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EDITORIAL

As We See It

The record of the first session of the 84th Congress is now on the books. It is hardly a distinguished one. It would not have been a distinguished one if the President had had his way in every particular; complete domination of the situation by the Democratic forces would have done nothing to lift it above ordinary. The approach of an election year led to great waste of time and energy in seeking to "make a record" out of matters which were hardly of first rate importance. The session was hardly the "cold war" that had been predicted as a result of one party in control of Congress and the other in the White House. There was "harmony" of a sort—but not much more can be said to the credit of this session.

Of course, the record of any session of Congress will be regarded as good, bad or indifferent, depending upon the standards by which it is judged. There have been many sessions of Congress, particularly in pre-election years, which were no more productive of real statesmanship than the one that has now just come to a close. This one will accordingly doubtless be accepted by the rank and file as about what was to be expected of it, and that is unfortunate. If, however, one asks oneself what a Washington, a Hamilton, a Jefferson, a Cleveland, a Theodore Roosevelt, or a Wilson would think of what has taken place on Capitol Hill during the past six or seven months, quite a different picture emerges.

This list of distinguished Presidents of the past contains men of widely differing political and social philosophies, yet we venture to suggest that they would have agreed, vigorously agreed, on a

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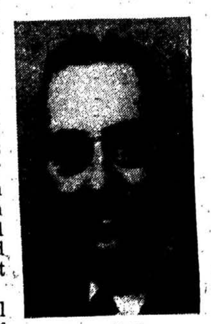
Commercial Financing in An Expanding Economy

By JAMES J. COY*

Account Executive, James Talcott, Inc.

Mr. Coy reviews the current economic situation, and the prospects for the immediate future. Discusses the types of financing required by the rapid expansion of business and analyzes the various resources for short-term business loans, stressing the methods of accounts receivable financing. Reveals important aspects of borrowing from finance companies.

The year 1955 will probably go down on record as the most prosperous year in our history in terms of total output. What makes it even more noteworthy is the fact that it follows a year of readjustment that might well have turned into a decline of serious proportions. Even as recent as last Fall businessmen were still pessimistic and a preliminary survey by McGraw-Hill Publishing Company indicated that plant and equipment expenditure by manufacturing industries would be 7% lower this year than last. A very recent survey by the same company indicates not a decrease, but an increase of 3% in the amount to be invested in capital improvements by manufacturers and a 5% increase over 1954 on the part of industry as a whole.



James J. Coy

Estimates of the Gross National Product, which is the total value of all goods and service produced in the United States, indicate the probability that the record $365 billion, set in 1953, will be exceeded by as much as $5 billion. This phenomenal growth is not accounted for by one or two industries, although expenditures for construction and sales of new automobiles continue to break records, but is the result of a high level of sales

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*An address by Mr. Coy at a Meeting of thet Electric Manufacturers Credit Group of the National Association of Credit Men, New York City.

The N.A.M. Study and Irredeemable Currency

Executive Vice-President

Economists' Nat'l Committee on Monetary Policy

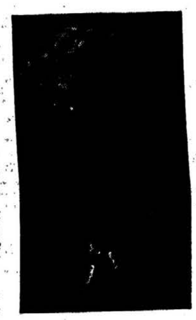
By DR. WALTER E. SPAHR

Professor of Economics, New York University

Dr. Spahr takes issue with statements in a pamphlet of the Money and Credit Committee of the N.A.M., entitled "The Gold Standard." Among the statements disapproved is that holding "it is the best interest of the national economy, under current conditions, that monetary uses of gold in the United States should continue on the present bases." Dr. Spahr contends there is, in addition to misstatements, a resort to unsupported generalizations.

1. *"The Board [of Directors] has placed the Association in a forthright position on a subject which warranted critical appraisal"*

That is a statement made by the Chairman of the Money and Credit Committee of the N.A.M., in the "Foreword" of a pamphlet entitled *The Gold Standard* published in April, 1955. The "forthright position" referred to is endorsement of our system of irredeemable currency.



Dr. Walter E. Spahr

According to the "Foreword," the Association in 1954 created a Money and Credit Committee which, in turn, appointed a subcommittee on gold to which "was delegated the initial job of bringing fresh consideration to a 1948 Association position which supported a gold bullion standard, and recommended later consideration of a gold coin standard."

The subcommittee's negative conclusions regarding the desirability of a redeemable currency in the United States and the "substantiating report were accepted by the full Committee, on the bases of which the policy statement reproduced below was recommended to and adopted by the Board of Directors on Feb. 4, 1955.

". . . In endorsing the results, the Board has placed

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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 32.

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

Rudolph Wurlitzer Company—Harold Barclay, Partner, Barclay Investment Co., Chicago, Ill. (Page 2)

The Travelers Insurance Company—Rupert H. Johnson, Senior Partner, R. H. Johnson & Co., New York City. (Page 2)

HAROLD BARCLAY

Barclay Investment Co., Chicago, Ill.

Rudolph Wurlitzer Co.

I like to find a stock that has real intrinsic value back of it . . . something to grab onto if the going gets rough . . . and that's pretty hard to find in the "electronics"—but here we have the *Rudolph Wurlitzer Company*, which celebrates its Centennial next year, with a simple capitalization of 833,990 shares of common stock, long-term debt of $4,000,000, and no bonds or preferred. It has paid the same 20c quarterly dividend the past five years, providing a yield of 5½% on a price of 14½. Net quick assets after deducting all debt from net working capital equals $14.05, and the book value is $21.14.

Harold Barclay

The management believes that the application of electronic science to music in all its phases offers tremendous possibilities for further development, and this subject has a high priority rating in the Wurlitzer laboratories.

The company makes electronic organs, pianos, automatic record players (juke boxes), accordions, and *electronic pianos*. Last year the electronics business on government contracts accounted for approximately 20% of sales, down from 28% in the preceding year. Wurlitzer employs a large staff of research people—more than 100 specialists in the electronic, mechanical, metallurgical, chemicals, audio, radio, and piano engineering fields. For more than 12 years this department has carried on research and development projects for the government in electronics and other phases of engineering dealing with secret weapons never before dreamed of.

Music! Music! Music!

Disneyland—the fabulous Walt Disney project at Anaheim, California, has extended an invitation, which Wurlitzer has accepted, to represent the music industry in Disneyland Park. Wurlitzer will be the sole music company in the Park, and the management expects important, far-reaching developments as a result of this promotion.

With the population increasing at an estimated rate of about 55,000 per week, it is not hard to visualize a rapidly expanding market for musical instruments. *Wurlitzer* is the largest company in the music business. Music, of course, is non-essential, but wouldn't life be miserable without it! . . . "Music hath charm to soothe the savage breast." Did you ever know anyone who didn't like music?

New Product

The newest product is an Electronic Piano. It has 64 keys and is played like a conventional piano, but it is unique in the field of musical instruments. It weighs only 80 pounds. It is essentially a practice instrument. The student can, if desired, listen to his accomplishments through ear phones, thus making it silent to others nearby. What a boon to cliff-dwellers with small fry! They can practice without being heard by the neighbors or parents. Convalescents confined to bed can use the *Wurlitzer Electronic Piano* even in the hospital without disturbing other patients. Music teachers can have big classes of pupils, all playing at once, and the teacher can plug in and listen to any one of them. This thing could be big.

Sales — Earnings — Dividends

Sales have climbed steadily for the past six years, reaching approximately 39 million last year versus 18 million in 1950, and net after taxes has risen in the same period from $89,907 or 11 cents per share, to $1,400,166 last year, equal to $1.68 per share. Wurlitzer has paid the same 20 cent quarterly dividend since 1950, and the Annual Report for the fiscal year ended March 31, 1955, gave a broad hint that an increase is a definite possibility, especially if earnings continue to improve, as I confidently expect. The past record indicates that the management is dividend-minded. Last year, 48% of net, after taxes, was distributed in dividends. Under the terms of an agreement with the First National Bank of Chicago, which has provided the long-term loan, dividends are limited to 60% of net after taxes, subsequent to March 31, 1954. If earnings this year are in excess of $2 per share, which seems reasonable to expect, a 25% increase in dividends would be logical.

Properties

The company's main plant at North Tonawanda, New York, is located on 500 acres and has three-quarters of a million square feet of floor space. In this plant is manufactured the revolutionary Wurlitzer "Carousel" — a coin-operated phonograph which plays 104 45-RPM records automatically. The North Tonawanda plant also manufactures the *Wurlitzer Electronic Organ*, and last year built and sold more of them than in any year since Wurlitzer entered this field. A steady, solid growth of this phase of the business is confidently expected.

There is another plant at DeKalb, Ill., where Wurlitzer makes pianos — and likewise broke all previous records in production and sales last year. It is the largest manufacturer of pianos in this country. *The Wurlitzer Electronic Piano* is presently manufactured in leased facilities at Corinth, Miss., where the company is now constructing its own factory of approximately 100,000 square feet, to be completed early next year. That plant is being built specifically for the manufacture of the Electronic Piano.

Wurlitzer operates retail music stores in Buffalo, Chicago, Cincinnati, Detroit, New York, and Philadelphia, and has plans for the addition of several new branch stores in strategic suburban locations.

Export Department

Exports last year were more than 28% higher than the previous year—the highest in the history of the Wurlitzer Company—and there are now sales representatives in 43 countries.

Conclusion

Because a large musical instrument such as a piano or an electronic organ is expensive to move, families living in apartments are often reluctant to buy, but once they are established in a home of their own they are ready. The huge number of homes that have been built in recent years largely accounts for the greatly expanded market for the manufacturers of these instruments. There are only about 10 important companies in this field, such as Hammond, Baldwin, Wurlitzer, Conn, Steinway, and a few others, so competition is not intense.

I believe Wurlitzer stock at 14½ has great possibilities for long-term capital growth with a really decent yield of 5½% while you're waiting. It's hard to find a growth stock selling near "net quick" or even below book value. Maybe this is it! What do I mean by "net quick"? I mean that from net working capital we deduct all other debt and have left an amount equal to $14.05 per share, completely disregarding any value at all for the physical properties, which in this case is vastly more than book values. Even on the basis of the depreciated "book value" we get a figure of $22.54 per share. I think *Wurlitzer* is a really good buy.

RUPERT H. JOHNSON

Senior Partner: R. H. Johnson & Co.
New York City

The Travelers Insurance Co.

The Travelers Insurance Company of Hartford, Connecticut, was established in 1863 and has paid dividends every year since 1866 or 90 years. It is the largest multiple line insurance company in the country. While life insurance is the major part of its business, its casualty insurance is substantially greater than that of any other company in the field. In addition to its life insurance the company also writes accident, health, casualty, liability, workmen's compensation, and fire insurance through subsidiaries.

Rupert H. Johnson

The company operates in all the 48 states and also in Canada.

The dynamic nature of this company's growth may be illustrated by the following 10-year record of total premium income.

1954	$753,566,000
1953	718,366,000
1952	625,573,000
1951	543,965,000
1950	467,118,000
1949	421,621,000
1948	390,379,000
1947	355,519,000
1946	294,911,000
1945	276,043,000

The above shows a 273% increase in 10 years or a 27% average increase per year.

Travelers subsidiaries are as follows:

The Travelers Indemnity Company does a casualty business. Travelers Fire Insurance Company and Charter Oak Fire Insurance Company write fire and allied lines of insurance. 1954 premiums of the Indemnity Company were $141,333,000, and of the two fire companies $59,685,000.

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Variable Annuities—A Dangerous Experiment!

By A. M. SAKOLSKI

Dr. Sakolski calls attention to one of the hottest battles in 20th century finance, namely, the effort of the Prudential Insurance Company of America to have the New Jersey Legislature enact three bills which would permit insurance companies in the state to issue so-called "variable annuities," backed by common stocks, and in which income to the recipient of the "annuity" would vary in accordance with the income obtained from common stocks. Cites arguments for and against the proposal, and concludes passage of the measure would be dangerous and even destructive to our economy.

Shaping up today, with Aug. 8 set as D-Day, is one of the hottest battles of the 20th century in American finance. It's a war, raging in the quiet for many months within the life insurance industry, which in one way or another involves nearly every financial institution in the nation — investment bankers, investment dealers and brokers, trust companies, trust departments of banks, the giant life insurance companies, as well as Federal and state regulatory and taxing bodies.

A. M. Sakolski

Reduced to simplest terms, the battle is centered on the answer to one question: "What happens when the third largest company in the world, decides to break all tradition in a tradition - bound business and enter an entirely new and untried field?" The thing that has caused an unparalleled ruckus among financial leaders, is something called the "variable annuity," something which has never been done before in the way the Prudential Insurance Company of America wants to do it.

The answer to the big question may very well come early in August. For if the reconvened session of the New Jersey State Legislature looks fondly on three Bills the Prudential introduced without success earlier this year, the gates will be opened. The Prudential will have its way, and, for better or worse, it will be embarking upon an experiment in a new and untried field.

Seldom has any legislative proposal stirred up such a hornet's nest of opposition and questioning among financial institutions and government agencies. Bitter criticism of the variable annuity Bills has been coming from other major insurance companies, from investment banking houses and brokers, from the mutual fund organizations, from local and national groups of life insurance agents, from investment dealer groups.

Opposition to the Bills prevented their hasty passage in the spring session of the New Jersey Legislature but, since the spring recess, the Prudential has been hard at work attempting to obtain legislative support for these measures.

In the background, too, and even more quietly, has been the interest of regulatory and taxing authorities who indicate, off the record, that they see real reason behind the cries of the Bills' opponents that the variable annuity proposals would create a tax-sheltered security — one which would circumvent all the basic regulatory measures built up over the years for the protection of the public in buying securities.

The Nature of the Variable Annuity

Just what is the "variable annuity?" Why does the Prudential want it? Why is it pushing so hard in the face of such opposition, even from within the life insurance industry. And why is opposition coming from so many sectors of the financial community?

Superficially, a "variable annuity" looks like any conventional annuity. You pay annuity premiums to the insurance company until you're ready to retire; then the insurance company sends you a check every month as long as you live. But variable annuities differ from the conventional in two important ways — ways that have stirred tempers to the boiling point: (1) the assets "backing up" variable annuities would not be bonds or other fixed-dollar investments, but common stocks, riding the ups and downs of the stock market, and (2) instead of getting a guarantee of the same number of dollars annually for life, the variable annuity holder would get annually a check representing the value of a guaranteed number of "units" — the dollar value of the units would, however, fluctuate with the fluctuations of the stock market.

It appears that the Prudential is pushing variable annuities because it feels that the kind of annuities sold by life insurance companies for centuries is no longer adequate. A Prudential spokesman said that the "Variable Contract" would provide the buyer with a hedge against inflation, which reduces the buying power of income based on traditional annuities which provide fixed dollar sums. Conversely, if deflation sets in, the buyer of a variable contract might receive fewer dollars, but such income would tend to have the same buying power as higher benefits paid in an inflationary period, according to the Prudential spokesman.

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Brimstone With a Mexican Accent

By IRA U. COBLEIGH

Enterprise Economist

A look at some of the leading sources of sulphur, and a couple of lively new producers of this widely used chemical element.

The nether world is supposed to be seething with brimstone (sulphur to you) but for us Earth people, sulphur is still a scarce, much sought after, and quite indispensable element. Whenever you strike a match, fumigate a house, poison a cock roach, ride in a car, buy a tire, read a newspaper, bat a tennis ball, paint your house, fertilize your garden, build a bridge, or stockpile an atom bomb, you are paying tribute to sulphur, an indispensable ingredient of all of these. There are 65 pounds of sulphur in every ton of rubber, and 38 pounds required for each ton of newsprint paper. We're turning out about six million tons a year of sulphur in the United States at a delivered price of around $31 a ton; and we could use, at home and abroad, a lot more than present production.

Ira U. Cobleigh

Well what about this sulphur? Where does it come from? Who are the big producers today, and who are the new producers for tomorrow? We'll try to cover all of these queries.

First, sulphur is found quite widely, but commercial extraction comes from two main sources: (1) pyrites which are costly to process, and (2) salt domes where the element may be extracted at low cost by the Frasch method. Pyrites are found in many countries throughout the world, while favorably structured salt domes appear mainly in sections along the shores of the Gulf of Mexico. Only about one salt dome in ten, however, has a large and rich enough deposit, in suitable geologic formation for employment of the Frasch process of driving the sulphur up to the surface by injection of hot water under pressure.

Of the 20 odd salt domes presently producing commercial grade sulphur, by all means the largest is the Boling Dome (located southwest of Houston) which has already turned out 41 million tons of sulphur, and is still going strong with a daily output of around 5,300 tons. This main deposit of the **Texas Gulf Sulphur**, plus two other operating domes, Bluff and Spindletop, has maintained Texas Gulf Sulphur as the world's leading producer, delivering 2,840,000 tons in 1954 (100,000 tons of this total, from treating natural gas) or around 50% of U. S. sulphur production for that year. The profits were good too—around $10.40 a ton; or $3.05 a share on the 10,020,000 shares of common outstanding after the 3 for 1 (1954) split. Continuous cash dividends have been paid on TG since 1921.

Second in the echelon of American producers is **Freeport Sulphur** with 1954 Frasch output from five domes of around 2,100,000 tons and earnings of $4.20 on each of the 2,400,000 common shares. Regular dividend payments go back to 1927, the 1954 declaration being $2.50.

Other and smaller domestic producers are **Jefferson Lake Sulphur** and **Duval Sulphur & Potash.**

Having made appropriate reference to the two leading U. S. producers, accounting for about 83% of our production, we now swing south of the border to pick up our assignment for today — a vignette of the two largest potential producers in Mexico.

Way back in 1904 delvers for petroleum in Mexico made a field report on certain salt domes in an unpronounceable region called Tehuantepec. Later this report came before the shrewd eyes of three brothers named Brady, from Louisiana, who had a strong hunch that these salt domes were sulphur bearing. They went to work and by 1947 had located at San Cristobal, a commercial deposit which became the basic asset of Mexican Gulf Sulphur, a producing company today with some fair sized reserves. Success and substantial stock holding in this venture led to their second discovery, the Jaltipan Dome, background for Pan American Sulphur Co.; and latterly to the Mezquital Dome from whence arose Gulf Sulphur Corp. A triple play, Brady, to Brady, to Brady!

We're going to talk about **Pan American Sulphur Co.** first. It has probably the largest Mexican concession acreage (over 28,000 acres) and on only 1,230 explored acres has proved up over 28 million tons of sulphur. It will take a long time to completely explore the Pan Am concession, but results so far clearly indicate that the Jaltipan Dome may rank among the major brimstone deposits in the world.

Pan Am has come along fast. With its plant less than two years old, it is now turning out 1,750 tons of sulphur a day; and with very great efficiency. We have already mentioned the Frasch process. Well the key factor in it is the number of gallons of hot water required to bring a ton of sulphur to the surface. For example, in U. S. production, the more efficient mines require something less than 2,000 gallons of hot water per ton, while others operate commercially using as much as 7,000 gallons per ton. The operating results at Pan Am are therefore most interesting since, at Jaltipan, they are actually using less than 1,000 gallons per ton. This sets the stage for a very high ratio of profitability, and, coupled with efficient storage and ocean shipping facilities, does much to justify current enthusiasm for Pan American common, presently quoted (over the counter) around 27. There are 1,805,239 shares of common outstanding preceded by $9,065,000 of debt, including the recent and much sought after issue of $4,621,200 5% debentures convertible into common at $25. These converts sell currently at 118.

Thus Pan American has gotten all the way past exploration, promotion and development, and is now ready to deliver to shareholders some quite impressive and expanding earning power.

Situated also on the Isthmus of Tehuantepec (700 miles south of Galveston, Texas), and only a few miles from the Pan American property, is the Mezquital Dome of **Gulf Sulphur Corporation.** On only 65 acres, of the 7,414 acre concession of Gulf Sulphur Corporation, there have already been proven 12,700,000 tons of sulphur. This is a fabulous concentration in so minute an area, and augurs well for far larger sulphur reserves, as the tract is explored. The quality and character of the deposit also suggests an exceedingly low water/sulphur ratio (similar to Pan American) once the plant gets into production (within 30 days).

Under date of July 13, 1955, Gulf Sulphur Corporation offered by prospectus two series of convertible 5% debentures, both maturing July 1, 1970. These are the senior securities of the company. The $3 million issue of Series "A" is convertible into voting Common stock at the rate of 11 1/9 dollars a share up to Jan. 1, 1963, and at a scale-up of higher prices thereafter. The $1,500,000 issue of Series "B" bonds is convertible into "B" non-voting common up to Jan. 1, 1963 and again, at a scale-up thereafter. Since both issues were offered at 102½, the decision for investors was whether and for how much more, the voting stock should sell above non-voting in the market. (There is also an issue of 98,300 shares of 60c preferred, each share convertible into 2 shares of common. This preferred sells at 20.)

In either case, these debentures appear to offer a rather unusual value with a 5% coupon, a 15-year maturity, and a long range call on a common stock with a truly interesting potential. For example, if Gulf Sulphur can convert production into net profit, after taxes and royalties, of say $10 a ton, it is within the realm of reason to outline a per share net of perhaps $1.50 on Gulf Sulphur common in 1957. The common sells over-the-counter around $10, even before any production has occurred. That would indicate a considerable optimism about the long range future here.

Some concluding notes about the future of sulphur might be in order. Sulphur is in short supply, and the present price of $31 a ton is quite attractive even for marginal producers. Just what the status of the world leaders will be when large new competitive tonnages of the element are unearthed in Mexico is anybody's guess. (They are, of course, developing new commercial deposits of their own.) The demand for sulphur, however, has increased 3½% a year for decades; and it has been estimated that by 1975 we'll be using twice as much sulphur as in 1955. In this event, there will presumably be room for all in this vital field. Equally it is obvious here, as elsewhere in our competitive enterprise economy, that great advantages accrue to the low cost producers. Both Pan American and Gulf Sulphur give excellent promise of being such.

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 was lifted in the period ended on Wednesday of last week to near-record levels as a slight rise in output occurred.

The pace of activity in some lines was unusually high for the summer season, while production in most industries was at considerably more advanced levels than a year ago.

The return to normal production rates by some factories which re-opened after vacation closings boosted the employment level, it was reported. Claims for unemployment compensation, it was noted, declined.

Manufacturers' business in June was one of the best in history, the United States Department of Commerce stated the current week. New orders received during the month soared to $28,300,000,000, up $5,800,000,000 from the like 1954 month, and $600,000,000 above May. Sales totaled $27,400,000,000, an increase of $3,800,000,000 from the year-ago month. Both inventories and the backlog of unfilled orders showed increases in June, the department noted.

A runaway scrap market is giving the steel industry and Washington much concern, states "The Iron Age," national metalworking weekly this week. Scrap prices, it adds, have skyrocketed to near-record levels.

The crisis in scrap brought top-level buyers, sellers and Administration officials together in Washington this week to wrestle with the problem. The question of controls in one form or another is certain to be brought up. It will center about further restrictions on exports to relieve the domestic supply problem and will also involve our Allies and their need for scrap, this trade weekly asserts.

The scrap hassle, states this trade authority, is one of three major problems besetting the steel industry. The other two are disgruntled customers and maintenance.

Blast furnaces, open hearths and rolling mills are showing the effect of long months of wear and tear. The recent steel strike has contributed to the problem. One large producer was forced to take a blast furnace out-of-production two months ahead of schedule. The mortality on open hearths is reflected in the failure of mills to meet production schedules, "The Iron Age" concludes.

In the automotive industry in the week ended July 30, heat losses, wildcat strikes and changeover operations cut into United States car and truck manufacture, but production was expected to fall less than 12% under the all-time weekly peak of 216,629 cars and trucks in the period ended April 30, 1955, "Ward's Automotive Reports," stated.

Approximately 164,756 cars and 26,835 trucks were built during July 25-30, "Ward's" notes, pushing industry volume for the month to a record 771,000 units of 663,000 cars and 108,000 trucks. The totals are up 50% and 42%, respectively, over the year ago figures of 441,451 cars and 76,248 trucks and better the previous high for July of 601,970 cars and 111,073 trucks established in 1950.

The statistical agency estimated January-July volume at 4,921,000 cars and 751,500 trucks, or a 40.6% increase over like 1954 total of 3,400,080 cars and 634,154 trucks and nearly 905,000 units above the prior record of 3,852,871 cars and 744,834 trucks set during the first seven months of 1953.

Most car and truck makers suffered heat losses last week; hardest hit were American Motors and Chrysler Corp. Elsewhere, Studebaker's South Bend plant was virtually out of production due to a series of recurrent wildcat strikes, while Chrysler and Lincoln were down all week for changeover. DeSoto joined them on the inactive list. Willys Motors car assembly is still down and truck production will be halted for three weeks beginning Monday (Aug. 1).

General Motors and Ford Motor Co., meantime, were resorting to six-day schedules the past week to meet demand and pick up heat losses. Ford Division had nine car-truck plants programmed to work on Saturday (July 30).

Last week's production may have included the completion of the 6,000,000th car and truck of the year by a Canadian or United States plant late on Saturday last. The same 1954 milestone was not reached until late November.

Canadian manufacture for the period covering January-July is estimated at 271,931 cars and 56,009 trucks, or 39.3% more than in the like period of 1954 when 219,939 cars and 52,161 trucks were built.

Steel Output Set at 94.4% of Capacity This Week

Steel production appears headed for a new record. All that's necessary is for the furnaces to average 90% capacity in the closing six months, says "Steel," the metalworking weekly, the current week.

They operated at 91.6% and produced 57,194,835 net tons in the first half. If they do no better than 90% in last half, 1955 output will come pretty close to 114,000,000 net tons, topping the 1953 record of 111,609,719 tons by more than 2,000,000, it states.

Right now it certainly looks like the industry is on its way to an outstanding performance. Except for to-be-expected maintenance problems, there is nothing in sight to even hint a serious check on production in the months ahead. Since the strike-induced suspensions at end of June, the ingot rate has scored an impressive recovery. It has climbed 22 percentage points the past month. Still the furnaces haven't made up all ground lost because of the strike. Last week, ingot operations stood at 93%, off one-half point from the pr eding week and two points under

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Observations . . .

By A. WILFRED MAY

BLUE CHIP-ITIS PSYCHOLOGY AT D-J 460

Blue Chip-ism, as evidenced by sharp divergence, based on value criteria, between the "name" and "non-name" issues, has shown sensational secular growth in the past. The motivation therefor, as well as its likely continuation (if with some counter-trend price fluctuations) can be appreciated through a first-hand observation of the psychological influences governing the investing decisions of anyone handling other people's money. This is true in comparatively high as well as low market price periods; and attaches to the professional as well as amateur participant.

A. Wilfred May

This was forcibly re-impressed on the writer this week as an interested witness, via his attendance at a typical meeting of an investment committee. Composed of professional men inexpert in the securities field, the group met to discuss ways and means of investing an enlarged fund devoted to a philanthropic purpose. A standard proposal from a trust company for management, at one-half of 1%, was favorably received. All went well until the question of setting the maximum limit of stocks to bonds was raised. As was to be expected, one of the members was entirely opposed to the holding of *any* common stocks as "too speculative and unsafe." The futility was pointed out to him of devoting a counselled fund to gild-edge bonds, with emasculation of yield from 3 to 2½% by reason of the ½% counsel fee; as well as the disadvantage of abandoning the inflation hedge feature of equities. But our conservative's dour note nevertheless served to throw a new scare into his colleagues about the "high" market level.

The net result of this uncertainty was the exculpating compulsion on both the committee members and the outside professional counsel that at all events the selection of issues should be closely limited to the "good" stocks (the Blue Chips). If any losses are to be suffered, the suffering will be mitigated as "legitimate" and less speculative because of their occurrence in the "good" growth issues—irrespective of price in relation to value factors. A 10% loss in American Telephone will be readily excused—both to the other people concerned as well as to one's own guilt conscience—as a legitimate vagary of the market; whereas the same shrinkage in a non-name issue requires cumbersome explanation—again including one's conscience.

Such emotional concentration on the Blue Chips will also govern at reduced market levels, as affording a safe haven after a break.

So, it is difficult to foresee a lessening of the name-stock compulsion, midst either bull or bear markets, on the part of those many and growing number of investing agencies responsible, formally or informally, to others for their decisions.

* * * * *

FAIR-FOUL WEATHER REVERSALS

In the Bullish New Era Twenties—Holding company practice was premised on the credo that the new whole was worth vastly *more* than the sum of its parts.

In the Doldrum Forties—Midst the public utility holding companies' SEC-regulated dissolution, the whole was deemed to be worth far *less* than its dissolving parts.

In the Buoyant Mid-Fifties—The Stock-Split craze is founded on the premise that the divided pieces of paper are worth more than the whole, and that both have gained in value by virtue of the division (a stock apparently representing a better value at 100 than at 80 because of its admittance thereby to the charmed circle of split-candidates).

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SIGNIFICANT HEADLINE OF THE WEEK

"CORPORATE OFFERINGS THIS WEEK WILL BE IN STOCK ISSUES ONLY"

—August 1, 1955

New Sales Record Ahead for Stores

By MALCOLM P. McNAIR*
Lincoln Filene Professor of Retailing
Harvard Graduate School of Business Administration

Prof. McNair doubts possibiilty of general second-half slackening from current high business tempo. As plus-factors, cites high employment, rising wages, capital goods spending, and advance in inventories. Notes new pattern of consumer spending, raising proportion of food to apparel buying, in violation of old "economic law." Expects department store industry to show highest Fall season dollar profit since 1950, possibly since 1946.

The year 1955 thus far has surprised even the optimists. There is no longer any doubt that this year is going to set new high records for business in the United States. Our Gross National Product is running at an annual rate of \$383 billion; we have 64 million people employed; personal income is running at an annual rate of close to \$300 billion; disposable income is running at a rate of \$267 billion; and consumers are spending at an annual rate not far below \$250 billion.

Prof. M. P. McNair

The rapid pace of this business recovery has been accelerated by the remarkable surge of consumer spending. Department store sales are currently running 6% ahead of 1954; whereas last January most predictions were for no more than a 3% or 4% increase during the spring season. It is a familiar fact to retailers, however, that the second half of the year is the one that really tells the story. In department stores typically about 56% or 57% of sales are made in the Fall season; and with respect to profits the contrast is even more striking, with Fall season earnings in dollars running anywhere from three to five times as great as Spring season earnings. Therefore, a forecast of the Fall season always is of particular interest to retailers.

Is a Slackening Inevitable?

Because of the rapid tempo of business advance during the first half of this year, many observers have felt that some slackening of pace was inevitable in the second half. Let's examine this possibility closely. Automobiles and housing are practically the only areas where any slackened business activity is indicated for the second half of 1955. Since the drop in government defense spending has leveled off, that factor is now neutral. On the opposite side of the ledger there are some very definite plus factors, chief of which is the 64 million jobs already mentioned. Add to this the fact that wages are higher and are tending to rise, and that the possibility of serious labor stoppages for the remainder of this year has now been substantially minimized, and you have a strong guarantee that consumer income will run at an even higher rate in the second half than in the first half of 1955. Next, consider the fact that capital goods spending is on the increase; outlays for plant and equipment will probably be a couple of billion dollars greater during the second half of this year.

An even more potent factor is likely to be the advance in inventories. A large part of the moderate business letdown in 1954 was attributable to a decrease in inventories, but by now the trend has been reversed and inventories are rising. Hence output has to increase in order to take care of this inventory rise on top of current consumption.

With increasing consumer income and stable prices, consumer spending in the second half is bound to enlarge. Currently the Federal Reserve studies show consumer attitudes on spending to be fully as favorable, if not more so, than at any time during the last three years. Hence every prospect is for substantially increased retail merchandise sales in the second half of 1955, probably chalking up a new high record for the year.

After all this optimism, some of you I am sure will be looking for the catch; and frankly, there is one; namely, the fact that the soft goods business for several years has been going downhill in its share of the consumer's dollar. The big bulge of postwar spending has been for cars, housing, and hard goods. In the first half of this year, for instance, while department store sales were increasing 6%, sales of automotive products increased 18%. Why have apparel and soft goods been in the doldrums? Not all the reasons are clear by any means, but I'll give you my guess that one of the big ones is a failure of the soft goods industries to do as good a job of merchandising as has been done by some of the other claimants for the consumer's dollar.

You know there is an old so-called "economic law," that when people's income rises they tend to spend a smaller proportion than formerly on food and a higher proportion than formerly on apparel. Yet the experience of this postwar period seemingly has knocked that "law" into a cocked hat, because actually in this period of rising incomes the exact reverse has been true: the proportion of expenditures on food has increased and the proportion of expenditures on apparel has decreased. Obviously times have changed since this so-called "law" was propounded, and quite a number of "good economic reasons" can be adduced for the new pattern of consumer expenditure which seems to be developing; but for my part I am convinced that the differences in merchandising and promotion between the food field and the soft goods field are a more potent factor than any number of these "good economic reasons."

If you will consider what has been developed in just this brief postwar period in the way of merchandise varieties and innovations in promotion, packaging, display, increased convenience and attractiveness of supermarkets, facilitation of automobile shopping, and so on, and contrast all this with the relative lack of change in the merchandising and promotional strategy and techniques of the soft goods industries, I think you will begin to appreciate one of the chief reasons why the pattern of consumer spending in this postwar period seems to have been running counter to the so-called "economic law"; and that is why I have personally been so much interested in the new approach which is being presented to you here today by my friends of Indian Head Mills.

New High Records Ahead

But to come back to the department store picture for the Fall and Christmas season this year, there is every indication that a new high record in sales will be made. Possibly the rate of increase over corresponding periods of 1954 will not be so great as it has been during the Spring season, since the comparisons during the Fall season will be running against better 1954 figures than during the Spring. Nevertheless, the momentum of the current surge in business is strong. Certainly a 4% to 5% increase for Christmas business seems conservative.

Profitwise the picture will be even more favorable. Gross margin will be improved because of lower markdowns, a consequence both of better inventory position and of slightly firming prices. In regard to expenses, the effect of better sales volume will tend to pull down the ratio, and likewise the better methods of expense control now in use will begin to make themselves felt.

With a higher gross margin percentage and a somewhat lower expense percentage, it is clear that percentage profits before taxes will be up; and when this improved earnings ratio is applied to the greater sales volume, it is entirely reasonable for the department store industry to expect the highest Fall season dollar profit of any year since 1950, quite possibly of any year since the lush period of 1946.

*A talk by Prof. McNair before Indian Head Mills, Inc., New York City July 28, 1955.

Tangier—A Miami With Arabs

By JACQUES COE

Senior Partner, Jacques Coe & Co., Members N. Y. S. E.

Mr. Coe in first-hand report from Tangier, the melodramatic "crossroads of the Eastern Hemisphere," urges that prevalent distorted views emphasizing intrigue be abandoned, and points out the constructive features of its adequate electric power, good transportation, active seaport, good communications, excellent climate, free money market—an oasis of personal freedom! Reports administration efficient and conscientious, with law and order vying with the world's best.

TANGIER—"Chronicle" readers should be entitled to their travelogues in financial terms. Last February, we visited Caracas, the capital of Venezuela, and reported on the interesting facets of that growing city in "Texas with a Spanish Accent."

Jacques Coe

Now we feel impelled to write a few thousand words from Tangier—that most misunderstood place — the crossroads of the Eastern Hemisphere — the true money value center of the foreign exchange world, and subject of screen and story melodrama.

Tangier is easily accessible by boat and plane—and not so distant as people imagine. By air, four hours from Paris, two hours from Madrid — just across the water from Gibraltar.

Because Tangier is in Africa, the imagination runs riot. Yet, it is closer than Moscow, Rio or Stockholm. For Americans, a plane to Lisbon and then to Tangier adds only two hours.

United States considers Tangier a most important spot—the Voice of America has its powerful station there.

The American Legation is a large one—with full staff equipment. American merchandise is plentiful, and the American dollar dominates in world value vis-a-vis other currencies.

This relatively small spot on the northwestern tip of the continent of Africa is probabaly the most over-estimated and, at the same time, most under-estimated place in the world.

The Bad Things

First, let us make up a list of all the bad things—and they are legion. Tangier is reputed to be notorious headquarters for smuggling of all kinds of contraband, narcotics, precious stones, securiites, gold and anything else that is forbidden in other countries.

It has a reputation for being the international spy center, with men from G2 and MI-3 and the MVD floating around in bars, in hotels, under the bed, in the closet, opening everybody's mail, bribing cable clerks to reveal contents of private messages, employing femme fatales to captivate the unsuspecting visitor, and to worm out top secret information.

Every banker, broker, capitalist, financier or even moderately wealthy business man who visits Tangier immediately is suspected of setting up finance companies under dummy names in order to defraud his own country out of taxes. Numerous magazine articles and books have been written on this manna of literary writers license. They glorify murder, intrigue, mystery and licentiousness at its peak.

Gangsters are supposed to sneak down dark alley ways, confidence men to wait for their prey in the lobbie and on street corners . . . people in shops are reputed to short change you and, for good measure, to distribute counterfeit bills. These are the many myths of Tangier.

Misinformation Prevalent

Enough misinformation has been written about Tangier to fill the Grand Canyon, with very little space left for used razor blades. So, it might be interesting for the average reader to absorb the view of an American who has been visiting this spot for the past six years, staying a week or more at a time . . . dining with friends in their casas . . . attending many of the numerous business and social functions . . . and feeling generally at home all around.

Certainly, with this background we cannot be accused of spending 24 yours on a whirlwind tour, and writing 400 pages on "Inside Tangier."

We believe we have more than the usual qualifications for making comparisons. While living six months of the year in and around New York, the remainder of the time, year after year, is spent staying a week at a time in such well-known cosmopolitan centers as London, Paris, Amsterdam, Geneva, Zurich, Havana, Mexico City, Los Angeles and San Francisco. This is a pretty good cross-section by any rule—hence, our appraisal of Tangier must have a reasonable amount of fairness, particularly when dealing in contrasts.

How It Ticks

First of all, let us get clear in our minds how Tangier adds up. Why does it exist, how does it tick, what are its functions?

It has an area of 147 square miles, with a gross population of 185,000. About 60% are Moroccan nationals (Moslems and Jews), and of the remaining 40%, about 45,000 are European nationals. The largest segment is Spanish, but there are substantial colonies of French, British, Italian and Portugese. Americans number around 500.

Administration is by a provisional regime, based on the Statute of 1923, which provides for a Committee of Control, composed of the Consuls of career at Tangier, an appointive legislative Assembly (with three American members), and an administration composed of officials of various nationalities.

The United States participates in this regime. The other participating countries are the United Kingdom, France, Spain, Italy, Belgium, Netherlands and Portugal. Nationals of the United States, which maintains capitulatory rights in Morocco, are justiciable only in the American Consular Court.

Agricultural production is meagre and most things must be imported.

Electric power is adequate, but expensive. Buses operate—taxis are plentiful. Daily trains run to Fez, Rabat and Casablanca. Connections by air include daily flights to most European capitals. The seaport is active, with daily ferries to Gibraltar and Algeciras, and frequent boats to Marseilles and other European ports. Telephone and telegraph service is ample and adequate. Obviously, it is a free money market, where all currencies can be exchanged—the most frequent mode of payment, however, is the Spanish peseta.

When you come right down to it, Tangier is no different today than most of the countries in the world before World War I. Many if not most of the countries, at that time, had little if any taxes, no currency controls, freedom of action as to person and personal wealth, practically no labor unions . . . in all, a happy, uncomplicated life. Now that practically all the monarchies, republics and dictatorships comprising most of the world, outside of Tangier, are bound hand and foot with regulations, restrictions and decrees, this oasis of personal freedom is regarded with disdain because it does not conform. Let us pause and reflect. There can be only one answer. All jibes, darts and insults hurled at Tangier are born by Jealousy out of Envy!

Good Climate

Tangier's climate is like California or Florida, at its best. During the summer season, it seldom rains. The early mornings are cool, the mid-afternoons reasonably warm — nothing uncomfortable—and toward the evening a coolness sets in again. The pattern is consistent. Hardly, if ever, is one taken unaware by the weather.

Comforts? All the reasonable comforts that are available in all the cities mentioned earlier. Various hotels we stop at give first-class service, including excellent food, good linen and comfortable furniture. There are not so many first-class hostelries, but in proportion to the European population they are more than adequate.

The Arab population eats, drinks and lives alone. Arabs have their own quarters. They roam the streets of Tangier proper, but mind their own business and molest no one.

The World's Melting Pot

Now we mention something that practically no city of prominence in all the world can proclaim. Here you will find, and come in contact with, a cultural segment of diplomats, bankers, business men and artists of England, France, Belgium, Holland, Switzerland, Italy, Spain, United States and other countries. Go to any restaurant, visit any shop, dine at anybody's home, and the melting pot of the world is before you. All languages are spoken, all customs are observed, all styles are in evidence . . . truly an active and interesting mixture, at relatively high echelon status.

Does this make for evil or good? Does this make people dishonest or untrustworthy? Is it not remarkable, in this crazy, mixed-up world, that there still remains one little open window through which those who want to look can appreciate the nostalgia of a world which has passed us by?

In the shops you can buy pretty much everything from everywhere. If something is manufactured somewhere, and is sufficiently important to create a demand, before you can say Mustapha Mohammed, the stores are carrying it . . . and the price will be only a small fraction higher than wherever it comes from. The import duty on everything is a flat 13½% . . . and it makes no difference whether it is an automobile or toilet water.

Boulevards, office buildings, apartment houses are plentiful—enough to take care of the ever-growing population. It is true that the tumultuous foreign exchange market, as well as the active gold exchange of five years ago, practically are non-existent today. The Tangier money market usually thrives on the ailments of the rest of the world. If a nation gets into trouble, its currency becomes suspect. The people WITHIN its border are forced to play ball with the bureaucrats who monkey with the laws of demand and supply. However, in a matter of days, the Tangier money market arrives at a true value of the restricted currency. History of the Tangier foreign exchange market, time and again, has demonstrated that the so-called black market gradually becomes a grey market, and, eventually, the true and finally accepted official market. Is this unhealthy?

Tangier is no barometer. Sometimes what goes on in its gold and exchange market will have certain prophetic qualities, but most of the time Tangier rather is a thermometer. It registers the blood pressure of sick nations all over the world, the state of health, and, very often, a trend of recovery. Tangier is the one outstanding beacon proclaiming to all who do not close their eyes that the laws of supply and demand are inexorable and never can be tampered with or ignored.

While at a cocktail party, a prominent English nobleman took part in a general conversation treating with law and order, particularly at night, comparing various cities of the world, including Tangier. Here is an exact quote: "I certainly would feel entirely safe, and have no concern, if my two young daughters were to roam the Arab quarter at night . . . not that I would approve a general practice of it . . . but certainly I would not want to say the same for Piccadilly in London or any other popular thoroughfare in any other metropolis!"

Crime At Minimum

The amount of crime, burglary, arrests, incidents and all the other black spots of any big city are at a minimum in Tangier. The administration of its affairs, social, political, educational and general deportment, is efficient and conscientious. Law and order vie with the top percentages any place in the world.

These words are written in the hope that those who have been deluded by the sensational press and provocative pulps will take a second look, and make a second evaluation. No Chamber of Commerce is passing us gold or its equivalent . . . in fact, we do not know whether there IS a Chamber of Commerce. These paragraphs just grew from a few lines, because the world at large seemed to have a completely distorted view of a perfectly lovely city, which has the good fortune to possess that one valuable asset, which, in other parts of the world these last 50 years has been shrinking into oblivion . . . namely, freedom of though, action, behavior, currency control, realistic appraisal minus the dictators, whoever they may be, and a chance to exchange both trivia and ponderous problems with your next door neighbor!

Detmer, Sanders With Hemphill, Noyes Co.

CHICAGO, Illinois — Hemphill, Noyes & Co., members of the New York Stock Exchange, Midwest Stock Exchange and other securities exchanges, announce that John F. Detmer and Robert L. Sanders have become associate managers with Jack C. Sturtevant, resident manager of their Chicago office, 231 South LaSalle Street.

Founded in 1915, the firm opened its Chicago office under the management of Mr. Sturtevant in 1936. The company's private wire system connects Chicago with the main office in New York and with more than 20 other offices in the East, Mid-West and West Coast. Partners of the firm serve on the Boards of over 30 corporations, including Canadian Petrofina, Carrier Corp., Colonial Stores, Combined Locks Paper, Cuneo Press, McGraw Hill, North American Cement and Paramount Pictures.

Since World War II, Mr. Detmer has been continuously active in the investment business here in Chicago, specializing in municipal bonds.

Mr. Sanders has been continuously engaged in the investment industry in Chicago since 1947. Both men belong to The Bond Club of Chicago, The Street Club and other financial organizations.

Barclay Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Jack L. Weinberg is now with Barclay Investment Company, 39 South La Salle Street.

With Chicago Mutual

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Kurt Benjamin has become associated with Chicago Mutual Investment Co., 8151 Cottage Grove Avenue.

Joins Hornblower & Weeks

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—James N. Walmsley is now with Hornblower & Weeks, 134 South La Salle Street. He was previously with Mitchell, Hutchins & Co.

With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Barton L. Cotton is now with B. C. Morton & Co., 131 State Street.

Mid-Year Review Of 1955 Construction

By GEORGE CLINE SMITH

Economist, F. W. Dodge Corporation

Building statistician, after stating the construction industry reached surprisingly high levels in first half of 1955, reveals as significant trends: (1) a sharp reversal of the downtrend of industrial construction that followed the Korean War; (2) a continued large increase in residential construction; (3) larger construction outlays over last year in every major category, and (4) only a 4% increase in construction of educational buildings.

During the first half of 1955, the construction industry has operated at high levels which have surprised even some of the more optimistic observers. Current interest in this situation has prompted F. W. Dodge Corp. in this midyear review to make available, as a public service, some of its detailed statistics which are not ordinarily released for publication.

