1955 was $9,515,000, equal to $1.28 per common share after preferred dividend requirements.

Other members of the underwriting group include — Smith, Barney & Co.; Glore, Forgan & Co.; Goldman, Sachs & Co.; Harriman Ripley & Co. Inc., Hemphill, Noyes & Co.; Kidder, Peabody & Co.; Merrill Lynch, Pierce, Fenner & Beane; Stone & Webster Securities Corp.; Union Securities Corp.; and White, Weld & Co.

With B. C. Christopher

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. Charles C. Searles has become associated with B. C. Christopher & Co., Board of Trade Building, members of the New York and Midwest Stock Exchanges. Mr. Searles was previously with Harris, Upham & Co.

Pa. Credit Union League

HARRISBURG, Pa. — Pennsylvania Credit Union League is engaging in a securities business from offices at 4309 Front Street. Officers are: William M. Noble, President; Arthur R. Thompson, Vice-President; Norman R. Long, Secretary; Frank Tokay, Treasurer.

Mr. Tokay was formerly with First Investors Corp. and Pennsylvania Funds Corp.

William W. Pratt is executive director of the firm. He was previously with Amott, Baker & Co. Inc.

Matthew Corp. Formed

WASHINGTON, D. C. — The Matthew Corp. is engaging in a securities business from offices at 1526 Connecticut Avenue, Northwest. Officers are Matthew N. Mezzanotte, President; LaFayette Frankling, Vice-President and Secretary; Genevieve D. Long, Secretary.

E. W. Wedbush Opens

LOS ANGELES, Calif.—Edward W. Wedbush is engaging in a securities business from offices at 535 Gayley.

Continued from page 11

Problems Confronting The Federal Reserve

"good" bank, which I assume all of yours are, the examiner will not do this ordinarily without an invitation, for he has been trained to avoid crossing that shadowy line between supervision and management. Supervisory authorities are no more anxious to invade the province of management than you are to have them do so.

Speaking of examiners, I should mention that today they are being trained better than ever before. Some of you, I am sure, have heard about the Inter-Agency Bank Examination School we have set up in Washington, complete with a model bank, and staffed with some of the best men from the Federal supervisory forces and with outstanding bankers and financial specialists who contribute their time and effort for the public good—these include your own Carl Flora.

All State examining authorities are invited to send representatives to attend the school. Some of them have, and they can testify to its worth. But many cannot for lack of funds to cover living expenses. (Of course, the schooling itself is free.) Every State Bankers Association should see to it that improvement of the examining organization of its State is not impeded by the lack of a very few dollars. It is also in your own interest to see that sufficient funds are available to adequately compensate examiners — men who today rank among the most underpaid, underrecognized specialists in the country.

In its capacity as a bank supervisor, the Federal Reserve System naturally gets involved in many thorny problems regarding the "ideal" structure of the American banking system — problems revolving around, for example, mergers and consolidations; holding-company and branch banking. It has been compelled to evaluate, and in some measure to govern, the trends in American banking.

In my opinion, governmental agencies have a duty to supervise and regulate banks, their expansion and activities, not only from the view of what is good for the banks, but also what is good for the national economy. Safety of deposits, suitable extension of credit, provision of adequate banking service, are important, but so is the preservation of competition—a vital safeguard of a sound banking structure. This does not mean that we must insist that four banks continue to operate in a town that could be served adequately and efficiently by two, if the force of excessive competition among the four is likely to result in practices that could endanger the safety and soundness of a bank and its depositors, and, consequently, the community itself. It does mean that competition should be preserved where the community can support competition.

The Job of Acting As a Central Bank

Having spent most of my life in contact with commercial banking, it is perhaps natural that I feel more comfortable in dealing with and discussing its progress and problems. But from the viewpoint of cosmic significance, the Federal Reserve's job as the central banking system of the United States outweighs its supervisory and service functions.

Regulation of money and credit was not the chief objective of the Federal Reserve System 40 years ago. The necessity for such regulation, in order to avoid unnecessary economic setbacks and to maintain a favorable climate for economic progress, has come to be seen more and more clearly over the past 30 years. The evolution of this objective is attributable in part to changing economic conditions to which the System has had to adapt itself.

There is little comparison between the conditions prevailing then and now. There are not many here who can remember the conditions of that time. I have to stretch on tip-toe to recollect the lamp-lighter in Broken Bow, who rode around on horseback and stood on the saddle and the rump of his horse to light the gas lamps that lit the dirt road. I can remember that only because one of my brothers once scared the horse in the midst of the operation and caused the lamplighter to fall and swear blue streak, to the enlargement of my youthful vocabulary. At that time the wagon industry was still fighting a game though losing battle with the automobile. More than a few people looked upon airplanes as a defiance of heaven. The first broadcasting station in this country was not established until 1920. Even a decade ago the newest of our present miracle medicines was still in the experimental stage, and nuclear physics was still confined to the laboratories. Today, less than a handful of our 14,000 banks — four to be exact — hold deposits exceeding in amount all of the deposits in all of the banks 40 years ago.

But gradually we have evolved a monetary policy designed to keep a proper balance between the volume and velocity of money on the one hand and the supply of goods and services on the other, with the view of maintaining high levels of economic activity and employment while endeavoring to see that the value of the dollar remains stable.

For about a decade beginning with our entry into World War II, the effective exercise of the powers of the System in this regard was suspended. This was done, of course, in the interest of assuring adequate financing for the tremendous cost of winning that war. But in retrospect one can see that if 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 tax ourselves more and to borrow less, thereby minimizing the need for monetizing the public debt through "pegging" the prices of government bonds, which resulted in creating a superfluous amount of money.

Federal Reserve Freed From War-Time Strait Jacket

In any event, during the past four years the System has freed itself from the wartime strait jacket and made use of its traditional tools of general credit control: open-market operations, discount policy, and reserve requirements. These tools have been used flexibility and frequently to make credit more available whenever that seemed to be desirable for the country's continued economic progress, or to make credit less easily available when there seemed to be a threat of a detrimental over-extension of credit. The System is obliged, we feel, to take whatever action, within its power, will aid in averting inflation on the one hand, and deflation on the other, and yet provide the economy with a supply of money and credit adequate for a steady and sustainable expansion.

Stating this power and policy is simple, but the execution of them is another matter. Deciding when and what actions should be taken necessitates daily meetings of the Board of Governors. At the Board and at the Reserve Banks throughout the country, we have a staff of highly capable and devoted experts who continuously strive to develop, for our use in formulating policy, the essential economic significance of regional, national, and international occurrences and trends. The Board of Governors, the Open Market Committee, and the Reserve Banks, wisely insulated by Congress from political strain and pressures of the moment, seek to use this mass of information and expert views to chart a safe course through the rocks and storms of the economic seas.

How successful we have been must be for others to judge. And, of course, time will surely tell. However, the fact that there have been and still are, some disquieting factors, is sufficient to dispel any smugness on our part. Agriculture has gone through some painful experiences and is still a cause of concern. So is the housing field, which has been stimulated, perhaps excessively, by government guarantees and easy credit terms. Consumer credit has fluctuated to a considerable extent and down payments and terms have been dropped and stretched out inordinately in spots. The stock market keeps bouncing around. And the number of unemployed people is always a cause for concern.

On the other hand, over-all economic activity is on an exceptionally high plane. The gross national product in the second quarter of 1955 is estimated at the peak rate of $375 billion. Expansion in the demands of business and consumers, as well as State and local governments, has tended to offset declines in defense spending. Our index of industrial production is now at the peak figure of 138—compared with 100 a half-dozen years ago.

All segments of the economy do not move in the same direction, at the same time, and at the same speed. The laws of supply and demand make this impossible. But, in the long-run, they tend to offset each other and work out a fairly smooth rolling-adjustment, provided the underpinning of the economy remains sound and no single factor is permitted to get so far out of line as to cause a collapse of the others. Hence, it is important to note that during the past four years the dollar has remained stable — it will buy approximately the same amount of goods and services today as it did in 1951, '52, '53, or '54. That may indicate in some degree the effectiveness of System policies for, although far from being solely responsible, they certainly have contributed to the economic environment which has made that stability possible.

Wide Range of Problems Requiring Consideration

I have tried to indicate the kinds of problems with which the Federal Reserve must deal. They range all the way from the ordinary bank supervisory problems with which you are familiar to the chartering of a new corporation to engage in international finance. One day we may be called on to consider the take-over of a score of branches as a part of a merger between two great banks, and the next day an application to organize a new bank in Florida or to admit a bank in Wisconsin to membership in the Federal Reserve System. Right now, much time is spent in considering proposed legislation affecting bank holding companies, bank mergers, and the investment powers of banks, and apprising Congress, through reports or testimony, of our views. And, of course, credit and monetary developments must be subjected daily to unceasing scrutiny. The information available to us must be combed carefully and continuously to determine whether our actions should be in the direction of expanding or contracting the supply of money and credit; whether we should be absorbing or providing reserves through open-market transactions; whether we should be raising or lowering reserve requirements, discount rates or margin requirements.

These are the kinds of problems with which the System must grapple, to the best of its ability and with no aim other than the country's economic welfare. Since the System has no supermen in it, it will make some mistakes, as it has in the past, but when it discovers errors it must try to correct them with candor and promptness.

In my judgment no single factor is more important to the American economy than the effectiveness and integrity of its central banking arrangements. Senator Carter Glass, one of the authors of the Federal Reserve Act, in referring to the System, commented:

"An intelligent and fearless performance of its functions involves as much of sancity and of consequence to the American people as a like discharge of duty by the Supreme Court of the United States."

It is difficult to imagine greater economic misfortune than to have a corrupt, timid, or biased central banking system, misusing its vast power for private gain or even popular acclaim.

In the long run the most effective bulwark against the possibility of such a catastrophe is public insistence that the Federal Reserve System devote itself solely to the economic welfare of all the people of the United States — free from self-interest, free from subservience to any class or group, and free from interference aimed at diverting its great powers to selfish or partisan ends.

In order for the people to insist upon that kind of Federal Reserve System, they must understand it. People should know what it is, what it does, and how it does it. They should know the impact it has on the economy and on their own individual lives. As bankers, you are particularly well equipped to help them achieve this understanding—to explain the relationship of economic laws and institutions to the individual welfare and the standard of living of the community and the nation.

After two world wars the United States has emerged as a leader of the free world. As Sir Winston Churchill recently remarked: "There is no other case of a nation arriving at the summit of world power, seeking no territorial gain, but earnestly resolved to use her strength and wealth in the cause of progress and freedom." Our position of world leadership cannot long endure without having as its foundation a strong and dynamic economy. That cannot exist without widespread understanding of its essential ingredients — the what, the how, and especially the why. It is up to all of us — public servants and private citizens alike —to help bring about that understanding.

Berry & Co. Offers Motel Stock at $2

Berry & Co., Plainfield, N. J., is offering to the public an issue of 150,000 shares of common stock (par 10 cents) of Tremont Motel Corp. at $2 per share.

The net proceeds are to be used in connection with the acquisition and construction of additional motor courts; to purchase furniture and equipment for present motels; and for working capital and reserves.

Tremont Motel Corp. was organized in Delaware on May 23, 1955, for the purpose of acquiring, constructing and operating a chain of motor courts at various desirable sites along major highways. Its principal offices are at 321 Millburn Ave., Millburn, N. J.

At the present time, Tremont is operating a motor court on the Derby Turnpike, West Haven, Conn., near the Yale Bowl and other athletic fields of Yale University. It is also operating a motor court located on Routes 40 and 13, New Castle, Del. These routes are the main artery from New York, New England and the Metropolitan East to Washington, D. C., Miami, Florida and other points along the Atlantic Seaboard.

Plans have been developed and arrangements are now being made to acquire sites near Hartford, Conn., and East Rutherford, N. J., and to construct motor courts in those localities. In connection with the two projected motor courts, negotiations to obtain franchises from Howard Johnson's Motor Lodges, Inc. are presently in the final stages.

It is contemplated that when new motor courts are acquired by the company, they will be operated through the medium of wholly-owned subsidiary corporations.

At the present time, Tremont has the following wholly-owned subsidiaries: Tremont Motor Courts, Inc. (Del.) Tremont Motor Court, Inc. (Conn.); and Tremont Hartford Motor Court, Inc. (Conn.).

New Walston Branch

Walston & Co., members of the New York Stock Exchange, have announced the opening of a new office at 21 East 44th Street, New York City, with Richard F. Guinzburg as resident manager. This is the firm's third office in the midtown area.

Mr. Guinzburg, in the investment business for 30 years, has been with Bache & Co. for the past 16 years.

Newly associated in the new office as registered representatives are Charles Costello, Henry Greenburg, Albert Holman and Stella Kaplan.

Henry R. Hayes

Henry Reed Hayes passed away June 29 at the age of 77. Mr. Hayes was a former President of the Investment Bankers Association of America. Mr. Hayes for many years was an officer of Stone and Webster and Blodget.

Public Utility Securities

By OWEN ELY

Niagara Mohawk Power Company

Niagara Mohawk Power Company is one of the largest producers of electricity in the country, selling nearly 15 billion kwh. last year. Since a large proportion of output is industrial low-rate power, however, the company rates only about sixth in size if measured by its $210 million annual revenues. It produces more kwh. than Consolidated Edison, although the latter company has top rank on a revenue basis.

Niagara has an important gas division which contributes about 18% of revenues. Due to conversion to natural gas and the rapid expansion of residential house-heating, gas revenues have nearly doubled since 1950, while electric sales gained 29%. Gas service was extended to eight more communities last year, substantially completing conversion 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 intrastate except for two small Canadian subsidiaries. Population of the area served with electricity is about 3,100,000; the gas territory is less extensive. The territory is highly industrialized and also includes large agricultural and resort areas. Opening of the New York State Truruway last year stimulated the growth of upstate New York, and is bringing in new factories, shopping centers, warehouses, truck terminals, gas stations, motels, and home developments.

While Niagara Mohawk obtains nearly 62% of its electric sales and 39% of electric revenues from industrial customers, revenues are quite well diversified, as indicated by the following industry tabulation:

	% of Industrial Electric Revenues
Chemicals, paints and dyes	16%
Aluminum and magnesium	15
Steel and iron	9
Paper and printing	8
Misc. alloys and non-ferrous metals	7
Fabricated metal products	6
Electrical equipment	6
Automobile and transportation equipment	4
Cement, stone, clay and glass products	4
Other diversified industries	25
	100%

The company has been installing very substantial steam generating capacity in recent years. Thus at the end of 1954 dependable steam capacity was 1,960,000 kw., an increase of 55% since 1950. The rate capacity of hydro stations, which was 1,054,000 kw. at the end of 1954, had increased only about 9%, and the small amount of power purchased under contracts decreased.

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

	Millions	Percentage
Long-term debt	$342	51%
Preferred stocks	101	15
Common stock equity (11,556,000 shs.)	229	34
Total	$672	100%

The company has an unusually high depreciation reserve, amounting to 25% of utility plant, which is carried at original cost.

Niagara Mohawk heads a group of five electric utilities in New York State which for some years has been planning the development of 1,600,000 kw. additional power at Niagara, made possible by the 1950 Treaty with Canada. The New York State Power Authority, already engaged under Robert Moses in the construction of the companion St. Lawrence development, is very anxious to secure the Niagara project also. There has been a contest in Congress for several years as to whether Federal, State or private agencies will get the job. Should Niagara Mohawk and the other utilities eventually win out, this will naturally be a favorable long-term factor. However, loss of the project to the State would certainly not be disastrous, and Niagara might be able to purchase cheap power from the Authority after the project is completed. At present the whole matter is deeply buried in politics.

Niagara Mohawk's common stock record is shown in the table below. Share earnings this year are expected to improve due to the increase in industrial activity, the continued gains in gas heating, the opening of the New York State Thruway, etc. It is estimated that there will be 18,000 new electric customers, 9,000 gas customers and 20,000 gas heating installations. Further sales increases are anticipated from the approval by the New York Public Service Commission, early this year, of higher maximum limits on large volume natural gas space-heating installations. Earnings for the 12 months ended March 31, were $2.14 compared with $2.05 in the preceding period, and it appears likely that earnings for the calendar year may approximate $2.20 or more. An increase in the dividend would seem a good possibility later in the year, if the improvement in earnings continues as anticipated and another series of hurricanes doesn't develop ("Hazel" cost about 3c a share last year).

On the basis of the $2.20 estimate the stock at the recent price around 33½ is selling at about 15.2 times earnings. The current yield is 4.8%, which is slightly above the recent average for all electric utilities, and higher than for most of the large companies.

Year	Revenues (Millions)	Common Stock Record— Earnings*	Div.	Approx. Price Range
1954	$210	$2.11	$1.60	33 —27½
1953	205	2.03	1.60	28½ — 24½
1952	189	1.92	1.60	28 —24½
1951	176	1.87	1.45	26 —21
1950	152	1.78	1.40	24 —19

*As reported in the 1954 Annual Report.

LETTER TO EDITOR:

Rights and Duties of Labor Unions

George A. Dalton lists a number of separate pledges which, in the public interest, the united AFL and the CIO could make to calm the fears of those not so fortunate as to belong to the labor monopoly.

Editor, Commercial and Financial Chronicle:

"We pledge ourselves to the more effective organization of working-men and women; to the securing to them of full recognition and enjoyment of the rights to which they are justly entitled; to the achievement of ever higher standards of living and working conditions; to the attainment of security for all the people; to the enjoyment of the leisure which their skills make possible; and to the strengthening and extension of our way of life and the fundamental freedoms which are the basis of our democratic society."—From the preamble to the proposed constitution of the united A. F. of L.-C. I. O.

In view of the tremendous power and influence sure to be exercised by a completely integrated labor movement we could suggest a few more pledges calculated to calm the fears of those not so fortunate as to belong to the labor monopoly now coddled by politicians and fostered by government.

For instance, they might pledge:

That they will live loyally and honestly up to their contracts.

That they will give a fair day's work for a fair day's pay.

That they will not countenance feather-bedding or make-work policies.

That they will not seek to monopolize the labor market by restrictions on membership or undue limitation of apprenticeship.

That they will not interfere, through restrictive union rules, with proper discipline in the workshop.

That they will not hamper the introduction of new machines or industrial processes necessary to the technological progress of industry.

That they will not, through jurisdictional squabbles or racketeering policies, bring hardship and loss on either innocent employers or the general public.

That they will not use their organization as a political pressure group to extort privileges for themselves at the expense of the whole community.

Add to these as many other pledges as, out of your own bitter experience, you may feel to be justified. The pertinent point is that organized labor is prone to forget that their interests as consumers are equally as important as their interests as wage workers. Gone are the days when trade union members were only a minute fraction of the total population. Today they, with their families and friends, make up fully a quarter of the total, and whatever injures the community injures them.

High wages, short hours, lax discipline, feather-bedding, restriction of output, and the forcing of supernumerary employees on the industrial payroll may, and to some extent already have, through inflationary high prices, canceled out many of the benefits labor hoped to secure through more intensive organization.

When the American Constitution was first adopted, it lacked one essential feature—a Bill of Rights to protect the people against the invasion of their freedom even by their own government. The first 10 Amendments were adopted to remedy this lack.

The basic charter of the emerging labor giant should likewise contain a Bill of Rights—or shall we say of Duties—to protect the people of this country from misuse of the power that will inevitably be wielded by an all-inclusive labor monopoly.

GEORGE A. DALTON

New York City
July 5, 1955.

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 organized; and it has grown to a position of New York's third largest bank with resources of $3,020,375,779 at the 1955 March quarter date. It was not until 1887 that the New York State legislature passed the State's Trust Company Act, under which institutions specializing in trust business could be incorporated; previously special legislative acts were required for this purpose, and it was under one of these that Guaranty started business as New York Guaranty & Indemnity Company, with a capital of $100,000. The name was changed to the present title in 1896.

While several other banks were merged with Guaranty beginning in 1910, the most important consolidation in 1929, was between Guaranty and National Bank of Commerce in New York, the latter having been organized in 1839. This move brought under single management two of America's largest banks at that time. The merger was more logical than most of those of the era for the two banks complemented each other so well. Commerce had been one of the largest strictly commercial institutions right through its history. Organized as a state-chartered bank, The Bank of Commerce in New York, it took a national charter in 1865, shortly after passage by Congress of the National Banking Act. It was as a result of the Commerce merger that Guaranty's capital was increased to $90,000,000 and surplus to $170,000,000. By the end of the March quarter, 1955, capital funds stood at $402,840,648, with deposits of $2,542,005,000. This gave the conservative deposit ratio of 6.3 to 1.

Guaranty maintains three branches in New York, and also offices in London, Paris and Brussels. The management is regarded as among the ablest in the country's 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, 1955

RESOURCES		LIABILITIES		
Cash & Due from Banks	$698,375,000	Capital	$100,000,000	
U. S. Govt. Obligations	750,043,000	Surplus	200,000,000	
Loans & Bills Purchased	1,380,542,000	Undiv. Prof.	$100,000,000	$402,841,000
Public Securities	58,203,000	Deposits		2,542,005,000
Stock of Fed. Res. Bank	9,000,000	Foreign Funds Borrowed		1,875,000
Other Securities	53,608,000	Acceptances, Net		34,474,000
Credits on Acceptances	33,857,000	Dividends Payable		4,000,000
Real Est. Bonds & Mtges.	13,642,000	Items in Transit		5,587,000
Banking Premises	4,820,000	Res. for Expenses, etc.		22,041,000
Accrued Int. & Accts. Rec.	18,286,000	Other Liabilities		7,553,000
	$3,020,376,000			$3,020,376,000

A break-down of these assets into principal categories follows:

Cash	23.1%	Other Securities	4.0%
U. S. Govt. Obligations	24.8	Real Estate & Mortgages	0.6
Loans and Discounts	45.8	Miscellaneous Assets	1.7

Guaranty Trust's break-down into maturity categories of its United States Government bond holdings at the past five year-ends was as follows:

	Maturities Up to 5 Years	Maturities 5 to 10 Years	Maturities Over 10 Years
1950	98%	*2%	--
1951	99	*1	--
1952	84	16	--
1953	99	*1	--
1954	50	50	--

*Due in 5 or more years.

This preponderance of the nearer maturities has enabled Guaranty to take advantage of higher rates as they occur.

Following are schedules that give, first, a break-down of the bank's sources of gross income; secondly, its average rate of return derived from its loans and discounts and from its securities holdings:

	Income from Loan Interest	Interest & Divs. from Securities	Fees, Commissions and Miscellaneous
1950	44%	30%	26%
1951	52	25	23
1952	57	23	20
1953	60	21	19
1954	54	21	25

	Rate of Return on Loans and Discounts	Rate of Return on Securities Holdings
1950	2.15%	1.39%
1951	2.49	1.58
1952	2.85	1.74
1953	3.06	1.89
1954	2.98	1.44

During this five-year period the bank's income from loans increased about 45%; that from its government bond holdings 21%. But it is important to bring out in this connection that the average rate of return for the period on loans was approximately 2.70%; on governments only 1.61%.

Ten-Year Statistical Record — Per Share*

	Book Value	Operating Earnings	Invested Assets	Dividend	—Price Range— High	Low
1945	†$62.54	$3.43	$629	$2.16	71½	59⅜
1946	†64.33	3.61	463	2.16	70¼	53⅞
1947	72.13	3.44	399	2.40	59⅞	48⅝
1948	73.38	3.61	423	2.40	55⅝	50⅜
1949	74.11	3.51	427	2.80	59⅜	50⅜
1950	74.88	3.39	440	2.80	63⅝	55⅝
1951	75.59	3.56	452	2.80	60¼	55½
1952	77.18	4.04	488	3.20	72¼	57
1953	78.18	4.44	456	3.50	72¼	62
1954	80.12	4.30	507	3.70	75½	62¾

*Adjusted for 5-for-1 split-up in 1953, and for 11 1/9% stock dividend in 1948.

†Prior to 1947 Guaranty carried a separate contingency reserve, not reflected in above book values. It was transferred in 1947 to undivided profits.

The following have been the percentage changes in the above statistics in the decade: book value increased approximately 32½%; operating earnings 17½%; invested assets lower by 30%; dividend increased 71%. The decline in invested assets was due to the fact that the early base year saw the banks' peak holdings of governments for the war period. These holdings were sharply reduced after the end of the war, which affected invested assets adversely.

The gain to the stockholder in the period (the increase in book value plus cash dividends) was $47.60, or at an annual average rate of $4.76 a share. This gain of $47.60 was approximately 80% of the 1944 mean high and low prices.

At the present selling price of approximately 80, Guaranty stock is selling at 18½ times 1954 operating earnings, giving no effect to securities profits of about $4,850,000. In 1954, 5.4% was earned on book value, and 86% of operating earnings went out in dividends. Parenthetically it may be added that the bank's very conservative deposit ratio makes large "plow-backs" from earnings unnecessary.

On the basis of the 1954 dividend total, Guaranty's yield is about 4.62%, an excellent return on such a high-grade investment issue.

Terms Ford-General Motors "GAW" Labor Contracts a "Prosperity Partnership"

July issue of the First National City Bank of New York "Monthly Bank Letter" holds neither Ford nor General Motors wanted an interruption of their renewed prosperity, and this was a fortuitous factor favoring the union in its demands.

In commenting on the recent labor contracts of the Ford Motor Company and General Motors, the July issue of the "Monthly Bank Letter" of the First National City Bank of New York ascribes the acceptance of a large part of the union demands by these two major auto producers to the current prosperity of the motor car business and the intense competition between the leaders in the industry.

Concerning this the "Monthly Bank Letter" states:

"The prosperity of the motor car business and the intense competition between the leaders, were fortuitous factors favoring the union. Neither company wanted to suffer a long and costly strike to the benefit of its chief rival. The union had accumulated a 'war chest', reported at $25,000,000, which apparently was to be applied, on a 'divide and conquer' principle, to bring either one of these two industrial giants to terms. Henry Ford II stated that the settlement was 'forced upon us by the competitive situation in the industry.' Unauthorized 'wildcat' strikes attested to the readiness of the men to shut down the plants and join the picket lines or go fishing. With heavy overtime work these past months, the men evidently were emotionally and financially prepared to enjoy some unemployment without pay.

"The UAW-CIO elected to force the issue on Ford and then demand the same, or better, terms from General Motors — not to mention other automobile and also farm implement producers covered by UAW-CIO contracts. The new Ford and General Motors contracts, running for three years, embrace a 'supplemental unemployment benefit' (SUB) plan which was hailed by union spokesmen as an acceptance of the GAW in principle. Even though the payments would not be guaranteed, would not be annual, and would not take the form of wages, the SUB scheme, as Mr. Ford admitted, is a step 'down the path.' Mr. Reuther made it plain that he expected to strike closer to the objective when the present contract expires three years hence.

"The cost of SUB was a comparatively minor feature of the Ford and General Motors settlements over-all, which included immediate pay increases calculated to average 6.2 cents an hour, similar pay increases during the second and third years of the three-year contract, five cents an hour for SUB, increases in pensions to retired workers, and numerous other 'fringe benefits.' The total cost of the 'package,' without counting pay increases promised for the second and third years or adjustments which may be dictated by a more generous cost-of-living formula, was calculated by union spokesmen at about 20 cents an hour.

"That the Ford Motor Company was prepared to share its prosperity with its employees was apparent in its initial offer, announced May 26. The company's 'package' embraced, besides pay increases and numerous fringe benefits, an employee savings and stock purchase plan, an interest-free loan ('income stabilization') plan for laid-off workers, and a severance pay plan. This package paralleled an offer General Motors had put before the union on May 17.

"Under the savings and stock purchase plan any worker with more than one year's seniority could have elected to invest up to 10% of his pay, half in U. S. Savings bonds and half in Ford Motor stock sold from present holdings of the Ford Foundation. The company would have matched the 5% invested in Ford stock, in effect giving the employee his stock at half price. The loan and severance pay plans were set up on a more generous basis than the subsequently adopted SUB plan and could have gone into effect without delay. The savings and stock purchase plan offered employees a privilege many investors have long cherished — to own Ford stock. Nevertheless, the 'Prosperity Parnership' package —for reasons not plainly evident —was condemned by union leaders as 'unfair,' 'unjust,' and 'phony.'

"It is worthy of note that Ford and General Motors employees, whose union leaders so often have pictured industrial profits as colossal and exorbitant, passed up so blandly the opportunity to participate in the earnings—and risks —of share ownership in two of the most spectacularly successful American enterprises. How generous, under favoring conditions, the results of such plans can be was brought out by General Robert E. Wood in his testimony March 11 during the Senate Banking and Currency Committee's inquiry into the stock market. General Wood is chairman of the board of trustees of the Sears, Roebuck and Co. savings and profit-sharing pension fund, created in 1916 and built up from 5% pay deductions supplemented by a 5% to 10% share of the company's profits before tax. With the fund invested largely in Sears stock, the 123,800 participating employees with more than a year's seniority now own 26% of the company. Total resources of the fund exceed $600,000,000, despite employee withdrawals of $351,000,000 since 1916, against employee contributions of $191,000,000. After citing an instance of a little Polish girl who started to work 'in the old days' for $6 a week, and who now has $121,000 in the fund, General Wood summarized:

"'In fact, every employee who has been with us over 30 years gets out, no matter how humble his position, with a minimum capital of $50,000, which may go up to $150,000. In other words, we are making capitalists every year.'"

J. V. Farnam Partner In Fahnestock Co.

Fahnestock & Co., 65 Broadway, New York City, members of principal stock exchanges, have announced that John V. Farnam has been elected a member of the New York Stock Exchange and has been admitted to the firm as a general partner. Mr. Farnam has been associated with Fahnestock & Co. for 18 years. Mr. Farnam's admission to the firm was previously reported in the "Chronicle" of June 23.

Dempsey Mgr. of Kidder Peabody Dept.

PHILADELPHIA, Pa. — The Philadelphia Municipal Department of Kidder, Peabody & Co., 123 South Broad Street, announced that John P. Dempsey has been appointed Manager of the Pennsylvania Municipal Trading Department of the investment securities firm.

R. S. Reiner Opens

(Special to THE FINANCIAL CHRONICLE)

PASADENA, Calif. — Ralph S. Reiner is engaging in a securities business from offices at 205 East Colorado.

G. N. Lewis Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—George N. Lewis is conducting a securities business from offices at 7850 McConnell Avenue.

Joins Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Me.—Paul Farmer has joined the staff of Schirmer, Atherton & Co., 634 Congress St.

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The Conspiracy Against Gold

the Treasury to make rules or regulations with respect to gold it does not own.

Every such act on its part is and has been a direct invasion of the property rights of our citizens guaranteed to them under the Constitution.

Newly mined gold in the hands of American producers is their own private property, taken from mineral lands granted to the owners under mining laws and practices which have been in force, under direct patent grants from the government, for more than a century. These laws are still in force, they have not been repealed.

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 compelling producers to sell this gold to them, or to their agents, or otherwise to face criminal prosecution with fines and imprisonment, plus confiscation of their gold. Producers are not even allowed to keep their own gold or to sell it to those processors who use it commercially.

Where can the Treasury derive authority to decree that citizens may not own and hold gold, newly mined or otherwise, which they may desire to hold for their personal financial safety, just as they would accumulate savings in a bank account, or government bonds, or any other form of security.

The obvious answer is that the Treasury has no such authority and that Congress had no power to grant it. The Constitution does not authorize it.

We can get a variety of other answers from those who have never given any serious consideration to the principles discussed, or from those who merely parrot the propaganda with which we have been brainwashed during these past 20 years, or from those whose philosophy is opposed to the basic freedoms on which America and our way of life has been founded.

We have been told that the Treasury must prevent hoarding, or that they need the gold as monetary reserves to protect the gold content of the dollar, or that we are on a gold bullion standard (which is not as desirable as a gold coin standard but better than no gold standard at all), or that any change in the price of gold would be inflationary.

These and other similar allegations are mere repetitions of slogans, wishful thinking, complete disregard of realities, or plain stupidity.

One of the greatest hoaxes ever perpetrated upon the people of any nation is the belief built up in the minds of our citizens, that "our money is safe because of the gold reserves in Fort Knox." With this as a propaganda screen we have been led into the greatest inflationary and debt binge in our history.

That gold does not safeguard your savings, it has not prevented the dollars you handle from losing nearly two-thirds of their purchasing power during the past 20 years.

You cannot receive any part of it in exchange for any of the paper tokens which are popularly referred to as money. No business firm has access to this gold as payment on its accounts, no banks can hold it on deposit. It does not safeguard your insurance policies, pension funds, or annuities. No post office can pay you any of it on account of postal savings and you cannot receive any of it in exchange for government bonds.

Our Present Gold Program Follows Moscow Pattern

Your safety and security as an American is no greater than it would be if you were a citizen of the Soviet Union.

There is a striking similarity between the attitude of our government towards gold and that of the Communist governments towards freedom. Under the pretext that its citizens misuse freedom the Communists confiscate it and make their citizens slaves. Under the pretext that individuals misuse gold our government confiscates it, and is making us slaves.

The present Administration was elected on pledges that we were to return to sound and honest money. We will review a few practical and legal facts as to our monetary statutes and their interpretation by our courts, which must be considered in carrying out those pledges.

In the early days of our nation when the Continental Congress was struggling with the problems and penalties of deficit financing, there were bitter experiences over a span of years in attempting to reconcile irredeemable paper with the scant amount of "hard money," of those days.

We will quote some paragraphs from a pamphlet published by The Foundation for Economic Education Inc., and commend their foresight in providing a graphic warning, taken from our past mistakes, to prevent their repetition now.

"Not Worth a Continental," is a descriptive phrase born of an early experiment in deficit financing. If its lessons are ignored or forgotten that experience will have been as worthless as the Continental Currency itself.

Pelatiah Webster was the first advocate of a Constitutional Convention and many points in our Constitution conform to his ideas. We quote from his essay "Strictures on Tender Acts" published in Philadelphia in 1780:

"The Fatal Error, that the credit and currency of the Continental money could be kept up and supported by acts of compulsion—entered so deep into the mind of Congress and of all departments of administration through the states that no consideration of justice, religion, or policy, or even experience of its utter inefficiency, could eradicate it."

"Congress began this maximum of maniasm when Continental money was but five months old. Congress then resolved that whoever 'should refuse to receive Continental bills, etc., shall be deemed and treated as an enemy of his country and be precluded from all trade and intercourse with the inhabitants . . .', that is, should be outlawed."

"This ruinous principle was continued in practice for five years, in tender acts, in limitations of prices, in penal laws . . . and in every other way that could be devised."

"The worst kind of evil, and that which corrupts and endangers any community most, is that iniquity which is framed by a law; for this places the mischief in the very spot—on the very seat—to which everyone ought to look and apply for a remedy."

"It cannot be consistent with the honor, the policy, the interest, or character of an Assembly . . . to make a law which by its natural operation, shall afford protection to manifest injustice, deliberate knavery, and known wrong."

"The credit or value of money cannot . . . be supplied, preserved, or restored by penal laws or any coercive methods. The subject is incompatible to force; it is out of its reach, and never can be made susceptible of it or controllable by it."

"This confidence, this opinion, exists in the mind only, and is not compellable or assailable by force, but must be grounded on that evidence and reason which the mind can see and believe. And it is no more subject to the action of force than any other passion, sentiment, or affection of the mind; any more than faith, love, or esteem."

"It is not more absurd to attempt to impel faith into the heart of an unbeliever by fire and faggot, or to whip love into your mistress with a cowskin, than to force value or credit into your money by penal laws."

Here were words of warning from a man whose important plans were incorporated into our Constitution. It is tragic that now, 175 years later, difficulties and insecurity plague us because we have allowed our freedom to be taken over and directed by destructive alien forces.

The gold policy of the Treasury follows those old false doctrines condemned by Webster.

We find our selves coerced through acts of despotism, arrogantly administered without valid laws. Some things are done under color of Acts of Congress, but where these are contrary to Constitutional principles they have no legal authority.

The Supreme Court has said: "Congress and the President, like the courts, possess no power not derived from the Constitution."

We have no lawful money today. We have no Constitutional money. We are using as currency certain fiat paper issues, accepted as legal tender, which fails to conform to definitions and specifications in our monetary statutes and in decisions of our courts.

When the Supreme Court had the Legal Tender Acts before it, memories of the nation's early experiences with worthless managed currency were fresh in our minds. Let us note how they interpreted the limitations on Congressional power "to coin money"; we quote from their decision of 1871:

"The Legal Tender Acts do not attempt to make paper a standard of value. We do not rest their validity upon the assertion that their emission is coinage, or any regulation of the value of money; nor do we assert that Congress may make anything which has no value—money. What we do assert is that Congress has power to enact that the government's promises to pay money shall be for the time being the equivalent in value to the representative of value determined by the Coinage Acts or multiples thereof."

"We all know," says Mr. Webster, "that the establishment of a sound and uniform currency was one of the greatest ends contemplated in the adoption of the present Constitution . . . the precious metals alone answer these purposes. They alone, therefore, are money and whatever else is to perform the functions of money must be their representative and capable of being turned into them at will. So long as bank paper retains this quality it is a substitute for money. Divested of this, nothing can give it that character."

A long line of currency and coinage acts followed through the years, modifying the percentages of gold and silver in coins and the percentages of reserves of metal or coins against the temporary paper currencies, but none of these departed from the principle that only coins were money, and that paper must possess intrinsic value.

Managed Currency a Communist-Socialist Device

Then came Roosevelt with his declaration for managed currency, an objective of Socialists but a necessary ingredient of Communism. This was coupled with his seizure of gold and prohibition of the rights of citizens to possess it, both of these acts being basic tenets of the Soviet program.

Our people were thus robbed of their power to resist, and under the mass hypnotism which characterized that period, further government raids were made against their other sovereign rights. Details for this looting were planned and carried out by Soviet agents, placed in high positions throughout the Treasury, the Federal Reserve, and other fiscal Departments of the government.

It was an open highway to achievement of the formula pronounced by Karl Marx, that:

'The surest way to overturn the social order is to debauch the currency."

Let us review a few points in the downward progress along the highway. Under the Gold Reserve Act of 1934 the Treasury took possession of all the Federal Reserve gold, giving back gold certificates for this metal and the Federal Reserve began the serious issue of Federal Reserve Notes. These are the paper currency now in general use. In the beginning they were issued against the gold certificates, but this was too slow and conservative for the mechanism of managed currency.

There was the great prophet of monetized debt, John Maynard Keynes, at Roosevelt's elbow, and the Soviet agent Harry Dexter White to give his instructions on how to run the Treasury. The Treasury was running the Federal Reserve with a power-mad group there, pouring inflationary oil on the machinery.

All of these directors had plenty of help from the swarms of Communists and fellow-travelers they gathered around them.

The accumulation of a vast stock of gold was an early objective, but when the Federal Reserve really got into its stride, this gold cramped its style. They could create dollars with a stroke of the pen. Why bother with gold? It had to be stored, and the taxpayers had to be kidded into the delusion that it was a protection to them, that the flood of Federal Reserve notes was limited by the gold in Fort Knox.

As we view the following brief illustrations of progress with Roosevelt's managed currency the complete absence of any of the basic legal and Constitutional elements of money should be noted. Only a portion of the dollars turned loose into the business stream, are actual paper currency, a large part are check-book dollars, entries on the books of banks

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The Conspiracy Against Gold

and merely transfers of credits as accounts are balanced. They are created by the stroke of a pen.

During the hearings on the Banking Act in 1935 the Governor of the Federal Reserve told how it was done. When the bank bought a billion dollars worth of bonds, "They debit their government bond account a billion dollars or they actually create by a bookkeeping entry, a billion dollars."

This is revealed in more detail by Governor Eccles at Hearings before the House Committee on Banking and Currency, in 1941:

Congressman Patman: "How did you get the money to buy those two billion dollars worth of Government securities . . ."

Eccles: "We created it."

Patman: "Out of what?"

Eccles: "Out of the right to issue credit money.'

Patman: "And there is nothing behind it, is there, except our Government's credit?"

Eccles: "That is what our money system is. If there were no debts in our money system, there wouldn't be any money."

The bank of issue just creates the money without cost to themselves, except the paper and ink required for printing. The money never existed before the bank made the loan by bookkeeping entry. The bank takes a piece of printed paper called a bond. This is a liability, or a minus quantity. It then prints another piece of paper called currency. This is also a minus quantity. It puts these together and calls the result money, which should be a plus. Two minuses therefore make a plus. Two liabilities make an asset.

In further Congressional hearings in 1942 a question from Congressman Dewey drew the following reply:

Eccles: "I mean the Federal Reserve, when it carries out an open market operation, . . . it puts new money into the hands of the banks which creates idle deposits."

Dewey: "What are you going to use to buy them with? You are going to create credit?"

Eccles: "That is all we have ever done. That is the way the Federal Reserve System operates. The Federal Reserve System creates money. It is a bank of issue."

Other questions were answered in 1947 as follows:

Congressman Kilburn: "What do you mean by monetization of the public debt."

Eccles: "I mean the bank creating money by the purchase of government securities. All money is created by debt—either private or public debt."

Congressman Fletcher: "Chairman Eccles, when do you think there is a possibility of returning to a free and open market, instead of this pegged and artificially controlled financial market we now have?"

Eccles: "Never. Not in your lifetime or mine."

Here, upon the direct testimony of the former Chairman of the Federal Reserve Board we find the paper currency factory in action. The gentleman tries to dignify this by calling it "monetization of the public debt." Others have called it printing press money or fiat money.

Let's see what Webster's Dictionary calls it, in their definition of "Fiat Money":

"Paper currency of government issue which is made legal tender by fiat of law, and which does not represent, or is not based upon specie, and contains no promise of redemption."

A modified form of such fiat money was authorized by Congress as an emergency measure in February, 1932, for a temporary crisis period of only one year, and with definite restrictions, plus provisions for retirement. But this authority was seized by Roosevelt and his initial rubber-stamp managed Congress and extended from time to time at approximate yearly intervals, but so greatly modified in the process that by 1945 all restrictions had been removed and the printing-press currency was rolling out just as described by Mr. Eccles.

Under this process the banks are being supplied with fresh deposits which becomes the check-book money used for the bulk of business and private transactions. But this process also provides the Federal Reserve Notes, or "folding money" which we carry in our pockets. Everything we handle except the few $1 and $5 Silver Certificates and some loose change in the form of coins.

As a result of the foregoing system we now have a "money" supply measured by bank deposits and currency, of approximately $210 billion.

You will note that throughout this description of the machinery for manufacturing currency there has been no mention of gold.

