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EDITORIAL

As We See It

There is abundant evidence that the powers that be have grown uneasy about the boom they have so sedulously encouraged with kind words and extraordinarily easy credit. Not only have they taken certain more or less orthodox steps and made some show of stiffening up their own spine—all of which can scarcely be termed other than weak and hesitant—but, according to what appear to be reliable reports, have been seeking other means of a more informal sort to hold credit extension within bounds. It is said—with what authority we do not know—that Dr. Burns, CEA Chairman, has made it clear that action is desired.

Just how accurate current reports of conferences on the subject are we are in no position to say, but we find some encouragement in the apparent fact that no program of legislation and governmental control of this, that or the other phase of credit management is in the making. It is reported, and it appears plausible, that bank examiners will make closer inquiries about the consumer and possibly real estate loans of the banks which in one way or another come under the supervision of national authorities. It is possible, indeed probable, that these banks have already been told how the Federal Reserve authorities feel about some of the things that have been taking place, especially in the field of instalment lending, and possibly real estate mortgage operations.

Loose Lending

Let us be frank about it. There can be no reasonable doubt about the fact that the banks, or

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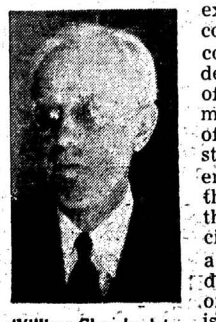
The Future of the Dollar

By WILLIAM CHAMBERLAIN
Former President, United Light & Power Company

Former utility executive and industrialist, in calling attention to the depreciation in the market value of the dollar, comments on the nature and characteristics of money as a medium of exchange and as a standard of value. Discloses menace of paper money and analyzes the present U. S. monetary situation. Holds the political atmosphere makes it improbable that government extravagant spending will cease, or other inflationary measures will be taken to avert permanent inflation. Says history shows no well-established paper money inflation has been permanently stopped before complete disaster sets in.

The market value of the United States paper dollar has sharply declined as demonstrated in the market places of the world. Is the decline now at an end as seems frequently to be assumed? I suggest that it is not at an end and that both reason and experience point to the opposite conclusion — that the decline will continue—the rapidity alone of the decline being in question. The rate of depreciation in value of paper money being unpredictable because of the many unforeseeable circumstances which may retard or accelerate it, I propose no discussion of that. What I propose to discuss is the suggestion that continued depreciation of the paper dollar is so near a certainty that ordinary prudence dictates that one conduct his affairs or the affairs of those for whom he is responsible accordingly.



William Chamberlain

What Is the Dollar?

Just what is this dollar the future of which is so important to so many? What is the nature of its value as a medium of exchange and from what is that value derived? The dollar itself is a paper bearing a government imprint. Its size and form are too well known to require description. A paper of the exact dimension of one such dollar may also be one thousand or even

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Railroad Executives Discuss Outlook for the Industry

In articles especially written for the "Chronicle," chief officers of many of the nation's leading carriers, also Chairman of the ICC, present opinions as to the prospects for individual roads and the industry in general.

The "Chronicle" is privileged to present today the opinions of the chief officers of a representative cross-section of the nation's railroads, along with that of the Chairman of the Interstate Commerce Commission, on the economic outlook for the industry as a whole and specific carriers. These articles, especially written for the "Chronicle," begin herewith:

HUGH W. CROSS

Chairman, Interstate Commerce Commission

The most encouraging development this year in the field of transportation, from the viewpoint of the Interstate Commerce Commission, has been the marked improvement in net earnings of rail and motor carriers over the generally poor showing in 1954.

Hugh W. Cross

Class I railroads reported an increase of 91% in net income during the first five months of this year, compared with the same period in 1954, Class I motor carriers of property reported an increase of more than 100% in net income during the first quarter of this year, compared with the same period in 1954.

The improvement, however, has been entirely in the field of freight transportation. Passenger traffic, both by rail and intercity bus, showed declines and continued to be one of the most serious problems facing the surface carriers subject to this Commission's jurisdiction.

Class I railroads reported 5.7% more freight revenue

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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 37.

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

WILBUR H. HOLLY

Sage, Rutty & Company., Inc.
Rochester, N. Y.

Di-Noc Chemical Arts, Inc. (formerly Di-Noc Company)

It is difficult in this high market to name a stock as "The Security I Like Best." However, I have in mind the stock of a company which shows promise of growth and at the same time affords a yield of about 5¼%. The stock to which I refer probably should be classified as a speculative investment and will be so classified by many who take time to read this article. The stock is that of a Cleveland, Ohio corporation which recently changed its name to Di-Noc Chemical Arts, Inc., which is more descriptive of the company and its products than its former name of The Di-Noc Company. I am very familiar with its management and the conservative policies under which its business has been conducted.

W. H. Holly

The company was incorporated in 1923 with a very modest capital, was refinanced in 1937, its added capital and facilities enabling the company to increase its sales from a low point of $300,000 in 1935 to $1,100,000 in 1941.

When the United States entered the war, this company lost 85% of its business which at that time was confined principally to Automotive, Radio and Furniture Industries and to a lesser extent, the Point-of-Sales Advertising Field. Due to wartime restrictions, in the fields where the company's activities were most profitable, sales dropped to $350,000 in 1942.

During the period from 1943 to 1945 the company developed a line of new products, among which was a complete line of Industrial Photographic Film for use in the Aircraft and Graphic Arts Fields which require a dimentionally stable film for such things as map making, tooling and engineering operations, templates, etc.

Sales increased from $900,000 in 1945 to $2,253,000 in 1954. Sales for the first six months of 1955 were slightly more than $1,500,000 and unfilled orders were the largest in the company's history for the same period of time. Of the total sales volume, 35% was represented in sales to the Automotive Industry, 33% to the Photographic Film Division and the balance was accounted for by sales to the Motion Picture Industry, the Television Industry, The Plastic Field and Point-of-Sale Advertising.

Many new products are now being field-tested, one of which is described in the following paragraph from the Annual Report of the company for 1954:

"Some years ago we were prevailed upon by the Automotive Industry to develop a new type transfer to take the place of chrome and other bright, metallie finishes for interior trim. We have recently submitted such a new product to the larger companies in the Automotive Industry and it has been received with enthusiastic approval. Due to the special type equipment used, it will probably be 1956 before we can expect any great volume from this development. This will coincide with the introduction of the 1957 line of automobiles, production of which will probably begin in the late summer of 1956. There are many other fields in which this product will be used but until we are able to adequately supply the Automotive Industry, it will be necessary to confine this development to that Industry."

The Balance Sheet of the Company shows Current Assets of $1,203,274 and Current Liabilities of $469,563. The Company has notes payable of $240,000, of which $40,000 are included in Current Liabilities; the balance of $200,000 is due and payable at the rate of $40,000 per year until 1958 when the balance will be due and payable. There is no Bonded Debt nor Preferred Stock and only 265,122 shares of Common Stock outstanding. The company's cash position is excellent.

Earnings for the first six months of this year reported by the company were 61c per share, or about double the earnings for the same period of 1954.

Dividends are being paid at the rate of 10 cents a share each quarter and it is expected that an extra dividend will be declared at the end of this year.

The stock is traded Over-the-Counter and is selling around 7¾.

CARL STOLLE

President, G. A. Saxton & Co., Inc.
New York City

New Jersey Natural Gas Company

The term "growth stocks" is usually directed toward the stocks of industrial companies which are engaged in promising lines of business where growing demand or changes in consumer preferences or improved methods lead the investor to think that this or that company may be a beneficiary earnings-wise. The term is seldom applied to utility or gas distribution companies although it would seem strange in the light of the tremendous growth of such companies in size, in earnings and in the prices of the stocks of many of them.

Carl Stolle

The selection which I have made for this issue is the stock of a company where dynamic and spectacular growth cannot be promised but where indications point toward a greater than normal growth of territory and of consumer demand.

New Jersey Natural Gas Company serves an area beginning directly south of New York City across the Lower Bay from the metropolis and extending the full length of New Jersey to Cape May, with a short break in and around Atlantic City. It serves communities long famed as shore resorts and others lesser known inland. There is, in addition, a northern division serving Dover and Boonton. The entire service area is traversed by the recently opened Garden State Parkway. The Parkway is not only helping to make these communities more available to vacationers and week enders, but is undoubtedly scheduled to lead to the growth and development of the service area which would otherwise have taken many more years to accomplish.

A front page article in the New York "Times" of two weeks ago describes the plans for the creation of a community of 200,000 inhabitants on a 15,000-acre tract in the Lakehurst-Toms River area of Ocean County, New Jersey, about 60 miles from New York. The new community would include thousands of homes, several factories, shopping centers and recreational areas centering on lakes in the region. The land is reported to have been purchased for that purpose and plans are apparently being drawn up. With a population of 370,000 in the 100 communities now served, such an expansion would have far more than a casual effect upon the growth of this company.

Regardless of this proposed development and even without knowledge of this impending announcement, it has seemed to me that New Jersey Natural Gas Company Common Stock is an attractive security for one who desires seemingly inevitable growth and at the same time wants the relative stability afforded by a utility operation.

The annual reports of the company will reveal the growth and earnings which have taken place since the company was formed in 1952 as a consolidation of two older properties which had no stock outstanding with the public. The last earnings report, for the nine months ended June 30, 1955, reveals gross revenues of $7,604,000 as against $6,744,000 for the same nine months a year previous. There was a balance for common stock of $538,000 as against $393,000 and earnings per share were $1.50 against $1.27, there having been additional shares issued under warrants attached to the preferred stock. Earnings for the full year ended Sept. 30, 1955, should be in the neighborhood of $1.85 to $1.90. The stock is now on a $1.00 per year basis and it seems entirely reasonable that with the continuance of the earnings trend an increase to at least $1.20 some time in the latter part of this calendar year would be in prospect. The present market for the stock does not seem to discount this possible dividend increase to too great an extent, and future earnings improvement being well within view, with the consequent likelihood of improvement in the dividend, the present price could prove to be an advantageous level at which to acquire the stock.

New Jersey National Gas Co. common is traded in the Over-the-Counter and is currently selling at about 24.

Are Common Stock Prices Too High?

By RAGNAR NAESS

Naess and Thomas Investment Counsel
New York City

Noting great past lag on part of common stock prices in catching up with epoch-making social and economic changes of past 25 years, Mr. Naess states that more cautious attitude is now warranted than when stock prices were relatively low. On basis of estimated future business activity, earnings, and dividends, finds low point of Dow-Jones Average during next several years should be somewhat below 300, and the high point almost 600. Hence concludes the present potential upside is far less than downside, and such adverse "odds" will increase rapidly with any further stock price rise.

It has taken a good many years for investors to realize that the inflation in commodity prices since the Second World War and the increase in the volume of capacity to produce and in the volume of consumption have been so great that common stock prices would have to double or triple to reflect adequately the basic changes that have taken place.

Ragnar D. Naess

The reason for the long delay in the recognition of these fundamental changes in their impact on stock prices may be found partly in the resistance to any change which is usually strong and long lasting and partly in the too great dependence of the investing public upon past experience in appraising future conditions. The impact of great economic changes upon the consciousness of the public takes place slowly, and the temptation is great indeed to act on the basis of past history in interpreting future events. The investing public has fought the rise in common stock prices all the way up since stock prices seemed high on a historical basis and a depression was almost certain to come following the Second World War which would cause a decline in the commodity price level of substantial proportions and a decline in business activity, earnings, and dividends. This has been the point of view and the attitude even though the comparisons were made with a period of 25 years ago and these 25 years were filled with epoch-making and extraordinary economic and social changes throughout the world.