Dr. George C. Smith

As previously announced, Dodge Reports of construction contract awards in the 37 eastern states totaled nearly 12 million dollars in the first six months of 1955. This tremendous total set a new record for any first six months, some 30% ahead of the previous record which was established only last year. Five of the six months were at record levels, May being the only exception.

A closer look at the details reveals these significant trends:

(1) There has been a very sharp reveasal of the downtrend in industrial construction which followed the Korean War, far beyond the expectations of government and private forecasters. The upturn this year has been very broadly based, affecting nearly all major categories of manufacturing.

(2) Contracts for new residential construction have continued to show large increases over the preceding year, with practically all of the emphasis on single-family homes. Apartment construction accounted for a smaller proportion of residential building in the first half of 1955 than in any corresponding period on record.

(3) Every major category of construction showed increases over last year, most of them substantial.

(4) The smallest increase over the first half of last year in any major category, rather surprisingly, was in educational buildings, up only 4%. The educational total was huge, however, amounting to slightly over a billion dollars for a new all-time record.

Manufacturing

Late last year, government surveys indicated that manufacturers' plans for new plant and equipment expenditures called for a continuation in 1955 of the decline which set in after the Korean War. However, early this year contract awards for industrial construction began to increase sharply, prompting the prediction by those who follow these statistics that the plant and equipment forecasts would be revised upward. This prediction has already turned out to be correct.

Awards for manufacturing buildings during the first half of this year totaled $850,085,000, some 46% ahead of the corresponding figure for last year and the highest for any first half since World War II except 1951, when huge atomic energy awards swelled the total.[1]

The manufacturing upturn had an extremely broad base. The manufacturing contract awards are tabulated on the basis of 23 major categories, and no less than 18 of these reported increases over last year, some ranging into magnitudes of several hundred percent.

The largest group, chemicals and allied products, was up 140%. Other large categories showing striking increases were the stone, clay and glass products group, up 341%, and the primary ferrous metal industries, up 331%. (By coincidence, each went from a little more than $14 million last year to more than $63 million this year.) Other sizable percentage increases were in paper, petroleum refining, printing and publishing, textiles, leather, fabricated metal products, machinery, ordnance and petroleum and coal products.

The five categories which reported decreases below last year were food, primary non-ferrous metals, aircraft, electrical machinery and equipment, and miscellaneous transportation equipment.

Commercial

Contract awards for commercial construction continued their spectacular rise. For the first time in history, these awards totaled over a billion dollars in the six-month period. The new record of $1,077,957,000 was 21% ahead of last year, the previous record.

Five of the six categories of commercial construction tabulated by Dodge increased over last year, the only exception being office and loft buildings, which were down a little more than 7%.

Biggest category was store buildings, which reached more than half a billion dollars, 42% above last year's record. Largest percentage increase was in restaurant buildings, up 74%. Bank buildings were up more than 52%; garages and service stations rose nearly 18%, and commercial warehouses rose slightly.

Residential

The emphasis on single-family homes, which was pronounced last year, became even more striking this year. These houses accounted for 88% of the dwelling units for which contracts were awarded in the first half of 1955, the highest proportion ever recorded during the period for which comparable statistics are available.

Contract awards for residential construction totaled $5,456,730,000 in the first half of 1955. This phenomenal total was 37% ahead of last year's all-time record.

The large increase this year was primarily accounted for by single-family homes built for sale or rent, which totaled $3,785,082,000 and set a new record 46% ahead of last year, which in turn had been 37% ahead of the previous record set in 1953. However, awards for non-speculative building of one-family houses (that is, houses built on order for owner occupancy) also set a new record approximately 25% above last year.

Awards for apartment construction halted the steady decline which had prevailed ever since the 1951 peak in this category, and the total of $370,085,000 was about 7% ahead of last year. However, apartments remained at a relatively low ebb in relation to total residential construction.

Awards for hotels and dormitories increased over last year, up 11% and 17%, respectively. Both set new records, with a combined total of $131,000,000.

Two-family houses were up 4% from last year's low level, but at $81 million were still an insignificant part of the residential total.

Educational Buildings

Contracts for educational buildings totaled $1,042,787,000, an increase of only 4% over last year, but enough to set a new high mark. Since all other major categories increased faster, this represents a decline in the relative importance of educational buildings. Last year, such buildings accounted for 29% of all non-residential building, as compared with 25% this year. However, this is still a very high level, considering that as recently as 1946, educational buildings were 7% of non-residential.

Hospitals

Hospital awards at $280 million represented an increase of 12% above last year, but were still well below the peaks set in 1950 and 1951.

Churches

A further great increase in contracts for religious buildings[2] in 1955 brought them to fourth place among non-residential buildings, exceeded only by commercial, manufacturing, and educational buildings. The total of $285 million represents a new record 28% above last year, marking the continuation of an almost unbroken period of growth since World War II. Religious building contracts in the first half of this year are more than 670% above the corresponding period of 1946.

Public Works

Awards for public works totaled $1,708,756,000, a new record 25% above the previous record set last year. Highway construction at $1,125,044,000 was 42% ahead of last year, for a new record, and all other categories of public works except bridges were well ahead of last year.

Utilities

Contract awards for construction of private and public utilities totaled $684,772,000, some 38% ahead of last year and well above the first-half record established in 1952. All categories were up except gas plants and a small miscellaneous group.

* * *

High Activity to Continue

Since construction contract awards precede actual construction, the extremely high levels reported in the first half of 1955 indicate that construction activity in the second half of the year will remain very high, and that the year will almost certainly establish a new record for construction put in place.

One of the most striking features of the situation is the broad base of the increased activity, including nearly all classes of residential and non-residential building and engineering.

There has been, in recent months, no indication of a downturn underway. In June, the latest month, total awards were 30% ahead of June, 1954, exactly the same as the increase for the whole six-month period and far above the 13% increase of May, 1955, over May, 1954.

It would be unwise to expect such large percentage increases over previous years to go on indefinitely without some abatement. However, there is nothing in the figures available to date to indicate that any slackening of the rate of increase has developed as of mid-1955.

[1] To avoid frequent repetition, it should be understood that all data in this analysis refer to the January-June period of the years specified, and that all are totals for the 37 eastern states covered by Dodge Reports.

[2] Does not include parochial schools, which are classed under "Educational," but does include Sunday School buildings.

T. L. Watson & Co. In New Location

T. L. Watson & Co., members of the New York Stock Exchange, announce the removal of their main office to new and larger, air conditioned quarters at 25 Broad Street, New York City.

The firm, one of the oldest Stock Exchange houses, for many years operated a private banking business in Bridgeport, Conn. In 1933, all private banking operations were discontinued and the firm became brokers and dealers in securities. On Jan. 1, 1953, T. L. Watson & Co. merged with Lawrence Turnure & Co. (Blyth & Bonner), this organization having been established in 1832, currently making T. L. Watson & Co. one of the oldest Stock Exchange houses in Wall Street.

The rapid growth of T. L. Watson & Company's business in the last few years necessitated the removal to larger and more modern offices. The firm's policy of being primarily commission brokers will continue as heretofore.

Present partners in T. L. Watson & Co. are Louis N. DeVausney, Daniel J. Morgan, Bridgeport; Frost Haviland, Kenneth B. Gordon, George R. Payne, Lawrence Turnure, William T. Veit, Henry G. Bruns, William C. Farley, Sylvester F. Hennessey, Lester E. Farley, Bridgeport; Quentin Syme and John E. Judson, a Limited Partner.

Arne Fuglestad With Burns Bros. & Denton

Burns Bros. & Denton, Inc., 37 Wall Street, New York City, dealers in Canadian stocks and bonds, announced Aug. 1 that Arne Fuglestad is now associated with the firm, in charge of underwriting participations. He was formerly with Carl M. Loeb, Rhoades & Co.

Join J. P. Lewis

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis.—Duane A. Briscoe and William A. Hollister have joined the staff of J. P. Lewis & Co., 735 North Water St.

Dealer-Broker Investment Recommendations & Literature

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

Atomic Energy Review—New booklet—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Atomic Reactor Diagram in four colors with portfolio information on Atomic Fund as of June 30, 1955—Atomic Development Securities Co., Inc., 1033 Thirtieth Street, N. W., Washington 7, D. C.

Blue Chips Slightly Faded—Data on **International Harvester, Parke, Davis** and **National Distilllers**—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Canada: Mid Year Review—Bulletin—Ross, Knowles & Co., Ltd., 25 Adelaide Street, West, Toronto 1, Ont., Canada.

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

Investing in Nuclear Energy—Bulletin—Ralph E. Samuel & Co., 115 Broadway, New York 6, N. Y.

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

Japanese-U. S. Taxation Conventions—Analysis—Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y. Also in the same issue "Nomura's Investors Beacon" are discussions of **Bank Rates**, and analysis of **Business Results and Outlook**, and analyses of **Mitsui Chemical Industry Co., Ltd., Sumitomo Chemical Co., Ltd., Tokyo Gas Co., Ltd.,** and **Tokyo Electric Power Co., Ltd.**

Modern Merchandising—Survey with particular reference to **Federated Department Stores, May Department Stores Co., Western Auto Supply Co.** and **F. W. Woolworth Company.** —Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

New York City Bank Stocks—Comparison and analysis of 13 New York City Bank stocks for the second quarter of 1955—Laird, Bissell & Meads, 120 Broadway, New York 5, N. Y.

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

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

Price Trend for Bonds—Analysis—Park, Ryan, Inc., 70 Pine Street, New York 5, N. Y.

Public Utility Companies—Brief analysis—Oppenheimer, Vanden Broeck & Co., 120 Broadway, New York 5, N. Y. Also in the same bulletin are data on **Colgate Palmolive Company, Corn Products Refining Company, Great Northern Railway, Merck & Company** and **Ohio Oil Company.**

Saskatchewan Industrial Development—Bulletin—Industrial Development office, 12th Avenue and Lorne Street, Regina, Sask.

* * *

American Radiator—Analysis—J. R. Williston & Co., 115 Broadway, New York 6, N. Y.

Ashland Oil—Discussion in "Ken" published by the Kentucky Report, Starks Building, Louisville, Ky.—Available with subscription to "Kentucky Reports" $8.75 for special 26 weeks subscription. Also in the current issue of the Report is a brief discussion of **American Air Filter.**

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

Boston Insurance Co.—Memorandum—Kidder, Peabody & Co., 17 Wall Street, New York 5, N. Y.

Equipment Corporation of America—Data—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

Ferro Corporation—Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also in the same issue are a list of selected equities in the lower price range and a list of companies with international operations.

Firemen's Insurance Company of Newark—Analysis—Blair & Co. Incorporated, 44 Wall Street, New York 5, N. Y.

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

Kern County Land Co.—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Lake Superior District Power Company—Analysis in current issue of Business and Financial Digest—Loewi & Co., 225 East Mason Street, Milwaukee 2, Wis. Also in the same issue is on analysis of **National Tool Company.**

Marvin Electric Manufacturing Company—Card memorandum—Aetna Securities Corporation, 111 Broadway, New York 6, N. Y.

Mid Continent Uranium—Report—General Investing Corp., 80 Wall Street, New York 5, N. Y.

North American Cement Corporation—Analysis—Frank C. Masterson & Co., 64 Wall Street, New York 5, N. Y.

Northeast Airlines, Inc.—Bulletin ($2.00 per copy)—John H. Lewis & Co., 63 Wall Street, New York 5, N. Y.

Pan American World Airways—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same belletin are data on **Consolidated Natural Gas** and **Glen Alden.**

Raytheon—Analysis—Boettcher and Company, 105 East Pikes Peak Avenue, Colorado Springs, Colo. Also available is analysis of **United Biscuit Company of America.**

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

Royal Dutch Petroleum—Memorandum—Bell & Farrell, Inc., 119 Monona Avenue, Madison 3, Wis.

St. Louis San Francisco Railway—Analysis—Vilas & Hickey, 49 Wall Street, New York 5, N. Y. Also available is an analysis of **New York Central.**

Shellar Manufacturing Corporation—Brochure—D. M. S. Hegarty & Associates, Inc., 52 Broadway, New York 4, N. Y.

Sprague Engineering Corp.—Report—William R. Staats & Co., 640 South Spring Street, Los Angeles 14, Calif.

Standard Railway Equipment—Memorandum—Illinois Company, 231 South La Salle Street, Chicago 4, Ill.

Union Gas Company of Canada, Ltd.—Review—James Richardson & Sons, 173 East Portage Avenue, Winnipeg, Canada, and Royal Bank Building, Toronto, Canada.

U. S. Vitamin Corporation—Bulletin—de Witt Conklin Organization, 100 Broadway, New York 5, N. Y.

Warren Bradshaw Co.—Memorandum—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Our Reporter's Report

The investment market, if it has not done anything else, has chosen a good time to undergo readjustment of its position. The shifting is taken place in a period when the industry is not overburdened with new business.

Hope now is that the reorientation will have been pretty much completed by the end of the summer lull and that bankers and potential borrowers will be in a position to resume the business of raising capital needed for financing industrial growth.

Up to this point there has not been anything in the way of development important enough to take attention off what has been transpiring in the Treasury securities market. In keeping with the Federal Reserve's mildly firmer credit policy governments have been backing steadily downward with compensating upward adjustment of yields.

Meanwhile there has been cumulative evidence of moderate hardening in other areas of the money market. Commercial paper yields, along with those on bankers' bills, and rates on collateral loans have been moving up. This trend naturally means that corporate borrowers must be prepared to pay a correspondingly higher rate for new money.

Moreover, the commercial loans of the banks, in recent weeks, have been reflecting what is looked up as an early start of fall borrowings by business. And current indications are that much of the selling in Treasury issues has been for the account of banks preparing to meet such demands. Since considerable selling in governments is reportedly out of New England, however, it is probable that insurance companies have been liquidating to provide mortgage funds.

Baleful Eyes

Investment bankers, but for the fact that precedent already had establishsd the pattern, would have been doing no end of wailing as American Telephone & Telegraph Co., registered for its record-breaking issue of $650 millions of new debentures.

This largest undertaking in corporates history involves preemptive "rights" of stockholders since it will be convertible. But, as in the past, there will be no underwriting, or "standby" business for the bankers.

The company has leased one of the old Wanamaker buildings and has set up, or is setting up, facilities for handling the business itself. But firms that make a specialty of buying and selling "rights" or "warrants" such as involved here, are preparing for the avalanche. The head of one such firm, reportedly, has now decided to put off his vacation for the duration.

Single Operation

With the bulk of underwriting firms' staffs having completed their vacations, they are now waiting around for this to happen. But it looks like a slow process at the moment.

Next week promises only one piece of business, and that has its limitations involving an offer of new debentures of Foremost Dairies, for its own preferred stock and that of its subsidiary, Philadelphia Dairy Products Co., Inc. Bankers will "standby" on this one.

Beyond that the calendar is nil for next week, that is aside from the customary run of smaller potential offerings most equities.

Backlog Building Up

There is a growing potential backlog of new material building. But in view of the overhauling which the market is undergoing it is possible that some prospects may be disposed to change their plans somewhat.

Certainly it is likely that corporations which may have been contemplating refunding operations will be inclined to take another look at the situation. But all things considered the balance of the current month offers little in the way of nourishment outside General Motors Acceptance Corp.'s $200 million of 20-year debentures.

The bulk of the other prospects, some of these ranging to good-sized issues, are tentatively scheduled for October with some spilling over into November.

Leland Miller With William R. Staats Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Leland R. Miller has become associated with William R. Staats & Co., 640 South Spring Street, members of the New York and Los Angeles Stock Exchanges. Mr. Miller was formerly with Walston & Co. in charge of the Los Angeles research department.

Wm. Dempsey to Be Partner in Drexel

PHILADELPHIA, Pa.—William L. Dempsey, a director of Merck & Co., Inc., and President of its Sharp & Dohme Division, will become a general partner of the investment banking firm of Drexel & Co., 1500 Walnut Street, members of the New York Stock Exchange, on Sept. 1, it is reported.

For some years he has also served as a director of the Pennsylvania Company for Banking and Trusts, Saving Fund Society of Germantown, and The Fire Association of Philadelphia.

COMING EVENTS

In Investment Field

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

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

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

Sept. 16, 1955 (Philadelphia, Pa.)
Bond Club of Philadelphia 30th Annual Field Day, at Huntingdon Valley Country Club, Abington, Pa.

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

Sept. 22, 1955 (Omaha, Neb.)
Nebraska Investment Bankers annual field day at the Omaha Country Club—to be preceded by a cocktail party Sept. 21.

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

Men, Machines and Electronic Brains

By WILLIAM H. MIERNYK

Director, Bureau of Business and Economic Research, Northeastern University, Boston, Mass.

Prof. Miernyk explains the meaning and characteristics of automation and its application to factory production. Says automatization does not envisage elimination of human labor, but decreases demand of certain routine labor and increases demand for technicians and "paper work." Sees no economic revolution from gradual changes to automation, but calls attention to some social, political and economic problems that may arise. Concludes "automation will not result in disaster to our economic system, nor will it lead to Utopia."

I

The automatic factory is no longer a dream of the future. Although a limited number of "pushbutton" factories are as yet in operation, accounts of new developments in automation appear with increasing frequency in technical and business publications. Cybernetics, the science of "control and communication in the animal and the machine," so named by Professor Norbert Wiener of the Massachusetts Institute of Technology from the Greek **kubernetes** or "steersman," is well beyond the stage of theoretical speculation. It has already provided industrialists with practical means of substituting electronic controls for the human hand and eye and —far more important, with computing machines capable of making simple decisions on the basis of predetermined choices.

Dr. W. H. Miernyk

As is true of all intellectual endeavor, control and communication theory did not spring full-blown from the brain of any one person although Professor Wiener has played a leading role in the development of this science. The basic principle of automatization was discovered by James Watt when he developed the flyball governor toward the end of the 18th century. This device improved upon the "crude and wasteful" steam engine invented by Newcomen in 1702, and permitted the application of steam power to industrial machinery. The first successful use of a steam engine which induced rotary motion, a prerequisite to its industrial use, was made in a cotton mill in 1785. And in 1868 the physicist James Clerk Maxwell outlined mathematically the principles of "feedback," which underlie Watt's flyball governor and the modern science of cybernetics.

We now have many practical examples of complex governors which have been given the more esoteric name of **servomechanisms**. These devices collect information about the output of a production process at one stage and feed it back to an earlier stage permitting self-regulation of the process and automatic correction of errors. A simple example is to be found in many households where a thermostat collects information about the temperature of a room and feeds this information to switches which start and stop a furnace thereby raising or lowering the temperature. This is an example of a closed feedback system. Information about the output (heat) is transmitted via the thermostat (the "servomechanism") which to the input (electricity and fuel).

The second World War provided a powerful impetus to control and communication theory. World War I anti-aircraft methods were totally inadequate to cope with the mass bombing of Great Britain by high-speed planes. Mathematicians and engineers made startling improvements in servomechanisms which, in the words of Philippe Le Corbeiller, connected "a hundred-ton gun turret to a searching radar in the way the arm of a tennis player is connected to the motion of his eyeballs." And the effectiveness of anti-aircraft fire was increased immeasurably.

After the war attention was focused upon the industrial application of the theory of communication and control. Wartime automatic controls were usually designed to do one particular job. But if entire factories were to be automatized the controls would have to be flexible. Feedback devices were coupled to computers to provide mechanical direction, and these in turn were tied in with "sensors," such as photoelectric cells, thermocouples, and electric micrometers, which reported back to the computer. The computers were equipped with magnetic drums to provide them with a "memory," and with collators to permit comparison of information received from the sensory devices with that stored on the magnetic drums. Such a setup it was found not only provides completely automatic control, but is adaptable to a wide variety of manufacturing processes.

One of the earliest automatic factories was built at the end of World War II by John A. Sargrove, a British electronics engineer, to manufacture small radio sets. The basic component, a colded plastic plate, was fed into one end of a multiple-unit machine. One face of the plate was sprayed with an abrasive then with molten zinc to provide a conductive surface. Milling machines ground off the surplus zinc leaving a modified "printed" circuit. Tube sockets were automatically installed and checked. All these operations proceeded without human control; sensory devices inspected each component, and discarded those which failed to meet prescribed specifications. Only a few simple assembly operations were performed manually to complete the radio receiver. More recently, in this country, the Motorola Corporation has developed a new method of plating radio circuits on prestamped plastic plates using an automatic process.

An automatic production line to manufacture electronic assemblies is in operation at Arlington, Virginia. This factory, developed by the National Bureau of Standards for the Navy Bureau of Aeronautics, produces "modular units" to replace earlier types of wired assemblies which had to be put together by hand. Small ceramic plates of "wafers" are automatically shaped by one machine, and passed on to a second which glues or prints a circuit on each wafer and inspects them. A third machine assembles the wafers in a properly-ordered stack, and a fourth connects them by wires which are automatically and simultaneously soldered to the separate plates. This factory—known as Project Tinkertoy during its development phase—is of particular significance. Before electronic assemblies could be produced by an automatic process their design had to be radically simplified. Further developments could drastically reduce labor requirements in other phases of electronic assembly, the step in the production of television sets and other electronic products which now requires the greatest amount of hand labor.

Automatization is also increasing in the metal-working industries. A milling machine developed at M.I.T. is guided by a digital computer. Instructions recorded in a numerical code on a punched tape are "read" by various control devices as raw stock is machined to the required shapes and tolerances. This machine has effected spectacular reductions in production time. Operated manually, for example, a landing gear strut can be made on this machine in 30 hours. When operated by the [illegible] control devices, the same strut can be made in less than three hours. The machine is highly reliable, and has exhibited a remarkable degree of flexibility. Also, the controlled machine requires no more maintenance than the basic machine tool.

There are not as yet any fully automatic machine shops, but the Osborn Manufacturing Company of Cleveland has recently built a completely automatic foundry for the Eberhard Company which turns out 60 small iron castings a minute. Using conventional equipment about 40 men would be required to maintain this output. In the Eberhard foundry, however, only six men are needed to operate the control panels and to take care of routine maintenance.

Several years ago the Ford Motor Company installed an "automatic" production line, and in the De Soto plant of the Chrysler Corporation the manufacture of engines is a highly automatic process. To make its 1955 models the Pontiac division of General Motors developed machinery and materials - handling devices to manufacture engines with a minimum of human intervention. Although not fully automatic, the Pontiac plant is the nearest thing to a pushbutton factory in the automobile industry. Certain steps in the production process, such as the manufacture of pistons, are fully automatic. The Osborn Company, which developed the Eberhard foundry, is now working on a closed-circuit, automatic foundry for Pontiac. This will further reduce labor requirements in manufacture of engines.

There are many other examples of the current use of control devices by industry. Oil refineries and certain types of chemical plants are operated by a handful of men who tend control panels rather than machines. The continuous casting of nonferrous metals, and of steel, are largely automatic processes. In modern ordnance plants artillery shells are manufactured without being touched by hand, once the steel bars are cut and loaded onto machines. There are numerous examples of fully-automatic, single-purpose machines such as the crankpin grinder recently announced by the Norton Company of Worcester, Massachusetts, which automatically handles, positions, and grinds crankshafts without human effort at the rate of one a minute.

The use of automatic controls outside of factories is also increasing. The Union Pacific railroad operates a pushbutton freight yard at North Platte, Nebraska. The Rock Island railroad is experimenting with the control of grade crossing gates by closed-circuit television, and the control of switches for the reclassification of trains by computers. A small computer which "studies" traffic flows, determines traffic patterns, and operates signals, has been marketed by Eastern Industries of Norwalk, Connecticut. This machine is expected to eliminate traffic officers at many intersections. Automatic data-processing machines are not only speeding up office procedures, but are reducing the possibility of error in routine operations.

What will be the economic consequences of such developments and those yet to come? Will we witness a sudden technological displacement of mill and factory workers? Will there be, in short, a "second industrial revolution?" And if so, will the impact on our economy lead to radical social and economic change? There is evidence of increasing concern about these questions. Delegates to the 1954 convention of the CIO, for example, approved a resolution urging Congress to investigate the impact of the pushbutton factory on the American economy.

II

Up to now economists have not been disturbed by the technological displacement of labor. The substitution of machinery for human effort has led to substantial increases in productivity and has not produced widespread or persistent unemployment. The automatic production line set up by Pontiac, for example, did not cut down on the number of workers employed, but it did increase production an estimated 25% without adding to the labor force. Men may be displaced by machines, we have been told, but the machines still have to be built by men. Thus while the demand for labor may fall in some areas it will increase in others, and total employment will not decline. But we should never underestimate the ingenuity of the mathematicians, scientists, and engineers who are working in the field of control and communication engineering. They envisage a day in which many of the machines will themselves be the products of other machines. To paraphrase the witty Dean Swift:

Machines, the engineers now say,
Will themselves be making machines someday.
And these will have other machines to guide 'em
And so proceed *ad infinitum.*

The specialist in control and communication engineering does not merely foresee a proliferation of automatic machines which in a given situation will perform the highly repetitive and usually unpleasant tasks now handled by unskilled laborers. He conceives of a hierarchy of automata of an increasing order of complexity. These may eventually produce pushbutton factories to manufacture equipment for other pushbutton factories which in turn will produce goods for either intermediate or final consumption. While no one has as yet stated this proposition so bluntly, it is implicit in theoretical discussions of control devices of the future.

At present most "automatized" production processes are only partly automatic. Most of the machines employed can only follow the instructions given by a punched or magnetic tape. The jobs which such machines can do are limited by the amount of information they can absorb. And while they have displaced manual

Continued on page 26

NSTA Notes

The National Security Traders Association has received the following slate of officers for 1956:


Lex Jolley


William J. Burke, Jr.


John M. Hudson


Robert D. Diehl


George J. Elder

President: Lex Jolley, The Robinson-Humphrey Company, Inc., Atlanta, Ga.

First Vice-President: William J. Burke, Jr., May & Gannon, Inc., Boston.

Second Vice-President: Robert D. Diehl, Paine, Webber, Jackson & Curtis, Los Angeles.

Secretary: John M. Hudson, Thayer, Baker & Co., Philadelphia.

Treasurer: George J. Elder, Straus, Blosser & McDowell, Detroit.

Members of the Nominating Committee presenting the slate were: Phillip J. Clark, Amos C. Sudler & Co., Denver, Chairman; Robert W. Haack, Robert W. Baird & Co., Incorporated, Milwaukee; Winton A. Jackson, First Southwest Company, Dallas; James B. Maguire, J. B. Maguire & Co., Inc., Boston; John J. Meyers, Jr., Gordon Graves & Co., Inc., New York City; Joseph E. Smith, Newburger & Co., Philadelphia; and John J. Zollinger, Jr., Scharff & Jones, Inc., New Orleans.

REGISTRATIONS TO AUG. 1, FOR 22nd ANNUAL CONVENTION OF NSTA, GRAND HOTEL, MACKINAC ISLAND, MICHIGAN, SEPTEMBER 11 to 14, 1955

Name	Firm	City
*Arnold, Harry L.	*Goldman, Sachs & Co.*	New York, N. Y.
Barker, John S.	*Lee Higginson Corp.*	New York, N. Y.
Bateman, Homer J.	*Pacific Northwest Co.*	Seattle, Wash.
Beebe, James L.	*Wm. R. Staats & Co.*	Los Angeles, Cal.
Bellizzi, A. Joseph	*Walston & Co.*	San Francisco, Cal.
*Brooks, War O.	*Brooks & Co.*	Wichita, Kansas
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*Butler, J. W.	*Baker, Watts & Co.*	Baltimore, Md.
*Carr, Howard F.	*Carr & Co.*	Detroit, Mich.
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*Christian, Edgar A.	*Stroud & Co., Inc.*	Philadelphia, Pa.
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*Currie, Trevor		Denver, Colo.
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Elder, George J.	*Straus, Blosser & McDowell*	Detroit, Mich.
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Mason, Miss Anne E.	*Scott, Horner & Mason*	Richmond, Va.
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*Pender, Richard W.	*S. R. Livingston, Crouse & Co.*	Detroit, Mich.
Rahn, Fred T.	*The Illinois Co.*	Chicago, Ill.
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*Roggenburg, Stanley	*Roggenburg & Co.*	New York, N. Y.
*Ronan, Frank	*New York Hanseatic Corp.*	New York, N. Y.
*Sayre, Byron J.	*John Nuveen & Co.*	Chicago, Ill.
Smith, Jr., Hal H.	*Smith, Hague, Noble & Co.*	Detroit, Mich.
*Smith, Joseph E.	*Newburger & Co.*	Philadelphia, Pa.
*Stewart, James M.	*Wilson, Johnson & Higgins*	San Francisco, Cal.
*Tisch, Alfred F.	*Fitzgerald & Co., Inc.*	New York, N. Y.
*Wakeley, Thompson M.	*A. C. Allyn & Co.*	Chicago, Ill.
*Warner, Frank W.	*G. A. Saxton & Co., Inc.*	New York, N. Y.
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Wasserman, John	*Asiel & Co.*	New York, N. Y.
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*Wilson, Harry J.	*Harry J. Wilson & Co.*	Chicago, Ill.
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*Mr. and Mrs.

AD LIBBING

The National Advertising Committee of the National Security Traders Association is pleased to report that to date we have over twenty-four thousand dollars gross receipts for advertising in our Year-Book issue of the Chronicle. We urge all of you who have been holding your orders to send them now, so you can concentrate on obtaining commercial ads.

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SECURITY TRADERS ASSOCIATION OF NEW YORK

The Security Traders Association of New York, will hold its first annual cocktail party and dinner dance at the Hotel Commodore on Saturday November 19.

Scheduled for October, exact date to be announced, is the annual beefsteak party.

Recession, Recovery and the Employment Act

Guaranty Trust Co. "Survey," citing current record-breaking prosperity, says ability of nation's economy to successfully weather the recession of 1953-1954 without employing the tools of the "inflationists" and "planners," was due to the government's "sane administration of the Employment Act of 1946." Says economy once again displayed the flexibility and resiliency inherent in a regime of individual choice and adequate incentive.

The recession of 1953-54 may prove to have been an important chapter in the history of the Employment Act, according to the August issue of "The Guaranty Survey," monthly publication of the Guaranty Trust Company of New York.

"The Government's calm restraint in the face of the extravagant demands of its critics has been more than justified by the favorable outcome," The Survey continues. "It is to be hoped that the episode will go some way toward establishing a precedent for future Administrations and Congresses to follow. Such a precedent would be strictly in accordance with the letter and spirit of the law and would alleviate one of the gravest threats to the enduring welfare of our free economy."

Calling attention to the signs of record-breaking prosperity that appear on all sides, "The Survey" adds, "The economy has once more shown the flexibility and resiliency that are inherent in a regime of individual choice and adequate incentive. In so doing, it has confounded and rebuked the inflationists and 'planners' for their lack of faith.

"Probably not many Americans have stopped to ask themselves how much of their present good fortune they owe to a sane administration of the Employment Act of 1946. As soon as the first signs of business contraction appeared in the spring of 1953, the clamor for governmental intervention began. Business must not be allowed to contract. A downward movement, once begun, would start a 'chain reaction' culminating in a 'full-blown depression.' Only prompt and vigorous action could avert such a catastrophe. The Government must immediately embark upon a program of large-scale deficit financing. It must reduce taxes, especially individual income taxes in the lower brackets, in order to leave the people more money to spend for consumption. It must build more public housing and public works. It must ease money rates, increase farm subsidies, expand and liberalize old-age pensions and unemployment benefits, give away more goods abroad.

"Instead of yielding to these excited demands, the Government and the Federal Reserve authorities endeavored to encourage individuals and private business to take up the slack created by the cut in spending for national defense. Money-market policy was eased. Scheduled reductions in tax rates were allowed to go into effect. The nation's revenue laws were given the first thorough overhauling in three-quarters of a century. But there was no 'pump priming,' no plunge into heavy deficit spending, no attempt to create 'purchasing power' except the purchasing power that is created automatically when goods and services are produced.

"The result was essentially what was hoped for and intended. The readjustment was not prevented but facilitated. Business, instead of slumping progressively into depression, contracted moderately and recovered quickly. After one of the mildest recessions on record, the economy moved forward into a new period of prosperity with renewed vigor, with its currency unimpaired, with no new restrictions upon its freedom of action, with its confidence in itself strengthened, and with its foundation firmer than before because rooted more largely in the demands of peace rather than war. Never has the inherent recuperative power of free enterprise been more strikingly demonstrated or the theory of 'cumulative recession' more strongly refuted.

"What would have happened if the Government had acceded to the demands of its critics and gone all out for a program of continuous 'full employment' at any price? The situation today, even superficially, could hardly be better than it is. Some temporary recession might have been averted for the time being. But at what cost? At the cost of a higher public debt, a swollen money supply, an immediate or eventual depreciation of the dollar, a further impoverishment of those who depend for their livelihood upon the proceeds of a lifetime of saving, and a still maladjusted economy shored up by politically manipulated monetary props."

Doremus & Co. Elects New Vice-Presidents


M. E. Holderness, Jr.


Franklin E. Schaffer

Marvin E. Holderness, Jr. and Franklin E. Schaffer have been elected Vice-Presidents of Doremus & Company, 120 Broadway, New York City, advertising and public relations firm, it was announced by William H. Long, Jr., Chairman of the board.

Mr. Holderness joined Doremus in 1949 as an account executive. Prior to that time he had been copy chief with the Sam P. Judd Advertising Company of St. Louis, Missouri.

Mr. Schaffer has been associated with Doremus as an account executive since 1949. Previously he had been with the Fred Eldean Organization as an assistant account executive.

With New York Hanseatic

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Clayton P. White has become associated with New York Hanseatic Corporation, 84 State Street. He was formerly with R. L. Day & Co.

Joins Lloyd Fernald

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Fayette O. White, Jr. is now connected with Lloyd D. Fernald & Co., Inc., 1387 Main Street, members of the Boston Stock Exchange. He was formerly with Tifft Brothers.

New York Hanseatic Appoints Officers

New York Hanseatic Corporation, 120 Broadway, New York City, announces the appointment of George H. Armstrong and Arthur C. Turner as Vice-Presidents.

Philip F. McManus

Samuel B. Milt

Alex. W. Moore

Aaron M. Netburn

John D. Ohlandt, Jr.

Frank J. Ronan

T. R. Young

The firm also announces the appointment of the following Assistant Vice-Presidents: Siegfried Abraham, Timothy P. Donovan, Alfred Lachhein, Philip F. McManus, Samuel B. Milt, Alexander W. Moore, Aaron M. Netburn, John D. Ohlandt, Jr., Frank Ronan, Theodore R. Young, and Herbert O. Wolfe.

Henry Scherping has been appointed Assistant Treasurer.

Stable Price Level Anticipated

Chase Manhattan Bank's "Business In Brief" says increased industrial productivity and resultant competition should help hold over-all price indices down despite larger annual wage increases than were typical in the '30s. Discussing favorable business outlook, survey, however, notes several "potential trouble spots," such as rising inventories and high levels of consumer and mortgage debt and stock market prices.

With business at an all-time high, increased industrial productivity and resultant competition should help hold prices down, according to the current issue of "Business In Brief," quarterly survey of the Chase Manhattan Bank. The bank's publication expresses the viewpoint that the nation's economy is not headed into another inflationary wage-price spiral, but tempers its opinion with cautionary comments.

"If we can keep up the pace of rising productivity we should be able to support considerably larger annual wage increases than were typical in the 1930's without pushing up the general average of prices. Even so, very large wage increases, like the recent 7½% increase in steel wages, are bound to affect specific prices. In coming months there may be numerous examples of individual products where higher costs force prices up (particularly capital goods lines). Yet such price increases are not likely to be so general as to have a large impact on the over-all price indices."

Stating that the most dramatic examples of inflation during the past 30 years have been born of war, the bank's publication says prices doubled in World War I; rose almost two-thirds during World War II and its aftermath; and went up 10% after the Korean invasion.

"In prosperous peacetime years, the price level has usually been reasonably stable, "Business In Brief" points out. "In these periods the increase in production matched moderate increases in supply. Wage rates rose, but no faster than the rise in productivity."

Looking at the immediate months ahead, "Business In Brief" says the business curve may flatten out in the third quarter due to the improbability of the automobile and homebuilding industries maintaining their record pace. However, with business capital expenditures, inventory purchases and consumer buying on the increase, this should suffice to lift over-all activity moderately during the fourth quarter.

"An air of optimism dominates the business scene," states the Chase Manhattan survey, "production, employment, incomes and consumption are at new high levels. And there's a growing feeling that the second half will be better than the first."

In spite of this favorable outlook, however, the bank points to developments in several areas that indicate a need for caution in appraising business prospects in coming months.

One such development, according to Chase Manhattan, is the start of a rise in inventories. Commenting on this, the Bank states that inventories are now somewhat low in relation to sales, so some pick-up may be warranted. However, there is danger that overconfidence may lead business to undertake excessive inventory buying in months ahead, which in turn could necessitate a later adjustment.

Other sensitive areas singled out by the Bank include the high level of consumer and mortgage debt; the level of stock market prices; and the increased difficulty in maintaining general price stability.

"Each of these areas could be a potential trouble spot," the review states. "At this juncture none of them seems likely to upset general business in the months immediately ahead. But they will bear close watching as we move through the rest of 1955 and into 1956."

Advantages of "Small Businesses"

By ROGER W. BABSON

Mr. Babson notes prevalence of absentee ownership, and points out disadvantages to small and young business concerns. Pays tribute to late DeWitt M. Emery, who gave his life to encouraging young persons to start business for themselves. States if he were young man, would go into project where he could remain an individual, "and not get into a labor union rut."

GLOUCESTER, Mass.—I am here for a short vacation at my birthplace—a small city which is now noted as a fishing port and summer resort, but is gradually becoming a thriving suburb of Greater Boston. With its high land, "air-conditioned" streets, and island location, it has a wonderful all-year climate, a beautiful harbor, and a bright future. My father had a dry goods and novelty store here 50 years ago. This little store my family has built up to some 450 stores located in 38 states, under the corporate ownership of the United Stores Corporation. In fact, its stock is now listed on the New York Stock Exchange.

Roger W. Babson

In those days all industries here were locally owned. Then an ambitious and industrious young man could buy or start a fishing business or granite quarry or small factory of his own. Today the situation is very different. Nearly all the industries require much capital and are owned by large corporations outside Gloucester. This is true of most cities; it is not a healthy situation. It is especially noticeable when I am helping Babson Institute graduates to a position. They can easily get a position starting at $300 per month; but it will be with a large company. The smaller and younger business concerns cannot afford to pay such salaries to beginners.

Dewitt M. Emery

One reason for writing this column is the death at Evanston, Ill., of the founder of the National Small Business Men's Association, DeWitt M. Emery. He died at the young age of 59, having given his life to the unselfish work of encouraging young persons to start a business for themselves. He claimed that cities are now making a great mistake in depending only upon large manufacturing corporations owned in New York or some other large city. He believed it is like a church expecting to prosper *without* a Sunday School — or even like a family expecting to prosper without children. Also much is owed to Ernest Gaunt.

Yet things are happening today which could benefit the "small businessman." First, the Federal tax laws have been amended to give him a break. The Labor Unions—as a rule—do not bother the small "independent operator," hoping that their members themselves may some day be one. Increasing the minimum national wage to one dollar will probably exempt a small operator or storekeeper. This could be an advantage to the small manufacturer with lower overhead and fewer employees.

Importance of Personal Service

I forecast that some people will always want personal attention from specialists whom they know and trust. I believe in pensions, modern factories, and air conditioning, but these things will not take the place of personal attention by interested employees. People like attention; they want to deal with owners of a business whom they know and trust. Most employees are today missing a great opportunity to become truly interested in the success of the business in which they are employed.

The increasing congestion of automobiles (due to the dumbness of local city governments in not providing employers with sufficient off-street parking lots), is causing many families to move to other areas to get work. The parking nuisance, however, will give young businessmen an opportunity to call at homes and take orders for goods. More business will be done in the evenings. "Wagon-peddlers" will increase in number and usefulness. I forecast that the cycle of the past 100 years from family-owned little businesses to big corporations will gradually reverse and return to small specialty factories.

Lessons From Abroad

Every time I go to Europe I am impressed by the number of families who live on their business and are thus able to give "24 hour" service. Were I a young man and had a good wife, this is the way I would start, instead of working for a big company. Or, better still, I should try working for, *and some day* own, a small-town newspaper! I surely would go into some form of merchandising or advertising where I could use new ideas and be an individual, and not get into a labor-union rut. A small manufacturer or shopkeeper, however, willing to work and having a good turnover, need not fear sudden changes and new methods. Many of them can work to his advantage if he will attend to his trade.

Joins Union Securities Corp. Trading Dept.

Union Securities Corporation, 65 Broadway, New York City, announced that Laurence C. Keating has become associated with the firm in its Corporate Trading Department. He formerly was with Wood, Struthers & Co., Alex. Brown & Sons and Hirsch & Co.

Orion Morris Joins First Boston Corp.

CHICAGO, Ill. — Orion Morris, formerly Second Vice-President of the Continental Illinois National Bank & Trust Co., joined The First Boston Corporation in its Chicago office, 231 South La Salle Street, as Assistant Vice-President in the government securities department.

Morris F. La Croix

Morris Felton La Croix, partner in Paine, Webber, Jackson & Curtis, Boston, passed away July 28 after a short illness at the age of 67. Following his return to the United States after serving during World War I, Mr. La Croix joined Paine, Webber & Co., becoming a partner in 1926.

Blyth Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Robert C. Fox, Jr., is now connected with Blyth & Co., Inc., 215 West Sixth Street.

Grounds for Limiting Scope of Accelerated Tax Amortization

By HON. GEORGE M. HUMPHREY*
Secretary of the Treasury

Sec'y Humphrey, while not urging repeal of the laws which allow accelerated amortization for income tax purposes of the cost of certain "emergency facilities," recommends that, as a result of studies now being made by the Defense Mobilization Board, the allowances be reduced. Calls the accelerated tax write-off "an artificial stimulus of a dangerous type." Says the very existence of the accelerated amortization program can lead to construction of facilities deliberately colored to meet supposed defense needs.

I welcome this opportunity to appear before you and to express the point of view of the Treasury Department on the provisions in our tax laws which allow accelerated amortization for income tax purposes of the cost of certain "emergency facilities."

George Humphrey

I want to make it clear that I am not urging repeal. Final decisions on the scope of the program should not be made until the studies now being made by the Defense Mobilization Board have been completed. I wish at this time simply to make certain suggestions which I believe should be carefully considered in any study of the matter.

The "crash" defense program which was initiated in connection with the Korean War has been substantially completed.

Emergency amortization served a useful purpose during the early phases of rebuilding and expanding defense plant capacity to meet that emergency. However, the accelerated tax write-off is an artificial stimulus of a dangerous type. Its indefinite continuance involves the very real danger that interests receiving the benefits of it come to rely upon to the detriment of others who are not so favored. A defense mobilization program on a substantial scale may be essential for years to come. Expansion of our defense facilities should be an integral part of our broad, orderly, long-range, natural economic growth. Our basic defense capacity cannot soundly be separated from the broad base of productive capacity in general on which our nation relies for its economic strength. Artificial stimulants may well become artificial controls. Because this one is not of universal application but is bestowed only upon some who especially qualilfy as against others who do not, it could become a hindrance to sound, balanced, vigorous growth of our whole free economy. It is not the American way.

Moreover, I think it important to remember, in any consideration of the problem, that several recent changes in the tax laws have substantially altered the tax picture which existed when accelerated amortization of emergency facilities was first adopted. Then we had an excess profits tax which took up to 82% of the profits from corporate business, and thereby tended to discourage large expenditures for new plant facilities. That tax was repealed as of Jan. 1, 1954. The new liberalized depreciation methods under the 1954 Internal Revenue Code now permit faster capital recovery by all taxpayers equally and meet the basic needs of the whole economy. This reduces the need for singling out particular taxpayers or particular facilities for more favorable treatment than others receive.

A highly selective program may well have merit if it is strictly limited to very special cases — where there is present and pressing need for goods that would be a "must" in time of war and which cannot be met by present facilities and where Government contribution is necessary to meet those goals. I suggest, however, that the broader the program—the more it extends into areas other than the direct production of goods that are directly needed for war — the more difficult it becomes to administer wisely, without essentially arbitrary or discriminatory results.

Indeed, the very existence of such a program may lead some taxpayers to construct facilities deliberately colored to meet supposed defense need. The tax benefits often could more than absorb the waste and extra expense to the taxpayer—but it hardly would be good for the economy.

The revenue effects of the program are significant. I shall present four statistical tables to the Committee. They have been prepared by the Tresury staffs. These tables will give you the facts, and our estimates of the direct dollar impact of the present program on the revenue. You will note that the estimated revenue loss this fiscal year will be $880 million. With our budget not in balance, this figure gives us serious concern. Extension of the program well may stand in the way of future more general tax reductions for all taxpayers which would be of important assistance to all business and to our continued economic growth and expansion.

The Proper Use of Revenue Laws

Finally, I should like to speak very frankly about this use of the tax laws to further special programs and accomplish purposes other than simply the collecting of taxes. The power to tax is the power to destroy and revenue laws should be used only to equitably raise revenue, not for other indirect purposes. It is dangerous to use the tax laws for social purposes, to favor one citizen or group of citizens over others, to exercise economic controls, or to indirectly subsidize any segment of our economy.

If, in th wisdom of the Congress, such subsidies or assistance to special communities or for special purposes are desired, then appropriations should be made for the purpose which can be submitted to the Congress through regular channels where the amounts will be well known and where the Congress specifically can vote in favor of or in opposition to special treatment for any group. Under this program of tax reduction in special cases, our net revenues can be reduced and our deficits increased without formal action or appropriations by the Congress. This use of the tax laws, where the stimulants are applied by men, not by law, is appropriate only in an emergency or under special conditions under rigid restrictions when usual procedures are inadequate for our protection.