If this was a question and answer session we would expect someone to arise at about this point and remark:

"You haven't said anything about the gold value in the dollar," or "What about the gold in Fort Knox?"

Gold Value of Dollar a Colossal Falsehood

The gold value of the dollar has no existence in fact. It is merely the ghost of a legal formula which started out bravely, but which was executed almost as soon as it was born. The fiction of our dollar containing a certain number of grains of gold has no meaning when billions of dollars can be turned loose by merely issuing government bonds. Value cannot be established by law or Congressional decree; it is not debt. Value and debt are at opposite financial poles.

Roosevelt made an error in his selection of words in the radio address from the White House in 1933. He should have said:

". . . The United States must take firmly into its own hands the control of the dollar price of gold. This is a policy and not an expedient. . . ."

Even though he did not say it, that is what he meant; and that is what has followed as a result of his policy.

As the new price for gold was established it started in relation to the dollar at that time. Since the dollar is our monetary unit and it contains 100 cents we must credit the dollars with having a purchasing power of 100 cents, for the purpose of subsequent comparative compilations

Calculated under the formula provided in the Gold Reserve Act of 1934, the price of gold became $35 per ounce and from the beginning of Treasury trading in gold, buying and selling it at this price, one of the objectives was to establish the U. S. dollar as the international unit so that among all currencies the dollar would become the "standard."

Because of economic difficulties affecting other nations, this new high price for gold started the business off with a "bang" and gold flowed to us from all directions, and dollars were widely distributed.

Later, during the war, or as its aftermath, when we were supplying the world with fantastic gifts of dollars and goods we began to hear from other nations about the "dollar gap." This was invariable the difference between the dollars they had and those they wanted. We have used hundreds of billions of taxpayers' contributions to build up desire for our dollars abroad, but we have never been able to purchase their respect.

What Is the Price of Gold Now?

The real lure for them to strive for dollars, has been the stock of gold in Fort Knox. Not the gold value of the dollar, which is only a formula with no practical application for anyone, but the actual dollars in their hands or through their Central Banks, are keys which unlock the gold vaults and will assure delivery to them of an ounce of gold for every $35 they present. They have found this to be a very savory dish and they thrive on it.

Both the President and the Secretary of Treasury have been publicly admitting, for more than two years, that dollars are only worth 50c, that they are only half their par value, but the foreigners and American gold processors only have to use 35 of these depreciated dollars to get their ounces of gold. This would put the practical price of gold at $17.50, but if we use a more accurate index of the loss of purchasing power in dollars we find they have lost 65% and this would put gold at about $12.

Stripped of technical absurdities and viewed in the light of common sense and the practical realities of business, these figures express the price of gold in the United States today.

To dispute this one must be prepared to prove that gold has decreased in value or that the dollar has the same purchasing power that it had in 1934. The purchasing power of a dollar is its only value.

This gold is not the property of the Treasury. The Secretary only holds it in a fiduciary capacity as trustee for our citizens. Because the great bulk of it was acquired when the dollar had a far greater purchasing power, the gold has cost us many billion more than the price at which it is now being sold.

These sales of gold are not monetary transactions. They are merely commercial purchases of metallic gold in bar form as a commodity. The Treasury acts merely as the manager of a warehouse, specializing in gold. This gold has an intrinsic value quite aside from any monetary use to which it may be put by others. Since gold as money or as coins has been arbitrarily outlawed in this country it is definitely a matter of public interest as to what degree of careful management is being exercised by the trustee in disposing of their assets.

If the purchasing power of dollars dropped to 5c or to 2c could the Secretary of the Treasury be upheld as being true to his trust if he continued to sell gold abroad and to commercial users here at the practical price of $1.75, or 75c an ounce.

Would he not be subject to grave charges for having betrayed his trust and dissipated our property for a pittance? For selling the American people down the river?

When he now sells this gold at only about $12 is there any difference in the principle? Isn't it merely a question as to the size of the pittance or the width of the river?

The popular belief, carefully implanted through years of Treasury propaganda, is that the issue of dollars is limited by the national gold reserve and that the gold certificates held by the Federal Reserve really have power to curb excess currency and deposits. Knowing the reverse, and their methods of procedure, Marriner Eccles once stated that gold was mentioned in connection with money only as, "a concession to orthodoxy."

While the machinery for managed currency was gaining momentum there was a measure of restraint in its issue. Although working under color of Congressional sanction the extensions of Federal Reserve functions were so obviously in defiance of our monetary laws that it seemed as though a challenge must arise, that someone in banking, or business, or government, would step forward and question the authority assumed, that the courts would be asked to intervene; but there was no challenge.

This was the period after Roosevelt's recognition by personal letter to Maxim Litvinov and the Soviets and their agents had settled upon us like a swarm of locusts. They became evident in all departments of government and were soon surrounded with groups of admirers and collaborators.

The Communists Move In and Take Over

They made a special drive to penetrate into our fiscal offices which soon put one of their top agents, Harry Dexter White, in control of the Treasury with his power branching out through subordinated agents in other key positions.

And now two forces in the conspiracy against gold came together. The Communists were working toward the ultimate wrecking of our economy so as to achieve their well advertised collapse of capitalism. Gold was a road block to them.

The Federal Reserve was working toward complete freedom to issue paper currency under conditions of their choosing. They did not want to be annoyed by even the pretense that it had any relationship to gold.

Each employed the thinking and methods of authoritarian dictatorships with a dim view of our laws, and contempt for our Constitution, so they worked well as a team.

The Communists wanted us to be drowned in an ocean of worthless currency and the Federal Reserve stood ready to create the ocean.

Preparations for the war, and later participation, gave them unlimited opportunity to expand their plans. It also provided a screen to mask their operations under the guise of "classified defense secrecy."

The Communists are long range planners. In the Senate report of the Jenner Committee on "Subversives in the Government," there are listed 18 important Departments or International bodies of which Harry Dexter White was either the director or the Treasury representative. For several years before our entry into the war there had been increasing hostility to gold mining on behalf of the Treasury, Federal Reserve and various powerful banks known to reflect their policies. Press stories and articles were appearing quite generally, gauged to discredit gold and promote fear that it would lose value, that other nations would abandon its use, that we had a great surplus in the Treasury, that gold mining was a waste of time and energy, that people ought to turn their attention to something useful.

Destruction of United States Gold Mining

After the war and when secrecy classifications were lifted there was evidence of the way these interlocking agencies operated. A letter written by the director of one of the Departments controlled by White reveals the intention of destroying gold mining in this country. It was written to Donald M. Nelson heading the War Production Board about a year before their notorious L-208 Gold Closing Order was issued. We quote from that letter:

"In dealing solely with the question of gold mining equipment there is danger of losing an opportunity both to solve the longer term aspects of the gold problem and to maximize the joint war effort. Such an opportunity exists now. The United States can and should use the power that it derives from being practically the sole buyer of the yellow metal in order to initiate a program of gradual reduction in gold production, . . . The purchase of gold in the ground leaves the problem unsolved and merely adds to the difficulties of the immediate postwar period. A program of gradual reduction and final cessation of all new gold production, spread over a period of 15 to 20 years is the only satisfactory solution to the general gold problem. This is the moment to institute such a program. Further, the United States possesses the necessary powers to initiate such a program. Being practically the only buyer of the yellow metal, the United States is in a position to demand that its future purchases will be on an increasingly restricted scale. . . ."

In 1941, the year this letter was written, gold production in the United States was $209 million, and the Treasury supplied gold to manufacturers and industrial users in the amount of $37 million.

In 1953 (the 1954 figures are not yet available) U. S. gold production was $68 million and the Treasury supplied gold to manufacturers and industrial users in the amount of $75 million.

Production for this year when broken down shows that 39% was by-product production from copper, lead and zinc mines which are not classed as gold producers. The entire gold industry of the U. S. produced only $41,480,000 and of this one mine, the Homestake, contributed 44%, about 10 dredges in Alaska and California contributed 36%, the remaining 20% coming from a dozen medium and small mines in six western states.

There is not a producing mine operating on the famed Mother Lode in California. There should be about 500, with perhaps another 1,000 throughout 10 western states and Alaska.

This would provide prosperous economic life for about 200 communities which are now idle and depressed, giving new direct employment for 20,000 men and indirect business and employment for almost an equal number.

To reopen the gold industry and place these mines in an operating condition would require capital expenditures for machinery, steel, lumber, housing, equipment, supplies, transportation, etc., which should approach $100 million yearly for about five years and the annual payrolls should be close to the same amount.

Income benefits would flow to thousands of people all over the United States who have been frozen in their interests and equities in these mines for 15 years.

These conditions can result from a new and realistic gold price. This can also chart the return to fiscal sanity in our monetary policy and insure healthy yearly increase in our national gold supply.

The Treasury refers to its gold as "monetary" and has given as an excuse for its Regulations affecting gold producers, that it must protect these reserves against hoarding. But under its monopolistic supply of gold to industry Treasury sales in the past 13 years have steadily mounted and have been equivalent to the entire U. S. gold production, for this period, plus about $300 million more. Not an ounce of gold from national production has reached the so-called "Monetary stock."

Following the letter outlining

the closing of gold mines the drive against gold became more definite. Regulations, restrictions and low priorities shut off supplies. Then came the death blow. Calling on their network throughout government departments the conspirators came up with phoney statistics showing that gold mining was unessential, that if it were closed down thousands of men would be released to mine necessary metals and the equipment and supplies used by the gold mines would be shifted to national defense. All of this finally produced the WPB Order L-208 and the gold mines were closed. As we know, this was the only industry in the United States dealt with in this drastic way.

The latter from which we have quoted was written nearly 14 years ago. The Soviet timing for the destruction of gold mining was given as from 15 to 20 years. Already nearly 95% of the industry has been forced out of business. Few of the closed mines could re-open. Their plants were wrecked, the mines full of water. Their managements weighted down with indebtedness, with nothing to offer for new capital.

From other secret records we now know that as the gold mines were closed here the Soviets were supplied, under Lend-Lease, with quantities of gold mining equipment and materials throughout the war, under higher priorities than our country had for some of its vital defense purposes. Also that at the close of the war there were unfilled Soviet orders for all types of this equipment which would have taxed the capacity of our factories for five years. Nothing could have been supplied to Americans during that time. This condition was only changed through termination of all lend-lease deliveries.

In spite of these advantages the postwar gold production of the Soviets has been disappointing and far below their expectations. It is a highly technical business which cannot be successfully conducted by mass slave labor especially under the cruel climatic conditions where their gold deposits are located. Failure to understand this has led to fantastic stories by imaginative writers based upon Soviet inspired information, crediting them with vast gold production.

White Built a Communist Apparatus

After organizing the Treasury and Federal Reserve for his purposes White joined with Henry Morgenthau and Maynard Keynes, fresh from London where he had just arrogantly addressed Parliament concerning his hastily conceived notes on a debtor's paper empire which he proposed to sell to the United States. He told them:

"Was it not I . . . who wrote that 'Gold is a barbarous relic' and as a permanent institution this plan accords to every member government the explicit right to control all capital movements."

After this he came here and worked out the complicated mass of double talk, befuddling equations and economic mesmerism called the Bretton Woods Monetary Agreements which set up a World Bureaucracy, an International OPA and a Financial Superstate to control money, the value of money, trade, commerce and credit throughout the entire world, financed by American taxpayers, but controlled by debtor nations.

This was put over on a war weary public under a tremendous barrage of propaganda from an impressive list of organizations and names, most of whom have since been listed by the government as subversive. It was falsely represented as a mere detail of the United Nations Charter which had just been approved, but instead of being a mere detail it was the real power through which we surrendered our national sovereignty to a foreign tribunal.

Then the Soviet and Polish delegates, with Keynes and Alger Hiss, became the architects and launched the International Monetary Fund, with Harry Dexter White as director. This was an offshot from Bretton Woods, presumably to accomplish the exchange of various currencies, but in reality a trap to sluice away our Treasury gold.

It was set up in perpetuity as a financial dictatorship, free from supervision, investigation or criticism and answerable to no one but its own officials. We put up the money, the Fund decides where and how it will be spent. It is a specialized agency of the United Nations and handles assets of between $7 and $8 billion.

The Secretary of the Fund, Frank Coe, was only dismissed in December, 1952, after being exposed as a communist with a record of cooperation for years with their most powerful agents, including White. He had also been technical Secretary of the Bretton Woods Conference and has a lengthy dossier in the Senate Report on Subversives.

Through these two organizations the United States was bound to maintain the $35 price for gold, agreeing not to change it without Congressional action and the consent of members of the Fund.

Federal Reserve Claims Monetary Powers

During recent years a strong measure of totalitarian arrogance seems evident in the statements of members of the Federal Reserve. It seems to grow with the freedom they have been given, or have taken.

When Public Law 84 was set up in 1945 and the provision for 40% of gold certificates to be carried as reserve against the Federal Reserve Notes outstanding was changed to 25%, there were other quite elastic provisions which permits these reserves to be dropped lower, and lower, and lower. So low in fact that they can pass out of sight, and all reserves can be suspended, for a period of time, then extended, and extended, and extended, etc., etc., etc.

There are sufficient loopholes in this law to make a sieve look like a solid sheet of metal for in order to accomplish all the leniency it desires, the institution only has to carry on a conversation with itself, and we can be pretty sure that it will get the desired answers.

Then, too, there's the fact that the Federal Reserve Notes are just some of the "props" in the stage setting of our daily lives. The main scene is carried on through bank accounts, credits and transfers which are only written in ink on paper. People have the carefully implanted impression that there is gold behind all their dollars.

For example: Allan Sproul, President of the Federal Reserve Bank of New York, addressed the American Banking Association in San Francisco in 1949, on the subject of gold. He was critical of certain Congressional bills for Free Gold Markets and for converting currency into gold. Here are some of his remarks:

"I perceive no moral problem involved in this question of gold convertibility."

"We have decided that the place for gold is in the monetary reserves as a backing for our money supply—not in the pockets or the hoards of the people."

"We have decided — that this policy requires—that gold should not be available for private use in this country."

"The principal argument for restoring the circulation of gold coin seems to be distrust of the money managers and of the fiscal policies of the government."

There is one thing on which the money managers can rely, that when the people really find out what has been done to them they will be much more vocal than merely to express distrust.

In these remark by one of the managers we find complete disregard for the Constitutional rights of the people to have money with tangible value. It is hard to believe that he is unaware that the very decisions he has announced are not only unlawful but in defiance of the legal definitions of money and the laws respecting money which have been in our Statutes for a century.

It is claimed now by the Federal Reserve that Congress has delegated its monetary powers to them and that these are being administered by their "Open Market Committee," (consisting of 11 officers and bank presidents of the Federal Reserve). They are managing the purchasing power of their fiat currency like interest or debts.

They decide whether your savings of today are of little or no practical or usable value tomorrow. Their record to date is that purchasing power has been managed "out" of the currency.

The lawful currency of the United States is still gold and silver coins, according to the statutes. These may be temporarily represented by paper currency for convenience but it must be convertible into coins so as to put intrinsic value into the money itself.

Control of United States money was exclusively delegated and entrusted to Congress by the Constitution:

"The Congress shall have power . . . to coin money, regulate the value thereof, and of foreign coin."

The Constitution says nothing about surrendering that power to a bank committee, or to a foreign Tribunal, and therefore such attempted surrenders are clearly unconstitutional.

The constitutional grant of power to Congress did not give them the license to authorize irredeemable fiat currency, without any tangible value behind it, which is an essential requirement of lawful money. Such issues and management as have been conducted under Public Law 84, are likewise clearly unconstitutional.

This type of legislation was the product of an era of thinking and plans for a dictatorship, which were put over on us by the foreign agents in control of our government at that time.

This was the period of the Yalta betrayal, at home and abroad.

Is there a record that any member of the Federal Reserve, or of the Treasury, has made a protest, or refused to act, or has stepped out of office, rather than to be a party to the debauchery of our money or currency? Have they ever warned the President, or Congress, of the inherent dangers in the things they were called upon to do?

It is frightening that 11 private bankers, sitting as "The Open Market Committee," have the audacity to assert the powers of a superstate, placing themselves above the duties of the President and Congress. Few people in the country have ever heard of these men, or know who they are, or for whom they act. Our citizens have never been consulted or voted on their appointment or choice.

Their work is not supervised and is shrouded in secrecy, but a single decision or announcement could throw our economy into chaos and destroy the property and solvency of our people.

The ominous powers they have assumed were charted as long ago as 1790 when Mayer Rothschild said:

"Permit me to issue and control the money of a nation and I care not who writes the laws."

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 us of the menace of this sort of power, when he said:

"Whoever controls the money of a nation controls its industry and commerce."

Our Inadequate Stock of Gold

The debt burden of the national government appears to be at least $728 billion at this time, made up of its authorized primary debt of $274 billion, a secondary debt, of questionable authority, totalling $244 billion (arising through loans, guarantees and other liabilities for which it is responsible) and its outstanding currency and deposits amounting to another $210 billion.

The total stocks in Fort Knox and other Treasury deposits, to which the government lays claim, are slightly more than $21½ billion. Under our policy of selling gold to foreign Central Banks, for their dollar holdings and trade balances, we face a potential demand at any time for about $12½ billion, which if fully called for would leave us holding an almost empty bag with only about $9 billion of gold left to support our economy and gigantic burden of debts.

This $12½ billion of foreign demand gold is the equivalent of having outstanding options on this amount and it cannot properly be considered or reported as reserves for other purposes, until these options have been exercised or released, in whole or in part. The Treasury does not advise the public of this fact and it should be noted that this is not merely the question of having gold as percentage reserves for this amount, but this represents the contemplated outright sale of the gold for the dollar at par value.

The present outstanding domestic dollar obligations against which the Federal Reserve asserts it is legally compelled to maintain a gold reserve, now seem to require this reserve to be more than $12 billion.

These two amounts add up to $24½ billion so that with only $21½ billion on hand the Treasury gold stock is now about $3 billion short of meeting its present obligations.

If we view this from the standpoint of applying the entire $9 billion of gold balance toward coverage of the $210 billion currency and deposit total we find that our tangible gold covers only 4%. If the Treasury repudiates all foreign gold delivery obligations (the so-called "gold bullion standard" it has followed for the past 20 years), the entire gold stock would cover only 10%.

During the 100 years of the gold standard it was deemed essential to have a gold coverage of 40%.

Here is the appalling situation we face as the result of following a formula of economic stupidity with regard to the price of gold. This was an essential feature of the conspiracy against gold.

Gold Content of Dollar Poisonous Propaganda

When Congress passed the Federal Reserve Act of 1934 outlawing gold coins, they effectively nullified the very formula in the Act declaring "the gold content of the dollar" since this was the equivalent of establishing a gold coin.

But this fiction of the gold content has since been a masterful job of brain-washing. It is implanted in the minds and language of the people so effectively that

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The Conspiracy Against Gold

reference to it is automatic, until one attempts to explain it. Then the laws of arithmetic move in and fiction collides with facts.

The average person gives up at this point and remarks that he cannot explain it, but must leave it to the "experts."

It's in this area that we find the fanatics. Some are economists who make the subject their meal ticket, others are just gullible. They swallowed the poison years ago and can't get it out of their systems. They insist on talking about "value" when all they are discussing is "price," hence they are in 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 quote from a recent statement of a very highly placed and influential member of our present Administration:

"The most important thing about money is stability and we are vigorously opposed to any change in the present gold content of the dollar. The best thing that gold does for us is to serve as a standard of value—a yardstick against which to measure other values. If we start changing the length of the yardstick, it would make no end of trouble."

The man who made this statement has many times referred to the fact that "our dollar has lost half its value." Surely, that is not stability. Intrinsic and tangible value are more essential ingredients for money than a mere quotation.

If we use gold as the yardstick to measure the present $210 billion outstanding we find that the entire national stock of gold would show the dollar to have only 10¢ of tangible worth. This is a dismal fact for those who have had faith in the advice that "our money is safe because of the gold in Fort Knox."

Futility of Expecting Gold Redemption

There are several bills in Congress supported and promoted by groups of economists, calling for the conversion of dollars into gold on the basis of the present gold price of $35 per ounce. They like to refer to this because it represents the gold content of the dollar, as claimed by them and they argue that gold should be delivered to them on demand.

Convertibility is a desirable object, an essential right of our citizens and the basis of our laws concerning money, but we must have sufficient gold to permit convertibility or t e attempt would be futile and disastrous.

The gold price must be substantially increased. It is only by this method that sufficient gold may be obtained to meet even the minimum demand under a gold redemption program. These facts may be unpalatable to the proponents of redemption, but they are unavoidable.

The proponents argue that there is historic precedent proving the program would proceed smoothly pointing to 1879 when Sherman decided to resume convertibility. This is not the test. What was practicable then becomes impossible today.

On the date of resumption in 1879 the price index was lower than before the Civil War. The buying power of paper dollars was greater than when they were freely convertible into gold in *ante bellum* days, the public debt was being reduced, the income tax had been suspended, the budget had been balanced for a decade and all important countries were on a gold standard with England's influence on stability and gold. The per capita debt of those days representing the national obligations was about $47. The country was at peace and no wars threatened.

In contrast to those favorable conditions, there is not enough gold. The price index is now at its highest. The buying power of paper dollars are at their lowest. The public debt has reached its legal limit and an unauthorized secondary debt is rapidly approaching the same size. Estate taxes have confiscated vast areas of private property and income taxes are near the point of confiscation of medium and large incomes and are a heavy burden for small incomes, the budget has been out of balance for 20 years. No important countries are on the gold standard. The great majority of our gold stock is held on option to the rest of the world, at a price of less than half of what it cost our taxpayers to acquire it. We are in a suicidal armament race with nations which have threatened to destroy us and our economy, we are living under the monetary hazard of war. The per capita debt of today is about $4,500.

The people now suspect that money has no lasting value, they are distrustful of currency and fear for the future of their savings, their bonds and other investments. If they have the opportunity their demand for gold would undoubtedly be quite heavy. We illustrate what this demand might be from the following types of obligations.

The foreign Central Bank and trade balances would most certainly demand their full $12½ billion, moving in at once and not risking loss of their opportunity.

The demand from holders of Government Bonds and from currency and deposit holders, trusts, pensions, insurance funds, etc., would probably range above 10%. They are so calculated in the following table, also on extreme minimums of 6%, 3%, and 1%.

Provision is made for a minimum future gold reserve equivalent to 50% of what the gold demand totaled.

	Total in Billions	10% Demand Billions	6% Demand Billions	3% Demand Billions	1% Demand Billions
Currency, Deposits	210	21	12.6	6.3	2.1
Govt. Bonds	274	27.4	16.44	8.22	2.74
Govt. Contingent	244	24.4	14.64	7.32	2.44
Foreign Demand	12.5	12.5	12.5	12.5	12.5
Excess Reserve		42.85	28.09	17.17	9.89
Total in Billions		128.15	84.27	51.51	29.67
Necessary gold price to revalue present gold stocks to meet these demands (per oz.)		$208.25	$136.85	$83.65	$48.30

The present gold stock, at the $35 price, would not permit a mere 1% demand for convertibility.

Gold in National Defense

The flow of American dollars abroad, particularly since 1945, has been a reckless and unregulated river. The astronomical sums stagger the imagination. We have overfed the economies of many nations and all of this was done on the plea of winning friendships for America, but we have not won friends. We face open hostility, dislike and even hatred, practically all over the world.

Just recently, we have started to make some plans for our own future and about a year ago President Eisenhower issued orders to expand stockpiles of strategic metals and materials, to eliminate bottlenecks in defense supplies.

In getting this program started we have had to face the fact that for the great bulk of our metals and many essentials for war, we are largely if not entirely dependent on the rest of the world and they demand that our imports from them shall continue duty-free so that they enjoy the comforts to which they have become accustomed. They were greedy for our gold. Now they own the bulk of it, or can take it at their pleasure. We are the debtor nation now, but they are still working industriously to pick our carcass clean.

For years the Treasury circulated its propaganda claiming to be the world's largest purchaser of gold, but practically no gold has come to the United States from abroad in the past several years and during this period we have lost about $2 billion worth. Our buying price for gold is too low. Other countries can do better elsewhere.

The Treasury has attempted to cover their chagrin by pointing to the prices of trading on the new gold market in London, as evidence that our $35 price is correct, but this is not the proper interpretation.

Gold in the hands of foreign countries, and in terms of their own economy and currencies, is of far greater value and represents a much higher price than the translation of its price into dollars would indicate.

With plenty of dollars in their hands so that other nations can call on our Treasury to deliver gold at any time, and with their own gold stocks substantially increased, it would be foolish for them to enter the London market to bid up the price of gold against themselves. They figure that they can wait and accumulate dollars, but the story would be different if we came into the market as an aggressive and needy buyer.

If we consider gold from its position in national defense, we find that it is the most strategic metal in the world.

It should rank as the most necessary metal that we stockpile but it has been neglected and ignored in the plans of all defense departments of the government.

If the United States was suddenly involved in a new world war the pattern of events would be totally different from any heretofore faced in our history. We might have many enemies and perhaps no allies. Many whom we have counted as our friends hold heavy demands against our gold. In their view, now, we are no longer the dominant gold owner in the world. Our power has been dissipated. It only remains for holders of dollars to make their collections of gold. It becomes a vital sinew of war and they own it. They also control the sources for the present world supply of newly mined gold.

If we had to buy from unfriendly nations, or settle with enemies, what would we use for value? The paper dollars of which we are so proud could well be as valueless as the paper German marks which once had to be used in wheelbarrow loads to buy loaves of bread. Only a few years ago the Soviet soldiers, drunk with power, were supplied with bales of our currency, printed from the plates, paper and ink supplied by our Treasury, when Harry Dexter White was in control, and in Berlin they were tossing it around, with contempt, giving $200 or $300 for $5 wrist watches. That was just one of the escapades for which our taxpayers have had to settle.

If stark necessity forced the government to call for a great speed-up in gold production here, it would be futile to expect this to happen quickly. The mere pouring in of credits and capital would not suffice. This is an industry requiring special skills and experience, or it can waste more than it produces. Mere mass capital and manpower is useless.

The great dependable sources of gold production have taken many years to prepare and there has been no source for stand-by costs to keep them in condition here. Their rebuilding would be a costly and tedious task.

When we consider the importance of gold in the orderly operation of a peacetime economy, and its absolute necessity in time of a global war, we realize that the Fort Knox gold supply is not a badge of strength but a confession of weakness.

Without adequate gold we are in the same position as though we had a magnificent array of guns and no ammunition.

If those in charge of national defense make that fatal error they would properly be chargeable with treason.

Is there any difference as to the duty and responsibility of those in charge of our monetary policy?

New Price for Gold a National Issue

It should be evident from this broad analysis of the subject that a change in the Treasury gold policy is of paramount public interest.

It is desirable that we have a growing volume of general business, high rates of employment, a healthy stock market, increasing sales of goods and large stocks of merchandise, but if these are merely the result of the growing fever of inflation, and the apparent great growth of bank balances must be cut in half, or in thirds, and then still smaller, to get true comparisons of life and its compensations today, with what it was before we began to live with this flood of fiat currency, we are living a dream life and will face a bitter waking at the end of the road.

It is not only because of Constitutional law but to obey the dictates of common sense and our own national safety, that we return to the use of sound and honest money with a background of tangible value, so that when we work and earn and save, we can have a feeling of confidence for the future.

That money may be paper currency, for convenience, but it must have actual metal values behind it, metal coins of intrinsic value, that we may receive when we ask for them. Historically and legally these must be gold and silver. The planning for this is another step. We are now concerned with trying to save our national gold stock from complete dissipation. If it passes out of the Treasury and into foreign hands it cannot be replaced.

The Treasury refuses to face reality in its gold price. People have the inherent right to purchase, own, and hold gold for their personal safety and security. They will thus pass judgment on the ever shrinking purchasing power of the fiat currency they are now compelled to accept.

Their judgment exercised in the open market, can effectively set a higher dollar price for gold which will repudiate the Treasury policies and present gold price. The way would thus be opened for Congress to compel a proper price for our national gold stocks.

This will be a long step toward national solvency and honest money.

Two bills are now pending in Congress to provide such a free gold market. These are duplicate bills sponsored in the Senate by Senator Francis Case of South Dakota, and in the House by Congressman Clair Engle, of California. The bills would:

"Authorize private transactions involving the sale, acquisition, or holding of gold within the United States, its Territories and possessions, including Alaska . . . and they also have a new and important purpose, expressed in Sec. 3—

"That all gold held or bought by the United States Treasury or mints, or assay offices, or by the Federal Reserve Banks, shall be construed to be monetary gold and none of said gold may be hereafter sold for commercial use or for the arts and that no gold shall hereafter be sold by the Treasury or by the Federal Reserve Banks, or for the account of either of these, directly or indirectly, in any free gold market in the United States, its Territories or possessions, including Alaska, for the purpose of depressing such market and thereby lessening the price and value of gold."

We have abiding faith in the sound collective judgment of the American people, who can, if they desire, release the greatest combined buying power of any country on earth.

We are convinced that under the freedom authorized in this bill, which is in reality a restatement of basic property rights under the Constitution, the natural impulses of the people will soon demonstrate their desire to have some gold stored in their safety deposit boxes so as to give some real values to their savings.

With gold free and resting on its own value the future of gold mining should eventually be safe, and we in the industry, will have the opportunity to conduct our business in the American way, as other business is conducted.

Glore, Forgan Adds

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Donald R. Stroben is now with Glore, Forgan & Co., 135 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Joins Chas. Scranton

(Special to THE FINANCIAL CHRONICLE)

NEW HAVEN, Conn.—Walter J. Zeiner has become affiliated with Chas. W. Scranton & Co., 209 Church Street, members of the New York Stock Exchange.

Downs with Apgar, Daniels

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Cecil J. Downs has become associated with Apgar, Daniels & Co., 120 South La Salle Street, members of the Midwest Stock Exchange. Mr. Downs was formerly with Reynolds & Co. and Bache & Co. in Chicago. Prior thereto he was in the investment business in Los Angeles.

With A. G. Becker Co.

(Special to THE FINANCIAL CHRONICLE)

ROCKFORD, Ill.—Jack E. Person is now with A. G. Becker & Co. Incorporated, 206 West State Street.

Joins Hentz Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Jerome Kohlman has become associated with H. Hentz & Co., 120 South La Salle Street.

With Hicks & Price

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Clarence H. Gove has become connected with Hicks & Price, 231 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Philip Weisblum

Philip Weisblum, partner in Dunscombe & Co., passed away on June 26.

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The Security I Like Best

cultural chemicals, fine chemicals, plastics and resins, pigments, medical supplies, and a chemical construction company.

Diversification into the pharmaceutical and biological fields through its Lederle Laboratory is one of the factors which distinguishes American Cyanamid from other leaders in the chemical industry. Profit margins in the ethical drug field are high and its drug division probably contributes substantially more to overall earnings of the Company than it does to sales. Lederle is best known for its development of aureomycin and this broad-spectrum antibiotic was one of the principal reasons for Cyanamid's sharp sales gain in 1951.

American Cyanamid has one of the largest research budgets in the chemical industry, averaging more than 5% of sales as compared with the average of around 3% for other diversified chemical enterprises. This heavy research policy is relatively young in comparison to the other companies, but the research organization is of high caliber and results are expected to be at a rising rate in coming years. A greater percentage of these outlays has been directed toward drugs and pharmaceuticals where the returns have been historically higher. Among the more spectacular projects now undergoing investigation are searches for tuberculosis and cancer cures.

Of more immediate significance earningswise is the recent development by American Cyanamid's research department of tetracycline, a new broad-spectrum drug, closely related to aureomycin and Pfizer's terramycin, but which has proved to be less toxic and which is taking over some of the market for broad-spectrum antibiotics. Several companies, including Pfizer, have developed this product. All will probably profit materially. Other important research developments by Cyanamid are a superior synthetic textile fiber of the type of duPont's Orlon, Union Carbide's Dynel, and Monsanto's Acrilan, so far called only "X-51," and a revolutionary low-cost chemical metal refining process to permit economic recovery of metals from low-grade ores.

Capitalization consists of $117 million of debt, $61 million of convertible preferred stock, and $246 million of common stock represented by 8,726,050 shares of $28.10 book value as of the last report. Sales, which set a new peak for 1954 at $397 million, have shown fairly steady expansion over the past two and one-half decades, as have earnings. Per-share earnings of 78 cents in 1929 had climbed to $2.05 in 1937, were $2.64 in 1949, reached a 1950-51 peak of over $4, and were $2.95 for the year just ended. 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 Fortier plant, accelerated depreciation (45 cents a share in 1954), and an inventory recession in chemicals. 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 Fortier plant, along 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 sold at around 66 in 1951. It subsequently declined to around 41 in 1953 and, over the past year, 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. The stock is listed on the New York Stock Exchange and other exchanges.

Continued from first page

As We See It

or else of driving them up at the expense of the buyer of the products. Economic progress does not lie in this direction.

Let it not be supposed, however, that these wage triumphs of the unions are isolated phenomena, or that they have been achieved without the assistance—realized or not—by some of the very elements in the population who begrudge them. The fact, when it is a fact, that these wage boosts result in higher prices prove nothing about inflation, or the real cause of it. It is unfortunate that the notion has grown so popular that inflation is synonymous with higher commodity prices. Such an idea not only will not stand up under close scrutiny—under such a concept 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 supposes that all this could have happened had there been no systematic over-enlargement of the money supply by means of Treasury deficits financed through the banks, particularly the Federal Reserve banks? Producers whose costs 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 continually. Something often called purchasing power is put into the hands of the public sometimes 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 perpetual prosperity. Various devices, such as deficit financing through the banks, various give-away programs, stimulating (or should we say over-stimulating) the enlargement of bank credit, and a dozen other means are at hand for the purpose. They load the consumer—and all the rest of us, for that matter—up with debt which is certain sooner or later to give trouble, but for the time being it puts funds into hands which otherwise would not have them in such amounts. Naturally these funds come into the market, sustaining prices and making possible exorbitant and uneconomic demand by monopolistic labor unions.

And, let it not be forgotten, that the labor organizations which today have succeeded in enforcing "inflationary" 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 the like which are protrayed as unmixed 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 higher costs and where possible to reduce prices. We suspect that had labor lacked almost complete monopoly power as well as the favor of the politicians, they would have been willing to hold out with much more determination, quite possibly with success against the raids on their Treasury. We are quite certain that they would have been obliged to do some such thing had not both inflation and inflationary fever already deeply infected the rank and file of the consumers of the country. As it was, theirs was a losing battle from the start.

Built-In Costs, Too

What so many of the architects of these built-in "cyclical snubbers"—as someone has called the various New Deal devices to head off depressions—fail to realize is that they are at the same time installing built-in cost factors of major proportions. These cost factors are every whit as deeply embodied 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 illusory in any event since in 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 of censure 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 that has been created for them by powers over which they have no control. What has been taking place of late is but the inevitable outgrowth of what occurred at ealier 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

(Special to The Financial Chronicle)

CHICAGO, Ill. — Frederick C. Quirsfeld is now affiliated with Harriman Ripley & Co., Incorporated, 135 South La Salle Street.

Dean Witter Adds

(Special to The Financial Chronicle)

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

Joins McCormick Co.

(Special to The Financial Chronicle)

CHICAGO, Ill.—William J. Brinkworth is now affiliated with McCormick & Co., 231 South La Salle Street, members of the New York and Midwest Stock Exchgs.

Howard Pill Opens

MONTGOMERY, Ala.—Howard E. Pill is engaging in a securities business from offices in the Old South Life Building. Mr. Pill was formerly in charge of the securities division of Crescent Finance & Investment Co., Inc.

With Mid Continent Inv.

(Special to The Financial Chronicle)

CHICAGO, Ill.—Arthur C. Roberts has become connected with Mid Continent Investment & Securities Corporation, members of the New York Stock Exchange.

Joins Powell & Co.

(Special to The Financial Chronicle)

FAYETTEVILLE, N. C.—Donald T. Midyette is now affiliated with Powell and Co., 120 Anderson Street.

Hess & McFaul Add

(Special to The Financial Chronicle)

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

E. T. Moore Opens

(Special to The Financial Chronicle)

LONG BEACH, Calif. — Elliott T. Moore has opened offices at 4151 East Carson Street to engage in a securities business.

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Danger Signals in Present Stock Market Boom

he begins to worry and decides to sell. The increased supply of stocks results in lower prices and a panic ensues. It feeds upon itself just as it did in the rising market. Finally business conditions take a turn for the worse and without the rationalization of favorable earnings, more stocks are sold. Just as prices were propelled to relatively high levels they are depressed to relatively low ones. It is in this area the professionals and institutions once more begin to buy aggressively and the accumulation process has its inception. This cycle is by no means regular in appearance or time; nevertheless, a study of the history of the stock market strongly suggests that the cycle reappears.

The major economic forces will now be examined as well as the psychological or technical factors. They will be discussed in light of the concept that a clear confirmation of these two factors is necessary in order to arrive at the probability of a major change in market direction.

Business Activity and Corporate Earnings

The problem of determining some intrinsic value for stocks appears to have a distinct correlation with the flow of earnings. Nevertheless, a relationship between price and earnings (price earnings ratio) although widely publicized produces a great deal of confusion from an historical point of view. For example, in the two years of 1921 and 1932 stock prices were declining but earnings were declining at a faster rate. This resulted in a rising price earning ratio which reached absurd proportions. Since abnormally high price earnings ratios are usually associated with peak market levels, the inference may have been to sell stocks. In retrospect these areas proved to be the starting points of two major bull markets even though earnings continued to decline into the deficit range. Nor was there any regularity in the price earnings ratio at the market tops of 1929, 1937 and 1946. The inference from these observations is that many other factors must be considered in measuring intrinsic values.

A phenomenon that is most interesting is a comparison of the turning points of industrial stock prices with those of general business activity. Such a study was made by the National Bureau of Economic Research for the period 1899 to 1938. This revealed that on the average stock prices lead business activity by six months at the peak and seven months at the trough. Since World War II there has been less regularity between the two relationships. Nevertheless, in the 1948-1949 and 1953-1954 business recessions the trough in stock prices preceded that of business activity. This lead-lag relationship is extremely important for it suggests that the market discounts, in advance, business activity and corporate earnings.

Another study promulgated by the National Bureau of Economic Research concluded that stock prices usually declined in the last third of a business boom and advanced in the last third of a business recession. It follows, therefore, that the speculator who becomes most bullish when business activity and corporate earnings are highly favorable is often prone to making poor judgments. The illusion of security in purchasing stocks during a boom business period is paradoxical, for in most cases the price of the stock has discounted the very earnings that stimulate the inexperienced investor.

Business activity today is once again at a boom level resulting from near record steel operations, record construction activity and automobile production. The Federal Reserve Board Index of industrial production for May reached the 138 level, a new record. Business activity is likely to reach higher levels in the months ahead. These boom business conditions, coupled with the expiration of the Excess Profits Tax in 1954, is producing abnormally large comparative earnings. A number of weaknesses, however, have begun to appear on the horizon of the economic scene. The per capita income of the farm population, for example, remains below the level it reached three years ago, despite the smaller number and higher productivity of farm workers. In industry, earlier production peaks have been reached without full absorption of unemployed job seekers and unemployment has tended to stay above earlier prosperity levels. The likelihood of cut-backs in automobile and steel output and the possible slackening of construction activity is becoming more probable. Furthermore, the continued sharp expansion in consumer credit and mortgage debt suggests that the boom may be "borrowing" from future demand.

Whether the present level of business activity can be maintained is somewhat controversial. The important point, however, is that the level of stock prices today already anticipates excellent earnings. The inability of many stocks to continue rising in face of favorable first quarter earnings coupled with the sharp price decline experienced by companies reporting unfavorable first quarter earnings is significant. It suggests that the present level of stock prices appears to be discounting the highly prosperous business atmosphere.

Differential Yields and Institutional Policy

The importance of earnings in explaining values, as pointed out earlier, does not effectively account for changes in equity prices in any definable pattern. The relationship of dividends to price, on the other hand, appears to explain intrinsic values fairly effectively. The dividend yield approach reflects earnings since dividends are a function of earnings. Dividends, however, fluctuate far less than earnings do. The dividend yield of Moody's 125 Industrials averages about 5% throughout the market cycle. At cycle peaks, the yield reaches the 4% area or lower while at market bottoms, the level is approximately at 6% or higher.

The era since the inception of the second World War has produced some interesting correlations between the price level of stocks and differential yields between common stocks and high grade preferred stocks; common stocks and high grade municipal bonds; common stocks and AAA corporate bonds.

The table lists the significant areas where differential yields enter the top zone and bottom zone. The critical zones are based on the experience of differential yields and major market movements since the new era of low interest rates became a part of our economy in 1941.

Differential Yields	—Cycle areas— Bottom	Tops
Common stocks vs. high grade municipals -----	5% +	2% —
Common stocks. vs. high grade corporate bonds_	4% +	1.0% —
Common stocks vs. high grade preferred ------	3% +	0.0% —

We may assume that the present low interest rates are now somewhat permanent due to the following factors:

(1) The concept of full employment which requires low interest rates in order to keep business activity at a high level; (2) the huge national debt which requires a low interest rate to carry; (3) the tremendous increase in savings which competes for an outlet and is willing to accept the lower rate of interest; and (4) the use of internal financing by corporations to a greater degree.

The differential yield relationship discussed above has a significant impact upon the present level of the Stock Market due to the increased importance of institutional demand for common stocks. From the period Dec. 31, 1952 to Dec. 31, 1954 institutional holdings of common stocks increased from $46 billion to $65.8 billion, a gain of 43.6%. Individual holdings during the like period increased from $144 billion to $184.2 billion, or only 27.9%.

Institutions are more concerned with the long-term investment policy and are extremely sensitive about differential yields. The abnormality of extremely small differentials is largely the result of equity prices out-pacing dividends since the yields on fixed income investments are relatively stable.

Institutions with ever increasing amounts of investment money are confronted with abnormally low differential yields. They must by the very nature of their philosophy, become less aggressive in purchasing common stocks.

Under the present tax law, corporations can, in most circumstances, invest in stocks and be subject only to a 15% tax on dividends derived therefrom. These corporations need dependable income from their stock investments. The abnormality of high grade preferreds offering a higher yield than industrials suggests a policy favoring the former. Incidentally, the manifestation of common stocks selling at a yield below high grade preferreds has not been witnessed since 1946.

Bank administered personal trusts, under the light of present high tax rates, can be assumed to favor tax-free municipal bonds. This could be demonstrated by the fact that investors in the 35% tax bracket or above can obtain today a higher return after taxes from municipal bonds than with good quality common stocks.