Several years ago, or even one year ago, it was possible to say that common stock prices could still rise substantially before they would reflect fully the great economic and social changes that occurred during the preceding two decades. It was impossible to gauge just how long it might take for stock prices fully to reflect modern conditions or to visualize with any degree of accuracy the level that might be reached by stock prices whenever the basic readjustment would be completed.

Today it is possible to make more definite statements about this subject. The reason is that stock prices have finally adjusted themselves and, if anything, have overadjusted themselves to the basic changes that have occurred. They have, so to speak, "been brought into line" with the realities of existing conditions.

The past years have, therefore, been an extraordinary period when it was possible for common stock prices to enjoy a sensational rise without becoming too high simply because the level of stock prices 5 or 10 years ago happened to be very low indeed in relation to business activity, earnings and dividends that would prevail under the future normal economic and social conditions.

External Changes

We will not discuss in detail the tremendous changes that ocurred in the last 25 years, most of which were caused by external factors such as the Second World War, the period of extraordinary deferred demand for goods following the war, and the stimulation from the Korean War. Some came from internal changes such as the alteration in the social viewpoint toward labor and the many radical changes forced by the Great Depression which have caused a profound redistribution of income, more rigid costs of manufacture, greater stability in consumption, a tendency toward inflation in commodity prices, and other economic and political factors which were not present to any important degree during the period prior to 1932.
changes forced by the Great Depression which have caused a profound redistribution of income, more rigid costs of manufacture, greater stability in consumption, a tendency toward inflation in commodity prices, and other economic and political factors which were not present to any important degree during the period prior to 1932.

Now that common stock prices seem to have caught up with the epoch-making changes that have occurred, the attitude toward

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About the Railroad Industry

Regular Features

*Column not available this week.

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Clicking Rails

By IRA U. COBLEIGH

Enterprise Economist

A salute to the financial, dividend delivering, and operating progress of our railways; plus mention of some of the attractive issues.

The clicking of rails on the stock ticker, has, for some time, been a pleasing and cadent sound to shareholders; the clicking of railway accounting machines has turned in a wonderful first half year net for the majors, $416 million (up 79% over 1954); rail managements are clicking; in fact about the only place where the click is getting less noticeable is on the rails themselves, since the introduction of welded rails, running a quarter of a mile between joints. Then, too, rail splitting, made famous by Abraham Lincoln, has gained a new vogue this year, what with Atlantic Coast Line and Denver and Rio Grande Western both splitting 3 for 1, and Chicago Rock Island and Pacific, and Union Pacific rumored for financial fission before the hurricanes get along as far as Penelope. Yes, if Gabriel Heatter were to talk about the rails on the radio tonight, he would only need to revive his famous opener, "Ah yes, there's good news tonight!"

Ira U. Cobleigh

There is indeed plenty of good news, and you almost have to rub your eyes to recognize such fabulously renewed lines as Seaboard, Rock Island, Denver Rio Grande, and Missouri Pacific as the same corporate creatures that chugged rustily into bankruptcy almost a quarter century ago. In addition to the almost total eclipse of the "choo-choo," certain other vital elements of progress in the last quarter century should be cited. For instance, entrenched traditionalists at the management helm of railroads have been, in most instances, replaced by younger men, more broadly trained, and more receptive and responsive to new ideas. Rights of way have been enormously improved, classification yards lengthened and made more efficient by electronic and other automatic controls. Trains are longer, move faster, and spend more time in motion, and less on switches and side lines. Automation has appeared not only in operations, but such areas as accounting and ticket selling.

Perhaps the biggest single improvement in efficiency since the early 30's, has been heavy, and on many lines, complete dieselization. But rolling progress does not stop there. We now have thousands of roller bearing freight cars, Talgo trains, Astra-Dome passenger cars, air conditioning, and piggy back trailer service—all new bounties and boons to railway service and profitability, since the rusty receiverships of the 30's.

But quite as important as all these material improvements in railroading, there is the significant financial device, built in to every railway reorganization—debt reduction. During the era ending circa 1929, railroad bonds, while issued with great nonchalance, were almost never retired except (with good fortune) at maturity. Fixed debt of railways (not unlike home mortgages, in the same period) stood on the balance sheet, like a financial monolith, and it was regarded as neither fashionable nor necessary, to provide sinking funds for retirement.

As rail bankruptcies broke out like measles, receivers, and agencies including ICC and the Federal Courts, recognized that part of the railway misery had stemmed from too high debt (with interest charges to match) and virtually no attempts made to reduce same (except in respect to equipment trusts). It was thus time for a new philosophy to be injected into railway finance—debt amortization. Most of the new bond issues of reorganized roads had heavy sinking funds—Erie, Central Railroad of N. J. (first applying to scrip, and then the 3¼s), New Haven, Rock Island, etc. Look, too, at the remarkable result of the voluntary debt reduction plan of Baltimore and Ohio put into effect in 1944, placing 50% of earnings, after interest, into a general sinking fund. Look, also, at how Illinois Central, between 1940 and 1955, reduced fixed debt (not equipment) by a fantastic $197 million.

All these factors, taken together, plus the steady growth in population, and in particular the extraordinary regional industrial expansion in the South, Southwest and Northwest have changed, almost completely, the complexion of the railway industry, and propelled a number of carrier equities, in a decade, from marginals to, if not blue chips, then at least azure tinted ones. Who would have thought, for example, in 1945, that Seaboard common would now appear on so many "prudent man's" investment lists?

So today, with one eye on the Dow-Jones ticker, and the other on the current earnings' chart, we salute the rails; and propose to dedicate the next few moments to culling over a few shares that, on hopes of expanded dividends, a stock split, or even perhaps a merger, may present meritorious values at present market levels.

Certainly no one, in discussing rails, will be heavily criticized for starting off with Atchison, Topeka & Santa Fe. While ranking fourth in revenues, it runs more mileage than any other U. S. carrier. Since 1900 there have been steady common dividends, except for three years. The present indicated rate is $7, amply supported by current net revenues which should exceed $14.50 per share for the year. Rail revenues are augmented here by a highly profitable subsidiary, Chanslor-Western Oil and Development Co., with large holdings in oil, lumber, mining and real property. This unit delivered in 1954, a $6 million dividend to Atchison, and is loaded with cash—about $40 million. Atchison is good in anybody's portfolio, and appears in the best. At 136½, SF delivers above a 5% yield, and a stock split, despite denials, would not be incredible. There's no tradition against it, as the present 4,854,120 shares are the result of a 2 for 1 division in 1951 (August).

We mentioned yield, above. Well the seeker of income can travel far (by rail, of course) before he finds a more favorable item than Chesapeake & Ohio common, now selling at 51½ yielding 5.9% on the $3 dividend. This common has paid some dividend for 33 years in a row and 1955 should produce all-time high earnings of $6.40 a share, or more, setting the stage for either a year end extra, or a higher regular rate. The values found in C & O common are highly visible: good management, better outlook for coal, more diverse traffic sources, good territory and more extensive dieselization. If "Chessie" can sleep contentedly, so can a shareholder here!

Another value, somewhat similar to C & O as a major hauler of coal, is Virginian Railway Co., which since it has always been loaded with coal, was quite reluctant to take the plunge into diesels. Introduction of diesels, however, on certain divisions, has rather sharply improved earning power on this traditionally low cost carrier, so that per share net for the first half of this year was $2.50 against $1.38 for the same 1954 period. At a price of 43 with a $2.50 dividend, we venture the opinion (1) that the shares are not overpriced, (2) that an extra cash distribution is possible this year, and that (3) a dividend yield right now of 5.72% is not to be sneezed at in an equity of this quality and stature.

Rock Island is going to earn something above $12 this year, or so it seems, which make this rapidly improving equity not an unworthy value at 88 paying $5 presently. Certainly those savants predicting larger cash payout, and mayhap a spilt up, have their crystal ball well loaded in their favor.

Among interesting railway developments to watch are Norfolk and Western's coal fired gas turbine (Norfolk & Western is a good stock, turbine or no); liaison between Erie and D. L. & W. in New York on terminal and ferry operation; and some important pooling of facilities between Chicago & Nortwestern and Chicago, Milwaukee and St. Paul.

Then, not to neglect the bond minded investors, New Haven 4s at 79 have a sturdy first lien status, B & O 4½s at 90 might be redeemed many years ahead of their stated maturity, 2010 A. D.; West Shore 4s due 2361 A. D. appeal to those with long life expectancy; and for the more sporting there are Northwestern 4½% incomes, now carrying an arrear of $45 a bond, payable sometime.

And in case we didn't cut a wide enough swath, consider favorably Southern, Coast Line, and Southern Pacific for dividend attraction; and Northern Pacific for oily overtones. Finally, let's end this piece up by suggesting that Atchison and Union Pacific be played back to back. As a "rail bird" you couldn't pick a stronger parlay!

Foresees Serious Shortage of Copper

Herman W. Steinkraus, President of the Bridgeport Brass Company, cites reasons why copper metal will be in inadequate supply, and why the situation may hamper production of copper products.

"The copper and brass industry faces a serious shortage of copper for some time to come," Herman W. Steinkraus, President and Chairman of the Board of Bridgeport Brass Company, warns.

H. W. Steinkraus

Commenting on the current copper shortage which has acutely affected the industry, Mr. Steinkraus, a former President of the Chamber of Commerce of the United States, summed the situation as follows:

"There are a number of reasons which have caused the current situation. The first occurrence which started the shortage was the shutting down of the great Rhodesian copper mines in Africa late last year. They are the main source of supply for Europe, and when they were struck Europe looked to the west—Canada, the United States and Chile—for its copper.

"In July of this year most of the American copper mines were closed by strikes. Some of them were recently reopened and it appears that the remaining mines may be in operation within a few days. However, it will take some time before normal production can be resumed and it is estimated that even when all world production sources get back to running at capacity, it will take at least the balance of the year for normal inventories to be restored to our customers and other users of copper and brass mill products.

"In the meantime, the boom conditions in this country are causing very high demands for copper and brass by the automobile, construction and electrical appliance industries, as well as other large users of copper and brass mill products.

"As a result of this heavy demand from Europe and the United States, the supply became inadequate forcing prices up.

"In Canada, the price of virgin copper shipped to Europe and elsewhere gradually rose to 43 cents. Users in urgent need of the metal have paid as high as 50 cents a pound for copper and correspondingly high prices for copper and brass scrap. For example, the price of scrap copper has increased to as much as 7 cents over the 36 cents price on virgin copper our American producers tried to maintain.

"The U. S. Government tried to give some assistance by temporarily deferring its stockpile requirements but this gave only very small relief to the situation.

"The Bridgeport Brass Company has been affected by this situation. Every effort is being made to continue production in the face of our customers' heavy requirements, and we are striving to produce the necessary metal for their continued operations on a part time schedule as compared to our regular three-shift, five-day week. In addition to the almost day and night efforts of our Procurement division to secure more copper, over 125 of our salesmen in every section of the country are devoting much of their time toward finding scrap which can be used to produce some of our alloys. In the meantime, work schedules are being set from week to week and are currently on a four-day per week basis.

"We are making every effort to obtain the necessary material to return to a full schedule of work for our thousands of employees.

"We sincerely trust that within the next two weeks all of our major sources will be operating fully again, and that a stable price and delivery structure can then be established."

Gillen & Co. to Admit

Gillen & Company, 120 Broadway, New York City, members of the New York Stock Exchange, on Sept. 1 will admit William E. Beaver to partnership.