Rapid amortization unquestionably was of real assistance in expediting preparation for the war and still can be useful if limited strictly and exclusively to that end. It induced the investment of large sums of private means for production that was made available under private management far better and far quicker than otherwise would have been obtained. It kept the investment of public funds to a minimum and it left no great burden of public properties to be disposed of when their war purposes had been served.

The Office of Defense Mobilizations has recently requested the agencies that make recommendations to it such as the Departments of Commerce and Interior and the Defense Transport Administration, to review all existing expansion goals with the following points in mind:

(1) Evaluate goals on the basis of defense need. The need for additional expansion shall be quantitatively measured in terms of wartime supply and requirements.

(2) Expansion goals shall be based upon shortages which, in the judgment of the delegate agency, will not be overcome without the incentive of tax amortization.

When the Defense Mobilization Board has completed its review of the program in the light of these criteria, and made its recommendations to the Director of Defense Mobilization, it is expected that the program for the future will be on a proper basis.

This is not critical of the past. Nor is it thought best to abandon the practice entirely. But its usefulness in the future will be greatest for the good of the nation as a whole if from now it is used only sparingly and very rigidly and strictly confined to direct war-requirements applications.

*A statement by Secretary Humphrey before the Subcommittee on Legal and Monetary Affairs of the House Government Operations Committee, Washington, D. C., July 18, 1955.

EFFECT OF ALLOWANCE OF EMERGENCY AMORTIZATION CERTIFICATES

Based on certificates of $30,521 million issued through June 29, 1955

(In millions of dollars)

Calendar Year	Value of completed projects*	Amount subject to accelerated amortization	Normal depreciation†	Accel'd amortiz.	Excess of accelerated amortizat'n	Decrease in tax liabilities‡
1950	700	420	6	21	15	7
1951	4,167	2,500	87	2:2	205	113
1952	9,683	5,810	249	831	582	308
1953	16,000	9,600	463	1,541	1,078	593
1954	22,000	13,200	787	2,280	1,493	747
1955	26,594	15,956	1,132	2,895	1,763	882
1956	28,244	16,946	1,279	2,999	1,720	796
1957	29,479	17,687	1,289	2,633	1,344	605
1958	30,521	18,313	1,279	2,060	781	351
1959	30,521	18,313	1,228	1,383	155	70
1960	30,521	18,313	1,146	743	—403	—181
1961	30,521	18,313	1,080	372	—708	—319
1962	30,521	18,313	1,037	200	—837	—377
1963	30,521	18,313	1,000	63	—937	—422
1964	30,521	18,313	967	0	—967	—435

Office of the Secretary of the Treasury, Analysis Staff, Tax Division. July 18, 1955

*End of year. These estimates are based on the O.D.M. reported figures, but are modified in order to reconcile with corporate amortization deductions for 1951 and 1952.

†Computed on the basis of a straight-line rate of 6%, assuming that all certificate holders use the declining-balance method at 200% of the straightline rate for assets acquired after Jan. 1, 1954, switching to straight-line when it becomes advantageous.

‡Effective tax rates reflecting rate decrease scheduled under present law.

EFFECT OF ALLOWANCE OF EMERGENCY AMORTIZATION CERTIFICATES

(In millions of dollars)

Fiscal Year	Decrease in tax collections	Fiscal Year	Decrease in tax collections
1951	4	1959	370
1952	77	1960	87
1953	266	1961	—167
1954	569	1962	—310
1955	776	1963	—374
1956	880	1964	—420
1957	810	1965	—434
1958	625		

Office of the Secretary of the Treasury, Analysis Staff, Tax Division. July 18, 1955

TAX AMORTIZATION APPLICATIONS AND CERTIFICATES

(Money figures in millions of dollars)

Period*	Applications filed during period† Number	Applications filed during period† Value	Certificates issued (net) during period†‡ Number	Certificates issued (net) during period†‡ Value	Certificates outstanding at end of period‡ Number	Certificates outstanding at end of period‡ Value
1950	1,014	3,923	149	1,330§	149	1,330§
1951	15,909	23,161	5,322	10,104		
1st quarter	6,941	12,695	788	3,040§	937	4,370§
2nd quarter	4,030	5,566	1,385	3,135§	2,322	7,505§
3rd quarter	2,853	2,628	1,767	1,805§	4,089	9,310§
4th quarter	2,085	2,272	1,382	2,124§	5,471	11,434
1952	7,036	8,101	9,544	12,649		
1st quarter	2,517	2,924	3,267	5,375§	8,738	16,809§
2nd quarter	1,802	2,073	3,350	4,225§	12,088	21,034§
3rd quarter	1,417	1,559	1,913	1,825§	14,001	22,859§
4th quarter	1,300	1,545	1,014	1,224§	15,015	24,083
1953	3,426	5,765	3,617	4,942		
1st quarter	1,022	1,355	1,176	1,599	16,191	25,682
2nd quarter	1,108	1,844	1,235	1,627	17,426	27,309
3rd quarter	664	1,503	681	830	18,107	28,139
4th quarter	632	1,063	525	886	18,632	29,025
1954	1,500	2,643	756	635		
1st quarter	374	736	359	477	18,991	29,502
2nd quarter	434	609	—107	—568	18,884	28,934
3rd quarter	375	917	282	678	19,166	29,612
4th quarter	317	381	222	48	19,388	29,660
1955						
1st quarter	370	920	223	372	19,611	30,032
2nd quarter	660	3,012	350	489	19,961	30,521

Office of the Secretary of the Treasury, Analysis Staff, Tax Division. July 18, 1955
SOURCE: Office of Defense Mobilization.

*Based on bi-weekly progress reports that may not coincide exactly with calendar years or calendar-year quarters.

†Derived from cumulative data which reflect revisions, adjustments, and amendments; decumulated data for certain periods may reflect revisions pertaining to other periods.

‡Data reflect the net effect of certificates issued and canceled; cumulative data reflect revisions, adjustments, and amendments.

§Rough approximaticns.

EFFECT OF ALLOWANCE OF EMERGENCY AMORTIZATION CERTIFICATES

Based on certificates of $30,521 million issued through June 29, 1955

(In millions of dollars)

Calendar Year	Value of completed projects*	Amount subject to accelerated amortization	Normal depreciation† Straight line	Normal depreciation† Declining balance	Accelerated amortization	Excess of accelerated amortization Straight-line depreciation	Excess of accelerated amortization Declining-balance depreciation	Decrease in tax liabilities under accelerated amortization‡ as compared to Straight-line depreciation	Decrease in tax liabilities under accelerated amortization‡ as compared to Declining-balance depreciation
1950	700	420	6	6	21	15	15	7	7
1951	4,167	2,500	87	87	292	205	205	113	113
1952	9,683	5,810	249	249	831	582	582	308	308
1953	16,000	9,600	463	463	1,541	1,078	1,078	593	593
1954	22,000	13,200	684	787	2,280	1,596	1,493	798	747
1955	26,594	15,956	875	1,132	2,895	2,020	1,763	1,010	882
1956	28,244	16,946	987	1,279	2,999	2,012	1,720	931	796
1957	29,479	17,687	1,038	1,289	2,633	1,595	1,344	718	605
1958	30,521	18,313	1,079	1,279	2,060	981	781	441	351
1959	30,521	18,313	1,098	1,228	1,383	285	155	128	70
1960	30,521	18,313	1,098	1,146	743	—355	—403	—160	—181
1961	30,521	18,313	1,098	1,080	372	—726	—708	—327	—319
1962	30,521	18,313	1,098	1,037	200	—898	—837	—404	—377
1963	30,521	18,313	1,098	1,000	63	—1,035	—937	—466	—422
1964	30,521	18,313	1,098	967	0	—1,098	—967	—49[illegible]	—435

Office of the Secretary of the Treasury, Analysis Staff, Tax Division. July 18, 1955

*End of year. These estimates are based on the O.D.M. reported figures, but are modified in order to reconcile with corporate amortization deductions for 1951 and 1952.

†Straight-line depreciation rate assumed is 6%. Amounts shown for declining-balance depreciation assume that all certificate holders use this method for assets acquired after Jan. 1, 1954 switching to straight-line when it becomes advantageous.

‡Effective tax rates reflecting rate decrease on April 1, 1956 scheduled under present law.

Eastern Securities Elects Officers

Theodore Plumridge has been elected President of Eastern Securities Inc., 120 Broadway, New York City, and John P. Germain is First Vice-President.

Theo. E. Plumridge

John P. Germain

J. Jay Schwadron

J. Jay Schwadron, formerly with Burke & Co. for 20 years, has been appointed Manager of the Trading Department for Eastern Securities.

Factors Underlying Premium on Canadian Dollar

July issue of the "Business Review" of the Bank of Montreal finds capital funds flowing into Canada a background for a steady premium on the Canadian dollar.

The July 21st issue of the "Business Review" of the Bank of Montreal, one of the largest Canadian banking institutions, is devoted largely to a discussion of the position of the Canadian dollar, and the continuance of a steady premium on Canadian exchange in relation to the U. S. dollar. After noting certain shifts in the Canadian balance-of-payments and other developments in the domestic economy, the article offers some interesting comments regarding the impact of new capital investment from abroad on Canada's foreign exchange situation:

According to the article:

"It is now five years since the commencement of the upsurge in direct investment from abroad. The average annual inflow during the period 1950 to 1954 inclusive has been $336 million compared with an average of $67 million in the years 1946 to 1949. In addition to the supply of new capital since 1949, some $264 million annually, representing mainly retained earnings from existing facilities, has also been added to the value of foreign investment in Canadian subsidiary companies. The total book value of such investtment has in fact risen by more than 80% from $3.6 billion at the end of 1949 to $6.6 billion at the close of last year.

"Yet despite the rapid growth in direct investment held by non-residents, and despite an expansion during the same period of $1 billion in foreign portfolio holdings of Canadian securities, the annual remittance of interest, dividends and profits abroad is actually lower than in 1950. Part of the explanation for this apparent anomaly lies, of course, in the substantial degree of profit retention. A second important factor is the inevitable lag between the construction of new productive facilities and their profitable operation. An outstanding example of this is the Quebec-Labrador iron fields, extensive development of which commenced in 1951 but which are not scheduled to reach the target production of 10 million tons per annum until 1956.

"For most industrial ventures, however, the interval between initial investment and profit return is not as long as in the case of the iron-ore project and there are signs that profit remittances to parent companies abroad may once again be on the rise. During the six months ended March 31, 1955 total payments of interest, dividends and profits amounted to $278 million compared with $222 milllion in the corresponding period a year earlier. A change of this magnitude is more than can be accounted for by the rise in external portfolios of Canadian securities and part of the increase must therefore be attributed to large profit transfers.

"Aside from its delayed impact in respect of income payments, the capital inflow of the past five years has generated a number of changes in the field of merchandise trade. On one hand, it has been accompanied by a movement into the country of machinery, equipment and skilled personnel, all of which have involved increased foreign exchange requirements. On the other hand, as the new industrial facilities have reached the production stage they have in some cases, such as petroleum, reduced Canada's dependence on imports and in others, such as mining and pulp and paper, increased the volume of exports.

"These direct results of foreign investment cannot be segregated from the broad and possibly more important developments in Canada's international transactions arising from the strength of external demand and the inherent growth of Canadian production and income. But the fact remains that the rise in outpayments of interest, dividends and profits has coincided with a marked improvement in Canada's export trade. As adjusted for balance of payments purposes, total merchandise exports in the first three months were up 11% over a year earlier, much of the increase occurring in shipments of mineral and forest products. With imports only 4% higher in the same comparison, Canada's net balance of merchandise trade improved to the extent of $59 million over the same period last year.

"It is axiomatic that this export upturn could not have taken place without a rise in external demand, particularly in the United Kingdom which accounted for most of the increase in sales. Nevertheless, given strength of demand there must also be the capacity to meet it, and there can be little doubt that, with many of the expansion projects of the past few years reaching the productive stage, Canada's export capacity has been enlarged considerably of late and should continue to increase in the years ahead.

"These considerations are pertinent to an appraisal of the Canadian dollar. At the same time, however, it must be recognized, that, in the short run at least, the large fluctuations that can occur in capital movements are likely to have a determining influence on the exchange rate. Yet this influence, while it may be determining, is almost indeterminable. The flow of interest-bearing capital, as shown by recent experience, is hightly sensitive to international differences in interest rates, changes in which can seldom be foretold with any degree of precision, Moreover, recent experience has also shown that even with a marked reversal in the movement of this type of capital, the effect on the exchange rate may to some extent be negated by the flow of equity funds. If there is any conclusion to be drawn from recent trends, it is that the stability and continued premium of the Canadian dollar is the product of opposing forces, first and foremost among them being the apparently undiminished attraction of Canada as a field for foreign investment."

G. E. Slezak With Milwaukee Company

MILWAUKEE, Wis.—Joseph T. Johnson, President of The Milwaukee Company, 207 East Michigan Street, members of the Midwest Stock Exchange, has announced that G. Edward Slezak has become associated with his company as a Vice-President.

Mr. Slezak started in the investment business in 1928 with C. F. Childs & Co., government bond specialists. He was with Loewi & Co., from March, 1939, until his new connection, which is effective Aug. 1. He is a past member of the District Committee of the National Association of Securities Dealers and is a member of the Board of Governors of the Midwest Stock Exchange and a member of its Executive Committee. The Milwaukee Company is a member of the Midwest Stock Exchange and has branch offices in Chicago, St. Paul, Madison, Green Bay, Racine and Wausau.

With Barrett Herrick

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—Glenn M. Sherrod is now with Barrett Herrick & Co., Inc., 418 Locust Street. He was formerly with Waddell & Reed, Inc.

Joins Redden Staff

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—George T. Diehr is now associated with Redden & Company, 812 Olive Street, members of the Midwest Stock Exchange.

Some Stock Dividend Prospects

By WALTER A. SCHMIDT

General Partner, Schmidt, Poole, Roberts & Parke
Philadelphia, Pa.

Mr. Schmidt, holding investors in the higher income tax brackets should be more interested in stock than in cash dividends, lists seven companies which have issued or are likely to declare dividends in stock.

For persons in the higher income tax bracket, the need of cash income is quite of secondary interest compared with stock dividends which are tax-free until sold, after which time they come within the category of capital gains. There are several companies within the food, oil and utility industries which pay small cash dividends and regular stock dividends which have real appeal to me. I refer to the accompanying list which are among those companies who pay their dividends in this manner.

Walter A. Schmidt

Among those shown in the table, the outstanding performer of this plan is the Sun Oil Company common stock. In 1950 and 1951 they paid 10% in stock dividends; in 1952 and 1953, 8% and in 1954, 5 shares for 4 shares which was 25%. Their stockholders have seen their number of shares double in approximately 8 years' time.

Companies like Philadelphia Suburban Water and Thorofare Markets paying 5% stock dividends should provide holders double the number of shares in about 15 years; Gulf Oil and Penn Fruit paying 4% should double the number of shares in about 18 years; and Food Fair and Citizens Utilities paying 3% should double the number of shares in about 24 years.

Each year that a stockholder receives these stock dividends, it produces the effect of writing down their costs to that extent. This program requires patience on the part of stockholders but over the years it proves of great value and is a very easy idea to sell to investors of substantial means.

Company	Approx. Market	Dividends (Plus Stock)		Yield
Food Fair	61¼	$1.00 + 3%	=	1.63% + 3%
Penn Fruit	29½	.35 + 4%	=	.87% + 4%
Citizens Utilities	16½	.48 + 3%	=	2.90% + 3%
Thorofare Markets	24	.40 + 5%	=	1.66% + 5%
Phila. Suburban Water	36¼	.50 + 5%	=	1.37% + 5%
Gulf Oil	87½	2.50 + 4%	=	2.85% + 4%
Sun Oil Co.	74	1.00 + var.	=	1.35% + ?6%

With Marache, Dofflemyre

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Albert O. Nelson is with Marache, Dofflemyre & Co., 634 South Spring St., members of the Los Angeles Stock Exchange. He was formerly with First California Company.

Fusz Schmelzle Adds

(Special to The Financial Chronicle)

ST. LOUIS, Mo.—E. Theodore Boll is now connected with Fusz-Schmelzle & Co., Inc., Boatmen's Bank Building, members of the Midwest Stock Exchange. Mr. Boll was formerly with Newhard, Cook & Co. and Slayton & Company, Inc.

Stock Market Seminar

A group of Chicago's future capitalists, students from Jones Commercial High School who were members of the first "Stock Market Seminar" in the offices of Arthur M. Krensky and Co., Inc., Chicago stock brokerage firm, are shown here with Arthur M. Krensky, President (second from right) and Alfred J. Betar, Vice-President (far right). The seminars are designed to supplement classroom education by permitting students to see for themselves how investment in American business is handled. The student seminars being handled by the Krensky firm are believed to be the first ever initiated by a Chicago brokerage firm.

I. B. A. Offers Correspondence Course in Investment Banking

Immediately following the conclusion of World War II the Education Committee of the Investment Bankers Association of America developed a course in the Fundamentals of Investment Banking which was offered through the Group Education Committees of the I. B. A. on a classroom basis. Approximately 2,500 employees of member firms benefited from the training that was provided through the cooperation of more than 20 universities and colleges throughout the nation. At the present time, however, such classroom courses are being offered in only a few of the larger cities.

To make available in all parts of the country a comparable training program in the Fundamentals of Investment Banking the Education Committee selected The University of Chicago, an institution that has an outstanding record for correspondence work offered in many fields, to prepare the course described in this folder.

The objectives of this training program, briefly stated, are as follows:

1. To familiarize the student with the manner in which business enterprises obtain their funds for plant, equipment, and working capital and to acquaint the student with the characteristic features of the various types of bonds and stocks.

2. To familiarize the student with trends affecting the availability of funds to business enterprises and the types of investors who are in a position to supply these funds.

3. To outline the investment banking functions performed by the industry in channeling savings from the saver to the user, including a consideration of how investment firms are organized to perform these functions.

4. To assist the student in developing judgment in determining securities values through financial statements and other available data in order that the student may be in a better position to advise clients with respect to the suitability of particular issues for their portfolios.

5. To aid the student in determining and understanding those factors that influence the level of business and to guide him in adapting investment policy to these fluctuations.

6. To acquaint the student with the principal financial problems faced by corporations, including determination of income, depreciation policy, dividend policy, refinancing and reorganization, and the effects of decisions in these areas upon the investor in corporation securities.

7. Finally, to broaden the student's understanding of the whole field of finance in order that he may be able to render a more effective service to the investment community and the investment banking business.

* * *

Correspondence study has certain advantages: Because the course is constantly available the trainee may begin his study at any time rather than waiting perhaps months for the opening of a classroom course. He may progress at a pace suited to his ability and convenience. The registrant is required to prepare in writing the answers to the questions and problems on the subject matter of each lesson. He is encouraged to correspond with the instructor on a person-to-person basis—he reecives individual attention.

* * *

The New York Stock Exchange will accept the course in partial satisfaction of the requirements necessary to qualify individuals as registered representatives.

REGISTRATION

Registrations are accepted at any time. In order to enroll, fill out the *Enrolment Form* and send it with the full tuition to the Home-Study Department, The University of Chicago, 1375 East Sixtieth Street, Chicago 37, Illinois. Check or money order should be made payable to "The University of Chicago."

Tuition is $45.00 and must accompany the *Enrolment Form*. Stationery and postage on lessons both to and from the instructor are supplied by the student. For cost of books, see "Text Material."

Although specifically designed for employees of member firms, the course is available to the public.

This course is available to armed forces personnel through the United States Armed Forces Institute. Applicants interested in qualifying under the USAFI program should write to the Home-Study Department of the University of Chicago.

Because the number of eligible veterans who currently qualify under the provisions of Public Law 346 and Public Law 16 is small, the University contract with the Veterans Administration has been discontinued.

This course is *not* available under the provisions of Public Law 550, applicable to veterans of the Korean War.

Address inquiries for further information and requests for additional *Enrolment Forms* to: Educational Director, Investment Bankers Association of America, 425 Thirteenth Street, N.W., Washington 4, D. C.

OUTLINE OF THE COURSE
FUNDAMENTALS OF INVESTMENT BANKING

PART ONE—*The Financing of Business Enterprise.*
1. The Contribution of Investment Banking to the Financing of Business Enterprise.
2. Sources of Corporate Funds—Stocks.
3. Sources of Corporate Funds—Bonds.
4. Sources of Short-term Funds.
5. Interest Rates and the Cost of Funds.

PART TWO—*Security Analysis.*
6. Financial Statements and their Interpretation (I).
7. Financial Statements and their Interpretation (II).
8. The Analysis of Public Utility Securities (I).
9. The Analysis of Public Utility Securities (II).
10. The Analysis of Railroad Securities (I).
11. The Analysis of Railroad Securities (II).
12. The Analysis of Industrial Securities.
13. The Analysis of United States Government Securities.
14. The Analysis of Municipal Securities.
15. *a* The Analysis of Foreign Securities.
    b The Analysis of Real Estate Securities.
16. The Analysis of Investment Company Securities.
17. Corporate Stocks as Investments.
18. The Business Cycle and Security Prices.

PART THREE—*Problems in the Financing of Corporations.*
19. Dividend Policy.
20. *a* Mergers and Consolidations.
    b Holding Companies.
21. Refinancing and Reorganization (I).
22. Refinancing and Reorganization (II).

PART FOUR—*The Marketing of Securities.*
23. Origination and Distribution of New Issues (I).
24. Origination and Distribution of New Issues (II).
25. The Securities Exchanges.
26. The Over-the-Counter Markets.
27. Governmental Regulation of the Securities Markets.

PART FIVE—*Investment Policy.*
28. Investment Policy for Individuals.
29. Investment Policies of Commercial Banks and Trust Companies.
30. Investment Policies of Insurance Companies.

Says Inflationary Danger Persists

August issue of "Monthly Bank Letter" of the First National City Bank of New York poses question whether a wage-price spiral may create a temporary inflation of demand, followed inevitably by a reaction.

After summarizing "a rosy picture of business at mid-year," the August issue of the "Monthly Bank Letter," publication of the First City National Bank of New York, calls attention to dangers which may lie in the months ahead. "A pattern of sizable wage increases is under way," the "Monthly Bank Letter" points out, "and wage and salary disbursements are on the rise, with industrial costs and prices being pushed upward. Business comment is increasingly directed to the dangers that are implicit in these developments and the market expectations aroused by them."

Continuing, the "Monthly Bank Letter" comments:

"It is recognized that there are some counter influences. To help absorb higher wage costs businessmen will call as in the past upon design and engineering for more economical processing, labor-saving equipment, and generally improved efficiency. Some scarcities of goods, materials and labor have appeared, but they are fortunately few. Competition presses on prices in many markets and keeps buyers price conscious. Under strongly competitive conditions each business tends to keep its price increases to a minimum and accept some squeeze on profit margins. Businessmen in their own self interest cannot advance prices beyond what their customers are willing to pay. Furthermore, no marked rise in farm and food prices seems in prospect, which will help hold the cost of living against the inflationary influences.

"Reassuring as these considerations may be, however, the pressure for higher manufactured goods prices and the stimulus to inventory buying are indisputable. The swings of inventory, upward and downward, contribute heavily to business fluctuations. In 1949 and again in 1953-54 they were powerful influences in both boom and recession. To minimize excessive inventory accumulation, both prudent business management and appropriate public policies, particularly in the monetary area, are necessary. A continuing boom without continuing credit expansion would be impossible. The current Federal Reserve policy of mild money market restraint, together with the government action late last month in moderately increasing down payments and shortening maturities on Federally guaranteed or insured mortgages, are evidence that the authorities are watching the situation closely."

Continued from page 2

The Security I Like Best

Growth records of total life insurance in force are also interesting and follow:

1954	$15,375,000,000
1953	14,119,000,000
1952	12,638,000,000
1951	11,387,000,000
1950	10,516,598,000
1949	9,538,832,000
1948	8,944,705,000
1947	8,164,208,000
1946	7,360,070,000
1945	6,566,368,000

The above shows about a 234% increase for the 10-year period or about 23% per year.

Earnings per share in this 10-year period have increased even more spectacularly—namely a little more than 1,000% or at the average rate of 100% per year of the 1945 earnings. Earnings on the new outstanding stock for 1945 and 1954 were as follows: 74.96 cents per share in 1945 and $7.52 per share in 1954.

The investment policies of this company are considered by competent observers to have been more conservative than the average.

Dividends have also been increased generously as shown by the following:

Total Cash Dividends Per Year	
1954	$7,600,000
1953	6,800,000
1952	5,600,000
1951	5,600,000
1950	5,600,000
1949	4,400,000
1948	4,400,000
1947	3,600,000
1946	3,600,000
1945	3,600,000

While earnings today are about 10 times those of 1945, the stock is selling today at about five times its 1945 price.

Recently the stock was split 20 for one and a 25% stock dividend was declared thus effecting a 25-for-one stock split. This new stock is selling at about $115 per share, and the present price should create more demand among investors who would hesitate to pay over $2,000 a share for the old stock.

This stock traded in the Over-the-Counter market, should appeal to investors desiring capital gains rather than large current income. 1954 dividends were at the rate of $.76 per share on the present stock, but it is believed dividends will be increased shortly on the present new stock.

The combined assets of the four Travelers companies with intercompany items eliminated were $2,828,435,036 on Dec. 31, 1954.

Pacific Far East Line 1st Pfd. Stock Offered

A. G. Becker & Co. Inc., Chicago, Ill., headed an underwriting group which on Aug. 2 offered 80,000 shares of Pacific Far East Line, Inc., cumulative first preferred stock, $25 par value, 5¼% convertible series of 1955, at a price of $25 a share, and 160,000 shares of $5 par value common stock, priced at $10 a share. Of the common stock, 60,000 shares are being sold by a stockholder, The Chicago Corp.

The company's portion of the proceeds will be used in part to retire a small issue of junior preferred stock and the balance will be added to working funds. Pacific Far East Line operates regular ship service between San Francisco and various ports of the Orient.

From Washington Ahead of the News

By CARLISLE BARGERON

It is probably just as well that there is not a Congressional election this year because a lot of the members might not come back. The outstanding accomplishment of the legislative body seems to have been raising its salaries 50%, from $15,000 a year to $22,500. That's a sizable raise for anybody at any time. No only that, but the Senators feeling their oats, voted in the closing stages to raise the salaries of Senate and their own employees by $3,000 a year, to increase their stationery and telephone alowances and to provide transportation expenses for two of their employees back to their homes for the recess and their return to Washington in January.

Carlisle Bargeron

On top of this, funds were appropriated not only for an additional Senate office building but some $8,000,000 was voted to enlarge the Capitol itself for the only reason, apparently, that the dome would be in the center. All these years it has been where it is and the thousands of tourists who flock to Washington every spring and summer have never complained that it was off center. It is not a question of needed additional space because the new and additional Senate office building should take care of that for decades to come.

Inspired by the big mindedness of Congress, the executive branch in the last days of the session moved to get substantial increases for its officials. They got a healthy increase under Truman. Dewey, thinking he was in the Presidency in 1948, promised substantial increases all around in order to surround himself with better talent. Truman won but cashed in on the ground broken by Dewey by not only getting increases for the executive branch's talent but for himself as well.

There has been a strange silence over the handsome increases the Congress voted itself, for its quarters and employees. Indeed, one of the main champions of its voting itself an increase was Walter Reuther and the CIO. Certainly it behooved no one in Congress to raise his voice when Reuther subsequently got what he calls a Guaranteed Annual Wage from General Motors and Ford, or when he attempts to apply the same agreement to other auto companies. Everybody, it would seem, is living high on the hog with Congress, instead of setting a lesson in restraint, taking the lead.

But notwithstanding this silence, there are throughout the country young and ambitious lawyers, some of whom have served as prosecuting attorneys or county judges, who have their eyes on a Congressional seat and are working up their indignation over the salary increase which Congress has voted itself. You can bet it would be an effective issue in a rural or urban district where a salary of $22,500 a year with prerequisites is far and few between. It may lose its effectiveness a year from now. It is a good thing, though, for the incumbents that the election is not this year.

Contrast this nobility toward itself with the action of Congress on the highway legislation. The President submitted a plan of modernizing the nation's highways which had been worked out by a committee of outstanding men over many months. It had the support of all the state highway officials of the country and all except three or four of the State governors. But the Democrats in both Senate and House decided this was too much of an accomplishment to let the President have.

They insisted upon their own bill. In the Senate they passed a token measure and in the House Speaker Rayburn grandiosely moved to perfect it. He evolved a plan whereby the highway program would be carried out with increased taxes on gas, oil, heavy truck tires and the stuff that goes into retreads. He persuaded the House Ways and Means Committee to forego its jurisdiction over tax legislation and ordered the Democrats on the House Public Works Committee to write the taxes into its highway bill, an unheard of procedure.

But then when the bill got to the House floor he could not hold his Democratic followers. They carried out his orders to the extent of killing the President's plan and then killed the whole bill.

In this the White House and Republican leaders were far from blameless. Within the Administration were men who counselled acceptance of the Democratic plan. But House Republican leaders were insistent upon making a fight for the President's plan even though they knew that if they succeeded it could not get through the Senate and there would be no highway legislation at this session.

The day after the debacle the President issued a statement urging the House to reconsider its action. He said differences over financing the program should not be permitted to stand in its way. Had he made this statement a day earlier the result would very likely have been different.

Joins T. R. Peirsol

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Hugh H. Foss is now with T. H. Peirsol & Co., 9645 Santa Monica Boulevard.

Sutro Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Chester W. Cohagan and Frederick Soder have been added to the staff of Sutro & Co., Van Nuys Building.

Wilbur Barton Opens

SACRAMENTO, Calif.—Wilbur A. Barton is engaging in a securities business from offices at 2012 Richmond Street.

H. C. De Loney Opens

SALT LAKE CITY, Utah—Hyrum C. De Loney has formed H. C. De Loney & Co. with offices in the Beason Building to conduct a securities business.

Mr. Butler's Devaluation Denial

By PAUL EINZIG

Dr. Einzig reports impression Chancellor's earlier denial of devaluation rumors might have saved Treasury millions of pounds of gold used for sterling support. Noting under new thinking devaluation is known under more respectable name of "flexibility." Maintains possibility of pound recovery remains largely theoretical. Concludes in view of emergency sterling defense measures, convertibility remains long way off, and expresses hope that this will give Mr. Butler opportunity to realize present-day conditions call for abandonment of 20-year old devices.

LONDON, England—Chancellor Butler took the opportunity of the debate on his new disinflationary measures on July 29 for making an emphatic denial of the devaluation rumors which have been largely responsible for the weakness of sterling during the past month or so. His critics feel that he might have saved millions of pounds of gold, lost by the Treasury while supporting sterling against the effect of these rumors, if he had issued his denial earlier. But on previous occasions when he was questioned on the subject of changes in the status of sterling his answers were evasive. He said that the Chancellor must have his hand free in matters of currency, and refused to commit himself even to the extent of ensuring Parliament that no change would be made in September when the International Monetary Fund meets in Istanbul. All Chancellors of the Exchequer dearly love being secretive and mysterious, and Mr. Butler is no exception from this rule.

Paul Einzig

Devaluation and Convertibility

In the minds of most people, the idea of a devaluation of the pound is closely linked with the restoration of convertibility. Under the new fashion of thought, devaluation has come to be known under the more respectable name of "flexibility." Instead of accepting defeat, as Sir Stafford Cripps did in 1949 when sterling parity was changed from $4.02 to $2.80, the parity would be maintained, and sterling would be allowed to depreciate to some extent as a matter of routine under the new rules of wider limits to its movements. The difference between this method and outright devaluation is that under devaluation the hope of a return to the previous rate is abandoned, while there would be a possibility that a depreciation of a flexible pound would be followed by a recovery. Under circumstances prevailing in present-day Britain such a possibility would be largely theoretical.

Improvement in Sterling

In the course of his speech in July 26, Mr. Butler emphatically declared that the Government would continue to maintain the exchange parity of $2.80 in existing circumstances, and also after the return to convertibility. The immediate result of this pledge was a noteworthy improvement in sterling. That effect would have been even more favorable if Mr. Butler had repudiated the idea of the floating pound at the same time as disclaiming any intention to devalue. Instead, he made a rather obscure reference to margins between exchange rates discussed in Paris by members of the European Payments Union, adding that the International Monetary Fund already recognized that fluctuation on either side of parity were desirable and permissible. This does leave the door open for some widening of the existing limits of the fluctuations around $2.80. The question is whether the new range will be materially wider than the present margin between $2.78-$2.82. If so, it might mean devaluation under a new name. If the extent of widening is moderate, it would merely amount to a technical change. From this point of view it is encouraging to know that the new O.E.E.C. agreement lays down that fluctuation margins must be as moderate and stable as possible.

What is perhaps even more significant than the denial of devaluation is Mr. Butler's assurance that there would be no convertibility until the British nation has put its house in order. This is merely a repetition of previous assurances. But it assumes a special significance in view of the admission that the position has grown worse and that drastic disinflationary measures have become necessary to put it right. Until now there was a real risk that Mr. Butler's incurable optimism might lead him to a dash into premature convertibility. In view of the emergency measures which had to be taken now to defend sterling, it has become quite obvious that conditions are far from suitable for convertibility.

The Chancellor's remarks rule out the possibility of adopting convertibility as a remedy of despair, to provide an excuse for a simultaneous depreciation of sterling as a means of improving the balance of payments. If there can be no convertibility until domestic conditions in Britain have been put on a sound basis, this rules out a solution under which domestic inflation could be continued at the cost of allowing sterling to depreciate. There would be no need for difficult and unpopular disinflationary measures—such as those announced by Mr. Butler on July 27—if that solution were adopted.

On the basis of Mr. Butler's statement that domestic improvement must precede convertibility, there is no need to take a gloomy view of sterling even if return to convertibility should be accompanied by a widening of the limits of its fluctuations. For, once the disinflationary policy has produced its effect on the domestic situation, the widening of the limits need not mean a depreciation of sterling.

Flexibility Should Be Abandoned

Nevertheless, it would be wise if the Government abandoned for good the ill-advised scheme of flexibility. Sterling would command much more confidence if we knew that any depreciation beyond $2.78 would continue to be resisted to the utmost after the return to convertibility. Those in favor of flexibility belong to the out-of-date school which believes that what was to Britain's advantage in 1931-39 would be to her advantage in 1955. They are as much behind the times as were those responsible for the decision of 1925 to return to the gold standard at the 1914 parity. Today fixed parities are called for, as the only remaining limitation to non-stop inflation. Freedom to change the exchange rate is useful during a period of world deflation, as a means of isolating the country's economy from the downward trend of prices. But in existing conditions it would merely accelerate world inflation. It is to be hoped that the enforced postponement of convertibility will give Mr. Butler and his advisors time to reconsider this matter, and to realize that present-day conditions call for totally different devices from those successfully applied 20 years ago.

John Harder V.-P. of Albert Frank Agency

The election of John W. Harder as a Vice-President of Albert Frank-Guenther Law, Inc., 131 Cedar Street, New York City, national advertising agency, was announced Aug. 2, 1955, by Howard W. Calkins, Chairman of the Board.

John W. Harder

Mr. Harder, an advertising account executive, joined the agency in December, 1953. During World War II he served in the Royal Air Force (British) as a pilot.

Prior to joining Albert Frank-Guenther Law, Inc. Mr. Harder was a Vice-President of Western Newspaper Union, graphic arts distributors and dealers in the United States.

THE MARKET... AND YOU

By WALLACE STREETE

The government's obvious concern over the high level of consumer borrowing made for a big caution sign in the stock market this week and, while it didn't set off any great deluge of selling, nevertheless prices were mostly on the laggard side even, in some cases, in the face of good news.

What's Ahead?

The net effect was to continue the guessing over what's in store for the list in the future. July was only partly encouraging to the bullish side. Industrials did succeed in reaching a new high and utilities, after a long lag, were able to give minor confirmation to this uptrend indication. Rails, however, continue to lag with determination, and left the way open to whether the two-day splurge to a new quarter century high late in June, by a matter of not even two full points, was a valid "confirmation." The average retreated after this brief sojourn and hasn't threatened the peak seriously since.

* * *

It had been thought, particularly since so many of the Blue Chips had worked their way down to or below a 3% yield, that the bargain hunters would have to turn to the carrier section for their next interest in higher-yielding issues of quality. Yet the average has held in a 10-point range since early in April. Lately the threat has been of breaking out of the range on the downside, which would definitely chill sentiment.

An Above Average Rail

Few of the market commentators have been scouting among the rails to any great extent for new recommendations and the few that have been doing so have been most impressed by the snapback made by Louisville & Nashville from the strike of April and May which was sufficiently robust so that earnings for the half year ran comfortably above the similar results last year. The stock has been able to stand out on above average strength when timid demand turned to the rails generally.

* * *

For the industrial average the pattern was again one of a trading range lasting for quite a few sessions. It, too, is a rather narrow band of less than 15 points with even the selling that started off this week posing no serious breakout threat for the lower limit. In the face of this restricted action, what concentrated buying there was leaned toward special situations and made for markets that were largely narrow, dull and highly selective.

More Merger Rumors

Mergers continued to provide as fruitful a field as anything else around. The many combinations—largely in the rumor stage—that had a bearing on market action included Chrysler-Electric Auto-Lite, Lowensten-Reeves Brothers, Melville Shoe-Edison Bros. Stores and Georgia Pacific Plywood-International Paper. One or other of these combinations could usually be counted on to show life except that Chrysler and Auto-Lite had a joint runup in one session that not only lifted both into new high ground, but helped turn the entire market from its irregular path.

* * *

Dividend action resulted in somewhat mixed consequences. Where a raise had been generally expected, as in the case of General Motors, there was little market elation. It was ironic, consequently, that on the stock splitup news, which in itself is largely meaningless, GM soared a dozen and a half points but did little on the dividend which is, or should be, a real development.

Dividend Hike Developments

Allegheny Ludlum Steel, on the other hand, was showing disappointment with a dividend hike that came only to an indicated dime quarterly despite rather widespread expectations that there was plenty of room for larding it with either a subsequent extra or even another raise. Chicago Pneumatic Tool, however, was bought when it not only raised the rate but added an extra. In short, expectations are high and chagrin is quick to appear at this stage of the market.

* * *

How much of the "chagrin" actually is the old habit of selling on good news is, of course, impossible to determine. That there is some such automatic selling seems assured and even in such a case as Reynolds Metals, which fulfilled expectations by voting a 5-for-1 splitup, it wasn't long before profit-taking appeared to clip the issue for as much as a dozen points in one session.

* * *

Most any stock that has forged well past the 100 line is automatically a split candidate, apparently. One of the more crucial meetings at which such action is expected is that of Standard Oil of Jersey today. With the market in what could be described as a delicate condition, the high hopes built up around specific issues set up psychological minefields which could alter at least the near-term course of the market and consequently have to be watched with a concentration that is out of proportion to the actual meaning of the action.

ATT Financing Delay

There is some hint that the reluctance of American Telephone directors to get on with the specifics of floating the latest, and biggest debenture issue of some $650,000,000 is tied in with uncertain market action. It was Telephone that was given a good share of the credit for starting the market break of 1946, when the first of the postwar debenture issues was greeted dourly and the entire market turned down with conviction in tune with Telephone. Even this week, the purely routine action of filing the registration statement on the financing, without indicating the timing or terms, was enough to give the stock one of its harder one-day setbacks. There certainly was no surprise element to shock the holders, nor anything revealed that called for a reexamination of their position in the stock.

[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.]

Railroad Securities

Alleghany Corporation

One of the most unusual court decisions which has hit Wall St. and the brokerage fraternity in many years, and which has attracted more than average interest, is the recent refusal of the U. S. District Court, sitting in New York City, to vacate a temporary injunction restraining Alleghany Corp. from completing its preferred stock exchange plan. A hearing was held Monday of this week on Alleghany's petition to Judge Harlan of the U. S. Supreme Court to vacate the injunction. No decision in the matter had been made at this writing.

The decision of the District Court came as a surprise and something of a shock to the company's stockholders, and Wall St. analysts generally, considering the fact that the proposed issue of new 6% convertible preferred stock (offered in exchange for the old $5.50 preferred), had been (1) approved by holders of over 97% of company's common stockholders; (2) approved by the Interstate Commerce Commission after a thorough and exhaustive consideration of all the facts in the case, and (3) approval by holders of over 97% of the company's $5.50 preferred stockholders. That a minority stockholder holding only .002% of the company's 4,637,797 shares of common stick outstanding can thwart the will and desires of such a large majority of the company's stockholders has not a few lawyers and analysts shaking their heads in wonder and bewilderment.

Alleghany Corp. has had a long and interesting history. It was originally formed by the late Van Sweringen Bros. back in 1929, primarily as a holding company to invest in railroad securities. Large interests were acquired at that time in Chesapeake & Ohio, "Nickel Plate," Erie, Pere Marquette, Missouri Pacific, Great Northern, Kansas City Southern and other railroads. With the severe shrinkage in security values in the early 1930's company sought a reorganization in 1934 under Section 77-B of the Bankruptcy Act. Subsequently, or in 1937, Robert R. Young and Allan P. Kirby acquired control of the company. From then on, the new interests through sound progressive management, judicious investments and with the help of rising markets, achieved remarkable results in rehabilitating the company's finances, reducing debt, simplifying the complicated capital structure, and steadily increasing the company's assets and the net asset value of the preferred and common shares outstanding. 1950 was something of a mile-stone in the company's history, for that year marked the elimination of the huge capital deficit ($70 million) inherited by the present management, in 1937. By 1944, all of the $76.4 million of Coll. Trust 5s had been eliminated, and debt today is down to only $21.5 million. Substantial blocks of the old $2.50 prior preferred and $5.50 preferred stock were acquired by the company. Whereas the common stock at the 1938 year-end was $99 million "under water," or to the tune of by March 19, 1954 had a net asset value of $1.48 per share.

At the 1954 year-end, company announced a plan for eliminating the remainder of the 136,744 shares of $5.50 preferred stock outstanding, through an offer to exchange 10 shares of a new 6% convertible preferred stock ($10 par value) for each share of the $5.50 preferred. Following approval of the plan and the new preferred stock by the ICC on June 22, 1955, company through its financial agent distributed about 900,000 shares of the new 6% preferred, but the opposing stockholder group managed to obtain an order from the District Court restraining company from issuing an additional 400,000 shares, and transferring the shares already distributed. By a 2-to-1 decision, the District Court on July 21 refused to lift the restraining order, and as a consequence company has been severely handicapped in proceedings with its normal business. Also, holders of the company's $5.50 preferred and new 6% preferred are "suspended in mid-air," as it were, pending final adjudication of the litigation.

It might be noted in passing that consummation of the plan, in the opinion of the vast majority concerned, would materially improve the position of the common stock and its net asset value. The healthy advance in market value of the common stock, when it became apparent the plan would be successful, was ample testimony to that fact.

Of special interest to analysts and followers of this litigation was the strong dissenting opinion of Judge Hincks, the able jurist who many railroad analysts may recall had jurisdiction over the "New Haven" reorganization, and who has had much experience with railroad matters. Judge Hincks, among other things, pointed out . . . "The extraordinary and drastic remedy of injunction is not the product of a slot machine into which any disgruntled stockholder can insert a nickel. It does not issue in every case as of right merely to preserve the status quo pending final determination of the merits. Nor is its function merely to support hopes or malice. It issues only at the discretion of the chancellor on a showing of irreparable injury. And that injury must be more than a vague statement of a remote and contingently potential harm." Also . . . "I am not so much concerned by the possibility that the proposed stock issue may in the long-range future turn out to be disadvantageous to the common stock. After all that is essentially a question of business judgment primarily for management which in the normal course minority stockholders must accept. Here management has made its decision and the decision has been affirmed by a large majority of the voting stocks and approved by the ICC."

What the final outcome will be is a matter for the courts to decide. To the ordinary layman it would seem to justice is on the side of Alleghany Corp. and its harried stockholders. A good guess is whatever the outcome of this particular controversy, it will not prevent Mr. Young and his associates from effecting further financial progress and improving the position of the company and its security holders.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED
CAPITALIZATIONS

Ford H. Jones, James E. Ness, Arnold H. Nichols, Stephen P. Pendias, and Jean D. Zutter have been made Assistant Vice-Presidents of the **Irving Tiust Company of New York.** Messrs. Nichols, Pendias and Zutter are associated with the bank's International Banking Division. Mr. Jones is engaged in the development of Personal Trust business in the branch offices and Mr. Ness is connected with the Personal Trust Division at One Wall Street. At the same time, James A. Clark, Robert E. Lee, and John D. MacNeary were named Assistant Secretaries. The promotions were announced on July 26, 1955.

* * *

The **Empire Trust Co. of New York City,** commercial bank, plans to move its head office to new quarters. The company, now at 120 Broadway, has leased the entire street floor and the equivalent of three additional floors in the new 27-story air-conditioned office building being erected at 20 Broad Street by General Realty & Utilities Corp. next to the New York Stock Exchange, it is announced jointly by Henry C. Brunie, President of Empire Trust, and Edmund F. Wagner, President of General Realty. The transaction will give Empire Trust 51,000 square feet of space. The lease, for a long term of years, provides the 53-year-old banking house with 20% more space than it now occupies on several widely separated floors at 120 Broadway, where it has been located since 1915. About 6,000 square feet at street level will be devoted to the main banking floor. The entrance will be on Broad Street. The remainder of the first floor, as well as the first lower level and the second-floor space, will house the operating departments. The executive offices will be on the third floor. The second lower level will be given over to vaults and archives. In 1950 the bank moved its uptown office from 580 Fifth Avenue to new quarters at 7 West 51st Street.

* * *

A former New York bank President, Henry A. Patten, died at his home in New York City on July 31, after a brief illness. He was 84 years of age. President of the **Corn Exchange Bank Trust Company** from 1929 to 1932, he had held the post of Senior Vice-President, it was noted in the New York "Times" of Aug. 1, from 1932 until his retirement in 1952. Born in Philadelphia, Mr. Pattern began his business career at 18 in New York as an office boy, the "Times" notes. In part that paper continues:

"Two years later he became a banker, starting as Assistant Cashier of the Astor Place Bank of New York.