The inference of the present abnormally low differential yields is that institutional demand for common stocks must be relatively low. Furthermore, switching from common stocks into high grade preferreds and bonds is probably beginning to take place. The unusual price strength in the fixed income sector of the market (bonds and preferreds) at a time when interest rates are trending upward attests to this theory.

The differential yield concept also has an impact on new security financing. The era of low interest rates and high taxes encourages corporations to finance themselves by bonded indebtedness. Double taxation on equities encourages the greater use of bonds since the interest can be deducted for tax purposes. Despite these considerations, the percentage of stock financing to total financing appears to be affected by differential yields.

Stock financing in the first quarter of 1955, amounted to $875 million, a record high since the SEC first began compiling the statistics in 1934. Furthermore, it amounted to 33.7% of total security offerings, another new record projected on an annual basis. It exceeded the previous highs set in 1937 and 1946. During these two previous bull market tops the proportion amounted to 29.9% and 29.2% respectively. These proportions are relatively large since the average annual percentage of stock to total security financing has only been 16.7% during the 1934 to 1954 period.

In 1937 and 1946 the relationship of common stock yields to other segments of the money market was about the same as that which exists today. This condition invites equity financing.

In addition to the large percentage of common stock financing is the huge amount of convertible bond flotations. During the first quarter of 1955 it totaled $109 million. Approximately $400 million were offered in the second quarter. In bull markets convertible bonds are modified equity financing. First, the price of the bond is usually above its investment value (excluding the call privilege). Investor optimism today has placed an exaggerated value on the convertible privilege. Second, the market price of the convertible ultimately is pushed above its redemption value due to the rising price of the common stock. Corporations need only to call in such bonds, since they must all be converted. This technique of indirect equity financing has become increasingly popular. It appears logical to assume that some of the convertible bonds already outstanding and selling at a premium to the redemption price will be called. Corporations are fully aware that the resulting increase in common stock will not have a marked dilution effect during a period of extremely favorable earnings.

In addition to an ultimate increase in the supply of common stock, convertible bond financing may have a severe depressing influence on the market. In the event of price weakness, there may be forced selling of convertible bonds since many investors are probably over extended. It is quite customary to carry these bonds on a 10% margin through the use of bank loans. Since many of the convertibles are selling near parity in relation to the common stock, weakness in one will affect the other. Should forced selling take place in the convertibles, arbitraguers would buy the bonds and sell the common stock short. Although these short sales cannot be made on a downtick, they would serve to absorb the usual buying. The result would be that any increase in sellers would be met with a deficiency of buyers and a sharp price break could occur.

The strong influence of differential yields on the demand for and supply of securities is tremendously important. The present abnormally low differential yields correspond almost exactly to the 1946 pattern. A significant weakening of the demand for common stocks and a substantial increase in the supply factor can be readily assumed.

Governmental Fiscal Policy And Credit

The Federal Government has shown great concern during various periods in history about the adverse influence that the Stock Market can cause upon economic stability. A sharply rising market tends to feed upon itself as more and more people are attracted by the lure of capital gains. Speculative excess can push prices to unsustainable levels with resulting sharp reversals that can shake business confidence, especially if such reversals occur at a time when weaknesses begin to appear on the horizon of the business sector of the economy.

The buying of stock by speculative traders because of an anticipated rise in stock prices has the effect of raising prices which in turn can provide an incentive for further speculative buying in a self-generating process. Given such motivation, the use of credit offers the speculator the possibility of multiple profits from trading on his equity if prices rise. The rising prices in turn provide him with expanding purchasing power since they supply the marginal need for more credit purchases. While the use of credit is not essential to the rising stock prices, it can supply the supplemental purchasing power that enables traders to exert an active influence in the rise.

Moreover, the use of credit to a degree that it raises stock prices to unsustainable levels may contribute indirectly to a subsequent decline of stock prices. An examination of debit balances and the movement of stock prices reveals that major increases or decreases in one were generally accompanied by similar movements in the other. The Federal Reserve Board is very much aware of the significance of credit as regards the stock market, as their history of changing margin requirements clearly indicates. Since the Securities and Exchange Act of 1934, the Federal Reserve Board has demonstrated a rather successful history of regulating credit. They have raised margin requirements around market tops and have lowered margin requirements around the bottom areas. (See Chart.) The increase or decrease in margin requirements affects the market in two ways. First and foremost, it will tend to facilitate or make difficult credit purchases. Second, it has a psychological effect of calling everyone's attention to the fact that the Federal Reserve Board believes that the Stock Market level appears to be approaching an unsustainable area or that equity prices appear reasonable in light of economic realities.

Speculative purchasing of stocks on credit is not restricted to purchasing on margin. Securities can be bought for cash and a loan secured from a bank. Although these loans appear to be relatively small (non-purpose loans in January 1955 were approximately three billion dollars), they have a more potent effect since it is customary to carry stocks on 30% margin and convertible bonds on 10% margin. The Federal Reserve Board has attempted to check the use of this credit indirectly through higher interest rates.

The problem, however, is quite complex since the broad policy regarding the availability of credit must be based principally on the needs of the business sector of the economy. During periods of rising business activity which coincide with unusual speculative activity in the stock market, the Federal Reserve Board can stimulate a rise in interest rates. This manifestation was quite evident in 1937 and 1946 as well as the present. In addition to rising interest rates attempting to discourage further use of credit for purchasing stocks, it can have a marked effect on policy of institutions. Pension funds and other institutions, observing a rising stock market coupled with rising interest rates, will begin to change their investment policies as the differential yields contract. This normally results in a larger proportion of new investment money flowing into the bond sector.

Although the total amount of credit employed in the stock market does not appear to be high from an historical point of view (total member bank loans on securities early in 1955 were estimated at about $7.2 billion), the precise amount of credit is impossible to determine. Such areas as loans to individuals, real estate loans, and commercial, industrial and agricultural loans may be potent sources of stock market credit. It is certainly plausible to assume that the rising stock market has attracted tremendous interest especially among small business men and farmers who are somewhat unhappy with the narrow profit margin presently prevailing in their sectors of the business economy.

The present situation bears a close similarity with Federal Reserve policy around the 1937 and 1946 areas. The two increases in margin requirements, from 50 to 70%, have made the self-generating process extremely difficult. Speculative purchases made on a 50% margin basis must rise 66⅔% 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' loans 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 1936 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 in 1946 coincided with the extreme bullishness portrayed by the speculative public at the same time. The distinct buying signal in 1942 and 1949 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 date. 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 (purchases of stocks in less than 100 shares). The Brookings Institution studied odd lot trading from 1920-1938 and concluded that 80-95% 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 Assoc., Inc., utilizing the daily odd lot figures for purchases, 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. A rising index 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 all odd-lot sales.

Since the odd lot short seller is ultra 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 70% of short sales are made by professionals (members of the New York Stock Ex-

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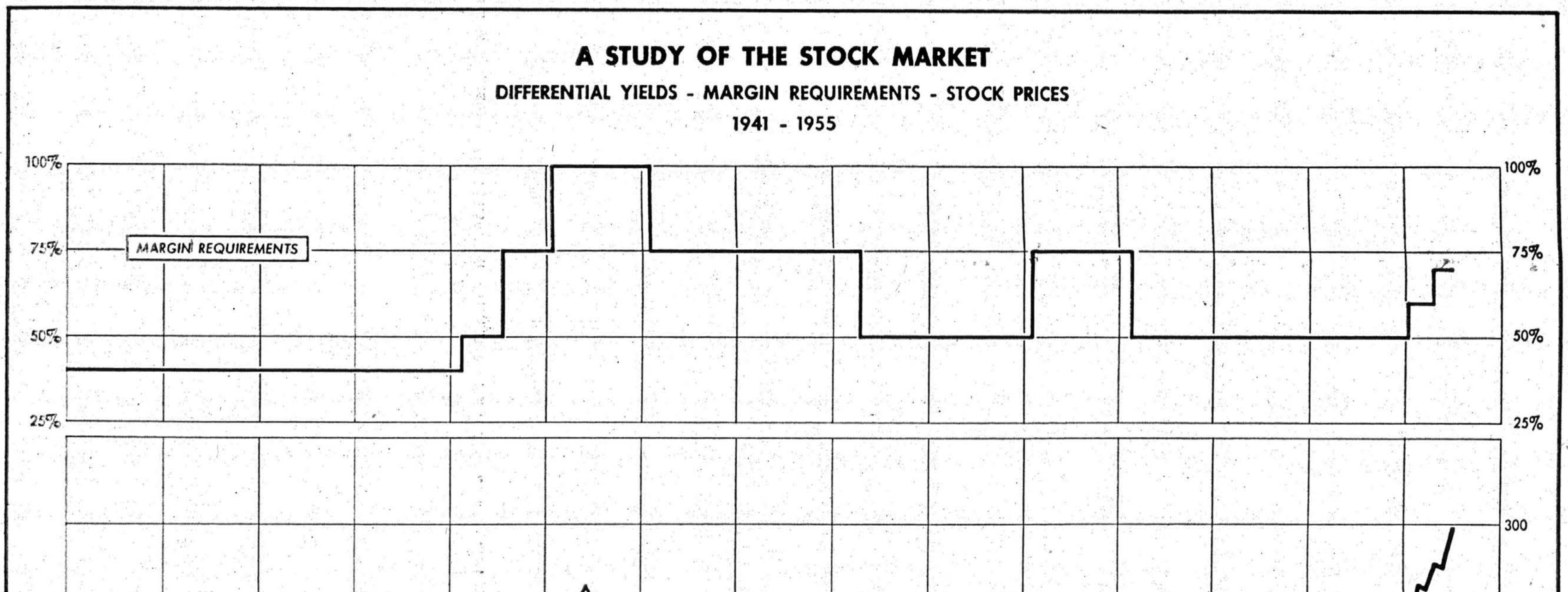

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Danger Signals in Present Stock Market Boom

change), the remainder appears to be the speculative public which resemble the odd lot short sellers in character. When these figures are plotted against an average of the market, they show a tendency to rise several months before the inception of a bull market, and to start to decline several months before the termination of the bull market. After an extended market advance paralleled by a rising Short Sales Index, a deviation of the two lines becomes apparent. This clearly declining tendency of the Short Sales Trend at a time when professionals are displaying a bearish market behavior indicates that the speculative public is beginning to cover their unsuccessful short positions and further confirms the beginning of market deterioration. Conversely, a rising Short Sales Trend while the market is still in a bear phase at a time when professional activity is clearly bullish suggests that the speculative public is establishing short positions. This type of manifestation is usually associated with the end of the bear market and indicates a steadily improving technical position.

The trend of monthly figures of Customers' Free Credit Balances are also helpful in determining speculative public behavior. These Balances develop when securities are sold in margin accounts and the proceeds are large enough to cover the debit balance with the remaining excess becoming the Free Credit Balance. The trend of Free Credit Balances usually rises and falls with the trend of the market. Before the end of a bull market, however, the Free Credit Balance trend begins to decline in contrast to the rising market. This indicates that margin accounts are willing to utilize the buying power of the Free Credit Balances that were built up during the price advance. The situation today clearly suggests that a market top is in the process of developing on the basis of:

(a) A sharply declining Odd Lot Balance Index.

(b) An extremely low level in the Odd Lot Short Sales Index.

(c) A clearly declining tendency in the total Short Sales Trend which reached its height in Sept. 15, 1954.

(d) Four consecutive monthly declines in the Free Credit Balance figures.

The confirmation of all four measurements of extremely bullish speculative public behavior became apparent only in 1937 and 1946. These two areas turned out to be major bull market tops during the last 23 years.

Conclusion

The stock market today gives strong indications of being in the process of forming a major bull market top. This conclusion is based on the examination of the economic as well as the technical factors that relate to stock market movements. The boom level of business activity combined with the absence of the Excess Profits Tax has produced abnormally large comparative earnings. These large earnings are being currently capitalized at over-generous rates. The extraordinarily small differential yields which correspond almost exactly to the pattern of 1946 is further evidence of this situation. The Federal Reserve Board is cognizant of the dangers as its policy of increasing margin requirements and raising interest rates clearly shows. A process of distribution, that is, stocks going from strong hands (professionals) to weak hands (speculative public), has been clearly evident for six months.

This conclusion is certainly a minority opinion today. In this connection it is interesting to note an examination of the literature of 130 brokers and 46 investment advisers disseminated during the week of Aug. 26 to Sept. 3, 1946. The Securities and Exchange Commission compiled statistics which revealed that only about 4% of the market letters were definitely bearish or advised selling at least part of the holdings. Although 96% were not bearish, a drastic market decline took place almost immediately which turned out to be the inception of a three year bear market.

While it is true that not all stocks move with the general price trend, certainly a large majority tend to move in that same direction. A study in this connection concluded that price trends of reasonably well selected common stocks are probably controlled to the extent of at least two-thirds by the general movements of stock prices and that (in major price movements) the general price trend may control the prices of 90% of stocks or even more.

Investors who follow a policy of trying to time their purchases and sales and who cannot liquidate at a moment's notice because of their large holdings, could begin switching part of their funds out of equities. The proceeds from these sales could be transferred into municipal bonds which would serve as a potential buying fund when the appropriate opportunity arose. Many investors will find that their yield after taxes is even higher in municipals when compared with the yield after taxes on a large number of common stocks today.

Investments always entail risks, usually in some proportion to the indicated return. The risk of purchasing common stocks entails the danger of capital loss, whereas the risk of purchasing bonds entails the danger of inflation and the resulting depreciation in purchasing power. At present market levels, it appears that the risks of capital loss are as great as the possibilities of further capital appreciation. In all probability the upward market momentum can still push prices to higher levels. The prudent investment policy, nevertheless, suggests the utilization of this opportunity to work into a properly balanced portfolio. In this manner the contingencies inherent at the present price level would be adequately prepared for.

Credit Corporations Filling Financial Gap

July issue of "The Guaranty Survey," monthly publication of the Guaranty Trust Company of New York, ascribes dearth of capital for small local businesses as due in large part to high income tax rates, thus creating a need for sources of credit supplied by development corporations such as have been created in New England and elsewhere.

The development credit corporations that have sprung up in New England in the last six years may mark the beginning of an important movement in adapting the credit facilities of a private-enterprise economy to the changing needs of that economy, according to "The Guaranty Survey," monthly business review of the Guaranty Trust Company of New York, published June 30.

"Longer experience covering a wider variety of economic conditions will be needed to determine whether this hope is to be fulfilled," "The Survey" adds. "If it is, a long step will have been taken in smoothing the transitions that are bound to occur in a dynamic society and in avoiding the pitfalls of governmental ventures into the field of business credit."

The bank's review describes the development credit corporations as "a new device for making private capital more readily available to small business." With funds supplied by banks, insurance companies and other business organizations, along with some individuals, the credit corporations extend intermediate or long-term loans and other forms of aid to small businesses which are deemed worthy of credit but have not been able to obtain it from other sources.

Noting that five New England States now have credit corporations in active operation and that similar institutions in Vermont and New York are in the formative stage, the Guaranty Trust Company cites the belief of some authorities closely associated with the activities of the New England credit corporations that "this novel method of financing has already achieved sufficient growth to indicate that it has an important and lasting place in the economy.

"The credit corporations are designed to fill a financial gap that seems to have been created, in part at least, by heavy taxation. The traditional source of outside capital for small business was the local investor, the well-to-do citizen who was able and willing to take large risks in the hope of substantial rewards. In recent years, high and steeply progressive tax rates on individual incomes, combined with the capital-gains tax, have tended to dry up this source of funds and also to limit the earnings opportunities necessary to attract them. Many individual taxpayers in the higher income brackets now seek refuge in tax-exempt investments rather than expose themselves to risks that no longer seem worth taking.

"Savings habits and practices have changed in other ways also. To an increasing extent, personal savings are now taking such forms as bank deposits, life insurance, savings and loan shares, and trust funds of various kinds. These funds, almost without exception, seek low-risk investment. Only in rare cases—or by new financing methods—can they be used to supply capital to new and small business.

"At the same time, the high tax rates have tended to limit the ability of small business to finance its own expansion by reinvesting earnings. Thus the small concern has been made more dependent upon outside capital while the supply of capital seeking such investment has dwindled.

"It is natural that the problem should be most acute in the older and more settled areas where opportunities for the development of new resources are limited and where some long-established industries may have reached or passed their peaks. To maintain income and employment in such areas, static or declining industries must be supplemented and, where necessary, replaced by vigorous new growth. This probably explains why the idea of the business development corporation originated in the Northeast. Yet interest in the new financing method is by no means confined to that region. It spreads into the South and through the Middle West into the Far West, indicating that the underlying problem is not sectional but national."

Railroad Securities

Higher Carloadings Forecast for Third Quarter

Over the years the Commodity Committees of the 13 Regional Shippers Advisory Boards, which cover the entire nation, have followed the practice of estimating carloadings of the major commodity groups handled by the country's Class I railroads. These forecasts are released through the Association of American Railroads around the beginning of each quarter. The primary purpose of these forecasts is to assist the railroads in estimating and preparing the demands which may be made upon them by shippers for the wide variety of freight car equipment that is required today by the many thousands of shippers throughout the country. These forecasts also prove useful to investors and security analysts as a guide to the outlook for railroad traffic for the forthcoming three months. Last week, the 13 Regional Shippers' Advisory Boards released their forecast of freight carloadings of 32 principal commodity groups for the third quarter of 1955 compared with the corresponding 1954 period. For the first time since early 1951, each one of the Boards predicted a rise in carloadings compared with the year - earlier period. These forecasts, arranged in the order of the widest anticipated gains, follow:

Shippers Advisory Boards—	Est. % Increase in Carloadings
Pacific Northwest	30.8
Great Lakes	21.4
Northwest	18.2
Allegheny	16.6
New England	15.2
Pacific Coast	13.9
Central Western	10.7
Atlantic States	8.3
Midwest	6.8
Ohio Valley	4.9
Southeast	4.4
Southwest	2.1
Trans-Missouri-Kansas	1.1
All Regions—Aver. Incr.	10.4%

The anticipated increase for the nation as a whole of 10.4% for the third quarter compares with the actual year-to-year gain in carloadings (originations only) of 5.2% for the first 1955 quarter, and 12.4% for the second quarter this year. It may be noted that for six regional groups, the estimated increase is well above the national average, with particularly wide gains predicted for the Pacific Northwest and Great Lakes systems.

Estimated gains in carloadings of the individual commodity groups also provide a clue of what particular railroad systems are expected to benefit from the expansion in railroad traffic for the third quarter of 1955. Commodities which are expected to show larger - than - average gains include automobiles and trucks, 44.1%; ore and concentrates, 30.3%; vehicle parts, 20.5%; citrus fruits, 19.8%; iron and steel, 19.5%. Agricultural implements and vehicles (other than automobile), 19.1%; lumber and forest products, 16.6%; potatoes, 12.3%; other metals, 10.8%. Commodity groups which are expected to record the largest gains in actual volume are ore and concentrate, expected to increase by 237,000 cars; coal by 137,000 cars; lumber and forest products by 87,000 cars, iron and steel by 71,000 cars; and sand, gravel and stone, 52,000 cars. Relatively small declines in carloadings are forecast for the third 1955 quarter in grains, hay, straw and alfalfa, and fertilizers.

It is evident from the above forecasts that a continued high rate of activity is indicated in the steel, automobile and construction industries, which are among the more important contributors to railroad freight traffic. It is also evident that the individual carriers which should record particularly wide gains in freight traffic in the third quarter this year might include all of the principal northwestern systems, such as Great Northern, Northern Pacific, Union Pacific, "Milwaukee," and Chicago & North Western; the Great Lakes systems such as N. Y. Central, Pennsylvania, Baltimore & Ohio and "Nickel Plate," the Pocahontas coal carriers, such as Chesapeake & Ohio, Norfolk & Western and Virginian; and the larger carriers of building materials, such as Southern Pacific. Because of the lower winter wheat crop this year, the southwestern roads may well show a poorer-than-average traffic performance in the third quarter.

Puerto Rico Seen As A Growing Field for Mortgage Investment

Virtually insatiable demand for lower priced houses is evident in Puerto Rico as the industrial progress of the Island Commonwealth gains increasing momentum, the Government Development Bank for Puerto Rico reports in a study of Puerto Rico as a growing field for mortgage investment. Several builders are now working on sizable private housing developments, especially in the San Juan metropolitan area. The bank reports that by the end of this year it expects that no less than 5,000 units in the $6,000 class will have been completed with many more to come in the years ahead.

The bank'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 mild climate, low priced locally produced materials, moderate labor costs, and new building techniques combine to make possible the extremely low cost at which modest houses can be built. Even though land is very valuable, many adequate reinforced concrete homes are being constructed at a price of $6,000 for the house and lot. As a matter of fact, $4,000 homes are now being developed. These are fireproof, hurricane-proof, termite-proof and earthquake-proof. Most of the houses have three bedrooms, bathroom, combination living-dining room, kitchen and porch.

With average family income now $2,000 annually, compared with only $600 as recently as 1940, more and more wage earners are in the market for homes. One of the most impressive features of the housing picture in Puerto Rico is the excellent repayment record of the individual FHA mortgagor.

Puerto Rico mortgage law is generally similar in detail, stability, and foreclosure procedure to that found on the mainland.

Puerto Rican wage earners now have opportunities in a wide variety of industries ranging from textiles and food processing to electronics and oil refineries. Building permits have increasd substantially in recent years. The present annual amount is approximately $60,000,000 compared with only $7,800,000 in 1940. Assessed valuation of property now approaches $1,000,000,000 compared with $311,803,000 in 1940.

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More Correspondents' Views On Guaranteed Annual Wage

new burst of activity on the stock market with prices rising to new, all-time highs. Obviously then the investors do not agree with Mr. Rising. They obviously feel correctly that the settlements made between the automobile companies and the CIO unions — the UAW-CIO and the IUE-CIO — will produce higher purchasing power on a more sustained basis and that that is good for corporation profits as well as the economy as a whole. Mr. Rising has apparently not been heard from since these settlements were made. He evidently was disappointed that a big strike did not take place and that settlements were made by practical common sense on both sides.

Our Union intends to pursue the objectives of the guaranteed annual wage in our forthcoming negotiations particularly with companies such as General Electric and Westinghouse whose recent record in providing employment security has been conspicuously bad. We believe that our economic system, built on the basis of mass purchasing power sustained and continuously rising, cannot continue to operate witn that purchasing power subject to sudden drastic reductions. We believe that the guaranteed annual wage principle is being accepted and that in the coming years it will become as much a part of our growing economy as have the other gains secured in the last 20 years. I am sure that a few years from now when we have moved on to a further pattern of economic achievement Mr. Rising will be one of those who will say "We were always for the guaranteed annual wage but it is the new fangled things that labor is trying to get that will undermine the economic system, wreck the moral fiber of our people, and create a police state." I believe that with practical, good sense we will continue to make progress in spite of these howlers of doom.

A. G. ELAM
President, Southern Commercial & Savings Bank, St. Louis, Missouri

Pay without work is un-American and dangerous, and it will prove to be a curse to the man who accepts it. Work—not idleness — spells progress. Idleness has never contributed anything to prosperity and happiness, and I cannot understand the elementary logic that idleness, now sponsored by many groups, spells prosperity and a higher standard of living. In my book, it is unnatural and disastrous. If we will study history, we will find that nations have fallen into decay and ruin because of laziness, which is the result of idleness.

A. G. Elam

Any **able-bodied** man, who accepts unemployment compensation when a job is available is not sincere and honest, because he is taking money which in reality belongs to the taxpayers. Most politicians are enthusiastic about unemployment compensation, pensions, and doles and shout it from the house tops, because such action on their part pays at the polls, and the sooner it is discontinued the better it will be for the recipient and the nation.

If Ford and General Motors desire to pay for idleness, that is their business, but to foist it upon the small concerns and the general public is economically and morally wrong. Its counterpart—subsidies — which is paid by a benevolent government to an undeserved minority group is equally wrong. It will smother ambition and resourcefulness and ultimately lead to extreme inflation and the natural consequence thereof—Socialism.

In order to support the guarantees, business must stabilize at minimum levels to avoid excessive charges during the slack periods following over-production which are inherent in our present profit system. A guaranteed annual wage is an unwarranted added hazard to growth. If we have a general annual wage for employees, isn't it just as reasonable to expect and demand a guaranteed annual profit for the employers, who take all the risks?

This country was built upon the privilege of everyone to purchase ownership in any business and develop it through hard work and resourcefulness. It will be very discouraging to the average American to risk what capital he has and to have it fade away in a guaranteed annual wage.

ROY L. GARIS
Professor of Economics
University of Southern California
Los Angeles 7, Calif.

I have studied the address of Mr. Frank Rising, General Manager of Automotive Parts Manufacturers Association, on the subject, "Guaranteed Annual Wage—Blue Sky and Brass Tacks" as published in *The Commercial and Financial Chronicle* of May 26, 1955. As a strong advocate of our capitalistic system of free enterprise and as a neo-classical-institutional economist with a conservative "bias," you may be somewhat surprised when I state that Mr. Rising's critical analysis of the guaranteed annual wage proposal seems to result from muddled, illogical and contradictory thinking. It is based on erroneous assumptions and generalized misstatements of facts that seem to endeavor to arouse unwarranted fears of a "bogey man." This attempt to hold up a "scare crows" will not frighten its readers. Nor is the analysis convincing. Instead the conclusion seems inevitable that the opposition to a guaranteed annual wage is in a pitifully weak and impossible position if its case is to be rested on the analysis as set forth in this address.

Roy L. Garis

In the first place, it is stated at least three times that a guaranteed annual wage means "full pay without work." This is a basic premise of the argument that just isn't a true fact. What the UAW-CIO got from Ford and General Motors was a company?supplied supplement to state unemployment compensation to run for 26 weeks. Furthermore, the total combined compensation is to amount to only a fraction of an employee's income.

It is argued that such payments will completely destroy the "pride" of the worker, that "incentive would suffer among employees" and that "an obvious premium would be paid for finding ways to get laid off." There are no basic facts to substantiate such reckless reasoning and conclusions. The opponents of a guaranteed annual wage must do better than this. The employee does not want to become unemployed. Once laid off virtually everyone of them is anxious to return to his job the moment he is called back. The blow to his "incentive" comes from being laid off through no fault of his own. To him the cost of unemployment is and should be a production cost paid by the employer, and passed by the employer to the consumer. This has been sound, logical reasoning by conservative economists for 30 or more years. As a student I learned from the distinguished Professor Henry Seager of Columbia University as early as 1921 that such costs should be borne by industry and not by the employees. The costs of unemployment are similar to the other costs of production including workmen's compensation and should be assumed by industry.

This was good neo-classical doctrine a decade or more *before* Keynesian economics developed with its great emphasis on the dangers and problems of unemployment. From an economic point of view this allocation of the costs of unemployment to industry rather than force it on the workers involved seems to be sound reasoning.

It is true that the individual employer may not be responsible for the cyclical or other factors that may cause maladjustments which result in unemployment of his workers. But it is difficult to accept the argument that his employees should be forced into idleness and bear the financial burdens and risks involved. The argument implies that the unemployment results from the faults and failures of the workers. Indeed, this is clearly implied in the contention that reasonable compensation for unemployment will result in "finding ways to get laid off."

This is an unwarranted attack on American labor that hits below the belt. Unemployed American labor is able and willing to work. It wants jobs and *it will work when jobs are available.* It would seem that such an attack comes very close to being akin to an insult to American labor. It is this approach to the problem that will arouse resentments to the criticisms of the efforts of organized labor to protect their members against forcing American labor to assume and bear the costs of production resulting from unemployment when these are legitimate costs that should and must be paid by industry and passed on, if necessary to consumers.

The argument is made and admitted that salaried people are guaranteed their pay to the extent that they have an annual contract, but it is stated that "this is vastly different from the cents per hour for idleness." Ignoring the fact that the idleness is seldom if ever the fault of the worker and that it is a cost of production that he should not have to bear and which he is in no financial position to assume, the question can still be raised with sound logic—in what ways is it "vastly different"?

Every group of Americans today is seeking security in one way or another. The author of the address is certainly on an annual salary. Business executives, bankers, government employees, teachers, preachers, and the vast majority of white collar workers have contracts calling for annual compensation. Farmers want "parity" guaranteed by the Federal Government to assure a stable annual income.

Not only do our bankers have annual salaries assured them *whether they work every day or not,* but the want security from the government. As of February, 1955, more than $57 billion of bank loans were guaranteed by the Federal Government. This does not include the broader area of contingent liabilities of the Federal Government. These billions of dollars of guaranteed loans are a potential burden on the American taxpayer and have been a source of some of the inflation that we have experienced in recent years.

Through the Agricultural Credit Administration, American farmers are subsidized at the expense of the taxpayers by means of cheap credit that would not be otherwise available. The Small Business Administration has replaced the RFC in granting subsidized loans to "small" business firms at the expense and risk of the taxpayers.

The average businessman is supporting the proposed expenditure by the Federal Government of many billions of dollars to further subsidized highway transportation out of the pockets of the taxpayers in order that the businessman may benefit more or less in the form of cheaper truck and bus transportation. So long as he can get additional security for or protection to his own porfits he is willing to overlook these monsters on the highway that operate at great expense to the taxpayers and constantly endanger the flow of normal traffic.

Not only do millions of government employees receive stipulated annual salaries (whether they work every day or not), but a vast flood of increased incomes for such employees, Federal, State and local, is engulfing the taxpayers in 1955, resulting in higher taxes and contributing to additional inflation. Also most government employees now have employment security under civil service laws. Yet few if any protests of these potential burdens have come from the critics of the guaranteed wage proposals for the working man. Yet all groups of Americans need food, clothing, and housing. All are entitled to a good standard of living—the result of our efficiency and productivity. Although our standard of living is high in America, few "workers" earn such bountiful wages that they can build up sufficient cash reserves for a "rainy" day. Unemployment compensation payments seldom exceed $30 per week. Hence it is difficult to accept the argument set forth in Mr. Rising's address that such weekly payments can and will cause inflation.

This part of the story is indeed "vastly different" from the income of a person on an annual salary basis who is paid regularly whether he works every day or not. Until the opponent can establish the fact that the idleness is the fault of the unemployed worker, until he can prove it is a cost that should be borne entirely by the unemployed worker who is able and willing to work but who can't find work, until he can show that it is a cost that industry should not bear, then he is unconvincing in his argument and is skating on very thin ice. Thus far he has failed to prove his case. Hence the critic of the guaranteed annual wage appears to be in the position of the kettle calling the pot black.

It is no answer to build up a "bogey man." The dire consequences of these efforts of organized labor to protect the involuntarily unemployed workers as pictured in this address are unadulterated bunk. It is much like the attack of the boxer whose eyes are glassy from a telling blow and who is swinging wildly in the hope of hitting somewhere.

It is stated that an agreement such as Ford and General Motors have entered into will result in a reduction in production of automobiles to "one twelfth" of "the five and one-half to six million cars a year" now being produced. Yet since these agreements were concluded these two automobile producers have announced an expanded investment program of several *billion* dollars to begin at once in order to produce *more* cars than are now being manufactured. The facts belie the argument.

A dire picture of monopolies —cartels—is drawn in an attempt to scare someone. American business is big. But it will be difficult to convince intelligent readers that this development has resulted from or has been caused or can be caused by an annual wage contract for workers. This increasing concentration in American industry—this "bigness"—has been evolving for many years. Why then suddenly try to give it a cause that has not yet taken place when the concentration has been developing for decades?

The dangers of a "dislocation of markets" and "an army of bureaucrats" are set up as "scare crows." Now who is going to run for cover in fear of such "bogey men?" We have had "bureaucrats" to contend with throughout American history. We have far too many of them today. But how a large increase in their numbers can result from the agreements between Ford and General Motors and their workers is difficult to understand. It would seem that even the uninformed reader will reject such an effort to scare him.

It may be true, as stated, that there is a "reluctance to absorb" cars "at a year's end with new models coming." This has been the case for years. It is true *now* —before these agreements become effective. By who logical reasoning can this contention be given serious consideration as the cause of future dislocations in production?

It challenges the common sense of the reader. For it assigns something in the future that has not yet become effective as a cause of a past and present maladjustment. These "bogey men" and "scare crows set forth by the opponent don't seem to have much substance.

Now the address does contain two important and accurate facts: (1) "Unemployment compensation should not be as great as working pay." Ignoring the fact that persons on an annual contract basis usually do get paid in full when involuntarily unemployed during the year, American labor will accept this above statement. The Ford and General Motors agreements do not call for compensation from the company-supplied supplement to State unemployment compensation equal to "working pay." And the payments are to be made not for a year but for 26 weeks of involuntary unemployment within the year. (2) "The average American does not want pay for not working." True, 100% true. He wants to work. He wants payment for working. But if he is unemployed he wants the burden placed where it belongs—as an industrial cost, paid by the employer just as he pays his other costs of production. He doesn't want to bear the burden and risk alone — a risk that endangers the health, standard of living and happiness of his loved ones and himself.

The address pictures the fears of increased "automation" that will result from a guaranteed wage. Now increasing mechanization or technological improvements have been basic to American industrial progress for decades. Increased mechanization cannot be associated with a guaranteed wage as a cause of any resulting short run unemployment. This "automation" will take place in any dynamic, expanding economy such as ours. On the other hand, as a result of these new technological developments we are experiencing an almost miraculous increase in productive power that makes a guaranteed annual wage not only possible

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but necessary in our increasingly complex economy.

Wage agreements similar to those entered into by Ford and General Motors to protect American workers to a greater extent than in the past will go far to protect the American standard of living, of which we can all be proud. It will cushion the hardships of unemployment and put a brake on the downward swing of the cycle.

With "real concern for *all* America," and with decisions "based on their merits," and making use of "common sense,"—phrases used in the concluding remarks of the address — it would seem very logical to conclude that there is much merit in the arguments in favor of a guaranteed annual wage. It is certainly not "blue sky and brass tacks."

In conclusion, it is worth noting that many opponents of the unemployment compensation program used these same criticisms and built up these same "bogey men" and "scare crows" in the late 1930's. Yet today even the most conservative management must and does agree that it is good "for all America." The same was true of opposition to the Federal Wage and Hour law which sets up a minimum hourly wage for employees engaged in interstate commerce.

Twenty-five years ago many industrialists fought the open shop with almost identical arguments now being used by opponents of a guaranteed annual wage. However, today an open shop would be accepted by them gladly and with open arms. It is difficult to overlook these historical factors.

The opponents of a guaranteed annual wage for workers must face realities in the complex economy of today. They can't prove their case with "bogey men" and "scare crows." The wild swinging of the dazed boxer only sets him up for the knockout blow. Certainly this address will not convince thinking Americans that a guaranteed wage endangers the American economy.

We may be on the road to fascism, an argument set forth in this address and often heard during the past 20 years, but it would seem to be clear from the facts presented in the above analysis that a guaranteed annual wage is not the compelling factor. Our dynamic free enterprise economy should be able to and can take a guaranteed annual wage in stride.

CLYDE OLIN FISHER
Department of Economics and Social Science, Wesleyan University, Middletown, Connecticut

There is no adequate basis upon which one can predict, with any degree of assurance, all the implications of the so-called GAW contract recently signed by Ford and General Motors. Incidentally, it is a misnomer to call it a guaranteed annual wage. At most, it calls for a supplement to unemployment compensation, is limited to a period of 26 weeks, and places upon the employer no liability in excess of the contribution made to the employment pool. The plan should be called one for the granting of supplementary unemployment compensation, subject to the limitations imposed in the contract.


Prof. C. O. Fisher

Only time will show the effects 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 in which other stabilizing factors in the economy now operate. It is probable, however, that this stability may be bought at the price of reducing the incentive of investors to assume the risk involved with speculative ventures. In this conflict between stability and risk taking, no one can presently predict the end result.

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

ANDREW E. HILL
Four Hill's Security Market Trends, Belmont 78, Mass.

As a result of machine age evolution, wage rates reflect seasonal and cyclical factors. This can be checked by comparing these wage rates against those of governmental employees, (town, city, state, and Federal), as well as those of public utilities, stores, and other "steady state" employees. Under GAW, automobile employees in effect are being paid TWICE for being in such an occupation, and for being improvident when they are working.


A. E. Hill

Why not pay them at the same rate as that of "steady state" employees, (using an accepted national average), and withhold the balance until they are laid off. At such a time they would be paid weekly from the "Idle Period Pay" fund which has accumulated. In prosperous times, lay-off periods would be short and the fund would accumulate. When the accumulation amounts to a year's wages, payments to the "Idle Period Pay" would go to the individual company as a reward for maintaining full yearly employment.

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

While I am aware of the many problems which have confronted labor, caused by the highs and lows of the annual employment cycle, I still believe that the guaranteed annual wage is another step toward the socialization of our entire economy.


L. L. Matthews

In his quest for security, the average American is losing more of his freedom year by year. It is impossible to possess both.

The inmate of a penitentiary has security, but no freedom. Our free enterprise system was not built upon the security of employment, or the security of investment.

ARTHUR E. A. MUELLER
Chairman of the Board, North Central Airlines, Inc.

In all fairness, the automotive industry has brought demands for a so-called Guaranteed Annual Wage upon itself because of the relative irregularity of its employment cycle during the course of a year. It is common knowledge in the Middle West that automobile companies, especially the larger ones, operate under considerable pressure in the early months of the year with much overtime, and then level off in the summer and early fall with a resultant shorter work week and even considerable unemployment. This is an exceedingly unpopular program not only with employees of the automotive industry, but also with its many suppliers. In the solution of this problem, automotive parts manufacturers as well as labor have a common interest, which is a rare phenomena in our present economy. Much better scheduling is possible by major auto manufacturers in spite of the seasonal nature of the business. This would help to eliminate the problem of unemployment as far as labor is concerned, and ease the financial burden of parts suppliers who too often are called upon to carry inventories of parts for their automotive customers.


Arthur E. A. Mueller

It is unfortunate that the guaranteed annual wage demands are brought into prominence on the national scene because of a problem of unsteady production that is peculiar to the automotive industry. However, since it has been injected into current thinking, it is the fervent hope of all other industry that it be confined to the automotive field and not spread generally to the thousands of small corporations who may not be able to operate with this additional financial burden.

From the standpoint of pure economics, it is possible that a guaranteed annual wage program might conceivably restrict expansion of our national economy as it might retard the hiring of new workers since industry would not wish to assume liability for possible layoffs in periods of business slowdown. There is no question but what another result will be a further emphasis on the development of labor saving devices. It is possible that guaranteed annual wages could further concentration of business in large corporations as many small units may be unable to stand the financial drain and cease operations.

It is conceivable that retail trade and transportation could benefit from stabilization of income such as is theoretically possible under a true guaranteed annual wage or income program. Certainly employers will be forced to regulate employment and production in order to escape the high penalties involved.

In summary, if a guaranteed annual wage can be confined to the major automotive manufacturers it might be a constructive influence in stabilizing that segment of our economy dependent upon it; however if it spreads into industry generally, it will probably mean disaster to many small units and a further concentration of business activity in larger corporations. I, for one, do not believe it is a foregone conclusion that it will become a national problem.

GRADY L. MULLENNIX
Research and Education Director Oil, Chemical and Atomic Workers International Union (CIO)

First, let me point out that practically every individual who has made a public statement condemning the principle of the annual wage is a person who has an annual wage and a substantial guaranteed income. If security of income is demoralizing and otherwise bad for a person making $1.50 per hour, then it is a hundred times worse for a person making $100,000 a year. The double standard displayed by most of the business spokesmen is quite interesting.


Grady Mullennix

It is obvious that a guaranteed income is a healthy thing for the economy, as well as for the individuals affected. Naturally, if we are to have a healthy, vigorous and productive populace, they must eat regularly and properly and must live in houses and sleep in beds rather than under bridges. To do so in our society, they must have continuous income. Furthermore, if business is to continually expand there must be a continuous and growing demand for the products of business. This means that consumers must have more and more income to spend for the goods which business sells.

Of course, the idea behind the guaranteed wage is not the objective of paying people who do not work. The purpose is to assure them of the opportunitty of working steadily. It is obvious that the automobile industry, which at one time worked many people for a few weeks and laid them off for a few months, has become more and more prosperous as they have planned their production more regularly over the year. There is no reason to expect that the industry will not be even more efficient when they eliminate the erratic schedule entirely. One thing is sure—workers are more efficient and more productive when they have security.

Furthermore, the principle of annual wages is not new. White collar people and company executives have worked on that basis almost forever. If we are to follow the theory that security ruins initiative, then the logic would require that we attempt to make people as insecure as possible in order to increase their initiative. In a capitalistic society, the thing which gives people the greatest security is the ownership of property; therefore, if we are to make them as insecure as possible, we would have to take away their property and reduce incomes as much as possible. This, of course, is ridiculous but it is the logical conclusion of the theory expounded by many propagandists. Of course, it is no more ridiculous than the theory itself, which argues that security is bad for people. Experience has proven over and over again that the contrary is the case. The greater the security, the greater the initiative and productivity.

Of course, every step in the progress of our society has been made practically over the dead bodies of the groups who have had vested interests in the *status quo*. I suppose it is natural to expect those with the greatest incomes, the greatest security and the most status in the society to resist any change whatsoever, since they feel that any change may alter their status relationship. And, of course, it is true that the continuous technological and social changes which have given us higher and higher standards of living, as well as greater and greater political democracy, have certainly altered the status relationship. Such things as the guaranteed annual wage will continue this trend. It will give people more security and individual freedom and will reduce the political and economic power which some individuals have over other individuals. This, by definition, is a trend toward more democracy.

ROBERT STANGER
President, Guardian Trust Company, Montreal, Canada

The guaranteed annual wage issue is of tremendous importance and one which will affect the resultant attitude of labor adversely, if adopted. The reasons why are numerous, and it is clear that self interest of union leaders promotes such demands. There is no security in business, manufacturing or finance, which is not created by management and by forethought on the part of employers. Men must realize there is no security beyond what they make themselves. The guaranteed wage should not be a charge to production or to business and, if successful, would replace other established benefits such as unemployment insurance, already operating. It is a prerequisite in our competitive system that the employer is able to quote and sell in a competitive market. Therefore, so long as we enjoy and live under competitive systems the worker must be prepared to make his own adjustments as much as the employer.