Harris Upham Partner

BEVERLY HILLS, Calif. — On Sept. 1 Frank L. Patty will be admitted to partnership in Harris, Upham & Co. Mr. Patty is comanager of the firm's office at 137 El Camino Drive.

The State of Trade and Industry

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

"General business conditions will probably slip to lowest level of year this month and next . . . but by any standard other than record first-half, it will still be extraordinary high. With cold war fading into distance as result of Geneva Big Four summit meeting . . . and more confidence than ever in our economic way of life . . . a sharp rebound to new business peak is widely anticipated for final quarter." That is the way the "Automotive Digest" summarizes future conditions.

Steel inventories are beginning to get more than the usual amount of attention, says "Steel," the metalworking weekly.

Steel producers are watching them for clues on the outlook for steel demand in the next several months, and they are studying ways to reduce inventory build-up during periods of high consumption.

"Steel" estimates that consumers began building steel inventories in March and that they continue to do so. One piece of evidence is a report from the automobile industry—the biggest single user—that steel is not regarded as a short material. Although automakers are in a seasonal downturn in production, they are making no important cancellations or setbacks in steel orders.

Automakers and other consumers will continue to take in all the steel offered them as long as deliveries remain as extended as they are.

The inventory build-up is not alarming at this point, for it has gone on only five months and some build-up was necessary to support the increased rate of consumption. Steel producers know inventory accumulation won't continue forever. What they're watching for is a turning point.

In some areas of the country the steel supply is so short this week that many customers are drawing their material out of railroad cars or trucks and putting it immediately into the production line, according to "The Iron Age," the national metalworking weekly. Other steel customers have less than five days supply of steel on hand. A greater number are on hand-to-mouth basis.

That was the outlook this week with the certainty that conditions will get worse before they get better.

Production difficulties were whirling into one grand unsolved problem in the steel industry this week. As fast as some repairs and maintenances were taken care of, breakdowns appeared in other areas or in other plants.

The sum total of a strike, heat and mechanical breakdowns as well as equipment failures have caused the steel industry to lose as much as 10 to 12% in steel ingot output over the past several weeks. This loss comes at a time when steel order volume is running 110 to 125% of capacity.

This week customer relations in steel have become so sensitive that they rival similar conditions in the late '40s. Attempts were made by many mills to make a fast shift on deliveries in order to forestall serious interference with manufacturing programs.

Heavy demand for steel and the inability of many steelmakers to meet their estimated production schedules were only a taste of what companies will face after Labor Day. Seasonal influences, the end of vacations, and the continuation of the upward surge in the business picture will cause howls over delayed steel deliveries to hit a new high, says this metal working authority.

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 92.3% of capacity for the week beginning Aug. 15, 1955, equivalent to 2,228,000 tons of ingots and steel for castings as compared with 89.4% (revised) and 2,157,000 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 91% and production 2,195,000 tons. A year ago the actual weekly production

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Observations . . .

By A. WILFRED MAY

ART COLLECTING—INVESTMENT, SPECULATION, OR WHAT?

One accompaniment of our bull market is revival of the proclivity to offer analogies between the art and stock markets—on both sides of the Atlantic.

A. Wilfred May

Basic to this indoor sport is the question, "Is art an investment?"

Back in the 18th Century a curator of paintings, Gabriel Coulages was one of the first to pronounce that "Paintings are worth their weight in gold. There never has been a better way of investing money," citing a whole host of pictures that had enjoyed great appreciation.

This article has been brewing in the mind of the writer since the war years. Then visting the salon of one of world's leading dealers in the company of a fat-cat client, we were soon handed the gospel of finance. Fondling one of his most sharply "rising" Braques, our maestro fervently pronounced it "a fine example of the greatest medium of *investment* . . . if you had bought this ten years ago, you would easily have made 1,000% on your *investment*." I was circumspect enough (particularly in the presence of Madame Prospect) to refrain from lecturing him on some of the bare financial facts of life then and there. With his glamorous recital of the sensational price advance of his picture "winners," the conversation resembled the sales talk of a wildcat oil venture, or at best hindsight picking of a sensational stock market performer. I was itching to inform him that to cite the sensational price advances of his pictures, truthful though they were, as a function of *investment* (a concept based on income and harboring at least some quantitative value elements) represented a flagrant prostitution of the term *investment*.

This, of course, is not to detract from the desirability of buying and owning art, but to plead for realism versus over-enthusiasm attributes which are as superfluous as they are fictitious.

Buyers' Motivations

Some conclusions about the state of mind which should guide the picture buyer will be offered below. Meanwhile let us glance at motivations prompting this avocation.

Aesthetic Consumer Survey

A questionnaire, circulated Gallup-Poll-like by Journal de L'Amateur D'Art to the art community of Paris yielded the following interesting information:

"What Is Your Purpose in Buying An Object of Art?"

Investing, to protect capital	24%
Speculation	19
Pure love of Art	17
Desire to embellish one's life	17
Gift-making	7
Portrait and other sentimental purpose	6
Snobbism: the desire to keep up with the current style	6
Patron's obligation	4

It is interesting that the motives in the two combined investing - speculating categories comprise one-third of the total of buyers. Probably there were overlaps in the two classifications; but it may be assumed that the "investors" were concerned primarily with the inflation-hedge advantage and the "speculators" with amassing capital gains via relatively short-term transactions. The crucial point is that both groups are without the income element available from holding securities.

And the inflation-hedge feature presumably motivating the "investors" may well be nullified by a loss of capital value through having picked the wrong artist. The record of art is replete with sensational declines as well as advances, with the infliction of severe loss where hindsight was not available.

Foremost in the fall of the mighty has been the English portraitists' school of the late 18th Century: Reynolds, Romney, Lawrence, Hoffner. And its must be remembered that our railroad king, Henry Huntington in 1921, paid the stupendous amount of $850,000* for the right to hang Gainsborough's Blue Boy in his San Marino collection. Old Masters can also become overpriced.

And we can recall the artists of the School of Paris of the 19th Century who were bought up as geniuses at the turn of the Century, but who since have fallen completely by the wayside.

A picture by the 19th Century French artist, Messomier brought 177,000 francs in 1890, but only 64,000 in 1910.

A picture by J. J. Heuni brought $1,000 in 1917, $700 in 1953, and $300 this year.

Attention must be called to the importance of quoting prices for a single picture, rather than on different pictures, of a particular artist. Citing more than one picture involves discretionary selectivity, leading to the chronic danger of statistics being able to prove any proposition. Pictures of Utrillo were quoted as widely as $550, $3,800, and $350 in the single year 1954.

And we know of the drastic decline from the inordinately peaks which have hit the works of the formerly sensational realist, Georgia O'Keefe.

And there are the erstwhile red-hot popular etchers of the booming 1920's:—Whistler, Zorn, Reinhardt, Bone, Heinzelman. Typically, one collection of these which had cost $25,000 in the 'Twenties, brought a mere $3,500 at a sale 15 years after.

And from England we hear that academic painters who at their heyday of 75 years ago brought from 2,000 to 3,000 pounds and more, now can be purchased for as little as 10 pounds.

These casualties are not intended to imply that pictures are a minus proposition, or unduly to stress the dangers. They are cited merely to remind us that there are offsets to the sensational rises of the Cezannes, the Soutines, Lautrecs, Gaugins, Van Goghs, Monets, Pissaros, Bracques, Matisses, Dufys, Renoirs, Degas—that art, like oil and uranium prospecting, is not a one-way street for the buyer who is without benefit of hindsight — whether we call him speculator or "investor."

Blue Chip-ism in Both Areas

In any event, surely some of the processes of the two markets—securities and art—are analogous. Chief among these is the growing emphasis on Blue Chip-ism. While lesser names constantly become discarded, the Big Names' prices—with quality of a particular ex-

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*According to news account in New York "Tribune," Feb. 16, 1922.

Railroad Executives Discuss Outlook for the Industry

Continued from first page

in the first five months of 1955 than in the same period of 1954. The decline in passenger and other revenue, however, held the increase in total operating revenue to 4.1%.

Rate of return on property investment for the Class I railroads improved to 3.87% for the year ended with May, 1955, as compared with 3.48% in the year ended with May, 1954, but it was below the 4.41% recorded for the year ended with May, 1953. Net income also was not quite up to the 1953 levels, even though it was 91% above that period in 1954.

Class I intercity motor carriers of property reported an increase of 13.8% in operating revenues for the first quarter of this year, compared with the same period in 1954, while total expenses were 11% higher. The revenue figures reflected an increase of 11.8% in the intercity tonnage transported by these carriers, and an increase of 14.5% in the total vehicle-miles operated.

Class I intercity motor carriers of passengers showed a decline of 1.7% in revenues in the first quarter of 1955 below the same quarter of 1954, but their expenses declined 3.4%. As a result, their net deficit for the quarter was $1,441,000, compared with a net deficit of $2,769,000 in the same quarter last year.

Water carriers and oil pipe lines reported both more business and greater revenues. Freight forwarders, however, reported a substantial decline in net income in the face of more business, because their own expenses and their payments to carriers increased substantially.

Both the railroad and the trucking industries have increased their buying of new equipment so as to improve their capacity to handle the greater volumes of traffic. The long-range aspect of some of this buying shows the carriers are confident that business conditions will continue to be good in the foreseeable future and will warrant the additional investment in rolling stock.

During the first six months of this year, for example, the railroads requested authority for rapid tax amortization on a total of less than 12,000 freight cars, but during the first 25 days of July, shortly before suspension of the quick write-off program by the Office of Defense Mobilization, the railroads sought such authority for nearly 45,000 freight cars.

The railroads currently report they have approximately 35,000 new freight cars on order, and have greatly accelerated car repair work all over the country so as to put back into service an increasing number of cars which have been awaiting major repairs.

Statistics on factory sales of new trucks of all types show that 535,494 new trucks were sold during the first six months of this year, compared with 468,586 in the same period last year, and the greatest increase was in the larger vehicle category.

ARTHUR K. ATKINSON

President, Wabash Railroad Company

The generally improved level of industrial activity is being reflected in the railroad business with freight carloadings of the Class I carriers for the first seven months of this year running better than 9.9% over the same period last year. The improvement in operating revenues is not as great as carloadings because of downward rate adjustments in effect on selected commodities. Revenues for the first six months are therefore only about 5% over last year.

Arthur K. Atkinson

The improved volume of railroad traffic should continue, as I see it, during the balance of this year and for the first six months of 1956. Whether rising costs of material and supplies and wage adjustments will absorb the increase in revenue, of course, remains as the important factor affecting net income.

Results for the Wabash Railroad Company for the first seven months closely parallel the Class I Railroad average with carloadings 10% better than for the same period in 1954 and with revenues up 4.46%. Wabash net earnings for 1955 before Federal income taxes are expected to be about $11,500,000 representing an increase of nearly 17% over 1954.

The improvement in railroad earnings is largely attributable to stepped up production in many industries, however, considerable credit must be given to more efficient operation made possible by modern equipment and facilities which have been added by the railroads at a cost of more than $10½ billion during the past 10 years. This program of modernization is completely changing the old procedures of maintaining the roadbed, of laying ties and rail, of purchasing and storing supplies and repairing and renewing rolling stock. Mechanization is not limited to the Operating Department, however, as great changes are also being accomplished in accounting.

The government's recent suspension of the issuance of tax amortization certificates will surely require curtailment of railroad programs for modernization if it is not restored promptly.

The announcement that a Subcommittee of the House Interstate and Foreign Commerce Committee will begin hearings in September on the Cabinet Report on Transportation Policy and Organization is encouraging. The railroads are confident that Congress will find the report abundantly fair in its recommendations for correcting transportation conditions and will enact necessary changes in the basic law that are clearly for the national welfare.