"In 1899 the **Astor Place Bank** lost its separate identity and became the first branch of the Corn Exchange Bank. With it and its successor Mr. Patten remained associated for the next 53 years. He managed various branches until named a Vice-President in 1917, a post he held 12 years.

"In May, 1929, the Corn Exchange Bank became a trust company, the name becoming **Corn Exchange Bank Trust Company.** At that time there was a change among the officers. Walter E. Frew moved from President to Chairman of the Board and Mr. Patten was made President and a Director. Three years later, following a second realignment, Mr. Patten became a Senior Vice-President, remaining on the Board of Directors.

"Mr. Patten had also been First Vice-President and a Director of the **West Side Savings Bank;** a Director of the Standard Safe Deposit Company, and Henri Bendel, Inc.

* * *

The promotion of two officers of the **Long Island Trust Company of Garden City, Long Island, N. Y.** to Vice-Presidency positions and the installation of two new officers has been announced by Frederick Hainfeld, Jr., President. All of the officers will assume their new positions at the Long Island Trust Company Main Office in Garden City. W. Howard Lowe and George G. Dean, former Assistant Vice-Presidents, have been promoted to positions as Vice-Presidents. Edmund F. Needham becomes an Assistant Secretary on the official staff and Charles Bochart, Assistant Trust Officer. The promotions are effective immediately. Mr. Lowe became associated with Long Island Trust Co. in April, 1944, as Assistant Secretary. His banking banking career began with the Bank of Valley Stream in 1926. In 1929, he joined the staff of Springfield Gardens National Bank, attaining the position of Cashier, and in 1943 became Vice-President of the Little River Bank & Trust Company of Miami, Fla. Mr. Dean has been with the Long Island Trust for 19 years, starting in May, 1936, as a Teller and rising through the ranks to his new position. Mr. Needham started with Long Island Trust Co. as a Transit Clerk in September, 1946, became a Teller, and in 1950 was made Assistant Supervisor of the Installment Loan Department. Mr. Bochart is one of the younger members of the staff of officers at Long Island Trust, having joined it in May, 1953 as Senior Clerk.

* * *

At the close of business on July 29, **The Peekskill National Bank and Trust Company of Peekskill, N. Y.** became through merger the Peekskill Office of **The County Trust Company of White Plains, N. Y.** David M. Barry, formerly President of the Peekskill bank, now is a Vice-President of the enlarged institution and George V. Bishop, formerly Cashier of Peekskill National, is now an Assistant Treasurer of The County Trust Company. Robert E. Dempsey, Theodore Hill, Jr., W. Milton Lockwood, Bernard G. Gordon and Constance Curry Barham, formerly directors of the Peekskill bank, now comprise an associate board of directors for the Peekskill office. No other changes in personnel, it is stated are contemplated. The proposed merger of the two institutions under the name of the County Trust Company of White Plains was referred to in our July 21 issue, page 284.

The Peekskill National Bank and Trust Company's total assets of about $7,700,000 and deposits of about $7,200,000 increase County Trust totals it is stated to approximately $342,900,000 and $307,600,000 respectively. With Peekskill, The County Trust Company now has 35 offices serving 22 Westchester communities.

* * *

An agreement to merge **The First National Bank of Elmsford, N. Y.** with **The County Trust Company of White Plains, N. Y.** has been approved by directors of both banks, it was announced on Aug. 3. Bearing the signatures of Sigmund M. Morey, Chairman, and James T. Scott, President, of the Elmsford bank and Andrew Wilson, Chairman and Joseph E. Hughes, President of County Trust, the agreement calls for an exchange of three shares of County Trust stock for each of The First National Bank of Elmsford shares. Consolidation of the two banks under the name and charter of The County Trust Company is expected to take place within six weeks, pending approval of the merger agreement by State and Federal banking authorities and stockholders of both banks. All of the Elmsford bank's personnel will remain with the consolidated bank. Thomas F. O'Rourke, now Executive Vice-President and Cashier at Elmsford, will become a County Trust Vice-President in charge of the Elmsford office. Leonard Morey will become a member of The County Trust Company board of directors upon completion of the merger.

Other Elmsford directors, Thomas Brady, Robert Mackie, Sigmund M. Morey, John M. Rieber, James T. Scott, William Scott, 2nd, and Charles A. J. Yaeger, will be members of the Elmsford associate board of directors. James T. Scott will be chairman the group.

Organized in 1926, the Elmsford bank reported total assets of $4,393,738 and deposits of $4,017,944 on June 30, 1955. On the same date, The County Trust Company showed total assets of $323,370,550 and deposits of $297,453,536.

* * *

Completion of the merger of the **First National Bank of Falconer, at Falconer, N. Y.** with the **Cnautauqua National Bank & Trust Company of Jamestown, N. Y.** a **Marine Midland** bank, was announced on July 29 by Charles Teschner, Chairman of the Board and John D. Hamilton, President of Chautauqua National. This merger follows acquisition of a controlling interest in the First National Bank by **Marine Midland Corporation.** C. Elmer Olson, former President of the First National of Falconer has been elected a director of the Chautauqua National and Vice-President in charge of its Falconer office. Bert L. Hough, who was Chairman of the Board of Directors of First National, becomes Chairman of the advisory board which has been constituted from the former board of directors of First National. Melvin Olson becomes a Vice-President of the merged bank and Thomas H. Neathery, former Cashier, becomes an Assistant Vice-President. No other changes in personnel were made. Mr. Hamilton also announced a change in the name of the combined institution to **Chautauqua National Bank of Jamestown.** The total assets of the combined bank are reported in excess of $47,000,000 which it is said makes it the largest commercial bank with headquarters in Chautauqua County. Offices are operated in Westfield, Cherry Creek, and South Dayton, in addition to Jamestown and Falconer. The plans for the merger were indicated in our issue of May 12, page 2219.

* * *

The Nanuet National Bank of Nanuet, N. Y., which on June 20 increased its capital from $75,000 to $100,000 by a stock dividend of $25,000, has since added to its capital to the extent of $100,000 by the sale of new stock to that amount, the capital thereby, on July 20, having become $200,000.

* * *

Edward L. Clifford, President of the **Worcester County Trust Co. of Worcester, Mass.,** announced on July 26 that at a special meeting of the shareholders of the bank that day, that shareholders had approved the proposal to increase the company's authorized capital stock from $2,750,000 (divided into 110,000 shares with a par value of $25 per share) to $3,000,000 (divided into 120,000 shares likewise with a par value of $25 per share). The additional 10,000 shares are offered to the shareholders of the trust company of record at the close of business on July 26, at $60 per share. This will provide $600,000 additional capital. It is announcecd that each shareholder received one additional right for each share of stock presently held. Eleven rights are required to subscribe for each new share at the subscription price of $60 per share. It is specified that all subscriptions are payable in full at or before 3 p.m. Aug. 15. In announcing the results of the special meeting on July 26, President Clifford stated that the sale of the additional shares was necessitated by the continuing upward trend of the bank's loans and deposits.

* * *

Robert J. Kiesling, President of the **Camden Trust Company of Camden, N. J.** has announced that shareholders of the company at a special meeting on July 29, approved the merger of the **Oaklyn National Bank of Oaklyn, N. J.** into the Camden Trust Company effective Aug. 15. Concurrently, J. Boyd Morris, President of Oaklyn National, announced that shareholders of his bank had likewise taken favorable action on the merger. After the merger, which will increase the number of Camden Trust offices to 10, the Oaklyn National will operate as the Oaklyn Office of Camden Trust Company. The new branch will be headed by Mr. Morris who will become Vice-President, Director and member of the Executive Committee of Camden Trust. Camden Trust shareholders also voted to increase the bank's common stock by an additional 100,000 shares, 27,500 of which will be issued to shareholders of Oaklyn National Bank to effectuate the merger. The balance of 72,500 shares is to be offered for sale at $30 per share. Present shareholders of Camden Trust will have a preemptive right to acquire. All preferred stock of the Camden Trust Company still outstanding is being retired. The enlarged Camden Trust Company will have capital resources in excess of $12,500,000. An item bearing on the proposed consolidation appeared in our issue of June 30, page 2998.

* * *

The recently increased capital of the **National State Bank of Newark, N. J.** whereby the amount was increased from $3,375,000 to $4,500,000 became effective June 28. Details of the plans to enlarge the capital by the issuance of 45,000 additional shares of its capital stock of $25 par value at $91 per share on the basis of one new share for each three shares held, were given in these columns June 9, page 2650.

* * *

Consolidation of the **First Camden National Bank & Trust Company of Camden, N. J.** and the **Pennsauken National Bank of Pennsauken, N. J.** became effective as of July 1 under the charter and title of the **First Camden National Bank & Trust Co.** Plans for the merger were noted in our June 9 issue, page 2650. As a result of the merger the Pennsauken National has become the Pennsauken Office of the First Camden National. As noted in our June 9 issue, the consolidation gives the First Camden National five banking offices in Camden and surrounding communities. The Treasury Department reports the consolidated bank as having a capital stock of $2,234,375, in shares of 357,500 of common stock of the par value of $6.25 each; surplus of $3,015,625 and undivided profits of not less than $418,000. The terms of the consolidation were noted in our June 9 issue, referred to above.

* * *

A plan for recapitalization of the **West Hudson National Bank of Harrison, N. J.** was approved at a special meeting of stockholders, Fred W. Allen Bank President, announced on July 21 according to the Newark "Evening News" of that date in which it was also stated:

Mr. Allen also announced an increase in the number of bank directors from seven to 12.

The recapitalization plan authorizes distribution of a share of stock for every share held, issuance of 87,000 additional shares at $4 each, and sale of $500,000 preferred stock to the Mutual Benefit Life Insurance Co. of Newark. Under the recapitalization the bank will pay off $901,000 to the Reconstruction Finance Corporation.

New directors are Leggett C. Campbell, President of Newark Wire Cloth Co.; William A. Keegan, President of the Kearny company bearing his name; William B. Leavens, Jr., President of Wilkata Folding Box Co., Kearny; John A. McKeon, Harrison real estate and insurance broker, and Edward C. Davey, Senior Vice-President and Cashier of the bank.

* * *

As of June 10 the **Little Falls National Bank of Little Falls, N. J.,** reported a capital of $260,000, increased from $200,000 by the sale of $60,000 of new stock. In our issue of June 9, page 2650 we noted that the bank had enlarged its capital from $150,000 to $200,000 through a stock dividend of $50,000.

* * *

The 26-story office building at the northeast corner of Broad and Chestnut Streets, Philadelphia, is to be known as the **Philadelphia National Bank Building** instead of the **Lincoln-Liberty Building.** The change of name was announced on July 1 by Norman T. Hayes, Executive Vice-President of Clymer Realty Company. The property was purchased by the bank through Clymer Realty, a wholly-owned subsidiary of The Philadelphia National, from John Wanamaker in September, 1953. Since the purchase, the building has been completely modernized and air-conditioned while the lower floors—including the subway concourse level—are undergoing extensive rebuilding for occupancy by the bank. Upon completion of the banking floors toward the year-end, The Philadelphia National will move its Main Office into what are expected to be Philadelphia's most modern banking quarters. The new offices will give Philadelphia National a 200-foot frontage on Broad Street and a 100-foot frontage on Chestnut Street. The building extends through to South Penn Square.

* * *

The Upper Darby National Bank of Upper Darby, Pa. has increased its capital (as of June 30) from $968,750 to $1,000,000 by a stock dividend of $31,250.

Continued from first page

As We See It

number of specific criticisms of the first session of the 84th Congress and of the legislation proposed to it by the President. "Teddy" Roosevelt and Woodrow Wilson were in their time regarded as "liberal" if not "radical" in their economic and political philosophies. Jefferson was hardly a "crusty conservative" in his day. Yet who can believe that any of these eminent statesmen could have examined the national fiscal picture of today without shuddering, and, were they in positions of responsibility, without demanding the most sweeping kind of renovation of our national finances. A conventional national debt now running in sight of $300 billion, and a total of various other types of debt at least as great—social security, "insurance," "guarantees" and the like! And all these obligations still rising!

Would Have Been Easy!

Yet Congress seems to view this situation with remarkable indifference—assuming that most of its members give it any consideration at all. It spent a great deal of time arguing about how a vast road building program was to be financed. There were proposals that it be paid for with borrowed funds; others thought it should be paid for somehow "outside the budget" and without enlargement of the regular national debt (precisely how is not even yet quite clear); still others came forward with plans which they convinced themselves could be termed a "pay-as-you-go" program. Yet, how easily this burden could have been carried had the Administration and Congress joined hands to curtail outlays for all sorts of things which we need far less than we do more and better roads! No one even suggested such an approach!

Several of these Presidents listed above—possibly all of them—were special friends of the farmers. The country was made up mostly of farmers in the early days, and in more recent times few politicians operating upon the national scene have felt it wise not to take special pains to cultivate the farmers who at all times have many votes to cast. Contrary to popular impression, politically inspired largesse to farmers began long, long before the New Deal came upon the scene, and even before Wilson came forward with his agricultural financial measures. Yet it remained for the founder and finisher of the New Deal to announce a policy which embodied the principle that the farmer himself was to decide what the remainder of the country was to do for him. And, while President Eisenhower has taken some courageous steps in the direction of bringing this situation under control, his measures and his suggestions have hardly even made a beginning. Yet the agricultural effort in Congress this year was not dismantlement of the cumbersome and costly farm program, but toward making it the most cumbersome and the more costly.

Social Security Costs

In 1954 the so-called social security system was revamped in such a way that a staggering number of billions of dollars in additional liabilities were assumed by the taxpayers of this country. Few realize that the present value of accrued liabilities under this program today is of the order of magnitude of our total national debt as reported by the Treasury. Yet such is a fact. These truths would have made even Jefferson, Wilson or "Teddy Roosevelt" gasp and stare. Yet the drive in the session of Congress just come to a close was not toward amelioration of this situation but toward adding substantially to its burdens. And there are many who believe that such steps as these will be taken next year to help at the polls in November!

Again, during the past half year Congress conducted an extended investigation of the "stock market"—chiefly, of course, the New York Stock Exchange, where many believed that excesses had occurred. The investigating committee could find no evidence of abuses. No suggestions of misbehavior were made. Whether members of the committee were aware that the cause of whatever trouble there was on the "Big Board" was to be found in broad financial and other policies pursued by the national government itself, we have no way of knowing, but the fact is that, not being able to pin anything on the Exchange, they came forward with a plan to put over-the-counter dealings in a still more restrictive strait jacket than it already has to endure. This effort failed this year, but a basis for its adoption next year was laid, at least so its proponents believe.

It is not altogether clear just what Congress could do, or at least should do, about the management of the public debt, an enormously disproportionate part of which is in short-term form. The same is true of a Federal Reserve policy which seems to look the other way when banks go overboard on mortgage and consumer loans. Yet these attitudes are clearly influenced by political fears or inclinations. At the very least, both Congress and the Administration could make it unmistakably clear that neither the Treasury nor the Reserve authorities would be left to the political wolves if they do what plain commonsense and prudence suggest.

Judged by such standards as these, neither Congress nor the Administration wins any medals.

Continued from first page

The N.A.M. Study and Irredeemable Currency

the Association in a forthright position on a subject which warranted critical appraisal."

The "Policy Statement on Gold," which is placed after the "Foreword," reads:

"In the best interest of the national economy under current conditions, monetary uses of gold in the United States should continue on the present bases, which are (1) to serve as the basic reserve against the liabilities of the banking system, (2) to be a limitation, as established by statute, on the expansion of these liabilities, and (3) as the means of settlement of international balances."

The pamphlet carries the following subtitle: "An inquiry into the function of gold, and its relationship to money and credit, with conclusions and policy recommendation." The "Foreword" states that "The initial draft of the committee report which follows was prepared for subcommittee information by Dr. Harley L. Lutz, government finance consultant to the Association, and its development was largely guided by questions evolved in the committee's advisory group." The members of the Money and Credit Committee, of the subcommittee, and of the advisory group (other than chairmen of the two committees) are not listed.

2. Did the Board of Directors speak for the Association?

An important question which arises is whether the Board was authorized to speak for all members of the N.A.M. on the vital issue of an irredeemable versus a redeemable currency. And if the Board was authorized to issue a statement such as that produced, the question still remains as to whether such a Board could in fact speak for the full membership unless it canvassed every member and obtained unanimous consent. One of the mischievous fictions which frequently appears in this country is the practice by officers of organizations of claiming that they are speaking for people who have not been consulted. There are, unquestionably, members of the N.A.M. who advocate a redeemable currency for our people; and in respect to them the Board of Directors of the N.A.M. was not expressing their opinions.

If the National Association of Manufacturers, by its organizational procedures, speaks officially through the statement prepared by its Money and Credit Committee, then we have in this country a new element of danger added to the very great dangers in which our people are already involved.

3. The Board's pronouncement is in conflict with the lessons of monetary history

The lessons in respect to the evil nature of irredeemable currencies are well established. It is frequently stated by careful students of monetary history that the disasters brought to mankind through the use of irredeemable currency are exceeded perhaps only by those caused by wars. And a further well-established fact is that as the use of irredeemable currency reaches its final stages, as it tends to do unless abandoned, the mass of people—the backbone of a nation — are seriously injured or ruined. We are in an intermediate stage of that process; and anyone dealing carefully and competently with this state of affairs should be able to recognize that fact. No Committee of the N.A.M. can alter these lessons by the issuance of a pronouncement which is in conflict with pertinent facts and well-established principles.

4. Did the Board intend to throw the N.A.M. into the currently popular pro-Socialist movement in this country?

If the purpose of that Committee and Board was to throw the N.A.M. into the currently popular pro-Socialist movement in this country, then the Board's pronouncement may be helpful in the furtherance of such intent. An irredeemable currency is a necessary instrument in the socialization of a people. In so far as this author is aware, no people possessing a redeemable currency have been socialized, and logic suggests that no nation possessing this apparently natural companion of human freedom can be socialized.

An irredeemable currency is an unsound currency; and it is a dishonest currency unless its issuers confess bankruptcy and point to the unavailabiliy of any better monetary instrument. It is in support of an unsound and dishonest currency that the Board of Directors of the N.A.M. has gone on record in the issuance of its pamphlet; and it is in support of such a currency that the Board has outwardly endeavored to commit all members of the N.A.M.

This author doubts that the situation in which the N.A.M. now finds itself—a willing or unwitting supporter of a major means by which our people can be taken into thorough-going Socialism or a governmentally-managed economy in some other form—can be described more accurately than by quoting a wise observation made by John Maynard Keynes in 1920 before he turned his support to irredeemable currency and to his special brand of a governmentally-managed economy. Said he in his book, *The Economic Consequences of the Peace* (Harcourt, Brace and Howe, New York, 1920), p. 238: "They [the capitalist class] allow themselves to be ruined and altogether undone by their own instruments, governments of their own making, and a press of which they are the proprietors. Perhaps it is historically true that no order of society ever perishes save by its own hand."

A similar conclusion was reached by the late Dr. Joseph Schumpeter, a most scholarly student of such trends, in his *Capitalism, Socialism, and Democracy* (Harper and Brothers Publishers, New York, 1950), 3d edition.

5. The Board of Directors of the N.A.M. did not act on the basis of pertinent evidence scientifically treated

In the opinion of this author the pamphlet endorsed by the Board does not provide a well-conceived and a correctly-grounded basis for the action taken by them. It does not meet the requirements of science; and is it only by adherence to those requirements that we obtain correct answers to our questions. The support for these conclusions is given below, in summary form, from representative samples of major characteristics of the pamphlet.

6. The chief characteristics of the N.A.M. pamphlet

Outstanding characteristics of the pamphlet which reveal its unscientific qualities and unreliability consist chiefly of the following:

(1) The creation of non-existent issues or the misstatement of the basic issues involved.

(2) The use of data which misleads.

(3) The omission of pertinent and fundamental considerations.

(4) The misstatement of the functions of a gold standard.

(5) The failure to separate the well-grounded contentions of monetary scientists from arguments employed by non-scientists.

(6) The resort to generalizations which are not supported by fact.

(7) The presence of miscellaneous bits of data revealing manifestations not acceptable in scientific work.

Following are illustrations of each of these unscientific qualities of the pamphlet. Page references are to pages in the pamphlet.

7. Examples of the creation of non-existent issues or the misstatement of the basic issues involved

(1) P. 5: "This brief historical review [of the gold standard] is given to demonstrate the statement made above that the gold standard has had only a very brief period of rule over the world's currency systems. This fact is not, in any sense, a reflection on its merit. Rather, it is cited only to show that the institution known as the gold standard is not something so hallowed by long usage and experience as to be sought after and fought for regardless of any and all other considerations."

England passed to the gold standard during the years 1816-1821. She utilized that standard, and the British pound sterling was the dominating international money of the world, for almost a century—until she became involved in World War I. In so far as this author knows, no system of irredeemable currency has ever lasted for any such length of time. In general, the span of life of irredeemable currencies has been relatively short and the consequences of their use have been uniformly bad, often disastrous. The pamphlet does not point out these facts.

The statement that the gold standard is not something to be sought and fought for "regardless of any and all other considerations" is not pertinent in respect to specialists in the field of monetary standards who weigh the evidence as scientists in respect to redeemable versus irredeemable currencies and find that the weight of the evidence is clearly on the side of a sound and honest currency.

(2) P. 5: "There is a paradoxical situation with respect to the

gold standard. On one hand, a principal advantage attributed to the gold standard during its heyday, and a major argument advanced now for its restoration, is its efficacy in preventing inflation. But on the other hand, it was a succession of tidal waves of inflation that compelled abandonment of this standard."

A scientist in the field of money could hardly be expected to assert that the gold standard is efficacious in preventing inflation—assuming that by the word "inflation," not defined in the pamphlet, reference is made to a rising price level. It is very elementary that on our gold stock there is a superstructure of other coin, paper money, bank deposits, and other forms of buying power; that there are the factors of velocity and the economies in the clearance of credit instruments to be considered in the uses of our various types of currency; that many other forces affect prices; that the gold standard performs certain functions not attributable to other forces affecting prices; and that so long as banks have surplus reserves credit can expand regardless of the existence of a gold standard. The correct point to be made is that a gold standard places limits on the expansion of credit which must be respected if such a standard is to be maintained.

The statement that "a succession to tidal waves of inflation . . . compelled abandonment of this [gold] standard" does not reveal a weakness in a gold standard; it reveals cases in which managers of credit have permitted abuses in the uses of credit.

(3) *Pp. 9-10:* "One witness stated definitely [at the Senate Committee hearing in 1954] that the government debt was not taken into account [by those who recommended a redeemable currency]. Another witness asserted quite as definitely that the resumption of specie payments would make every government bond convertible into gold coin. If this were not done directly, it would readily be accomplished by selling the bonds for cash or bank deposit credits and converting these forms of purchasing power into gold. No one mentioned private debts but the same logic would obviously apply in the case of corporation bonds and notes, mortgages, and other private debt paper for which a market existed. It will be recalled that during the generation before 1933, all government bonds specified redemption in gold coin of the current weight and fineness, and a substantial part of private bonds contained similar language.

"It is evident that here is an aspect of the problem that should have more complete examination and consideration than it appears to have received thus far by the proponents of resumption of a gold coin standard."

If one is to go beyond the ratio of a nation's gold stock to non-gold money and deposits and consider such debt items as those mentioned above, it is not proper to stop there. All things of value should be brought into the picture—everything that can be sold. All wealth other than gold constitutes a demand for gold. But when any of these objects of value are sold they are sold for currency; and this brings us back to the ratio of the gold stock of a nation to its non-gold money and deposits.

The frequent practice of opponents of redemption of throwing items of debt, other than paper money and bank deposits, into the picture arises, apparently, either from confused thinking or from an effort to try to convince someone that the ratio of our gold stock is inadequate to support redemption of our non-gold currency in gold. Since the evidence on that ratio is that, in the light of past experience, it is more than adequate to support redemption, there is frequent resort by opponents of resumption to the type of argument illustrated by the statements quoted immediately above.

The case of the government bonds made redeemable in gold prior to 1933 had its roots in inducements offered people to buy such bonds, partly because of this nation's experiences with fiat Greenbacks and as a special reassurance against similar uncertainties. Government or corporate bonds should be made redeemable in the lawful currency of the nation. To confine them to gold is unsound in principle. Such an act throws an unnecessary burden on gold. A government, with equal logic, could require that all land, all houses, all automobiles be sold only for gold. And a nation's monetary standard and system could be wrecked by such a procedure. The specie circular of July 11, 1836, in which agents selling public lands were required to receive only specie in payment, provides an example of the unnecessary distress that can be caused by the application of this variety of generally indefensible monetary procedure. It was an important causal factor in the panic of 1937 and in the suspensions of specie payments in that year.

A gold standard, paper money, bank deposits, and other forms of credit each have functions peculiar to themselves. To confuse these various functions is to invite erroneous answers. The pamphlet under consideration shows such confusion in various places as will be illustrated. There is some of it in the material quoted as item (3). It occurs in item (2) above in which reference is made to the efficacy of the gold standard in preventing inflation.

It is as improper to suggest that one of the functions of the gold standard is to prevent inflation as it would be to suggest that one of the functions of airbrakes on a train is to prevent drunkenness on the part of the engineer and other trainmen. To suggest, as does the pamphlet in various places, that scientists in the field of money proceed like non-scientists is to inject confusion into the presentation of the issues involved. The author, or authors (hereinafter referred to as the author), of that pamphlet should have separated the contentions of well-grounded scientists in the field of money from the arguments often or commonly employed by non-scientists.

(4) *P. 11:* "A second point made by the advocates of a resumption of a gold coin standard is that the present system deprives the American people of a valuable property right. They point out that foreign central banks can exercise a claim to some part of our present gold stock but that our own citizens cannot. This is regarded as an unwarranted discrimination in favor of foreigners and against our own people.

"The argument has a distinctly nationalistic flavor. Even foreign central banks cannot demand shipment of our gold without first having acquired a title to dollar balances through the normal processes of trade or through the generosity of the government in its loan, grant, and spending program. If there be a sound basis of complaint on this score, it should be directed against the government's program of creating foreign title to dollars so greatly in excess of what would be established through ordinary trade and investment channels as to establish a substantial credit in favor of foreign banking and other institutions."

The sound basis for complaint is that of discrimination against our people and in favor of foreign central banks and governments. There should be no discrimination against any holder of a promissory dollar. But if there should be discrimination, then this author would quickly contend that it should be in favor of our people and against the foreigner. The author of the pamphlet seems to think he has in some manner cast a doubt over the validity of such an answer by saying "The argument has a distinctly nationalistic flavor." Such a statement, in the opinion of this author, has appalling implications. Absence of nationalism would mean that we would put ourselves at the mercy of foreigners in every conceivable form; that we would in effect say to the other peoples of the would "Come and take what you

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will, treat us as you will, we are without any nationalistic inclinations."

Instead of meeting the issue of discrimination against our people and in favor of foreign central banks and governments, the author of the pamphlet attempts to inject an irrelevant question—how the foreigners get dollars. That question has no more relevance to the issue of discrimination than would the question of how our own people get dollars. Many of them also get dollar balances "through the generosity of the government in its loan, grant, and spending program."

(5) *Pp. 11-12:* "It is not correct, however, to say that American citizens may not own and hold gold in any form. Any person or firm may acquire and hold gold for non-monetary uses in industry or the arts. Moreover, any citizen may acquire and own gold in natural form for saving, investment, or speculative purposes. It follows, therefore, that the alleged abridgement of right is limited to the privilege of owning and holding gold in the form of bullion or gold coin."

The ability of people to get and to hold non-processed gold dust, sponge gold, or fabricated gold under Treasury regulations, is of no important consequence except to gold producers and fabricators. Very few people are competent to invest wisely or are disposed to try to invest in non-processed gold. The firm of Bache and Company, which a few years ago attempted to develop a market for such gold, soon found that the number of people interested in such a product was small indeed.

The issues involved are the right and freedom of our people to demand redemption of their non-gold coin, paper money, and bank deposits in standard gold coin or bullion. Because two witnesses who testified before the Senate Committee in 1954 on the question of making our currency redeemable in gold confined themselves to the inability of our people to exchange their currency for gold or gold certificates at the counters of banks, where people should be able to get monetary gold if they want it, the author of the N.A.M. pamphlet devoted lengthy footnotes to the subject to demonstrate that these two witnesses—Henry Hazlitt and this author—were quite inaccurate in their treatment of the matter of the right of our people to get and to hold gold in this country. The subject under discussion was the right of people to get gold money or gold certificates through the redemption of their currency.

(6) *P. 12:* "It was argued before the Senate subcommittee however, that this [inability to obtain gold coin or certificates] is a vital infringement because there could be times when the ordinary citizen might want to accumulate his savings in the form of gold because he might then consider that this was the safest form of saving. In this form the argument implies that there should be a return to a gold coin standard in order to enable the people to hoard gold if they so desire. Yet elsewhere, the argument was advanced that there would be little disposition for the people to hoard gold."

The incorrect implication here is that there is inconsistency in the two contentions. Since our nation has a monetary system involving gold, silver, minor coin, paper money, and bank deposits, a person should be able to choose the type of dollar which best meets his needs or desires. If a person is free to choose, he can be expected ordinarily to utilize the most convenient variety of dollar. Generally that would be a bank deposit or paper currency. But the right to demand gold has far-reaching implications; and they are not measured in any precise way or degree by the percentage of gold drawn into circulation.

(7) *P. 12:* "The keystone argument advanced for a resumption of a gold coin standard is that it would be a means of controlling inflation. This argument runs as follows: When the people are free to exchange other currency or deposits for gold, they will do so in increasing measure when there are indications of an inflation that will impair the purchasing power of such currency or deposits. By such action, they will impose a restraint on the further expansion of credit, whether by government or by private business, because the gold withdrawals will reduce the gold reserve available for the support of the credit expansion. In consequence of the reduction of gold reserve resulting from citizen withdrawals, it is said that government will curtail its spending sufficiently to avoid deficit financing. Not stated, but equally implicit, is the proposition that if the impending inflation is a result of uncurbed private loan expansion, a similar restriction will be imposed at that point."

The author does not state what scientist defending redeemable currency advances such an argument. This author would contend that no scientist in the field of money could be expected to advance such contentions for the reason that they would not be in accord with facts.

Here the statement is made that *controlling* inflation—whatever "inflation" may mean—is a keystone argument for a resumption of a gold coin standard. On page 5 of the pamphlet the author contended that "a principal advantage attributed to the gold standard . . . is its efficacy in preventing inflation." Neither contention is in accord with facts as the findings of scientists in the field of money should reveal. Anyone advancing the arguments, attributed by the author of that pamphlet to anonymous defenders of a redeemable currency, could be refuted by readily available evidence.

(8) *P. 13:* "History does not support the view that a gold standard will assure full popular control of the public purse."

The author of the pamphlet does not say what monetary scientist has alleged that a gold standard "will assure full popular control of the public purse." But he utilizes considerable space to quote a statement attributed to Henry C. Adams, as of 1887, in an effort to demolish this particular straw man.

The power of each individual to protect his savings and thereby to exercise direct control over the government's use of the public purse to the extent he has dollars and to the extent he chooses to exercise his power by converting his non-gold currency into gold coin or bullion—a factual statement—is a very different observation from the assertion that "a gold standard will assure full popular control of the public purse." Also different, but apparently correct, is a statement that so long as a nation's currency is redeemable, no government can or does take uncontrollable possession of the people's purse.

(9) *P. 14:* "To hold otherwise would require support of the proposition that during the period in which the country was on a gold standard, there were no lapses into fiscal or monetary mismanagement or skullduggery. A witness before the Senate subcommittee dealt with this issue frankly when he said: 'History gives proof that the "gold standard" is not a cure-all for mistakes or dishonesty of governments and that it does not of itself have the power to prevent the shrinkage in purchasing power of currencies.

" 'The century of its use gives the lie to those who waste energy and create confusion in promoting return to gold convertibility with false promises and mere wishful calculations that it will restore or insure indefinitely the purchasing power of dollars.' "

The witness quoted was not identified by the author of the pamphlet; but perhaps it may be said, without reflecting adversely upon his doubtless many good qualities, that he does not fall within the category of monetary scientists, such as those on the faculties of colleges and universities, whose obligation it is to be as accurate as possible.

The author of the pamphlet used part of the testimony of that witness, saying that he "dealt with this issue frankly," to convey the impression that monetary economists insist that a gold standard is "a cure-all for the mistakes of dishonesty of governments" and so on. Monetary scientists who defend a redeemable currency advance no such contentions as those described "frankly" by the witness quoted by the author of that pamphlet.

(10) *P. 14:* "In statements by the proponents of a return to a gold coin standard, it is freqently contended that an irredeemable currency leads to 'monetization of the debt.' "

The very easily-ascertained facts are that monetization of debt by banks existed under a gold standard; and of course no monetary scientist should be expected to overlook that fact. The heavy monetization of Federal debt by our banks has accompanied our use of irredeemable currency, and the use of irredeemable currency invites that unsound procedure; but the quoted statement is not an accurate presentation of the issue involved.

(11) *P. 15:* One witness before the Senate subcommittee — a banker, incidentally—referred to it [monetization of Federal debt] as a 'financial magician's prop.' Whether it be wizardry or not, exactly this procedure is gone through whenever a bank makes a loan to a private business and enters the proceeds of the loan to the borrower's account as a deposit. Such a transaction is out of the same cloth as bank loans to the government in exchange for the government's debt paper. Virtually all bank loans to private business are a monetization of private debt, in the sense of this term."

Exactly the same procedure may be gone through, but the consequences of monetizing government debt are vastly different from those arising from monetizing private debt based upon transactions which involve production that provides the means for liquidating that debt. The author of the pamphlet fails to deal with the importance of the differences in these consequences. His observations confuse the issue, suggest erroneous inferences, and are inadequate as to the evils of monetizing government debt.

(12) *P. 15:* "A further point often raised in the discussion of a gold standard is the matter of 'managed money.' The implication of the argument is that a definite contrast exists between an irredeemable currency, which is regarded as the perfect example of a managed currency, and a gold coin currency, which is assumed at this point to be completely automatic and neither in need of, nor susceptible to, management."

The author of the N.A.M. pamphlet twice quoted from the late Dr. Edwin Kemmerer's *Gold and the Gold Standard.* Had that author turned to page 213 of Kemmerer's book he could have read the following: "A popular idea, but a fallacious one, is that metallic-money standards, like the gold standard, are entirely automatic in their operation, and that paper-money standards are entirely managed and not automatic at all. All monetary standards in modern times are more or less managed. It is not a question of the presence or the absence of monetary management, but rather of the extent and character of that management."

The Kemmerer statement is, in the opinion of this author, typical of the manner in which first-rate scientists in the monetary field endeavor to overcome such unwarranted statements as that made the the author of the N.A.M. pamphlet. The fictitious argument on this subject produced by that author has no validity in so far as scientists are concerned.

(13) *P. 17:* "The current, rather feverish discussion of pending legislative proposals relative to doing something about gold tends to convey the impression that the United States is making no monetary use of its gold stock, but rather, is merely hoarding it in Fort Knox. This would be, of course, an inadvertent and inaccurate deduction."

The question arises here as to what monetary scientist engages in conveying the impression described. Monetary scientists can be expected to understand and to state accurately the functions performed by gold in this country. The quoted observation has no relevance to statements of monetary scientists in so far as this author has observed them. The facts and principles involved in respect to gold held at Fort Knox are relatively simple.

If the author of the N.A.M. pamphlet had as his basic purpose the gathering up of wild observations by untrained or irresponsible people as a basis for presenting the issues on which, presumably, the N.A.M. officials were expecting him to produce the best evidence and most competent opinions available, he should have made that purpose and method of precedure clear to those who ostensibly were relying upon him for the best possible answers to the fundamental issues involved.

(14) *P. 21:* "It is also true that there were fluctuations in the price level under the gold standard."

The author of the N.A.M. pamphlet does not assert in this instance that an advocate—a competent advocate—of redeemable currency does not agree that there are fluctuations in the price level under the gold standard; but the quoted sentence is permitted to open the way to erroneous inferences. The writing in various places in the pamphlet, of which the quoted sentence is an example, is of such a nature as to open the way to incorrect conclusions.

8. The use of data which mislead

At the Senate hearing in 1954 on various gold standard bills, Dr. W. Randolph Burgess, Under Secretary of the Treasury, shocked monetary economists present by offering a bit of "evidence" which was not justifiable in any sense, if the interests of accuracy in respect to the feasibility of redemption were to be served. The author of the N.A.M. pamphlet chose to insert that portion of the Burgess testimony in his pamphlet, page 8. And he offers it as something "illuminating."

From page 8 of the pamphlet: "It is at this point that some data supplied by Mr. Burgess are illuminating. A table which he put into the hearings [*Gold Reserve Act Amendments, p. 23*] shows that as of Jan. 31, 1954, the total United States gold reserves were $22,044 million, and that against this total there were obligations as follows:

	Millions $
"Required as gold reserves	11,799
"Foreign short-term dollar balances	11,947
"Total obligations	23,746

The author of the N.A.M. pamphlet apparently perceived nothing wrong in the Burgess presentation which was designed to show why the United States could not possibly provide for redemption in the light of foreign short-term dollar balances and our reserve requirements. In any event, that author did not point out the utterly misleading and unjustifiable character of the Burgess data. That author's next sentence, following the table, is this: "Mr. Burgess did not explain how the foreign balances had grown so big in face of the supposedly favorable balance of trade in our advantage."

Had Dr. Burgess set down domestic dollar claims against our gold stock as of Jan. 31, 1954, he would have recorded, without refinement, $199,900,000,000 as a minimum. That would mean, in the light of the Burgess procedure, that the foreigner could get no gold and that of course we could not possible institute redemption.

The procedure which Dr. Burgess should have followed would be to list all non-gold dollar and bank deposit claims against our gold stock and to determine the ratio involved. Then he should have compared that ratio with ratios prevailing when we maintained a redeemable currency. The ratio of our gold stock to non-gold money and deposits, Jan. 27-31, 1954, was 9.7%. The average ratio for the years 1915-1932, pre-1934 data, was 8.6%. The range of yearly ratios during the years 1915-1932 was from 6.7 to 10.9%.

If the question was raised as to the relationship of foreign short-term dollar balances to our gold stock, the correct approach to the answer would be to relate those balances to the amounts of our gold exported and withdrawn from our stock and held under earmark in our Federal Reserve banks for foreign account, and consider short-term balances of a corresponding nature owed by foreigners to us as an offsetting item. Then the ratios should be calculated.

The Burgess table dealt with potentials which have little or no relation to actual experience. It was comparable to one that would list the potential claims against the cash reserves of an insurance company while ignoring the operation of a fractional reserve system. He should have given the facts of experience; and, had he done so, the evidence would have required that he state that our gold stock was more than adequate to support a redeemable currency.

When Dr. Burgess gave his presentation, as of Jan. 31, 1954, the amount of gold reported held under earmark was $6.527,100,000. As of April 30, 1955, the amount involved was listed as $6,889,000.000 (*Federal Reserve Bulletin,* May, 1955, p. 587). The amount under earmark could be added to our gold stock any time the foreign holders are disposed to release it. The volume of earmarked gold in recent years has been relatively large. Congress and the interested public should know why. A pertinent question is whether a large proportion of that earmarked gold could not be expected to flow into our gold stock if our currency were redeemable. Logic and past experiences as to the direction in which gold tends to flow after a nation resumes specie payments both suggest that our gold stock would rise as soon as provisions are made for redemption.

The author of the N.A.M. pamphlet did not bring these important considerations to the attention of the Committee to whom he was reporting. Nor did he point out to that Committee, as illustrative of what we should expect to follow the institution of redemption by us, how, following our resumption of redemption, Jan. 2, 1879, gold flowed to us, the demands for government securities swamped the Treasury staff, the Treasury was able to refund at lower rates of interest than those previously prevailing, business confidence increased and business enterprise surged upward.

When data and and inferences such as those presented to a Senate Committee by Dr. Burgess are accepted as reliable guidance, Congress is being misled.

When a Committee of the N.A.M. finds material of the type produced by Dr. Burgess thrust upon them by an author who fails to see or to point out its amazing flaws, that Committee too is being mislead.

9. The omission of pertinent and fundamental considerations

If the Committee of the N.A.M. were to obtain adequate and proper information on which to act, they needed among other things a clear-cut and thorough description of the functions of gold as a standard and as money; an accurate analysis of the respects in which these functions have been restricted in this country; and the implications of these restrictions. The needed a precise account of the nature and functions performed by other types of money such as silver, minor coin, and paper money. They needed a picture, in terms of fundamentals, of the operation of our deposit currency, with particular stress laid upon the mechanism and significance of our clearing and collection system for checks and drafts and the relationship — perhaps more precisely, the lack of relationship—between our volume of credit, represented by checks and drafts, and by our gold stock. For example, the volume of bank debits reported by 345 centers in 1954 was $1,887,366,000,000 — over $1,887 billion—, while the average of the end of the month figures on our gold stock for that year was $21,871,000,000. The significance of such a ratio requires careful consideration as to meaning and principle involved.

The Committee needed a careful treatment of the significance of the employment of irredeemable promises to pay—for example, why it is proper to require our citizens to fulfill their promises to pay or appear in court while our United States Treasury and Federal Reserve banks may be excused from the redemption of their promissory dollars in terms of this nation's standard dollar.

They needed a careful treatment of the connection between government totalitarianism and the use of irredeemable currency; of the ease and readiness with which a people succumb to the drug of irredeemable currency; of whether or not the use of irredeemable currency is evidence of moral or fiscal bankruptcy on the part of the government which employs it; of the significance involved in depriving our people of a valuable property right in monetary gold which has the quality of most universal acceptability among all types of money; of the importance of allowing our people to convert the various types of our dollars into the standard dollar and to choose the kind most appropriate for their varying needs; of the question whether our system of irredeemable currency does not reduce our people to the level of a second- or third-class nation whose people cannot afford a gold standard; of why the reserves in our Federal Reserve banks should be at the disposal of foreign central banks and governments but not available to our own people; of whether our system does not treat our people as enemies of both the Federal Reserve banks and the United States Treasury while foreign central banks and governments are accorded the status of friends; of whether a redeemable currency is not a great facilitating agent in foreign trade, travel, and investment; of the experiences of nations with irredeemable currencies.

The N.A.M. pamphlet does not deal with these basic issues in any worthwhile manner.

10. The misstatement of the functions of a gold standard

P. 17: "A gold standard will not make an Administration or a Congress more prudent in fiscal matters, nor will it make the people more self-controlled in expecting or demanding largess from government or more self-reliant with respect to government supports. A gold standard is no substitute for national and personal self-discipline. If the people lack self-control in political and fiscal matters, a gold standard will not supply the lack. And if they do have such control, they can make any kind of monetary system work properly."

If the author of the N.A.M. pamphlet had listed carefully the functions properly assignable to a gold coin standard, it seems reasonable to suppose that he would have not written those sentences. It is not a function of a gold coin standard to make a Congress or an Administration "more prudent in fiscal matters," or "the people more self-controlled," and so on—no more than it is the function of good rails on a railroad to force trainmen to be sober, or the engine in an automobile to make the driver prudent. The point is, however, that unless government officials respect the functions which a gold coin standard can and will perform, if permitted to do so, the gold standard may be destroyed, and with it much of human freedom—just as a fine automobile can be wrecked by a careless driver.

Irredeemable currency is man's monument to his abuse and poor management of credit—and also to his abuse and poor management of gold and a redeemable currency, the currencies to which the world attaches the greatest value.

The functions properly assignable to a gold standard, to gold as money, to credit used as currency, and to the management of credit require precise and correct classifications if confusion and erroneous answers to pertinent questions are to be avoided. The N.A.M. pamphlet lacks such classifications and its author frequently assigns functions and responsibilities to the wrong areas.

11. The failure to separate the well-grounded contentions of monetary scientists from arguments employed by non-scientists

Perhaps a sufficient number of instances of this procedure have been pointed out in connection with items placed under other headings to justify avoidance here of adding to the illustrations. Some of the arguments employed come from certain gold mine interests which have been pressing in various ways for a further devaluation of our dollar in order to raise the price of their product. In general, their arguments for a gold standard have no proper place among the contentions which monetary scientists advance. Nevertheless the author of the N.A.M. pamphlet has confused the picture by dumping a variety of contentions of the pro-devaluation gold mine groups into the same hopper with a few of the contentions advanced by detached monetary scientists who have the obligation to serve solely the interests of truth. And the few contentions of scientists which the author of the N.A.M. pamphlet chose to use were in general badly distorted and improperly appraised. The author of that pamphlet should have put the gold miners' arguments in their appropriate category. A consequence of his failure to discriminate has been the presentation of a mixed variety of argument, some self-serving (as in the case of the gold mine interests), some worthless, which could not possibly provide reliable guidance to the members of the N.A.M. Committee.

12. The restort to generalizations which are not supported by fact

Although some of the preceding illustrations of the unscientific methodology in the N.A.M. pamphlet fall under this heading also, a few additional ones are added in an effort to provide, in so far as limitations of space permit, as accurate a picture as possible of that pamphlet.

P. 14: "During the past generation we have been flooded with doctrines, arguments, and theories aimed at repudiation of the only sound and dependable basis of popular control of the public purse, which is a balanced budget."

P. 23: "The major source of instability [meaning?] of the currency is budget deficits financed by bank loans to the government; therefore, the principal bulwark of a sound currency is a balanced budget."

As to the first quotation it may be pointed out that a government can balance any budget by the use of fiat money. And in such cases it would hardly be correct to say that there is popular control of the public purse.