Robert Stanger

HON. JACK WESTLAND
U. S. Congressman from Washington

Certainly labor wants the security of an annual wage and no one can blame them for seeking this type of security. At the same time obviously, some companies simply cannot afford this sort of secured annual payments and I believe labor recognizes this limitation. Apparently the Ford settlement was a compromise and I have seen several reports to the effect that this is not an annual wage but further fringe benefits.


Hon. Jack Westland

The basic thought of being paid for not working is not acceptable to a vast majority of the people of this country. However, unemployment legislation has been enacted on a nationwide scale and people have recognized, under certain circumstances, the need for payments for a specified period when workers are unable to obtain other employment. The Ford contract would seem to extend the benefits already given by many of the States.

I am sure this is a subject which requires intensive study and furthermore, it is not a matter for Federal legislation.

Continued from first page

Bank Mergers—Adjustment To Changing Conditions

monopoly "in any section of the country."

Before commenting specifically on H.R. 5948, it might be helpful to look briefly at the structure of banking in the United States, and recent changes that have occurred in it. At the end of April this year there were 14,314 banks spread across the nation, including both commercial and mutual savings banks. That is a large number. There are more banks than there are textile producers, chemical producers, furniture producers or firms in many other highly competitive lines. Moreover, the number of banks has not changed greatly since the end of World War II. At that time there were 14,553 banks—a difference of 239, or 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 impact of these mergers on the bank population has been offset to some extent by the establishment of new banks. From the end of 1949 through April of this year approximately 675 banks were merged into others. At the same time about 350 new banks were formed. Merged banks represented about 4.5% of the total number of banks, and they included about 8% of all bank assets. If New York City banks are excluded, the proportion of assets involved has been 4%. This can hardly be called an overwhelming movement. Moreover, it must be appreciated that the facilities of these merged banks in most instances did not disappear—they continue to exist and to serve their communities as part 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 banks to changing conditions and to changing needs within the nation's economy. In my judgment they serve to strengthen our banking structure. Certainly no one can deny that they have added greatly to the ability of banks to meet the growing and ever more complex need for bank services.

What has been the effect of these mergers on bank concentration? Looking at the broad picture throughout the nation it has not been great. The percentage of total bank deposits held by the 100 largest commercial banks (a commonly accepted measure of concentration) is slightly lower today than it was ten years ago—47% as against 48%. And it is substantially below the 57% of total deposits held by the 100 largest banks in 1940. Moreover, these same trends are borne out by statistics for the 25 largest banks and the 5 largest.

Even though mergers have not altered the basic structure of American banking, I well understand the desire of Congress to take note of them. I appreciate too that it is the objective of Congress to provide assurance that banking remains competitive—an objective which, I need hardly add, is also fully shared by the supervisory authorities and the nation's banks. Healthy competition promotes the interest of the consumer in banking as it does in other industries. And as the head of a large bank that is competing tooth and nail with a host of other banks and financial institutions, I am continually impressed with the extent and vigor of the competition that exists, and certainly not with any lack of it. On the contrary, I am sometimes concerned that competition is so strong that it provides a great temptation to depart from principles which have long been accepted as sound in banking.

Moreover, as a moment's reflection will make clear, the proposal to apply to banking the provisions of Section 7 of the Clayton Act involves vital considerations which are not present in the case of other industry and trades. Banks are quite different from industry and trade generally. They perform functions that are intimately related to the public interest, and in doing so they put to work other people's money. If they fail many innocent depositors may be grievously hurt, with the effects of their injuries spreading far beyond their own immediate interest and sometimes far beyond their own communities. Furthermore, it can be shown that too much competition in banking can lead to failure through encouraging unsound and destructive practices. This was actually the case in the 'Twenties and early 'Thirties when many banks failed and brought great harm to their communities.

Banking A Freely Competitive Industry

For these and other reasons, banking in the United States has never been a "freely" competitive industry as has been the case with most industry and trade. Banks have long been subject to public supervision, and competition has been watched carefully by the supervisory authorities, with the public interest the paramount objective. As the New York State Banking Law puts the matter, banks are to be supervised and regulated "in such a manner as to insure the safe and sound conduct of such business, to conserve their assets, to prevent hoarding of money, to eliminate unsound and destructive competition among such banking organizations and thus to maintain public confidence in such business and protect the public interest and the interests of depositors, creditors, shareholders and stockholders".

Moreover, the primary objective of authorities at the Federal level runs in similar vein, as the Chairman of the Federal Reserve Board, the Comptroller of the Currency, and the Chairman of the FDIC have all recently testified. Their chief concern quite rightly is to provide assurance that the nation's banks are safe and sound and fully capable of meeting the needs of the community and the public at large. Such is their principal consideration, for example, in either approving or disapproving the establishment of new banks or new branches of existing banks—a process, incidentally, which itself places severe limits on freedom of competition.

With these facts in mind, then, I should like to turn to a consideration of H.R.5948. As I understand it, the objective of H.R. 5948 is to provide assurance that the public interest is adequately protected whenever two or more banks decide to merge or consolidate in any way. With such an objective I am in complete agreement, and I am sure bankers everywhere would be in accord. But as I read H.R.5948, it would apply to a bank merger a single criterion in determining whether such a merger would be contrary to the public interest: namely, whether the effect of the merger might be substantially to lessen competition or to tend to create a monopoly "in any section of the country". Moreover, H.R.5948 would place in the hands of the Department of Justice a part of the responsibility for applying this test. In my judgment neither of these provisions is desirable.

While it may be desirable for Congress to state the criteria which it beieves should govern mergers, it is not in the public interest that such mergers be judged solely on the basis of whether they tend substantially to lessen competition in some particular area. Such an approach would be mechanical and inflexible and would eliminate other absolutely vital considerations, such as the safety and soundness of banks, or their ability to meet the needs of the community they serve — the very objectives emphasized heretofore in State and Federal Laws and supervision. It is highly possible—indeed probable—that these latter considerations might on occasion prove even more important than the maintenance of a particular degree of competition that prevailed at a particular time. Such competition might well be unhealthy and actually prove contrary to the public interest, and it might well be a persuasive reason why the public interest demanded a merger.

Banking Should Not Be Regulated By the Justice Department

Moreover, a comprehensive statement of all the criteria to be applied to bank mergers would clearly indicate that the Department of Justice is not the appropriate Federal Agency to administer legislative policy in the banking field. Rather, the power to approve or disapprove bank mergers in the public interest should reside in the hands of existing agencies to which Congrses and the States have already delegated authority over banks—agencies which are daily supervising and regulating the business of banking and thus are competent to appraise the public interest which attaches to it. At the Federal level such agencies include the Board of Governors of the Federal Reserve System; the Comptroller of the Currency; and the FDIC. Approval by such agenices should be final, based on the full range of considerations that should be applied to bank mergers in the public interest, of which competition is only one. In this respect, Congress should apply to banks the same policy it has followed in the case of other industries in which mergers are subject to administrative approval—the railroads, and the authority of the Interstate Commerce Commission with regard to rail mergers, is one typical example.

Conclusions Regarding H.R.5948.

Now I should like to explain in some detail why I have reached these conclusions with respect to H.R.5948. If I might summarize briefly, I should like to point out the following:

(a) There are significant reasons why banks differ from other industries. They are to be found in the special nature of the functions banks perform; the intimate relation of those functions to the public interest; and the fact that in performing such functions banks employ funds entrusted to them by the public at large. It is for these reasons, among others, that banks have long been subject to public supervision and regulation.

(b) The nature of the functions that banks undertake, in combination with the laws and supervisory edicts that apply to them, have resulted in a structure of banking in the United States which is unique. Some 14,314 banks of varying size and function serve our country, and serve it well.

(c) The structure of banking in the United States has never been static. On the contrary one of the great strengths of American banking has been its adaptability to changing conditions and changing needs. Mergers have long been one manifestation of this adaptability, and recent mergers represent an adaption to underlying economic trends of recent years.

(d) A primary objective of Congress should be to preserve that power of adaptability within a supervisory and regulatory framework that ensures soundness, ability to meet the needs of the community, and a level of competition which serves to promote the public interest most effectively. These are the objectives which have guided supervisory authorities to date. Unless Congress continues to permit broad objectives of this character to govern the supervision of banks, it is likely to impose a straitjacket on American business and economic life which the nation can ill afford.

Let me elaborate on these summary statements and their significance for your consideration of H.R.5948.

The Distinction Between Banking And Industry and Trade

The merger provisions of Section 7 of the Clayton Act now apply to corporations in industry and trade which fall under the jurisdiction of the Federal Trade Commission. H.R.5948 would extend these merger provisions of Section 7 to banks. Yet as I previously suggested, banks perform a radically different form of service than do industry or trade—one that is so closely related to the safety of the public's funds and to the well-being of the economy as a whole that banks were subject to supervision and public regulation long before any thought was given to the regulation of industry and trade. It seems to me important to grasp the nature of the more significant of the functions performed by banks, since they help shape the organizational structure of banking and dictate the reason for public supervision. Very briefly these services include the following:

(a) Banks are the chief depositories of funds for the general pubic, industry, commerce and government. Moreover, as a related matter, banks have become the chief medium through which money payments are made within the American economy, as well as between our own nation and other countries.

(b) Banks are the principal supplier of short-term credit to business and individuals, and they are an indispensable source of longer-term funds. Basically, the supplying of such credit involves the lending of other people's money.

(c) Banks in the modern world have become the chief instruments through which the supply of money is controlled by public authorities in the interest of maintaining stable prices and minimizing fluctuations in business activity and employment. In our country of course this control is achieved under the direction of the Federal Reserve System.

There are other highly useful functions that banks perform—personal and corporate trust services, collections, the sale and redemption of U. S. Savings Bonds, and a long list of other services. However, the above functions stand out in the sense that banks hold a primary position in their performance, and they are essential to the healthy functioning of almost all economic life in our modern society. One has only to imagine an economy in which there were no bank deposits, no payment by check, and no lending by banks, to see why this is so.

It is because the foregoing functions are essential, and because they impinge on the welfare of almost all citizens, that banking already is highly supervised and controls have long since been exercised over competition. I shall not go into the details of bank supervision, except to recall again that it is undertaken at both Federal and State levels, and is carried out under the authority of a myraid of laws. The size and type of loans banks can make is limited; the type of investments they can undertake is regulated; the reserves they must hold against deposits is governed by regulatory authority; limits are placed on dividends; examinations by public authority are made on a regular basis—merely to name a few of the regulations under which banks operate. Moreover, it is significant that throughout all these laws, regulations and supervisory controls, there runs one objective that appears paramount to all others—that banks be safe, sound and capable of meeting the needs of the community for essential banking services.

As I pointed out earlier, this is the objective which both the Comptroller of the Currency and the Chairman of the FDIC recently indicated to the Judicary Subcommittee they regarded as primary in the exercise of their duties. It is also the objective which the Superintendent of Banking in New York State is required by law to observe in his regulatory activities. Likewise, it is an objective which has been expressed many times by Federal Reserve authorities, and which is set forth in explicit terms by Congress in establishing the Federal Deposit Insurance Corporation.

Moreover, it is relevant to note that in supporting their objective to foster the soundness and capability of banks, the supervisory authorities place certain definite limits on the competitive process. For example, banking is not a business which anyone can enter who has the necessary capital and who desires to go into it. Indeed, existing banks are not even free to expand as they may desire. The supervisory authorities—the Comptroller of the Currency, the Federal Reserve Board, the FDIC, or the various state banking agencies—exercise control over entry into banking; they control the ability of existing banks to establish new branches; and their approval is usually required for any increase in capital stock, Today in New York City, for example, it is not possible for a bank to open new branches in many areas of the City. Frequently the supervisory authorities will not permit additional offices on the ground that there is already an established bank in the area and the opening of a new branch might lead to excessive competition. This same situation prevails in many other areas of the country as well Hence one of the primary requisites for free competition—freedom of entry—is generally absent in banking. Likewise, the general level of interest rates which banks charge are subject at least to indirect control, and thus limits are set on the general level of bank earnings. This is the result of various activities of the Federal Reserve Board — open market operations, changes in the rediscount rate, and regulation of reserve requirements, for example — which are designed to control the supply of money in our economy.

I do not mention these matters in any spirit of criticism. Indeed, they are necessary. But their existence does serve to point up further the differences between banking and industry and trade—differences which assume great significance when the proposal is made, I think unwisely, to apply to bank mergers the identical criteria which are applicable to mergers in industry and trade.

The Present Structure of Banking

The special nature of the functions performed by banks, the fact they are closely supervised, the limits on entry and expansion of

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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-sized 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 1920's. 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 'Twenties and early 'Thirties, and it was brought about chiefly by bank failures. From 1921 through 1929, usually considered a prosperous period, there were 5,411 bank failures, and many more were averted only by merger. From 1930 through 1933 there were another 8,812 failures. Thus in a 12-year period almost one out of every two banks failed. We know today that the existence of 30,000 banks in the 'Twenties produced unsound banking. It led to a competitive struggle for customers which induced practices that in the end produced failure. This certainly was bad for the country. Actually, the nation was left with 15,029 banks in 1933—only 5% more than today.

Now as I have pointed out, the total number of banks in recent years has been reduced very little. The 14,314 banks in April of 1955 represented a net reduction of only 239 since 1945, or 1.6% of the total. This can hardly be called a significant reduction in numbers. At the same time, of course, the number of banking offices increased from 18,893 in 1945 to 21,160 at year-end 1954. Moreover, it is a tribute to the supervisory authorities and their insistence on sound banking as a primary objective, as well as to Congress and such legislation as the Federal Deposit Insurance Act, that there have been only 19 banking failures since 1945—an infinitesimal number compared with the 5,411 failures in the prosperous 'Twenties. I might add that the number of failures in recent years would have been larger had not Congress empowered the Federal Deposit Insurance Corporation to facilitate the merger of weak banks with strong ones where necessary.

Competition in Banking

Let us look at this net reduction of 239 banks since 1945 a bit more closely. Has it meant that large banks are doing more of the business, at the expense of the smaller banks? Has it meant a decline in competition? The short answer to these questions is no. I have already pointed out that the proportion of total deposits held by the 100 largest banks is a bit lower today than in 1945 and substantially less than in 1940. graphically. Moreover, this same general trend is borne out by statistics of the 25 largest banks or the five largest. Even when one takes account of recent mergers, the 25 largest banks hold only about 31% of total deposits today, compared with 32% in 1945 and 40% in 1940. It perhaps is well to point out that a substantial amount of the deposits of the 25 largest banks are placed with them by foreign banks, or represent redeposits of other domestic banks, for whom the larger banks perform many essential services.

So-called "concentration" in banking not only shows no general increase in the postwar period, but the degree of concentration is so small as to insure vigorous competition across the nation. Banks in New York City today compete with banks in Boston, Philadelphia, Detroit, Chicago, St. Louis, Atlanta, San Francisco and Los Angeles—to name only a few. Let me cite a typical illustration. A customer of ours who manufactures specialized equipment and has numerous plants in various parts of the United States has set up borrowing relationships with 18 banks across the country. Five of these are in New York, six in Philadelphia, two in Boston, and one each in Chicago, Pittsburgh, Los Angeles, St. Louis and Atlanta. This customer can borrow from any or all of these banks if he desires, and there is no doubt that he could call upon a large number of others if he wanted to do so. Needless to say, all of the 18 banks provide the maximum service and the lowest rates which they feel can be provided in the circumstances.

As a matter of fact, over the past 15 years, banks in centers outside New York City have gained an increasing share of the total banking business. In 1940, for instance, New York City banks held 27% of the nation's total commercial bank deposits. By 1945, the proportion had shrunk to 20% and today it is only 15%. This in itself is a measure of the intense competitive pressure that exists within the banking business.

Nor is competition among banks limited to other banks. As you know, we are under pressure all the time to meet competing terms of capital markets, consumer credit organizations, insurance companies, personal loan companies, credit unions, savings and loan associations, and of course one of the largest competitors of all—the government. Not long ago we offered a loan of $8,000,000 to a food processing company. The loan would have been on a 10-year basis, and we actually made a commitment to the company. However, the company never made drawings under the commitment. Rather, it went into the capital market and sold 25-year debentures to the public at a very good rate of interest. Then again, with another good customer, this time a textile producer, we recently found borrowings being cut back rather steadily. Upon investigation we found this company had decided to go more heavily into the commercial paper market. These are typical examples. I could go on and cite numerous others in similar vein—illustrating competition for business within our own immediate city, competition for large national acccounts, competition in areas around the world. There is no other business where competition can be more keen than in banking—always of course within boundaries set by the supervisory authorities.

So far I have been talking about competition among large city banks, since that is the business with which I am most familiar. I am told constantly by the heads of smaller banks that competition in their end of the business is equally vigorous. Yet it is well to point out that almost two-thirds of our banks are located in centers which in 1950 had a population of less than 5,000. Many of these communities cannot support more than one bank. Indeed ,it was estimated that in 1949 approximately 7,750 of the nation's banks—more than half—were the sole banks in their respective towns, and one out of every seven counties contained only a single bank.

Is it contrary to the public interest that some towns or counties should have only a single bank? I think you would agree it certainly is not, if the area can only support a single bank and if the alternative is to have a weak, unsound banking structure, or a banking structure that is incapable of serving the needs of the community. Yet if lessening of competition had been the sole inflexible test applied to the mergers that led to many of these single bank situations, the banking authorities might have been compelled to withhold their approval. By insisting on competition as the paramount test for mergers in banking, you in effect would be tying the hands of the supervisory authorities in their efforts to protect depositors and borrowers against unsound or weak banking. This certainly would be contrary to the public interest.

Adjustments in Banking Structure to Changing Conditions

No one can deny that the nation's banks have been doing an excellent job in the postwar period. Although deposits of commercial banks have grown only 20% since 1945, loans have been increased almost three-fold—from $26 billion to $72 billion. In the same period the Gross National Product increased by about three-fourths, including the rise due to higher prices. Today bank loans to business are three times what they were a decade ago; loans to agriculture are up four times; to individuals six times. There is no question but that the post-war expansion of industry, trade, and consumer buying could not have occurred on its present scale without vigorous and devoted effort on the part of the nation's banks.

Throughout this whole period, too, while the total number of unit banks has changed very little, banks have continued to grow. Today there are about 4,150 banks with deposits in excess of $5 million; whereas a decade ago there were only 3,221 such banks. Moreover, there are now 230 banks with assets in excess of $100 million, as against 184 in 1945. To a considerable extent this growth reflects the huge expansion in the American economy. However, as I have already mentioned, the past few years have also been marked by an increase in the number of mergers of banks, and this too has added to the growth of individual institutions. In 1954 there were 206 mergers, and in 1953 some 115 occurred. This is a larger number than has been typical of the years since the early 'Thirties, although the number of banks absorbed in mergers is only a small fraction of the total—about 4.5% since the end of 1949. While the total of these mergers has in no sense changed the basic structure of American banking, their number has been such as to call public attention to them.

What has operated to bring these mergers about? The Comptroller of the Currency has reported to you a variety of reasons for mergers which have required his approval. These include management problems; prices attractive to shareholders; desire of identical owners to combine banks; weak earning capacity; management opinion that needs of the community required larger banking units; efforts to achieve more effective competitive status; overbanked communities; and uneconomic banking units. These are all logical reasons that might be expected to lead to mergers. Yet they are, in my judgment, surface manifestations of more fundamental developments in the American economy — developments that confront banks with changing conditions and needs to which they must adjust if they are to remain sound, vigorous and strong. These underlying developments might be summarized under five broad headings.

(1) Our production and our population are growing at a very rapid rate. Production since 1940 has doubled, and this decade we are adding more than 25 million to our population. This growth in production and population has meant a vast increase in the need for banking services on the part of industry, agriculture and consumers. Major banks in particular have had to expand if they are to service large-scale industry adequately.

Our population and industry are shifting away from established centers. Each year more than 1,200,000 of our people are deserting the city and moving to the suburbs. Within cities, families and industry are moving from the center to the outer areas. Moreover, regions like the Far West and Southwest are growing more rapidly than others. Banks must follow their customers in these shifts if they are to keep up their business and remain vital institutions. And the rise of new industrial centers and the decline of old ones bring further adjustments. For one thing, rapidly growing areas must depend in part on financial help from established financial centers. Such has been our history since the days of the canals.

(3) A striking change has occurred in the distribution of income among our people. A great new middle income group has been created, with almost 55% of our families receiving cash incomes between $3,000 and $7,500. I have included a chart (Chart No. 2) which shows the growth of this group, which has more than tripled in number and purchasing power since 1929. This middle income group has now become a principal source of deposits for banks—offsetting in part a relative decline in deposits by business firms, which now invest a large share of their idle funds in short-term government securities. Moreover, the middle income group has become an important and stable borrower from banks.

(4) The post-war inflation has placed banks in a cost-price squeeze. Costs have been more than doubled. Yet interest rates have been held relatively low by government authorities as a matter of public policy. The result has been a lower level of earnings for banks than for the rest of industry. Since 1947, for example, the rate of return on stockholders' investment in all Federal Reserve member banks has averaged 7.9% as against 11% in manufacturing. One consequence has been the trading of bank shares in the market at prices substantially below book value until quite recently.

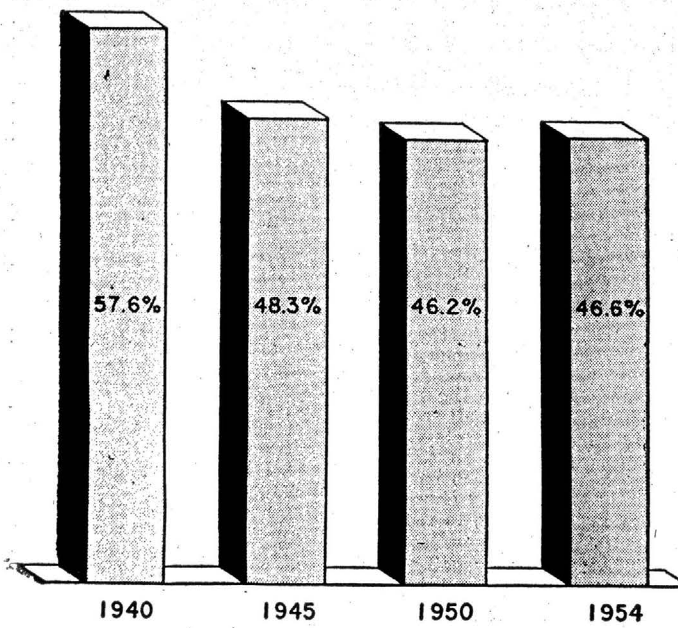
(5) The United States has been thrust into playing a larger role in the world economy. Our foreign trade is three times that of 1940, and we have a responsibility in the whole area of international economic cooperation that is new to us. The result again is a larger and more complex job for banking—particularly for major banks.

Growth of Retail Banking

These trends, taken together, have made themselves felt to banks in a variety of ways. For one thing, they have made it clear that more than ever the nation needs a variety of banks—major banks that serve not only their local communities, but large business firms and other banks across the nation and abroad; medium-sized banks that serve regional centers of industry and trade; and smaller banks that specialize in particular lines or serve areas that are less intensively developed. Moreover, major banks, in order to provide a maximum of service to the community and the nation, have had to become veritable department stores of the banking world. They engage in retail

CHART I

PERCENT OF DEPOSITS HELD BY 100 LARGEST BANKS



SOURCES: AMERICAN BANKER; FEDERAL RESERVE BOARD.

banking at the community level, and also serve business and other banks at the national and international levels. By providing the whole gamut of services such banks are able to attract the large volume of deposits which they need to enable them to be of maximum usefulness. Likewise, by operating on a substantial scale, major banks can achieve the efficient level of costs necessary to support such services.

Moreover, if a major bank is to be in the retail business, it must go where its customers are. The great growth of the middle income group, and their trend away from the centers of cities, has dictated the establishment of branches within local areas. Not infrequently the only way in which this can be accomplished is through the process of merger. The supervisory authorities often will permit no new branches in settled areas already serviced by one or more banks. For example, this is the case for many areas of New York City today, as I already have indicated. But even if permits were available, the high costs involved in establishing new branches would make them uneconomical. Mergers in these instances certainly do not act to lessen competition. On the contrary, they serve to introduce new competitive forces into banking.

The Influence of Rising Costs

The squeeze between rising costs and the more or less fixed ceiling on interest rates has served to reinforce the trend to retail banking. Wage and salary payments of banks are now two and one-half times their 1945 level. Part of this reflects larger employment, but another main cause is an advance of two-thirds in the salaries of bank employees. Tax payments also have gone up two and one-half times, and other costs have risen extensively.

Unlike many other businesses, the banking system is not free to raise its prices when the cost of doing business moves higher. Nor can it expand its over-all earning assets except by small amounts. Thus, the total of commercial bank deposits has risen only 20% since 1945. And while the government's monetary policy has permitted interest rates to increase somewhat, the advance has not been great enough to offset the rise in expenses. As a result, bank earnings and profits on capital funds as reported by the FDIC have declined from an average of 10.4% in 1945 to an average of only 7.9% in recent years. And for many banks the return has been considerably less.

One consequence of this squeeze on earnings has been further pressure to economize through combining in large units. One of the characteristics of banking is a tendency for the operating expense ratio to fall as the size of the bank increases. I have attached a chart (chart No. 3) which covers the experience of banks in 1954 and serves to illustrate this tendency. As you can see, banks with total assets of $1 million or less had an average ratio of current expenses (exclusive of taxes) to total assets of 2.41%. This ratio rose somewhat for banks with assets of $2-$5 million and then fell off rather markedly, particularly for large banks—those having assets of $100 million or more. Indeed, for banks with assets of more than $500 million, expenses in 1954 ran to only 1.52% of assets, or 30-40% less than the smaller banks.

This saving in cost by larger banks is realized in a number of ways. In part, however, it is achieved by spreading overhead more widely and by an ability to use mechanical and electronic equipment most effectively. Major banks have an unusual need for such equipment to handle the huge volume of transactions which arise from the services they perform, partly for smaller banks—the clearing of checks, the handling of collections, the servicing of investments held for correspondents and the like.

The squeeze on bank earnings, of course, has had other effects that also have tended to encourage mergers. One of these has been pointed out in the past by Chairman Celler. Low earnings led to bank shares selling in the market at discounts which until quite recently ranged from 10% to as much as 50%. In some instances shareholders who had an opportunity to take their capital out of the business by getting book value or better for their shares through merger undoubtedly were encouraged to do so. But perhaps a more subtle effect has been the relationship between the cost-earning position of individual banks and their ability to attract able personnel to carry on management in the future. The Comptroller of Currency has indicated that the lack of successor management has been one of the most important reasons for mergers in recent years. This management problem is one of the most serious confronted by banks as a group today, and it stems directly from the inability of a number of banks to compete effectively with industry and trade for the high quality personnel which is needed. In the final analysis, this again reflects the inferior earning position of banks. Any public policy which insists that a bank be continued as an independent entity even in the face of its inability to support able management would in the end lead to poor banking and possible losses.

The Increased Responsibility of Major Banks

Now I should like to enlarge a bit on one further result of the underlying economic trends of recent years—a result I have already referred to briefly: the increased responsibilities that are being placed on major banks. I feel it desirable to dwell on this because there is a tendency in some quarters to object to the fact that the process of adjustment to changing conditions has resulted in a further growth of existing banks, rather than the net addition of many new and smaller units. I personally feel that such a development has been inevitable. Moreover, I am convinced that the American economy will continue to expand, and that it should not and will not be fettered by banks that fail to expand with it. Only if existing banks continue to grow will the needs of business and the community be adequately met.

The great increase in postwar production, as you know, has been accompanied by a huge expansion of industry. Companies in numerous lines now have plants scattered throughout the country. Indeed, many of these companies extend their operations around the world. Such companies need a host of banking services, and they often require far more credit than any single bank can furnish. By working with major banks in the larger centers, as well as with local banks where plants are located, such credit needs can be met. But even in these circumstances the major banks need a large lending capacity. Moreover, the process of extending such credit often calls for judements and the developing of new lending techniques that require the services of expert specialists. This is particularly the case in industries like petroleum, the utilities, the metals, and those devoted to the peacetime use of the atom, where technology grows more complex each day. Only banks that possess substantial resources can economically employ specialists in geology, atomic physics, and engineering, which are needed if these industries are to be serviced adequately and competently. I might add that the extent to which major banks develop new bases for lending by the use of such experts is not adequately appreciated. One major bank, for example, recently made a comparison of its loans today with those 30 years ago and discovered that fully half of today's loans were of types either unknown or so little developed that the bank had not undertaken them in the earlier period.

Then again, companies with widespread operations need to economize on their cash needs to the greatest extent possible. They must transfer sales receipts from branches to the home office, and send out funds to cover expenses at factories in many different areas. All this has to be done speedily or large amounts of cash will be tied up in transit. Today major banks have developed techniques to handle such transfers almost instantaneously, working by wire with a network of correspondent banks spread throughout the country. The result has been a very substantial saving in the cash needs of American business.

Similarly, in its international work a company needs a bank with correspondents or branches throughout the world. The problems of international payment and finance in a world of exchange controls, import quotas, licensing, and fluctuating currencies are incredibly complex. Yet this activity is beccoming increasingly important to American business and to our national interest. My own bank, along with four others, is just embarking on a true innovation in the international area—the establishment of the American Overseas Finance Corporation, designed to provide medium-term credits to finance the export of American machinery and equipment. We could not do this, or perform the many specialized services called for in both the international or domestic fields, unless we possessed a well-rounded, fully-integrated organization capable of drawing on the resources of all segments of the community of which we are a part.

Help to Small Business

Concurrent with the growth of service to national and international firms, major banks have expanded their activities in support of small business. The growth of retail banking has as one of its prime objectives the improvement in credit facilities for small business. As a matter of fact, the record shows that bank loans are much more important relatively in financing small and medium-sized firms than is the case of large companies. Chart No. 4 serves to illustrate this. It shows the relation of bank credit to total assets of manufacturing companies of different sizes. As can be seen, the small and medium-sized firms use about twice as much credit relative to assets as do large corporations. Today these small and medium-sized companies are getting the credit they need, and they are getting it from major banks as well as from small ones. Indeed, it often is the major bank that takes the lead in developing new ways of lending for small business.

Let us cite one example from our own experience, the result of a problem faced by the telephone industry. There are almost 5,000 individual telephone companies in the United States, many of them quite small, ranging from a half-dozen rural telephones on up. After World War II these companies faced a crisis. Population growth, decentralization of industry, and technical change made it necessary for them to expand and to replace obsolete equipment. Yet they lacked funds to do so, and credit sources used by large companies were not then open to them. Our own bank learned of the situation and studied the industry intensively. We soon began making loans, some for amounts of as little as $1,500. Many of these loans could only be repaid over an extended period, however, and part of our task was to locate institutional investors who could provide long-term capital in relatively modest amounts to fund them. This we were able to do. As a result, an important segment of one of our great industries, the smaller business portion, was able not only to stay in business, but to expand and improve its services as well.

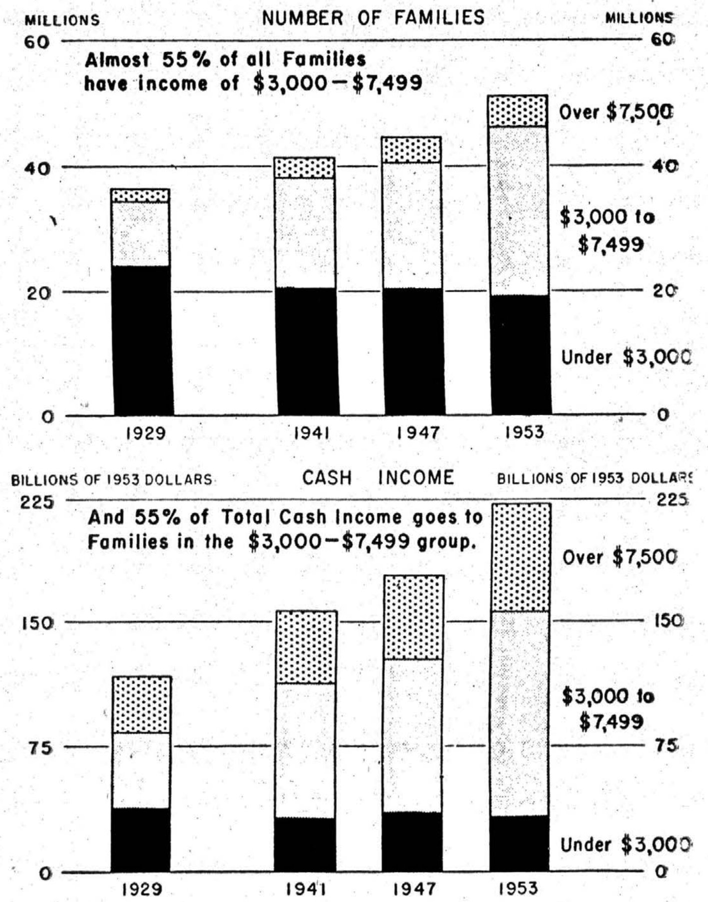
Then again, one of our outstanding competitors, First National City Bank, has pioneered in developing instalment loans for the small businessman. This has been taken up by banks throughout the country in the postwar period. We ourselves are in sharp competition for this type of business. Ordinarily, the proceeds of such loans are used to finance the acquisition or installation of capital equipment or to cover other outlays that can be repaid out of income in monthly instalments. Such loans cover the full range of enterprise—from the taxicab driver who borrows to buy a cab to the restaurant operator who needs equipment for a new location. I might add that major banks not only make such loans directly, but they participate in instalment business loans of their correspondent banks throughout the nation. In this way, major banks make it possible for an excess of loanable funds in one area to be used for small business in other areas that are short of funds.

A Stronger Banking Structure

I believe it would be a serious mistake to interpret the increase in the size of major banks as tending in any way toward monopoly. As I have indicated, competition between such banks is sharp and continuous. The realignments that have occurred in the past several years have been

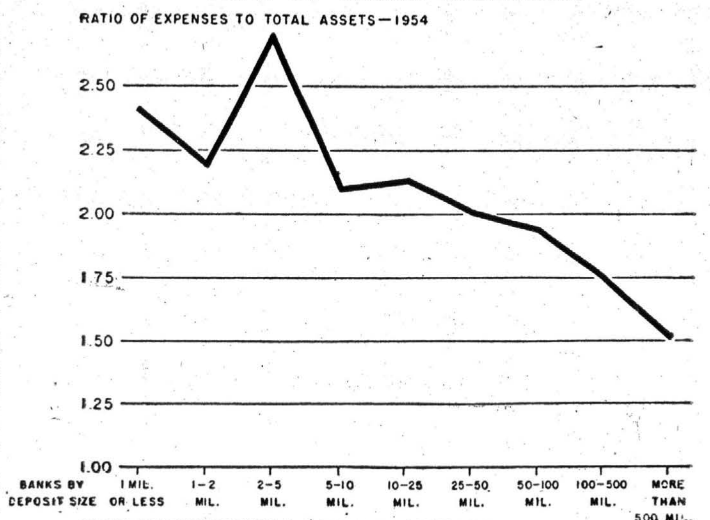
Continued on page 34

CHART 2
DRAMATIC GROWTH OF THE MIDDLE INCOME MARKET



SOURCE: FORTUNE MAGAZINE, "THE CHANGING AMERICAN MARKET"

CHART 3
OPERATING EXPENSES FALL as the SIZE OF BANKS INCREASES



SOURCE: COMPUTED FROM DATA IN F.D.I.C. ANNUAL REPORT, 1954.

Continued from page 33

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 safeguards 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 nationwide 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 great majority today are well-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 throughout this process of adjustment the public interest must constantly be held in the forefront. It is the task of the supervisory authorities to see that this does not fail to be the case.

What are the criteria that should be applied by the supervisory authorities in their administrative actions that bear on the structure of banking? I believe that the paramount objective should be sound banks and sound banking, adequate to serve the needs of the community and the public at large. The maintenance of healthy competition should also be an objective. But competition under any circumstances should not be set up as an inflexible, mechanical test which overrides all other considerations. Yet this is what H.R. 5948 in effect does when it provides that a bank merger be judged solely on the basis as to whether it may lead to a substantial lessening of competition "in any section of the country."

H.R. 5948 essentially would have public authorities regard banks as they would any other business. Yet for close to a century Congress has treated banking as an activity uniquely related to the public interest. As a result, banks have been highly supervised by special agencies set up for the purpose. These agencies, under guidance from Congress and the states, have also held as their paramount objective sound banks, safe for their depositors, and capable of meeting the needs of the community and the people. The Comptroller has testified that this criterion was uppermost in his mind when he approved the merging of banks that could not attract capable successor management; that could not achieve the necessary size to serve their community adequately; that had weak earnings capacity which sharply limited their usefulness. H.R. 5948, by applying the inflexible, mechanical test of competition under any circumstances, could not help but cause a withholding of approval for many mergers that would normally occur for these and similar reasons. I doubt seriously that this would be in the public interest.

Moreover, I might add parenthetically that the same objection which applies to H.R. 5948 can be made regarding H.R. 6405, recently introduced by Chairman Cellar as an amendment to the Federal Deposit Insurance Act. That bill would direct supervisory authorities in approving a bank merger, to "consider" such factors as the financial condition of the banks; the adequacy of their capital structures; their future earnings prospects; the general character of their managements; and the convenience and needs of the community served by the banks. Apparently, however, the examination of these factors would be academic if the authorities were to decide that the effect of the merger might lessen competition "in any section of the country." For in this event, it appears they would be prohibited from approving a merger, irrespective of the direction in which the other factors pointed.

There is one further objection to H.R. 5948 which I would cite. That is the fact that it places in hands of the Department of Justice the responsibility for enforcement of prohibitions against bank mergers. In this matter, also, banks would be subject to the same procedures and tests as industry and trade; not withstanding the existence of experienced and expert agencies specifically established by Congress to supervise and regulate banks.

In my judgment this would be a most unwise procedure. In contrast it would seem highly desirable that existing bank supervisory agencies be accorded full and exclusive responsibility for administering whatever national policy Congress lays down for assessing all aspects of bank mergers. As I indicated, such agencies at the Federal level include the Federal Reserve Board, the Comptroller of the Currency, and the FDIC. These agencies are the experts at the Federal level who, by reason of their special information, experience, and study in the field of banking, are most competent to weigh the complex factors involved in any determination of the effect of a bank merger upon the public interest. Failure to accord these agencies full and exclusive responsibility for Federal action would make a coordinated, harmonious approach to bank supervision well nigh impossible — especially in an area where not only Federal agencies are involved, but State supervisory agencies as well. Moreover, it would depart from a policy which Congress has consistently followed in the case of other industries that are already subject to Federal supervision in the public interest—a policy that experience has long since shown to be sound in such circumstances.

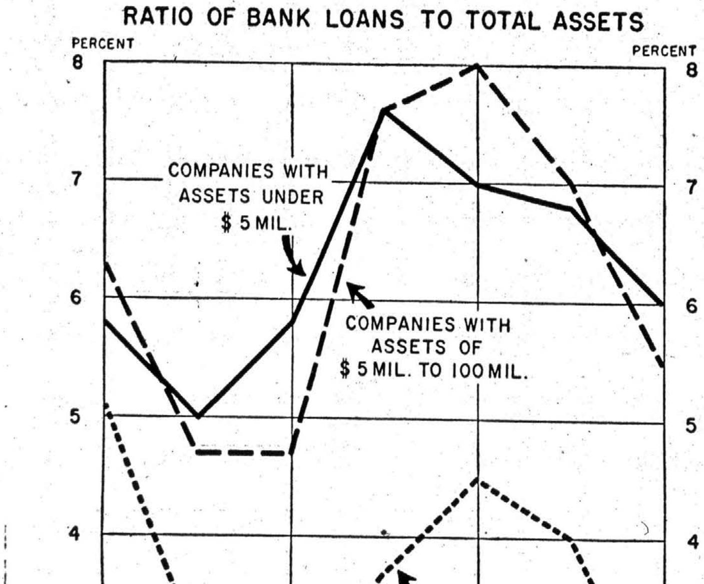
In thus objecting to H.R. 5948, I do not wish to imply opposition to any or all actions of Congress to strengthen the supervision of banks in the public interest. As I indicated, I believe that the paramount objective of Congress should be a sound banking structure, capable of meeting the needs of the community for the unique services which banks provide. I believe too that the maintenance of healthy competition in the provision of such services is highly desirable. To the best of my knowledge, supervisory authorities already are guided by these objectives in the administrative actions they take with respect to bank mergers. Messrs. Gidney, Mooney, Martin and Cook have all testified to this effect.

Nevertheless, if Congress, in reviewing developments in banking should conclude that it is desirable to restate the significant criteria that should govern Federal authorities in decisions with regard to mergers, I would see no harm in it. But such a statement of criteria, in my judgment, should apply to other matters that affect the structure of banking, as well as to mergers—particularly to the establishment of new banks and new banking offices. I would only ask that any new statement not depart from principles which many decades of experience have taught us are wise and sound, and that banks be permitted to continue to develop in a manner that permits them to render a maximum of service to our nation and its people. And I would hope, too, that in the process the existing structure of supervision which has stood the test of time so well is not discarded, or distorted and overlaid with duplication and confusion.

CHART 4

SMALL MANUFACTURERS USE MORE BANK CREDIT

RATIO OF BANK LOANS TO TOTAL ASSETS



SOURCE: F.T.C.—S.E.C.

Given Mfg. Co. Pfd. Stock Offered at Par

An issue of 87,500 shares of series B 6% cumulative convertible preferred stock of Given Manufacturing Co., Los Angeles, Calif., was publicly offered on June 30 by an underwriting group headed by Straus, Blosser & McDowell at par ($10 per share).

The new preferred stock is convertible into common stock at the option of the holders at the rate of 0.90 common shares for each preferred share. It is redeemable on or before June 30, 1960, at $10.75 plus accrued dividends and thereafter at $10.50 a share.

Net proceeds from the stock sale will be used to finance the production and assembly of a new dishwasher; to redeem outstanding shares of series A cumulative convertible preferred stock; and to augment the company's working capital.

Given Manufacturing Co. manufactures household and commercial garbage disposer units under the trade name "Waste King Pulverator."

In the year ended March 31, 1955, the company had net earnings of $310,296 on sales of $10,425,712, compared with earnings of $240,314 on sales of $9,333,351 the previous year.

Giving effect to the current issue, and the redemption of outstanding preferred shares, capitalization of Given Manufacturing Co. will consist of 172,284 shares of common stock, $1 par value; $500,000 short-term bank note; and 87,500 shares of the new preferred stock.