It should be so obvious that the day has long since passed when the railroads had a monopoly in transportation and that a new national policy must be given effect to bring equality of opportunity to all carriers. In a nation whose economy has prospered on free enterprise the railroad network cannot properly serve the public need while being continually fenced in by unnecessary restrictions and controls. Legislation patterned after the recommendations in the Cabinet Report should be at the top of the docket for Congressional consideration.

WARREN W. BROWN

President, Chicago, Indianapolis & Louisville Railway Company

I believe that industrial activity will continue at present (or higher) levels for at least another 16 months. As a result, railway traffic and earnings prospects for the balance of 1955 are very encouraging. In the first five months of this year, gross revenues of all Class I carriers are up something over 4% above 1954 levels. It seems reasonable to assume that this trend will continue and, perhaps, improve. For the year as a whole, I anticipate that gross revenues for Class I roads will approximate $10 billion, or somewhere between 6½ and 7% over 1954, but about 6% under 1953's record gross.

Warren W. Brown

Net income is running about 92% above the achievements of 1954, a generally unsatisfactory year for railroad transportation. In the first five months of 1955, net income reached an estimated $329 million. I expect that for the entire year net income will approximate $950 million, a 43% increase over 1954 and about a 10% jump versus 1953. There are encouraging signs within the industry represented by increasing capital expenditures, and the attachment of heavy emphasis to the application of improved methods and procedures. Technological advancements continue to be made at a greater pace than in the past.

The competitive difficulties of the railway industry continue to be a major topic of conversation in transportation circles. There seems to be little prospect for any change in this situation, particularly since the report of the Presidential Advisory Committee on Transport Policy and Organization has brought other elements into these discussions that were formerly generated solely by railway managers. Now that remedial measures of some gratifying proportions have been sponsored by the so-called Weeks Report, the truck lines (presenting a united front), along with barge and intercoastal steamship interests, have produced arguments designed to prove that the alleged railway difficulties are the end result of sound transport policies.

To those of us in railway transportation who face only increased losses of traffic to (1) improving airline service, and (2) the unrestricted growth of unregulated and loosely regulated contract and private truck operators, the report of the Weeks Committee places these challenges squarely before the users of American transportation:

(1) What do you want transportation to do for you?
(2) Will you give transportation the chance to do it for you?

Railroad managers must realize more and more each day how serious is the need for a strengthening of the American railway industry and a recapture of some of its lost competitive power. If they do not accomplish this by being successful in convincing Americans that the proposed legislation emanating from the Weeks Report is necessary in the interests of our economy and defense, they must look elsewhere—quickly and effectively.

As long as the tools at our command have had use and utilization factors which produced a decline in railway revenue passenger miles from 41 billion in 1948 to 29 billion in 1954 and a decrease in railway revenue ton miles from 638 billion in 1948 to 549 billion in 1954, it must be obvious that we should become instrumental in the production of new tools. Otherwise to ignore this pressing need means that we continue to slowly go out of business.

Railway managers must formulate a determined railway industry in proportions of unity equal to that of the trucking opposition to the proposed transport legislation. If this is not done, it can be assumed that eventual demise of the Weeks recommendations will be attributed primarily to (1) a railroad apathy, or (2) failure to estimate the strength and determination of the trucking opposition, or (3) failure to estimate the degree of need for the corrective legislation.

At that point, one could wonder what it would take to increase the competitive zeal of the railway industry.

GARDNER A. CAVERLY

President, Rutland Railway Corporation

During the next year to 18 months the management of this railroad is going all out in an endeavor to improve our sales effort. To my way of thinking, the railroads of this country now more than ever before, have just one commodity to sell and that is SERVICE. The measure of their success (or failure) is predicated upon their ability to sell it. "Service" does not, in my estimation, merely refer to the time of cars in transit. It is, rather, an all-embracing term and includes not only a sympathetic understanding of our customers' multiple transportation problems, but a fixed determination on the part of Railroad Management to do something constructive toward the solution of these problems.

Gardner A. Caverly

I fully recognize that our present legislative processes provide the shipping public with the authority of redress on matters involving general rate structures, but I believe that the rail carriers themselves should go further and offer the general public the benefit of reduced carload rates and minima consistent with established legal procedure and reasonable profit.

The demands of a mushrooming national economy have resulted in the utilization of many forms of transportation. With regard to rail traffic, I believe that the high freight rates on certain commodities do either one of two things—cause rail traffic to be diverted to other forms of transportation, or stifle incentive for production. In either case, the railroads are deprived of handling much-needed traffic. Certain low-inventory commodities are now being accommodated by overnight highway transportation for relatively short distances. The public has become accustomed to such service, particularly on less than carload traffic. I feel that the railroads of the country must either improve the delivery on their present LCL traffic or make an even more strenuous effort to attract the various trucking companies to a "Piggy-back" operation. Our own company is giving serious consideration to the establishment of "Piggy-back" service between stations along our line and New York City. If our connecting lines concur with us in the feasibility of such a service it will, of course, be necessary that we make a considerable capital investment in the purchase of special equipment, installation of ramps, etc. The investment in such a service could, however, be a strong contributing factor in selling our own basic commodity—SERVICE.

CYRUS S. EATON

Chairman of the Board, Chesapeake and Ohio Railway Co.

The best July in C&O history has just been recorded, and the outlook for the balance of the year indicates that new peaks will probably be reached in 1955.

Merchandise traffic continues at a brisk level. Glass and chemicals are in high volume.

Cyrus S. Eaton

The domestic coal industry is enjoying a vigorous demand, with steel production at capacity levels and the electric utility industry, coal's largest customer, continually increasing its requirements. Through favorable plant locations of the automobile industry, C&O benefits substantially from its high production. The export coal picture indicates a continued heavy movement. Britain and Western European countries are importing large tonnages of U. S. coal. C&O is sharing substantially in this movement, with export coal revenues double the same period a year ago.

So far this year 76 new industries have been located on the C&O, 33% better than last year's seven months' results.

C&O is benefiting from the heavy expenditures that had been made for cost-reducing equipment and facilities. Improvements in operating and maintenance practices also have had a favorable effect on expenses. Our financial position is strong, with working capital at $57.1 million, an all-time high for C&O.

The rail industry generally is enjoying the fruits of the nation's booming economy. Particularly encouraging is the revitalization that is becoming more and more apparent in the railroads. Not only are rail managements aggressively facing today's problem with new imagination and vigor, but there is also new hope that many of today's outmoded transportation regulations may be revised to give the rails a fairer break in meeting their competition. The President's Cabinet Committee Report recognized the need for modification of existing regulations and recommended certain revisions

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Unsound Aspects of Federal Government Power Marketing

By JOHN JIRGAL*
Chairman of the Task Group on Power
Hoover Commission Task Force

Mr. Jirgal describes the methods of marketing of the electric power projects of the Federal Government, and criticizes the Federal policies provided by the Congressional Acts. Says supplying power at less than cost and at taxpayers' expense is uneconomic and can only result in a constantly expanding Federal power business with constantly increasing calls on the taxpayer for funds to pay for the necessary facilities. Scores preference in selling power to local districts.

In view of the large investment it is obvious that Federal power activities are big business. Actually the Federal taxpayers will shortly after 1960 have invested in this large scale commercial undertaking nearly as much money as security holders have invested in the American Telephone and Telegraph Company system and from twice to several times as much as they have invested in General Motors Corporation, Standard Oil Company of New Jersey, the DuPont chemical undertaking or the Pennsylvania Railroad. The Federal investment will then also be several times that of any of the larger privately owned electric systems.

Is this Federal power business being run economically and efficiently? Is all of this business necessary? Is any of this business a non-essential activity competitive with private enterprise?

Economy and Efficiency

First, let me take up economy and efficiency.

As to engineering work and physical operations it appeared to our Group that these were in keeping with the best practices followed by the electric industry generally. We were impressed with the competence of the present field supervisory forces with which we came in contact.

But sound construction, engineering and proper physical operations are only a small part of overall economy and efficiency in any power business. A well designed plant, competently operated, will prove uneconomical and inefficient if the power it generates and transmits is not or cannot be sold at prices which cover the full costs of operation including a fair return on the investment.

Most Federally generated power is marketed by the Department of Interior through four agencies: The Bureau of Reclamation, which disposes of the power generated at the Hoover-Parker-Davis dams, at the Central Valley project in California and at a number of the smaller and more isolated plants connected with irrigation projects; The Bonneville Power Administration, which sells the Columbia River basin output; and the Southeastern and Southwestern Power Administrations which market the generation of certain power plants built in connection with flood control projects in the Southeastern and Southwestern portions of the United States. The TVA markets its own power directly.

As engineers, you are familiar with the fact that most of these Federal power generating plants were constructed as a part of multiple-purpose projects, the primary object, either expressed or implied, being to improve navigation, prevent floods or provide irrigation, or some combination of these. Power development was to be incidental to these main objectives. Since the greater share of the cost of the other phases of these projects were considered to be non-reimbursible, it would seem logical to have sold this surplus product for what it was fairly worth. In this way, the earnings from power sales would have reduced, to the maximum extent, the cost of the entire project and thus relieve the Federal taxpayers of some part of their burden.

*From an address by Mr. Jirgal before the American Society of Civil Engineers Convention, St. Louis, Mo.

Two main Federal policies directly contrary to this concept were adopted, however, and were given effect either by way of expressed statutory provision or administrative interpretation. They were:

(1) That the power was to be sold at the lowest possible rate which would promote its most wide-spread use, and

(2) That preference in the disposition of the power was to be given to states, municipalities, rural cooperatives and public bodies, generally.

No precise standards for fixing rates were provided in any of the statutes. The statutory directions were very general and indefinite. Rates were to be fixed by the agencies so that the project would be "self supporting and self liquidating" or at the lowest possible rates which would promote widespread use. In only one statute, the Flood Control Act of 1944, were the rates to be fixed at the lowest possible amount consistent with sound business principles, and in this case the latter half of this requirement was nullified by administrative interpretation.

In some statutes an attempt was made to set up cost standards for fixing rates but in all of them important elements were omitted. Only operating and maintenance expenses, which are a very minor portion of the total cost, were provided for uniformly in those statutes where rate standards were established. In some cases, it was specified that in addition amortization of the investment be provided for, but no mention was made of interest and in other cases the reverse was true, i.e., interest was to be provided for but amortization was not mentioned. Only in the case of the Bonneville Power Administration has an attempt been made by any agency to include in expenses the administrative and supervisory charges incurred by other governmental agencies for the benefit of these power systems.

In none of the statutes dealing with rate-making is specific provision made for Federal income taxes. Only in the case of TVA is there a separate statutory provision for the payment of a certain amount in lieu of local taxes. In TVA the payment of local taxes was designed to protect local governments from loss of revenues formerly received from tax paying private utilities whose property TVA had acquired. There was no thought of paying local taxes on property which TVA had built or would build.

In the case of the Hoover Dam project the original statute apportioned the profit from the sales of power at competitive rates to the states of Arizona and Nevada and to the Colorado River Dam Fund (a Federal fund) and when the rates were lowered by statute in 1940 these states and the fund were given certain specified "in lieu" payments of lump sum amounts to compensate them for the change in the rate formula. These "in lieu" payments can be considered as a partial offset to taxes, but they are in no way comparable with what a private utility company would pay if it owned and operated the same property.

A Very Large Federal Power Business

So what we have had up to now is a very large Federal power business, involving the investment of billions of dollars, with Congress in effect acting as a Board of Directors without, however, establishing a definite policy as to the price to be charged for the products of that business or even seeing to it that the prices charged cover fully all of the costs incurred in their production.