As to the second quotation, there is the fact that every year, 1866-1878, under an irredeemable currency, the Federal budget yielded a surplus—if that is what is meant by a "balanced budget." And there is no valid basis on which one may properly insist that an irredeemable currency is a sound currency. If an irredeem-

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able currency is sound, then it follows as a matter of logic that a redeemable currency is unsound in nature. During the years 1947, 1948, and 1951, the Federal budget showed a surplus. The currency was still irredeemable, the people had lost the capacity which a gold standard gives them to exercise direct power over the use of the public purse, and the price level was not stable—if this is what that author meant by "instability of the currency."

P. 23: "The coinage and circulation of gold would not improve the functioning of the money and credit system, for there is no evidence of restricted or hesitant acceptability which needs gold circulation as a corrective."

The first part of the quotation states in effect that a redeemable currency is not an improvement over an irredeemable currency. The long history of the uses of redeemable and irredeemable currencies teaches just the opposite.

As to an absence of "hestitant acceptability": If a people can get only irredeemable currency they take it. And the volume in use and its velocity may reach great heights. Sharply rising prices are evidence of a flight from currency to the goods and services purchased. The purchasing power of our irredeemable dollar reached, in March, 1951, the lowest level ever attained after the establishment of the Federal Reserve System in 1914. Nowhere in his defense of irredeemable currency does the author of that pamphlet point out that fact.

P. 23: "They [proponents of a gold coin standard] also appear to have disregarded the effect of extending gold payments to the great mass of public and private debt, and to have overlooked the difficulties of limiting resumption so as to exclude such debt."

That statement has no relation to fact. The correct consideration is the ratio of our gold stock to all non-gold money and bank deposits. Any wealth other than gold can constitute a claim against gold. But to become such a claim it must be converted into a currency only a small proportion of which is in practice converted into gold. To bring "the great mass of public and private debt" into the picture has no valid defense. Some of that debt has distant maturities; and that which matures will appear in the volume of money or deposits and involve a transfer of such currency from one source to another. If those claims to wealth are to be considered, then all wealth should be considered.

13. The presence of miscellaneous bits of data revealing manifestations not acceptable in scientific work

P. 4, footnote 1: "Liverpool, Charles Jenkinson, First Earl of, *A Treatise on the Coins of the Realm in a Letter to the King.* Cited by Kemmerer, *Gold and the Gold Standard*, p. 44."

Indirect or borrowed citations are not acceptable in scientific work. The state of affairs here is that the author of the pamphlet says Kemmerer says that Charles Jenkinson says. The author should have gone directly to the Liverpool publication and checked the evidence with his own eys. Kemmerer or his printer might have made an error. Had that author gone of the Liverpool work directly, there would have been no good reason for stating "cited by Kemmerer."

In that author's indirect quotation, he converts a bracketed quotation, which means a Kemmerer insertion, into a parenthetical quotation which would mean that the reader is supposed to understand that the words in parentheses were those of Liverpool. In the second paragraph of the quotation, the pamphlet converts four ellipsis points into a dash.

P. 6: "The London market was reopened to free gold dealings in March, 1954. The trading unit is a 400-ounce bar of gold .995 fine. It is worth about $4,000."

Considering the restrictions employed in that market it is hardly accurate to describe it as involving "free gold dealings." A trading unit of 400 ounces at $35 per fine ounce has a value of $14,000, or $13,930 if .995 fine.

P. 14: "The followers of the Economists' National Committee on Monetary Policy will be able to read into the last sentence of Professor Spahr's favorite comment that an irredeemable currency subjects the people to a diseased bloodstream in their economy. This is, of course, an extravagant metaphor."

This is obviously an incomplete sentence; and apparently some intended quotation disappeared from the text. The alleged "favorite comment" of this author was not given the reader. And what the reader is supposed "to read into the last sentence" of that "favorite comment" can hardly be other than a mystery."

P. 20: "In his testimony on the gold bills Governor Martin of the Federal Reserve Board said: 'There is no danger, present or prospective, that this measure would avert. I cannot see how the universal confidence that exists today would be enhanced by this measure at this time.'"

A statement by a single authority does not establish a fact in science. Still further, the picture should have been clearer for the N.A.M. Committee had the author of that pamphlet pointed out that at those Senate Committee hearings Martin opposed the institution of redemption because, he contended, the economic situation was not bad enough while Burgess opposed it because, he insisted, it was not good enough. Those two contrary positions should have suggested to careful men that either Burgess or Martin was in error as to grounds for opposition to a redeemable currency.

Then the author of the N.A.M. pamphlet should have pointed out that, in opposition to the negative attitudes of Martin and Burgess, 54 monetary economists advocated the insitution of redeemability. The fact that these 54 monetary economists, whose allegiance is supposedly to the truth and nothing else, opposed two officials who were following the Administration practices of adherence to irredeemable currency, profligate spending, monetization of Federal debt, and deficit financing, should have raised serious questions as to whether the two officials or the 54 monetary economists were more likely to be correct as to what should be the most desirable variety of monetary system for this nation. The author of the N.A.M. pamphlet never mentioned for the benefit of the N.A.M. Committee the position taken by 54 monetary economists whose statement was a part of those Senate Committee hearings; instead he offered that Committee part of the statement by one official — Martin. Such a procedure falls outside the bounds of science and is not in accord with the attitude required of a scientist.

14. A serious issue given inadequate consideration

The monetary standard and system of a nation are vitally important forces in the welfare of the people concerned. And reaching a judgment on an irredeemable currency in preference to a redeemable currency is, and should be regarded as, a serious undertaking when a large and important group of men are involved. The issues inherent in the uses of redeemable and irredeemable currencies are subjects to which specialists in the field of money must devote many years, sometimes a life-time, of study in an effort to obtain reliable answers as to what is best under various circumstances. The study of the part played by gold in human civilization is a field of specialization within the larger field of monetary standards, systems, and practices. Gold has a history in human affairs extending over approximately 5,000 years. Man's experiments with irredeemable currencies of various varieties and with government dictatorships also have a long history.

These are fields of human activity which call for the best efforts of the best students available. Correct answers to such great isssues as a redeemable versus an irredeemable currency are not obtained by a few hours or weeks or months or years of dipping into the literature in the field of money. And they are not to be obtained from the N.A.M. pamphlet of April, 1955, on *The Gold Standard.*

Business men, whose chief attention tends of necessity to focus on their business affairs, should expect to run great risks in being mislead when they seek guidance on an issue to which monetary specialists devote a life study. The best they can do is to choose the specialists on whom they prefer to rely and assume the risks involved. In this country, these specialists are divided roughly into two groups: (1) Those who support Socialism, Communism, or a governmentally-managed economy in some other form. These specialists, because they seem generally to understand what they are doing, are supporters of irredeemable currency. (2) Those who are convinced that the greatest good is ultimately brought to the most people through the operation of private enterprise and the development and protection of the freedom of the individual. These monetary specialists are supporters of a redeemable currency.

There are many people who speak for private enterprise and individual freedom these days who at the same time support irredeemable currency. The inconsistency in their position is obviously not clear to them; apparently they doubt that there is an inconsistency involved. But that is because they are not specialists in the field of monetary standards and human institutions. One might suppose that they could look over the world and see that every socialist and totalitarian government uses an irredeemable currency and that they would ask themselves the question as to what connection exists between the two systems. But the sad fact is that these people fail to notice or to understand the relationship involved.

Those apparently generally-well-intentioned people who call themselves supporters of private enterprise and who at the same time support irredeemable currency constitute a major problem in the efforts of non-socialist monetary economists to gain for the people of the United States a sound and honest money—a redeemable currency. Seemingly without realizing it, such people are on the side of the Socialists, the Communists, and other Totalitarians. We have that unfortunate situation in official circles and in various other organizations. And now it appears officially in the N.A.M.—at least in its Board of Directors. That is a tragedy—for the people in general, for the government, for non-socialist monetary economists, for the N.A.M.

Continued from first page

Commercial Financing in An Expanding Economy

and production in nearly all sectors of the economy.

A very successful 1955 will top off a 10-year postwar period of extraordinary growth in this country. Electrical production, the index of industrial production, total assets of corporations—any one or all of them will bear this out. Gross National Product which summarizes them all increased from $211 billion in 1946 to an estimated $370 billion in 1955—an increase of $159 billion or 75%.

Business in general—your firm—your customers, have grown during this period. Don't forget—they make up the Gross National Product and other indexes. In the year 1946 through 1954 we businessmen have invested more than $175 billion on new plants and equipment. Growth in business asset size is highlighted by a recent newspaper article pointing out that at the end of 1954, 70 firms had assets of $1 billion or more as against 43 members of this exclusive clubs at end of World War II.

As to the Future

Can we reasonably expect this expansion of our economy to continue? If the answer is yes, how are we to finance the expansion? A monumental report on our economy, called "America's Needs and Resources" has undertaken to chart the future course of American enterprises in almost every line. In brief, the business outlook into 1960 is optimistic.

In 1960 our population will number 177 million consumers, an increase of 24½ million over 1950. Based on estimated increases in per capita income the customer of 1960 will have purchasing power for goods and services nearly one-fourth larger—in terms of 1950 dollars—than in 1950. Despite a computed annual average of 1,200,000 homes to be built in the 1950-60 decade, expanding population and the need to replace obsolete housing indicates the projected need for new housing will result in a shortage of 350,000 a year. Our ever-growing taste for labor-saving equipment will sustain high sales levels of household devices into 1960.

Capital expenditures by American business is expected to increase 25% by 1960 compared with 1950. Ford Motor Co., to cite one example, has recently announced plans to spend $621 million over the next three years for new property, plants and equipment. This is on top of $1,700 million already spent for modernization and expansion since early 1946. General Motors just the other day announced a half billion dollar expansion program. Our Gross National Product in 1960 is expected to be $413 billion in terms of 1954 dollars.

Technology is our greatest resource. The prospects are for rapid technological advances in the future. Each year more money and effort is being channeled into research than ever before. A prominent steel company executive in a recent speech pointed out that American industry in the first 10 postwar years has spent three times as much money on product and process research as had been spent in the previous history of the nation. His own company has developed and produced commercially 300 new steels from its research and development activities.

We have achieved a fabulous increase in output per man-hour, over the past century, by constantly devising new and better machinery to augment human effort; for the economy as a whole it has increased six times that of 1850. We are now ready for automation on a grand scale.

Some economists today are so bold as to predict that the next 10 years will be the greatest growth period in this country's history. As credit executives your primary interest is not the financing of expansion. Yet you must be vitally interested in it. No business can remain in a status quo over any period of time. Either it must ge ahead, or eventually die off. You must be interested in the health, financially speaking, of each of your customers because you must be sales minded as part of your function. What lessons can we gain from the financing of the last 10 years which will aid us in the future?

Reinvestment and Outside Borrowing

In the seven year period 1947 through 1953, United States corporations as a group have paid out only 45% of their net income after taxes, reinvesting the rest in their businesses. In dollars $80.5 billion has been retained. In this same period approximately $156 billion has been spent on new plant and equipment. Accounts Receivables and Inventories expanded from $38.3 billion in 1947 to $67.6 billion in 1953. Roughly $40 billion of new money has been secured through stock and bond security issues. The enlargement of physical facilities plus the capital absorbed by increase in receivables and inventories has been financed to the extent of about 48% from internal sources. New stock issues alone accounted for only 13% of corporate funds required.

With more competitive business conditions, it does not seem likely that future growth can be financed to the extent of almost 50% from internal sources. The rate of profit per dollar of sales is considerably lower for small and medium-sized manufacturing corporations than the larger firms and therefore they must place greater reliance on outside sources of capital to aid them in their growth. A recent SEC report classifies profits after taxes for all manufacturing corporations by asset size. For the third-quarter of 1954, for example, corporations in asset size class "under $250,000" earned 1.8% on sales; those in class $250,000 to $1,000,000 earned 2.4% on sales; the $1,000,000 to $5,000,000 class earned 2.1% and then the percentage rose steadily as asset size increased reaching a peak of 6.1% in the $100 million and over class.

The major outside sources of capital have been commercial banks, commercial financing institutions such as factors and finance companies, insurance companies and the security market.

I believe most of you credit executives are associated with fairly large companies but primarily your customers might be classified as small or medium-sized business. The availability of funds to small business by means of security markets or insurance company loans is on a limited scale. The modest sized company, therefore, must look to the commercial banks and the commercial financing institutions for their financing needs.

Types of Short Term Loans

The most important type of business loan today is the short term unsecured loan. The principal source for this loan is the commercial bank. Commercial banks also make unsecured term loans, repayable over a period of years, which borrowers can use for needed expansion. Small and medium-sized growing firms to a large extent, however, cannot borrow enough from commercial banks. For these firms, specialized commercial financing companies can be of real benefit.

The typical commercial financing company advances funds to business concerns by discounting accounts receivable, makes loans secured by chattel mortgages on machinery or liens on inventory and finances deferred payment sales of commercial and industrial equipment. In the last 15 years or so the commercial finance industry has been widening their activities to include the financing of mergers and acquisitions, financing of leasing plans on equipment and machinery, rediscounting the paper of small loan companies and financing budget and charge accounts. By far the largest part of their volume is financing accounts receivable. The open account receivable is probably the oldest form of credit known and the financing of accounts receivable is by no means a new development in business financing.

Accounts Receivable Financing

This is not a new industry; the first specialized accounts receivable finance company was formed 50 years ago. The growth of the industry was slow and cautious and by 1922 there were only about 125 finance companies in the United States. The growth of this type of financing has been steady and consistent but the initial surge in its development took place during the thirties. In those years of poor business and operating losses, many concerns suffered loss of working capital and were not able to borrow in the usual way from their banks. The finance companies seized this opportunity to expand their business and several considerations favored their development. They could take the risks because of equity positions and freedom from responsibility for depositor's funds and state bank examinations. They had the freedom to introduce new and specialized credit extension techniques. Regional or national coverage made it easy to acquire volume to cover expenses and give risk diversification. State laws were favorable and, in general, the feeling became widespread that what was sound finance for the textile industry (factoring had been in existence for many years) could, at reasonable cost, serve other industries.

Early in World War II the U. S. Government recognized the importance of the account receivable as a basis for working capital loans and passed legislation, called the Assignment of Claims Act, to permit the assignment of amounts due from the government to lending institutions. Billions of dollars of war production was financed through the discounting of accounts receivable against Uncle Sam. The postwar II expansion of industry required flexible financing for many companies, and the finance industry has met successfully this challenge.

The financing of accounts receivable involves the assignment of trade receivables by the borrower to the lender as security for advances made to the borrower. The assignment of receivables as loan collateral security, without notice to the trade debtor and without the assumption by the financing agency of the risk of credit loss on receivables assigned, is known as non-notification financing of accounts receivable. This operation differs from that of a factor in that the factor purchases the accounts outright and assumes the risk of loss if the account debtor fail to pay because of financial inability. The factor takes the credit risk but not the merchandise risk; if non-payment results from a merchandise complaint or return of merchandise the client or seller must repurchase the account. Factoring is confined almost exclusively to the textile and allied industries while non-notification accounts receivable financing is being used by manufacturers, wholesalers and distributors in practically every line of business.

The commercial finance industry financed about $3½ billion of open accounts receivable in 1954. Compare this with the $536 million financed in 1941 and you will agree that the industry has had phenomenal growth. Today the industry accounts for a sizable portion of the overall total of the financing of small and medium-sized businesses. Finance companies, of course, are heavy borrowers from the commercial banks and account for a very important part of the total loans made by the banking fraternity. The banks, you might say, wholesale the money and finance companies conduct a retail operation and in the main they are not in competition with each other.

The function of accounts receivable financing is to enable a business to operate with a much smaller working capital than would ordinarily be required for a given volume of business. It is, therefore, a means of aiding the undercapitalized enterprise but its greatest expression should be in supplying additional liquid working capital to an expanding business whose working capital is insufficient to permit increased sales. Let me illustrate this:

Jones has a capital of $400 in cash. In order to produce an article which he can sell for $500, he must buy $200 in materials, which he buys on 30-day credit terms, and spend $200 for labor. It takes 30 days to produce the article, labor must be paid in cash and competition requires Jones to sell the product on 30-day terms. At the end of the first 30 days Jones will have spent his entire $400 capital. He will not receive payment of his product for 30 more days and even if he could obtain more materials he would not have the cash to pay for the labor to process the product. He would be forced to limit his production to one article every 60 days which would give him annual sales of $3,000 and a gross profit of $600. If Jones had arranged to finance his accounts receivable, at the end of the first 30 days he would have created an account receivable for $500, on which the finance company would advance $400 (80%). Jones would have funds to pay for the labor required to produce another article during the next 30 days, and the process would be constantly repeated so that the cycle of cash flow would be reduced from 60 days to 30 days. As a result, Jones could produce 12 articles a year and double his sales and gross profit.

Accounts receivable financing puts the borrower in a position of selling on a cash basis and may eliminate the need for permanent capital to carry his accounts.

In addition to the possibility of increased volume and profits to be earned, the financing of accounts receivable should place the borrowing company in a position of being able to take all its purchase discounts at a saving that may exceed the cost involved.

This can best be illustrated by citing a few actual case histories taken from the files of a commercial finance company. The first case is that of a manufacturer of electronic measuring devices for aircraft. This is a classic example of a growth company whose entire history has been in this postwar expansion era. Management emphasis on research and product engineering resulted in several products in demand by the major aircraft companies producing for the government defense program. This company had the facilities, the basic personnel, and an ambitious program but required financing that would keep in step with sales expansion. Late in 1951 this company entered into an agreement to finance their accounts receivables. Sales for 1951 approximated $1,340,000 and net worth was about $105,000. For the year ended Dec. 31, 1954 sales had expanded to $6,665,000 and net worth increased to $405,000. This company has acquired some stature in its field and is now negotiating a stock issue to broaden its capital base.

The second case, I believe, illustrates the commercial finance companies' flexible approach to new and unusual financing problems. After the war, two young former Army officers, in casting about for a business, decided that there was a good future in the rental of television sets. They began their operations by renting sets to patients on a daily basis in hospitals in the metropolitan area. Before long they contracted with one of the hotels to place sets in the hotel rooms to be rented by the hotel for a stimulated amount per day per occupied room. They agreed to service the sets and to provide the master antenna and necessary wiring for the complete installation. This required a considerable amount of money and so they went to their bank for a loan. The bank could not do anything for them and suggested they talk with one of the major finance companies. The loan was made secured by a mortgage on the television sets and an assignment of the contract with the hotel. Repayment was provided for by taking a percentage of each months rental payment made by the hotel. Experience on the loan was excellent and the success of this pioneer installation enabled this company to sign up additional hotels. The finance company continued to finance the operation and the company continued to grow and prosper. At the end of three years the company had about 5,000 sets installed in hotels in several eastern states and with a proved successful record of financing they were then able to negotiate bank financing. The finance company pioneered and successfully tested a new loan technique.

The third case history is interesting as an illustration of the close cooperation the finance industry has with the banking fraternity. This southern company was organized prior to World War I. In its early years it manufactured skidders and stump pullers and added the manufacturing of truck trailers around 1920.

In World War II the company was called upon to manufacture heavy automotive parts for tanks and trailers and its effective production job and contribution toward the war effort won it the Army-Navy "E." The conversion from peacetime activity to wartime activity necessitated tremendous plant expansion which was financed in part by government advances. After V-J Day, it was faced with the necessity of converting to a peacetime operation and it decided to concentrate on the development and marketing of aluminum truck trailer as its primary product.

In the initial postwar period, the company was financed by its local bank under RFC guarantee. The bank was satisfied with the account but excellent reception of the company's trailer line necessitated larger credit lines to finance the growth and the bank, because of its legal limit, was not in a position to extend the larger accommodation required. A prominent finance company was introduced to the account through the bank and an accounts receivable financing arrangement was entered into. The local bank's city correspondent bank participated with the finance company in the loan. When the finance company acquired this account in 1948 the company's tangible net worth was $330,000, annual sales approximated $1,800,000, debts were heavy and trade payments generally were slow, 30 days to 6 months. The flexible financing arrangement kept pace with continually expanding profitable sales and resulted in a constantly improved financial position. By February 1955 this company's net worth had grown to $1,382,000 and it was then able to negotiate a five year term loan in adequate amount from a syndicate of southern banks.

Discounting receivables has come of age and borrowing on accounts receivable has come to be regarded as a prudent means of obtaining credit and helping the undercapitalized business to grow providing aggressive and sound management is present.

The tremendous growth of non-notification financing of accounts receivable, in itself, is almost *prima facie* evidence that there must be advantages in this method of obtaining working capital. Today the few remaining critics of the receivables financing business are being converted by the facts of business life that more and more businessmen are finding that discounting their receivables represents a flexible and easy method of financing their current operations on a self-liquidating basis and at reasonable cost.

The files of the major finance companies will attest to the fact that there are numerous companies in strong financial condition today that at some point in their business histories have been aided by financing their receivables. Some of these firms are large organizations whose product brand names are familiar to millions of Americans.

Lehman Bros. to Advise On Connecticut's Expressway Financing

Lehman Brothers has announced that the Conecticut Expressway Bond Committee has appointed the firm as Financial Consultants of the State of Connecticut in connection with the financing of the Greenwich-Killingly Expressway.

The Bond Committee is a bi-partisan group of State and Connecticut officials headed by Governor Abraham A. Ribicoff, State Treasurer, John Ottaviano, Jr., Attorney General John J. Bracken, State Comptroller Fred R. Zeller, Commissioner of Finance and Control Joseph Loughlin and Commissioner of Public Works Timothy Murphy, Jr.

Lehman Brothers has been connected with the Expressway financing since its inception in 1953. They were appointed Financial Advisors in November, 1953 and were co-managers of the original $100,000,000 financing in May, 1954.

Under the new agreement, Lehman Brothers will continue to advise the State Highway Commissioner and other officials in all matters pertaining to engineering surveys, timing of sales of bonds, market conditions, and will also co-ordinate the financial aspects with the legal and engineering aspects of the State Program. Lehman Brothers will also form another nation-wide group of investment bankers to submit bids for the remaining bonds as they are sold from time to time. Another block of bonds is expected to be sold in about 60 days.

The appointment will remain in effect until the Greenwich-Killingly Expressway financing is completed.

Mendenhall Now With H. L. Jamieson Co.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Ernest D. Mendenhall, Jr. has become associated with H. L. Jamieson Co., Inc., Russ Building. Mr. Mendenhall who has been in the investment business on the coast for many years, was formerly Executive Vice-President of Somerset Securities Corporation.

Henry V. Burget and L. M. Smith have also been added to the firm's staff.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Bank Stocks

Pertinent ratios for the leading New York banks continue to indicate that on all approaches, the stocks of these institutions offer the conservative investor good values. The accompanying tabulation gives, for the 12 months ended June 30, 1955, and in comparison with a year earlier, the price-earnings ratios; the rate of earnings on book value; the dividend pay-out ratio; and the amount of invested assets per dollar of selling price. Operating earnings are employed, except in the two cases where only indicated data is issued. As to price-earnings, a much better showing could be made if securities profits were included in earnings, as very large profits on government bond holdings were taken by a number of the banks in the second half of 1954, which would be included in the 12 months' results.

But, as is true of certain other items in bank income accounts, securities profits are non-recurring, and, in fact can turn into losses. The inclusion of securities profits in bank earnings can cause very wide earnings swings that are not at all in keeping with what the conservative investor expects. It seems better that they go through the tax filter into amortization and reserves, as is the general practice.

June 30, 1955, prices are used:

Twelve Months Ended June 30*

	Price-Earnings Ratio		Percent Earned on Book Value		% Earnings Paid in Dividend		Invested Assets Per Dollar of Price	
	1954	1955	1954	1955	1954	1955	1954	1955
Bankers Trust	11.4	14.4	7.5	7.6	51	59	$10.15	$7.84
Bank of N. Y.	12.2	14.7	6.9	6.8	55	59	10.32	8.71
Chase Manhattan	11.3	12.9	8.1	9.3	49	55	11.91	8.99
Chemical Corn	11.6	13.9	8.5	8.1	49	55	11.59	10.04
Empire Trust	11.1	11.7	9.7	10.1	25	22	9.74	9.64
First Nat. City	13.0	15.3	6.9	6.8	59	60	10.09	8.65
Guaranty Trust	14.4	18.0	5.8	5.5	75	83	7.09	5.71
Hanover Bank	11.8	14.3	6.9	7.0	53	56	11.00	8.91
Irving Trust	14.1	15.5	7.2	7.6	68	68	8.95	7.93
Manufacturers	11.9	13.4	8.0	8.1	51	52	11.96	10.02
J.P. Morgan & Co.	13.1	18.9	7.1	6.9	50	60	10.58	6.67
New York Trust	13.4	15.0	7.2	7.4	60	63	7.95	6.90
United States Tr.	14.6	15.5	6.4	7.3	78	67	4.83	4.31
Averages	12.6	14.9	7.4	7.6	56	58	---	---

*Pro forma data used for banks that were merged in the period.

It will be seen from the price-earnings relationship that the bank stocks may be acquired at a more favorable ratio than many high grades in other classifications. Despite the change in the average in the 12 months from 12.6 to 14.9 times, the latter continues to be a conservative ratio for high quality stocks. The increase is of course due in part to better earnings, but more to the moderately higher price levels at which the banks are selling. There was investor recognition of the attractive values in the bank shares in this 12 months.

There has been less change in the average rate of earnings on book value, probably indicative of the fact that the two components, book value and earnings, have moved forward at somewhat the same pace. Again it should be emphasized that earnings do not include securities profits; they are purely operating figures in all except the two instances where indicated earnings are used. Parenthetically it may be stated that in both cases the comptrollers have stated that indicated earnings do not include non-recurring items. And, as has been noted, the general practice among the large New York banks is to transfer securities profits to reserves and amortization, so that capital funds, or book value, would not be influenced.

The pay-out ratio, too, shows only minor change on average. This means that over-all, dividends have moved about in concert with earnings. But when this is said, the tabulation still leaves a very low pay-out ratio. Nine of these banks disburse 60% or less of their operating earnings; and when their large backlogs of reserves of all sorts are considered, there is much room for dividend increases in many cases. The generally low deposit ratios of these banks give emphasis to these low pay-out ratios, as with low deposit ratios the need to build up capital funds out of plowed-back earnings is less than when a bank runs a deposit ratio of, let us say, 20 or more to 1.

The plainly apparent thing about the amount of invested assets per dollar of June 30, 1955, price is the decline in all cases from a year earlier. This of course is due mainly to the higher prices at which the stocks sell, versus a year ago. Total invested assets are about 2% higher than on June 30, 1954. Prices, as measured by the "American Bankers" index are about 24% higher.

Continued from page 3

Variable Annuities— A Dangerous Experiment!

While acknowledging that a person buying a variable annuity might get back less than he paid, this possibility, the Prudential spokesman said, is extremely remote because **Management** would **not permit** annuity assets to dwindle to such an extent.

Among life insurance people there is substantial disagreement with this Prudential thesis.

Frederick W. Ecker, President of the Metropolitan Life Insurance Company is among those who disagree. Says he: "I know, as President, that though we'd do the best we possibly could, we'd not be able to pick the bottoms and the tops of the market. There would bound to be wide swings. And sometime during those swings, some people would be hurt. I don't want that."

A prominent New York City life insurance agent, Norman K. Rosen, C. L. U., another who disagrees with the Prudential, has said: "I am convinced that the life insurance companies are not qualified in the field of fluctuating investments."

Perhaps the attitude of most life company heads towards the Prudential's idea is capsuled best in another statement by Metropolitan's Ecker: "I don't want to be answering letters from policyholders which say, 'last year you paid me $100 a week. Now you're only paying me $80 a week. How come?'"

The Opponents to the Idea

Hugh W. Long, head of four mutual fund organizations, appeared in opposition to the Prudential's legislation at the Public Hearings in Trenton on June 13. Long spoke on behalf of a Committee of Members of the Investment Bankers Association, of the National Association of Securities Dealers, and of the National Association of Investment Companies, and was one of 16 who spoke against the Bills, including bankers and insurance agents among others. Eight men, all Prudential employees, spoke in favor of the Bills.

Said Long: "Stripped of technicalities a variable annuity represents, under the guise of 'insurance,' an ownership interest in a diversified holding of common stocks which will fluctuate in value and income productivity with the fluctuations of the stock market and the varying dividend payments on common stocks.

"Under the Federal tax treatment now accorded insurance companies, an individual or group of individuals could, in effect, purchase common stocks in the form of a variable annuity and have all dividend income reinvested subject only to an effective tax of less than 1%. This compares with a tax of from 20% to 91%, to which dividend income would be subject if received on common stocks owned in other ways.

"For the protection of the public, comprehensive regulation with respect to the issuance and sale of securities has been enacted into Federal law through the Securities Act of 1933, the Securities and Exchange Act of 1934 and the Investment Company Act of 1940. Although a variable annuity is another means of purchasing common stocks, its issuance and sale to the public would not be subject to any of these time-tested and desirable Federal regulatory statutes. Insurance companies are entirely exempt from such regulations.

"Through the device of a variabel annuity, an ownership interest in common stocks could be sold to the public in complete circumvention of all these Federal laws—as well as State laws —designed to protect the public."

In an open letter answer to a Prudential assertion that opponents of the Bill merely wanted to be protected against competition, spokesmen for this Committee of Members said: "We disagree emphatically that the issue involved is merely one of competition or that there is any desire to be protected against competition. The proposed legislation, because of the tax loop-hole and exemption from laws governing issuance and sale of securities, could give insurance companies an unfair monopoly, not merely a competitive position. We welcome fair competition in which all parties are subject to the same ground rules."

The seriousness and intensity of the scrap is indicated not only by the position and prestige of the people and firms involved, but also by the amazing political pressures being brought to bear in New Jersey.

"In all my years as a member of the New Jersey Assembly," states one veteran lawmaker, "I've never seen such pressure."

And while the fires are burning white hot in financial circles, their intensity scarcely begins to match that of the conflict within the $85 billion life insurance business itself. It is reliably reported, for example, that in the last scheduled meeting of a joint committee set up to prepare an industry-sponsored memorandum opposing variable annuity legislation (a position which had up to then received unanimous approval of all committee members) the Prudential representative on the Committee announced that the Prudential, that very day, was introducing variable annuity bills in the New Jersey Legislature.

Strongly as some life insurance **company** men feel against variable annuities, there is just as strong a feeling against the Prudential sponsored Bill on the part of life insurance **agents.** The New Jersey Association of Life Underwriters was opposed to these bills right from the start. Its representatives appeared in opposition to the bills at the New Jersey Legislative Hearing. Some time after the hearings at a meeting of the New Jersey Association of Life Underwriters at which Prudential agents showed up in full force, it was voted that the Association itself would take no further part in opposition to the bill. However, many members of the Association are still carrying on the fight.

Origin of Variable Annuities

Variable annuities are not entirely new, though, at best, they have never been called upon to weather anything but the recent uptrend of the stock market. Nor have they ever been available to the general public, as contemplated in Prudential's three bills.

The idea began in 1949 when the Teacher's Insurance and Annuity Association, a Carnegie Foundation endowed institution providing college professors with low-cost insurance and annuities, received special permission from New York State to set up an entirely separate affiliate, CREF. The College Retirement Equities Fund offers a restricted variable annuity contract to college professors buying regular TIAA annuities.

CREF, and the Bill which set it up, were very much limited. Concluding that these limitations made the CREF bill very different from the Prudential bills, Messrs. Henry H. Bellinger, Raymond L. Hagmann and Peter J. Martin, all attorneys for the Metropolitan Life Insurance Company, wrote in the current issue of the CLU JOURNAL a professional life insurance publication:

"(1) CREF . . . was restricted in its operation to a particular group of highly educated personnel who would not be likely to be misled by the use, or rather misuse, of the word annuity;

"(2) The plan (CREF) required each participant to be covered by a true annuity (TIAA) in an amount equal to his participation in the variable annuity;

"(3) Because of certain stabilizing factors of CREF which would not be present in (the New Jersey Bills) . . . the fund is somewhat insulated from the effect of a period of hard times. Among these stabiling factors are:

(a) the relatively stable field of work in which the (CREF) participants engaged, and

(b) . . . the fact that the employer supplies a portion of the consideration paid for (CREF)."

Joining the lawyers from Metropolitan, opponents of the bills cite other limitations on the issue and sale of securities that the bills avoid. These bills, they say, will by-pass practically all legislation and regulation designed to protect the securities buying public. That includes not only the Securities Act of 1933, with its extremely exacting disclosure requirements, but the Securities and Exchange Act of 1934, the Investment Company Act of 1940, the Statement of Policy of the SEC and all State Blue Sky regulations.

While not casting any doubts on the motives of the Prudential the opponents point out that the bill would permit any life insurance company to sell variable annuities.

A variable annuity bill was introduced in New York State in 1954, passed both houses entirely unnoticed, and was vetoed by Governor Dewey on recommendation from his Insurance Commissioner and at the urgent request of the State Association of Life Underwriters. Rewritten and revised, substantially the same bills were introduced in New York in 1955 (and subsequently defeated) but received no opposition from the State Life Underwriters. In announcing that there would be no opposition, Association President Benjamin Salinger stated that certain changes had been made in the bills, eliminating all use of words "insurance" and "annuity," and that the Association could hardly oppose a bill to create something, said Salinger, "which is neither insurance nor an annuity, but a new experiment ment in the field of equity investments."

Much weight is added to Salinger's thinking by Messrs. Bellinger, Hagmann and Martin in their CLU JOURNAL article when they say, "The 'variable annuity' is not an annuity and should not be so characterized . . . (it) would constitute an investment scheme." Continuing, they point out that with a regular annuity, the insurance company assumes all risk of mortality or income error on the part of the insurance company. The risk would fall entirely to ". . . the participants in the case of the 'variable annuity' to such loss as might be occasioned by inadequate yield from investments and from unfavorable mortality . . . within the group."

Questions Raised by the Investment Industry

More subtle, perhaps, but equally hard, apparently for the Prudential to answer are some of the questions raised by investment people. In a statement issued by spokesmen for the Committee of Members which has led the opposition in investment circles these questions are raised:

Does the variable annuity offer the life companies an opportunity to assume dominant control of the American economy?

—Current assets of the life insurance companies are equal to 50% of the total value of all stocks listed on the New York Stock Exchange. Life insurance assets have doubled in the past 10 years, and have increased almost five times since 1930.

—Today the life insurance companies own over 45% of all corporate debt in the United States.

—Though there are over 800 life insurance companies, the potential for economic control is not widely dispersed. The 10 largest life companies hold over two-thirds of the total assets of the business. The five giants control assets equal to 51% of the combined assets of over 800 companies.

A Threat to Free Enterprise

Does the Variable Annuity pose a threat to a free enterprise economy?

—Will political forces tempt government, even more than in the past, to look toward socialization of the life insurance business as a means of achieving control of business and industry?

—Can eventual possible monopoly control of American business and industry by the life companies escape the historic fate of all monopoly-investigation, regulation and/or control?

Although the Prudential has chosen not to comment thus far in answer to these questions, they've had a most unnerving effect, apparently, among others in the life insurance business, who speak freely, but decline the use of their names.

And while the battle rages, various government agencies are taking cognizance of these bills, but thus far, are keeping in the background of the controversy. From the SEC comes only a statement to the effect that they are following the matter with considerable interest. It is known, however, that the SEC expressed itself informally that the New York bills for variable annuities would have created a set-up subject to SEC regulation.

The U. S. Treasury Department equally close-mouthed, says only that they are aware of variable annuity possibilities.

Some official groups have been more specific. The National Association of Securities Administrators, in May, passed a resolution urging that no Legislature act favorably on any variable annuity proposals until an opportunity had been provided to study the important questions of public interest involved.

Similar action was taken in June by the National Association of Insurance Commissioners after lengthy sessions.

The significance of the whole battle, perhaps, can best be illustrated by a comment attributed to Holgar J. Johnson, President of the Institute of Life Insurance, by the National Underwriter Magazine. Johnson, the magazine reported on Nov. 19, 1954, called the variable annuity the greatest tragedy that could befall the life insurance business—an admission to 93 million policyholders that "they've got to buy common stocks to make their life insurance come out right."

One veteran of the financial community had this to say: "Maybe the trouble here is that the Prudential has been looking only at one side of the market—the up side we've been having recently. Perhaps someone ought to tell them that the down side comes too; it always has.

"And if the Prudential gets its bills through, come the down side of the market, I ask only if the Prudential will want what it worked so hard to get."

It's a good question.

Lehman Brothers Group Offers Scudder Fund of Canada Com. Stock

Public offering of 250,000 common shares of Scudder Fund of Canada, Ltd., was made yesterday (Aug. 3) by a nationwide group of underwriters headed by Lehman Brothers. The stock is priced at $43.92 per share for single transactions of less than 1,000 shares. For single transactions involving a greater number of shares, prices are scaled down as follows: 1,000-1,999 shares, $43.57 per share; 2,000-2,999 shares, $43.23 per share; 3,000-9,999 shares, $42.89; 10,000-74,999 shares, $42.54; 75,000 shares and over $41.92 per share.

The sale of the additional shares will provide the Fund with approximately $10,292,000 of additional investment capital, and increase the outstanding common stock to 1,250,000 shares. All of the originally issued 1,000,000 shares are outstanding. To date none of these shares has been redeemed although the Fund's shares are redeemable at any time at the option of its shareholders.

The first offering in June, 1954, provided the Fund with initial investment capital of $30,000,200 which upon investment has grown to $41,170,000 of total net assets on Aug. 2, 1955.

The policy of the Fund is to limit its investments to securities of companies deriving their income from sources outside the United States. It invests in securities judged to have the best long-term investment possibilities. The Fund concentrates its investments in securities of companies organized in Canada or the United States, reflecting the development of Canadian industry and resources; as of May 31, 1955, the end of the Fund's fiscal year, less than 12% of the Fund's total assets was invested in securities of non-Canadian issuers but the Fund reserves freedom to invest up to 33⅓% of total assets in such securities.

The Scudder Fund of Canada, Ltd. has operated and proposes to continue to operate in such a way as to be a "non-resident" foreign corporation for the purposes of the United States Internal Revenue Code and to realize no taxable income from United States sources. It is therefore not liable and does not expect to become liable for any United States income tax. The Fund intends to continue its policy of not paying dividends and of accumulating and reinvesting all income and profits.

Joins Boren & Co.

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—James Roosevelt has joined the staff of Boren & Co., 186 North Canon Drive. Mr. Roosevelt was formerly President of the Intertrust Corporation.

F. I. Du Pont Adds

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Charles F. Sill, Jr. has become affiliated with Francis I. du Pont & Co., 9640 Santa Monica Boulevard.

Two With Daniel Weston

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Frank J. Goldberg and George B. Young have joined the staff of Daniel D. Weston & Co., 140 South Beverly Drive.

Joins Lester, Ryons

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — William A. Warner has joined the staff of Lester, Ryons & Co., 623 South Hope Street, members of the New York and Los Angeles Stock Exchanges.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

Government bond prices gave more ground the past week because the demand for these securities is very limited and the market for them is very much on the thin side. This is to be expected because the money markets continue to be on the defensive, since interest rates are still moving upward. Pressure from the monetary authorities is still strong even though some temporary relief was given to the money market in form of purchases of Treasury bills by the Federal Reserve Banks.

Treasury bills continue to give a better yield as investors, because of the strong demand for funds from other channels, are reducing their subscriptions to the weekly new money issues of $100,000,000.

The talk of an increase in the "prime bank rate" and the rediscount rate has tended to further limit the small demand which has been around for the long-term Government bonds.

Prime Bank Rate Increased

The money market continues to show the results of the pressure which is being put on it, and it is evident that if the monetary authorities had not given it help here and there as they have done from time to time the tightness would have been more acute. Interest rates are still rising because the demand for funds remains sizeable and, with the seasonal increase in loans taking place, it would not be at all surprising if some of the rates which have been stationary were lifted in the not distant future.

The "prime bank rate," which had been kept at the 3% level for sometime, has just been raised to 3¼%, a move which had not been expected at this time. Loan rates to brokers and dealers for the crrying of their own securities in most cases, and customers' securities, including tax free and Government obligations, were previously raised from 3% to 3¼% by the large New York City banks.

The step-up in the rate of loans to brokers to finance margin buying by their customers is the first change in this rate since March 1954, at which time it was cut from 3¼% to 3%. However, the rise in the rate on loans to dealers to finance their inventories is the second increase within the space of a month, because early in July it was raised from 2¾% to 3%.

Some money market specialists believe that the seasonal upturn in loans is already under way as indicated in the report by the New York City member banks last week that borrowings were up $60,000,000. If this is so, the seasonal demand for funds will be getting a better start than a year ago when the turn did not come until a month later. This demand for money and credit will be substantial because the business pattern is strong, and unless the powers that be give more than a token amount of assistance to the money market to alleviate an already tight situation, all rates will have to go higher as is evidenced in the increase in the "prime rate."

Increase in Rediscount Rate Expected

With the tight money market comes an increase in the yield in Treasury bills, as well as a rather sharp decline in prices of Government securities which has carried most of these obligations down to new lows for the year. There appears to be no question but what the demand for funds in other fields is making the Government bond market meet this kind of competition. The readjustment, however, which is going on in prices of Treasury obligations appears to be taking into consideration nearly all phases of the conditions which the money market is up against from time to time.

With interest rates rising and yields of Government increasing, it would be logical to look for an increase in the rediscount rate before too much time has elapsed. The decline which has been under way in quotation of Treasury securities, according to some money market specialists, is indicative of further pressure on interest rates, but, on the other hand, it is being pointed out that the recession in prices of these obligations may have gone a long way already in discounting what eventually will take place.

Governments in Buying Area?

Even though there are no signs yet of the lifting of the bearishness as far as the Government bond market is concerned, it is evident that the decline which is in progress is taking many of these issues down to prices where there should be attraction soon to those investors that are interested in yield. To be sure, a bottom in quotations of securities is known only in retrospect and generally not too many obligations are ever bought at such prices. Even though most money market specialists are not yet in a mood to recommend averaging down of earlier purchases, they do come up with the thought that consideration should be given to the idea of placing under the market orders for selected Government bonds.

Joins White Co. Staff

(Special to The Financial Chronicle)

BLOOMINGTON, Ill. — Maury D. Powell has become affiliated with White & Company, 216 West Washington Street.

With Hoffman-Walker

(Special to The Financial Chronicle)

COLUMBUS, Ga.—Wendell B. Wight has become associated with Hoffman - Walker Company, Columbus Bank and Trust Company Building.

George M. McCleary

George M. McCleary, President of McCleary & Co., Inc., St. Petersburg, Fla., members of the New York Stock Exchange, passed away suddenly July 31 at the age of 54.

William P. Jenks

William P. Jenks passed away July 30 at the age of 82. Prior to his retirement he was a partner in the former New York Stock Exchange firm of Jenks, Gwynne & Co.

Orie Kelly Joins G. H. Walker & Co.

WHITE PLAINS, N. Y.—Orie R. Kelly is now associated with G. H. Walker & Co., members of the New York Stock Exchange, in the firm's White Plains office at 10 Mitchell Place. He has been active for many years in business, financial and philanthropic activities. Mr. Kelly served as President of Lawyers Trust Company until its merger with Bankers Trust Company in 1950, and before his retirement was also a Vice-President and Director of Bankers Trust Co. He is now serving as a member of this bank's Advisory Committee. Mr. Kelly is a Director of the American Safety Razor Corporation, Companion Life Insurance Company, Maryland Casualty Company, Starrett Brothers and Eken, Incorporated, and the Starrett Corporation.

Orie R. Kelly

He is also a member of the Bankers Club, a member and past President of the New York Athletic Club and the Westchester Country Club; a member of the Westchester County Park Commission, the Advisory Board of the New York Foundling Hospital, and a trustee of the National Probation and Parole Association, and of Iona College. Mr. Kelly resides on North Street in White Plains, where he has lived for many years.

Joins Coombs & Co.

(Special to The Financial Chronicle)

I. Irving Berns is now affiliated with Coombs & Company, 602 West Sixth Street.

Two With Samuel Franklin

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Russell George and Arnold Handelman have been added to the staff of Samuel B. Franklin & Company, 215 West Seventh Street.

Oscar Kraft Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Doyle D. Miller is now with Oscar F. Kraft & Co., 530 West Sixth St.

Continued from page 9

Men, Machines and Electronic Brains

workers, these machines must still be manufactured by other workers and the latter are no doubt more highly skilled and better trained than the former.

Scientists have already developed machines, however, which will perform **logical** operations as well as routine or repetitive operations based on a simple numerical code. Elaborate, high-speed digital computing machines have worked wonders in saving time and effort in the solution of complex mathematical problems. And it is such versatile computers which act as the master control in completely automatized production processes. Until recently it was felt that such machines would be prohibitively costly for ordinary industrial use. But as Professor Wiener has pointed out this was partly due to rapid developments in the theory of communication and control which made each of these machines virtually a new model. He rightly predicted, however, that standard models would be built applicable to a wide variety of industrial uses, and with this would come quantity production and a consequent reduction in costs. To some extent the production of such machines in the future may be controlled by other similar machines.

It is true that somewhere at the back of this process there must be a human brain to provide the original information which the machine requires before it can perform its task. But the most radical schemes of automatization do not envisage the elimination of human labor in a given production process; they only suggest there will be a tremendous decrease in the demand for labor to perform relatively routine tasks. Even in the completely automatized factory there would be technicians and maintenance men at various stages of the production process. These might be highly paid but their cost would be spread over a tremendous volume of production.

To all this one might reply—granted, machines may well take over an increasing part of transforming raw stock into finished products. But will not the increasing complexity of manufacturing, or for that matter of the entire industrial system, lead to a corresponding increase in the volume of record keeping and other paper work? Is it not possible that the decline in the demand for production workers will be more than offset by the need for more clerks, bookkeepers, accountants, and other similar workers? Not if the scientists foresee correctly. They regard many clerical and white collar jobs of today as rather low level occupations in terms of responsibility and judgment. And the less decision making attached to a particular job the more easily can the worker holding that job be replaced by a machine. Where the job involves the routine collection, collation, manipulation, and filing of data it can be handled by such machines as the new IBM 650 or the Univac 120 recently put on the market by Remington Rand. There is little reason to doubt that more labor-saving machines will be forthcoming for use in the office as well as on the floor of the factory.