Also associated in the underwriting are: Crowell, Weedon & Co.; Cruttenden & Co.; Dempsey-Tegeler Co.; Fairman, Harris & Co., Inc.; Link, Gorman, Peck & Co.; Loewi & Co.; Newburger & Co.; Fusz-Schmelzle & Co.; Hamlin & Lunt; Irving J. Rice & Co., Inc., and Dallas Rupe & Son.

With Stone & Webster

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Daniel C. Trinkaus has joined the staff of Stone & Webster Securities Corporation, 33 South Clark Street. Mr. Trinkaus was previously with Hulburd, Warren & Chandler.

Two With Webber Simpson

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—George W. Porter and Frank V. Takahashi are now with Webber, Simpson & Co., 208 South La Salle Street, members of the Midwest Stock Exchange.

With Real Property Inv.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Jack W. Dresser has joined the staff of Real Property Investments, Inc., 233 South Beverly Drive. Mr. Dresser was previously with Samuel B. Franklin & Co.

Continued from page 5

Observations . . .

fight insurance to meet the heavy costs for the "outs" who become the "ins" as well as the "ins" who are ousted.

Furthermore it would appear that those individuals in management who benefit by the decision in the proxy contest, or hope to benefit, should not have an entirely free ride—all to gain no matter how much of the corporation's treasury is invaded. It would appear that they should be assessed for some share of the cost so that they will be more prudent in contracting the expenditures.

The seemingly endless mailings in the New York Central and Montgomery Ward fights with repetitions of proxies became harassing to most stockholders.

If the time element during which the campaign mailings could be conducted were limited, it might serve to limit the number of mailings.

New Rules Needed

Proxy fights would appear to need a new and modern set of Queensberry rules fair to shareowners as well as contestants.

So long as the SEC sees fit to limit stockholder resolutions to be printed in company proxy statements to 100 words for a stockholder to state his or her reasons, I can see no reason why some sort of limit cannot be put by the SEC upon management's and contestant's verbiage for the same reason given to stockholders—expense of printing and mailing. In the instance of stockholder resolutions it is peanuts to millions in proxy fights.

The Fulbright Committee in its hearings made no real attempt to get fresh or practical viewpoints. In calling the principals of two major proxy fights but not calling qualified shareowner representatives or press, it heard only those with self interest which can hardly be called an impartial or constructive "study."

You will recall that at the last Annual Meeting of the New York Central when Robert Young refused to allow any discussion of the management resolution for reimbursement of the insurgent's expenses in the proxy fight until after management had voted the **unmarked** proxies and other proxies it held in favor of it and closed the polls, I brought to the stockholders attention the need for proxy fight insurance at New York Central.

With an astute and militant minority now contesting management policies in Alleghany Corporation which is the holding company controlling New York Central, who can tell what may eventuate? Alleghany and New York Central both need proxy fight insurance if stockholders and employees are to be protected, also Montgomery Ward (of which I am a stockholder), as we are not sure the final round has been fought there.

I understand that it can be written and I shall certainly introduce resolutions where I believe they are needed, such as Pennsylvania RR., to protect the pocketbook of shareowners.

A discussion on this subject may set up a little competition among the insurance underwriters for a new form of insurance for which there is a growing need.

Sincerely,

WILMA SOSS

President,
Federation of Women Shareholders
in American Business, Inc.

Continued from page 15

News About Banks and Bankers

CLINTON TRUST COMPANY, NEW YORK

	June 30,'55	Mar. 31,'55
Total resources	$34,027,204	$34,427,829
Deposits	31,309,685	31,929,596
Cash and due from banks	8,226,601	8,269,170
U. S. Govt. security holdings	11,332,656	12,530,159
Loans & discounts	11,867,359	11,016,873
Surplus and undivided profits	1,214,484	1,095,298

* * *

KINGS COUNTY TRUST COMPANY, BROOKLYN, N. Y.

	June 30,'55	Dec. 31,'54
Total resources	$68,818,492	$60,892,887
Deposits	59,217,583	51,381,519
Cash and due from banks	10,183,638	10,770,686
U. S. Govt. security holdings	13,229,513	12,817,762
Loans and discts.	14,781,694	13,630,044
Undivided profits	975,335	882,213

* * *

Arthur T. Roth, President of the **Franklin National Bank, Franklin Square, Long Island, New York,** announced on June 29 the promotion of Louis T. Lattanzi from Assistant Manager of the Bellmore Office to Manager. Mr. Lattanzi as Assistant Cashier of **The First National Bank of Bellmore** which merged with The Franklin National Bank December 1953 and will continue his activities in developing the Bellmore Office which, it is stated, has increased some $2½ million since the merger date.

* * *

Over 80% of the capital stock of **The Jamaica National Bank of New York, of Jamaica, L. I., N. Y.,** located in the borough of Queens, has been exchanged for shares of **Marine Midland Corp.** stock, according to an announcement made available jointly by Bayard F. Pope, Chairman of the Executive Committee of Marine Midland Corp. and Paul G. Wehle, President of The Jamaica National Bank. The stock was acquired in response to a proposal made by Marine Midland Corp. in a prospectus dated June 16, to exchange 1.6 shares of its common stock for each share of Jamaica National. The Jamaica National Bank was established in 1924, and operates three offices in the borough of Queens in New York City. Acquisition of the stock of The Jamaica National Bank by Marine Midland Corp. under the terms of the prospectus precedes the plan to merge The Jamaica National Bank with The Marine Midland Trust Co. of New York, a Marine Midland Bank.

* * *

The merger of the **Central National Bank of Yonkers, N. Y.** and **The County Trust Company of White Plains, N. Y.** became effective at the close of business on June 30. The consolidation, referred to in our issue of June 30, page 2998, added four offices to The County Trust Company's county-wide operations, bringing the total in Westchester to 34, with six of them serving in Yonkers. As a result of the merger about $30,131,000 in assets and $25,835,000 in deposits were added to County Trust totals, bringing them, it is announced, to approximately $332,680,000 and $296,055,000. Gerald S. Couzens, former President of the Yonkers bank, is now a member of The County Trust Company board of directors and Chairman of the Executive Committee. All other Central National personnel were retained. The New York State Banking Department announced on June 30 that approval had been given on that date to the certificate of increase of the capital stock of the County Trust Co. from $4,719,750, consisting of 943,950 shares, par $5 per share, to $5,894,750 in 1,178,950 shares of the same par value.

THE PHILADELPHIA NATIONAL BANK, PHILADELPHIA, PA.

	June 30,'55 $	Mar. 31,'55 $
Total resources	1,021,109,311	897,645,350
Deposits	917,192,248	808,539,119
Cash and due from banks	327,435,705	225,868,812
U. S. Govt. security holdings	179,198,240	188,721,737
Loans & discounts	382,811,869	331,897,556
Undivided profits	14,480,544	13,924,101

* * *

The First National Bank of Michigan City, Ind., which in April increased its capital from $175,000 to $350,000 as a result of a stock dividend of $175,000 has made a further addition to its capital by the sale of $70,000 of new stock, thereby increasing it to $420,000. The enlarged capital became effective on June 9. The earlier increase was noted in our issue of May 19, page 2337.

* * *

The Manufacturers National Bank of Detroit, Mich., has received approval from the Comptroller of the Currency to call a special stockholders meeting to consider and vote upon reducing the par value of its stock from $20 per share to $10 per share. The meeting will be held on July 12 and if the proposal is approved by the stockholders an additional 400,000 shares will be issued increasing to 800,000 shares the total outstanding shares. A previous item regarding the proposal appeared in our issue of June 16, page 2776.

* * *

Stockholders of **First National Bank in St. Louis, Mo.,** were notified on June 23 by President William A. McDonnell of a special meeting on July 22, at which they will be asked to approve the proposed consolidation of **United Bank and Trust Company of St. Louis** into **First National Bank in St. Louis.** The effective date of the consolidation, if the stockholders approve, will be Dec. 30, 1955. According to President McDonnell "the reason for delaying the date of the merger is that the physical consolidation cannot take place until First National's building program is further advanced." By Dec. 30, 1955, he said, "our building will have reached a stage where the consolidation of facilities and personnel can be handled."

Simultaneously, stockholders of **United Bank and Trust Company** were notified by President Jack Srenco of a special meetng at which they will be asked to vote on the consolidation, also on July 22.

The agreement of consolidation, which was referred to in our issue of June 2, page 2562, was approved on May 17 by the directors of both banks. It provides that the consolidated bank will have a total of 770,000 shares of capital stock, representing 700,000 First National shares now outstanding, plus 70,000 new shares First National will issue to stockholders of United Bank and Trust Co. in exchange for the entire 10,000 shares of outstanding capital stock of that institution. First National's capital stock has a par value of $20 per share while United Bank's stock has a par value of $100 per share.

* * *

The Citizens National Bank of Claremont, Cal., with common capital of $75,000 has been absorbed as of May 20 by the **Security-First National Bank of Los Angeles.**

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The long awaited Treasury announcement that the new money raising operation would consist of tax anticipation certificates and a long-term bond, namely the 3% due 1995, which was reopened, had been well anticipated by the government market. The rate of 1⅞% for the $2 billion of tax certificates was about in line with what the financial district had been talking about, and the roll over of the Aug. 15 certificates had been a foregone conclusion. Additional new money requirements of the government in excess of the $2.75 billion now provided for will be raised via the sale of Treasury bills.

Demand is still good for Treasury bills and yields are expected to stabilize around or slightly above current levels. The rest of the government market is on the quiet and thin side, because nearly all of the attention of money market specialists is being given to the refunding operation. It will take time and some effort to digest the new money 3s.

Tight Money to Continue

The money market continues to be on the tight side, and in spite of the financing operation of the Treasury, no important 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 upon the money markets, and unless there is going to be more than temporary periods of relief on the part of the monetary authorities, interest rates are going to be on the firm side.

The recent increase in the rate on loans to brokers and dealers in securities, other than government obligations, is indicative of the demand which is around for loanable funds. Also it is believed that the prime bank rate will be advanced in the not too distant future. It is evident, however, that such an upping will not take place until the government financing has been taken care of.

The government bond market is also feeling the effects of the uptrend in the stock market, according to the opinions of certain followers of the money market. It is the belief of this group that, even though there could be further increases in margin requirements, the government bond market will not be relieved of 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 spotlight. It is being pointed out that 1956 is an election year, and even though some brakes could be put on the stock market, it is not believed that this type of action will be too beneficial as far as the government bond market is concerned.

Enlarged Supply of 3s of 1995 Favorable

The reopening of the 3s of 1995, on a partial payment basis, to raise $750 million of new money for the Treasury has been taken pretty much for granted, because "open mouth operations" had this part of the financial well tabbed in advance. There is an available supply of long-term money around, but 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 decided leaning towards the public variety, as well as small institutional investors and commercial banks, with substantial amounts of savings deposits, have been attracted by the reopened 3s of 1995. It has given these buyers an opportunity to get needed amounts of this bond at a set price, which is a favorable development because, since this bond has been outstanding, it has not been in very big supply and price movements have thus been on the erratic side. It has been reported in the past that not too 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 up the marketability of this obligation. This should result in a more steady and stable price range for the most distant Treasury issue, since there should be a larger floating supply of this bond, which will enable trades 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 1.541%. There is still a sizable demand around for Treasury bills, and it is not expected the yields will advance too much from existing levels. Federal will also see to it that some help is given to commercial banks to ease the situation from time to time. This will most likely be done through the purchase of Treasury bills which will tend to keep yields within desired limits.

T. R. Peirsol Adds

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Clement R. Tunell has been added to the staff of T. R. Peirsol & Co., 9645 Santa Monica Boulevard. Mr. Tunell was formerly with Dempsey-Tegeler & Co.

With E. F. Hutton

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif.—Jack E. Stiverson is now with E. F. Hutton & Company, 219 East Broadway.

Two With Fabian Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Edward C. Ashton and John M. Greenwood have become associated with Fabian & Company, 9500 Santa Monica Boulevard. Mr. Ashton was previously with Shearson, Hammill & Co.

Joins Bailey Staff

(Special to THE FINANCIAL CHRONICLE)

BAKERSFIELD, Calif.—Walter B. Tillery has joined the staff of Bailey & Company, 1722 Chester Avenue.

Theodore Weicker, Jr. Joins E. F. Hutton

Theodore Weicker, Jr. has become a general partner of E. F. Hutton & Company, 61 Broadway, New York City, members of the New York Stock Exchange. He was a general partner of this firm from 1939 to the end of 1945, at which time he retired from the firm to take charge of the development of the Overseas Division of E.R. Squibb & Sons, a company in which his family owned a controlling interest since 1905. Under Mr. Weicker's direction the Squibb Overseas Division became a major part of the company's business. E. R. Squibb & Sons is now a Division of Olin-Mathieson Chemical Corp.

Theodore Weicker, Jr.

Prior to 1939, Mr. Weicker was senior partner in his own Stock Exchange firm of Weicker & Company and was a member of the New York Stock Exchange from 1930 to 1940.

Mr. Weickler admission to the firm was previously reported in the "Chronicle" of June 23.

Salomon Bros. Places Western Union Debs.

Salomon Bros. & Hutzler has negotiated the private placement with institutional investors of $38,500,000 25-year 4⅛% debentures, series 1, due June 1, 1980, of the Western Union Telegraph Company.

Proceeds from the borrowing will be used by the company to redeem $35,000,000 of 5% bonds due in 1960 and $2,000,000 of 4¾% debentures due in 1980.

With Daniel D. Weston

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif. — Robert C. Burdett is with Daniel D. Weston & Co., 812 Pine Avenue.

Joins Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Marvin E. Brooks has become affiliated with California Investors, 3924 Wilshire Boulevard.

Mutual Funds

By ROBERT R. RICH

TELEVISION - ELECTRONICS Fund recorded a 72% assets increase in the six months ended April 30, 1955—the first half of its fiscal year, according to its semi-annual report recently made public.

The report lists total resources of the seven-year-old mutual fund on April 30, last, at $96,182,332 as compared with $55,868,018 on Nov. 1, 1954. Assets of the Fund have subsequently crossed the $100 million mark.

Net asset value at the close of the half-year period amounted to a record $11.33 a share—up 20% over net asset value of $9.47 a share six months ago.

Chester D. Tripp, President, in his message to shareholders, called their attention to the "concern and alarm over the possible replacement of workers by robot machines."

He recalled that the mechanical loom, while it temporarily displaced hand weavers, inaugurated a great era of industrial prosperity. The adoption of the assembly line method of producing automobiles in this country, he pointed out, reduced the price to a point where almost everyone could own a car. Furthermore, he said, it created more jobs not only in the automobile industry, but throughout all industry.

"Economic history," Mr. Tripp went on, "indicates that every important technological gain has ultimately resulted in reduced costs and increased quality and quantity, which has produced increased employment at higher pay with more leisure time to buy and use the products."

The mutual fund executive also commented on the close relationship and interdependence of electronics and nucleonics. He cited as an example the fact that at least $100,000 worth of electronic equipment will be used in each atomic generating station.

TOTAL NET assets of Bullock Fund, Ltd. reached a new high of $24,800,466, or $11.50 per share, on May 31, 1955. This compares with $21,120,920, or $10.26 per share six months earlier, after adjusting for a 200% stock distribution made on March 25, 1955.

At the same time, the net number of shares sold in the six-month period was about 72% greater than in the same period of last year.

In a message to shareowners, Hugh Bullock, President, said that "in the strong market for common stocks which has prevailed through most of the year, particular interest has been shown in shares of those companies known for their active participation in many new areas of industrial development." He mentioned specifically atomic energy, jet propulsion, automation and electronics, all of which are represented by holdings in the Bullock Fund portfolio. About 88.9% of the fund's assets are invested in common stocks.

SHAREHOLDERS of Gas Industries Fund voted at the annual meeting on June 21 in favor of broadening the Fund's investment policy, and also authorized additional shares so as to permit the Directors to declare a 100% stock distribution.

It is expected that this stock distribution, which will have the effect of splitting the present shares 2 for 1, will be announced after June 30 with a record date the second week of July.

The shareholders authorized a broadening of the investment policy so as to permit up to 30% of the assets of the Fund to be invested in securities of companies engaged in the production or use of energy other than natural gas, including atomic energy.

The Fund will thus be able to take advantage of attractive energy situations outside the natural gas field and benefit from the ever-increasing requirements for energy of all forms in the nation's expanding economy. It is expected that the exercise of the broader policy will be gradual, as attractive opportunities appear.

Total net assets of Gas Industries Fund have risen from $26,918,000 on Dec. 31, 1954 to $33,043,000 on June 15, 1955, an increase of $6,125,000. Sales of new shares were $5,520,000 against repurchases of $1,476,000, resulting in net sales of $4,044,000.

THE 1955 MID-YEAR report on Knickerbocker Fund shows a 20% increase in total income received from investments over the like 1954 period, despite generally declining yields, thus reflecting the new Knickerbocker policy of emphasizing income.

M.I.T. Growth Reports 41% 3 Mos'. Gain

Massachusetts Investors Growth Stock Fund reports for the three months ended May 31, 1955, net assets of $71,658,308, a gain of approximately 41% over assets of $50,828,353 at May 31 last year.

The net asset value per share was $27.66, excluding a capital gain payment of 57 cents during this fiscal year, compared with $20.64 a year ago. The fund had 2,591,081 shares outstanding and 18,751 stockholders as against 2,462,102 shares and 17,296 stockholders on May 31, 1954.

Portfolio changes for the quarter ended May 31, 1955, included:

Purchases

	Shares
Central & South West Corp.	15,000
Corning Glass Works	10,000
Florida Power & Light Co.	15,000
Signal Oil & Gas Co. "A"	10,000

Sales

	Shares
Marathon Corp.	15,000
Northern Natural Gas Co.	22,284
Philco Corp.	21,000

AT THE CLOSE of business July 1, 1955, Commonwealth Investment Company, one of the oldest nationally distributed balanced mutual funds, reached the $100,289,374 mark in total assets. This is an all-time record in the history of the 23-year-old company.

Founded in San Francisco in 1932 with original assets of $41,505 and but seven shareholders, the company is now owned by over 42,000 shareholders, both individuals and institutional investors. S. Waldo Coleman, its President from the beginning, emphasizes that they are situated in every state in the nation as well as in many foreign countries.

Commonwealth is especially well-known for its plan for investors desiring to accumulate shares through regular monthly purchases. About 75% of Commonwealth's shareholders are currently using this purchase method which the company calls The Commonwealth Systematic Investing Plan.

Last year, the Commonwealth management announced its automatic withdrawal plan. Mr. Coleman says "we saw a need for what we call a practical approach to retirement. This service permits our shareholders to draw a regular monthly amount from their accounts to augment social security and other sources of income. These monthly withdrawals will sometimes come from investment income, sometimes from capital gain distributions and from principal. We believe this new service, which makes for easier budgeting by retired people, will contribute substantially to Commonwealth's future growth."

GROSS SALES of Delaware Fund shares in June were the largest for any month in its 17-year history, W. Linton Nelson, President, reported.

The $30-million mutual fund's sales for the month amounted to $1,344,541—up 296% over gross sales of $454,559 in June, 1954. Mr. Nelson said the record sales were accompanied by an unusually low rate of redemptions. Liquidations of shares in June amounted to only $171,048, or 12.7% of gross sales—substantially below the redemption rate of the mutual fund industry as a whole.

Gross sales of the fund in the first half of 1955, totalling $5,193,059, also broke all previous sales records. They represent a 229% increase over sales of $2,268,880 in the corresponding period last year, and compare significantly with those of $5,999,443 for the entire 12 months of 1954.

LOOMIS-SAYLES Mutual Fund has announced that as of June 30, 1955, its assets were $46,994,281; shares outstanding were 1,041,753; and shareholders were 7,300.

As of June 30 a year ago, the Fund had $36,936,000 in net assets; 924,288 shares outstanding; and 6,500 shareholders.

Directors declared a dividend of 30c per share payable July 15, 1955 to stock of record July 1, 1955.

Chemical Fund's Net Assets Top $100 Million

Starting in 1938 with an investment of $100,000, net assets of Chemical Fund have passed the $100,000,000 mark for the first time, it was announced on July 6.

Ferdinand Eberstadt

Commenting on this increase, F. Eberstadt, Chairman of the Board, pointed out that behind the growth of the Fund was the record of one of the most successful industries in the country. "Current earnings and sales of chemical companies," he added, "are at levels which justify the expectation that 1955 will be a record year for many of them."

Sales of Chemical Fund shares to investors continue to show substantial gains over 1954. Sales for June 1955 were over seven times as large as for June of last year and more than double the May 1955 volume. Redemption of shares averaged less than 10% of sales during the same period.

Mr. Eberstadt said that the increase in sales reflects the growing recognition by the investing public of the active participation of the chemical industry in nuclear research and development of peacetime uses of atomic energy.

F. EBERSTADT, Chairman of the Board of Chemical Fund, Inc., announced that a special meeting of the stockholders of the company approved a two-for-one split of the company's capital stock.

Par value is changed from $1 per share to 50 cents per share. At the same time, stockholders voted to amend the company's Certificate of Incorporation to increase the authorized capital stock from 5,000,000 shares of $1 par value to 10,000,000 shares, 50 cents par value.

Stockholders of record June 30, 1955, will receive, on or about July 15, 1955, one additional share for each share held. Commencing July 1, 1955, shares of capital stock of Chemical Fund, Inc. offered to the public will be the new shares, 50 cents par value.

TOTAL NET ASSETS of Nation-Wide Securities Company, Inc., a balanced mutual fund sponsored by Calvin Bullock, reached an all-time high of $24,711,757, or $19.10 per share, on May 31, 1955, an increase of $709,467 or 39 cents per share since the last quarterly reporting period at Feb. 28, 1955.

Substantial sales of shares to institutional accounts in recent months were reported by Hugh Bullock, President. "This highlights a trend by institutions, particularly those with moderate assets, to place these assets 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 investment companies owned predominately by United States investors, reports total net assets at a new high of $57,612,372 on May 31, 1955, the close of the third quarter of its present fiscal year. Net assets per share were also at a new high of $10.63, comparing with $9.98 on Feb. 28 and $9.25 when the fund started operation last Sept. 1.

Henry T. Vance, President, notes that during the latest quarter "further progress was made in the purchase of stocks of Canadian companies which we believe to have favorable prospects for long-term growth of principal as well as income. At the quarter end, 94.4% of the assets of the fund were represented by investments which compares with an 85.5% invested position at the end of the preceding quarter."

The current report lists holdings of stocks of 83 Canadian companies in 17 industry classifications. Principal investments by industries show 14.02% of net assets in oils, 13.81% in paper and other forest products, 11.67% in public utilities, 10.24% in stores and 9.90% in mining companies.

The report includes a comparison of some of the significant economic indexes for Canada with those of the United States over the last 15 years, and for the last four years, showing that "Canada has been growing—and is continuing to grow—at a faster rate."

"At the same time," it adds, "contrary to the situation a few years ago, Canadian stocks now appear to be more favorably priced for investment than those of the United States."

This comment is suported by a table comparing relative price movements since 1934 of the Toronto Industrial index and the Dow Jones Industrial average.

NATIONAL SECURITIES Series has more than $110 million, or nearly half of its total net asset value concentrated in the railroad, iron and steel, and nonferrous metal industries, according to a special study.

Total net assets of the National Securities Series aggregated $233,-865,304 on April 29 last, compared with $162,021,914 a year earlier.

The latest report shows an investment in the railroad industry amounting to $66,030,029 based on total market value as of April 29, representing 28.2% of the Series aggregate net asset value. This compares with $41,036,410, or 25.3%, on April 30, 1954.

Investment in the iron and steel industry accounted for $28,251,825, or 12.1% of total net asset value on April 29 this year, compared with $19,754,587, or 12.2%, a year ago.

Non-ferrous metals, in sixth place last year, climbed to the third spot with a total investment of $15,979,538, or 6.8%, this year. Auto parts were in fourth position this year with $15,966,588, or 6.8%, after slipping from last year's third place at $10,715,312, or 6.6%.

Investments of more than $5,-000,000 each were shown this year for aircraft, $11,215,738; building and construction, $10,436,883; industrial machinery, $10,386,038; utiliites $9,046,750; oil, $7,294,975, and retail trade - department stores, $5,008,989.

WELLINGTON FUND in the first half of 1955 set new records in gross sales, total resources and number of shareholders, A. J. Wilkins, Vice-President of the Fund, announced.

Gross sales of this 26-year-old mutual fund for the six months ended June 30, 1955 were $32,-542,000.

At June 30, 1955, Wellington Fund had a record total net assets of $459,688,000, equal to $26.78 a share on the 17,164,632 shares then outstanding. This compared with total net assets of $335,151,000, equal to $22.15 a share on the 15,129,128 shares outstanding on June 30 last year.

THE PARKER Corporation, distributors of Incorporated Investors and Incorporated Income Fund, announce the opening of its Dallas office under the management of Mr. Arthur P. Nazro.

Before joining The Parker Corporation as Wholesale Representative for the Gulf States area, Mr. Nazro was associated with North America Securities. As Vice-President of The Parker Corporation he will represent Incorporated Investors and Incorporated Income Fund in Texas, Oklahoma, New Mexico, Arkansas, Louisiana, Mississippi and Alabama. The new office is located in the Mercantile Securities Building.

GROSS SALES of Science & Nuclear Fund in its first two months ended June 30, 1955, amounted $409,213, Donald F. Bishop, President, reported.

Largely as the result of sales, assets of the Fund increased to $517,256 on that date as compared with $118,000 on April 28, last, when the Fund began business. In the same period, asset value advanced to $10.52 a share from $10.

Mr. Bishop saw in the sales response this past two months an indication of broad public interest in the fast-developing nuclear technology.

"We have been receiving queries about our Fund from various sections in a steadily-increasing number this past two months," he said. "These inquiries have come to us unsolicited from the South, the West Coast and throughout the East. I believe," he continued, "they reflect a steadily growing public consciousness of the tremendous potential that nuclear science possesses for the material advancement of mankind."

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Let's Implement Report of Cabinet Group on Transport Policy

of our transportation plant," and that the heavy costs due to failure to adapt regulation to the facts of intensified competition are paid by the "shipper and ultimately the consuming public."

(4) That the economy of the country and the national defense need the services of a strong, vigorous and efficient system of common carrier transportation.

While the Cabinet Report of necessity deals with a number of difficult and involved aspects of transportation regulation, the essence of its philosophy is magnificently clear and simple.

A greater freedom in competitive pricing would be applied in the field of transportation. That freedom, however, would be exercized within a zone of reasonableness between a floor of compensatory rates and a ceiling of reasonable maximum rates. To be compensatory a rate would have to cover "the direct ascertainable costs of producing the service to which the rates apply." Competing carriers would be free within that zone of reasonableness to make such competitive rates as may be necessary to attract traffic. The Interstate Commerce Commission would retain its power to prevent undue discriminations and preferences.

Stated another way, the report recommends that all types of common carriers be freed to utilize their economic capabilities in the competitive pricing of their service. The Commission would be relegated to its proper function, that of an adjudicator, rather than a business manager.

In recent years the decisions of the Commission have more and more rested upon an assumed duty to divide freight traffic arbitrarily between competing carriers on a basis of so-called "fair shares." Frequently of late, admittedly compensatory railroad rates have been set aside by the Commission on the ground that they are lower than necessary to meet the competition. The test applied by the Commission has not been whether or not the proposed rate is compensatory. Rather, the test has been—would the rate attract more than a fair share of the available traffic—or hurt a competing mode of transportation. The Commission has said that is the "primary issue"— the "paramount question."

Thus, the benefits of free play of inherent advantages, of basic differences in the cost of service, of greater abilities of some carriers to move tremendous tonnages at relatively low increased costs, have been lost. It is the public which has been deprived of the end product of inherent advantages — lower transportation costs.

It must be remembered that under the recommendations of the report the Commission would continue to protect the public against excesses, competing carriers against destructive rate-cutting, (that is — rates below cost) and persons, communities and commodities against discrimination.

Financially Strong Transportation Systems Needed

In addition to placing increased reliance on competitive forces in rate-making and making recommendations aimed to give the ultimate consumer the benefit of the lowest possible transportation costs, the report states as its major objectives the maintenance of a modernized and financially strong system of common carrier transportation, and the development of an efficient transportation system for defense.

These stated objectives are sought to be implemented by means of 12 specific recommendations set forth in considerable detail in the Report.

The first of these recommendations consists of a new declaration of national transportation policy which is intended to serve as a frame of reference within which the other specific recommendations of the Report, as well as the provisions of the Interstate Commerce Act, will operate.

It is declared to be the national transportation policy to provide for and develop, under the free enterprise system of dynamic competition, a strong, efficient and financially sound transportation industry embracing all forms of carriage; to encourage and promote full competition between modes of transportation at charges which lie within the zone of reasonableness, without unjust discrimination, undue preference or advantage, or undue prejudice; to reduce economic regulation to the minimum consistent with the public interest, requiring that such minimum regulation be administered fairly and impartially.

There follow four specific recommendations intended to give greater freedom of competitive rate-making to all media of common carriage **on an equal basis.**

While, as stated, the Report seeks to bring about greater freedom of competition between all common carriers, as well as reduce economic regulation to the minimum consistent with the public interest, it is necessary in order to accomplish those purposes that there be imposed upon some segments of the transportation industry, such as private carriers, contract carriers and those hauling bulk commodities under existing exemptions, a certain degree of regulatory control not now existing. The Report accordingly so recommends.

The balance of the recommendations of the Report involve such matters as abandonment of unprofitable services, special rates on government traffic, and a recommendation to the Congress that it re-examine the extent of agricultural commodity exemptions.

Early in May of this year there were introduced in the Congress at the request of the Secretary of Commerce identical bills intended to implement the recommendations of the Report. On the Senate side the bill is known as S. 1920 and on the House side the bills were respectively designated H. R. 6141 and H. R. 6142. To date none has been set for hearing.

It is noteworthy that in introducing S. 1920 Senator Smathers stated that the bill was not to be regarded as a package or omnibus bill but rather as a series of amendments to the Interstate Commerce Act. It would seem to follow that when hearings are held each group of related amendments should be separately regarded on its own respective merits.

Attacks On The Report

This Report really says: Let a man run who can. It is a reflection of the American way—the principle under which this country has grown to its present stature. This very principle has been applied across the board in our **industrial** world. Equality of competition, circumscribed within reasonable limits, would now be applied to present-day competitive transportation. And yet some elements of the transportation industry have attacked the Report.

Some of these attacks are almost hysterical.

It is said that it is a railroad report. Is it? Obviously not. Many of the recommendations suggested by the Association of American Railroads to the Working Group are not embodied in the Report. Just to mention one of the most important of these—is that dealing with user charges on publicly provided transportation facilities. Surely, if this were a railroad report, that recommendation would have been included.

It is said that the Report would give the railroads a "hunting license" to destroy their competitors. Would it? No. The Report recognizes the underlying need in the public interest and in the interest of national defense, of a strong common carrier transportation industry. It recommends removal of some shackles of regulation from common carriers and imposition of some demonstrably needed restrictions on other forms of carriers. All common carriers under the recommendations of the Report would be permitted to operate on equal terms. Recommendations favoring less restrictive provisions governing common carriers by rail are equally applicable to common carriers by water and by highway. It is **common regulation for common carriers.** Surely if this Report constitutes a hunting license, all carriers will carry the same license. And that, again, is the American way.

It is said that if the recommendations of the Report were translated into law, the transportation industry would be returned to the "law of the jungle." Would it? Obviously not. As previously pointed out, the Report would continue broad and desirable powers in the Interstate Commerce Commission. Destructive rates below cost would not be permitted, nor would maximum rates above the level of reasonableness. Nor would undue discrimination or preference be sanctioned.

It is said that the Report's recommendations would deprive the little shipper of transportation service. Would they? Quite the contrary. The Report would strengthen the services upon which the little shipper must rely. He needs common carrier transportation, for he cannot afford to own his own private fleet. And the Report's recommendations would strengthen all forms of common carrier transport, and insure to the little shipper the lowest possible transportation cost.

It seems to me that your job as public relations officers of our industry is to bring to the American public the fact that this Report was written in its interest. That its underlying philosophy is merely a reiteration of the American way and an application to transportation of fundamental principles which have proved their validity in all other areas of our economy.

Your job will not be easy. Entrenched forces with great resources behind them are determined to defeat your every effort. But when the American public understands that this Report was truly written in its interest, we shall see it implemented.

Covington Janin Co. Opens

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Henry Covington Janin is engaging in a securities business from offices at 2721 Pacific Avenue under the name of Covington Janin Company. Mr. Janin was formerly an officer of George Putnam Fund Distributors, Inc.

R. H. Cobb Co. Opens

FT. WORTH, Tex.—R. H. Cobb & Company has been formed with offices at 2550 Boyd Avenue to engage in a securities business. Officers are Robert H. Cobb, Jr., President; Christopher Cobb, Vice-President; Lucille S. Cobb, Assistant Secretary; Jean J. Cobb, Secretary-Treasurer.

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The State of Trade and Industry

May's output of 724,889 cars and 130,115 trucks; it added that July projections are aimed at 658,800 cars and 112,000 trucks.

Last week's programming called for 183,996 units, up almost 2% from a week ago at 151,249 cars and 29,271 trucks, despite absence of Saturday final assembly at Ford Motor Co. and General Motors plants. Dodge car assembly had been suspended on Friday and was scheduled to resume this Wednesday.

Thus car-truck production the past week held to a 9,500,000-unit annual rate even though overtime work was at a minimum.

"Ward's" noted that last week Chevrolet passed Ford in truck output for 1955. The General Motors division built approximately 196,800 trucks during January-June, compared with about 194,000 by Ford.

This week some United States car or truck builder will turn out the 5,000,000th vehicle of the year. The same 1954 milestone was not reached until Oct. 11. In addition, July 5-9 manufacture will be highlighted by completion of the 4,337,482nd car since Jan. 1, 1955, placing output for the year above the entire NPA controlled year of 1952 at 4,337,481 units.

Steel Output Set This Week at 89.7% of Capacity

Look for steel production in the second half to be below that of the first, even though the metalworking industry expects a 2% gain in its sales, says "Steel," the metalworking weekly, the current week.

In the first half, the steel industry was filling the pipelines of supply and building consumers' inventories to support an increased rate of consumption. That is accomplished, and the steel industry needs merely to turn out enough for the current rate of usage. One of the incentives to build inventories is gone. It was the aim to get deliveries before a midyear increase in steel prices. Although the metalworking industry expects a 2% gain in sales in the second half over the first, all segments of it will not fare alike, this trade paper asserts.

The automobile industry, biggest consumer of steel, expects to produce 18% fewer passenger cars in the third quarter than in the second, even though it raised its sights from earlier projections for the third quarter. Much of the third period will see model change-overs, which interrupt production. The first and second quarters had no such interruptions. In contrast, the government says construction, second largest user of steel, will be 5.8% better than estimated earlier for this year. Railroads too, have begun to show some life in their freight car buying, this trade weekly states.

If steel production were to continue in the last half at the brisk pace of the first, the year's out-turn would be 114,800,000 net tons of ingot and castings. That would be more than the record of 111,600,000 net tons set in 1953, when the first-half's yield of 57,900,000 tons exceeded the 57,400,000 tons of the first half of 1955.

Although steel demand may ease off in the second half, don't count on a shortening in delivery times. Steel output will be down, too. Summer vacations and hot weather reduce steel production in July and August. Some of the steelmaking furnaces will have to be taken off for repairs, this trade magazine notes.

A decline is already recorded for the opening of the second half. Because mills had to prepare for a steel workers' strike, the ingot rate in the week ended July 3 slipped to a preliminary 94.5% of capacity. That's a 2.5 point decline from the preceding week, says "Steel."

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity of the entire industry will be at an average of 89.7% of capacity for the week beginning July 4, 1955, equivalent to 2,164,000 tons of ingots and steel for castings as compared with 71.1% (revised) and 1,716,000 tons a week ago.

The industry's ingot production rate for the weeks in 1955 is based on an annual capacity of 125,828,310 tons as of Jan. 1, 1955.

For the like week a month ago the rate was 94.7% and production 2,286,000 tons. A year ago the actual weekly production was placed at 1,430,000 tons or 60.0%. The operating rate is not comparable because capacity was lower than capacity in 1955. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Electric Output Eases a Trifle From New All-Time High Record of Previous Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 2, 1955, was estimated at 10,138,000,000 kwh., a slight decline from the new all-time high record established in the prior week, according to the Edison Electric Institute.

This week's output declined 88,000,000 kwh. below that of the previous week, when the actual output stood at 10,226,000,000 kwh. It increased 1,313,000,000 kwh., or 14.9% above the comparable 1954 week and 2,223,000,000 kwh. over the like week in 1953.

Car Loadings Advance 1.8% Over Previous Week and 12.1% Above Like Week a Year Ago

Loadings of revenue freight for the week ended June 25, 1955, increased 14,047 cars or 1.8% above the preceding week, according to the Association of American Railroads.

Loadings for the week ended June 25, 1955, totaled 799,472 cars, an increase of 86,312 cars, or 12.1% above the corresponding 1954 week, but a decrease of 18,978 cars, or 2.3% below the corresponding week in 1953.

U. S. Automotive Output Last Week Advanced to Highest Level In a Period of a Month and Was 2% Above Preceding Week

The automotive industry for the latest week, ended July 1, 1955, according to "Ward's Automotive Reports," assembled an estimated 158,254 cars, compared with 151,249 (revised) in the previous week. The past week's production total of cars and trucks amounted to 183,996 units, or an increase of 2% above the preceding week's output of 180,520 units. A total of 128,396 units were reported for the same week a year ago, states "Ward's."

Last week's car output advanced above that of the previous week by 7,005 cars, while truck output declined by 3,529 vehicles during the week. In the corresponding week last year 109,296 cars and 19,100 trucks were assembled.

Last week the agency reported there were 25,742 trucks made in the United States. This compared with 29,271 in the previous week and 19,100 a year ago.

Canadian output last week was placed at 8,419 cars and 1,929 trucks. In the previous week Dominion plants built 9,086 cars and 2,284 trucks, and for the comparable 1954 week 3,807 cars and 933 trucks.

Business Failures Climb Moderately for Week and Exceed Like Period a Year Ago

Commercial and industrial failures rose to 231 in the week ended June 30 from 205 in the preceding week, Dun & Bradstreet, Inc., stated. Failures exceeded the 192 a year ago and the 169 in 1953. However, they were 13% below the prewar level of 264 in the comparable week of 1939.

Failures with liabilities of $5,000 or more increased to 194 from 166 in the previous week and 162 last year. Small failures, those with liabilities under $5,000, dipped to 37 from 39, but were more numerous than in 1954 when 30 were recorded. Twenty-three concerns failed with liabilities in excess of $100,000, as against 14 last week.

Wholesale Food Price Index Continues Decline of Previous Week

Continuing the downturn of the previous week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., fell 7 cents during the past week to stand at $6.42 on June 28. This compared with $7.30 on the corresponding date a year ago, or a drop of 12.1%.

Advances in wholesale cost last week included flour, corn, peanuts, eggs and steers. Lower in price were wheat, rye, oats, beef, hams, lard, cottonseed oil, cocoa, peas, hogs and lambs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Trended Irregularly Lower In Latest Week

The general commodity price level fluctuated unevenly during the week. The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., trended lower in the first half of the period and then turned upward to finish at 272.68 on June 28. This compared with 273.35 a week earlier and 271.13 a year ago.

Grain markets were uncertain and irregular as traders awaited the outcome of the wheat grower referendum on the proposal that the strict marketing controls be continued for the 1956 crop.

The proposal, which set a national average minimum support price of $1.81 per bushel on the 1956 crop, was approved by a majority of 77.5% of the growers.

Following early weakness, wheat prices finished strong and slightly higher for the week, with flour mills active buyers of all new crop offerings. Cash corn was firm, influenced by moderate improvement in export demand and a Government report indicating a 9% increase in the Spring pig crop over a year ago. Although trading in wheat was more active, sales of all grain and soybean futures on the Chicago Board of Trade was down slightly for the week. Daily average purchases totalled 30,300,000 bushels, against 34,000,000 the previous week and 37,200,000 a year ago.

Buying of hard wheat bakery flours continued on a hand-to-mouth basis despite a large potential demand as the result of low inventories.

Considerable interest was evident in soft wheat flours with buyers looking for lower prices on new crop offerings.

The domestic raw sugar market held mostly steady in rather quiet trading. Manufacturer demand for cocoa was slow. Prices were steady at the close following a sharp downward adjustment on Thursday due to the devaluation of the Brazilian cocoa export cruzeiro. Warehouse stocks of cocoa were reported at 241,855 bags as against 238,544 bags a week earlier.

Green coffee prices were maintained, aided by roaster and dealer buying in both the spot and shipment markets, and the continuing efforts of producing countries to stabilize prices.

Lard was under pressure and prices trended downward under slow domestic and foreign demand. Livestock markets were irregular. Following early strength, hog prices moved sharply lower, influenced by slow demand for fresh pork as the result of the hot weather and the Government Spring pig crop report which showed an increase of 9% over a year ago.

Spot cotton prices continued to move in a narrow range. Closing prices were slightly lower for the week.

Mill price-fixing helped to sustain values at times, while selling, influenced by continued uncertainty relative to surplus disposal plans and the price support outlook, was a depressing factor.

Trading in the 14 markets continued at a slow pace with sales totalling 39,300 bales, the smallest weekly volume for the current season. Mill stocks of cotton as of May 28 were reported at 1,714,000 bales, as compared with 1,587,000 bales at this time a year ago.

Trade Volume Lifted Slightly Last Week By Holiday and Vacation Purchases

As many shoppers prepared for vacations and the holiday week-end, retail trade rose slightly in most parts of the nation in the period ended on Wednesday of last week.

While year-to-year gains in volume were not as impressive as in recent months, most merchants continued to top the comparable 1954 sales record.

The total dollar volume of retail sales for the month of June would probably be the highest total for any non-Christmas month on record, according to preliminary information from 60 cities.

During the week the total dollar volume of retail trade ranged from 2 to 6% above a year ago, according to Dun & Bradstreet, Inc. Regional estimates varied from the year-ago levels by the following percentages: New England 0 to —4; East 0 to +4; South and Northwest +3 to +7; Midwest and Pacific Coast +4 to +8 and Southwest +5 to +9.