It is always easy in any business—and popular with the customers—to sell a product for less than it is worth and less than it actually costs to produce it. The various Federal power agencies, therefore, have found it easy to adopt this low-rate philsopohy.

Their concept of cost seems to be that it includes any item of expense specifically provided for by statute or involving an actual cash outlay, as for instance, payroll or fuel payments. Under this concept, the payment of taxes not being specifically provided for by statute is not recognized either for rate making or annual accounting purposes. Similarly, if, under some statutory provision, interest is not actually paid, it need not be recognized in the accounts. The TVA, for instance, pays only a relatively nominal amount of interest—$679,439 in fiscal 1954—even though its present net power investment is nearly $1 billion. This, at a 3% rate, would call for annual interest payments of upwards of $30 million.

Federal Power Sold at Less Than Cost

The result of all this is that Federal power is sold at less than it is fairly worth. Using fair power values in the various areas of the country where the Federal systems operate, we find that in fiscal 1953, for example, the government sold the power it generated for $110 million to $130 million less than it was really worth. Unless present rate policies change, when presently contemplated projects are completed, this annual subsidy to consumers of Federal power could amount to $400 million a year.

Personally, I have never been able to see why the Federal Government, if it engages in any business, should sell its products for less than they are fairly worth. This is not a new idea. The Federal Government itself adopted

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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.

Bank Stocks—1955 Edition—Information on 34 major banks and three bank holding companies with statistical comparison — Booklet C-100 — The First Boston Corporation, 100 Broadway, New York 5, N. Y. Also available is an analysis of **Diamond Alkali Company** and a discussion of New York City Bank earnings.

Book Manuscripts—Booklet CN describes services for publishing, promoting and distributing books with particular emphasis on business and financial topics—Vantage Press, Inc., 120 West 31st Street, New York, N. Y.

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

Fortnightly Review—Analysis of current business conditions—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is a memorandum on the **Hagan Corp.**, an analysis of **Providence Gas Company**, and an analysis of **Oklahoma Mississippi River Products Line Inc.**

Insurance Stocks — Operating results for six months ended June 30, 1955—Blair & Co., Inc., 44 Wall Street, New York 5, New York.

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.**

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.

Positive Investment Program for 1955-1959 — Discusses four costly yet common mistakes made by investors; supply vs. demand for common stocks; long range significance of money-credit developments and 23 stocks for growth and appreciation—Ask for free booklet CC-8, Investors Research Co., Santa Barbara, Calif.

Profit Trend for Japanese Industries — In current issue of "Weekly Stock Bulletin"—Nikko Securities Co., Ltd., 6, 1-Chome, Kabuto-cho, Nihonbashi, Chuo-ku, Tokyo, Japan.

* * *

Acme Steel Co.—Memorandum—F. S. Moseley & Co., 14 Wall Street, New York 5, N. Y.

Aerovox Corporation—Bulletin—De Witt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a bulletin on **California Eastern Aviation, Inc.**

Air Control Products Inc.—Memorandum—Roman & Johnson, 451 East La Olas Boulevard, Ft. Lauderdale, Fla.

American Alloys Corp.—Report—S. D. Fuller & Co., 39 Broadway, New York 6, N. Y. Also available are reports on **Holiday Plastics, Inc., Schmieg Industries, Inc.** and **Orradio Industries, Inc.**

Armstrong Rubber Company — Analysis — Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Joseph Bancroft & Sons Company—Analysis—B. W. Pizzini & Co., Inc., 25 Broad Street, New York 4, N. Y.

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

Chesapeake & Ohio Railway Company — Analysis in current issue of "Gleanings"—Francis I. du Pont & Co., 1 Wall Street, New York City. Also in the same issue is a list of companies with small share capitalization. In the current issue of "Market Pointers" are analyses of **Railroads, Motion Pictures,** and **Office Equipment Industry** with lists of **Liberal Yielders** and companies with only common shares outstanding.

Empire Petroleum Co. Inc.—Data—Julius Maier Co., Inc., 15 Exchange Place, Jersey City 2, N. J.

Foremost Dairies, Inc.—Brochure—D. M. S. Hegarty and Associates, Inc., 52 Broadway, New York 4, N. Y.

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

General Dynamics Corporation—Report—Thomson & McKinnon, 11 Wall Street, New York 5, N. Y.

Great American Life Underwriters Inc.—Memorandum—Wm. H. Tegtmeyer & Co., 39 South La Salle Street, Chicago 3, Illinois.

Gulf Coast Leaseholds Inc.—Analysis—Singer, Bean & Mackie, Inc., 40 Exchange Place, New York 5, N. Y.

Irving Trust Company—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Kwikset Locks Inc.—Memorandum—Rodman & Renshaw, 209 South La Salle Street, Chicago 4, Ill.

New York Central — Progress report and forecast — Circular C-18—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Nuclear Instrument and Chemical Corporation—48 page catalog describing line of radiation measuring equipment—Nuclear Instrument & Chemical Corporation, 229 West Erie Street, Chicago 10, Ill.

Pittston Company — Analysis — Laird Bissell & Meeds, 120 Broadway, New York 5, N. Y.

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

Safeway Stores Inc.—Memorandum—Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif.

Sinclair Oil Corporation—Analysis—Seligman, Lubetkin & Co., 30 Pine St., New York 5, N. Y. Also available is an analysis of **International Oil Companies** and a memorandum on **Walt Disney Productions.**

Southern Railway Company—Special report—Shearson, Hammill & Co., 14 Wall Street, New York 5, N. Y.

Southern Union Gas Co. — Memorandum — Muir Investment Corp., 101 North St. Marys Street, San Antonio 5, Texas.

Southwestern Life Insurance Co.—Memorandum—Dallas Union Securities Co., Adolphus Tower, Dallas 2, Texas.

Texas Illinois Natural Gas Pipeline Company—Analysis—A. C. Allyn & Co., 122 South La Salle Street, Chicago 3, Ill.

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

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

Unilever — Analysis — New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y. Also available is an analysis of the bond market.

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

Wagner Electric Corp. — Memorandum — White & Company, Mississippi Building, St. Louis 2, Mo.

West Virginia Turnpike—Analysis—Kaiser & Co., Russ Building, San Francisco 4, Calif.

Western Kentucky Gas Company—Analysis—Equitable Securities Corporation, 322 Union Street, Nashville 3, Tenn.

Western Maryland Railroad—Review—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

The Stock Market

By ROGER W. BABSON

What is the truth about the stock market? Is it very high or is it not? Should stocks be sold now? Should investments be made now? These are questions which this column will try to answer this week.

Roger W. Babson

Unfortunately, the stock market is judged by the Average Daily Price of Thirty Industrial Stocks. It is true that this list, after adjustments for "splits," mergers, etc., is near its all-time high. To be specific, these 30 stocks are now at about 450 compared with 350 a year ago, 381 in the Fall of 1929; and 41 at their all-time low of 1932. But when averaging all 1,500 stocks listed on the New York Exchange, I find that all are not too high, based upon earnings.

I especially want readers to remember the above, when this Industrial Average begins to slide off as it surely will someday. Don't then think that business is going on the rocks and that our prosperous days are over. Just as a high Industrial Stock Average does not now give you more customers and profits, so your business can continue good later when these Thirty Stocks slump. Protect your inventories, keep your people employed, and continue your advertising, whatever these Thirty Stocks do.

Most Gains in Very Few Stocks

Not only are these Thirty Stocks an unfair measure of the entire market, but an analysis of even these "Thirty" is important. For instance, one day recently this Thirty Stock Average went up (the newspaper broadcast "Highest Prices Ever Known"), when actually more stocks made new "lows" for the year than made new "highs." The concentrated buying, by pension funds and investment trusts, of a few stocks like General Motors, du Pont, and Eastman Kodak, ran this average up so it was useless as a true measure of the stock market or of business.

The Average of 265 Common Stocks issued weekly by the SEC is a far better barometer. Besides, the SEC divides its list into six divisions, viz: (1) durable products; (2) non-durable products; (3) transportation; (4) public utilities; (5) trade, finance, and service, and (6) mining. An analysis of these 265 shows also that while the high-priced stocks were gaining in price an average of 8%, the low-priced stocks lost 1%. Probably many readers of this column will say: "All other stocks have gone up but mine." But I reply: "What of it? You seldom take profits when your stocks do go up. Like a 'hog,' you always wait for higher prices before selling, and then you wait too long and your profit is lost."

Buy for Income

One big day when the Thirty Stocks were jumping, of the 1,231 stocks traded, 636 closed lower, while only 361 closed higher, and 234 closed unchanged. Many of these last 234 were "investment stocks" which people buy to hold for dividends. Some of these have paid dividends for 50 years. I forecast that you would be better off to forget speculating for profit, and to have an estate of sound dividend payers of honestly operated companies. Remember that money earning 6% will double in 12 years.

Hence, when you ask me if this is a time to sell or buy stocks, I reply that now is the time to do both; in other words, this is a time to *switch*. Take your profits on the popular "blue chips," which are yielding only 4%. Invest one half of your money in some of the 234 (mostly dividend payers) mentioned above. Deposit the other half in your local savings bank and wait for the big decline which will come someday.

Likes Merchandising Stocks

One can get 6% today by buying good chain-store stocks. Every week I invest some money in the variety chains (5 & 10 cent stores), at whatever price the stocks are selling. If you want to know the reason "why," just go into one of these "Dime" stores and note the 10,000 useful items which they have at sale for "cash and carry." They have no credit accounts, no delivery costs, and they sell good merchandise at low prices. The stores fear neither inflation nor depression and have the security of geographical distribution. When they do more advertising, they will make even more money. They set local merchants an example of efficiency.

Britain Selling Part of Requisitioned Dollar Securities

By PAUL EINZIG

Commenting on the recent sale of a small portion of dollar securities which have been requisitioned by the British Treasury, Dr. Einzig discusses the problems involved in the disposal of dollar securities by the British Government. Says these dollar securities constitute a second line of defense for sterling, but, on the other hand, the British gold reserve needs strengthening. Suggests sale of dollar securities to the British public.

LONDON, Eng. — The Treasury announced recently that a small proportion of the dollar securities requisitioned by the government at the beginning of the Second World War would be re-sold to the public. These dollar shares and bonds had to be surrendered by their private owners to the Treasury, and served to secure a loan granted by the Reconstruction Finance Corporation. The loan was repaid some time ago, and there has been for some time much speculation about the Treasury's intentions in respect of the shares and bonds which have thus become disposable.


Paul Einzig

It was expected in some quarters that the dollar securities would be sold in Wall Street, in order to strengthen the Sterling Area gold reserve. To do so, however, would kill the goose that lays the golden eggs. The securities yield dividends in dollars, while their proceeds in gold would be sterile. Even if the proceeds were reinvested in dollar balances, their yield would be much smaller.

Beyond doubt, the gold reserve needs strengthening. But the conversion of good dollar securities into gold or dollar balances would make relatively little difference in practice. Even if the dollars are held in the form of equities or bonds they constitute a second line of defense for sterling. It is true, a situation might conceivably arise in which their urgent realization would entail considerable losses. But it seems most unlikely that the Treasury would allow the gold reserve to be depleted to such an extent that the securities would have to be sold in a haste. Long before that stage is reached, the Chancellor of the Exchequer would take steps to check the drain—as indeed was the case quite recently.