All in all, those responsible for the development of the science of communication and control are not sanguine about the possibility of increasing job opportunities through automatization. On the contrary, given our present system of political and economic organization, it is their belief that the average individual of "mediocre attainments" will have nothing to sell that "it is worth anyone's money to buy," once the second industrial revolution has run its course. In brief, while they are optimistic about the technical feasibility of the automatic factory, and the automatization of many other kinds of work requiring only average ability and training, some of them are pessimistic about our ability to adapt to the new environment which all this will produce. In discussing the social and economic effects of automatization, Professor Wiener concluded: "It is perfectly clear that this will produce an unemployment situation, in comparison with which the present recession and even the depression of the thirties will seem a pleasant joke."

III

While some of the nation's foremost scientists and mathematicians have suggested that automatization will have the revolutionary economic consequences, their pronouncements tend toward the dramatic and evince a lack of knowledge about either economic history or present forms of social and economic organization. The substitution of mechanical devices for human effort has been going on since Watt developed the flyball governor at the end of the 18th century. On the whole, this substitution has proceeded in an orderly manner. There have been exceptions, such as the insensate destruction of power-driven spinning mules by hand spinners during the Luddite revolts in Great Britain between 1810 and 1815. But such disturbances were short-lived and sporadic. Workers quickly learned that it was senseless to attack inanimate machines. Instead they organized trade unions and sought to share in the fruits of technological progress.

At times early craft unions tried to oppose innovations, but on the whole they were unsuccessful. And with the development of industrial unions, which sought to bring within the fold of organized labor workers of all grades, opposition to technological change virtually disappeared. Trade unions today concentrate on capturing as large a share as possible of the gains which result from the increased productivity of new types of machinery. And at the same time by progressively reducing the length of the work week they have avoided the problem of large-scale technological unemployment. In 1880 the average work week in industry was in excess of 58 hours. Today the average is about 40 hours, and it would be surprising if this average did not continue to fall.

Another important development which must be considered in assessing the consequences of automatization was pointed out more than two decades ago by two British economists, Allen G. B. Fisher and Colin Clark. Clark and Fisher demonstrated that as an economy becomes industrialized, technological change reduces the man-hour requirements in the primary or extractive occupations (as such as agriculture, forestry, and fishing) and this, at first, provides a pool of labor for the expanding secondary sector of the economy which includes manufacturing, mining and construction. Later, as technological progress reduces man-hour requirements in the secondary sector total output can be increased but a progressively smaller proportion of the labor force is required to produce the expanded output. more workers are thereby made available for tertiary activities which include the expanding trades and services.

It is true that the transition from primary to secondary activities proceeded rather slowly, and in spite of that produced a considerable amount of frictional unemployment and under employment. There is a genuine difference between **gradual** changes which **permit** the transfer of a large proportion of the labor force from agriculture to manufacturing, and sudden changes which might displace large numbers of manufacturing workers. The latter might not readily make the transition to tertiary occupations because of their industrial or geographic immobility, or because of a lack of education and training for new types of jobs. But it is unlikely that automatization, despite its increasing tempo, will suddenly displace large numbers of industrial workers in the foreseeable future. It is more reasonable to expect an increase in industrial output without a corresponding increase in manufacturing employment. In the long run, manufacturing employment should continue to decline, but the decline should be gradual, not precipitous.

IV

The decision to automatize or not to automatize a particular production process will not be entirely in the hands of businessmen, as some scientists have assumed when making dire predictions of mass unemployment in the future. What these scientists have failed to recognize is that we **now** live in a society in which labor, government, and other powerful groups influence business and economic decisions either directly or indirectly through public policy. Some have implied that automatization will produce marked changes in social and economic organization without having fully grasped the significance of the changes that have occurred during the past two decades.

It is now widely recognized that large-scale and persistent unemployment is politically intolerable. No political party which failed to act to combat rising unemployment, or to correct the basic causes of persistent unemployment, could hope to survive beyond the next election. No longer can the politician plead that unemployment is the price we must pay for freedom. The voter might all too quickly ask: "Whose freedom—and who pays?"

The early New Deal program was regarded as a temporary one designed to prime the economic pump and restore full employment. But once this was accomplished, it was felt, the government could withdraw and turn the economy back to the businessman. The pump was never sufficiently primed, however, and unemployment persisted until the second World War. The war brought with it full employment and later labor shortages. By the end of the war our political leaders realized that no longer would the voters tolerate the kind of unemployment we had experienced during the 30's. Our changed attitude was formalized in the Employment Act of 1946. While this law does not guarantee "full" employment, it states that "it is the continuing policy and responsibility of the Federal Government . . . to promote maximum employment, production, and purchasing power." Automatic factories notwithstanding, we know today that serious unemployment need not be tolerated even in an economy which depends primarily upon the market place for the allocation of resources and distribution of incomes.

If "full" employment is to be maintained there must be balance in the economy. We must be able to consume what we produce, and in a capitalist economy savings must tend to equal investment at a level of national income which will provide for the maximum employment of our resources, human and otherwise. While in a market economy we must expect a certain amount of frictional unemployment, we know that in general this balance can be maintained and widespread unemployment can be avoided. Trade union policy augmented by minimum wage and similar legislation can maintain a high level of purchasing power. The basic problem will be that of maintaining the delicate balance in income distribution which will provide for a high level of consumer spending and not diminish the inducement of industrialists to invest in automatic machienry.

The amount of investment that will be required to effectively automatize industry has been underestimated by those scientists who have made gloomy predictions about the employment effects of automatization. They have correctly pointed out that the cost of computing machinery, the heart of automatization, will fall. The cost of experimental digital computers ran into millions. The price of the large Remington Rand Univac—much maligned when it failed to predict the outcome of the last election to the last decimal point—was roughly a million dollars. But now some of the smaller computers are available in industry for around $60,000 which is a relatively small outlay if it will result in substantial savings in labor cost. The cost of the computers, however, is only a fraction of the total cost of automatizing an entire plant. It is the total capital outlay which should be kept in mind, rather than the cost of the self-regulating mechanism alone.

More important, however, investment decisions are not made on the basis of cost alone. It is the expected return on investments which is the relevant variable. If this expected return is high enough even the most costly equipment will be installed. But the return on investment is influenced by a number of things, among them the level of demand for consumer goods. We would be artless indeed if as businessmen or as a nation we produced goods, whether in automatic factories or in any other kind, that could not be consumed. And we can continue to consume what we produce only if sufficient income finds its way to the hands of mass consumers. This means that to a large extent the savings in cost realized through technological change must be passed on in higher wages. But if workmen are displaced by machines, one might ask, whose wages are to rise in order to maintain the required level of consumption? There will have to be a rise in the **general** wage level; workers in both the automatized and the non-automatized sectors will have to share in the overall increase in productivity.

If we expand production, prices will have to fall in relation to wages. The spread between costs and prices will narrow, and the rate of return on invested capital will fall. If it falls too far or too fast, further investment will be deferred. There is a feedback effect in the economy analagous to that in the automatized factory. This has been recognized, for example, by Arnold Tustin, professor of electrical engineering in the University of Birmingham, who has made some tentative applications of the concepts of cybernetics to economic theory. Using this approach we see that there are self-regulating forces in the economy which will slow down the rate of automatization if it proceeds at too rapid a pace. Thus while research in control engineering will proceed more or less continuously, the automatization of a particular production process will depend upon management's views of the expected returns from the new investment compared with the expected returns from continuing to produce by conventional methods. At times, management will judge that it will be profitable to substitute machinery for workers. At other times the reverse will be true. The process of automatizing of industry, therefore, should be a cyclical phenomenon. We should witness periods of fairly rapid displacement of labor alternating with periods of readjustment to the changes engendered by the displacement.

V

None of the above is intended as a denial that further automatization will exert a profound influence on our lives. It will most assuredly create short-run frictional problems which might tax our ingenuity. But the problems are not insuperable. From a strictly economic point of view we will be better off if we can increase production with a smaller expenditure of human effort. This is true, of course, only if we can keep our economy functioning. The latter can be done, however, without major alterations in the kind of economic system we now have.

All of us no doubt will have to make adjustments. If employment in the manufacturing sector of our economy declines, in both absolute and relative terms, unions will have to redouble their efforts to organize non-manufacturing workers. There will be problems created by the increase in leisure time, although the latter will in turn create employment. Some will find work in helping others spend their added leisure enjoyably.

There will also be the problem of retraining displaced industrial workers for non-industrial occupations. This will call for more adult education, and it will require revision in our thinking about the operation of the labor market. Until recently, economists often assumed that displaced workers could find new jobs so long as we maintained a high level of employment in the nation. This might involve a change in occupation and place of residence, but it was assumed that so long as the job opening existed the displaced workers would find it.

Recent research on labor mobility reveals, however, that workers often have only fragmentary knowledge about the local labor market—much less the availability of jobs elsewhere. In addition, industrial workers are rarely fitted by training or experience for non-manufacturing jobs which pay wages comparable to those in manufacturing. But through aptitude testing, retraining, and worker placement the problems of transferring industrial workers to non-manufacturing jobs can be mitigated. We have the knowledge of how to improve the operation of the labor market if we only have the intelligence to apply it.

Finally, we are not going to discard willy nilly all present production methods and replace them overnight with pushbutton factories. The automatic factory is economically feasible only where there are fairly long runs of products of fairly settled design for which there is a lasting, steady market. And it is doubtful that all kinds of factories will lend themselves equally to automatization. So long as consumers demand a variety of products among which they can pick and choose, automatization will not come to industries in which there are frequent style changeovers, or in which goods are produced in fairly small lots because of variations in style or size. And as our society becomes wealthier our desire for variety appears to increase. Thus the transition to the pushbotton age will not only proceed more slowly than many engineers and scientists believe, but it shall probably not be so complete as they now envisage.

What does all this add up to? In some respects the scientists and engineers have been overly optimistic about the extent to which manufacturing industry can be automatized, and they have also been overly pessimistic about some of the economic consequences of automatization. Inevitably as progress is made in this field, and as short-run or frictional problems develop, some will raise the cry that we should impose a moratorium on technical progress until progress in the behavioral sciences better fits us to take advantage of these innovations.

But scientific and technical progress will, as it should, continue independently of its strictly economic consequences. Often the scientist or technician does not stop to evaluate the economic consequences of an innovation on which he is working. Much research is in the realm of pure science; it is simply research qua research, and whether for weal or for woe it will go on. Automatization will not result in disaster to our present economic system, however. Reasonable men will discount both those predictions which suggest that the automatic factory will lead us to Utopia, and those which suggest it will lead us to ruin.

Bernard J. Van Ingen

Bernard J. Van Ingen, head of the municipal bond house of B. J. Van Ingen & Co., Inc., passed away at Columbia Medical Center after a short illness. He was 65 years of age.

Mr. Van Ingen was born in Brooklyn, N. Y., on Sept. 21, 1889, educated in Brooklyn schools and graduated from Columbia University in 1911.

A pioneer in the financing of public revenue bonds, Mr. Van Ingen entered the municipal bond business in 1911 with the firm of R. M. Grant & Co. He formed his own organization in 1917.

Mr. Van Ingen was one of the first investment bankers to recognize the merits of state and political obligations secured by special taxes instead of general levies and was prominent in the financing of state highway issues after World War I.

It was in the field of public revenue bonds, however, that Mr. Van Ingen's leadership was most widely recognized. In 1938 he underwrote, with a small group of dealers, the first issue of Pennsylvania Turnpike revenue bonds out of which has stemmed such large turnpike financing programs in recent years. He headed the bankers who financed the first issue of Henry Hudson Parkway and Marine Parkway Authority bonds. He also was a leader in the field of financing public power projects, especially in Nebraska and the Northwestern United States. In Puerto Rico he pioneered the financing of both the island wide electric system and the water and sewer system.

Rex Merrick Adds

(Special to The Financial Chronicle)

SAN MATEO, Calif.—Philip C. Lemmon has been added to the staff of Rex Merrick & Co., 22 Second Avenue.

With Dean Witter

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif.—Dan H. Walcott, Jr. is now with Dean Witter & Co., 45 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Two With White Co.

(Special to The Financial Chronicle)

BLOOMINGTON, Ill.—William T. Scott, III and Harold E. Walsh are now connected with White & Company, 216 West Washington Street.

Securities Salesman's Corner

By JOHN DUTTON

A Little Planning and a Bit of Imagination

Doing the thing that is unexpected sometimes can be a help to a salesman providing it isn't showy and ostentatious. When you work out a prospecting idea that can bring you several new accounts, such as the case I am going to relate to you now, I think you'll agree that the salesman who did it was not only planning his work, but also, he was thinking about tomorrow. In every business you must always think of the new customer you should get as well as the old one that you should keep. In the securities business customers leave you for one reason or another and it is very important to continually add new ones to take the place of those who drift away.

A Scarce Bank Stock

In this story I am going to tell you there were five salesmen who had the same opportunity. One of them did some thinking. Because of this he not only made a sale to a new account but also developed two more qualified prospects. Total time involved was 55 minutes. Tools—a telephone book and a telephone.

There are 20 suburbs of the city where this little event took place. Each one of them has a commercial bank, some of the suburbs have two banks, but in this instance a sale was made of 225 shares of stock in the only National Bank in one of the fastest growing suburbs in this community. This stock was bought for inventory by the firm in question and it was released to the salesmen for offering to their clients.

Four of the men in the sales organization offered it to some of their regular clients but the stock did not move for several days. One salesman did a bit of thinking. He picked up the telephone book and checked the doctors and the lawyers in this suburban community. He also checked up on the local lumber yard, an auto parts company and a few other such businesses where the proprietor might be expected to have an interest in purchasing stock in *the local bank.*

He started with the auto parts firm and he asked the telephone receptionist for the name of the owner of the company. Armed with the name of this man he asked to be connected with him on the 'phone. He then offered the stock to him and was told that Mr. Auto Parts would like to buy it (and was also complimented that he was offered the stock), but due to the fact that he was building a new home he just didn't have the cash to make the investment. Nonplussed, this salesman then asked, "Do you know of someone that might wish to buy this stock?" He was given a lead.

On the second telephone call he was greeted by a very pleasant secretary who told him, "Yes, I think Mr. So-and-so would like to buy that stock but he is not in his office now. Can I call you back?" Our salesman, who was using his head and the telephone book, replied, "Please do."

Before he made ten calls he found that there were four people in various lines of professional and business endeavor who would have bought the bank stock. He sold the 225 shares and he now has orders on his books for several hundred more shares in the same bank should his firm at some future date be fortunate enough to buy some more.

Two new customers—two new prospects — tools, a telephone book, a telephone, and a little creative imagination.

Reynolds Metals To Place $235,000,000 Securities Privately

Richard S. Reynolds, Jr., President of Reynolds Metals Co., on July 28 announced that a $235,000,000 financing program has been completed. This financing represents a sale by the company to institutional investors of $155,000,000 of 25-year first mortgage bonds, series A, due June 1, 1980, and the placing of an $80,000,000 unsecured five-year bank loan evidenced by notes due 1956-1960. The transaction was arranged by Dillon, Read & Co., Inc. and Reynolds and Co., Incorporated.

The proceeds of the financing together with $10,517,000 of the company's cash were used to refund all the company's mortgage and loan indebtedness. The indebtedness refunded included the balance of the company's obligation to General Services Administration for war surplus plants purchased in 1949 and indebtedness incurred in connection with the government - sponsored first and second aluminum expansion programs during the Korean War.

"This transaction," Mr. Reynolds declared, "has put the company's domestic facilities on a completely privately financed basis with the repayment of $69,292,000 in notes held by General Services Administration and $76,750,000 of private loans partly guaranteed by G.S.A.

"As a result of the refinancing," Mr. Reynolds pointed out, "the company's total debt repayments for the 1955-60 period will be decreased approximately from $164,000,000 to $96,000,000, a reduction of $68,000,000. The lower debt payments during the next few years," he added, "will enable the company to proceed more rapidly with its long-range expansion plans.

"Additional production facilities will be built at the company's present plants, increasing its capacity another 70,000,000 pounds, to a total of 900,000,000 pounds," according to Mr. Reynolds. "With the current demand for aluminum strong and its markets still growing, further large-scale expansion is also being planned," he said, "to assure increased supplies to both new and old customers."

National Shoes Stock Offered at $7 a Share

C. E. Unterberg, Towbin Co. on Aug. 1 offered 42,800 shares of National Shoes, Inc. common stock at a price of $7 per share, marking the first public financing by the retail shoe chain. The offering represents approximately 8% of the capitalization of the company.

Net proceeds from the sale of the stock will be used by National as additional working capital.

As of June 15, 1954, National Shoes, Inc. operated 109 popular-priced retail shoe outlets located principally in New York and New Jersey.

Baker, Simonds Adds

(Special to The Financial Chronicle)

DETROIT, Mich.—Victor P. Rosasco, Jr. has become affiliated with Baker, Simonds & Co., Buhl Building, members of the Detroit Stock Exchange.

Public Utility Securities

By OWEN ELY

Western Union Telegraph Company

Western Union has had a near-monopoly of telegraph facilities in the United States since it acquired the Postal system, but it still competes with American Tel. & Tel.—both directly with the latter's teletypewriter (TWX) service and private-line telegraph service, and indirectly through customer choice between telegrams vs. long-distance telephone talks. Western Union owns important foreign cable facilities but under pressure from Congress and the FCC, it recently arranged (subject to formalities) to sell these properties to Textron for about $18 million. The management is hopeful that it can now receive Federal aid in acquiring the competitive properties of the Bell System.

Western Union has had a highly checkered earnings career despite the high equity ratio (now about 81% following the current equity financing). This fact seems due mainly to the high proportion of labor costs to revenues in conjunction with the cyclical character of the business. Back in 1932, with revenues down 44% from the 1929 level, earnings dropped from $3.78 to a loss of 20c. A smaller dip in revenues in 1938 brought a loss of 39c as compared with the 86c earned in the previous year. In 1946 the postwar drop in revenues, while only 5%, resulted in a share deficit of $2.25 —with a rebound to $1.86 in the year following. Deficits were again reported in 1948-49 when there was a moderate slowing of business activity. The company then remained in the black until 1952 when severe labor troubles, combined with some loss of revenue, dropped earnings to 26c. In 1954 a wage increase cut earnings in half, but this year they are again on the upgrade with first half profits over double last year.

The company is doing its best to reduce its labor problem and to stabilize earnings. But the pending Federal legislation for a minimum $1 hourly wage, plus probable wage demands when the union contract is reopened a year from now, may be a factor in 1955 earnings. The company had a "knock-down" battle with the unions in 1952, but in 1954 negotiations were much smoother, and the union's news agencies expressed their appreciation of the company policy of "recognizing employee needs." The company obtained rate increases in both years.

Employees' hourly pay averaged $1.86 in 1954 compared with only 82c in 1945, but the number of employees had been cut to 39,000 compared with 64,000 a decade earlier. Hence the 1954 percentage of gross for labor was 63% compared with 74% in 1946 and 66% in 1945.

The company has spent about $153 million over the past 11 years for modernization and mechanization, and $38 million is projected for 1955 construction. Research expenditures are now three times as large as earlier in the postwar period. The company has developed a number of facsimile-radio devices such as Deskfax and Telefax, and by use of these machines the number of messengers has been reduced from 10,350 to 7,902. Formerly five to 14 people were involved in sending and receiving an individual message across the country—now with automatic routing of messages only three are needed.

Installations of Deskfax, used by business firms to send and receive telegrams automatically in picture form simply by pushing a button, have continued at an accelerated pace. These electronic machines vastly improve the speed of service and attract increased use of telegrams. In addition to 20,000 Desk-Fax machines in service, there are 23,000 business offices equipped with teleprinter machines, making a total of 43,000 direct connections with telegraph centers.

Continued rapid progress was made in 1954 in the leasing of private wire and facsimile systems to industrial and governmental users for fast, efficient handling of their volume communications. Western Union's skilled engineers help design special types of equipment to meet individual needs of customers. Revenues from the leasing of private wire and facsimile systems in 1954 totaled $22,504,678, or 17% more than in 1953. Some of the larger private wiring systems installed last year included networks for the General Service Administration, Emery Air Freight, Translux - Crispo News Service, Continental Can, Olin-Mathieson Chemical, International Paper, Rexall Drug, Hughes Aircraft, Pan-American World Airways, Boeing Airplane, North American Aviation, etc. Many new networks are scheduled for installation in 1955.

The growing need of industry for centralized control of decentralized operations, with prompt transmission of payroll data, sales orders and other statistical information to headquarters, has led to development of "Integrated Data Processing." Statistical information sent over Western Union private wire systems is received either in punched card or tape form, for automatic processing by electronic computers.

Various new applications of the facsimile method are being made. Thus, high-speed facsimile equipment has been put in operation in Washington to service the Senate and the House in handling big volumes of messages during legislative consideration of popular issues. A leased facsimile system known as Intrafax, to speed communications between departments, branches and offices, is being developed. This can also be adapted to link local bank branches with central headquarters, for verification of checks, etc.

Still another device is Ticketfax, which has been installed in many business offices in Philadelphia and Cleveland, connecting them with railroad ticket bureaus and permitting them to obtain Pullman and railroad tickets immediately, without leaving their offices. Other railroads are said to be interested.

Western Union is also making progress with its financial setup. The recent refunding bond issue, sold to 50 institutional buyers, will reduce fixed charges. The current equity financing, by offering rights on a one-for-five basis to stock holders, improves the equity ratio and thus should help to stabilize future share earnings. The recent four-for-one stock split was successful, in that it increased the number of shareholders by 8%.

Mid Continent Inv. Adds

(Special to The Financial Chronicle)

CHICAGO, Ill. Andrew G. Bertoncini has become associated with Mid Continent Investment & Securities Corporation, 231 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Bertoncini was formerly Cashier for Barclay Investment Co. Prior thereto for many years he was with Paul H. Davis & Co.

Boom To Ride Well Into 1956, Economist States

The American economy will continue to make marked gains during the rest of this year and on into 1956, according to one of the nation's better known economists.

In a report to the shareholders of Wall Street Investing Corporation, a $6,500,000 mutual fund for which he serves as economic consultant, Prof. John Lintner of the Harvard Business College commented that the nation's recovery from last year's recession has been "one of the strongest and most widely diffused on record," and added:

"Over-all business conditions should continue to improve over the remainder of this calendar year and on into 1956."

"Business spending for plant and equipment has turned strongly upward and the further increases planned are supported by rising labor costs, rapid technological advances, improving profits and increasing depreciation accruals," Prof. Lintner reported.

He said state and local outlays will continue to increase and federal outlays on goods and services will show little, if any, decline.

Pointing out that consumer incomes are continuing to rise, he said consumer spending should also continue to increase, though at a somewhat slower pace.

"Construction has passed its peak and will continue to decline," Prof. Lintner went on, "but the decline should be relatively moderate in view of the strength of underlying demands."

Foreseeing a drop in automobile production during the rest of this year, he noted that this decline, together with that of construction, will be "much more than offset" by increases likely in other sectors of the national economy.

Prof. Lintner closed his report with a comment on credit conditions which he believes will continue to tighten, but gradually, and not enough to reverse the current upswing "which should continue until after the turn of the year."

Prof. Lintner's review of the country's economy, his first as economic consultant to Wall Street Investing Corporation, was contained in the firm's overall semi-annual report to shareholders of the 10-year-old common stock fund.

ITOB Splits

The Trustees of Investment Trust of Boston have declared a 100% share distribution payable Aug. 6, 1955 to shareholders of record Aug. 5, 1955.

Total shares of Investment Trust of Boston outstanding on July 20, 1955, were 1,252,507. Net asset value per share on the same date was $19.18, and total net assets, $24,018,787.

Wellington Fund Sets Records

Wellington Fund is adding new shareholders at the rate of about 2,000 each month, Walter L. Morgan, President, stated in his report to shareholders for the six months ended June 30, 1955. The number of Wellington shareholders currently is approaching the 150,000-mark.

Mr. Morgan reported that net assets of the fund had reached $459,524,000 on June 30, last, a new high and an increase of $124,373,000 in net assets since June 30, 1954. Asset value per share of Wellington Fund on June 30, 1955, increased to $26.77 from $22.15 a year ago, he said.

On June 30, 1955, Wellington Fund had about 68% of its resources in common stocks with the balance in senior securities, about equally divided between good grade preferred stocks, investment bonds and governments.

While the portion of the fund invested in common stocks was about the same as at the beginning of the year, sales were made and net profits taken in securities which had advanced substantially in price or had become less attractive because of lower yields or less favorable prospects.

During the first six months this year Wellington Fund made new investments and increased common stock holdings in the automobile, building, chemical, glass, machinery, nonferrous metal, railroad and rail equipment industries. The stocks selected were depressed last year, and a substantial recovery in sales and earnings of these companies was expected this year. Purchases were also made in certain food and rubber stocks whose outlook appeared particularly favorable.

The soap and several variety chain stocks were eliminated and moderate reductions were made in other merchandising stocks, where the improvement in earnings was expected to be slight or the yield was low. Some natural gas stocks were reduced because of the uncertainty regarding government regulation. Some oil stocks were sold to consolidate holdings among the leading companies.

The shares of a few paper and steel stocks were moderately reduced during their advance to keep the fund's investment in these groups in the desired proportion. Textile stocks were also reduced after their recovery from depressed levels. A few utility stocks were sold, where their yields had become unattractive of prospects less favorable.

Among the principal new common stock investments made by the fund during the first half of 1955 were: 75,000 National Biscuit; 70,200 American Radiator & Standard Sanitary; 65,000 Carolina Power & Light; 65,000 Sunray Mid-Continent Oil; 30,000 American Cyanamid; 27,000 Chicago Pneumatic Tool and 27,000 Chrysler.

Principal additions to the present common stock portfolio during the period were: 20,000 Aluminium, Ltd.; 20,000 First National City Bank of New York; 18,800 Goodyear Tire & Rubber; 18,000 Standard Oil of Indiana; 16,800 General American Transportation and 15,900 Corning Glass Works.

Mutual Funds

By ROBERT R. RICH

COMMENTING UPON "the broad pattern of diversification" of Massachusetts Investors Trust in their latest report to shareholders, the trustees state that 47% of the portfolio is in stocks with better than average growth prospects. Another 37%, the trustees say, is in stocks with a higher than average rate of return and the balance of about 16% represents stocks with better than average stability of income.

In outlining the diversification pattern, the trustees also explained that growth stocks return a lower than average income because earnings are "plowed back." While the companies in the portfolio paying a higher return, they said, likewise have good prospects of appreciation, generally they are more subject to business cycle fluctuations. The portfolio stocks with above average income stability are in industries which the trustees believe should hold up well even when business conditions may be less favorable.

The trust reported portfolio investments in 135 different companies representing more than 22 industry classifications. The six largest industry classifications in terms of market values of stocks held were: petroleum $180,424,308; utility companies $99,110,575; chemicals $65,937,450; railroads $63,006,675; steels $61,370,187, and metals and mining $60,445,925.

REFLECTING THE rise in securities values and record sales of the four mutual funds in the United Funds group, total assets rose about $49¼ million in the first six months of 1955 in contrast to a rise of nearly $35½ million for the same period a year earlier.

Net asset value of United Income Fund, the largest in the group, totaled $125,987,313, equal to $19.32 a share on the 6,522,666 shares outstanding June 30, compared with $91,741,428, or $14.60 a share on the 6,284,365 shares outstanding a year earlier. Directors have voted a stock split of one share for each share outstanding to holders of record Aug. 4.

Net asset value of United Accumulative Fund shares amounted to $64,611,929, or $10.53 a share, compared with $31,775,428, or $7.51 a share, a year before.

Net asset value of United Science Fund shares reached $28,090,691, equal to $9.98 a share, compared with $18,578,447, or $7.18 a share, a year ago.

Net asset value of United Continental Fund shares was $17,973,062, or $7.53 a share, against $5,973,315, or $5.35 a share, in the 1954 period.

National Growth To Split Stock

Shareowners of the National Growth Stocks Series—a mutual fund managed and sponsored by National Securities & Research Corporation—will vote on Sept. 12 on a proposed three-for-one split in the fund's shares.

H. J. Simonson, Jr., President of the corporation, said the split has been recommended because of "the sharp increase in the net asset value per share" and that it will result in reducing the public offering price "to a point which is believed more acceptable to the public than the present relatively high price."

At the close of the market Friday, the offering price of the series was $18.37.

Shareowners of all seven of the National Securities funds will be asked to vote on Sept. 12 on a 100-year continuance of the Trust Agreement, extending the termination date from 1965 to 2065.

Group Begins "Put-Take" Plan

The convenience of a monthly check in regular amounts is a feature of a new service being offered to shareholders of Group Securities, Inc.

Under Group's new Periodic Remittance Plan, the monthly payments may be in amounts greater than, approximately equal to—or less than the current rate of dividends and distributions. When they are less than the total of quarterly dividends and distributions, the excess is immediately reinvested. When they are greater, the difference is made up from partial liquidation of shares. Payments will be made either directly to the shareholder or to any other person named by him.

THE SEMI-ANNUAL Report to shareholders of Investment Bond Fund B-1 covering the operations for the first six months of the fiscal year ending Dec. 31, 1955 noted that the fund, designed to provide relative capital stability for the purpose of investment reserves, has been more stable over the past year than either long-term U. S. Governments or high-grade corporate bond issues.

Rising interest rate during the six months' period under review caused long-term U. S. Governments to decline 3.15% and high-grade corporate bonds to decline 2.30% compared to a decline of only 1.14% for the fund.

Over the past 12 months declines in these three categories were 4.09%, 2.38% and 0.94% respectively, and since the June low of 1949 U. S. Governments have declined nearly 6%, high-grade corporates over 5%, while the fund has declined only 0.71%.

	June 30,'55	June 30,'54
Total net assets	$15,662,129	$17,542,965

NET ASSET VALUE of New York Capital Fund of Canada, Ltd. rose substantially during the first half of 1955, according to the semi-annual report sent to stockholders by Henry C. Brunie, Chairman, and Armand G. Erpf, President. Net asset value as of June 30 was $27,794,816, equal to $27.79 a share on the 1,000,000 outstanding shares of common stock. This compared with net asset value of $24.99 per share on March 31 and $24.85 a share on Dec. 31, 1954. As of July 28, 1955 net asset value was $28.95 per share. The Fund invests principally in Canadian securities but is authorized by its charter and by-laws to invest up to one-third of its resources outside of Canada and the United States.

The Fund's assets on June 30, 1955 were allocated as follows: equities, 75.5%; foreign obligations, 12.5%; and Canadian corporates, 12%.

The largest group holding of stocks comprised metal and mining shares, which on June 30 were carried at $4,673,164, representing 16.8% of net assets. Other major group stock investments included oil and gas shares, 14.1%; paper shares, 9.4%; merchandising shares, 7.6%; life insurance shares, 6.2%; utility shares, 6%; pipeline shares, 3.8%; electric and electronic shares, 3%; finance shares, 2.9%; building materials, 2.2%.

Shares added to the portfolio during the three months ended June 30, 1955 were Confederation Life Association; Great-West Life Assurance; Manufacturers Life Insurance; Simpsons, Limited; British Petroleum; Canadian Superior Oil of California; Great Plains Development Company of Canada; Price Brothers; Asbestos Corporation; and Conwest Exploration Company.

The Fund increased its holdings in a number of companies, including Shawinigan Water and Power Company; Royal Dutch Petroleum Company; Royalite Oil Company Limited; Western Leaseholds; Philips' Lamp; Canadian Westinghouse Company; Brunswick Mining and Smelting Corporation; Free State Geduld Mines; General Mining and Finance Corporation; and Ventures Limited.

Shares eliminated during the second quarter were Triad Oil Co., and Imperial Oil Limited. Reductions were made in holdings of Philippine Long Distance Telephone Company, Royalite Oil Company preferred and Virginia Orange Free State Gold Mines. Co.

THE PER SHARE value of Keystone Growth Fund K-2 increased 15% in the first six months of the fiscal year ending Dec. 31, 1955, and 40% for the 12 months to June 30.

Total net assets more than doubled over the last year, reflecting both market appreciation and a substantial increase in shares outstanding (56%) and in the number of shareholders (58%).

	June 30,'55	June 30,'54
Total net assets	$17,707,019	$8,477,110

SHAREHOLDERS TRUST of Boston reports net assets of $17,444,528 on June 30, 1955, compared with $11,100,383 on June 30, 1954, an increase of 57%. Receipts from sales of shares in the June quarter and the first six months of 1955 established new highs since the Trust commenced continuous offering of its shares in 1951. Net asset value was equal to $12.24 per share on June 30, last, compared with $9.86 per share on June 30, 1954, after giving effect to the 3-for-1 split in December, 1954.

During the past six months a larger proportion of new funds was invested by Shareholders Trust of Boston in fixed-income-bearing securities. This is in conformance with the policy previously reported to shareholders of solidying the substantial gains recorded in the Trust's investments.

MASSACHUSETTS Life Fund, a balanced mutual fund, reports for the quarter ended June 30, 1955, total net assets of $24,100,367, equal to $37.56 per share on 641,713 shares outstanding. This compares with $18,543,038, equal to $31.74 per share on 584,225 shares outstanding for the same period a year ago.

On June 30, 1955, common stocks represented 64.18% of the fund's assets, with 9.41% in preferred stocks, and 26.41% in bonds and cash.

Largest industry holdings in the common stock section on June 30 were in public utilities, oils, automotive and aircraft, steel and chemical. Additional funds during the quarter were invested principally in a selected list of high-grade bonds and preferred stocks.

Sinclair Oil Company was added to common stocks. Holdings eliminated were Gulf States Utilities Co. and New York State Electric and Gas Corp.

WISCONSIN FUND, Inc. reported net assets at June 30, 1955, of $9,548,827 as compared with $6,373,036 a year earlier and $7,930,260 at the 1954 year-end. Net assets per share amounted to $5.74 on June 30, compared with $4.60 on June 30, 1954 and $5.19 on Dec. 31, 1954.

Harold W. Story, President, stated that the total net assets, the net asset value per share, the number of shares outstanding and the number of shareholders were all higher than at the end of any previous quarterly period in the Fund's history.

The Fund held 78 different common stocks, the larger holdings, by industries, being as follows: Stores 9.5%; Public Utilities 8.7%; Chemicals 8.7%; Foods and Beverages 8.6%; Banks 8.5%; Finance and Insurance 8.0%; Electronics 5.9% and Oil and Gas 5.6%.

DELAWARE FUND reported a record increase of $11,093,215, or 56%, in net assets during the 12 months ended June 30, last.

The increase, according to the mutual investment company's semi-annual report, boosted the Fund's total resources to an all-time high of $30,792,286 at the close of the first half-year. This compares with net assets totaling $19,699,071 on June 30, year ago, and with $25,126,161 on Dec. 31, last.

Oil stocks constituted the Fund's largest single equity holding by industry and accounted for 11.52% of total resources. Other large common stock holdings included: Electric utility, 9.69%; building, 7.19%; food, 6.52%; steel, 6.07%; railroad, 5.33%; automotive, 5.22%; airline, 4.50%; chemical, 3.53%, and electrical equipment and electronics, 3.31%.

GROSS SALES of Science & Nuclear Fund, in its first three months ended July 29, 1955, amounted to $463,340 according to Donald F. Bishop, President. The Fund, which began business on April 28, last, with assets of $118,000 in cash, closed July with resources of $554,542 of which approximately 60% were invested in companies in the nuclear field and the remainder in companies in related fields.

de VEGH MUTUAL FUND, Inc., reports that its net asset value per share on June 30, 1955 was $58.80 as compared to $56.53 per share on Dec. 31, 1954. In April, 1955, de Vegh Mutual Fund, Inc., paid a distribution of $7.36 per share from long-term capital gains and a dividend from investment income of 21.5 cents per share.

Shares outstanding of de Vegh Mutual Fund, Inc., on June 30, 1955, were 163,181, as compared with 107,886 on Dec. 31, 1954. Total assets on June 30, 1955, were $9,595,805, as compared with $6,098,467 on Dec. 31, 1954.

RESOURCES OF Philadelphia Fund rose $1,694,511, or 88.8%, in the 12 months ended June 30, 1955, to an all-time high of $3,602,626 on that date. This compares with total net assets of $1,908,115 on June 30, a year ago, and with $2,695,000 at the start of 1955.

The Fund closed the first half-year with 88.74% of its assets invested in common stocks; 6.70% in corporate bonds; 2.70% in U. S. Government bonds; 0.61% in preferreds; and the remainder in cash and receivables.

Roy R. Coffin, President, in a commentary on the Fund's current investment position, told shareholders: "We have eliminated all second-grade preferred stock holdings, reduced common stock holdings in the more cyclical industries like aircraft manufacturing and increased positions in industries with relatively more stable earnings and dividends such as utilities and banks."

NET ASSET value per share of Growth Industry Shares, Inc., on June 30, 1955, was $42.22, an increase of $10.94 or 35% from the year-ago figure of $31.28. On March 31 this year the per share value was $38.72.

Net assets on June 30, last, reached $6,857,922, up 48.7% from $4,610,583 on June 30, 1954. At the end of March this year, net assets were $6,172,547. Shares outstanding increased to 162,430 from 147,420 a year ago and 159,433 three months ago.

SALES OF Television-Electronics Fund for June and the first half of the year broke all previous records in the Fund's six-year old history, Chester D. Tripp, President, reported.

Gross sales of shares during the six months ended June 30, 1955 reached a peak of $29,225,215, up 218% over sales of $9,185,903 reported for the first half of 1954. Liquidation of shares in the latest period amounted to $3,566,598 or 12% of sales, a rate well below that for the mutual fund industry as a whole.

For the month of June, sales totaled $3,987,947, compared with $652,467 reported for the corresponding month last year.

Mr. Tripp reported that the record sales, combined with marke appreciation of portfolio securities, boosted the Fund's total net assets at the close of the first half-year to a record high of $104,769,645 from $72,679,016 on Dec. 31, 1954. Net asset value in the same period rose to $11.69 a share on June 30, last, from $10.62 a share six months earlier.

Closed-End News

NET INVESTMENT assets of Tri-Continental Corporation, the nation's largest closed-end investment company, rose to $263,097,000 on June 30, 1955, to pass the quarter-billion mark for the first time. The June 30 figure compares with $236,164,000 at the start of the year and $204,891,000 on June 30, 1954.

Asset value for the common stock, after provision for possible Federal income tax on unrealized appreciation, equalled $41.35 per share on June 30, 1955, for an increase of 14% from the $36.16 reported for Dec. 31, 1954, and 35% from the $30.47 on June 30, 1954.

Near the end of the second quarter Tri-Continental reduced common stock holdings to about 80% of net investment assets as compared with 82.8% at the beginning of the year. This moderate reduction was made in view of the extent to which recovery in general business has progressed and the further increase in common stock prices that has taken place. Proceeds from sale of common stocks were reinvested in bonds and preferred stocks of good quality without sacrifice of current income.

UNITED STATES & Foreign Securities Corporation in its report dated June 30, 1955, the first to give effect to the merger of United States & International Securities Corporation, its former subsidiary, and Dunwalke Securities Corporation, shows net assets of $133,799,568, equivalent to $40.41 per share on 3,310,815 shares of stock outstanding, a new high on a per share basis.

On June 30, 1954, U. S. & Foreign, including its interest in U. S. & International's assets at market values, had net assets available for its common stock, after deducting outstanding preferred stocks at redemption values of $87,940,971.

This was equivalent to $89.28 per share on the U. S. & Foreign stock then outstanding, or $29.76 when adjusted to reflect the recent 3-for-1 split. The increase in the net assets available for the U. S. & Foreign common stock during this 12 months' period was 35.7%.

During the preceding 12 months the corporation and U. S. & International, then an 80% owned subsidiairy, retired their entire outstanding first and second preferred stocks. These retirements, excluding the U. S. & International second preferred stock owned by U. S. & Foreign, involved a net outlay of $31,752,000 in cash and securities.

CARRIERS & GENERAL Corporation, a closed-end investment company managed by Calvin Bullock, shows total net assets of $15,577,135 with securities valued at market quotations on May 31, 1955. Per share asset value for the common stock was $24.43 on May 31, 1955, a gain of 30% over net asset value of $18.88 per share a year earlier.

I.S.A. Assets Up

Net assets of Investors Syndicate of America, Inc., wholly-owned subsidiary of Investors Diversified Services, Inc., rose to $348.5 million in the first six months of 1955, an increase of $27.2 million over the Dec. 31, 1954 fiscal year-end figure of $321.3 million, Joseph M. Fitzsimmons, President of the company, announced.

Total maturity value of certificates outstanding on June 30, 1955, was $1.5 billion, an increase of $62.2 million since the year-end.

Little Star Uranium Stock Offered at 15c.

Associated with Peters, Writer & Christensen, Inc., Denver, Colo., in the public offering of 5,000,000 shares of common stock (par 10 cents) of Little Star Uranium Co., Inc. is Globe Securities Corp., 40 Exchange Place, New York City. These securities, which are offered as a speculation, are priced at 15 cents per share.

It is intended to use the net proceeds to purchase machinery and equipment; to pay for exploratory drilling and reconnaissance surveys and also for mining operations in event commercial ore bodies are discovered; for acquisition of additional properties; and for working capital.

The Little Star Uranium Co., Inc. was organized in Wyoming on Oct. 25, 1954, for the purpose, among others, of acquiring, exploring and developing uranium properties, including producing mines. The company has no operating history and no known ore reserves.

The company's uranium properties consist of ownership of not less than 506 unpatented lode mining claims, 166 uranium mining leases obtained from the State of Wyoming, 11 applications for State of Wyoming leases, and 12 uranium mining leases obtained from fee owners whose patents from the United States included a grant of the minerals in whole or part. These properties are situated in Campbell, Niobrara, Johnson, Natrona, Albany, Platte, Goshen, Converse, and Laramie Counties, Wyo.

Giving effect to the above financing, there will be outstanding 9,096,091 shares of common stock.

FHLB Notes on Market

Two new note issues of the Federal Home Loan Banks totaling $200,000,000 principal amount were offered yesterday (Aug. 3) by the Home Loan Bank Board through Everett Smith, Fiscal Agent of the Banks and a nationwide group of securities dealers.

The two note issues are (a) $125,000,000 Federal Home Loan Banks 2.40% series B-1956 non-callable consolidated notes dated Aug. 15, 1955 and maturing Jan. 16, 1956 and (b) $75,000,000 of 2.50% series C-1956 non-callable consolidated notes dated Aug. 15, 1955 and maturing April 16, 1956. Each issue is priced at 100%.

Proceeds from the offering will be used to refund $81,000,000 of 1.80% series D-1955 consolidated notes due Aug. 15, 1955 and to provide funds for making additional credit available by the Home Loan Banks to their member institutions.

Upon issuance of the two new note obligations and payments of the Aug. 15 maturity, note indebtedness of the Banks will aggregate $460,000,000.

With Hornblower & Weeks

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Clarence F. Jones, Jr. has become associated with Hornblower & Weeks, 75 Federal Street. He was formerly with Paine, Webber, Jackson & Curtis in the commodity department.

Fred J. Winckler

Fred J. Winckler, head of F. J. Winckler Co., Detroit and a former President of the Detroit Stock Exchange, passed away July 26 at the age of 64

Henry J. Blackford, Sr.

Henry J. Blackford, Sr., partner of A. M. Law & Co., Spartanburg, S. C., passed away July 28 at the age of 59 following a heart attack. Mr. Blackford was a member of the Midwest Stock Exchange.

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The State of Trade and Industry

the pre-strike rate. Last week's decline was due largely to equipment repairs.

What makes the production showing particularly comforting, "Steel" adds, is that July operations ordinarily are hampered by vacations and hot weather. The seasonal factors were present, but, surprisingly, they were offset by relentless demand pressure. New business has continued to come out despite higher prices, while anticipated order cutbacks from the automotive industry and other consumers haven't materialized.

Producers, continues this trade journal, are oversold on about every product. Carry-over into the fourth quarter may necessitate blanking out up to six weeks of production. Certain sheetmakers are cutting back fourth quarter allotments as much as 35%. Rails appear to be the only major product not under extreme pressure.

Failure of a third quarter slump to materialize has producers guessing to some extent. Consumers evidently didn't replenish stocks materially in recent months. Still, since summer ordinarily is a period of stock accumulation, inventories are bound to get increasing attention as weeks pass, concludes this trade weekly.

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 94.4% of capacity for the week beginning Aug. 1, 1955, equivalent to 2,278,000 tons of ingots and steel for castings as compared with 90.7% (revised) and 2,190,000 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 85.9% and production 2,073,000 tons. A year ago the actual weekly production was placed at 1,527,000 tons, or 64.0%. 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 Sets Another New All-Time High Record in the Week Ended July 30

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, July 30, 1955, was estimated at 10,727,000,000 kwh., a new all-time high record. The previous high level at 10,620,000,000 kwh. was attained in the preceding week, according to the Edison Electric Institute.

This week's output advanced 107,000,000 kwh. above that of the previous week, when the actual output stood at 10,620,000,000 kwh. It increased 1,586,000,000 kwh., or 17.4% above the comparable 1954 week and 2,215,000,000 kwh. over the like week in 1953.

Car Loadings Fall 1.6% Under the Preceding Week

Loadings of revenue freight for the week ended July 23, 1955, decreased 12,607 cars or 1.6% below the preceding week, according to the Association of American Railroads.

Loadings for the week ended July 23, 1955, totaled 786,433 cars, an increase of 102,152 cars, or 14.9% above the corresponding 1954 week, and an increase of 5,734 cars, or 0.7% above the corresponding week in 1953.