While the total dollar volume of wholesale trade dipped slightly in the period ended on Wednesday of last week, it remained noticeably above the corresponding year-ago level. Buyer attendance at the major wholesale centers was usually high, although the approach of the long July 4 week-end and vacation periods deterred trade in some lines.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended June 25, 1955, advanced 6% from the like period of last year. In the preceding week, June 18, 1955, a rise of 2% was registered from that of the similar period of 1954, while for the four weeks ended June 25, 1955, an increase of 4% was recorded. For the period Jan. 1, 1955 to June 25, 1955, a gain of 6% was registered above that of 1954.

Retail trade volume in New York City the past week showed a modest gain above the like week a year ago. Trade observers placed the increase at about 1 or 2%.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended June 25, 1955, advanced 4% above that of the like period of last year. In the preceding week, June 18, 1955, a decline of 1% was noted from that of the previous week. For the four weeks ended June 25, 1955, no change occurred. For the period Jan. 1, 1955, to June 25, 1955, the index recorded a rise of 1% from that of the corresponding period of 1954.

Michael J. Heaney Co. Admits Paul Sheridan

On June 29, Michael J. Heaney & Co., 120 Broadway, New York City, members of the American Stock Exchange, admitted Paul Sheridan to partnership.

Jerome S. Lucheme retired from the firm June 30.

Form Colo. Inv. Co.

DENVER, Colo. — Colorado Investment Co., Inc. is conducting a securities business from offices at 2951 Jasmine Street. Officers are E. Bailey Ranes, President and Treasurer; Louis A. Loiseau, Vice-President; Thomas D. Smart, Secretary. Clinton Andersen, formerly an officer of Western Securities Corporation, is a director.

Walter W. Gerlach Opens

(Special to The Financial Chronicle)

PASADENA, Calif.—Walter W. Gerlach has opened offices at 465 Converse Place, to engage in a securities business.

Wayne Hough Forms Co.

PASADENA, Calif. — Wayne Hough is engaging in a securities business from offices in the Security Building under the name of A. Wayne Hough & Co. Mr. Hough was formerly with Lester, Ryons & Co., and Denton & Co.

Harold Leon Opens

HOUSTON, Tex.—Harold Leon is engaging in a securities business from offices in the Electric Building under the firm name of Leon & Co.

Joins Greene & Ladd

(Special to The Financial Chronicle)

DAYTON, Ohio — William J. Lukaswitz has become associated with Greene & Ladd, Third National Bank Building, members of the New York Stock Exchange. Mr. Lukaswitz was previously with Westheimer & Co.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date.

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	July 10	§89.7	*71.1	94.7	60.0
Equivalent to—					
Steel ingots and castings (net tons)	July 10	§2,164,000	*1,716,000	2,286,000	1,430,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	June 24	6,636,700	6,625,600	6,655,450	6,509,800
Crude runs to stills—daily average (bbls.)	June 24	¶7,464,000	7,520,000	7,483,000	6,939,000
Gasoline output (bbls.)	June 24	25,850,000	25,535,000	24,669,000	23,862,000
Kerosene output (bbls.)	June 24	1,946,000	2,197,000	2,196,000	2,095,000
Distillate fuel oil output (bbls.)	June 24	11,522,000	11,205,000	10,738,000	9,700,000
Residual fuel oil output (bbls.)	June 24	7,615,000	8,109,000	8,070,000	7,874,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	June 24	164,471,000	165,285,000	169,373,000	168,147,000
Kerosene (bbls.) at	June 24	29,132,000	28,435,000	25,220,000	26,937,000
Distillate fuel oil (bbls.) at	June 24	96,338,000	91,269,000	80,204,000	83,013,000
Residual fuel oil (bbls.) at	June 24	45,584,000	45,684,000	44,156,000	50,362,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	June 25	799,472	785,425	790,176	713,160
Revenue freight received from connections (no. of cars)	June 25	666,237	657,505	669,576	597,721
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 30	$439,115,000	$412,067,000	$324,143,000	$323,867,000
Private construction	June 30	277,673,000	225,458,000	216,474,000	173,228,000
Public construction	June 30	161,442,000	186,609,000	107,669,000	150,639,000
State and municipal	June 30	110,078,000	147,855,000	79,762,000	113,477,000
Federal	June 30	51,364,000	38,754,000	27,907,000	37,162,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	June 25	9,590,000	*9,640,000	9,365,000	8,288,000
Pennsylvania anthracite (tons)	June 25	607,000	538,000	511,000	602,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	June 25	103	117	114	97
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 2	10,138,000	**10,226,000	9,537,000	8,825,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 30	231	205	203	192
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	June 28	4.797c	4.797c	4.797c	4.634c
Pig iron (per gross ton)	June 28	$56.59	$56.59	$56.59	$56.59
Scrap steel (per gross ton)	June 28	$36.50	$35.33	$34.00	$26.92
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 29	35.700c	35.700c	35.700c	29.700c
Export refinery at	June 29	36.325c	36.400c	36.700c	26.600c
Straits tin (New York) at	June 29	95.000c	94.500c	91.625c	96.500c
Lead (New York) at	June 29	15.000c	15.000c	15.000c	14.000c
Lead (St. Louis) at	June 29	14.800c	14.800c	14.800c	13.800c
Zinc (East St. Louis) at	June 29	12.500c	12.500c	12.000c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	July 5	95.78	95.88	96.94	100.07
Average corporate	July 5	108.70	108.88	108.88	110.15
Aaa	July 5	112.19	112.19	112.37	114.85
Aa	July 5	110.52	110.52	110.34	112.19
A	July 5	108.70	108.88	109.06	109.79
Baa	July 5	103.97	103.97	104.31	104.14
Railroad Group	July 5	107.27	107.44	107.44	108.70
Public Utilities Group	July 5	109.06	109.24	109.24	110.52
Industrials Group	July 5	109.97	109.79	109.97	111.07
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	July 5	2.82	2.81	2.72	2.49
Average corporate	July 5	3.24	3.23	3.23	3.16
Aaa	July 5	3.05	3.05	3.04	2.91
Aa	July 5	3.14	3.14	3.15	3.05
A	July 5	3.24	3.23	3.22	3.18
Baa	July 5	3.51	3.51	3.49	3.50
Railroad Group	July 5	3.32	3.31	3.31	3.24
Public Utilities Group	July 5	3.22	3.21	3.21	3.14
Industrials Group	July 5	3.17	3.18	3.17	3.11
MOODY'S COMMODITY INDEX	July 5	406.3	405.4	397.4	434.7
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	June 25	258,244	239,200	269,132	204,836
Production (tons)	June 25	280,600	285,547	274,342	250,255
Percentage of activity	June 25	99	99	98	92
Unfilled orders (tons) at end of period	June 25	525,731	548,315	520,458	325,610
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	July 1	106.76	106.73	106.71	106.49
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	June 11	1,374,389	834,871	1,121,250	913,018
Dollar value	June 11	$70,676,763	$44,941,752	$58,803,949	$42,675,362
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	June 11	1,234,998	829,588	980,675	933,837
Customers' short sales	June 11	6,380	4,268	6,232	8,964
Customers' other sales	June 11	1,228,618	825,320	974,443	924,873
Dollar value	June 11	$61,712,211	$40,934,508	$50,053,594	$41,662,713
Round-lot sales by dealers—					
Number of shares—Total sales	June 11	324,160	227,350	272,030	340,290
Short sales	June 11	-------	-------	-------	-------
Other sales	June 11	324,160	227,350	272,030	340,290
Round-lot purchases by dealers—					
Number of shares	June 11	497,270	294,000	399,420	284,810
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	June 11	598,300	333,960	479,170	377,900
Other sales	June 11	14,787,060	9,794,750	11,701,210	9,887,280
Total sales	June 11	15,385,360	10,128,710	12,180,380	10,265,180
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	June 11	1,824,060	1,153,030	1,478,350	1,267,950
Short sales	June 11	322,440	183,780	249,610	203,890
Other sales	June 11	1,533,700	970,280	1,215,220	995,520
Total sales	June 11	1,856,140	1,154,060	1,464,830	1,199,410
Other transactions initiated on the floor—					
Total purchases	June 11	384,000	298,100	245,320	355,540
Short sales	June 11	48,000	17,700	22,100	28,100
Other sales	June 11	463,810	277,150	247,930	307,140
Total sales	June 11	511,810	294,850	270,030	335,240
Other transactions initiated off the floor—					
Total purchases	June 11	685,979	523,247	493,112	345,480
Short sales	June 11	93,600	50,510	73,490	38,310
Other sales	June 11	866,883	569,577	600,423	372,854
Total sales	June 11	960,483	620,087	673,913	411,164
Total round-lot transactions for account of members—					
Total purchases	June 11	2,894,039	1,974,377	2,216,782	1,968,970
Short sales	June 11	464,040	251,990	345,200	270,300
Other sales	June 11	2,864,393	1,817,007	2,063,573	1,675,514
Total sales	June 11	3,328,433	2,068,997	2,408,773	1,945,814
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	June 28	110.0	110.3	110.2	109.9
Farm products	June 28	90.9	91.6	90.9	94.7
Processed foods	June 28	102.5	103.6	103.6	104.6
Meats	June 28	86.2	90.1	85.3	92.4
All commodities other than farm and foods	June 28	115.7	115.7	115.6	114.3

*Revised figure. ¶Includes 770,000 barrels of foreign crude runs. §Based on new annual capacity of 125,828,310 tons as of Jan. 1, 1955, as against Jan. 1, 1954 basis of 124,330,410 tons.
†Number of orders not reported since introduction of Monthly Investment Plan. **New all-time high record.

	Latest Month	Previous Month	Year Ago
BUSINESS INVENTORIES — DEPT. OF COMMERCE NEW SERIES — Month of April (millions of dollars):			
Manufacturing	$43,300	$43,300	$44,500
Wholesale	11,700	11,600	11,600
Retail	22,800	*22,600	22,700
Total	$77,700	$77,500	$78,800
CASH DIVIDENDS—PUBLICLY REPORTED BY U. S. CORPORATIONS — U. S. DEPT. OF COMMERCE — Month of April (000's omitted)	$661,700	$1,353,200	$588,300
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of June (000's omitted):			
Total U. S. construction	$1,881,544	$1,726,525	$1,160,753
Private construction	1,105,886	1,147,581	599,256
Public construction	775,658	578,944	561,497
State and municipal	587,991	424,323	425,116
Federal	187,667	154,621	136,381
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK— As of May 31 (000's omitted)	$572,000	$623,000	$618,000
CONSUMER CREDIT OUTSTANDING—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—REVISED SERIES—Estimated short and intermediate term credit in millions as of May 31:			
Total consumer credit	$31,568	$30,655	$28,372
Instalment credit	24,149	23,513	21,487
Automobile	11,985	11,482	10,002
Other consumer goods	5,555	5,492	5,370
Repair and modernization loans	1,546	1,534	1,634
Personal loans	5,063	5,005	4,481
Non-instalment credit	7,419	7,142	6,885
Single payment loans	2,589	2,496	2,313
Charge accounts	3,011	2,859	2,786
Service credit	1,819	1,787	1,786
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of May:			
Cotton Seed—			
Received at mills (tons)	12,756	12,780	22,110
Crushed (tons)	284,731	318,041	356,184
Stocks (tons) May 31	433,125	705,100	556,447
Crude Oil—			
Stocks (pounds) May 31	96,409,000	106,593,000	84,728,000
Produced (pounds)	101,987,000	110,834,000	124,212,000
Shipped (pounds)	112,824,000	125,217,000	163,177,000
Refined Oil—			
Stocks (pounds) May 31	527,013,000	562,020,000	1,061,214,000
Produced (pounds)	105,709,000	117,110,000	151,578,000
Consumption (pounds)	135,366,000	119,302,000	174,462,000
Cake and Meal—			
Stocks (tons) May 31	266,945	273,098	193,472
Produced (tons)	139,630	154,119	161,713
Shipped (tons)	145,783	159,930	145,980
Hulls—			
Stocks (tons) May 31	53,761	56,039	122,901
Produced (tons)	63,698	70,582	81,522
Shipped (tons)	65,976	81,977	70,844
Linters (running bales)—			
Stocks May 31	230,640	285,687	199,081
Produced	87,480	101,903	115,009
Shipped	142,527	133,514	142,115
Hull Fiber (1,000-lb. bales)—			
Stocks May 31	391	442	946
Produced	150	178	608
Shipped	201	185	645
Motes, Grabbots, etc. (1,000 pounds)—			
Stocks May 31	3,672	3,983	6,623
Produced	773	988	1,815
Shipped	1,084	1,341	2,909
LIFE INSURANCE PURCHASES—INSTITUTE OF LIFE INSURANCE — Month of April (000's omitted):			
Ordinary	$2,475,000	$2,747,000	$2,143,000
Industrial	525,000	573,000	572,000
Group	2,596,000	457,000	467,000
Total	$5,596,000	$3,777,000	$3,182,000
MANUFACTURERS' INVENTORIES AND SALES (DEPT. OF COMMERCE) NEW SERIES— Month of April (millions of dollars):			
Inventories—			
Durables	$24,178	*$24,112	$25,145
Non-durables	19,090	*19,220	19,350
Total	$43,268	*$43,332	$44,495
Sales	26,092	*25,976	23,681
MONEY IN CIRCULATION—TREASURY DEPT. As of April 30 (000's omitted)	$29,769,000	$29,800,000	$29,735,000
PERSONAL INCOME IN THE UNITED STATES (DEPARTMENT OF COMMERCE)—Month of April (in billions):			
Total personal income	$295.6	*$294.6	$284.4
Wage and salary, receipts, total	202.2	*201.7	194.3
Commodity producing industries	88.2	87.4	83.7
Distributing industries	53.5	*53.7	52.0
Service industries	26.4	*26.5	25.2
Government	34.1	*34.1	33.4
Less employee contributions for social insurance	5.1	5.2	4.6
Other labor income	6.6	6.6	6.6
Proprietors and rental income	50.0	*49.8	48.2
Personal interest income and dividends	25.0	24.8	24.0
Total transfer payments	16.9	*16.9	15.9
Total non-agricultural income	279.9	*278.9	269.1
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-14 = 100—As of May 15:			
Unadjusted—			
All farm products	244	247	*255
Crops	255	252	*246
Food grain	240	236	227
Feed grain and hay	200	197	207
Tobacco	436	437	446
Cotton	266	270	272
Fruit	209	*216	*217
Truck crops	308	*270	*247
Oil-bearing crops	259	261	286
Livestock and products	234	242	*263
Meat animals	260	269	*324
Dairy products	236	*241	*231
Poultry eggs	175	185	*169
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of April (000's omitted):			
Savings and loan associations	$900,390	$927,627	$668,533
Insurance companies	165,247	173,867	130,353
Bank and trust companies	455,960	458,034	332,636
Mutual savings banks	135,603	133,904	112,049
Individuals	276,283	302,550	239,230
Miscellaneous lending institutions	423,649	458,630	310,190
Total	$2,357,132	$2,454,612	$1,792,991

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
● ITEMS REVISED

★ Academy Insurance Co., Beverly Hills, Calif.
June 24 (letter of notification) 15,000 shares of common stock (par $10). **Price**—$20 per share. **Proceeds** — For operation of stock Workmen's Compensation Insurance Carrier, Inc. **Office**—449 South Beverly Drive, Beverly Hills, Calif. **Underwriter**—None.

Academy Uranium & Oil Corp.
June 10 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—65 East Fourth South St., Salt Lake City, Utah. **Underwriter**—Western States Investment Co., same city.

★ Alaska Telephone Corp., Seattle, Wash.
June 23 (letter of notification) 4,027 shares of common stock (par $1) to be offered in lieu of paying interest on debentures at par (will continue for a period of 36 months for a total sum of not more than 145,000 shares of common stock). **Office**—Alaska Trade Bldg., Seattle 1, Wash. **Underwriter**—None.

All State Uranium Corp., Moab., Utah
April 19 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—30 cents per share. **Proceeds**—For mining operations. **Underwriter**—General Investing Corp., New York. Filing to be amended.

Allied Industrial Development Corp.
June 20 (letter of notification) 300,000 shares of class A common stock. **Price**—$1 per share. **Proceeds**—For oil and gas operations. **Office**—1508 Capitol Ave., Houston, Tex. **Underwriter** — Paul C. Ferguson & Co., same address.

Ambassador Hotel of New York, Inc.
May 19 filed 163,898 shares of common stock (par $1) to be offered for subscription by stockholders of record May 17, 1955, on basis of one new share for each share held. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **Underwriter**—None.

American Asbestos Co., Ltd.
Feb. 17 (Regulation "D") 600,000 shares of common stock (par $1). **Price** — 50 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Maine Investment Co., Ltd.

★ American Broadcasting-Paramount Pictures, Inc.
June 30 filed 210,600 shares of common stock (par $1), which are covered by option warrants held by key officers and employees. **Price**—$16.63 per share. **Proceeds**—For general corporate purposes. **Office**—New York, N. Y. **Underwriter**—None.

● American Machine & Metals, Inc.
June 3 filed 80,000 shares of common stock (no par) to be offered from time to time on the New York Stock Exchange. **Price**—At market then prevailing. **Proceeds** To certain stockholders who are receiving such shares in exchange for stock of The Lamb Electric Co. pursuant to a reorganization plan. **Agent**—American Securities Co., New York. Statement effective June 28.

★ American Machinery Corp., Fairville, Fla.
May 12 (letter of notification) 2,337,500 shares of common stock (par 20 cents) to be offered for subscription by stockholders; unsubscribed shares to be subscribed for by American Pacrite Corp., principal stockholders. **Price**—To be supplied by amendment. **Proceeds**—For payment of indebtedness and for working capital. **Underwriter**—None.

● American Natural Gas Co. (7/18)
June 15 filed 736,856 shares of common stock (par $25) to be offered for subscription by common stockholders on the basis of one new share for each five shares held on July 18 (with an oversubscription privilege); rights to expire Aug. 2. **Price** — To be supplied by amendment. **Proceeds**—To be applied to the purchase of equity securities of subsidiaries or to replace other corporate funds used for that purpose. **Underwriter**—To be determined by competitive biding. Probable bidders: Blyth & Co., Inc.; The First Boston Corp.; Lehman Brothers; Glore, Forgan & Co. and W. C. Langley & Co. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on or about July 18, at 165 Broadway, New York 6, N. Y.

American Rare Metals Corp., N. Y.
May 11 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—To repay debt and for general corporate purposes. **Underwriter**—Equity Securities Co., 11 Broadway, New York, N. Y.

Arizona Amortibanc, Phoenix, Ariz.
April 4 (letter of notification) 300,000 shares of common stock, class A. **Price**—At par ($1 per share). **Proceeds**—For working capital. **Office**—807 West Washington St., Phoenix, Ariz. **Underwriter**—First National Life Insurance Co. of Phoenix, same address.

★ Arkansas Oil Ventures, Inc.
June 16 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds** — For drilling equipment and working capital. **Office**—615 Liberty Bank Bldg., Oklahoma City 2, Okla. **Underwriter**—Tellier & Co., Jersey City, N. J.

Automatic Remote Systems, Inc.
March 3 filed 540,000 shares of common stock (par 50 cents). **Price**—$3.75 per share. **Proceeds**—For manufacture of Teleac Sending and Receiving Units, working capital and general corporate purposes. **Office**—Baltimore, Md. **Underwriter**—Mitchell Securities, Inc., same city.

Beaumont Factors Corp., New York
June 7 filed $1,000,000 of five-year 8% subordinated debentures due July 1, 1960. **Price**—100% of principal amount. **Proceeds**—For working capital and expansion of loan business. **Office**—325 Lafayette Street, New York 12, N. Y. **Underwriter**—None.

Beehive Uranium Corp., Salt Lake City, Utah
May 26 (letter of notification) 20,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office** — 156 East Third South St., Salt Lake City, Utah. **Underwriter**—Columbia Securities Co., Denver, Colo., and Salt Lake City, Utah.

Blue Goose Mining, Inc.
June 7 (letter of notification) 1,950,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Offices**—Boulder, Garfield County, Utah, and Box 1055, Farmington, N. M. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Bonnyville Oil & Refining Corp., Montreal, Can.
April 29 filed $2,000,000 5% convertible notes due July 1, 1975 to be offered for subscription by common stockholders at rate of $100 of notes for each 100 shares of stock held. **Price**—95% of principal amount to stockholders and 100% to public. **Proceeds**—For development costs and general corporate purposes. **Underwriter**—None. Statement effective June 21.

Cal-U-Mines, Inc., Reno, Nev.
May 2 (letter of notification) 2,250,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—139 Virginia St., Reno, Nev. **Underwriter**—Coombs & Co. of Las Vegas, Inc., Las Vegas, Nev.

Calumet & Hecla, Inc.
June 9 filed 113,592 shares of common stock (par $5) to be offered in exchange for all of the issued and outstanding capital stock of Goodman Lumber Co., Goodman, Wis., on the following basis: 18 shares for each share of Goodman common stock; seven shares for each share of Goodman 2nd preferred stock; and eight shares for each share of Goodman 1st preferred stock; offer to terminate on Sept. 15, 1955 (subject to withdrawal by Calumet if the required number of Goodman shares have not been deposited and accepted within 30 days from the date of the mailing of the prospectus to the Goodman stockholders). **Underwriter**—None.

Canadian Uranium Mines, Ltd., Montreal, Canada
June 3 (regulation "D") 2,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For exploration and development expenses. **Underwriter**—Tellier & Co., Jersey City, N. J.

Carbon Uranium Co. (Utah)
April 27 (letter of notification) 746,280 shares of common stock (par one cent). **Price** — 25 cents per share. **Proceeds**—For mining costs. **Underwriter**—J. E. Call & Co., Salt Lake City, Utah.

Cedar Springs Uranium Co., Moab, Utah
June 8 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Underwriter**—Universal Investment Corp., Washington, D. C.

Central Reserve Oil Co. (N. Y.)
May 31 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—130 West 42nd Street, New York, N. Y. **Underwriter**—United Equities Co., 136 Liberty Street, New York, N. Y.

★ Chance (A. B.) Co., Centralia, Mo. (7/20)
June 29 filed 50,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans incurred in connection with acquisition of common stock of Seyler Manufacturing Co., Pittsburgh, Pa. **Underwriter**—Stifel, Nicolaus & Co., Inc., St. Louis, Mo.

Charmin Paper Mills, Inc.
June 17 filed $5,000,000 of convertible debentures due July 1, 1975. **Price** — To be supplied by amendment. **Proceeds** — For plant expansion. **Office** — Green Bay, Wis. **Underwriter**—Robert W. Baird & Co., Inc., Milwaukee, Wis.

Chieftain Uranium Mines, Inc.
April 22 (letter of notification) 4,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining operations. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., same city.

★ Clad (Victor V.) Co., Philadelphia, Pa.
June 17 (letter of notification) 120,000 shares of common stock (par 25 cents). **Price**—$2 per share. **Proceeds**—For equipment and working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Clad-Rex Steel Co., Denver, Colo.
June 6 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To retire outstanding debts and for working capital. **Office**—40th Ave. and Ulster St., Denver, Colo. **Underwriters**—Mountain States Securities Corp. and Carroll, Kirchner & Jaquith, Inc., both of Denver, Colo.

★ Clarke (Guy E.) Co., Ashland, Ore.
May 17 (letter of notification) 793 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For working capital, etc. **Address**—P. O. Box 585, Ashland, Ore. **Underwriter**—None.

Collins Radio Co. (7/19-20)
June 29 filed 75,000 shares of class B common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriters**—Kidder, Peabody & Co. and White, Weld & Co., both of New York.

● Colohoma Uranium, Inc., Montrose, Colo. (7/14)
April 21 filed 2,960,000 shares of common stock (par one cent), of which 2,500,000 shares are to be offered publicly. **Price**—50 cents per share. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Underwriters**—General Investing Corp., New York; and Shaiman & Co., Denver, Colo.

Colorado Oil & Uranuim Corp.
June 7 (letter of notification) 300,000 shares of common stock (par 20 cents). **Price**—$1 per share. **Proceeds**—For oil and mining activities. **Office** — 350 Equitable Bldg., Denver, Colo. **Underwriter**—Birkenmayer & Co., same city.

● Colorado Sports Racing Association (7/13)
April 29 filed 600,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For purchase of land and other facilities and for working capital. **Office**—Grand Junction, Colo. **Underwriter**—General Investing Corp., New York.

Colzona Oil & Uranium Corp., Denver, Colo.
April 29 (letter of notification) 3,000,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1300 Larimer St., Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Community Credit Co., Omaha, Neb.
June 6 (letter of notification) 1,000 shares of 5½% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—3023 Farnam St., Omaha, Neb. **Underwriter**—Wachob-Bender Corp., same city.

Confidential Finance Corp., Omaha, Neb
March 11 (letter of notification) 150,000 shares of 7% cumulative preferred stock (par 95 cents) and 15,000 shares of common stock (par one cent) to be offered in units of 10 shares of preferred stock and one share of common stock. **Price** — $10 per unit. **Proceeds** — For working capital. **Underwriter**—J. J. Riordan & Co., Inc., 42 Broadway, New York City.

Conjecture Mines, Inc., Coeur d'Alene, Idaho
May 5 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office**—326 Wiggett Bldg., Coeur d'Alene, Idaho. **Underwriter**—M. A. Cleek, Spokane, Wash.

Constellation Uranium Corp., Denver, Colo.
March 22 (letter of notification) 2,855,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—206 Mercantile Bldg., Denver, Colo. **Underwriter**—Bay Securities Corp., New York.

● Consolidated Cigar Corp., New York (7/14)
June 3 filed $17,500,000 of 20-year sinking fund debentures due June 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To repay outstanding long-term indebtedness and short-term bank loans and for working capital. **Underwriter**—Eastman, Dillon & Co., New York.

Consolidated Sudbury Basin Mines, Ltd., Toronto, Canada
Jan. 31 filed 3,000,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development of properties. **Underwriter**—Stock to be sold on Toronto Stock Exchange or through underwriters or selected dealers in United States.

Consolidated Telephone Co., Florence, Ky.
June 21 (letter of notification) 10,000 shares of 5½% cumulative convertible preferred stock. **Price**—At par ($10 per share). **Proceeds**—To repay accounts payable, for additions and improvements and working capital. **Underwriter**—Westheimer & Co., Cincinnati, O.

Consumers Power Co. (7/20)
June 24 filed 373,689 shares of common stock (no par) to be offered for subscription by common stockholders on the basis of one new share for each 20 shares held as of July 21; rights to expire on Aug. 5. Unsubscribed shares to be offered to employees of company and its subsidiary. **Price**—To be not less favorable to the company than $4 per share below the then current market price at the time the offering price is determined. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co.; Lehman Brothers; Ladenburg, Thalmann & Co. **Bids**—To be received up to 11 a.m. (EDT) on July 20.

Consumers Power Co. (7/21)
June 24 filed 100,000 shares of cumulative preferred stock (no par). **Price**—To be supplied by amendment.

Proceeds—For additions and improvements. **Underwriter**—Morgan Stanley & Co., New York.

★ Copper Blossom Uranium & Mining Co.
June 24 (letter of notification) 5,000,000 shares of capital stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., same city.

Cordillera Mining Co., Denver, Colo.
June 8 (letter of notification) 2,995,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Offices** — 738 Majestic Bldg., Denver, Colo., and 317 Main St., Grand Junction, Colo. **Underwriter**—Lasseter & Co., Denver, Colo.

Cortez Uranium & Mining Co., Denver, Colo.
May 27 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—404 University Building, Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Coso Uranium, Inc., Long Beach, Calif.
May 31 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—2485—American Ave., Long Beach 6, Calif. **Underwriter**—Coombs & Co., of Los Angeles, Inc., San Francisco and Los Angeles, Calif.

Cromwell Uranium & Development Co., Inc.
May 25 (regulation "D") 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development expenses, etc. **Offices**—Toronto, Canada, and New York, N. Y. **Underwriter**—James Anthony Securities Corp., New York.

Crown Uranium Co., Casper, Wyo.
May 6 (letter of notification) 225,435 shares of common stock (par five cents). **Price**—At market (estimated at about 15 cents per share). **Proceeds**—To selling stockholder who received these shares in exchange for shares of Kontika Lead & Zinc Mines, Ltd. **Office**—205 Star Bldg., Casper, Wyo. **Underwriter**—Justin Steppler, Inc., New York.

● Cuba (Republic of) (7/8)
April 29 filed $2,500,000 of 4% Veterans, Courts and Public Works bonds due 1983. **Price**—Expected as 99% of principal amount. **Proceeds**—To Romenpower Electra Construction Co. **Underwriter**—Allen & Co., New York.

★ Dawn Uranium & Oil Co., Spokane, Wash.
June 16 (letter of notification) 1,500,000 shares of common stock. **Price** — 10 cents per share. **Proceeds**—For uranium and oil exploration. **Office**—726 Paulsen Bldg., Spokane 1, Wash. **Underwriter**—Percy Dale Lanphere, Empire State Bldg., same city.

Denver-Golden Oil & Uranium Co.
June 23 (letter of notification) 2,999,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For oil and gas operations. **Office**—Denver Club Bldg., Denver, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

Deseret Uranium Corp., Salt Lake City, Utah
June 9 (letter of notification) 2,000,000 shares of capital stock. **Price**—At par (15 cents per share). **Proceeds**—For mining expenses. **Office**—527 Atlas Bldg., Salt Lake City, Utah. **Underwriters**—Western Securities Corp. and Potter Investment Co., both of Salt Lake City, Utah.

Desert Sun Uranium Co., Inc.
April 18 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office** — 343 South State St., Salt Lake City, Utah. **Underwriter** — J. W. Hicks & Co., Inc., Denver, Colo.

Dinosaur Uranium Corp., Seattle, Wash.
June 20 (letter of notification) 1,750,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—1226-1411 Fourth Ave. Bldg., Seattle, Wash. **Underwriter**—Mid-Continent Securities Co., Wichita, Kansas.

Durango Kid Uranium Corp., Moab, Utah
April 1 (letter of notification) 30,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Underwriter**—Guss & Mednick, Arches Building, Moab, Utah.

Dyno Mines, Ltd., Toronto, Canada.
March 25 filed 1,100,000 shares of common stock (par $1). **Price**—To be related to the current market price on the Toronto Stock Exchange. **Proceeds**—To American Trading Co. Ltd., the selling stockholder. **Underwriter**—R. W. Brown Ltd., Toronto, Canada, on a "best-efforts basis."

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and building and working capital. **Office** — 407 Liberty Trust Bldg., Philadelphia, Pa. **Underwriter**—None.

Fairway Uranium Corp., Salt Lake City, Utah
May 23 (letter of notification) 275,000 shares of capital stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—2320 South Main Street, Salt Lake City, Utah. **Underwriter** — Eliason, Taylor, Cafarelli Co., Las Vegas, Nev.

Farm Family Mutual Insurance Co., Albany, N. Y.
June 28 filed $1,500,000 of 5% debentures to be offered directly to members of the American Farm Bureau Federation and to State Farm Bureau Federations and local organization. **Price**—At 100% of principal amount (in denominations of $250 each). **Proceeds**—To provide company with necessary funds to comply with requirements of surplus to policyholders under New York and other state laws. **Underwriter**—None.

Federal Security Insurance Co.
April 21 (letter of notification) 6,000 shares of common stock (par $10) to be offered first to stockholders on the basis of one new share for each five shares held. **Price**—$40 per share. **Proceeds**—For general corporate purposes. **Office**—Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Allied Underwriters Co., same address.

Ferro Corp., Cleveland, Ohio (7/14)
June 24 filed $6,000,000 of convertible subordinated debentures due July 1, 1975. **Price** — To be supplied by amendment. **Proceeds**—To prepay $4,970,000 of funded debt and for property additions and improvements. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

Fidelity Insurance Co., Mullins, S. C.
March 25 (letter of notification) 86,666 shares of common stock (par $1). **Price**—$1.87½ per share. **Proceeds**—To increase capital and surplus. **Underwriters**—McDaniel Lewis & Co., Greensboro, N. C.; Dietenhofer & Heartfeld, Southern Pines, N. C.; and Calhoun & Co., Spartanburg, S. C.

★ Ford Rock Mines, Inc., Post Falls, Idaho
May 17 (letter of notification) 11,400 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For mining operations and general corporate purposes. **Underwriter**—None.

★ Fort Pitt Packaging International, Inc.
June 30 filed 300,000 shares of common stock (par 10¢), of which 250,000 shares of for account of company and 50,000 shares of five selling stockholders. **Price**—$3 per share. **Proceeds**—For working capital; for exploitation of "Totosave" system; and for marketing of "Tropic-Ray" infra-red space heater. **Office** — Pittsburgh, Pa. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Fowler Telephone Co., Pella, Ia.
May 6 (letter of notification) $260,000 of 4% first mortgage bonds, series A, due May 1, 1975. **Price**—At par (in denominations of $1,000 each). **Proceeds**—To retire existing debt, acquire Northwestern Bell properties in Leighton, Ia., and for conversion of both exchanges to dial operation. **Underwriter** — Wachob-Bender Corp., Omaha, Neb.

Freedom Insurance Co., Berkeley, Calif.
June 6 filed 1,000,000 shares of common stock (par $10). **Price**—$22 per share. **Proceeds**—For capital and surplus. **Business**—All insurance coverages, except, life, title and mortgage. **Office**—2054 University Avenue, Berkeley, Calif., c/o Ray B. Wiser, President. **Underwriter**—Any underwriting agreement will be made on behalf of this company by Uni-Insurance Service Corp.

Fremont Uranium Corp., Denver, Colo.
April 22 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds**—For mining expenses. **Office**—235 Ivy St., Denver, Colo. **Underwriter**—L. A. Huey Co., same city.

Frio Frozen Foods, Inc., Anthony, Texas
June 10 (letter of notification) 34,997 shares of common stock. **Price** — At par ($5 per share). **Proceeds** — For working capital. **Underwriter** — Norman D. Patterson, Jr., El Paso, Tex.

GAD Enterprises, Inc., Alexandria, Va.
March 15 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of factory and working capital. **Office**—1710 Mount Vernon Avenue, Alexandria, Va. **Underwriter**—T. J. O'Connor and Associates, Washington, D. C.

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For plant expansion, new

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NEW ISSUE CALENDAR

July 8 (Friday)

Cuba (Republic of) .... Bonds
(Allen & Co.) $2,500,000

Old Republic Insurance Co. .... Common
(Offering to stockholders—underwritten by The First Boston Corp.) 100,000 shares

Stewart Oil & Gas Co. .... Common
(Barrett Herrick & Co., Inc.) $750,000

Vanadium Queen Uranium Corp. .... Common
(Van Alstyne, Noel & Co.) $2,112,500

Wright Line, Inc. .... Class B Common
(Paine, Webber, Jackson & Curtis) 110,000 shares

July 11 (Monday)

McLean Securities Corp. .... Preferred & Common
(White, Weld & Co.) 148,000 units

Natick Chemical Industries, Inc. .... Common
(G. F. Rothschild & Co., Inc.) $266,000

Southland Racing Corp. .... Common
(General Investing Corp.) $1,250,000

Washington Natural Gas Co. .... Common
(Barrett Herrick & Co., Inc.) $298,290

July 12 (Tuesday)

Illinois Bell Telephone Co. .... Bonds
(Bids 11 a.m. EDT) $30,000,000

Northern Indiana Public Service Co. .... Preferred
(Central Republic Co., Inc.; Blyth & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Beane) $12,000,000

July 13 (Wednesday)

Colorado Sports Racing Association .... Common
(General Investing Corp.) $600,000

Gulf Sulphur Corp. .... Debentures
(Bear, Stearns & Co.) $4,500,000

Texas Eastern Transmission Corp. .... Preferred
(Dillon, Read & Co. Inc.) $16,000,000

July 14 (Thursday)

Colohoma Uranium, Inc. .... Common
(General Investing Corp. and Shaiman & Co.) $1,250,000

Consolidated Cigar Corp. .... Debentures
(Eastman, Dillon & Co.) $17,500,000

Ferro Corp. .... Debentures
(Merrill Lynch, Pierce, Fenner & Beane) $6,000,000

Ocean Drilling & Exploration Co. .... Common
(Offering to stockholders—underwritten by Morgan Stanley & Co. and Reinholdt & Gardner) $1,805,328

Siegler Corp. .... Common
(William R. Staats & Co.) 225,000 shares

Thorofare Markets, Inc. .... Debentures
(Hulme, Applegate & Humphrey, Inc.) $2,000,000

July 15 (Friday)

Petrolane Gas Service, Inc. .... Common
(Bateman, Eichler & Co.; First California Co.; and William R. Staats & Co.) 61,302 shares

July 18 (Monday)

American Natural Gas Co. .... Common
(Bids 11 a.m. EDT) 736,856 shares

Livingston Oil Co. .... Common
(Van Alstyne, Noel & Co.) $1,298,500

July 19 (Tuesday)

Chesapeake & Ohio Ry. .... Equip. Trust Ctfs.
(Bids noon EDT) $3,600,000

Collins Radio Co. .... Class B Common
(Kidder, Peabody & Co. and White, Weld & Co.) 75,000 shares

Pacific Finance Corp. .... Debentures
(Blyth & Co., Inc. and Hornblower & Weeks) $20,000,000

West Coast Telephone Co. .... Common
(Blyth & Co., Inc.) 150,000 shares

July 20 (Wednesday)

Chance (A. B.) Co. .... Common
(Stifel, Nicolaus & Co., Inc.) 50,000 shares

Consumers Power Co. .... Common
(Offering to stockholders—bids 11 a.m. EDT) 373,689 shares

Kroehler Mfg. Co. .... Common
(White, Weld & Co.) 216,628 shares

July 21 (Thursday)

Consumers Power Co. .... Preferred
(Morgan Stanley & Co.) 100,000 shares

General Telephone Co. of Wisconsin .... Preferred
(Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.) $1,000,000

July 22 (Friday)

Goodyear Tire & Rubber Co. .... Common
(Offering to stockholders—underwritten by Dillon, Read & Co. Inc.) 912,512 shares

Maremount Automotive Products, Inc. .... Debentures
(Hallgarten & Co.; McCormick & Co.; and Straus, Blosser & McDowell) $1,000,000

July 25 (Monday)

Industrial Hardware Mfg. Co., Inc. .... Debentures & Common
(Hallowell, Sulzberger & Co.; and Baruch Brothers & Co., Inc.) $1,500,000 debentures and 300,000 shares of stock

Western Nebraska Oil & Uranium Co., Inc. .... Com.
(Israel & Co.) $300,000

Western Union Telegraph Co. .... Common
(Offering to stockholders—underwritten by Kuhn, Loeb & Co.; Lehman Brothers; Clark, Dodge & Co.; and Salomon Bros. & Hutzler) 1,041,393 shares

July 27 (Wednesday)

Southern Colorado Power Co. .... Preferred
(Stone & Webster Securities Corp.; Paine, Webber, Jackson & Curtis; and others) $1,000,000

TelAutograph Corp. .... Debentures
(Offering to stockholders—no underwriting) $2,396,500

August 1 (Monday)

Foremost Dairies, Inc. .... Debentures
(Allen & Co. and Salomon Bros. & Hutzler) $20,000,000

August 8 (Monday)

Pictograph Mining & Uranium Co., Inc. .... Common
(Shaiman & Co.; J. H. Lederer Co.; and McGrath Securities Corp.) $600,000

Aug. 16 (Tuesday)

Pacific Telephone & Telegraph Co. .... Debentures
(Bids to be invited) $67,000,000

Sept. 5 (Monday)

Housatonic Public Service Corp. .... Common
(Offering to stockholders—no underwriting) $325,974

September 13 (Tuesday)

Utah Power & Light Co. .... Bonds
(Bids to be invited) $15,000,000

Utah Power & Light Co. .... Common
(Bids to be invited) 177,500 shares

Sept. 20 (Tuesday)

Ohio Power Co. .... Preferred
(Bids 11 a.m. EDT) $6,000,000

Ohio Power Co. .... Bonds
(Bids 11 a.m. EDT) $22,000,000

Oct. 18 (Tuesday)

Worcester County Electric Co. .... Bonds
(Bids to be invited) $8,500,000

November 9 (Wednesday)

Southern Co. .... Common
(Bids to be invited) 500,000 shares

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equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

★ General Telephone Co. of Wisconsin (7/21)
July 1 filed 10,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for new construction. **Office** — Madison, Wis. **Underwriters** — Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp., both of New York.

● Goodyear Tire & Rubber Co., Akron, Ohio (7/22)
June 28 filed 912,512 shares of common stock (par $5) to be offered for subscription by stockholders of record July 21 on the basis of one new share for each 10 shares held; rights to expire on Aug. 8. **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Underwriter** — Dillon, Read & Co., Inc., New York.

Great Eastern Mutual Life Insurance Co.
June 23 (letter of notification) 45,583 shares of common stock (par $1) to be offered for subscription by stockholders of record June 10 in the ratio of one new share for each three shares held; stock not subscribed for by Sept. 10, 1955 will be offered to public. **Price**—To stockholders, $3 per share; and to public, $5 per share. **Proceeds**—To increase capital and surplus accounts. **Office**—210 Boston Bldg., Denver, Colo. **Underwriter**—None.

● Gulf Sulphur Corp., Houston, Texas (7/13)
June 17 filed $3,000,000 of 5% series A convertible deebntures due July 1, 1970, and $1,500,000 of 5% series B convertible debentures due July 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—To repay promissory note and for working capital and general corporate purposes. **Underwriter**—Bear, Stearns & Co., New York.

Hawk Lake Uranium Corp.
April 12 filed 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For mining expenses, etc. **Underwriter**—Dobbs & Co., New York City, will act as agents.

★ Herold Radio & Electronics Corp.
June 28 (letter of notification) 100,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For working capital. **Office** — Mount Vernon, N. Y. **Underwriters** — Weill, Blauner & Co., Inc., New York, N. Y., and Hallowell, Sulzberger & Co., Philadelphia, Pa.

Hertz Corp., Chicago, Ill.
June 3 filed $5,058,300 4% convertible subordinated debentures due July 1, 1970 being offered for subscription by stockholders on basis of $100 of debentures for each 15 shares held as of June 24; rights to expire on July 11. **Price**—102½% of principal amount (flat). **Proceeds**—For working capital for expanded operations. **Business**—Automobile rental and truck leasing. **Underwriters**—Lehman Brothers and Hornblower & Weeks, both of New York.