Moreover, the psychological effects of a substantial increase of the gold reserve would be far from favorable. The impression of a substantial gold reserve would strengthen pressure on the government for more expenditure. It would further encourage wages claims. The argument that, unless we restrain our appetite, we are likely to run into a crisis through a depletion of the gold reserve, would lose much of its force. Even though it is well-known that the Treasury possesses this second line of defense in the form of dollar securities, it is the monthly figure of the gold reserve that is watched by most people as the barometer of Britain's financial strength.

The sale of some of these dollar securities gave rise to a wave of protest on the part of Socialists. They regarded the measure as yet another denationalization move. Since the ultimate end of Socialist policy is to bring all holdings of equities under State ownership, the resale of a small amount of State-owned securities is regarded as a retrograde step.

This attitude overlooks the purpose for which the dollar securities were originally acquired compulsorily from the owners. The sole object of requisitioning these securities was to provide dollars which were needed desperately for national defense during a very critical period. It was not the object of the government, when compelling holders to surrender them, to pursue a policy of nationalization. Nor was it the object, for that matter, to secure a source of revenue, or to secure capital appreciation. Compulsory acquisition of privately held securities constitutes such a grave act of interference with private property rights that the British public was, and is, entitled to expect that the powers conferred on the government to that end would be used for strictly limited purposes for which the powers were intended.

Even though, 15 years after their requisition, the dollar securities are still in government ownership, this fact has not aroused any protest by those opposed to nationalization. This shows the extent to which the prewar attitude towards private ownership has been abandoned. Even now, under a Conservative government, nobody appears to claim that, since the securities are no longer required for the purpose for which they had been requisitioned, they should be offered back to their original owners. In all fairness they should be offered back to them at the prices which they received for the securities when they had to surrender them, much against their wish, to the Treasury. The least they are entitled to expect, however, is that, as and when the Treasury re-sells the securities to the public, the original holder should be given an option to buy them back at current market prices.

Even if the Treasury wishes the dollar securities to continue to serve as a second line of defense for sterling, this is not incompatible with their sale into private ownership, so long as the holdings remain registered with banks acting on behalf of the authorities.

The sale of the Treasury's holding of dollar securities to the British public would be justified from the point of view of securing the ends of its disinflationary monetary policy. The sale of official security holdings to the private sector of the economy has the effect of mopping up a corresponding amount of monetary resources. The same effect could of course be achieved through the sale of government securities. But in view of the unfavorable trend of these securities on the Stock Exchange, it would be difficult to unload hundreds of millions of pounds without causing a sharp decline in their prices. It is true, the markets for equities are at present also very weak. But there would be a strong demand for good dollar securities by investors, who are keen on acquiring them as a hedge, and who are at present prevented by exchange restrictions from doing so.

It is high time that this official holding, inherited from the war, is liquidated, together with many other abnormal economic arrangements that have survived during the ten years of peace. It is not justifiable for a government to hold such types of foreign investment.

White Weld & Co. To Admit Two

White, Weld & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, on Sept. 1 will admit Frederick A. Oeser and Charles P. Neidig to partnership. Mr. Neidig will make his headquarters in the firm's Philadelphia office, Fidelity Philadelphia Trust Building.

Reinholdt Gardner Admit

ST. LOUIS, Mo.—Reinholdt & Gardner, 400 Locust Street, members of the New York and Midwest Stock Exchanges, on Sept. 1 will admit Burch Williams to partnership.

New Cobb Branch

VICTORIA, Tex. — Cobb & Company, Inc. has opened a branch office in the McFadden Building under the direction of Jacques de la Marre.

Hornblower & Weeks To Absorb Reed Co.

Hornblower & Weeks, nationally known investment banking and brokerage firm established in 1888, announce that virtually the entire personnel of Reed & Company, Worcester, Mass., investment firm, will become associated with Hornblower & Weeks on Sept. 1. The firm of Reed & Company will cease business on Aug. 31, and its former office will become a branch of Hornblower & Weeks.

A member firm of the New York Stock Exchange, Reed & Co. was established in Worcester in 1928. Its present partners are Jacob Reed, Elwin A. Guthrie and Eugene C. Schofield. Messrs. Guthrie and Schofield will become associated with Hornblower & Weeks as co-Managers of the local office. Mr. Reed will retire from the investment business after 47 years.

The new Worcester branch will be the 15th office of Hornblower & Weeks, which was founded in Boston in 1888. The firm deals in a wide variety of investment securities, including corporate stocks and bonds, tax exempt state and municipal bonds and mutual funds. It also deals in commodity futures and is a major underwriter of new issues of securities.

First Fla. Inv. Branch

WINTER HAVEN, Fla. — First Florida Investors have opened a branch office at 373 Third Street, Northwest, with Brook H. Rollins, Jr. as manager.

Railroad Securities

Rail Fundamentals Bespeak Higher Dividends

Marketwise railroad stocks in general have been giving a rather poor account of themselves in recent months. Some special situations, highlighted by the action of Missouri-Kansas-Texas common, have been able to make considerable progress on the upside but the major portion of the list has lost ground fairly steadily. There has been no conspicuous pressure nor any heavy liquidation but the broad buying interest seems to have subsided and even some of the best quality issues in the group have retreated quite sharply from the highs of the year. Certainly there has been nothing in the current traffic or earnings reports, nor in the earnings and dividend outlook for the next six months or so, that would account for a worsening in investment regard for railroad equities.

There are a few imponderables in the railroad picture that may have contributed to a decision on the part of institutional investors to adopt a "wait and see" attitude. Failure of Congress to take fast action on any part of the legislative program recommended in the Cabinet Committee report probably caused disappointment in some quarters even though close students of railroad affairs had not expected immediate action. Railroad analysts feel that much has been accomplished merely in getting high level recognition of the present inequities in transportation regulation and that there is a good chance of some remedial action when Congress reconvenes.

Another factor has probably been the uncertainty over freight rates. The present surcharges expire the end of this year and the railroads have petitioned the Interstate Commerce Commission to make them permanent. The railroads have presented a strong case for continuation of the higher rates and it is the opinion of railroad men that the Commission can not help but rule favorably some time this fall. At the same time, nothing of this nature can be taken absolutely for granted and prospective buyers would apparently rather wait and be sure. Also, there is the psychological affect of the dire predictions the railroads must necessarily make as to the probable results in earnings if the surcharges are allowed to lapse.

As a final consideration, there is the question of wages and possible additional fringe benefits. Considering the general industrial pattern there seems to be little question but that the carriers will be faced with increased labor costs, and in some areas the pattern has already been pretty well ironed out. In the important non-operating category, however, it is not considered likely that any agreement will be reached in time to have any influence on 1955 earnings. Moreover, in view of the present relationship of such wages and fringe benefits to those in general industry, it is believed that any increases granted will not be large. Also, in part the increases will be taken out of Federal income taxes and in part they will be offset by the constantly improving efficiency and the trend toward more and more mechanization of roadway maintenance.

The clouds in the horizon, as outlined above, are not believed to be serious ones and their influence on investment sentiment is likely to prove transitory in view of the fundamentally favorable factors in the railroad picture. Earnings for the industry, and for most of the roads individually, showed wide improvement over 1954 levels for the first half of the current year. Traffic so far in the third quarter has continued substantially above a year ago and during most of July was approximately at the 1953 level. Present business and crop estimates indicate that these gains will continue throughout most of the rest of the year. On this basis it now seems likely that 1955 net income of the class I railroads may reach $850 million. This would be about 26% higher than the $673.6 million reported last year and not too far below the 1953 peak of $902 million. Such prospects fully support confidence in a sizable increase in dividend disbursements.

Sees Little Evidence of Over-Building

Committee of the United States Savings and Loan League cites important factors in support of its belief that today's high rates of home building are not excessive.

Despite the fact that residential construction is rolling along at a rate in excess of 1.3 million units a year, there is as yet "little evidence of over-building," a Committee of the United States Savings and Loan League reports.

The findings of the League's Committee on Trends and Economic Policies were reported in the Committee's annual Mid-Year Report. The Committee, in discussing the question "Are We Building Too Many Houses?" cited several "important factors" in support of its belief that today's high rates of home building were not excessive.

"It has been stated," the Committee said, "that current rates of construction are nearly twice as high as the estimated rate of household formation, and that we may therefore be over-building.

"The Committee would like to emphasize, however, that incomes and the terms and availability of financing are more important factors in determining the intensity of housing demand than the rate of household formation. In addition, the constant shifting of our population, with movements from country to city, from central cities to suburban areas, and from region to region continues to stimulate housing demand.

"These trends are likely to continue in the future."

The question, "Are We Building Too Many Houses?" could only be answered, the Committee said, in terms of the relationship of new building to (1) the long-term requirements of the economy; (2) to the current effective demand of consumers for well-built and located houses; and (3) to property values.

"If current rates of housing construction are considered in terms of the long-range requirements of the economy," the Committee said, "it would appear that high rates of home building could be justified over the longer run future in view of the anticipated expansion of the economy with a larger population and rising real incomes."

Of current buyer demand for well-built and properly-located homes, the Committee said:

"If current rates of housebuilding are considered in relationship to the ready availability of houses with a wide selection of choices available to buyers and renters, current house building rates may be too low. Although the housing supply of many local communities has been increased by a third or more in the past five years, in others less than 10% has been added.

"It would be very easy to build too many houses if they were of the wrong type and placed in the wrong locations. It would appear to be difficult under current conditions, however, to build too many well-designed and properly equipped houses located in desirable neighborhoods.

"There is little doubt that improved design, more attractive combinations of materials, better equipment and attractive locations will increase the rate of obsolescence of some older houses and even of some newer houses that are not designed, equipped or located properly. In the future, much will depend on the capacity of builders to produce houses that are sufficiently attractive to buyers and offered at prices that will enable them to compete with existing properties."

With regard to the impact of building volume upon property values, the Committee made these points:

(1) New houses, of course, compete immediately with existing homes and any tendency toward over-building creates problems for mortgage lenders because the values of the houses which stand as security for mortgage loans may be impaired.

(2) To date, there has been little evidence of price declines. Indeed, reports of Trends Committee members indicate firm to slightly increasing prices for new medium- and low-priced homes. Also, such houses have been moving off the market somewhat more rapidly than was true a year ago.

(3) Some sluggishness in the market for older houses, especially those more than 10 years of age, has been reported, but the change from last year has been of modest proportion."

Cortese, Kupsenel Co. Formed in New York

Formation of the New York Stock Exchange firm of Cortese, Kupsenel & Co. with A. J. Cortese and Samuel Kupsenel as general partners has been announced. The new firm will have its offices at 40 Wall St., New York City.

A. J. Cortese

For the last two years Mr. Cortese, as stock market analyst for A. M. Kidder & Co. wrote a daily market letter that was widely quoted in the press both in this country and abroad. He has also written a number of articles for business and financial publications.

Before joining the Kidder firm Mr. Cortese had been with W. E. Hutton & Co. as a registered representative, and prior to that he had been a municipal bond trader with Lazard Freres & Co., Inc.

A member of the faculty of Fordham University, Mr. Cortese will give a course this fall on the stock market at the University's Adult Education Center.

Mr. Kupsenel retired a few years ago from his own firm after 33 years in the textile field. He was recently admitted to membership in the New York Stock Exchange.

Wm. Fisher to Admit

On Aug. 25 Sander B. Weinstock will be admitted to limited partnership in William Fisher & Co., 120 Broadway, New York City, members of the New York Stock Exchange.

New Walston Branch

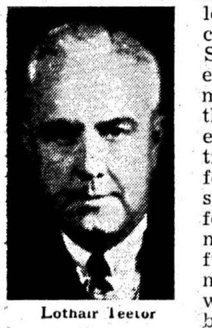
HAGERSTOWN, Md. — Walston & Co. have opened a branch office in the Hotel Dagmar under the management of John R. Hershey, Jr. Mr. Hershey was previously with Cohu & Co. in charge of their local office.