U. S. Automotive Output Forecast to Drop Less Than 12% Under All-Time Weekly Peak Set in Period Ended April 30th Last

The automotive industry for the latest week, ended July 29, 1955, according to "Ward's Automotive Reports," assembled an estimated 164,756 cars, compared with 169,096 (revised) in the previous week. The past week's production total of cars and trucks amounted to 191,591 units, or a decrease of 4,843 units below that of the preceding week. It was less than 12% under the all-time high posted at the end of April. A total of 123,482 units was reported for the same week a year ago, states "Ward's."

Last week's car output fell below that of the previous week by 4,340 cars, while truck output declined by 503 vehicles during the week. In the corresponding week last year 104,604 cars and 18,878 trucks were assembled.

Last week the agency reported there were 26,835 trucks made in the United States. This compared with 27,338 in the previous week and 18,878 a year ago.

Canadian output last week was placed at 9,535 cars and 1,902 trucks. In the previous week Dominion plants built 9,688 cars and 2,291 trucks, and for the comparable 1954 week 5,662 cars and 1,379 trucks.

Business Failures Turned Moderately Higher the Past Week

Commercial and industrial failures rebounded in the week ended July 28 to 201 from the year's low of 172 in the preceding week, according to Dun & Bradstreet, Inc. Casualties were slightly higher than a year ago when 195 occurred or in 1953 when there were 182, but they remained 31% below the prewar level of 291 in the similar week of 1939.

Failures with liabilities of $5,000 or more increased to 160 from 140 last week, but did not reach their toll of 167 a year ago. Among small casualties, those involving liabilities under $5,000, there was an upturn to 41 from 32 in the previous week and 28 last year. Fourteen businesses failed with liabilities in excess of $100,000 as against 16 per a week ago.

In all industry and trade groups except wholesaling, mortality increased during the week. The sharpest upturns occurred in manufacturing where the toll climbed to 42 from 29 and in retailing, up to 101 from 84, while milder increases occurred in construction and commercial service casualties. In contrast, failures of wholesalers dipped to 20 from 26 last week. More manufacturing and retailing concerns succumbed than a year ago and service casualties equalled their 1954 level; the only declines from last year appeared in wholesaling and construction.

Six of the nine regions reported a rise in failures. The Middle Atlantic States had a notable increase to 71 from 57 and the East North Central to 37 from 24, while a milder upturn was noted in the Pacific States. South Atlantic casualties held steady at 14; the only declines in mortality occurred in the New England States, down to 4 from 12, and the Mountain States, down to 4 from 7. More businesses failed than last year in five regions, while the Pacific States equalled the 1954 level. There were only two dips from a year ago, in the New England and West South Central States.

Wholesale Food Price Index Held Steady at Previous Level Last Week

The Dun & Bradstreet wholesale food price index for July 26 remained unchanged at the previous figure of $6.17. This halted a five-week decline which carried the index to its lowest level since Feb. 3, 1953, when it stood at $6.13. The current number compares with $7.14 on the corresponding date a year ago, or a drop of 13.6%.

Higher in wholesale cost last week were flour, rye, butter, tea, eggs, raisins and hogs. Lower where wheat, corn, oats, barley, bellies, lard, cottonseed oil, cocoa, rice and steers.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Trended Moderately Upward the Past Week

The daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., continued its moderate uptrend last week to close at 274.80 on July 26. This compared with 273.04 a week previous and with 271.99 on the corresponding date a year earlier.

Grain prices continued to recede the past week although fluctuations in most instances were small. Wheat showed the greatest activity but sales in the futures market were smaller than the week before. The bread cereal was subjected to considerable hedging pressure as the result of ample receipts at major terminal markets.

Corn was steady to slightly lower, as the crop, which promises to be the second largest on record, continued to make excellent progress under ideal growing conditions.

Some export business in corn developed in the latter part of the week.

Oats prices moved irregularly lower in active trading. A bearish factor in the feed grains was the Department of Agriculture report, issued two weeks, Friday, showing stocks of such grains in all positions as of July 1 to be the largest in 13 years the Department has been compiling such statistics.

Domestic flour business two weeks ago fell off sharply from the very heavy volume consummated in the preceding week, but a fair aggregate was reported in some types. There was some improvement in Spring wheat bakery flours toward the end of the week as mills protected against a moderate price advance.

Coffee prices held about steady throughout the week. Buying was mostly for immediate requirements, reflecting a slowing up in demand for green coffee owing to prevailing high temperatures which have affected the use of coffee at the consumer level.

Cocoa finished moderately lower although the market showed a tendency to firm up at the close, aided by improved manufacturer demand. Early easiness was induced by reports of increased offerings from producing countries. Warehouse stocks of cocoa were reported at 247,582 bags, up slightly from the week preceding, and comparing with 118,432 bags a year ago. Domestic and export demand for lard was lacking and prices continued to work downward. All classes of livestock declined the past week, reflecting slow demand due to the hot, humid weather.

Hogs sold at the lowest July prices since 1946, and some wholesale pork cuts have dropped nearly 33⅓% in the past four weeks.

Following early weakness, cotton prices developed considerable firmness. The upward trend was influenced by talk of higher parity, a belief that the government surplus disposal plan will be less drastic than earlier predicted and reports of unfavorable rains and boll weevil infestation in some parts of the belt. Reported sales of the staple in the 14 markets totaled 46,200 bales, up from 38,300 bales the previous week. Mill consumption of cotton during the five-week June period amounted to 849,000 bales, against 779,000 for the same period last year. On a daily rate basis consumption in June averaged 34,700 bales, compared with 35,200 in May and 31,800 in June a year ago.

Trade Volume Holds to Its High Record Pace of Previous Week

Apparently undiscouraged by the hot and humid weather in most sections of the country, consumers sustained their buying at last week's record pace. Gains from a year ago in retail volume were often substantial.

While Summer merchandise continued to attract favorable attention, the response to early promotions of Fall goods was usually enthusiastic.

The total dollar volume of retail trade in the week was 6% to 10% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the corresponding 1954 levels by the following percentages: New England, South, and Northwest +3 to +7; East +7 to +11; Middle West +11 to +15; Southwest +5 to +9 and Pacific Coast +1 to +5.

Summer clearance sales of apparel were generally less frequent than they were a year ago, largely because retailers stocks were unusually low. While sportswear and beach apparel were in very large demand, the consumer reaction to Fall apparel was frequently favorable. Men's lightweight clothing and sport shirts continued to sell well, although volume in haberdashery dropped below last year's level.

Fans, air conditioners, refrigerators and automatic washing equipment were most popular among the major household appliances and consumer outlays for them were noticeably higher than a year ago.

Outdoor furniture and barbecue equipment continued to sell well. Supported by the liberal use of consumer credit, new car sales were sustained at a high level.

Food sales at retail remained unusually high, reflecting the record levels of employment and incomes and the steady increase in the population. Picnic specialties were emphasized as housewives concentrated on warm weather fare. Fresh fruits and vegetables, bakery products and soft drinks were heavily purchased.

The volume of wholesale orders expanded slightly the past week and continued to compare favorably with a year ago. Buyer attendance at the major wholesale centers remained unusually high for the time of year.

With the agricultural outlook in the Southwest the best in five years, furniture retailers in the area were encouraged to expand their orders, sometimes as much as 30% above a year ago.

Orders for home furnishings and appliances were high and steady in the rest of the country.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended July 23, 1955, advanced 12% from the like period of last year. In the preceding week, July 16, 1955, a rise of 10% was registered from that of the similar period of 1954, while for the four weeks ended July 23, 1955, an increase of 10% was recorded. For the period Jan. 1, 1955 to July 23, 1955, a gain of 7% was registered above that of 1954.

Retail trade in New York City the past week made further progress with sales volume showing a marked increase over that of a year ago. Trade observers estimated the week's sales would rise 5% to 6% ahead of the like week in 1954.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended July 23, 1955 advanced 5% above that of the like period of last year. In the preceding week, July 16, 1955, a rise of 6% (revised) was noted from that of the previous week. For the four weeks ended July 23, 1955, an increase of 4% occurred. For the period Jan. 1, 1955, to July 23, 1955, the index recorded a rise of 2% from that of the corresponding period of 1954.

Houston Gulf Sulphur Stock To Be Offered

Houston Gulf Sulphur Co. plans to publicly offer, through Garrett & Co., Inc. and Hunter Securities Corp., both of New York City, an issue of 500,000 shares of common stock (par one cent) at $1.20 per share.

Houston Gulf Sulphur Co. was organized on Jan. 21, 1955 for the purpose of acquiring, exploring and developing sulphur properties. It has acquired sulphur leases on parts of Humble Dome, Harris County, Texas, and the initial objective of this offering is to provide the funds to finance further exploratory work on these properties. As of April 15, 1955, the company had outstanding 550,000 shares of common stock.

The registration statement covering these securities is not yet effective.

Louis Ardouin Opens

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — Louis R. Ardouin is engaging in a securities business from offices at 3750 West 54th Street.

Henry Hartmen Opens

(Special to THE FINANCIAL CHRONICLE)

SHERMAN OAKS, Calif. — Henry Hartmen has opened offices at 13531 Ventura Boulevard to conduct a securities business.

Two With Hoskins

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—Richard M. Wiltrout and Edward Gordon Green have joined the staff of Hoskins and Company 79-81 East State Street.

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)	Aug. 7	§94.4	*90.7	85.9	64.0
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 7	§2,278,000	*2,190,000	2,073,000	1,527,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	July 22	6,650,250	6,626,400	6,636,700	6,267,550
	July 22	¶7,620,000	7,582,000	7,464,000	6,774,000
Crude runs to stills—daily average (bbls.)	July 22	25,964,000	25,726,000	25,850,000	23,565,000
Gasoline output (bbls.)	July 22	1,921,000	1,955,000	1,946,000	1,910,000
Kerosene output (bbls.)					
Distillate fuel oil output (bbls.)	July 22	10,871,000	11,167,000	11,522,000	9,856,000
Residual fuel oil output (bbls.)	July 22	7,857,000	8,156,000	7,615,000	7,525,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	July 22	157,678,000	158,822,000	164,471,000	158,844,000
Kerosene (bbls.) at	July 22	31,206,000	31,381,000	29,132,000	31,069,000
Distillate fuel oil (bbls.) at	July 22	112,392,000	108,932,000	96,338,000	98,255,000
Residual fuel oil (bbls.) at	July 22	45,260,000	45,482,000	45,584,000	53,585,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	July 23	786,433	799,040	799,472	684,281
Revenue freight received from connections (no. of cars)	July 23	644,871	621,304	666,237	565,379
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	July 28	$366,197,000	$360,708,000	$439,115,000	$262,263,000
Private construction	July 28	225,944,000	228,094,000	277,673,000	143,154,000
Public construction	July 28	140,253,000	132,614,000	161,442,000	119,109,000
State and municipal	July 28	126,253,000	89,899,000	110,078,000	100,655,000
Federal	July 28	14,000,000	42,715,000	51,364,000	18,454,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	July 23	9,400,000	9,730,000	9,700,000	7,103,000
Pennsylvania anthracite (tons)	July 23	406,000	463,000	607,000	519,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	July 23	94	97	103	84
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	July 30	**10,727,000	10,620,000	10,138,000	9,139,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	July 28	201	172	231	195
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	July 26	5.174c	5.176c	4.797c	4.801c
Pig iron (per gross ton)	July 26	$59.09	$59.09	$56.59	$56.59
Scrap steel (per gross ton)	July 26	$41.50	*$40.83	$36.50	$27.33
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	July 27	35.700c	35.700c	35.700c	29.700c
Export refinery at	July 27	36.275c	37.225c	36.550c	29.650c
Straits tin (New York) at	July 27	98.000c	98.000c	94.875c	96.125c
Lead (New York) at	July 27	15.000c	15.000c	15.000c	14.000c
Lead (St. Louis) at	July 27	14.800c	14.800c	14.800c	13.800c
Zinc (East St. Louis) at	July 27	12.500c	12.500c	12.500c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 2	93.92	94.15	95.81	100.71
Average corporate	Aug. 2	108.34	108.52	108.88	110.52
Aaa	Aug. 2	111.62	111.81	112.19	115.63
Aa	Aug. 2	109.97	110.34	110.52	112.37
A	Aug. 2	108.52	108.52	108.88	110.15
Baa	Aug. 2	103.47	103.64	103.97	104.14
Railroad Group	Aug. 2	106.92	117.09	107.44	109.06
Public Utilities Group	Aug. 2	108.88	109.06	109.06	110.70
Industrials Group	Aug. 2	109.24	109.42	109.97	111.44
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 2	2.96	2.94	2.81	2.43
Average corporate	Aug. 2	3.26	3.25	3.23	3.14
Aaa	Aug. 2	3.08	3.07	3.05	2.87
Aa	Aug. 2	3.17	3.15	3.14	3.04
A	Aug. 2	3.25	3.25	3.23	3.16
Baa	Aug. 2	3.54	3.53	3.51	3.50
Railroad Group	Aug. 2	3.34	3.33	3.31	3.22
Public Utilities Group	Aug. 2	3.23	3.22	3.22	3.13
Industrials Group	Aug. 2	3.21	3.20	3.17	3.09
MOODY'S COMMODITY INDEX	Aug. 2	403.6	404.4	403.8	427.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	July 23	233,721	228,679	258,244	203,751
Production (tons)	July 23	264,622	225,674	280,600	239,499
Percentage of activity	July 23	94	77	99	88
Unfilled orders (tons) at end of period	July 23	607,016	642,619	525,731	370,844
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	July 29	106.75	106.91	106.76	107.21
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	July 9	1,264,587	1,113,252	1,374,389	971,410
Dollar value	July 9	$75,913,434	$59,401,320	$70,676,763	$45,818,129
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	July 9	1,201,098	1,205,329	1,234,998	918,902
Customers' short sales	July 9	8,584	5,503	6,380	6,425
Customers' other sales	July 9	1,192,514	1,199,826	1,228,618	912,477
Dollar value	July 9	$70,324,594	$59,386,239	$61,712,211	$39,815,234
Round-lot sales by dealers—					
Number of shares—Total sales	July 9	241,010	261,690	324,160	265,400
Short sales	July 9	------	------	------	------
Other sales	July 9	241,010	261,690	324,160	265,400
Round-lot purchases by dealers—					
Number of shares	July 9	578,240	402,490	497,270	326,310
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	July 9	321,230	470,800	598,300	346,580
Other sales	July 9	11,951,880	11,849,630	14,787,060	9,580,810
Total sales	July 9	12,273,110	12,320,430	15,385,360	9,927,390
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	July 9	1,587,850	1,487,630	1,824,060	1,002,160
Short sales	July 9	258,810	248,100	322,440	199,790
Other sales	July 9	1,327,250	1,276,710	1,533,700	838,780
Total sales	July 9	1,586,060	1,524,810	1,856,140	1,038,570
Other transactions initiated on the floor—					
Total purchases	July 9	295,040	272,780	384,000	297,240
Short sales	July 9	46,300	25,100	48,000	16,050
Other sales	July 9	286,890	254,610	463,810	303,710
Total sales	July 9	333,190	279,710	511,810	319,760
Other transactions initiated off the floor—					
Total purchases	July 9	476,335	483,272	685,979	327,256
Short sales	July 9	79,710	82,770	93,600	39,470
Other sales	July 9	610,482	688,559	866,883	484,749
Total sales	July 9	690,192	771,329	960,483	524,219
Total round-lot transactions for account of members—					
Total purchases	July 9	2,359,225	2,243,682	2,894,039	1,626,656
Short sales	July 9	384,820	355,970	464,040	255,310
Other sales	July 9	2,224,622	2,219,879	2,864,393	1,627,239
Total sales	July 9	2,609,442	2,575,849	3,328,433	1,882,549
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	July 26	109.9	110.0	110.0	109.7
Farm products	July 26	87.6	87.7	90.9	93.9
Processed foods	July 26	101.2	102.0	102.5	103.9
Meats	July 26	82.2	84.5	86.2	87.3
All commodities other than farm and foods	July 26	116.3	116.3	118.7	114.2

*Revised figure. ¶Includes 848,000 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
ASSOCIATION OF AMERICAN RAILROADS— Month of June:			
Locomotive units installed in service	83	103	100
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of June 30:			
Imports	$216,316,000	$206,901,000	$246,264,000
Exports	188,662,000	188,114,000	142,919,000
Domestic shipments	12,467,000	11,534,000	15,362,000
Domestic warehouse credits	112,377,000	138,767,000	80,970,000
Dollar exchange	39,790,000	52,865,000	59,715,000
Based on goods stored and shipped between foreign countries	84,964,000	87,665,000	43,396,000
Total	$654,576,000	$685,846,000	$588,626,000
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of July (000's omitted):			
Total U. S. construction	$1,684,163	$1,881,544	$1,574,986
Private construction	1,026,477	1,105,886	834,152
Public construction	657,686	775,658	740,834
State and municipal	445,667	587,991	549,562
Federal	212,019	187,667	191,272
COAL EXPORTS (BUREAU OF MINES)— Month of May:			
U. S. exports of Pennsylvania anthracite (net tons)	175,513	147,847	145,406
To North and Central America (net tons)	145,666	102,540	145,014
To Europe (net tons)	28,619	43,064	------
To Asia (net tons)	280	2,243	------
To South America (net tons)	548	------	392
Undesignated (net tons)	400	------	------
COTTON AND LINTERS — DEPT. OF COMMERCE—RUNNING BALES:			
Consumed month of June	849,116	703,240	778,558
In consuming establishments as of July 2	1,509,199	1,713,624	1,402,274
In public storage as of July 2	9,737,339	10,432,247	8,221,440
Linters—Consumed month of June	128,823	142,419	113,307
Stocks July 2	1,630,454	1,720,619	1,545,401
Cotton spindles active as of July 2	18,257,000	18,302,000	19,285,000
EDISON ELECTRIC INSTITUTE:			
Kilowatt-hour sales to ultimate consumers—Month of April (000's omitted)	38,139,741	38,283,197	32,930,572
Revenue from ultimate customers—month of April	$644,841,000	$651,058,000	$585,775,000
Number of ultimate customers at April 30	51,567,416	51,450,305	50,188,984
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR—REVISED SERIES—Month of June:			
All manufacturing (production workers)	13,016,000	*12,891,000	12,437,000
Durable goods	7,595,000	*7,535,000	7,130,000
Nondurable goods	5,421,000	*5,356,000	5,307,000
Employment Indexes (1947-49 Avge.=100)—			
All manufacturing	105.2	*104.2	100.5
Payroll Indexes (1947-49 Average = 100)—			
All manufacturing	151.3	*150.2	135.8
Estimated number of employees in manufacturing industries—			
All manufacturing	16,481,000	*16,333,000	15,835,000
Durable goods	9,568,000	*9,500,000	9,066,000
Nondurable goods	6,913,000	*6,833,000	6,769,000
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION)—Month of June:			
Contracts closed (tonnage)—estimated	318,150	*303,343	219,306
Shipments (tonnage)—estimated	282,325	*222,991	290,262
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of June:			
Weekly Earnings—			
All manufacturing	$76.11	*$76.30	$71.50
Durable goods	82.10	*82.78	76.40
Non-durable goods	67.83	*67.32	64.57
Hours—			
All manufacturing	40.7	*40.8	39.5
Durable goods	41.3	*41.6	40.0
Non-durable goods	39.9	*39.6	38.9
Hourly Earnings—			
All manufacturing	$1.87	$1.87	$1.81
Durable goods	1.99	1.99	1.91
Non-durable goods	1.70	1.70	1.66
GAS APPLIANCE MANUFACTURERS ASSOCIATION—Month of June:			
Gas-fired furnace shipments (units)	76,200	66,900	**
Gas conversion burner shipments (units)	16,100	12,400	**
Gas operated boiler shipments (units)	7,500	5,900	**
Domestic gas range shipments (units)	182,000	175,100	174,300
Gas water heater shipments (units)	216,500	230,400	**
INDUSTRIAL PRODUCTION—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM—1947-49=100—Month of June:			
Seasonally adjusted	139	138	124
Unadjusted	138	*138	124
LIFE INSURANCE PURCHASES — INSTITUTE OF LIFE INSURANCE — Month of May (000's omitted):			
Ordinary	$2,553,000	$2,475,000	$2,076,000
Industrial	607,000	540,000	607,000
Group	452,000	*2,602,000	602,000
Total	$3,612,000	*$5,617,000	$3,285,000
MOTOR VEHICLE FACTORY SALES FROM PLANTS IN U. S.—AUTOMOTIVE MANUFACTURERS' ASSN.—Month of June:			
Total number of vehicles	767,182	849,393	598,876
Number of passenger cars	647,658	721,139	507,055
Number of motor trucks	119,215	127,941	91,470
Number of buses	309	313	351
NEW YORK STOCK EXCHANGE—As of June 30 (000's omitted):			
Member firms carrying margin accounts—			
Total customers' net debit balances	$2,757,833	$2,731,191	$1,859,455
Credit extended to customers	46,250	46,746	37,205
Cash on hand and in banks in U. S.	340,182	326,997	312,301
Total of customers' free credit balances	917,541	927,963	846,924
Market value of listed shares	194,405,657	182,829,779	139,187,897
Market value of listed bonds	104,282,202	104,458,956	105,582,152
Member borrowings on U. S. Govt. issues	88,898	100,127	224,458
Member borrowings on other collateral	2,199,031	2,205,753	1,235,918
UNITED STATES EXPORTS AND IMPORTS BUREAU OF CENSUS — Month of June (000's omitted):			
Exports	$1,187,000	$1,307,500	$1,114,000
Imports	925,000	952,000	946,371

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Academy Uranium & Oil Corp.
June 10 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining operations. **Office**—65 East Fourth South St., Salt Lake City, Utah. **Underwriter**—Western States Investment Co., same city.

★ **Admiral Finance Corp., St. Louis, Mo.**
July 29 filed $1,000,000 of participating junior subordinated sinking fund debentures due Sept. 1, 1970. **Price**—At 100% of principal amount. **Proceeds** — To retire $513,182.50 of outstanding junior subordinated debentures, series B, and for expansion and working capital. **Underwriter** — Paul C. Kimball & Co., Chicago, Ill. **Offering**—Expected early in September.

★ **Admiral Finance Corp., St. Louis, Mo.**
July 29 filed 50,000 shares of 60-cent cumulative preferred stock (par $5) and 10,000 shares of common stock (par 10 cents) to be offered in units of five preferred shares and one common share. **Price** — $50 per unit. **Underwriter** — Paul C. Kimball & Co., Chicago, Ill. **Offering**—Expected early in September.

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.

Allstates Credit Corp., Reno, Nev.
June 27 (letter of notification) 27,000 shares of 7% cumulative preferred stock (par $10) and 27,000 shares of common stock (par $1) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—For working capital, etc. **Office**—206 No. Virginia St., Reno, Nev. **Underwriter**—Senderman & Co., same address.

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 Enka Corp., Enka, N. C. (8/16)**
July 28 filed 223,530 shares of common stock (par $5) to be offered for subscription by stockholders on the basis of one new share for each five shares held about Aug. 16; rights to expire on Aug. 30. **Price**—To be supplied by amendment. **Proceeds**—For new plant facilities and improvements. **Underwriter**—Harriman Ripley & Co. Inc., New York.

• **American Natural Gas Co. (8/9)**
June 15 filed 736,856 shares of common stock (par $25) to be offered for subscription by common stockholders on the basis of one share for each five shares held on Aug. 9 (with an oversubscription privilege); rights expire Aug. 23. **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**—To be received at 165 Broadway, New York 6, N. Y. up to 11 a.m. (EDT) on Aug. 9.

American Republic Investors, Inc., Dallas, Texas
July 15 filed 800,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For working capital, etc. **Underwriter**—None.

★ **American Telephone & Telegraph Co.**
Aug. 2 filed $650,000,000 of convertible debentures to be offered for subscription by stockholders (probably on a basis of $100 of debentures for each eight shares held). **Price**—To be filed later by directors. **Proceeds**—For construction program. **Underwriter**—None.

Approved Finance, Inc., Columbus, Ohio
July 13 (letter of notification) 5,000 shares of common stock (no par) to be offered for subscription by stockholders at rate of one-half share for each share held as of July 22. **Price**—$60 per share. **Proceeds**—For general funds. **Office** — 39 East Chestnut St., Columbus, Ohio. **Underwriter**—None.

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.

Atomic Research Corp., Colorado Springs, Colo.
July 11 (letter of notification) 87,500 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For payment of notes and account payable, purchase of additional equipment, and working capital. **Office** — 1405 Mesita Road, Colorado Springs, Colo. **Underwriter**—A. H. Vogel & Co., Detroit, Mich.

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. Statement effective.

• **Baldor Electric Co., St. Louis, Mo.**
July 6 (letter of notification) 19,124 shares of common stock (par $10) being offered for subscription by stockholders of record June 1 on a 1-for-4 basis; rights expire on Sept. 1. **Price**—$15 per share. **Proceeds**—To expand production facilities and/or repair of building and equipment; to increase inventories; and for working capital. **Office**—4327-63 Duncan Ave., St. Louis 10, Mo. **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.

Black Panther Uranium Co., Oklahoma City, Okla.
July 12 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To explore and drill leases and claims in State of Utah. **Underwriter**—Porter, Stacy & Co., Houston, Tex., on "best efforts basis."

Bojo Uranium Co., Salt Lake City, Utah
July 8 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expenses incident to mining operations. **Office**—403 Felt Building, Salt Lake City, Utah. **Underwriter**—J. E. Call & Co., Salt Lake City, Utah.

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.

Boren Oil & Gas Corp., Wichita Falls, Texas
July 26 filed $600,000 of 6% convertible debentures due July 15, 1975, to be initially offered for subscription by stockholders of record July 15 on the basis of $100 of debentures for each 100 shares (or fraction thereof held). **Price**—At 100% of principal amount. **Proceeds**—To pay current debt; for drilling expenses and development program. **Underwriters** — Burt, Hamilton & Co., Inc., Dallas, Tex.; and N. R. Real & Co., Jersey City, N. J.

California Electric Power Co. (8/23)
July 15 filed 230,000 shares of common stock (par $1). **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Carl M. Loeb, Rhoades & Co. and Bear, Stearns & Co. (jointly); Kidder, Peabody & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane. **Bids**—Scheduled to be received up to noon (EDT) on Aug. 23.

California Electric Power Co. (8/30)
July 2 filed $6,000,000 of first mortgage bonds, due 1985. **Proceeds**—For reduction of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blair & Co. Incorporated; White, Weld & Co.; Blyth & Co., Inc. **Bids**—Scheduled to be received up to noon (EDT) on Aug. 30.

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. Statement effective July 20.

Canadian Petrofina Ltd. (Montreal, Canada)
July 15 filed 1,434,123 shares of non-cumulative participating preferred stock (par $10), of which 270,943 shares are to be offered in exchange for shares of $1 par capital stock of Calvan Consolidated Oil & Gas Co. on the basis of one share of Canadian Petrofina for each four shares of Calvin stock and 1,163,180 shares to be offered in exchange for shares of common stock of Western Leaseholds Ltd. or Leasehold Securities Ltd. on the basis of three shares of Canadian Petrofina for each 10 shares of Western Leaseholds or Leasehold Securities stock held. **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.

Caribou Ranch Corp., Denver, Colo.
July 15 filed 505,000 shares of common stock (par $1.) **Price**—$4 per share. **Proceeds**—For acquisition of property and equipment, construction of additional facilities, etc. **Underwriter**—Mountain States Securities, Inc., Denver, Colo.

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.

★ **Cheyenne Mining & Uranium Co.**
July 28 (letter of notification) 40,000 shares of common stock (par 10 cents). **Price**—$5 per share. **Proceeds**—For mining expenses. **Office** — 512 Majestic Building, Cheyenne, Wyo. **Underwriter**—None.

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**—$2.50 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.

★ **Coastal Finance Corp., Silver Spring, Md.**
July 21 (letter of notification) not in excess of an aggregate of $300,000 of class A common stock (par $10) to be offered first to stockholders of record July 27 on a basis of one new share for each six shares held. **Price**—$23.50 per share. **Proceeds**—To reduce bank loans and for working capital. **Underwriter**—W. E. Hutton & Co., Baltimore, Md.

• **Colohoma Uranium, Inc., Montrose, Colo. (9/1)**
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.

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.

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 Water Co. (8/5)**
July 21 (letter of notification) 26,000 shares of class A common stock (par $10). **Price**—$11.50 per share. **Proceeds**—To repay outstanding notes. **Underwriters**—The Milwaukee Co., Milwaukee, Wis., Harley, Hayden & Co., Madison, Wis.; and Indianapolis Bond & Share Corp., Indianapolis, Ind.

Consumers Power Co.
June 24 filed 373,689 shares of common stock (no par) being 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**—$45.25 per share. **Proceeds**—For construction program. **Underwriters** — Kuhn, Loeb & Co.; Ladenburg, Thalmann & Co.; Allen & Co.; Blair & Co. Incorporated; and Salomon Bros. & Hutzler.

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 operations. **Office**—65 East 4th South, Salt Lake City, Utah. **Underwriter** — Empire Securities Corp., same city.

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.

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., Empire State Bldg., same city.

★ **Denison Corp., N. Miami, Fla.**
July 20 (letter of notification) 100,780 shares of class A common stock (par 10 cents), of which 91,380 shares are to be offered to public at $3 per share, and 9,400 shares to employees at $2.75 per share. **Proceeds**—To reduce accounts payable and for working capital and other corporate purposes. **Underwriters**—Atwill & Co. and H. Hentz & Co., both of Miami Beach, Fla.

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.

★ **Dividend Shares, Inc.**
Aug. 1 filed (by amendment) an additional 7,000,000 shares of capital stock (par 25 cents). **Price**—At market. **Proceeds**—For investment.

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.

★ **Educators' Investment Corp. of Alabama**
July 20 (letter of notification) 100,000 shares of capital stock (par $1), of which 74,800 shares are to be offered publicly at $2.50 per share and 25,200 shares to incorporators at $1.25 per share. **Proceeds**—For capital and surplus. **Office**—Birmingham, Ala. **Underwriter**—None.

Electronics Co. of Ireland
Jan. 6 filed 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For machinery and building and working capital. **Office** — 407 Liberty Trust Bldg., Philadelphia, Pa. **Underwriter**—None.

Fairway Uranium Corp., Salt Lake City, Utah
May 23 (letter of notification) 275,000 shares of capital stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For mining expenses. **Office**—2320 South Main Street, Salt Lake City, Utah. **Underwriter** — Eliason, Taylor, Cafarelli Co., Las Vegas, Nev.

Farm Family Mutual Insurance Co., Albany, N. Y.
June 28 filed $1,500,000 of 5% debentures to be offered directly to members of the American Farm Bureau Federation and to State Farm Bureau Federations and local organization. **Price**—At 100% of principal amount (in denominations of $250 each). **Proceeds**—To provide company with necessary funds to comply with requirements of surplus to policyholders under New York and other state laws. **Underwriter**—None.

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.

★ **First Investors Corp., N. Y.**
July 28 filed (by amendment) an additional $40,000,000 of Periodic Payment Plans and Single Payment Plans.

Five States Uranium Corp.
June 30 (letter of notification) 3,000,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—1019 Simms Bldg., Albuquerque, N. M. **Underwriters** — Coombs & Co. of Ogden, Inc., Odgen, Utah; and Shelton Sanders Investments, Albuquerque, N. M.

Foremost Dairies, Inc. (8/9)
July 21 filed $20,000,000 of 4½% subordinated debentures due Jan. 1, 1981, of which $15,000,000 are to be offered first to holders of the outstanding $4.50 preferred stock (par $100), 4½% cumulative preferred stock, sinking fund series (par $50) and 4½% cumulative preferred stock, sinking fund series of 1955 (par $50) at the offering price; and $5,000,000 are to be offered in exchange, par for par, for the outstanding 50,000 shares of Philadelphia Dairy Products Co., Inc. first preferred stock. Offer expected to run from Aug. 9 to Aug. 30. **Price**—105% of principal amount. **Proceeds**—To redeem preferred stocks. **Underwriters**—Allen & Co. and Salomon Bros. & Hutzler, both of New York.

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.

★ **Fox (Peter) Brewing Co., Chicago, Ill.**
July 26 (letter of notification) 15,000 shares of common stock (par $1.25) to be offered for subscription by stockholders of Fox Head Brewing Co. on the basis of one Peter Fox share for each four Fox Head shares held. **Office**—2626 West Monroe St., Chicago, Ill.

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.

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.

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NEW ISSUE CALENDAR

August 5 (Friday)
Maule Industries, Inc. ---- Common
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) 638,532 shares

August 8 (Monday)
Kirby Oil & Gas Co. ---- Common
(Allen & Co. and Rauscher, Pierce & Co.) 200,000 shares
Livingston Oil Co. ---- Common
(Van Alstyne, Noel & Co.) $1,298,500
Morris Plan Co. of California ---- Common
(Offering to stockholders—no underwriting) $918,000

August 9 (Tuesday)
American Natural Gas Co. ---- Common
(Offering to stockholders—bids 11 a.m. EDT) 736,856 shares
Foremost Dairies, Inc. ---- Debentures
(Allen & Co. and Salomon Bros. & Hutzler) $20,000,000

August 10 (Wednesday)
Industrial Hardware Mfg. Co., Inc. ---- Debentures & Common
(Hallowell Sulzberger & Co.; Baruch Brothers & Co., Inc. and Weill, Blauner & Co. Inc.) $1,500,000 debentures and 300,000 shares of stock

August 15 (Monday)
Rheem Manufacturing Co. ---- Debentures
(Blyth & Co., Inc.) $25,000,000
Trans-National Uranium & Oil Corp. ---- Common
(Garrett Brothers, Inc.) $3,000,000

August 16 (Tuesday)
American Enka Corp. ---- Common
(Offering to stockholders—underwritten by Harriman Ripley & Co. Inc.) 223,530 shares

August 17 (Wednesday)
Chicago, Burlington & Quincy RR. ---- Equip. Tr. Ctfs.
(Bids noon CDT) $4,350,000
General Motors Acceptance Corp. ---- Debentures
(Morgan Stanley & Co.) $200,000,000
Northwest Nitro-Chemicals, Ltd. ---- Debs. & Common
(Eastman, Dillon & Co.) $8,500,000 debentures and 850,000 shares of stock

August 19 (Friday)
Mississippi Valley Gas Co. ---- Debentures
(Offering to stockholders—underwritten by Equitable Securities Corp.) $2,000,000

August 22 (Monday)
Great Western Corp. ---- Common
(Lehman Brothers) 500,000 shares
St. Louis-San Francisco Ry. ---- Bonds
(Bids to be invited) $19,500,000
Splendora Film Corp. ---- Common
(J. H. Lederer Co., Inc. and McGrath Securities Corp.) $600,000

August 23 (Tuesday)
California Electric Power Co. ---- Common
(Bids noon EDT) 230,000 shares
Pacific Telephone & Telegraph Co. ---- Debentures
(Bids to be invited) $67,000,000
Talcott (James), Inc. ---- Common
(F. Eberstadt & Co. Inc.) 100,000 shares

August 30 (Tuesday)
California Electric Power Co. ---- Bonds
(Bids noon EDT) $6,000,000

September 1 (Thursday)
Colohoma Uranium, Inc. ---- Common
(General Investing Corp. and Shaiman & Co.) $1,250,000

September 5 (Monday)
Hilo Electric Light Co., Ltd. ---- Common
(Offering to stockholders—no underwriting) 25,000 shares
Housatonic Public Service Corp. ---- Common
(Offering to stockholders—no underwriting) $325,974

September 13 (Tuesday)
Utah Power & Light Co. ---- Bonds
(Bids noon EDT) $15,000,000
Utah Power & Light Co. ---- Common
(Bids noon EDT) 177,500 shares

September 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

September 21 (Wednesday)
Columbia Gas System, Inc. ---- Debentures
(Bids to be invited) $40,000,000

September 27 (Tuesday)
Pacific Power & Light Co. ---- Bonds
(Bids noon EDT) $10,000,000

October 1 (Saturday)
Mountain States Telephone & Telegraph Co. ---- Common
(Offering to stockholders—no underwriting) $48,688,100

October 4 (Tuesday)
Public Service Electric & Gas Co. ---- Debentures
(Bids 11 a.m. EDT) $35,000,000

October 5 (Wednesday)
Pacific Power & Light Co. ---- Preferred
(Expected by local dealers) $3,000,000

October 18 (Tuesday)
Worcester County Electric Co. ---- Bonds
(Bids to be invited) $8,500,000

October 19 (Wednesday)
New York State Electric & Gas Corp. ---- Bonds
(Bids to be invited) $25,000,000
Southern Co. ---- Common
(Offering to stockholders—bids 11 a.m. EDT) 1,004,870 shares

October 25 (Tuesday)
Arkansas Power & Light Co. ---- Preferred
(Bids to be invited) $8,000,000

Continued from page 33

General Homes, Inc.
Dec. 15 filed 300,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For plant expansion, new equipment, inventory and working capital. **Office**—Huntington Station, L. I., N. Y. **Underwriter**—S. D. Fuller & Co., New York.

General Minerals Corp., Dallas, Texas
July 21 filed 1,850,000 shares of common stock (par $1). **Price**—To be supplied by amendment (may be around $2 per share). **Proceeds**—To purchase the production payments to which the company's oil properties are now subject; to pay an obligation of S. Y. Guthrie, President; and for acquisition of additional uranium properties and exploration, development and mining of its present properties. **Underwriters** — Sanders & Newsom and Rauscher, Pierce & Co., both of Dallas, Tex.; and Laird & Co., Wilmington, Del.

General Waterworks Corp.
June 30 (letter of notification) 3,000 shares of 5% cumulative preferred stock. **Price** — At par ($100 per share). **Proceeds**—To retire bank loans. **Underwriters**—Southern Securities Corp., and Hill, Crawford & Lanford, Inc., both of Little Rock, Ark.; and Security & Bond Co., Lexington, Ky.

Gibralter Uranium Corp., Aurora, Colo.
July 18 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **Proceeds**—For expenses incident to mining. **Office**—701 Moline St., Aurora, Colo. **Underwriter**—Robert J. Connell, Inc., Denver, Colo.

★ Golden Rule Oil Corp., Albany, Ga.
July 28 (letter of notification) 2,500 shares of class B 5% preferred stock. **Price**—At par ($100 per share). **Proceeds** — For mining expenses. **Office** — 1801 Pine Needle Lane, Albany, Ga. **Underwriter**—None.

Goodyear Tire & Rubber Co., Akron, Ohio
June 28 filed 913,531 shares of common stock (par $5) being 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**—$50 per share. **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.

★ Great Western Corp., Los Angeles, Calif. (8/22)
Aug. 1 filed 500,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To retire $10,473,628 bank loan, for stock acquisitions and for general corporate purposes. **Business**—A holding corporation. **Underwriter**—Lehman Brothers, New York.

Great Yellowstone Uranium Co.
June 29 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—For mining operations. **Office**—139 N. Virginia St., Reno, Nev. **Underwriters**—Cromer Brokerage Co. and Walter Sondrup & Co., both of Salt Lake City, Utah.

Hardy-Griffin Engineering Corp., Houston, Texas
July 8 (letter of notification) 240,000 shares of common stock (par one cent). **Price**—$1.25 per share. **Proceeds**—For purchase of machinery and equipment and working capital. **Underwriter**—Benjamin & Co., Houston, Texas.

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.

Hedges Diesel, Inc.
July 25 (letter of notification) 5,419 shares of class A common stock and 10,838 shares of class B common stock. **Price**—At par ($10 per share). **Proceeds**—For expansion, equipment and working capital. **Underwriter**—Butcher & Sherrerd, Philadelphia, Pa.

★ Hilo Electric Light Co., Ltd., Hilo, Hawaii (9/5)
Aug. 1 filed 25,000 shares of common stock to be offered for subscription by stockholders of record Sept. 5 on the basis of one new share for each five shares; unsubscribed shares to be first offered to employees at rate of five shares for each full year of employment; then to general public. **Price** — To stockholders and employees, at par ($20 per share); and to public, at prevailing market price ($25.87½ per share on July 22, 1955). **Proceeds** — For expansion and improvement. **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.

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.

● Houston Gulf Sulphur Co.
April 25 filed 500,000 shares of common stock (par one cent). **Price**—$1.20 per share. **Proceeds**—For exploration for sulphur and related activities. **Name Changed**—Formerly Humble Sulphur Co. **Office** — Houston, Tex. **Underwriters**—Hunter Securities Corp., New York; and Garrett & Co., Dallas, Tex. **Offering**—Not expected in immediate future.

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. (8/10/11)
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., Weill, Blauner & Co., Inc., both of New York.

Inland Oil & Uranium Corp., Denver, Colo.
July 18 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For expenses incident to oil and gas activities. **Office**—3975 East 58th Ave., Denver, Colo. **Underwriter**—Shaiman & Co., Denver, Colo.

● Interstate Adjusteze Corp.
June 23 filed 345,534 shares of common stock (par $1) to be offered for subscription by common stockholders of Interstate Engineering Corp of record July 20 on a share-for-share basis; rights to expire on Aug. 5. **Price**—$2 per share. **Proceeds**—For machinery and equipment; and for working capital. **Office**—Anaheim, Calif. **Underwriters**—Dempsey-Tegeler & Co., St. Louis, Mo.; Cruttenden & Co., Chicago, Ill.; and Fairman & Co., Los Angeles, Calif.

Interstate Amiesite Corp.
July 19 filed $438,200 of 5½% convertible debentures due 1965, to be offered first for subscription by stockholders at the rate of $20 of debentures for each 16 shares held. **Price** — To be supplied by amendment. **Proceeds** — For working capital. **Business** — Bituminous concrete paving materials. **Office**—Delaware Trust Bldg., Wilmington 99, Del. **Underwriter**—None.

★ Iola Uranium Corp.
July 26 (letter of notification) 1,200,000 shares of common stock (par one cent). **Price**—25 cents per share. **Proceeds**—For mining costs. **Office**—1414 So. Michigan Avenue, Chicago 5, Ill. **Underwriter**—Columbia Securities Co., Denver, Colo.

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.

● Kirby Oil & Gas Co. (8/8-12)
July 8 filed 200,000 shares of common stock (par $1), of which 100,000 shares are for the account of the company and 100,000 shares for the account of the Murchison-Richardson financial interests of Texas. **Price**—To be supplied by amendment. **Proceeds**—To retire outstanding bank loans and for exploration of oil and gas leases. **Underwriters**—Allen & Co., New York; and Rauscher, Pierce & Co., Dallas, Texas.

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.

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.

Livingston Oil Co., Tulsa, Okla. (8/8-11)
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.

★ Mackey Airlines, Inc., Ft. Lauderdale, Fla.
July 29 filed 333,334 shares of common stock (par 33⅓ cents), part of which are to be offered for subscription by common stockholders and part to Joseph C. Mackey, President of company. **Price**—To be supplied by amendment. **Proceeds** — For purchase of equipment and for general corporate purposes. **Underwriters**—Atwill & Co., Miami Beach, Fla., and Emerson Cook Co., Palm Beach, Fla.

★ Managed Funds, Inc., St. Louis, Mo.
Aug. 1 filed (by amendment) an additional 3,500,000 shares of common stock (par one cent). **Price**—At market. **Proceeds**—For investment.

Maule Industries, Inc., Miami, Fla. (8/5)
July 15 filed 638,532 shares of common stock (par $1), to be offered for subscription by common stockholders at the rate of one new share for each 2½ shares held about Aug. 5; rights to expire Aug. 22. **Price**—To be supplied by amendment. **Proceeds** — To pay purchase money notes issued in connection with property acquisitions; to pay bank loans; and to exercise an option to purchase the Lake plant property. **Business**—Production and sale of concrete aggregates, concrete blocks and ready-mix concretes. **Underwriter** — Merrill Lynch Pierce, Fenner & Beane, New York.

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) being 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. Offer will expire on Sept. 30. **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. Statement effective.

★ Mineral County Uranium, Inc.
July 27 (letter of notification) 1,200,000 shares of common stock. **Price**—At par (25 cents per share). **Proceeds**—For mining expenses. **Office**—15 East 1st Street, Reno, Nev. **Underwriter**—None.

★ Mississippi Valley Gas Co. (8/19)
July 28 filed $2,000,000 of convertible subordinate debentures due 1975, to be offered for subscription by common stockholders of record Aug. 18, 1955, on the basis of $100 of debentures for each 25 shares held; rights to expire on Sept. 8. **Price** — 100% of principal amount. **Proceeds**—To retire $1,500,000 of outstanding 4¼% bonds due 1974 and prepay $457,000 of 4¼% notes due to 1956. **Office**—Jackson, Mich. **Underwriter** — Equitable Securities Corp., Nashville, Tenn.

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.

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.

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.

Murdock Acceptance Corp., Memphis, Tenn.
July 15 (letter of notification) 26,000 shares of common stock (par $5). **Price**—$11.50 per share. **Proceeds** — For working capital. **Office** — 400 Union Ave., Memphis, Tenn. **Underwriters**—Equitable Securities Corp., Nashville, Tenn.; and Bullington-Schas & Co., Memphis, Tenn.

★ Mutual Distributors, Inc., Kansas City, Mo.
July 29 filed $1,000,000 of Periodic Purchase Plan Accounts for Accumulation of Shares of Beneficial Interest of Mutual Trust.

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.

Navajo Cliffs Uranium Corp., Provo, Utah
July 6 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Office**—156 No. University Ave., Provo, Utah. **Underwriter** — Lindquist Securities, Salt Lake City, Utah.

★ Neva-U-Tex Uranium, Inc., Goldfield, Nev.
July 15 (letter of notification) 4,000,000 shares of capital stock. **Price**—Five cents per share. **Proceeds**—For mining expenses, etc. **Office**—312 East Crook St., Goldfield, Nev. **Underwriter**—Utah Uranium Brokers, Salt Lake City, Utah.