★ Hilton Seafoods Co., Inc., Seattle, Wash.
April 29 (letter of notification) $150,000 of 5-year 6% convertible debentures (each $500 principal amount convertible into 10 shares of common stock within the next three years). **Price**—At par (in denominations of $500 each). **Proceeds**—To increase inventories and for operating capital. **Office**—1437 Elliott Ave. West, Seattle 99, Wash. **Underwriter**—None.

Home-Stake Production Co., Tulsa, Okla.
May 12 filed 60,000 shares of capital stock (par $5) and 1,000 debentures (par $100) to be offered for sale in units of 60 shares of stock and one $100 debenture, or multiples thereof. **Price**—$400 per unit. **Proceeds**—For working capital. **Underwriter**—None. O. Strother Simpson, of Tulsa, Okla., is President.

Horseshoe Bend Uranium, Inc.
March 16 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For exploration and development expenses. **Office**—10 West 2nd South, Salt Lake City, Utah. **Underwriters**—James Anthony Securities Corp., New York; Lawrence A. Hays Co., Rochester, N. Y., and Ned J. Bowman Co., Salt Lake City, Utah.

Horton Aircraft Corp., Las Vegas, Nev.
April 26 filed 500,000 shares of common stock (no par), of which 400,000 shares are to be offered for account of company and 100,000 shares for account of William E. Horton, President. **Price**—$1 per share. **Proceeds**—For construction of model of "Horton Wingless Aircraft" and expenses incident thereto. **Underwriter**—None.

Humble Sulphur Co., Houston, Texas
April 25 filed 500,000 shares of common stock (par 1¢). **Price**—$1.20 per share. **Proceeds**—For exploration for sulphur and related activities. **Underwriter**—Garrett & Co., Dallas, Texas.

Illinois Bell Telephone Co. (7/12)
June 21 filed $30,000,000 of first mortgage bonds, series D, due July 15, 1995. **Proceeds**—To repay advances from American Telephone & Telegraph Co., parent. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Glore, Forgan & Co. and Union Securities Corp. (jointly); Morgan Stanley & Co.; Kuhn, Loeb & Co. **Bids**—To be received up to 11 a.m. (EDT) on July 12 at Room 2315, 195 Broadway, New York, N. Y.

Inca Uranium Corp., Salt Lake City, Utah
April 25 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—1946 S. Main St., Salt Lake City, Utah. **Underwriter** — Guss & Mednick Co., Salt Lake City, and Moab, Utah.

● Industrial Hardware Mfg. Co. (7/25-29)
May 12 (amendment) $1,500,000 of 5% debentures due 1975 and 300,000 shares of common stock (par 50 cents), of which 85,000 shares are to be sold to Seymour and Bernard Offerman at $5 per share. **Price**—To be supplied by amendment. **Proceeds**—To purchase Hugh H. Eby Co. and Wirt Co. **Underwriters**—Hallowell, Sulzberger & Co., Philadelphia; and Baruch Brothers & Co., Inc., New York.

International Fidelity Insurance Co., Dallas, Tex.
March 30 filed 110,000 shares of common stock (no par). **Price**—$5.75 per share. **Proceeds**—To 12 selling stockholders. **Underwriter**—Franklin Securities Co., Dallas, Texas.

Interstate Adjusteze Corp., Anaheim, Calif.
June 23 filed 345,534 shares of common stock (par $1) to be offered for subscription by common stockholders of Interstate Engineering Corp. on a share-for-share basis. **Price**—$2 per share. **Proceeds** — For machinery and equipment; and for working capital. **Underwriters**—Dempsey-Tegeler & Co., St. Louis, Mo.; Cruttenden & Co., Chicago, Ill.; and Fairman & Co., Los Angeles, Calif.

Israel Pecan Plantations, Ltd.
Feb. 28 filed 24,900 shares of ordinary common stock (par one Israeli pound). **Price**—$10 per share. **Proceeds**—For capital expenditures. **Underwriter**—None. **Offices**—Natanya, Israel, and New York, N. Y.

Kachina Uranium Corp., Reno, Nev.
May 12 (letter of notification) 600,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—206 N. Virginia St., Reno, Nev. **Underwriter**—Whitney, Cranmer & Schulder, Inc., Denver, Colo.

Kentucky Harness Racing Association, Inc.
June 20 (letter of notification) $280,000 of 6% 10-year cumulative income debentures and 28,000 shares of common stork (par one cent) to be offered in units of a $1,000 debenture and 100 shares of stock. **Price**—$1,001 per unit. **Proceeds**—For purchase of land, construction of proposed harness racing plant, and working capital. **Office**—Versailles, Ky. **Underwriter**—None.

Kerr-McGee Oil Industries, Inc.
June 6 filed 450,000 shares of 4½% prior convertible preferred stock (par $25), which were offered June 27 in exchange for 150,000 shares of Deep Rock Oil Corp. common stock on a three-for-one basis; the offer to expire on July 15. These preferred shares are part of a block of 674,880 shares owned by Deep Rock which were acquired by them on April 27, 1955. **Agents**—Gregory & Sons, and Sutro Bros. & Co., New York City, have agreed to solicit tenders.

Knapp Uranium & Development Co.
April 21 (letter of notification) 20,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—2174 S. Main St., Salt Lake City, Utah. **Underwriter** — Guss & Mednick Co., same city.

Kroehler Mfg. Co., Naperville, Ill. (7/20)
June 28 filed 216,828 shares of common stock (par $5), of which 160,328 shares are for account of company and 56,500 shares for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For expansion and repayment of bank loan of Canadian subsidiary. **Underwriter**—White, Weld & Co., New York.

LeBlanc Medicine Co., Inc., Lafayette, La.
April 6 filed 1,000,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For purchase of land, plant, warehouse, office building and equipment; and additional working capital. **Business**—Processing, packaging and merchandising of new proprietory medicine, KARY-ON. **Underwriter**—None.

Leborn Oil & Uranium Co.
June 8 (letter of notification) 6,000,000 shares of capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office** — 124½ South Main St., Newcastle, Wyo. **Underwriter** — Mid-American Securities, Inc. of Utah, Salt Lake City, Utah.

Life and Accident Insurance Co. of Alabama
June 2 filed 750,000 shares of class B (non-voting) common stock (par $1). **Price**—$3 per share. **Proceeds**—To increase capital and surplus. **Office**—Gadsden, Ala. **Underwriter** — None, sales to be handled by Burlus Randolph Winstead, Secretary and Treasurer of the company.

Little Star Uranium Co., Inc., Casper, Wyo.
May 25 filed 5,000,000 shares of common stock (par 10 cents). **Price**—15 cents per share. **Proceeds**—To purchase machinery and equipment; for drilling and reconnaissance surveys; for acquisition of additional properties; and for working capital and other purposes. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

Livingston Oil Co., Tulsa, Okla. (7/18-21)
June 16 filed 742,000 shares of common stock (par 10 cents). **Price**—$2.75 per share. **Proceeds**—For purchase of properties and working capital. **Underwriter** — Van Alstyne, Noel & Co., New York.

Lone Star Uranium & Drilling Co., Inc.
April 7 (letter of notification) 570,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—1100 Fidelity Union Life Bldg., Dallas, Tex. **Underwriter** — Christopulos-Nichols Co., Las Vegas, Nev.

● Long Island Lighting Co.
June 10 filed 657,713 shares of common stock (par $10), of which 624,170 shares are being offered for subscription by common stockholders of record July 1 on the basis of one new share for each 10 shares held; rights to expire on July 18. The remaining 33,543 shares are being offered to employees by company. **Price**—$20.50 per share. **Proceeds** — For construction program. **Underwriters**—W. C. Langley & Co.; Blyth & Co., Inc.; and The First Boston Corp.; all of New York.

Lutah Uranium & Oil, Inc.
May 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining operations. **Office**—Suite 1003, Continental Bank Bldg., Salt Lake City, Utah. **Underwriter**—Havenor-Cayias, Inc., same city.

Magna Theatre Corp., New York
May 23 filed 122,300 shares of common stock (par five cents), 6,000 outstanding warrants for the purchase of 439,800 shares of common stock (as well as the common stock), and 6,000 outstanding units of "Oklahoma" participation certificates (each certificate entitling the holder to receive 1/6,000th of 5/12ths of Magna's percentage of profits due from the distribution of "Oklahoma." **Proceeds**—To present holders, including Kuhn, Loeb & Co.; United California Theatres, Inc.; Harris, Upham & Co.; Prudential Theatres, Inc.; Carl M. Loeb, Rhoades & Co.; Brown Brothers Harriman & Co.; and United Artists Theatre Circuit, Inc.

★ Maremont Automotive Products, Inc. (7/22)
June 30 filed $1,000,000 of convertible sinking fund convertible subordinated debentures due July 1, 1970. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Office**—Chicago, Ill. **Underwriters**—Hallgarten & Co., New York; and McCormick & Co. and Straus, Blosser & McDowell, both of Chicago, Ill.

Marine Midland Corp., Buffalo, N. Y.
June 20 filed 96,000 shares of common stock (par $1) to be offered in exchange for all the issued and outstanding capital stock of Auburn Trust Co., Auburn, N. Y., at rate of four shares of Marine Midland stock for each share of Auburn stock held of record July 1, 1955. The offer, which will expire on July 15, is subject to acceptance by the holders of not less than 80% (19,200 shares) of the stock of Auburn. **Underwriter**—None. Statement effective June 28.

McLean Securities Corp. (7/11-15)
June 8 filed 148,000 units, each to consist of one share of $3 cumulative preferred and between one-half and one share of common stock. **Price** — To be supplied by amendment. **Proceeds**—To pay off bank loan which the company recently secured in connection with its purchase of approximately 99.5% of the outstanding capital stock of the Waterman Steamship Corp. **Underwriter**—White, Weld & Co., New York.

Mechling (A. L.) Barge Lines, Inc., Joliet, Ill.
March 31 filed $837,252 of instalment note certificates being offered in exchange for the 3,578 shares of authorized and issued common stock of Marine Transit Co. at rate of $234 per share. The balance of $1 of a total purchase offer price of $235 per share is to be paid in cash. The exchange will be contingent upon acceptance of the offer by holders of not less than 81% of the Marine Transit shares. Statement effective May 11.

Medical Abstracts, Inc., Philadelphia, Pa.
June 15 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office**—825 Western Savings Fund Bldg., Philadelphia, Pa. **Underwriter** — Carl J. Bliedung, Washington, D. C.

Mehadrin Plantations, Inc., New York
April 28 filed 70,000 shares of common stock (par $10). **Price**—$10.75 per share. **Proceeds**—For acquisition of additional groves and working capital and other general corporate purposes. **Business**—Production and sale of citrus fruits in State of Israel; also plans to grow subtropical fruits. **Underwriter**—None.

Merritt-Chapman & Scott Corp., New York
June 28 filed 314,718 shares of common stock (par $12.50) to be offered in exchange as follows: 102,250 shares to class A stockholders of Devoe & Raynolds & Co., Inc. on basis of 1⅔ shares for each Devoe share; 6,621 shares to class B common stockholders of Devoe on 1⅓-for-1 basis; 127,623 shares to common stockholders of New York Shipbuilding Corp. on a share-for-share basis; 53,324 shares to common stockholders of Tennessee Products & Chemical Corp. on a 1¼-for-1 basis; 13,453 shares to common stockholders of Newport Steel Corp. on a 1-for-2.1 basis; 10,899 shares to common stockholders of Marion Power Shovel Co. on a 1½-for-1 basis; and 548 shares of class B common stockholders of The Osgood Co. on a 1-for-1½ basis. **Underwriter**—None.

Midwestern United Life Insurance Co.
May 25 filed 75,000 shares of common stock to be offered for subscription by stockholders of record June 1 on a 1-for-4 basis. **Price**—$2 per share. **Proceeds**—For capital and surplus. **Office**—229 West Berry St., Fort Wayne, Ind. **Underwriter**—None. **Offering**—Temporarily delayed.

Millsap Oil & Gas Co., Siloam Springs, Ark.
March 17 (letter of notification) 599,200 shares of common stock (par 10 cents). **Price** — 50 cents per share. **Proceeds**—For oil and gas activities. **Office**—518 Main St., Siloam Springs, Ark. **Underwriter**—Dewitt Investment Co., Wilmington, Del.

★ Mitchell Mining Co., Inc., Mount Vernon, Wash.
May 13 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Address**—P. O. Box 301, Mount Vernon, Wash. **Underwriter**—Standard Securities Corp., Spokane, Wash.

Moab King, Inc.
April 4 (letter of notification) 10,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—210 Zions Savings Bank Building, Salt Lake City, Utah. **Underwriter**—Potter Investment Co., same city.

Moab Valley Uranium Co.
May 16 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining costs. **Office**—716 Newhouse Bldg., Salt Lake City, Utah. **Underwriter** — Moab Brokerage Co., same city.

Monte Carlo Uranium Mines, Inc.
June 6 (letter of notification) 6,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office** — 706 Newhouse Bldg., Salt Lake City, Utah. **Underwriter**—Mid-Continent Securities, Inc., same city.

Morning Sun Uranium, Inc., Spokane, Wash.
June 14 (letter of notification) 700,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Office** — 415 Paulsen Bldg., Spokane, Wash. **Underwriter**—Pennaluna & Co., same city.

Morrell (John) & Co., Ottumwa, Iowa
March 31 (letter of notification) 16,000 shares of capital stock (no par) to be offered in exchange for a like number of shares of John J. Felin Co., Inc., plus a cash payment. **Underwriter**—None.

Mortgage Associates, Inc., Philadelphia, Pa.
June 7 (letter of notification) 20,000 shares of 60-cent convertible preferred stock (par $5) and 20,000 shares of common stock (par 10 cents). **Price**—For preferred, $10 per share; and for common, $2.50 per share. **Proceeds**—For construction loans and acquisitions. **Underwriters**—Rambo, Close & Kerner Inc., Philadelphia, Pa.; and J. S. Hope & Co., Scranton, Pa.

Mountain Fuel Supply Co.
June 8 filed 193,990 shares of capital stock (par $10) being offered for subscription by stockholders of record as of June 23 on the basis of one new share for each 10 shares held; rights to expire on July 18. **Price**—$25.50 per share. **Proceeds** — To finance expansion program. **Underwriter**—The First Boston Corp., New York.

Multi-Minerals Corp., Salt Lake City, Utah
May 5 filed 1,500,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For payment on uranium claims and for exploration and other costs. **Underwriter**—M. Raymond & Co., Inc., New York.

● **Natick Chemical Industries, Inc. (7/11-12)**
June 13 (letter of notification) 266,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For working capital, etc. **Office** — 780 Worcester St., Natick, Mass. **Underwriter**—G. F. Rothschild & Co., Inc., New York.

National Credit Corp., Phoenix, Ariz.
May 6 filed 300,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Underwriter**—None.

★ **Neptune Uranium Corp., Denver, Colo.**
June 27 (letter of notification) 3,000,000 shares of common stock (par five cents), of which 300,000 shares are on behalf of Griffith Uranium Co. **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office** — 2625 Walnut St., Denver 5, Colo. **Underwriter**—None.

New Bristol Oils, Ltd., Toronto, Canada
April 11 filed 2,400,000 shares of common stock (par $1), of which 1,600,000 shares were issued to Newton-Conroe Oil Corp. and 800,000 shares to The Phoenix-Campbell Corp., in exchange for properties. Newton-Conroe is distributing its stock to its stockholders in a liquidation. As holder of 51% of the Newton-Conroe stock, Phoenix-Campbell will receive about 800,000 shares which it proposes to offer to the public, together with the 800,000 shares received directly from New Bristol Oils. **Price**—At market. **Proceeds**—To selling stockholder. **Underwriter**—None, the distributing stockholders having undertaken to market their holdings directly.

New Haven Water Co.
May 17 filed 40,000 shares of capital stock (par $50) being offered for subscription by stockholders of record June 15, 1955 on basis of two new shares for each seven shares held; rights to expire on July 15. **Price**—$51 per share. **Proceeds**—To repay bank loans and for new construction. **Office**—New Haven, Conn. **Underwriter**—None.

Newmex Uranium & Development Corp.
May 2 (letter of notification) 8,000,000 shares of common stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Office**—El Rancho Hotel, Gallup, N. M. **Underwriter** — Rocky Mountain Securities, Salt Lake City, Utah.

Northern Indiana Public Service Co. (7/12)
June 20 filed 120,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters**—Central Republic Co. (Inc.), Chicago; and Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Northport Water Works Co.
June 23 (letter of notification) 4,438 shares of common stock (no par) to be offered for subscription by stockholders on the basis of one share for each 3½ shares held (with an oversubscription privilege). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and accounts payable and for new construction. **Office**—50 Church St., New York, N. Y. **Underwriter**—None.

Oasis Uranium & Oil Corp., Fort Worth, Texas
June 8 (letter of notification) 265,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For uranium and oil exploration. **Office**—Fortune Arms Bldg., Fort Worth, Tex. **Underwriter**—Standard Securities, Inc., Salt Lake City, Utah.

● **Ocean Drilling & Exploration Co. (7/14)**
June 23 filed 225,666 shares of common stock (par $1) to be offered for subscription by common stockholders of record July 14 on the basis of two new shares for each nine shares held; rights to expire on July 28. Murphy Corp., which owns 530,450 shares (52%) of the 1,015,500 common shares outstanding, intends to exercise rights to purchase at least 104,230 of the 117,877 shares to which it is entitled. **Price**—$8 per share. **Proceeds**—For equipment, to acquire oil and gas interests, exploration and possibly drilling costs; and to pay all or a portion of a $705,000 mortgage note. **Office**—New Orleans, La. **Underwriters** — Morgan Stanley & Co. (New York) and Reinholdt & Gardner (St. Louis, Mo.) on a best-efforts basis.

Old Faithful Uranium, Inc., Casper, Wyo.
April 22 (letter of notification) 4,500,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—300 Consolidated Royalty Bldg., Casper, Wyo. **Underwriter**—E. L. Aaron & Co., New York.

● **Old Republic Insurance Co. (7/8-11)**
June 10 filed 100,000 shares of common stock (par $5) to be offered for subscription by stockholders of record July 7 on the basis of one new share for each share held; rights to expire on Aug. 8. **Price**—To be supplied by amendment. **Proceeds**—To diversify and increase its premium volume. **Office**—Greensburg, Pa. **Underwriter**—The First Boston Corp., New York.

Pacific Finance Corp. (7/19)
June 28 filed $20,000,000 of 3½% debentures due 1985. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term bank loans. **Office**—Los Angeles, Calif. **Underwriters** — Blyth & Co., Inc. and Hornblower & Weeks.

★ **Pacific Northwest Mining Co., Bremerton, Wash.**
May 2 (letter of notification) 200,000 shares of common stock (par five cents). **Price**—20 cents per share. **Proceeds**—For mining expenses. **Office**—415 S. Cambrian Ave., Bremerton, Wash. **Underwriter**—None.

Pacific Uranium & Oil Corp.
June 6 (letter of notification) 3,000,000 shares of common stock (par two cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 811 Boston Bldg., Denver, Colo. **Underwriter**—Amos C. Sudler & Co., same city.

★ **Palestine Economic Corp., New York**
July 1 filed 50,000 shares of common stock (par $25) and $2,000,000 of five-year 5% notes, series 1955. **Price**—Of stock, $28 per share; and of notes, at 100% of principal amount. **Proceeds** — For further development of Israel industry; development of urban and suburban areas; extension of credit; financing of exports to Israel; and working capital and general corporate purposes. **Underwriter**—None, sales to be handled through company officials and employees.

★ **Panama Minerals, Inc., S. A. (Republic of Panama)**
June 30 filed 400,000 shares of common stock (par $1). **Price**—$1.25 per share. **Proceeds**—For mining expenses. **Office**—Denver, Colo. **Underwriter**—None.

Peabody Coal Co., Chicago, Ill.
June 6 filed 6,492,164 shares of common stock (par $5) to be offered in exchange as follows: 578,739 shares for stock of Sentry Royalty Co. on a 147-for-1 basis; 216,000 shares of stock of Power Coal Co. on an 18-for-1 basis; 3,565,000 shares for stock of Homestead Coal Co. on a 713-for-1 basis; 794,200 shares for stock of Sinclair Coal Co. on a 44-for-1 basis; 611,064 shares for stock of Key Coal co. on a 54-for-1 basis; 546,000 shares for stock of Broken Aro Coal Co. on a 60-for-1 basis; 100,000 shares for stock of Alston Coal Co. on a 10-for-1 basis; and 81,161 shares for all of the properties of Sinclair Mines, Inc. (other than shares of any of the above seven companies owned by the Sinclair firm. The exchange offer is conditioned upon the acceptance of the offer by at least 80% of the total number of shares of each company to be acquired. **Underwriters**—None.

Pelican Uranium Corp., Salt Lake City, Utah
May 25 (letter of notification) 300,000 shares of common stock (par five cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 688 East 21st South, Salt Lake City, Utah. **Underwriter** — Trans-Western Brokerage Co., New Orleans, La., and Salt Lake City, Utah.

Permian Basin Uranium Corp.
June 2 (letter of notification) 640,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining costs. **Office**—613 Simms Building, Albuquerque, N. Mex. **Underwriter** — Western Securities Corp., Salt Lake City, Utah.

Petrolane Gas Service, Inc. (7/15)
June 24 filed 61,302 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds** — For working capital. **Office**—Signal Hill, Calif. **Underwriters**—Bateman, Eichler & Co., First California Co., Inc. and William R. Staats & Co., all of Los Angeles, Calif.

● **Pictograph Mining & Uranium Co., Inc. (8/8)**
June 15 filed 2,400,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For exploration and mining operations and for purchase of equipment and additional claims or leases when justified. **Office**—Edgemont, S. D. **Underwriters**—Shaiman & Co., Denver, Colo.; and J. H. Lederer Co. and McGrath Securities Corp., both of New York City.

Pioneer Mortgage & Development Corp.
April 27 filed 300,000 shares of common stock (par $1) with warrants attached entitling the holder to purchase one additional share at prices ranging from $13 to $20 depending upon the exercise date. **Price**—$10 per share "as a speculation." **Proceeds**—For working capital and general corporate purposes. **Office**—Houston, Tex. **Underwriter**—None.

★ **Polson Plywood Co., Inc., Polson, Mont.**
May 12 (letter of notification) 100,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds** — For payment of current notes, timber bond of Montana, plant expansion and working capital. **Underwriter**—None.

Powder River Pipeline, Inc., Billings, Mont.
May 31 (letter of notification) $300,000 of 5½% 10-year debentures. **Price**—At par (in denominations of $1,000 each). **Proceeds**—For expenses incident to oil and gas activities. **Underwriter**—The First Trust Co. of Lincoln, Neb. **Office**—Fratt Bldg., Billings, Mont.

● **Primary Minerals Corp.**
May 24 filed 1,400,000 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For acquisition of mining equipment and other mining expenses. **Office** — San Francisco, Calif. **Underwriter** — General Investing Corp., New York. Statement to be amended.

★ **Produce Materials Cooperative Association, Inc.**
June 23 (letter of notification) 250 shares of capital stock and 250 memberships. **Price**—At par ($100 per share). **Proceeds**—For working capital, etc. **Address**—Box 683, Salinas, Calif. **Underwriter**—None.

Pyramid Electric Co.
May 3 filed 50,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Underwriter** — S. D. Fuller & Co., New York.

★ **Quinby & Co., Inc.**
July 1 filed $1,000,000 of Quinby Plans for Accumulation of Common Stock of American Telephone & Telegraph Co. **Proceeds**—For investment.

Rand McNally & Co., Skokie, Ill.
June 9 (letter of notification) not to exceed 3,045 shares of common stock (par $10) to be offered for subscription by stockholders. **Price**—$16 per share. **Proceeds**—For general corporate purposes. **Office**—8255 Central Park Ave., Skokie, Ill. **Underwriter**—None.

Rebel Oil & Uranium Co., Denver, Colo.
May 27 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—636 South Broadway, Denver, Colo. **Underwriter**—Lester Gould & Co., Inc., same city.

Revere Realty, Inc., Cincinnati, Ohio
March 8 filed $1,000,000 of 5½% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). **Price**—Par for debentures and $100 per share for stock. **Proceeds** — To purchase real estate or interest therein. **Underwriter**—Stanley Cooper Co., Inc., Cincinnati, O.

Royal Uranium Corp.
May 26 (letter of notification) 200,000 shares of common stock (par five cents). **Price**—At market (total not to exceed $150,000). **Proceeds**—For working capital. **Office**—Walker Bank Bldg., Salt Lake City, Utah. **Underwriter**—Whitney & Co., same city. No general offer planned.

Saint Anne's Oil Production Co.
May 9 (letter of notification) 20,000 shares of common stock (par $1) to be first offered to stockholders. **Price**—$6.25 per share. **Proceeds** — For oil and mineral and related activities. **Office**—Northwood, Iowa. **Underwriter**—None.

St. Regis Paper Co., New York
June 28 filed 329,327 shares of common stock (par $5) to be offered in exchange for common stock of General Container Corp. on basis of 2⅜ shares of St. Regis for one General share. Offer is conditioned upon St. Regis obtaining 80% of outstanding General stock. **Underwriter**—None.

San Juan Uranium Corp.
June 23 (letter of notification) 89,850 shares of common stock (par one cent), represented by options issued to underwriters. **Price**—50 cents per share. **Proceeds**—To selling stockholder. **Office** — Fidelity Bldg., Oklahoma City, Okla. **Underwriters**—Moran & Co., Newark, N. J. and E. W. Whitney, Wewoka, Okla.; and through company.

Santa Fe Uranium & Oil Co., Inc.
May 26 (letter of notification) 2,959,500 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining operations. **Office**—416 Independence Bldg., Colorado Springs, Colo. **Underwriter**—Columbia Securities Co., Denver, Colo.

Saxon Uranium Mines Ltd., Toronto, Canada
April 29 filed 1,500,000 shares of common stock (par $1). **Price**—40 cents per share. **Proceeds**—For exploration and working capital; also to repay advances and other liabilities. **Underwriter** — Degaetano Securities Corp., New York.

Shoni Uranium Corp., Riverton, Wyo.
April 21 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds** — For mining expenses. **Address** — Box 489, Riverton, Wyo. **Underwriter** — Melvin F. Schroeder, Denver, Colo.

Shumway Uranium, Inc., Moab, Utah
June 20 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining expenses. **Office** — 6 Kirby St., Moab, Utah. **Underwriter**—Skyline Securities Inc., Denver, Colo.

Siboney Development & Exploration Co., Tulsa, Okla.
June 27 filed 2,000,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For geological and geophysical surveys and for drilling of exploratory wells. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo.

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● Siegler Corp., Centralia, Ill. (7/14)
June 20 filed 225,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To repay current indebtedness and for general corporate purposes. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

Silvaire Aircraft & Uranium Co.
June 17 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share). **Proceeds**—For mining operations. **Office**—Fort Collins, Colo. **Underwriter**—Carroll, Kirchner & Jaquith, Inc., Denver, Colo.

Sonoma Quicksilver Mines, Inc.
April 27 filed 800,000 shares of capital stock (par 10 cents), of which 80,000 shares are to be initially offered to public. **Price**—To be fixed on the basis of the market value at the time of their first sale or $1 per share, which ever is lower. **Purpose** — To increase facilities and invest in other quicksilver properties; and for working capital. **Office**—San Francisco, Calif. **Underwriter**—Norman R. Whittall, Ltd., Vancouver, B. C., Canada.

Southern Colorado Power Co. (7/27)
June 27 filed 20,000 shares of 4.72% cumulative preferred stock (par $50). **Price**—To be supplied by amendment. **Proceeds**—For payment of bank loans. **Underwriter**—Stone & Webster Securities Corp., Paine, Webber, Jackson & Curtis, and six other firms.

● Southland Racing Corp. (7/11)
June 10 filed 1,250,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For construction and related purposes, and for operating capital and reserve for future expansion. **Office**—West Memphis, Ark. **Underwriter**—General Investing Corp., New York.

Sovereign Uranium Gas & Oil Co.
May 13 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriter**—Daggett Securities, Inc., Newark, N. J.

Stancan Uranium Corp., Toronto, Canada
April 18 filed 200,000 shares of cumulative convertible preferred stock, series A (par one cent). **Price**—To be supplied by amendment. **Proceeds**—For exploration and development expenses and for general corporate purposes. **Underwriters**—Gearhart & Otis, Inc. and F. H. Crerie & Co., Inc., both of New York.

● Stewart Oil & Gas Co. (7/8)
March 14 filed 750,000 shares of common stock (par 10¢). **Price**—$1 per share. **Proceeds**—To repay bank loan, and for development of properties and other activities incident to oil and gas operations. **Office** — San Angelo, Texas. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Strevell-Paterson Finance Co.
June 16 (letter of notification) 352,000 shares of common stock (par 50 cents) to be offered for subscription by stockholders at 70 cents per share; unsubscribed shares to be publicly offered at $85 per 100 shares. **Proceeds**—For working capital. **Office**—76 West Sixth South St., Salt Lake City, Utah. **Underwriter**—Harrison S. Brothers & Co., same city.

● Sun Hotel, Inc., Las Vegas, Nev.
Feb. 16 filed (as amended) 3,750,000 shares of common stock (par one cent). **Price**—$2.50 per share. **Proceeds**—To construct hotel and for working capital. **Underwriters**—Golden-Dersch & Co., Inc., New York; and Coombs & Co. of Las Vegas, Inc., Las Vegas, Nev.

Sunshine Park Racing Association, Inc. (Fla.)
Nov. 18 filed $700,000 of 6% convertible sinking fund debentures due 1966 and 70,000 shares of common stock (par 10 cents). **Price** — 100% and accrued interest for debentures and $2 per share for stock. **Proceeds**—To repay bank loans, for new construction and for working capital. **Underwriter**—Gulf-Atlantic, Inc., Tampa, Fla.

Super-Seal Piston Ring Corp., Brownwood, Tex.
June 3 (letter of notification) 575,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For machinery and working capital. **Office**—1812 Belle Plain Ave., Brownwood, Texas. **Underwriter**—Great Southwest Securities Co.

Tasha Oil & Uranium Co., Denver, Colo.
May 11 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—1890 S. Pearl St., Denver, Colo. **Underwriter** — Carroll, Kirchner & Jaquith, Inc., same city.

★ TelAutograph Corp., Los Angeles, Calif. (7/27)
July 1 filed $2,396,500 of convertible subordinated debentures due July 15, 1965, to be offered for subscription by common stockholders of record July 27, 1955 on the basis of $500 of debentures for each 50 shares of stock held. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding loans from Commercial Credit Corp.; to purchase additional stock of Nuclear Consultants, Inc.; for expansion of present merchandising activities; and for general corporate purposes. **Underwriter**—None.

★ Tel-Instrument Electronics Corp.
June 20 (letter of notification) 199,999 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For acquisitions and working capital. **Office**—728 Garden St., Carlstadt, N. J. **Underwriter**—Batkin & Co., New York, N. Y.

Tennessee Life & Service Insurance Society
June 20 (letter of notification) 9,200 shares of common stock (par $5) to be offered for subscription by stockholders. **Price**—$30 per share. **Proceeds**—To increase working capital for agency expansion. **Office** — 1409 Magnolia Ave., Knoxville, Tenn. **Underwriter**—None.

Texas Eastern Transmission Corp. (7/13)
June 21 filed 160,000 shares of cumulative preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To repay borrowings made in connection with reconversion of a portion of the Little Big Inch pipeline to the transportation of petroleum products. **Underwriter**—Dillon, Read & Co. Inc., New York.

Texas Western Oil & Uranium Co., Denver, Colo.
June 15 (letter of notification) 5,960,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office** — 407 Denver National Bldg., Denver, Colo. **Underwriter**—Floyd Koster & Co., same address.

● Texboard, Inc., Dallas, Texas
Jan. 17 filed $1,500,000 of 6% series A debentures due serially from Feb. 1, 1957 to Aug. 1, 1961, and $1,000,000 of 6% series B convertible debentures due serially from Feb. 1, 1962 to Aug. 1, 1966. Price—To be supplied by amendment. Proceeds—To construct and operate a manufacturing plant near Orange, Tex., for the purpose of manufacturing insulation building products. Underwriter — None. Emerson Cook Co., Palm Beach, Fla., withdrew, as underwriters on Jan. 20, 1955.

● Thorofare Markets, Inc. (7/14)
June 22 filed $2,000,000 of sinking fund subordinated debentures, series A (convertible on or before June 30, 1962), due July 1, 1975. **Price** — To be supplied by amendment. **Proceeds**—To retire note, and for expansion and working capital. **Office**—Murrysville, Pa. **Underwriter**—Hulme, Applegate & Humphrey, Inc., Pittsburgh, Pa.

Thunderbird Uranium Corp., Albuquerque, New Mexico
June 9 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—915 Simms Bldg., Albuquerque, N. M. **Underwriter**—Hicks, Newton & Co., Inc., Denver, Colo.

★ Trans-National Uranium & Oil Corp., Dallas, Tex.
July 1 filed 2,000,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment. **Proceeds**—To acquire part of properties presently subject to option in favor of company, and for expenses incident to mining and oil activities. **Underwriter**—Garrett Brothers, Inc., Dallas, Tex.

Triangle Mines, Inc., Salt Lake City, Utah
May 3 (letter of notification) 100,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For mining operations. **Office** — 506 Judge Bldg., Salt Lake City, Utah. **Underwriter** — Lewellen-Bybee Co., Washington, D. C.

Tungsten Mountain Mining Co., Fallon, Nev.
June 8 (letter of notification) 149,800 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For mining operations. **Address** — P. O. Box 456, Fallon, Churchill County, Nev. **Underwriter**—H. P. Pratt & Co., Seattle, Wash.

Turner Uranium Corp.
April 1 (letter of notification) 2,000,000 shares of common stock (par 2½ cents). **Price**—10 cents per share. **Proceeds** — For mining operations. **Office** — 130 Social Hall Avenue, Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., same city.

Two Jay Uranium Co., Salt Lake City, Utah
May 16 (letter of notification) 3,000,000 shares of common stock (par three cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—32 Exchange Place, Salt Lake City, Utah. **Underwriter** — Western States Investment Co., Tulsa, Okla.

Ucon Uranium Corp., Salt Lake City, Utah
June 2 (letter of notification) 5,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining costs. **Office**—406 Judge Building, Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Las Vegas, Nev.

U-Kan Uranium & Oil Co., Salt Lake City, Utah
May 5 (letter of notification) 260,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office** — Judge Bldg., Salt Lake City, Utah. **Underwriter** — Northern Securities, Inc., Seattle, Wash.

Union Club, Inc., Hollywood, Calif.
March 1 filed 30,000 shares of preferred stock (par $50) and 100,000 shares of common stock (par $10) to be offered in units of three preferred and 10 common shares. **Price**—$400 per unit. **Proceeds**—For purchase of property, construction of hotel, athletic and health facilities, and working capital. **Underwriter**—None, but sales will be made through agents.

Uranium Prince Mining Co., Wallace, Ida.
April 18 (letter of notification) 1,750,000 shares of common stock. **Price** — 10 cents per share. **Proceeds**—For mining operations. **Address** — Box 709, Wallace, Ida. **Underwriter**—Wallace Brokerage Co., same city.

Uranium Properties, Ltd., Virginia City, Nev.
June 13 filed $600,000 of Grubstake Loans to be offered in amounts of $25 or multiple thereof. **Proceeds**—75% to be invested in U. S. Savings bonds and the balance for equipment and exploration and development expenses. **Underwriter**—None.

★ USeven Corp., Stockton, N. J.
June 28 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds** — For equipment, drilling costs, and working capital. **Business**—To explore, develop and operate uranium mining properties. **Underwriter**—None.

Utah Southern Uranium Co., Las Vegas, Nev.
June 6 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—210 N. Third St., Las Vegas, Nev. **Underwriter**—Lester L. LaFortune, same city.

★ U. & W. Uranium, Inc., Spokane, Wash.
June 21 (letter of notification) 12,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds** For mining expenses. **Office**—737 Peyton Bldg., Spokane 1, Wash. **Underwriter**—None, but S. Everett Salter, Secretary-Treasurer, will handle sales.

Vactron Corp.
May 13 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To manufacture, process, rebuild and market television pictures tubes, etc. **Underwriter** — Zone Investments Co., Fort Worth, Texas.

● Vanadium Queen Uranium Corp. (7/8)
April 18 filed 550,000 shares of capital stock (par 10 cents), of which 70,000 shares are for the account of selling stockholders and 480,000 shares for the company's account (each share being accompanied by a warrant to purchase one-half share before Jan. 3, 1957. **Price**—$2.50 per share. **Proceeds**—To repay notes and for exploration and development expenses. **Office** — Grand Junction, Colo. **Underwriter**—Van Alstyne, Noel & Co., New York.

Vanura Uranium, Inc., Salt Lake City, Utah
June 16 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Underwriter** — I. J. Schenin & Co., New York. **Name Change**—The company was formerly known as San Miguel Uranium, Inc.

Vas Uranium & Drilling Co., Monticello, Utah
June 20 (letter of notification) 2,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining operations. **Underwriter**—Skyline Securities Inc., Denver, Colo.

Wabash Uranium Corp., Moab, Utah
June 10 (letter of notification) 10,000,000 shares of capital stock. **Price**—At par (three cents per share). **Proceeds**—For mining expenses. **Underwriter**—Moab Brokerage Co. and National Securities, Inc., 368 South State St., Salt Lake City, Utah.

Warwick Hotel Associates, New York
June 22 filed $4,250,000 of participations in partnership interest in Associates in minimum amount of $10,000. **Proceeds** — To pay part of purchase price of Warwick Hotel, Philadelphia, Pa., and related expenses. **Underwriter**—None.

● Washington Natural Gas Co. (7/11-12)
May 24 (letter of notification) 238,632 shares of common stock (par one cent), of which 192,011 shares are for account of company and 46,621 shares for account of selling stockholder. **Price**—$1.25 per share. **Proceeds**—To retire indebtedness and for working capital. **Underwriter**—Barrett Herrick & Co., Inc., New York.

Washington Plywood Co., Inc., Lowell, Wash.
June 13 filed 296 shares of common stock (par $5,000). **Proceeds**—To purchase plywood mill of Walton Plywood Co., Inc., etc. **Underwriter**—Albert Walter Braedt.

West Coast Telephone Co. (7/19)
June 27 filed 150,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds** — For construction program and to repay bank loans. **Underwriter**—Blyth & Co., Inc., San Francisco and New York.

Western Hills Inn, Fort Worth, Texas
Jan. 31 filed 200,000 shares of capital stock (no par). Price—$5 per share. Proceeds—Together with other funds, to construct, furnish and equip hotel to be built between Dallas and Fort Worth, Texas. Underwriter—Schwanz & Co., Inc., Aurora, Ill.

Western Nebraska Oil & Uranium Co., Inc. (7/25-29)
April 4 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For exploration and development costs and working capital. **Office**—924 Broadway, Denver, Colo. **Underwriter**—Israel & Co., New York.

★ Western Union Telegraph Co. (7/25)
June 30 filed 1,041,393 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; rights to expire on or about Aug. 8. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriters** — Kuhn, Loeb & Co.; Lehman Brothers; Clark, Dodge & Co.; and Salomon Bros. & Hutzler, all of New York City.

★ White Castle Uranium Co., Boise, Idaho
June 24 (letter of notification) 22,500,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—6515 Fairview Ave., Boise, Idaho. **Underwriter**—None.

White Horse Uranium, Inc., Salt Lake City, Utah
June 9 (letter of notification) 2,900,000 shares of capital stock (par 2½ cents). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—1030 South Sixth West St., Salt Lake City, Utah. **Underwriter**—J. W. Hicks & Co., Inc., Denver, Colo.

Wicker-Baldwin Uranium Mining Co.
May 26 (letter of notification) 900,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For mining expenses. **Office**—616 Sixth St., Rapid City, S. D. **Underwriter**—Driscoll-Hanson, Inc., same city.

Wilma K. Uranium Mining Corp.
May 31 (letter of notification) 9,990,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—For mining expenses. **Office**—Grand Junction, Colo. **Underwriter**—Columbia Securities Co., Inc., Denver, Colo.

● Wright Line, Inc., Worcester, Mass. (7/8-12)
June 17 filed 110,000 shares of class B common stock (par $1), of which 50,000 shares are to be offered for the

company and 50,000 shares by certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To finance additions to factory building and for working capital and general corporate purposes. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

Wyco Uranium, Inc., Salt Lake City, Utah
April 7 (letter of notification) 2,900,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For mining expenses. **Office**—429 Ness Bldg., Salt Lake City, Utah. **Underwriter** — Rocky Mountain

Wyoming Uranium Corp., Salt Lake City, Utah
April 22 (letter of notification) 833,333 shares of common stock (par one cent). **Price**—3½ cents per share. **Proceeds**—For mining expenses. **Office**—522 Felt Bldg., Salt Lake City, Utah. **Underwriter**—James E. Reed & Co., Salt Lake City, Utah; and Coombs & Co., of Washington, D. C.

York County Gas Co., York, Pa.
June 3 (letter of notification) 5,571 shares of common stock (par $20) to be offered for subscription by stockholders. **Price**—$45 per share. **Proceeds**—To pay off bank loans. **Office** — 127 West Market St., York, Pa. **Underwriter**—None.

York Oil & Uranium Co.
June 3 (letter of notification) 10,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining and oil activities. **Address**—P. O. Box 348, Newcastle, Wyo. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Prospective Offerings

American Telephone & Telegraph Co.
April 20 stockholders approved a new issue of not to exceed $650,000,000 convertible debentures. When issued, each stockholder would receive rights to purchase the debentures in proportion to his holdings of stock (probably on the basis of $100 of debentures for each eight shares of stock held). **Underwriter**—None.

Arkansas Power & Light Co.
May 27 it was reported company plans to issue and sell about 80,000 shares of cumulative preferred stock (par $100). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Blyth & Co., Inc. and Smith, Barney & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); White, Weld & Co. **Bids**—Probably late in October.

Blackhawk Fire & Casualty Insurance Co.
April 5 it was reported company plans to issue and sell 200,000 shares of common stock. **Price**—Expected at $5 per share. **Proceeds**—To acquire Blackhawk Mutual Insurance Co., Rockford, Ill. **Underwriter** — Arthur M. Krensky & Co., Inc., Chicago, Ill.

Bliss (E. W.) Co.
April 26 stockholders increased the authorized common stock (par $1) from 1,000,000 shares to 1,500,000 shares. **Underwriter**—Previous financing was handled by Allen & Co., New York.