Beware of False Liberalism

By LOTHAIR TEETOR*
Asst. Secretary of Commerce for Domestic Affairs

Commerce Department executive, though stating that never before has there been so much opportunity for young men and women, points out the dangers to free enterprise arising from over-regulation, excessive taxation and other government interference with business. Holds present surge of mergers and absorption of small size firms with corporate giants is largely due to our high tax philosophy. Stresses need for new and independently owned businesses, and warns of false liberalism that promises security at the expense of individual liberty.

During the last 35 years, I have had considerable experience in helping to manage a medium-sized business, and I have also had the privilege of officially serving State and Federal Governments. From these experiences I will try to present for your consideration a few ideas that may be helpful. I assume most of you will go into business, so let's talk about business, and you, for a little while.



Lothair Teetor

What is the real purpose of business, anyway? Some people would say to make money. Others might say to employ people. Would you say the purpose of the medical profession is to employ doctors or to make money? Is the purpose of agriculture to employ farmers or to make money? Of course not. Neither can the acquisition of money nor the employment of people be the real purpose of business.

Let me tell you what I think is the real purpose of business. The purpose of business is to provide a product or a service that people need or want at a price they are able and willing to pay. If one is successful in such a purpose he will make money—yes, even become rich—and employment of people will be automatic. Profits, security, and employment will be the reward for a job well done. Those rewards provide the incentive for hard, ingenious work. But, if you want to keep your eye on the ball that pays off, don't forget the real purpose, the reason that business exists—service to others. And this rule applies regardless of whether you operate your own business or work for an employer.

I suppose every commencement speaker for the last hundred years has talked about opportunity. I will be no exception—but, I will also talk to you about your obligations. There probably never has been a period in history so fraught with opportunity as the one in which we live today. First, you have had the opportunity to obtain a splendid education. Now, you have the opportunity to enter business. Great industrial fields are open to you — automotive, electronics, air conditioning, chemistry, construction, aviation, marketing, finance and many others —and now, the new wonder of the age—atomic energy.

Never before has there been such opportunity for the young man or woman with a good professional education, equipped with imagination, ambition and a sincere desire to work.

Opportunity — it is all around you—but, establishing yourself in a business is never easy. You have heard the expression "opportunity knicks but once." It has been my observation that opportunity seldom knocks even once. When you find your opportunity it will probably be after you yourself have done the knocking — and maybe on hundreds of doors.

In a nation of 165 million people, filled with freedom loving, resourceful citizens who are sold on wanting the best things in life and willing to work for them—there can't help being great opportunity.

The "Common Man" Delusion

We hear a lot of talk these days about the common man—the so-called little guy. I hope none of you aspire to be a common man. If you do, somebody has wasted a lot of money on your education, and you have wasted a lot of time. The greatness of a nation depends upon the number of "uncommon men" it has sired. If this were not so, China and India would be the greatest nations in the world. Common men without the ideas, the inspiration, the leadership of "uncommon men" not only fail to prosper, they starve.

Listen to what Herbert Hoover had to say about the "Uncommon Man."

"Among the delusions offered us by fuzzy-minded people is that imaginary creature, the common man. It is dinned into us that this is the century of the common man. The whole idea is another cousin of the Soviet proletariat. The uncommon man is to be whittled down to size. It is the negation of individual dignity and a slogan of mediocrity and uniformity."

"The common man dogma may be of use as a vote-getting apparatus. It supposedlly proves the humility of demagogues."

"The greatest strides of human progress have come from uncommon men and women. We all know about George Washington, Abraham Lincoln, or Thomas Edison. They were humble in origin, but that was not their greatness."

"The humor of it is that when we get sick, we want an uncommon doctor. When we go to war, we yearn for an uncommon general or admiral. When we choose the president of a university, we want an uncommon educator."

"The imperative need of this nation at all times is the leadership of the uncommon men or women. We need men and women who cannot be intimidated, who are not concerned with applause meters, nor those who sell tomorrow for cheers today."

"Such leaders are not to be made like queen bees. America recognizes no frozen social stratifications which prevent the free rise of every individual. They must rise by their own merits."

You, the graduates of Tri-State College have not been educated to become common men and women. You are expected to take your place in the world as "uncommon men and women." This imposes upon you some very definite obligations and responsibilities.

In the business world which you are entering, you have a very particular obligation and responsibility. It is to uphold and help improve the economic system that above all others is responsible for the productivity and wide distribution of wealth in the United States. The name of that system is Free Competitive Enterprise.

Under our American concept of free enterprise and individual freedom, a legacy of the conservative faith, we have lived and prospered as no other nation in history. The basic necessities in America, once luxuries to most of our people, are how owned and enjoyed by Americans in far greater numbers than was ever imagined. Higher education is available to everyone. No other nation can claim such a standard of living, and no other nation comes close to enjoying such a distribution of goods and services —the fruits of our tremendous productivity. Our kind of free competitive enterprise and individual freedom, accompanied by its advantages, has just never happened before in the history of the world.

But, the system has enemies, and I am in a position where I can observe what is happening. Communism is the most vocal, but probably not the most dangerous. The worst enemy of free competitive enterprise today is ignorance! Too many people don't understand it—don't know how it works, and unknowingly would shackle the system until it is ultimately destroyed by regulations and taxes.

The best practical definition I ever heard was written by a leading businessman of Indianapolis —a dear friend of mine, Merle Sidener. In addition to his business activities, he was also a member of the Indianapolis School Board, and, for years, taught the largest Sunday School class in Indiana's leading city.

Merle Sidener was a businessman who, though aware of socio-economic theories, developed his own in portraying our native doctrine of free enterprise. He said:

"Free enterprise means an open road for merit.

"Under free enterprise the individual or group of individuals may accomplish and achieve in proportion to ability and capacity. Freedom of opportunity for all is the purpose of the free enterprise system. It recognizes the rightful heritage of the American citizen to get ahead and it encourages him to accept opportunity to improve his economic status.

"The individual is the basic unit in free enterprise. When this fact is understood, the misconception that business is the chief beneficiary of the free enterprise system will be eliminated.

"Free enterprise in action may be observed all through life. The helpless infant is cared for by its parents, whose industry and thrift have made provision for him. The child goes to schools provided for him by others, for he is still dependent. Then he gets a job at a bench or a desk, with tools furnished by the employer. Now he is an employee.

"Soon he opens a savings account and becomes a capitalist. In time he buys a small shop of his own and is a proprietor. He hires one or more assistants and is a full-fledge employer.

"This transition is the fruit of the free enterprise system. It is

Continued on page 12

*Commencement Address by Mr. Teetor delivered to Graduates of Tri-State College, Angola, Indiana.

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Beware of False Liberalism

evidence that there are no fixed classes in America. There are merely groups of people, which under free enterprise are never static. Today's employee becomes tomorrow's employer. Today's wage earner becomes tomorrow's capitalist. Each individual is at once producer and consumer, buyer and seller. He is free to travel the open road for merit."

What the Free Enterprise System Has Done

The free competitive enterprise system, of which reward in relation to contribution is an essential ingredient, has produced the greatest number of uncommon men—hence the greatest nations. The nation that does not safeguard the incentives that encourage the development of "uncommon men" is doomed. The reward for mediocrity must never approach the reward for merit.

It is easy to sell the things we like. It is more difficult to recognize the value of truths that are unpleasant,—such as the possibility under the American system—to fail. The rewards for success in a competitive economic system are meritorous only if they are balanced by existent penalties for failure. There is no governmental substitute for the lack of preparation, bad judgment, sharp practices or the indisposition to exertion, particularly the exertion required to think. Those who, by government edict, would restrict the opportunity to fail are, in a sense, destroying individual freedom as it is expressed in the free enterprise system.

It is dreadfully important that you understand these facts, because forces are now at work to eliminate the incentives that are vital to your success and the continued prosperity of the nation.

One of the things that is happening in American business today is that there is too little investment in new and growing business, because incentives are not commensurate with the risks involved. Highly graduated taxes, directed at both capital and income are tending to dray up venture capital, so important to new operations; — particularly in the area of small and medium sized business. Essentially, the money that is being invested in expansion today is coming from well established firms, reinvesting their own profits, and from stock issued by these same established firms, usually large, where the element of risk is small.

Cause of the Present Surge Of Mergers

The present surge of mergers with small and medium sized firms selling out to giants is largely due to our tax philosophy. Consider a business employing 500 people. It is probably worth $5 million. The owners of such a business today would rather merge with a larger company, diversify their investment, have the opportunity to spend some of the money they accumulated, and pay the relatively smaller capital gains tax, than continue to operate their own business, and see most of their earnings taken by the tax collector.

Estate and gift taxes, raised to the point of confiscation, are also encouraging mergers. Owners of business are deterred from dividing their interests with their families because of high gift taxes. Upon death of the owner, it is frequently necessary to sell a large part of the business to strangers to pay the tremendous estate tax. Rather than run the risk of having to sell a part of the business at an unfortunate time, to pay the tax and having to accept undesirable partners which might lead to failure of the business, the owners merge or sell out to a larger concern while they are still alive, thus safeguarding the savings of a lifetime for themselves, and their families —and insuring the continuation of jobs for the employees.

There is a definite trend today through mergers and inability of small firms to accumulate sufficient capital after taxes to grow into middle-sized firms, to reduce the number of our middle-sized, independently owned businesses. This is not a good direction. Continued over a period of years, we would end up with only two classes of businesses—very small, and very large, with nothing in between. There would be a mad scramble and high mortality among the small businesses, and increased governmental regulation of the giants—so extreme as to endanger our democratic way of life.

Another device which weakens free enterprise is excessive governmental regulation of business, attractively packaged as a "planned economy." It is evidenced in the control of prices, in the regulation of production and distribution, in the establishment of subsidies which upsets the free play of markets and creates inefficiency. The "regulators" always start with small plans and small regulations. But, to be effective, regulation aggrandizes itself until it reaches the point where regimentation becomes the rule rather than the exception, reducing competitive forces, smothering initiative and destroying incentives.

We need new independently owned business. We need the ideas and enthusiasm of fresh new faces. They must be encouraged to grow to middle-sized firms, and some will become the giant concerns of tomorrow. They are necessary to provide more jobs; they increase competition, and communities need the basic local interest of home owned industry. These essential needs are not being met today, because incentives are too low for the high risk and hard work involved in starting and growing new ventures.

The United States never has had a master economic plan to strait jacket its thinking, and I hope it never will have one. What we have had are millions of plans worked out by millions of individuals, each one believing in his own plan and taking enthusiastic responsibility for making his own plan work. Government should set up ground rules to prevent slugging, tripping and buying off the players, but generally opportunity to experiment, to be original, to do what seemed best under the circumstances, was unlimited. From these principles the American Way of Business has evolved.

A healthy economy is one in which young men and women such as you, have the opportunity to accumulate or raise capital, take a new idea of a product, or a service, and grow a business from a small acorn to a giant oak if your ability and capacity permit.

Although the American free enterprise system has created more wealth, distributed more wealth and has produced the highest material standard of living ever known, we know that it is not a perfect system. Over the years, it has been improved in many ways, and many improvements will be made in the future. Criticism based on facts and understanding is welcome and constructive. Danger comes from those who would substitute an entirely new philosophy and system, in order to correct imperfections.