● Northport Water Works Co.
June 23 (letter of notification) 4,438 shares of common stock (no par) being offered for subscription by stockholders of record July 21 on the basis of one share for each 3½ shares held (with an oversubscription privilege); rights to expire on Aug. 19. **Price**—$30 per share. **Proceeds**—To repay bank loans and accounts payable and for new construction. **Office**—50 Church Street, New York, N. Y. **Underwriter**—None.

● Northwest Nitro-Chemicals, Ltd. (8/17)
July 21 filed $8,500,000 of 10-year subordinate income debentures, series A and B, due 1965, and 850,000 shares of common stock (par one cent) to be offered in units of $50 of debentures and five shares of stock. **Price**—To be supplied by amendment. **Proceeds**—To buy land and construct a synthetic fertilizer plant; and for working capital and other corporate purposes. **Office**—Calgary, Alberta, Canada. **Underwriters**—Eastman, Dillon & Co., New York.

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.

Old Republic Insurance Co.
June 10 filed 100,000 shares of common stock (par $5) being offered for subscription by stockholders of record June 30 on the basis of one new share for each share held; rights to expire on Aug. 8. **Price**—$21 per share. **Proceeds**—To diversify and increase its premium volume. **Office**—Greensburg, Pa. **Underwriter**—The First Boston Corp., New York.

Orange Hotel, Inc., Dallas, Texas
July 19 filed $450,000 of registered 4% sinking fund debentures due May 1, 1985, which are to be offered in exchange for $375,000 principal amount of registered 4% debentures and 3.750 shares of $20 par stock of Orange Community Hotel Co. in the ratio of $120 of new debentures for each $100 of debentures and 20 shares of stock of the Community company. **Underwriter**—None.

★ Pacific Telephone & Telegraph Co. (8/23)
July 29 filed $67,000,000 of 36-year debentures due Aug. 15, 1991. **Proceeds**—To reduce bank loans. **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). **Bids**—Tentatively expected to be received on Aug. 23.

★ Pacific Telephone & Telegraph Co.
July 29 filed 1,339,196 shares of common stock (par $100) to be offered for subscription by common stockholders in the ratio of one new share for each six shares held. American Telephone & Telegraph Co., the parent, owns 90.89% of Pacific's outstanding stock and intends to subscribe for 1,199,849 of the new shares. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans. **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.

Pandora Uranium Mines, Inc.
July 14 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—530 Main St., Groad Junction, Colo. **Underwriter**—Columbia Securities Co., Denver 2, Colo. and Salt Lake City, Utah.

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.

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. Statement effective July 14.

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.

Prospect Hill Golf & Country Club, Inc.
July 8 (letter of notification) 11,900 shares of preferred stock. **Price**—At par ($25 per share). **Proceeds**—For swimming pool, club furnishings and equipment, golf course and organization and develoment expense. **Office**—Bowie, Md. **Underwriter**—L. L. Hubble & Co., Inc., Baltimore, Md.

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.

Radium Hill Uranium, Inc., Montrose, Colo.
July 19 (letter of notification) 625,000 shares of common stock (par one cent). **Price**—32 cents per share. **Proceeds** — For expenses incident to mining operations. **Office**—Bryant Bldg., Montrose, Colo. **Underwriters**—General Investing Corp., New York, N. Y., and Shaiman & Co., Denver, Colo.

Rampart Uranium Co., Colorado Springs, Colo.
July 19 (letter of notification) 2,475,000 shares of common stock. **Price**—At par (10 cents per share). **Proceeds**—For expenses incident to mining operations. **Office**—Mining Exchange Bldg., Colorado Springs, Colo. **Underwriter**—Al J. Johnson & Co., same address.

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.

★ Rheem Manufacturing Co. (8/15/19)
Aug. 2 filed $25,000,000 of 20-year sinking fund debentures due Aug. 1, 1975. **Price**—To be supplied by amendment. **Proceeds**—To retire an outstanding loan of approximately $14,000,000 and for general corporate purposes. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif., and New York, N. Y.

Rocket Mining Corp., Salt Lake City, Utah
July 15 (letter of notification) 6,000,000 shares of capital stock (par one cent). **Price**—Five cents per share. **Proceeds**—For mining operations. **Office**—530 Judge Bldg., Salt Lake City, Utah. **Underwriter**—Mid America Securities, Inc., of Utah, 26 W. Broadway, Salt Lake City, Utah.

★ Roundup Oil, Inc. (Montana)
July 21 (letter of notification) 370 shares of common stock. **Price**—At par ($100 per share). **Proceeds**—For general corporate purposes. **Office** — 216 Main St., Roundup, Mont. **Underwriter**—None.

Royal Register Co., Inc., Nashua, N. H.
July 20 (letter of notification) 25,000 shares of class A common stock (par $1). **Price**—$10 per share. **Proceeds**—For purchase of materials and supplies; capital equipment and reduction of note debt; and for working capital. **Office** — 1 Pine St., Nashua, N. H. **Underwriter**—Lamont & Co., Boston, Mass.

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) being offered in exchange for common stock of General Container Corp. on basis of 2⅜ shares of St. Regis for one General share. Offer, which will expire on Aug. 26, is conditioned upon St. Regis obtaining 80% of outstanding General stock. The Cleveland Trust Co., Cleveland, Ohio, is depository and exchange agent. **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. **Underwriter** — E. W. Whitney, Wewoka, Okla.; and through company.

Sanitary Products Corp., Chicago, Ill.
June 27 (letter of notification) 15,000 shares of common stock (par $1). **Price**—At market (estimated at $1.62½ to $2 per share). **Proceeds**—To selling stockholder. **Office**—10 So. LaSalle St., Chicago, Ill. **Underwriter**—Cruttenden & Co., Chicago, Ill.

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.

Savoy Oil Co., Inc., Tulsa, Okla.
July 8 (letter of notification) 20,000 shares of common stock (par 25 cents) to be offered for subscription by stockholders of record July 29 on a 1-for-13 basis; rights to expire on Aug. 15. **Price**—$7 per share. **Proceeds**—For exploration, development and acquisition of properties. **Office**—417 McBurney Bldg., Tulsa, Okla. **Underwriter**—None.

★ Sea Products Corp., New Bedford, Mass.
July 28 (letter of notification) 550 shares of common stock (no par). **Price**—$100 per share. **Proceeds**—For construction, installation of pilot plant and operating expenses. **Address**—c/o Leonard E. Perry, 222 Union Street and P. O. Box 668, New Bedford, Mass. **Underwriter**—None.

Shoni Uranium Corp., Riverton, Wyo.
April 21 (letter of notification) 2,000,000 shares of common stock (par one cent). **Price** — 15 cents per share. **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.

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.

Smith-Dieterich Corp.
July 12 (letter of notification) 8,677 shares of capital stock (par $2.50) to be offered for subscription by stockholders on basis of one new share for each 10 shares held. **Price**—$5.50 per share. **Proceeds**—To obtain additional patents; to repay certain loans; and working capital. **Business**—Photographic equipment. **Office**—50 Church St., New York. **Underwriter**—None.

Sonoma Quicksilver Mines, Inc.
April 27 filed 800,000 shares of capital stock (par 10 cents), of which 80,000 shares are to be initially offered to public. **Price**—To be fixed on the basis of the market value at the time of their first sale or $1 per share, which ever is lower. **Purpose** — To increase facilities and invest in other quicksilver properties; and for working capital. **Office**—San Francisco, Calif. **Underwriter**—Norman R. Whittall, Ltd., Vancouver, B. C., Canada.

Southeastern Telephone Co.
July 15 filed 50,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and for construction program. **Underwriter**—Scott, Horner & Mason, Inc., Lynchburg, Va.

★ Speculators Diversified, Inc., Las Vegas, Nev.
July 27 (letter of notification) 580,000 shares of common stock. **Price**—50 cents per share. **Proceeds**—For purchase of securities and property ownership. **Office**—223 Fremont St., Las Vegas, Nev. **Underwriter**—None.

★ Splendora Film Corp., New York (8/22)
July 27 filed 1,200,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For equipment and accessories; for financing film productions; and for working capital. **Underwriters**—J. H. Lederer Co., Inc., and McGrath Securities Corp., both of New York.

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.

● Strevell-Paterson Finance Co.
June 16 (letter of notification) 352,000 shares of common stock (par 50 cents) being offered for subscription by stockholders of record July 26 at 70 cents per share on the basis of one new share for each 10 shares held (with an oversubscription privilege); rights to expire at noon on Aug. 22. Unsubscribed shares are to be publicly offered, commencing Sept. 10 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.

★ Talcott (James), Inc. (8/23)
Aug. 2 filed 100,000 shares of common stock (par $9). **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—F. Eberstadt & Co., Inc., New York.

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.

Teenager Cosmetics, Inc., Las Vegas, Nev.
July 18 (letter of notification) 287,000 shares of common stock. **Price**—At par ($1 per share) in units of 100 shares each. **Proceeds**—For current liabilities, overhead and operational expense, advertising, research, development

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and manufacturing. **Office**—221 West Charleston Blvd., Las Vegas, Nev. **Underwriter**—Utah Uranium Brokers, Las Vegas, Nev.

TelAutograph Corp., Los Angeles, Calif.
July 1 filed $2,396,500 of 4¾% convertible subordinated debentures due July 15, 1965, being 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; rights to expire on Aug. 15. **Price**—At par (in denominations of $500 and $1,000 each). **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 28 (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 Co.
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**—Jesse C. Bowling, 16 M Street, Bedford, Ind.

Texas Eastern Transmission Corp.
July 25 filed 275,908 shares of common stock (par $7) to be offered in exchange for shares of capital stock of Texas Eastern Production Corp. in the ratio of one share of Transmission stock for each 2.6 shares of Production stock. The offer is contingent upon the tender of at least 263,402 shares of Production Company so that Transmission will thereafter own 80% or more of Production capital stock.

Texas Toy Co., Houston, Texas
July 8 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For payment of accounts payable of operating company; expansion and working capital. **Office**—2514 McKinney Ave., Houston, Texas. **Underwriter**—Ray Johnson & Co., Inc., Houston.

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. C. F. McDougal of Dallas, Tex., is President.

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. (8/15)
July 1 filed 2,000,000 shares of common stock (par 20 cents). **Price**—To be supplied by amendment (expected at $1.50 per share). **Proceeds**—To acquire part of properties presently subject to option in favor of company, and for expenses incident to mining and oil activies. **Office** — Dallas, Tex. **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.

Tri-State Natural Gas Co., Tucson, Ariz.
July 6 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For expenses incident to oil and gas activities. **Office**—15 Washington St., Tucson, Ariz. **Underwriter**—Frank L. Edenfield & Co., Miami, Fla.

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.

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 of Texas Oil Co., Houston, Texas**
July 12 (letter of notification) 61,393 shares of common stock (no par). **Price**—$1.25 per share. **Proceeds**—To reduce bank loans, and for development costs and other corporate purposes. **Underwriter**—Mickle & Co., Houston, Texas.

United American Investment Co., Atlanta, Ga.
July 19 filed 3,500,000 shares of common stock no par. **Price**—$2 per share. **Proceeds**—For organization of two wholly-owned insurance compaies, to be named United American Life Insurance Co. and Tourists Indemnity Co.; balance to be used to engage in mortgage loan business and related fields. **Underwriter**—None.

★ **Universal Oil & Uranium Corp.**
July 26 (letter of notification) 5,998,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For mining operations. **Office** — 7900 West Colfax Avenue, Denver, Colo. **Underwriter** — Columbia Securities Co., Denver, Colo.

Universal Service Corp., Inc., Houston, Texas
July 8 filed 500,000 shares of common stock (par two mills). **Price**—$2.50 per share. **Proceeds**—For equipment, mining costs, oil and gas development, and other corporate purposes. **Underwriter**—None.

Uranium Prince Mining Co., Wallace, Ida.
April 18 (letter of notification) 1,750,000 shares of common stock. **Price** — 10 cents per share. **Proceeds**—For mining operations. **Address** — Box 709, Wallace, Ida. **Underwriter**—Wallace Brokerage Co., same city.

Uranium Properties, Ltd., Virginia City, Nev.
June 13 filed $600,000 of Grubstake Loans to be offered in amounts of $25 or multiple thereof. **Proceeds**—75% to be invested in U. S. Savings bonds and the balance for equipment and exploration and development expenses. **Underwriter**—None.

Uranium Technicians Corp., Salt Lake City, Utah
June 30 (letter of notification) 30,000,000 shares of common stock (no par). **Price**—One cent per share. **Proceeds** — For mining activities. **Office** — 1101 South State St., Salt Lake City, Utah. **Underwriter**—Anderson-Hackett Investment Co., same city.

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. **Address**—P. O. Box 99, Stockton, N. J. **Underwriter**—None.

Utah Power & Light Co. (9/13)
July 26 filed $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 up to noon (EDT) on Sept. 13.

Utah Power & Light Co. (9/13)
July 26 filed 177,500 shares of common stock (no par). **Proceeds**—To repay bank loans and 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 up to noon (EDT) on Sept. 13.

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.

Utore Uranium & Diata, Inc., Vale, Ore.
July 8 (letter of notification) 10,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—Expenses incident to mining operations. **Office**—Lytle Building, Vale, Ore. **Underwriter**—Hansen Uranium Brokerage, Salt Lake City, Utah.

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 picture tubes, etc. **Underwriter** — Zone Investments Co., Fort Worth, Texas.

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 Mutual Investors Fund, Inc.**
July 28 filed (by amendment) an additional 6,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—Washington, D. C.

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.

Welch Industries, Inc., Houston, Texas
June 23, letter of notification)) 150,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For erection of plant, machinery and working capital. **Office**—427 Lovett Blvd., Houston, Tex. **Underwriter**—Warren Clark & Co., same city.

● **Western Nebraska Oil & Uranium Co., Inc.**
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. Statement to be withdrawn.

Western Union Telegraph Co.
June 30 filed 1,036,052 shares of common stock (par $2.50) being 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 Aug. 8, 1955, **Price**—$20 per share. **Proceeds** — For construction program. **Underwriters** — Kuhn, Loeb & Co.; Lehman Brothers; Clark, Dodge & Co.; and Salomon Bros. & Hutzler, all of New York City.

Wet Mountain Mining, Inc.
June 29 (letter of notification) 6,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds** — For mining activities. **Office** — 105½ East Pikes Peak, Colorado Springs, Colo. **Underwriter** — Hicks, Newton & Co., Inc., Denver, Colo.

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.

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.

★ **Yellow Circle Uranium Co.**
July 22 (letter of notification) 5,000,000 shares of common stock. **Price**—At par (five cents per share). **Proceeds** — For mining expenses. **Office** — 223 Petroleum Building, Salt Lake City, Utah. **Underwriter**—Morgan & Co., same city.

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

Arkansas Power & Light Co. (10/25)
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**—Expected to be received on Oct. 25.

● **Bangor & Aroostook RR.**
Aug. 1, the ICC granted exemption from competitive bidding of an issue of $4,000,000 40-year income debentures. **Proceeds**—To redeem 38,280 shares of outstanding $5 cumulative preferred stock,

★ **Bergstrom Paper Co., Neenah, Wis.**
July 26 it was reported company plans to issue and sell 70,000 shares of Class A (non-voting) common stock. **Purpose**—For expansion. **Underwriter**—A. G. Becker & Co., Inc., Chicago, Ill. **Registration**—Expected in near future.

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.

● **Camden Trust Co., Camden, N. J.**
July 29 company offered to its stockholders of record July 25 the right to subscribe on or before Aug. 11 for 72,500 additional shares of capital stock (par $5) on the basis of 1.45 shares for each 10 shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Price & Co., Inc., Camden, N. J.

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.

★ Chenango & Unadilla Telephone Co.
Aug. 1 common stockholders of record July 27 were given the right to subscribe on or before Aug. 16 for 25,000 additional shares of common stock (par $20) on the basis of one new share for each 3⅓ shares held by bona fide residents of New York State (with an oversubscription privilege). **Price**—$22.50 per share. **Proceeds**—To retire outstanding short-term notes. **Underwriters**—W. E. Hutton & Co. and Laird, Bissell & Meeds, both of New York City.

★ Chicago, Burlington & Quincy RR. (8/17)
Aug. 1 it was announced company plans to receive bids up to noon (CDT) Aug. 17 for the purchase from it of $4,350,000 of equipment trust certificates to mature in 30 equal semi-annual instalments from March 1, 1956 to Sept. 1, 1970. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.

Chicago, Milwaukee, St. Paul & Pacific RR.
July 13 stockholders approved the creation of an issue of $60,000,000 5% income debentures, series A, to be offered in exchange for 600,000 shares of outstanding preferred stock, series A, on a par for par basis; offer to commence Aug. 1 and will run through Aug. 31. **Dealer-Manager** — Merrill Lynch, Pierce, Fenner & Beane, New York.

Columbia Gas System, Inc. (9/21)
July 25 it was reported company plans to issue and sell $40,000,000 of debentures due 1980. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders— Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids** — Planned for Sept. 21. **Registration**—Expected on Aug. 25.

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.

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.

Essex County Electric Co.
July 18 it was reported company plans to issue and sell some additional first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Blair & Co. Incorporated. **Offering**—Expected this Fall.

First National Bank of Arizona
July 1 stockholders of record June 29 were offered the right to subscribe on or before July 29 for 160,000 shares of capital stock (par $10) at the rate of one new share for each three shares held. **Price**—$30 per share. **Proceeds**—To increase capital and surplus.

Florida Power Corp.
April 14 it was announced company may issue and sell between $10,000,000 and $12,000,000 of first mortgage bonds. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly); Lehman Brothers and Blyth & Co., Inc. (jointly); Glore, Forgan & Co.; and The First Boston Corp. **Offering**—Expected late in 1955 or early 1956.

Ford Motor Co., Detroit, Mich.
March 15 it was reported that following a probable 10-for-1 stock split, an offering of approximately 4,000,000 new shares will be made to the public. **Price**—Expected to be around $60 per share. **Proceeds** — To the Ford Foundation. **Offering**—Probably not until "latter part of 1955, if then."

★ General Motors Acceptance Corp. (8/17)
July 28 it was announced that the company has under consideration a public offering of $200,000,000 of debentures due 1975. **Price**—To be named later. **Proceeds**—To provide additional working capital to finance installment sales of cars and trucks and other products. **Underwriter**—Morgan Stanley & Co., New York. **Registration**—Expected today (Aug. 4).

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.

Heller (Walter E.) & Co.
July 18 it was reported that the company may be considering some new financing. **Underwriter**—F. Eberstadt & Co. Inc., New York.

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.

International Resources Fund, Inc.
July 20 it was announced this company will be formed to specialize in worldwide investment in the field of natural resources companies. An offering of stock is planned in the Fall of this year. **Investment Adviser**—Capital Research & Management Co., Los Angeles, Calif. **Underwriter**—Kidder, Peabody & Co., New York.

Isthmus Sulphur Co. (Texas)
March 30 it was reported early registration is planned of an undetermined number of common shares. **Underwriters**—L. D. Sherman & Co., New York, and Garrett & Co., Dallas, Tex.; and others.

Kaiser Aluminum & Chemical Corp.
July 11 it was reported that company is understood to be contemplating the sale to the public of 700,000 shares of sinking fund preferred stock this Fall and private debt financing of about $40,000,000. Stockholders will vote Aug. 12 on approving an increase in the authorized preferred stock from 700,000 to 1,500,000 shares. **Proceeds**—For expansion program and working capital. **Underwriters**—The First Boston Corp., New York; and Dean Witter & Co., San Francisco, Calif.

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.

★ Morris Plan Co. of California (8/8)
Aug. 2 it was announced company plans to offer to its stockholders of record Aug. 8 the right to subscribe on or before Aug. 29 for 30,600 additional shares of capital stock (par $10) on the basis of one new share for each six shares held. Unsubscribed shares to be publicly offered by company after Sept. 6, 1955. **Price**—$30 per share. **Proceeds**—For working capital. **Underwriter**—None.

Mountain States Telephone & Telegraph Co. (10/1)
July 19 directors authorized an offering to stockholders of 486,881 additional shares of capital stock on basis of one new share for each five shares held as of Sept. 27; rights to expire on Oct. 28. Warrants will be mailed on Oct. 1. **Price**—At par ($100 per share). **Control**—American Telephone & Telegraph Co. owns about 86.7% of the presently outstanding common stock. **Underwriter** — None.

Murphy (G. C.) Co., McKeesport, Pa.
April 12 stockholders approved a proposal to increase the authorized limit of indebtedness from $3,000,000 to $20,000,000. **Proceeds**—For expansion program. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York, handled preferred stock financing in 1942.

★ National Fuel Gas Co.
Aug. 1 it was announce company plans to file with the SEC this week an application to offer its common stock in exchange for shares of Pennsylvania Gas Co., a principal subsidiary, on a basis of 1.45 National shares for each Pennsylvania Gas share.

New Haven Clock & Watch Co.
June 7 it was announced that in connection with its proposed plan of recapitalization to be voted upon July 26, the company plans to raise not less than $300,000 of new capital. **Underwriter**—Probably Reynolds & Co., New York.

New Orleans Public Service Inc.
Feb. 4 it was announced that company plans this year to issue some first mortgage bonds due 1985. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blair & Co. Incorporated; The First Boston Corp.; Equitable Securities Corp. and Union Securities Corp. (jointly); Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); Kidder, Peabody & Co. and Stone & Webster Securities Corp. (jointly); and Lehman Brothers.

New York State Electric & Gas Corp. (10/19)
July 8 it was announced company plans to issue and sell $25,000,000 of first mortgage bonds due 1985. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; Harriman Ripley & Co. Inc.; The First Boston Corp. and Glore, Forgan & Co. (jointly); Blyth & Co., Inc. and Smith, Barney & Co. (jointly); **Bids**—Expected to be received on Oct. 19.

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

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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.

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)
July 18 it was reported company now plans to issue and sell $17,000,000 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 Power & Light Co. (9/27)
July 6 it was reported company plans to issue and sell $10,000,000 of first mortgage bonds due 1985. **Underwriter**—To be determined by competitive bidding. Probable bidders—Halsey, Stuart & Co. Inc.; Union Securities Corp. and Kidder, Peabody & Co., (jointly); Lehman Brothers, Bear, Stearns & Co. and Salomon Bros. & Hutzler (jointly); Blyth & Co., Inc. and White, Weld & Co. (jointly). **Bids**—Tentatively planned to be received up to noon (EDT) on Sept. 27. **Registration**—Expected on or about Aug. 24.

Pacific Power & Light Co. (10/5)
July 5 it was reported company plans to issue and sell 30,000 shares of cumulative preferred stock (par $100). **Underwriter**—Expected to be local dealers. **Registration**—Expected on Aug. 24.

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.

Public Service Electric & Gas Co. (10/4)
July 11 it was reported company plans to issue and sell $35,000,000 of debentures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Lehman Brothers (jointly), Morgan Stanley & Co. and Drexel & Co. (jointly); The First Boston Corp. **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 4.

Public Service Electric & Gas Co.
July 11 it was stated that company may issue and sell late in September 250,000 shares of cumulative preferred stock (par $100). **Underwriters**—May be Morgan Stanley & Co., Drexel & Co. and Glore, Forgan & Co.

Puget Sound Power & Light Co.
April 5, Frank McLaughlin, President, said that "it will be necessary in 1955 to obtain funds for construction purposes from outside sources—at least to the extent of several million dollars." The company has scheduled a large-scale expansion program, involving $75,000,000 in order to keep abreast of estimated load growth over the next five years. **Underwriters**—Probably Stone & Webster Securities Corp.. The First Boston Corp and Smith, Barney & Co. Halsey, Stuart & Co. Inc., is reported to head a group to bid approximately $25,000,000 of bonds.

Pure Oil Co.
April 9 stockholders approved the possible issuance of a convertible debenture issue. This would not exceed $50,000,000 and would be issued at the discretion of the directors any time within the next 12 months. **Underwriter**—Probably Smith, Barney & Co., New York.

Reading Co.
June 7 stockholders approved a proposal increasing the authorized indebtedness of the company to $125,000,000. Funded debt at Dec. 31, 1954 totaled $84,077,350. If, in the future, the directors should deem it in the best interests of the company to issue bonds, the board will determine the amount of the issue and the terms and conditions of the bonds. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

● Rochester Telephone Corp. (10/4)
July 25 company advised New York P. S. Commission that it plans to make an offering of 195,312 additional shares of common stock to its stockholders on the basis of one new share for each four shares held as of about Oct. 4; rights to expire on Oct. 19. **Price**—To be determined later. **Proceeds**—For construction program. **Underwriter**—The First Boston Corp., New York. **Registration**—Planned for Sept. 13.

★ St. Croix Paper Co.
Aug. 1 it was announced company plans to offer to its common stockholders an issue of about 125,000 additional shares of common stock (par $12.50). **Proceeds**—From sale of stock, and from issue of sinking fund notes to a bank and an insurance company, for new equipment and general corporate purposes. **Underwriter**—Estabrook & Co., Boston and New York. **Meeting**—Stockholders to meet Aug. 10.

St. Louis-San Francisco Ry (8/22)
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. (10/19)
July 28 it was announced company plans to offer first to common stockholders 1,004,870 additional shares of common stock (par 5) on a basis of one new share for each 18 shares held about Oct. 19; rights to expire on Nov. 10. Warrants to be mailed on Oct. 21. **Price**—To be named by company on Oct. 17. **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 to be received up to 11 a.m. (EDT) on Oct. 19. **Registration**—Not expected until Sept. 21.

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.

Union Bank & Trust Co., Los Angeles, Calif.
July 26 it was announced stockholders of record July 22 1955, have been given the right to subscribe on or before Aug. 15 for 95,000 additional shares of capital stock (par $10) on the basis of one new share for each five shares held. **Price**—$33 per share. **Proceeds**—For capital and surplus. **Underwriter**—Blyth & Co., Inc., Los Angeles, Calif.

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). **Bids** — Expected to be received in October or November 1955.

United Gas Corp.
Feb. 24, N. C. McGowen, President, announced that corporation plans to raise $35,000,000 to $40,000,000 through the sale of additional common stock to stockholders. **Proceeds**—For construction program of company and of United Gas Pipe Line Co., a subsidiary. **Underwriter**—None. **Offering**—Expected in September or October.

United Gas Corp.
Feb. 24, N. C. McGowen, President, stated that company might be doing some debt financing, with this year's total financing program reaching about $50,000,000 (including about $35,000,000 to $40,000,000 of common stock). **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Morgan Stanley & Co.; White, Weld & Co. and Equitable Securities Corp. (jointly); Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly).

Warren Brothers Co., Cambridge, Mass.
July 19 stockholders approved 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.

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.

★ Worcester County Trust Co., Worcester, Mass.
July 26 the Bank offered to its shareholders of record July 26, 1955 the right to purchase an additional 10,000 shares of capital stock (par $25) on the basis of one new share for each 11 shares held; rights will expire on Aug. 15. **Price**—$60 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—None.

York County Gas Co., York, Pa.
June 29 it was announced company contemplates the issuance and sale later this year of a new series of its first mortgage bonds, in an aggregate amount not yet determined. **Proceeds**—To pay for new construction and probably to refund an issue of $560,000 4¾% first mortgage bonds due 1978. **Underwriter**—May be determined by competitive bidding. Probable bidders; Halsey, Stuart & Co. Inc.; A. C. Allyn & Co. Inc.; White, Weld & Co. and Shields & Co. (jointly). It is also possible that issue may be placed privately.

Announce Invest-In-America Week on Nationwide Basis Next Year

Invest-in-America Week on a nationwide basis will be observed next year from April 29 to May 5, Frederic A. Potts, Chairman of the Board of Governors of the National Invest-in-America Committee announced.

Mr. Potts, President of the Philadelphia National Bank, was reelected as the Committee's Board Chairman for another year at the group's annual meeting recently held here.

Election of three regional Vice-Chairmen, newly created offices, was announced as follows:

Western Region—Daniel J. Cullen, resident partner, Walston & Co., San Francisco, Calif.

Central Region—John Latshaw, resident partner, E. F. Hutton & Co., Kansas City, Mo.

Eastern Region—Robert S. Byfield, investment banker, New York City.

The Board of Governors also added to its membership T. Johnson Ward, Philadelphia resident partner of Merrill Lynch, Pierce, Fenner & Beane. He was Chairman of the Philadelphia Invest-in-America Week, held there and in 21 other cities last April 25 to May 1.

Invest-in-America Week is an undertaking conducted jointly by financial and industrial leaders to promote improved public understanding that the "creation of more and better jobs" in industry depends on the free flow of capital, Mr. Potts explained.

Under the national chairmanship of Reese H. Taylor, President of Union Oil Company of California, Invest-in-America Week activities were held this spring in Atlanta, Ga.; Charlotte, N. C.; Denver, Colo.; Detroit, Mich.; Houston, Texas; Kansas City, Mo.; Lincoln, Neb.; Los Angeles, Calif.; Minneapolis, Minn.; New York City; Oklahoma City, Okla.; Omaha, Neb.; Philadelphia and Pittsburgh, Pa.; Providence, R. I.; Richmond, Va.; San Francisco, Calif.; St. Louis, Mo.; Topeka, Kans.; Tulsa, Okla.; Washington, D. C., and Wichita, Kans.

The National Board issued local Charters to Invest-in-America Week Committees in Charlotte, Denver, Houston, Minneapolis, New York City, Providence, Richmond, and Washington. The observance was held in those cities for the first time this year.

Mr. Potts asserted that plans were being made to extend next year's Invest-in-America Week to a number of cities in addition to the 22 that participated this year.

John M. King Opens

WHEATON, Ill.—John M. King is engaging in a securities business from offices in Wheaton.

Rogers Co. Formed

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Malcolm A. Rogers has formed Rogers & Co. with offices at 5978 Rincon Drive to engage in a securities business.

B. C. Morton Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Joseph L. Gruber, Jr., Ceno L. Neri, John B. Philbrook and Joel Quint have been added to the staff of B. C. Morton & Co., 131 State Street.

DIVIDEND NOTICES

CANCO AMERICAN CAN COMPANY

PREFERRED STOCK

On July 26, 1955 a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable October 1, 1955 to Stockholders of record at the close of business September 15, 1955. Transfer books will remain open. Checks will be mailed.

EDMUND HOFFMAN, *Secretary*

Atlas Corporation
33 Pine Street, New York 5, N. Y.

Dividend No. 55
on Common Stock

A regular quarterly dividend of 50¢ per share has been declared, payable September 20, 1955 to holders of record at the close of business on August 26, 1955 on the Common Stock of Atlas Corporation.

WALTER A. PETERSON, *Treasurer*

August 2, 1955

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 198
Common Dividend No. 188

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending September 30, 1955 and a dividend of 25¢ per share on the Common Stock have been declared. Both dividends are payable October 1, 1955 to holders of record September 6, 1955. The stock transfer books will remain open.

E. F. PAGE, *Secretary and Treasurer*

July 27, 1955

Berkshire Hathaway INC.

The Board of Directors of The Berkshire Hathaway Inc. has declared a dividend of 25 cents per share on the Common Stock, payable September 1, 1955 to stockholders of record August 10, 1955.

MALCOLM G. CHACE, JR.
July 28, 1955 *President*

DREWRYS

A quarterly dividend of forty (40) cents per share for the third quarter of 1955 has been declared on the common stock, payable September 10, 1955 to stockholders of record at the close of business on August 25, 1955.

Drewrys Limited U. S. A., Inc.
South Bend, Indiana

T. E. JEANNERET,
Secretary and Treasurer

Allegheny Ludlum Steel Corporation

Pittsburgh, Penna.

At a meeting of the Board of Directors of Allegheny Ludlum Steel Corporation held today, July 28, 1955, a dividend of sixty cents (60c) per share was declared on the Common Stock of the Corporation, payable September 30, 1955, to Common stockholders of record at the close of business on September 1, 1955

The Board also declared a dividend of one dollar nine and three-eighths cents ($1.09375) per share on the $4.375 Cumulative Preferred Stock of the Corporation, payable September 15, 1955, to Preferred stockholders of record at the close of business on September 1, 1955.

S. A. McCASKEY, JR.
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

FLINTKOTE PROTECTION

THE FLINTKOTE COMPANY
New York 20, N. Y.

A quarterly dividend of $1.00 per share has been declared on the **$4 Cumulative Preferred Stock** payable September 15, 1955 to stockholders of record at the close of business September 1, 1955.

A quarterly dividend of $.60 per share has been declared on the **Common Stock** payable September 10, 1955, to stockholders of record at the close of business August 26, 1955.

CLIFTON W. GREGG,
Vice-President and Treasurer

August 3, 1955.

THE W. L. Maxson CORPORATION
460 West 34th St., N. Y. 1, N. Y.

MAXSON

Notice of
QUARTERLY CASH DIVIDEND
10¢ a share

AND A
STOCK DIVIDEND of 2%
(at the rate of 2 shares for each 100 shares held)
Payable September 1, 1955
Record date, August 18, 1955

July 28, 1955

acf INDUSTRIES
INCORPORATED

Preferred Dividend No. 194

A dividend of 62½¢ per share on the $50.00 par value 5% cumulative convertible preferred stock of this Corporation has been declared payable September 1, 1955 to stockholders of record at close of business August 15, 1955.

Common Dividend No. 143

A dividend of $1.00 per share on the common stock of this Corporation has been declared payable September 15, 1955 to stockholders of record at close of business September 1, 1955.

C. ALLAN FEE,
Secretary

July 28, 1955

NATIONAL DISTILLERS PRODUCTS CORPORATION

PRODUCT OF NATIONAL DISTILLERS N D

DIVIDEND NOTICE

The Board of Directors has declared a quarterly dividend of 25c per share on the outstanding Common Stock, payable on September 1, 1955, to stockholders of record on August 11, 1955. The transfer books will not close.

PAUL C. JAMESON
July 28, 1955 *Treasurer*

PHELPS DODGE CORPORATION

The Board of Directors has declared a third-quarter dividend of Sixty-five Cents (65¢) per share on the capital stock of this Corporation, payable September 9, 1955 to stockholders of record August 17, 1955.

M. W. URQUHART,
Treasurer.

July 27, 1955

pf PACIFIC FINANCE CORPORATION

DIVIDEND NOTICE

A regular quarterly dividend of 50 cents per share on the common stock ($10 par value) payable September 1, 1955, to stockholders of record August 15, 1955, was declared by the Board of Directors on July 27, 1955.

B. C. REYNOLDS, *Secretary*

Pullman Incorporated

89th Consecutive Year of Quarterly Cash Dividends paid by Pullman Incorporated and predecessor companies

A regular quarterly dividend of seventy-five cents (75¢) per share will be paid on September 14, 1955, to stockholders of record August 19, 1955.

CHAMP CARRY
President

PULLMAN STANDARD CAR MANUFACTURING CO. Built by Pullman Standard — M. W. KELLOGG — TRAILMOBILE

Schering CORPORATION

DIVIDEND No. 7

The Board of Directors has declared a regular semi-annual dividend of Twenty-five cents ($0.25) a share on common stock payable August 18, 1955, to stockholders of record August 8, 1955.

M. J. FOX, Jr.
Treasurer

Bloomfield, N. J.
July 26, 1955

SOCONY MOBIL OIL COMPANY, INC.

Dividend No. 178

The Board of Directors on July 26, 1955, declared a quarterly dividend of 50¢ per share on the outstanding capital stock of this Company, payable September 10, 1955, to stockholders of record at the close of business August 5, 1955.

W. D. BICKHAM, *Secretary*

SOUTHERN NATURAL GAS COMPANY

Birmingham, Alabama

Common Stock Dividend No. 66

A dividend of 40 cents per share has been declared on the Common Stock of Southern Natural Gas Company, payable September 13, 1955 to stockholders of record at the close of business on August 31, 1955.

H. D. McHENRY,
Vice President and Secretary.

Dated: July 30, 1955

YALE & TOWNE
DECLARES 270th DIVIDEND
75¢ PER SHARE

On July 28, 1955, dividend No. 270 of seventy-five cents (75¢) per share was declared by the Board of Directors out of past earnings, payable on Oct. 1, 1955, to stockholders of record at the close of business Sept. 9, 1955.

F. DUNNING
Executive Vice-President and Secretary
THE YALE & TOWNE MFG. CO.

Cash dividends paid in every year since 1899

CITIES SERVICE COMPANY

Dividend Notice

The Board of Directors of Cities Service Company has declared a quarterly dividend of fifty cents ($.50) per share on its $10 par value Common stock, payable September 12, 1955, to stockholders of record at the close of business August 12, 1955.

ERLE G. CHRISTIAN, *Secretary*

Washington ... And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — This year's session of Congress was a good one from the standpoint of the taxpayer inasmuch as the number of spending and welfare proposals which made the grade of both Houses was much smaller than was expected at the outset.

At the beginning of the year, with the President having proposed broad welfare and spending proposals and the Democrats seemingly determined to compete with the White House in purveying like merchandise, it would have been natural to have expected the scope of Federal activities to have been widened considerably.

This was not a good year in the positive sense that the Congress reduced the calls which now or ultimately the Federal Government will place upon the taxpayer. On routine appropriations, cuts were negligible. There was a cut of a few hundred millions in foreign aid appropriations for future years. In view of the huge backlog of unspent foreign aid appropriations, however, relief from spending burden thereof will be neither appreciable nor immediate.

However, the President at the beginning of this year renewed his demand for an enlarged health program, including health "reinsurance." He explicitly backed vast school construction and interstate road building programs whose costs, although real, would have been temporarily concealed in fiscal bookkeeping trickery.

Spending Programs Fail

Among the other costly programs which failed are those for building a system of dams to store water in the upper Colorado River, and the Democratic projects to raise price supports to a mandatory 90%, to cut personal income taxes, and to boost the benefits of social security by including payments for incapacitated children over 18 and individuals over 50, and to lower the eligibility of women for pensions from age 65 to age 62.

On the spending side, Congress raised pay considerably for postal workers without, however, also boosting mail rates. Congress also was liberal toward raising the pay of all Federal employees. And it boosted to $1.5 billion from $700 million the amount of crops picked up under the price support which the government can "sell" for foreign currencies.

There were also many "little" spending bills, boosting the benefits of veterans and farmers on rather broad fronts.

In particular both the White House and Congress went for tricks in the farm field which, as they develop over the years, will plunge the government into a deep liability for poorer grade agricultural credit risks, via guaranteed and insured Farmers Home Administration loans.

Respecting the farm program, the government at the last minute asked for $2 billion more for the Commodity Credit Corp. price support operations. This is more eloquent than anything in bearing out the contention that despite the advertising of the "flexible price support program," neither the Administration nor the Congress has effectively come to grips with the problem of what to do with this hungry and large maw for receiving Federal spending.

Out-Tricked Each Other

The explanation for the failure of large welfare and spending programs appeared to be rather simple. Both the White House and the Democratic leadership seemed to outsmart themselves whilst trying to outsmart the other fellow.

One shining example of this was the huge roads program. Both sides tried to make it fairly glitter with tons of pure gold. The Eisenhower program was a $101-billion program, so called, because to get this beautiful figure the Administration assumed that the newly doubled "regular" Federal aid program would be kept going 10 years and for good measure added in the amounts cities would spend on streets.

The Democratic program was a more modest $48 or $50 billion program (depending upon who was giving out the analysis) arrived at by expressing the "intent of Congress" (but not voting it) that the $875-million "regular" Federal aid program would be continued 12 or 13 years undiminished.

Actually both parties in political contest had in mind simply one thing: They wanted to re-make at a cost variously of from $25- to $30-billion-odd, the 40,000 miles of interstate highways.

The White House proposal for financing was strictly to rub the Alladin lamp and pretend that the $21 billion to be borrowed outside the budget didn't exist as a government liability and to further pretend that gas and motor vehicle taxes would pay off these bonds.

Democrats thought it would be smart to hit the Administration on the "unsound finance" button and pretend that they were raising part of the costs without additional taxes.

Actually, revenues from gasoline taxes, excise taxes on tires and motor vehicles, are not segregated for special purposes in the Federal budget. They are segregated neither for special debt repayment nor for special spending purposes.

Avoid Budget Balancing

Neither the Congress nor the Administration earnestly desired to stop the expenditure of vehicle and gas taxes for governmental purposes generally, nor to balance the budget, which would then give physical cogency to the collection of additional taxes.

What finally defeated the roads bill in the House last week was not a desire, even secretly of many members of Congress, to avoid this large expediture. What killed the bill was the lobby which mushroomed overnight to fight the higher taxes on trucks, truck tires, and diesel motor fuel.

This lobby was much broader than the American Trucking Association, tacitly made the target by the disappointed Speaker Rayburn. Actually there are many independent tire dealers and many independent and "small businessman" truckers. This session has already shown that the "independent businessman" has become a lobby to be reckoned with on the Hill.

Members reported more wires, letters, and long distance calls against the Fallon or Democratic bill with its tax features, than against almost any controversial pending bill in years.

It was because of this pressure that Republicans, after making a record of voting for the Eisenhower extra-marital highway financing plan, did not turn and vote for the Fallon bill, as expected by the leadership, "as the only alternative left."

It was because of this same pressure that many Democrats deserted Speaker Rayburn, who currently is just about the angriest man in town.

While because of flukes and politics, neither the big Democratic nor the Eisenhower spending proposals got far in this session; this does not connote a Congressional love for budget balancing. Except for Senator Harry F. Byrd (D., Va.) and a handful of others, this 84th Congress has hardly anyone who will lay his political head on the block for the sake of the balanced budget.

Alberta Oil Prospect High

As part of the House Armed Services subcommittee hearing into a pipeline project, there was introduced into the record a forecast by I. N. McKinnon, Chairman of the Alberta Petroleum and Natural Gas Conservation Board.

He declared that today Alberta is capable of producing 500,000 barrels of crude oil per day. Actual production in 1955 is expected to average 300,000 barrels per day.

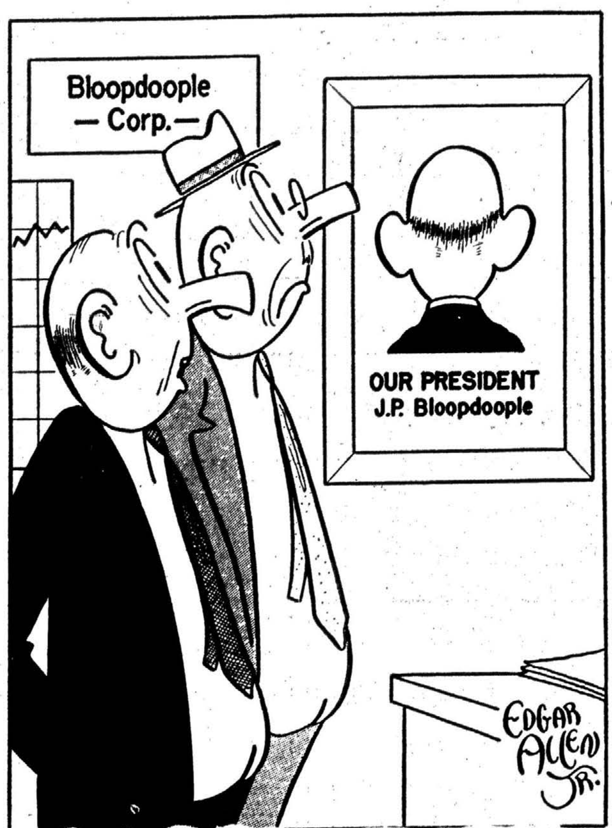
"The Board is confident that further substantial reserves of crude oil remain to be discovered. This belief is based not only on recent discoveries of major oil accumulations in the extensive Cardium and Mississippian formations, but also on the known occurrences of Upper Devonian reefs within a large area of Western Alberta which is so far virtually unexplored.

"Assuming the existence of sufficient market outlets to provide an incentive for the necessary exploration and development, the Board estimates that potential production (under good engineering practice) will approach one million barrels daily by 1960," Mr. McKinnon stated.

He wrote this letter to the president of the Western Oil and Gas Assn., Los Angeles.

(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



"It seems his wife hung a shiner on him just before the picture was taken!"

Two With Lester, Ryons

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Ida K. Lehr and Fred P. Peikert have become affiliated with Lester, Ryons & Co., 623 South Hope St., members of the New York and Los Angeles Stock Exchanges.

Business Man's Bookshelf

Advance to Barbarism—Frederick J. P. Veale—Devin-Adair Company, 23 East 26th Street, New York 10, N. Y., $4.50.

Annual Report of the Director of the Mint, fiscal year ended June 30, 1954, including report on Production and Consumption of Gold and Silver for the Calendar Year 1953—Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 50¢

Business Enterprises Outside of the Department of Defense—Staff Study — Commission on Organization of the Executive Branch of the Government — Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper), 35¢.

Economics of Minimum Wage Legislation—Chamber of Commerce of the United States, Washington 6, D. C. (paper), 50 cents.

France: The Tragic Years 1939-1947 — Sisley Huddleston — The Devin-Adair Company, 23 East 26th Street, New York 10, N. Y., $5.00.

Intelligence Activities—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), 35¢.

Leu & Co., 1755-1955—Two Centuries of History in the Life of a Swiss Bank—George Soloveytchik—Cloth—Leu & Co.'s Bank Limited, Zurich, Switzerland.

Management Science—Journal of the Institute of Management Sciences (published quarterly), $6.00 per year — Institute of Management Sciences, Mt. Royal and Guilford Avenues, Baltimore 2, Md.

Minimum Price Fixing in the Bituminous Coal Industry — Waldo E. Fisher and Charles M. James—National Bureau of Economic Research, 261 Madison Avenue, New York 16, N. Y.

Selected Reading List on Human Relations in Management — Robert Teviot Livingston and others, Columbia University, Department of Industrial and Management Engineering—Research Service, 353 West 57th Street, New York 19, N. Y. (paper), $3.00.