California Electric Power Co.
June 7 it was announced permanent financing had been postponed to fourth quarter of 1955. **Proceeds**—To retire bank loans (estimated at $10,000,000). **Underwriter**—To be determined by competitive bidding. (1) For bonds, probable bidders may be Halsey, Stuart & Co. Inc.; Blair & Co., Incorporated; White, Weld & Co.; Blyth & Co., Inc. (2) For any common stock, bidders may include: Carl M. Loeb, Rhoades & Co. and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane.

★ Camden Trust Co., Camden, N. J.
June 29 it was announced Bank plans to offer to its stockholders the right to subscribe for 72,500 additional shares of capital stock (par $5), with a 13-day standby. **Underwriter**—Price & Co., Inc., Camden, N. J. **Meeting**—Stockholders on July 29 will vote on approving financing and merger with Bank of Oaklyn National Bank.

Cavendish Uranium Mines Corp.
April 19 it was announced company plans issue and sale of a debenture issue of several million dollars. **Proceeds**—For a concentrating mill, mining equipment and for underground development. **Underwriter**—James Anthony Securities Corp., New York.

Central Maine Power Co.
Dec. 31, W. F. Wyman, President, stated that company plans to issue and sell some additional common stock, par $10 (probably to stockholders) in the latter part of 1955. **Proceeds**—For construction program. **Underwriter**—May be determined by competitive bidding. Probable bidders: The First Boston Corp. and Coffin & Burr, Inc. (jointly); Harriman Ripley & Co. Inc.; Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly). **Meeting**—Stockholders on May 11 voted to increase the authorized common stock from 3,250,000 to 3,500,000 shares. **Offering**—Probably in September.

★ Chesapeake & Ohio Ry. (7/19)
Bids are expected to be received up to noon (EDT) on July 19 for the purchase from the company of $3,600,000 equipment trust certificates to mature annually in from 1-to-15 years. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Chicago, Milwaukee, St. Paul & Pacific RR.
May 10 it was announced stockholders will vote July 13 on approving the creation of an issue of $60,000,000 5% income debentures, series A, to be offered in exchange for outstanding preferred stock, series A, about Aug. 1 on a par for par basis; offer to expire on Sept. 1, 1955.

Commonwealth Edison Co.
Jan. 24, Willis Gale, Chairman, announced it should be Fall before the company undertakes its next financing. **Proceeds**—For new construction, which, it is estimated, will cost about $125,000,0000 in 1955. **Underwriters**—For last equity financing were The First Boston Corp. and Glore, Forgan & Co.

Consolidated Edison Co. of New York, Inc.
June 14 it was announced company expects to sell from $40,000,000 to $50,000,000 bonds some time during the current year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp.

Consolidated Uranium Mines, Inc.
July 23, 1954, stockholders authorized issuance and sale of not to exceed $6,000,000 convertible debenture bonds in connection with the acquisition of Uranium Mines of America, Inc. stock. Public offering of $2,000,000 bonds expected early in 1955. **Underwriter** — Tellier & Co., Jersey City, N. J.

Continental Aviation & Engineering Co.
June 13 it was reported company plans sale in near future of $2,000,000 convertible debentures. **Underwriter**—Van Alstyne, Noel & Co., New York.

Continental Can Co., Inc.
April 18, preferred stockholders approved creation of not to exceed an additional $25,000,000 of debentures or other indebtedness maturing later than one year after the date thereof. The company has no present plans for making any additional borrowings. **Underwriters**—Goldman, Sachs & Co. and Lehman Brothers, both of New York.

Daitch Crystal Dairies, Inc.
April 28 stockholders approved a proposal to increase the authorized common stock (par $1) from 500,000 shares to 1,000,000 shares to provide for future financing and expansion. **Underwriter**—Hirsch & Co., New York.

★ Denver National Bank, Denver, Colo.
June 30 it was announced that company plans to offer to its stockholders the right to subscribe for 50,000 additional shares of capital stock (par $10) on the basis of one new share for each four shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Meeting**—Stockholders to vote July 28 on approving financing and 25% stock dividend.

Detroit Edison Co.
May 2 stockholders approved a proposal authorizing about $60,000,000 of convertible debentures. Previous offer of convertible debentures was made to stockholders without underwriting.

Doman Helicopters, Inc.
Feb. 17 Donald S. B. Waters, President, announced stockholders voted to increase authorized capital stock from 1,000,000 shares to 3,000,000 shares in anticipation of expansion of the company's activities. **Underwriter**—Previous financing handled by Greene & Co., New York.

Florida Power Corp.
April 14 it was announced company may issue and sell between $10,000,000 and $12,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp. **Offering**—Expected late in 1955 or early 1956.

Ford Motor Co., Detroit, Mich.
March 15 it was reported that following a probable 10-for-1 stock split, an offering of approximately 4,000,000 new shares will be made to the public. **Price**—Expected to be around $60 per share. **Proceeds** — To the Ford Foundation. **Offering**—Probably not until "latter part of 1955, if then."

★ Foremost Dairies, Inc. (8/1)
June 30 it was reported company plans to issue and sell $20,000,000 of 4½% sinking fund debentures due Dec. 31, 1980, to be first offered in exchange for the Foremost $4.50 preferred stock (par $100), Foremost $50 par preferred stock and Philadelphia Dairy 4½% preferred stock for a three-week standby. **Price**—105%. **Underwriters**—Allen & Co. and Salomon Bros. & Hutzler, both of New York. **Registration**—Expected about July 11.

General Minerals Corp.
June 20 it was reported that company plans early registration of 1,200,000 shares of its common stock. **Underwriters**—Sanders & Newsom and Rauscher, Pierce & Co., both of Dallas, Tex.; and Laird & Co., Wilmington, Del.

Gulf States Utilities Co.
May 16 it was reported company may issue and sell $10,000,000 first mortgage bonds if market conditions permit. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co., Inc. (jointly); Lee Higginson Corp. and Carl M. Loeb, Rhoades & Co. (jointly); Stone & Webster Securities Corp.

Hammermill Paper Co.
May 10 stockholders approved a proposal on increasing the debt authority to $20,000,000. **Underwriter**—A. G. Becker & Co. (Inc.), Chicago, Ill.

Housatonic Public Service Corp. (9/5)
June 20 it was reported company plans to issue and sell 14,817 additional shares of common stock (par $15) to common stockholders of record Sept. 5 on the basis of one new share for each 25 shares held; rights to expire on Sept. 26. **Price**—$22 per share. **Proceeds**—For construction program. **Underwriter**—None. Unsubscribed shares to be sold to highest bidder.

Hupp Corp.
May 13 stockholders approved a proposal increasing the authorized capital stock from 3,000,000 to 4,200,000 shares (200,000 of such increased shares shall be (new) serial preferred stock, $50 par value and 1,000,000 shares shall be common stock, $1 par value); also waiving of preemptive rights to such increased shares.

International Bank, Washington, D. C.
April 25 it was announced company, in addition to placing privately an issue of $500,000 convertible debentures, will offer additional convertible debentures to shareholders, the latter probably sometime in the Autumn of this year. **Office** — 726 Jackson Place, N. W., Washington, D. C. **Business**—Industrial merchant bankers.

International Oil & Metals Corp., Seattle, Wash.
May 23 it was reported company may do some financing some time in the future. William D. Bost of Whitcomb & Co., New York, is Chairman of the Board.

Isthmus Sulphur Co. (Texas)
March 30 it was reported early registration is planned of an undertermined number of common shares. **Underwriters**—L. D. Sherman & Co., New York, and Garrett & Co., Dallas, Tex.; and others.

Jersey Central Power & Light Co.
Feb. 21 it was reported company plans to sell $5,000,000 of preferred stock. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane and White, Weld & Co. (jointly); Glore, Forgan & Co. **Offering** — Expected before July 1.

Keystone Wholesale Hardware Co., Atlanta, Ga.
Jan. 27 it was stated that the company plans at a later date to offer additional shares for sale nationally. An offering of 16,666 shares of common stock was recently made to residents of Georgia only at $3 per share. **Office**—517 Stephens St., S.W., Atlanta, Ga.

Lithium Developments, Inc., Cleveland, Ohio
June 9 it was announced that company plans soon to file a registration statement with the SEC covering a proposed issue of 600,000 shares of common stock. **Proceeds**—For general corporate purposes. **Underwriter**—George A. Searight, New York, will head group.

Long Island Lighting Co.
April 23 it was announced company plans to sell an issue of $15,000,000 first mortgage bonds, series H, due 1985. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); W. C. Langley & Co.; Smith, Barney & Co.; Baxter, Williams & Co. **Offering**—Expected late in 1955.

Lucky Stores, Inc.
April 20 stockholders approved a proposal to increase the authorized common stock (par $1.25) from 1,000,000 shares to 2,000,000 shares (there are 804,063 shares outstanding). It was reported previously that the company proposed to raise approximately $1,500,000 through the sale of 150,000 shares. However, no immediate financing is planned. **Underwriter**—Probably Blair & Co. Incorporated, New York.

Maine Central RR.
Feb. 14, E. Spencer Miller, President, said company has not given up the idea of refunding the $17,000,000 5⅛% first mortgage and collateral trust bonds due 1978. Probable bidders for new bonds may include Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; W. C. Langley & Co.; Coffin & Burr, Inc.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane; Blyth & Co., Inc.; Glore, Forgan & Co.

Majestic Auto Club, Inc.
Aug. 25 it was announced company plans to offer 500,000 shares (par five cents) to the motorist and general public shortly after completion of the current offering of 100,000 shares to service station owners and operators. **Office**—Room 717, 141 Broadway, New York 6, N. Y.

Middle States Telephone Co. of Illinois
May 19 it was reported company plans to issue and sell additional common stock. On May 11, the authorized issue was increased to 450,000 shares from 350,000 shares. **Underwriter**—Central Republic Co., Inc., Chicago, Ill.

Mountain States Telephone & Telegraph Co.
May 21 it was announced that company plans to issue and sell to its stockholders additional common stock next Fall, the amount and ratio to be determined later. American Telephone & Telegraph Co. owns about 86.7% of the presently outstanding common stock. **Underwriter**—None.

Murphy (G. C.) Co., McKeesport, Pa.
April 12 stockholders approved a proposal to increase the authorized limit of indebtedness from $3,000,000 to $20,000,000. **Proceeds**—For expansion program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York, handled preferred stock financing in 1942.

New Haven Clock & Watch Co.
June 7 it was announced that in connection with its proposed plan of recapitalization to be voted upon July 26, the company plans to raise not less than $300,000 of new capital. **Underwriter**—Probably Reynolds & Co., New York.

New Orleans Public Service Inc.
Feb. 4 it was announced that company plans this year to issue some first mortgage bonds due 1985. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blair & Co. Incorporated; The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp.

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

New York Telephone Co.
Jan. 17, Keith S. McHugh, President, announced that the company will have to raise more than $100,000,000 of new capital money to aid in carrying out its expansion and improvement program which will cost approximately $200,000,000. **Underwriter**—For and bonds, to be determined by competitive bidding. **Probable bidders**: Morgan Stanley & Co.; Halsey, Stuart & Co. Inc.

Northern Illinois Gas Co.
June 14, Marvin Chandler, President, announced that the company plans to spend $60,000,000 on new construction through 1958, and that about $25,000,000 would be raised through the sale of bonds in the period. **Underwriters**—The First Boston Corp., Halsey, Stuart & Co. Inc. and Glore, Forgan & Co.

Northern States Power Co. (Minn.)
March 29 it was announced that new capital requirements for 1955 will approximate $31,000,000. Present plans contemplate these funds will be obtained temporarily from short-term bank loans to be repaid from proceeds of the sale of additional bonds late in 1955 or early 1956. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equitable Securities Corp. and Union Securities Corp. (jointly); Smith, Barney & Co.; Lehman Brothers and Riter & Co. (jointly); Glore, Forgan & Co.

Northwest Nitro-Chemicals, Ltd., Alberta, Can.
March 4 company plans to issue and sell publicly debentures and common stock to finance its proposed chemical project. **Underwriter**—Eastman, Dillon & Co., New York.

★ **Nuclear-Electronics Corp.**
June 28, it was announced that it is planned, following proposed merger into company of Olympic Radio & Television, Inc., and Victoreen Instrument Co., to issue and sell $2,500,000 of debentures. **Underwriters**—Van Alstyne, Noel & Co. and Barrett Herrick & Co., Inc., both of New York. **Meeting** — Stockholders to vote on merger in August, 1955.

Ohio Power Co. (9/20)
June 20 it was reported company plans to issue and sell 60,000 shares of cumulative preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc.; Lehman Brothers; Kuhn, Loeb & Co.; Harriman Ripley & Co., Inc. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Union Securities Corp. and Salomon Bros. & Hutzler (jointly). **Registration**—Planned for Aug. 17. **Bids**—Expected to be received up to 11 a.m. (EDT) on Sept. 20.

Ohio Power Co. (9/20)
June 20 it was reported company plans to issue and sell $22,000,000 of first mortgage bonds due 1985. **Proceeds**—To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly); Kuhn, Loeb & Co.; Blyth & Co., Inc.; Union Securities Corp. and Salomon Bros & Hutzler (jointly); The First Boston Corp. **Registration**—Planned for Aug. 17. **Bids**—Expected to be received up to 11 a.m. (EDT, on Sept. 20.

Ohio Water Service Co.
March 28 it was reported company plans to issue and sell $1,000,000 of first mortgage bonds and $300,000 of additional common stock (the latter to stockholders) in near future. **Proceeds**—To retire bank loans and reimburse the company's treasury for construction expenditures.

Pacific Far East Line, Inc., San Francisco, Calif.
June 18 it was reported that early registration is expected of 80,000 shares of cumulative convertible preferred stock (par $25) and of about 160,000 shares of common stock, of which 100,000 shares are to be sold for the company and the balance for the account of Chicago Corp. **Underwriter**—A. G. Becker & Co. (Inc.), Chicago, Ill.

Pacific Telephone & Telegraph Co.
June 21 it was announced company plans to offer to its preferred and common stockholders later this year 1,339,196 additional shares of common stock on a 1-for-6 basis. (American Telephone & Telegraph Co., the parent, owns a majority of the common and preferred stocks presently outstanding.) **Price**—At par ($100 per share). **Proceeds**—To repay bank loans and for new construction. **Underwriter**—None.

● **Pacific Telephone & Telegraph Co. (8/16)**
June 21 it was announced company plans to issue and sell $67,000,000 of 36-year debentures due 1991. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; White, Weld & Co., Lehman Brothers and Union Securities Corp. (jointly). **Registration**—Planned for the latter part of July. **Bids**—Expected to be opened Aug. 16.

Pennsylvania Electric Co.
Feb. 15 it was reported company plans to issue and sell later this year $9,300,000 of first mortgage bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. probable bidders: Halsey, Stuart & Co. Inc., The First Boston Corp.; Kuhn, Loeb & Co.; Kidder, Peabody & Co.; Equitable Securities Corp.; Harriman Ripley & Co., Inc.

Pennsylvania Electric Co.
Feb. 21 it was reported company proposes issuance and sale of $7,500,000 of preferred stock later this year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Kuhn, Loeb & Co.; W. C. Langley & Co. and Glore, Forgan & Co. (jointly); Kidder, Peabody & Co., The First Boston Corp.; Smith, Barney & Co.; Harriman Ripley & Co. Inc.

Pennsylvania Power & Light Co.
April 19, Charles E. Oakes, President, announced that company plans this year to issue and sell $15,000,000 of first mortgage bonds and use the proceeds for its construction program. Previous bond financing was arranged privately through Drexel & Co. and The First Boston Corp.

★ **Peoples National Bank of Washington, Seattle, Wash.**
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 5, Frank McLaughlin, President, said that "it will be necessary in 1955 to obtain funds for construction purposes from outside sources—at least to the extent of several million dollars." The company has scheduled a large-scale expansion program, involving $75,000,000 in order to keep abreast of estimated load growth over the next five years. **Underwirters**—Probably Stone & Webster Securities Corp., The First Boston Corp. and Smith, Barney & Co.

Pure Oil Co.
April 9 stockholders approved the possible issuance of a convertible debenture issue. This would not exceed $50,000,000 and would be issued at the discretion of the directors any time within the next 12 months. **Underwriter**—Probably Smith, Barney & Co., New York.

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

Reading Co.
June 7 stockholders approved a proposal increasing the authorized indebtedness of the company to $125,000,000. Funded debt at Dec. 31, 1954 totaled $84,077,350. If, in the future, the directors should deem it in the best interests of the company to issue bonds, the board will determine the amount of the issue and the terms and conditions of the bonds. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

St. Louis-San Francisco Ry.
May 10 stockholders approved an additional issue of up to $25,000,000 of first mortgage bonds, of which it is planned to sell initially $19,500,000 principal amount to mature in 40-years. **Proceeds** — For property additions and improvements. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Union Securities Corp.; Blyth & Co., Inc. and Harriman Ripley & Co. Inc. (jointly).

San Diego Gas & Electric Co.
E. D. Sherwin, President, recently reported that the company will need a minimum of $11,000,000 new capital to help finance its current $20,000,000 construction program. The financing will probably take the form of a bond issue or preferred stock. **Underwriters**—(1) For preferred stock, Blyth & Co., Inc., San Francisco, Calif. (2) For bonds, to be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Blyth & Co., Inc.; Union Securities Corp. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers; The First Boston Corp.; White, Weld & Co. and Shields & Co. (jointly). **Offering**—Expected in September.

Southern California Gas Co.
Feb. 28 it was reported company plans to issue and sell $40,000,000 of first mortgage bonds. Application has been filed with California P. U. Commission for exemption from competitive bidding. Bids received on last sale of bonds were from Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; White, Weld & Co. and Union Securities Corp. (jointly); Lehman Brothers.

Southern Co. (11/9)
Dec. 30 it was announced company plans to issue and sell to the public 500,000 additional shares of common stock (par $5). Proceeds—To repay bank loans and for investment in additional stock of subsidiary companies Underwriter—To be determined by competitive bidding. Probable bidders: The First Boston Corp., Ladenburg, Thalman & Co., Carl M. Loeb, Rhoades & Co. and Wertheim & Co. (jointly); Blyth & Co., Inc., Bear, Stearns & Co. and Dean Witter & Co. (jointly); Union Securities Corp. and Equitable Securities Corp. (jointly): Lehman Brothers; Morgan Stanley & Co.; Kidder, Peabody & Co., and Merrill Lynch, Pierce, Fenner & Beane Bids—Tentatively scheduled for Nov. 9. Registration—Not expected until Oct. 12.

Southland Frozen Foods, Inc.
April 18 it was reported company plans to offer $600,000 of 6% debentures and 60,000 shares of common stock. **Office**—160 Broadway, New York City. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York. **Offering**—Expected in July.

Sterling Precision Instrument Corp.
June 6 the stockholders voted to approve an authorized issue of 500,000 shares of first preferred stock (par $10), of which 300,000 shares (to be convertible into common) are to be publicly offered. **Proceeds**—For working capital. **Office**—Buffalo, N. Y.

Texas Gas Transmission Co.
March 15 it was reported company plans to sell additional first mortgage bonds later to finance cost of new construction, which is estimated at about $17,500,000. **Underwriter**—Dillon, Read & Co. Inc., New York.

● **Texas National Bank, Houston, Texas**
June 30 it was announced Bank is offering its stockholders of record June 15 the right to subscribe on or before July 20 for 50,000 additional shares of capital stock (par $20) on the basis of one new share for each five shares held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus.

Unexcelled Chemical Corp.
May 25 stockholders approved creation of 100,000 shares of 5% non-voting preferred stock (par $25) and increased authorized common stock from 500,000 shares to 1,000,000 shares.

Union Electric Co. of Missouri
Jan. 24 it was reported company expects to sell about $30,000,000 30-year first mortgage bonds late in 1955. **Proceeds**—To repay bank loans and for new construction. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and Union Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly); White, Weld & Co. and Shields & Co. (jointly).

United Aircraft Corp.
April 26 stockholders approved a new issue of 500,000 shares of preference stock (par $100). **Proceeds**—To redeem present 5% cumulative preferred stock (233,500 shares outstanding), and for working capital **Underwriter**—Harriman Ripley & Co., Inc., New York

Utah Power & Light Co. (9/13)
March 28 it was reported company plans to issue and sell $15,000,000 of first mortgage bonds due 1985. **Proceeds** — To repay bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co.; Salomon Bros. & Hutzler; White, Weld & Co. and Stone & Webster Securities Corp. (jointly); The First Boston Corp.; Lehman Brothers and Bear, Stearns & Co. (jointly). **Bids** — To be received Sept. 13.

Utah Power & Light Co. (9/13)
March 28 it was reported company plans public sale of 177,500 shares of common stock. **Proceeds** — For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers; Union Securities Corp. and Smith, Barney & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Blyth & Co., Inc.; The First Boston Corp. **Bids**—To be received on Sept. 13.

Warren Brothers Co., Cambridge, Mass.
June 21 it was announced stockholders on July 19 will vote upon a plan to refinance the outstanding 40,665 shares of $2.50 cumulative preferred stock (par $50). It is proposed to issue not more than $2,500,000 of notes, bonds or debentures which may be in whole or in part convertible into common stock at not less than $50 per share. **Proceeds**—To retire preferred stock, to pay off a $225,000 loan and for working capital.

Westcoast Transmission Co., Ltd.
April 25 it was reported company now plans to issue and sell publicly about $20,000,000 of securities, probably in units of notes and stock. Bonds are expected to be placed privately. **Underwriter**—Eastman, Dillon & Co., New York. **Offering**—Expected in July.

Westpan Hydrocarbon Co.
March 2 it was announced Sinclair Oil Corp. has agreed with the SEC to divest itself of its investment of 384,380 shares of Westpan stock (52.8%). **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. White, Weld & Co., New York, may be included among the bidders.

Worcester County Electric Co. (10/18)
The company proposes to file a registration statement with the SEC early in September with respect to sale of $8,500,000 first mortgage bonds, series D, due 1985. **Proceeds**—For payment of bank loans and new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutzler and Stroud & Co., Inc. (jointly); Coffin & Burr, Inc.; Kidder, Peabody & Co., Blyth & Co., Inc. and White, Weld & Co. (jointly); Blair & Co. Incorporated and Baxter, Williams & Co. (jointly); The First Boston Corp. **Bids**—Tentatively scheduled to be received on Oct. 18 at company's office, 441 Stuart St., Boston 16, Mass.

Lloyd W. Smith, Wall Street Banker, Dies at 85

An old Wall Street character, Lloyd Waddell Smith, died last week after a two and a half year illness at Boxwood Hall, Florham Park, New Jersey, where he was born 85 years ago. A month ago Mr. Smith suffered a stroke. Immediate cause of death was a heart attack.

Mr. Smith's life covered a long period of usefulness and unselfish application as a newspaperman, farmer, citizen, banker and philanthropist. During his lifetime, Mr. Smith's generous donations to Princeton University, the Morristown, N. J. Hospital, Protestant and Catholic churches and charities, to War Memorial Youth Center and the Morristown Memorial Hospital, Boy Scouts Council Camp, Girl Scouts Council as well as a 33 acre tract in Parsippany-Troy Hills Township for a park and public playground and other local agencies were almost too numerous to mention.

Mr. Smith retired in 1931 as Chairman of the Chase, Harris, Forbes & Co. board to devote the rest of his days to farming, and to his collections. His extensive collection of Americana, centering on George Washington, was said to rank as the finest in the country including several hundred of the first President's letters, his sword, estate records, in addition to Washingtoniana, books, manuscripts and documents of that day.

One of his proudest hobbies consisted of a 30,000 piece collection of Indian relics, one of the largest in existence. All these relics were found in his native State of New Jersey.

Mr. Smith started his Wall St. career in 1899 when he joined the old nationally-known municipal bond house of N. W. Harris & Co. in Chicago as a junior clerk. After his transfer to the New York office late in 1899, his rise was rapid. He sold bonds and was the firm's municipal bond buyer as well as heading the advertising and railroad departments. He became President of the company in 1921 and Chairman of the board in 1923.

When Harris, Forbes & Co., successor company to N. W. Harris & Co., amalgamated with the Chase Securities Corporation in 1931. Mr. Smith was named Chairman of the Board of both firms and elected a director of the Chase National Bank.

Mr. Smith received his degree from Yale University in 1895, graduated from Harvard Law School in 1898 and was admitted to the New York State Bar in 1899. While at Phillips-Andover, he was editor of the school paper; at Yale he served as editor and business manager for the "Yale Daily News"; and at Harvard Law School, he was one of the editors of the "Harvard Law Review." While a student at college Mr. Smith worked as a correspondent for several Boston newspapers and the Associated Press. As a philanthropist, he gave various causes support with an open hand, devoted to a wide range of good causes. One of his best known benefactions was the purchase of the 1,000 acre Revolutionary War encampment site in Harding and Morris Townships, the scene of the Colonial Army Encampment during two stormy Winters of the Revolutionary War, for 250,000, which national park he deeded to the Government as well as the Ford Mansion in Morristown, Washington's headquarters during those tumultuous years.

Boxwood Hall, the farm house where Mr. Smith was born and made his home, was one of the showplaces in New Jersey because of the old English boxwood which he cultivated as one of his hobbies. Boxwood Hall is located on his extensive farm at Florham Park. Mr. Smith was considered one of the State's largest land owners.

Joins White-Phillips

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Ralph R. Obenchain is now connected with The White-Phillips Co., Inc., 38 South Dearborn Street.

With Kentucky Company

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, Ky.—Thomas H. Minary is with The Kentucky Company, Louisville Trust Bldg., members of the Midwest Stock Exchange.

D. N. Silverman Adds

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, La.—Howard Gruenberg has been added to the staff of D. N. Silverman Co., Inc., Shell Building Arcade, members of the New Orleans Stock Exchange.

With Clayton Securities

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Maurice T. Sullivan is now with Clayton Securities Corp., 79 Milk Street, members of the Midwest Stock Exchange.

With F. L. Putnam

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Henry J. Fleming is with F. L. Putnam & Co., Inc., 77 Franklin Street, members of the Boston Stock Exchange.

With Vickers Brothers

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Lester G. Lazar has become connected with Vickers Brothers, 80 Federal St.

To Be Exchange Members

Transfer of the New York Stock Exchange membership of Vance Lauderdale to Robert J. Friedlander, of the late Arthur Turnbull to Jerome A. Eaton, and of Maurice S. Byck to Samuel R. Parnes will be considered by the Exchange on July 14.

Our Reporter's Report

The corporate bond market appeared to have quite fully discounted the decision of the Treasury to reopen its 40-year, 3% bond issue to the extent of $750 million and to raise another $2 billion through the sale of tax anticipation notes.

The same could not be said for the revenue bond market, notably the turnpike division, where substantial adjustment has taken place. Some of these recent emissions have been hard hit in the process.

But so far as corporates are concerned, the situation was helped no little by the veritable dearth of new offerings. Dealers' shelves have been swept literally clean, thus removing any overhang of pressure that might otherwise have been around.

Market ovservers have no doubt that the Treasury's program will be very well received what with the bonds appealing to certain types of institutional investors such as pension funds, insurance companies and savings banks, with corporations naturally standing by to take the tax certificates.

It has been common knowledge that many investors looking for outlets for their funds, have been standing by awaiting details of the Treasury's plan, since consensus is that they would rather, at this point, put funds into a long Government 3% at par than into corporates at their current yield basis.

Soaking Up a Billion

One far-reaching effect of the Washington schedule is definitely recognized, however. That is that it probably will remove from the new issue market a potential of around a billion dollars that might otherwise have found its way into corporate issues.

In the circumstances there is not too much weaping or gnashing of teeth over the slack in the new issue field. True, investment bankers fare better when operating in the corporate field, but they recognize the present situation as "all in the game."

Next week's calendar shows only two sizable offerings in prospect. On Tuesday Illinois Bell Telephone Co. will have $30,000,000 of bonds up for bids and the following day Texas Eastern Gas Transmission is slated to market $16,000,000 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 turnpike issues, would not be surprised if perhaps a bit 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.

Marvin Electric Mfg. Corp. Stock Offered

Aetna Securities Corp., New York City, is offering 100,000 shares of common stock of Marvin Electric Manufacturing Co. at a price of $3 per share.

Of the proceeds of the offering, Marvin Electric plans to use $50,000 for working capital, $120,000 for payment of secured notes due to factor and $70,000 for the purchase of additional equipment.

Marvin Electric Manufacturing Co., together with its subsidiaries, is believed to be the largest manufacturer of recessed incandescent lighting fixtures in the United States. It is also engaged in the manufacture of kitchen ventilating fans.

Net sales of the company for the fiscal year ended April 30, 1955 were $1,970,133. For the previous fiscal year sales were $1,461,467.

Upon completion of this financing the outstanding capitalization of the company will consist of 340,160 shares of common stock.

Magnus Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio—Joseph A. Magnus is now with Magnus & Company, Dixie Terminal Building.

With Paine, Webber

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — William M. Craig is now connected with Paine, Webber, Jackson & Curtis, Union Commerce Building.

DIVIDEND NOTICE

CHASE MANHATTAN

WORLD-WIDE BANKING

CHARTERED 1799

THE CHASE MANHATTAN BANK

DIVIDEND NOTICE

The Chase Manhattan Bank has declared a dividend of 55c per share on the 12,000,000 shares of the capital stock of the Bank, payable August 15, 1955 to holders of record at the close of business July 15, 1955.

The transfer books will not be closed in connection with the payment of this dividend.

KENNETH C. BELL
Vice President and Secretary

Member Federal Deposit Insurance Corporation

DIVIDEND NOTICES

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., June 28, 1955.

The Board of Directors has this day declared a dividend of One Dollar and Twenty-five Cents ($1.25) per share, being Dividend No. 172, on the Common Capital Stock of this Company, payable September 1, 1955, to holders of said Common Capital Stock registered on the books of the Company at the close of business July 29, 1955.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York 5, N. Y.

CANCO AMERICAN CAN COMPANY

COMMON STOCK

On June 28, 1955 a quarterly dividend of thirty-five cents per share was declared on the Common Stock of this Company, payable August 15, 1955, to Stockholders of record at the close of business July 21, 1955. Transfer books will remain open. Checks will be mailed.

EDMUND HOFFMAN, Secretary

AVISCO AMERICAN VISCOSE CORPORATION

Dividend Notice

Directors of the American Viscose Corporation at their regular meeting on July 6, 1955, declared dividends of one dollar and twenty-five cents ($1.25) per share on the five per cent (5%) cumulative preferred stock and fifty cents (50 cents) per share on the common stock, both payable on August 1, 1955, to shareholders of record at the close of business on July 20, 1955.

WILLIAM H. BROWN
Secretary

DIVIDEND NOTICES

COMBUSTION ENGINEERING, INC.

Dividend No. 207

A quarterly dividend of seventy-five cents (75c) per share on all the outstanding stock of the Company has been declared payable July 28, 1955 to stockholders of record at the close of business July 14, 1955.

OTTO W. STRAUSS
Vice President and Treasurer

OTIS ELEVATOR COMPANY

COMMON DIVIDEND No. 194

A dividend of $.625 per share on the no par value Common Stock has been declared, payable July 29, 1955, to stockholders of record at the close of business on July 8, 1955.

Checks will be mailed.

H. R. FARDWELL, *Treasurer*

New York, June 29, 1955.

GOULD-NATIONAL BATTERIES, INC.

SAINT PAUL, MINNESOTA

Manufacturers of Automotive and Industrial Batteries

DIVIDEND NOTICE

Preferred Dividend

The Board of Directors today declared a regular quarterly dividend of 56¼¢ per share on the Cumulative Preferred Stock, payable August 1, to shareholders of record July 20, 1955.

Common Dividend

The Board of Directors today declared a dividend of 42½¢ per share on Common Stock, payable August 1, to shareholders of record July 20, 1955.

A. H. DAGGETT
President

June 13, 1955

DIVIDEND NOTICES

TECHNICOLOR, Inc.

The Board of Directors has declared a dividend of twenty-five cents (25c) per share on the Common Stock ($1 Par Value) of the Company, and a dividend of fifty cents (50c) per share on the Common Stock (no Par Value) not yet exchanged under the Company's Exchange Instructions dated May 19, 1953. These dividends are payable July 22, 1955 to stockholders of record at the close of business July 8, 1955.

L. G. CLARK, *Treasurer*

June 29, 1955.

UGI **The United Gas Improvement Company**

DIVIDEND NOTICE

A quarterly dividend of 50c per share on the Common Stock, par value $13.50 per share, has been declared payable September 30, 1955 to stockholders of record August 31, 1955.

A quarterly dividend of $1.06¼ per share on the 4¼% Preferred Stock has been declared payable October 1, 1955 to stockholders of record August 31, 1955.

JOHNS HOPKINS, Treasurer

Philadelphia, June 28, 1955

VANADIUM CORPORATION OF AMERICA

VANCORAM

420 Lexington Avenue, New York 17

Dividend Notice

At a meeting of the Board of Directors held today a dividend of forty cents per share was declared on the capital stock of the Corporation payable August 16, 1955, to stockholders of record at 3:30 o'clock p. m. August 5, 1955. Checks will be mailed.

D. A. SHRIVER, Secretary.

Dated June 28, 1955.

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Some of the most delectable lore of the Middle Ages relates to the alchemists. Kings, princes, potentates, and fat cats galore got taken in by wizards who pretended they had the magic formula to change base metals into gold.

Alchemy has a rising successor in this day of the "modern, progressive, dynamic, ever-expanding economy." It is the art or conjuring machinery by which the Federal budget can be balanced without visible effort.

To the astonishment of Congress, George Humphrey has turned up as one of the conjurors of the new art. He submitted to the House Appropriations Committee, in all formality, a plan "to improve Congressional control of the Federal budget."

The outlines are reasonably simple. At the present time Congress appropriates in separate appropriation bills, funds for the supply and support of the Federal Government. These bills go through the hopper one at a time. After they are finally passed and signed by the Speaker and the Vice-President, they go to the White House for approval.

What Secretary Humphrey proposes is this:

(1) Congress should go on, as before, passing appropriations piecemeal. However, after they are signed by the presiding officers of the respective houses of Congress, they should be kept on the Hill, away from that gentleman in the White House.

(2) Along about June 1, Congress should pass an "amendatory appropriation bill."

The idea is that by June 1 Congress will have the latest pitch on prospective Federal revenues. At the same time it will be able to adjudge the effect of its own action on the several appropriations bills AND any tax legislation. Then knowing what revenues will be, Congress will merely have to pass an amendment to the some dozen appropriation bills cutting down the total so that presumably the amount authorized to be spent by the appropriation bills will fit the amount of revenues.

Size of the Party Ham

It would be just as though Mrs. Jones, knowing that next Saturday she was going to have a buffet supper, were to drop by the corner butcher's on Monday and tell him so and to be sure to have a large ham on hand for delivery Saturday morning.

"But how big a ham do you want, Mrs. Jones?" the butcher asked. "Well, that depends upon how many people come to my party," she explained. "I hope to have 20, in which case I would need a very big ham. On the other hand that smarty Mrs. Johnson may boycott my party with her friends, and I will need only half a ham."

So the butcher buys a big ham, and gets ready to cut off what Mrs. Jones wants, come Saturday. Simple, old chap.

Does Not Work That Way

Actually each appropriation bill is itself the consequence, when it has finally passed both Houses, of hundreds of compromises and adjustments among the members of the appropriations committees of both Houses; among officials of the executive establishment; and among the conferees between the Houses, as well as the general membership of Congress who have put in an oar here and there on this and that.

To think that they could be cut down the last minute before delivery, like the size of a ham for Mrs. Jones' party Saturday morning, without going tediously again into each and every one of tens of thousands of items and striking new deals and new balances, looks to members of Congress like day dreaming on a gigantic scale. They wonder who it was who sold George Humphrey such an idea.

Actually what the Secretary of the Treasury was shooting at was, as he admitted in effect in his memorandum, was a scheme to achieve the **objective** of the single appropriation bill, without asking for the single appropriation bill. This latter magic potion, like the present legal but forgotten "Joint Budget Committee" or any of several such schemes, is designed to create a mechanism which will have the effect of balancing the budget by gimmick — a sort of automatic pilot for sound finance.

Actually, except for Senator Harry F. Byrd (D., Va.) and perhaps a dozen assorted Republicans and Democrats, nobody on the Hill is much interested any more in the balancing of the Federal budget, which is regarded by most as either an outmoded fashion, or a nostalgic part of an irretrievably gone past. As for the Eisenhower Administration, Secretary Humphrey talks about working for a constantly reduced level of expenditures with almost the same frequency as President Eisenhower backs some new foreign or domestic welfare spending and loan program.

Byrd Knows

There was considerable amusement in Senator Byrd's announcement that the second "temporary" boost of $6 billion in the Federal legal debt limit would be the last he would approve. Senator Byrd probably is not fooled into thinking the trend is toward reduced spending. He is just seeming to take Secretary Humphrey's protestations of his plans for a cut in spending at the Secretary's word.

President Eisenhower at last week's press conference listed the "must" proposals he wanted Congress to pass this year. There were 13 subjects for legislation on the list.

Nine of these "must" proposals will involve considerable expenditure, headed by the proposed $25 billion road program. The President's repertoire included a large health program, a school aid program, a comprehensive housing program with many direct and hidden costs, a military reserve program which incidentally would cost some $2 billion a year, mutual security spending, a $21 million atom "peace ship," the payment of better benefits to survivors of military personnel, and finally, a proposal for building some dams on the upper Colorado river "to conserve water resources."

Absent was any mention of any "must" program aimed at cutting down expenditures. The President didn't even mention anything about having Congress curtail some of the Federal lending and spending activities recommended in the report of the Hoover Commission.

Outlook Against Bank Part In Revenue Bonds

Senator John W. Bricker (R., O.) has sponsored legislation which would allow commercial banks to underwrite and deal in state and municipal revenue bonds. They already are authorized to underwrite and deal in general obligation municipals.

Best guesing on the Hill is that this legislation will get nowhere this year, if any year in the foreseeable future. There is little interest in the legislation except among some of the larger commercial banks, the issue is controversial, and the existing investment banking trade is cool to the idea. There just doesn't appear to be enough steam behind this proposal as yet to get it moving.

Subscription TV Issue Will Lag

It will be "many, many months" before the Federal Communications Commission gets around to reaching a decision on what to do with subscription TV, in the opinion of industry observers.

Not attempting to know the Commission's mind, but only having watched its methods of operation, the industry thinks these methods will be as characteristic as to subscription TV as to color TV and such controversies.

First, the Commission will probably, some months ahead, order experimental use on a temporary basis. Then it will go to the appropriate committees of Congress and in effect, ask the Congress or the committees to give it some direction, so that FCC won't have to take all the responsibility for either refusing subscription TV or approving it, or if the latter, on what basis.

House Bill Curtails Housing Ambitions

Relative to the enveloping new housing programs of several kinds proposed by the bill passed by the Senate, the bill reported out of the House Banking Committee looks timid. The House Committee cut out insurance for trailer courts. It proposed only a 1-year instead of a 5-year extension of home modernization loan insurance. It cut down somewhat on the generosity of FHA "sleight-of-hand" insurance for military housing.

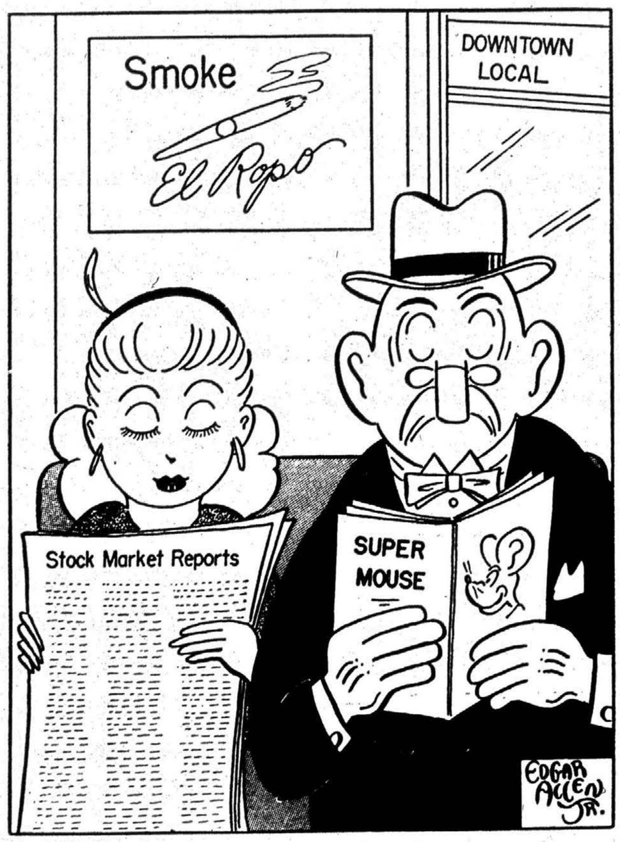
On the other hand, the House Committee did continue generally more liberal mortgage provisions on housing, including a special program for providing public housing for elderly persons.

The House Committee cut down the public housing program from 135,000 to 35,000 units a year in an effort to get it by the Rules Committee, always hostile to public housing. The idea was to make it look like the President's program, get it by the Rules Committee, and then go to conference and get a good deal for the public housers.

It looked at week-end as though this strategem would fall through, that the Rules Committee didn't bite. However, sooner or later some public housing probably will get through conference.

(This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.)

BUSINESS BUZZ



Roney Governor of Exch. Firms Ass'n

William C. Roney, Wm. C. Roney & Co., Detroit, has been elected a Governor of the Association of Stock Exchange Firms to fill a vacancy created by the resignation of Hal H. Smith, Jr., Smith, Hague, Noble & Co., of that city.

Wm. C. Roney

Following a tour of duty in the U. S. Navy, Mr. Roney graduated from the University of Detroit in 1919 and entered the securities business that year. His present firm, of which he is senior partner, was formed in 1925. He has been President and a Governor of the Detroit Stock Exchange. Also, a Governor of the Midwest Stock Exchange and the National Association of Securities Dealers.

J. Hindon Hyde Now H. Herrman Partner

Henry Herrman & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, have announced that J. Hindon Hyde has been admitted to the firm as a general partner.

Mr. Hyde has been with Henry Herrman & Co. for the past three years and prior to that time was associated with The Hanover Bank.

Mr. Hyde's admission to the firm was previously reported in the Chronicle of June 16.

Gartman, Rose Admits

Gartman, Rose & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, on July 1 admitted Robert N. Kastor to limited partnership in the firm.