The Principles of Free Enterprise

As you enter the business world with its opportunities and obligations, I hope you consider well the fundamental principles of free enterpirse. You have a very selfish interest in defending the system against its enemies, and demanding fair rewards. But beyond that, you know it is the only system that protects the economic freedom of the individual—at the same time producing and distributing more wealth to more people than any other system.

You will be labeled a Conservative, and that is good, because a true conservative always bases his position on solid achievements and tested experience. I like very much the approach of Clinton Rossiter to a dynamic economy. In his book "Conservatism in America," he said:

The conservative ". . . will preach dutifully the conservative message that the equation of human liberty balances emancipation with order, confidence with caution, experiment with experiences, adventure with steady habits, self-expression with self-discipline, idealism with realism."

". . . The conservative should give us a definition of liberty that is positive and all-embracing, not negative and narrow. In the new conservative dictionary, liberty will be defined with the help of words like opportunity, creativity, productivity, and security."

The conservative ". . . will continue to argue that social problems are results of individual incompetence rather than signs of a social structure in need of drastic repairs."

The conservative must preach that "the primary aim of all governmental—regulation of the economic life of the community should be, not to supplant the system of private economic enterprise, but to make it work."

I would also hope you will become a true liberal, because a true liberal is always looking for new and better ways of doing things. America has always stood for liberalism.

Where on earth has any group explored so many new fields, risked as much private capital, improved the working conditions of man, and divided as high a percentage of the fruits of labor, as American business. True liberalism, like true conservatism, emphasizes the independence and self-reliance of the individual.

A False Liberalism

But there is a false liberalism that promises security, and in so doing — destroys liberty. While claiming to protect the weak from economic oppression, it betrays him to another force, more destructive, and more powerful—governmental domination. False liberalism leads him to look to the state for his needs. It tempts the citizen to think he can vote himself a living. It misleads the people into thinking that the state produces and distributes wealth, whereas the truth is that the state has access only to the wealth that its people produce.

It is this false liberalism that we should oppose and fight against as long as the right of free speech prevails.

The opportunities to be found under free competitive enterprise may best be understood when we recognize that it is primarily a system of fair rewards for ambition, thrift, will and skill. It is this fair reward that energizes mans' creative faculties and continually opens up new fields and new opportunities. Any day you choose, you can participate in this system to the full extent of your abilities. You don't have to belong to a particular party, church or race. You don't have to forfeit or compromise a single freedom or principle. So long as we have this system of individual free enterprise in the United States, you can make of your life what you will.

Our founding fathers had a philosophy, but not an overall plan. As a matter of fact, they feared more than anything else a planned economy. They knew that when our country became great, it would be because individuals had developed greatness — not a few individuals, but millions of individuals. They knew that any form of planned economy meant big, powerful government, and they feared the subordination of the individual, and the tyranny that always accompanies government domination. They would have none of it.

But, they had a philosophy—fundamental and powerful and right. It is embodied in a prayer which we all know, but which we too often forget. Let me repeat it for you.

"Our fathers' God, to thee,
Author of liberty,
To Thee we sing.
Long may our land be bright,
With freedom's holy light;
Protect us by Thy might,
Great God, our King."

We of the older generation pass into your hands the torch of individual freedom which has flickered out in many parts of the world. We pass it on to you with the fervent prayer that you will rekindle it and keep it burning brightly for the generations that are to come. This is your opportunity, and your obligation.

Harry B. La Rocca With Rodman & Renshaw

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, Ill.—Harry B. La Rocca has become associated with Rodman & Renshaw, 209 South La Salle Street, members of the New York and Midwest Stock Exchanges. Mr. La Rocca was formerly with Fairman, Harris & Company, Inc. for many years in the private placement department.

Lawrence J. Lynch

Lawrence J. Lynch, partner in Dick & Merle-Smith, New York City, passed away Aug. 16 at the age of 60.

Two With Sutro Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif. — Harold B. Gordon and Randall E. Ryan have joined the staff of Sutro & Co., 275 North Canon Drive.

With Calif. Investors

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — William B. Massey is now connected with California Investors, 3924 Wilshire Boulevard.

Joins Coombs Staff

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Charles E. Todd has become affiliated with Coombs and Company, 602 West Sixth Street.

With H. Hentz Co.

(Special to THE FINANCIAL CHRONICLE)

BEVERLY HILLS, Calif.—Andrew P. Lazar has been added to the staff of H. Hentz & Co., 9680 Santa Monica Boulevard.

Now With Oscar Kraft

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Alfred Finn has become connected with Oscar F. Kraft & Co., 530 West Sixth Street.

From Washington Ahead of the News

By CARLISLE BARGERON

SWAMPSCOTT, Mass.—Your Washington correspondent is on vacation, but he has run into inescapable proof of the statistics which have been bandied about for years that husbands struggle for success, die from heart attacks and leave their widows well fixed and that these widows are coming to have most of the wealth of the country.

Carlisle Bargeron

At my age, which I can assure you is three score, I find myself here at the New Ocean House, one of the younger set. This goes for my wife who is reasonably younger but not so young as not to be my first wife.

We have been coming here for about three years on our vacations now. The reason we have been doing this is that the first year we were introduced to, and reservations were made for us, with Clem Kennedy, the President and owner. We were introduced by people who had been coming here every year for 25 years.

Kennedy is one of the most amazing hotel operators in the country and I am sure that my bill won't be reduced a penny for writing this. But in these days of challenging propositions and how to succeed, hotel men and Harvard graduates might well take a lesson from Kennedy instead of going down to Washington kowtowing to Supreme Court Justice Felix Frankfurter. Kennedy is a Harvard man and nothwithstanding that his hotel and hotel cottages accommodate ordinarly some 600 people, a guest never arrives or leaves, regardless of the time of night, that he and his wife are not on deck to see you in or off as the case may be.

After our first visit we felt we had to come back or we would offend him.

But the point I started out to make is that the majority of our fellow guests are women past 70 and into their 80's. Their husbands made money, in the law, in medicine, in the brokerage business, in industry, and although they may have accompanied their wives here, or at least dropped in to see them on week-ends, the widows still come, have been coming some for as many as 50 years. Accompanied by nurses and chauffeurs and mink coats they sit around, draw in the ocean breezes, play bridge and the cross word puzzles occasionally, but mostly sit. A wheel chair in the lobby is as common as a Cadillac in a show room.

To all of them Kennedy is a personal friend. This year an old friend wrote her apologies for not being here this year because she wanted to make a trip to Europe and wanted to save Kennedy's New Ocean House to die in.

There are old and retired men here, too, but they are in the minority. A sprightly 67-year-old women accosted one of these old men on the veranda overlooking the ocean the other day. Said she:

"I see where Thomas Mann is dead. He was 80 years old."

The old man retorted:

"What's so old about that. I'm eighty."

"Is that so," asked the 67-year-old woman in surprise. "I wouldn't want to live to be eighty. I don't see why anyone would want to live that long."

"Well, I hope to live to be 120," replied the old man, and the last I saw of the two they were engaged in amiable conversation.

There is a fabulous woman here, not in the octogenarian class by far. Miss Ethel Donaghue is perhaps in her early 50's. She is a bachelor woman whose father left her vast enterprises. She proceeded to take law and become admitted to the bar in order to be able to manage her properties. Once a season she throws a party in honor of Kennedy's birthday and all of those who have made the "inner circle" are invited.

They don't have bingo games or inside "horse races" such as the other resort hotels do. They do have an orchestra that plays classical music and about twice a week there are dances for which everybody dresses. At Sunday morning breakfasts the women mostly all wear hats to give the impression they are going to church whether they are or not.

It's funny and you often ask yourself why you are like that, but to be greeted by the old women and called by name makes one feel that he has been admitted to some ultra exclusive club which won't permit of any taint of scandal.

A stay here is wholesome. It is like being a member of a church.

In the next room to ours today they carried out an old woman 90 years old on a stretcher and under an oxygen tent. She had been coming here for 35 years, enjoying up until her dying day the comforts that only a hard working successful husband could have provided. There were attentive children and grandchildren around her but she had never been a burden or a problem to them. She went away from here smiling and apparently happy. Ordinarily it would have been very saddening but to the old people who have been coming here so long and enjoying the rare comforts of life it seems to be the next door to Heaven.

W. A. Barton Opens

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif.—Wilbur A. Barton is conducting a securities business from offices at 2012 Richmond Street. He was formerly with H. L. Jamieson Company.

Two With Financial Inv.

(Special to THE FINANCIAL CHRONICLE)

SACRAMENTO, Calif. — Kenneth W. Hicks and Orval D. Ogle have been added to the staff of Financial Investors Incorporated, 1716 Broadway.

Hooker & Fay Add

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Alfred M. Dau is now with Hooker & Fay, 221 Montgomery Street.

Joins H. L. Jamieson

(Special to THE FINANCIAL CHRONICLE)

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

Sutro & Co. Adds

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Stuart A. Thomson has been added to the staff of Sutro & Co., 407 Montgomery Street, members of the New York and San Francisco Stock Exchanges. Mr. Thomson was previously with E. F. Hutton & Company.

Tadashi Ishida Mgr. For Nomura in NYC

Nomura Securities Co., Ltd., 61 Broadway, New York City, announce that Tadashi Ishida has been appointed manager succeeding Shoshi Kawashima.

Gottron, Russell & Co. To Be NYSE Member

CLEVELAND, Ohio — On Aug. 25 Gottron, Russell & Co., Union Commerce Building, will acquire a membership in the New York Stock Exchange. Officers are James N. Russell, President, who will hold the firm's membership; Leroy C. Irwin, Treasurer; and Paul H. Hohnsbehn, Secretary.

Secondary Offering

Morgan Stanley & Co. on Aug. 16 made a secondary offering of 40,000 shares of Seaboard Air Line RR. Co. common stock (par $40) at $79 per share, with a dealer's concession of $1.15 per share.

With Mutual Fund Assoc.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Robert T. Pearce and Robert B. Harris have become connected with Mutual Fund Associates, 444 Montgomery Street.

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.

Nov. 19, 1955 (New York City)
Security Traders Association of New York cocktail party and dinner dance at the Hotel Commodore.

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

With Somerset Secs.

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif. — Henry W. Grady is now with Somerset Securities Corporation 310 Sansome Street.

Business Man's Bookshelf

Book Manuscripts — Booklet CN describes services of publishing, promoting and distributing books, with particular emphasis on business and financial topics —Vantage Press, Inc., 120 West 31st Street, New York, N. Y.

Gas Data Book (condensed summary of gas industry statistics) —Bureau of Statistics, American Gas Association, 420 Lexington Avenue, New York 17, N.Y.—50c.

Gas Facts — Annual statistical yearbook—American Gas Association, 420 Lexington Avenue, New York 17, N. Y.—$2 a copy.

How to Live With Your Investments—Linhart Stearns—Simon and Schuster, 630 Fifth Avenue, New York 20, N. Y. (cloth) $2.95.

Nonferrous Metals Industry Unionism, 1932-1954 (volume 5 in the series)—Vernon H. Jensen—New York State School of Industrial and Labor Relations, Cornell University, Ithaca, N. Y. (paper) $4.

Positive Investment Program for 1955-1959—Discusses four costly yet common mistakes made by investors; supply vs. demand for common stocks; long range significance of money-credit developments and 23 stocks for growth and appreciation — ask for free booklet CC-8, Investors Research Co., Santa Barbara, Calif.

Special Personnel Problems in the Department of Defense—Subcommittee report of Commission on Organization of the Executive Branch of the Government —Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. (paper) 35c.

Taxes and Fiscal Policy in Under Developed Countries — United Nations Technical Assistance Administration—Columbia University Press, 2960 Broadway, New York 27, N. Y (paper), $1.

NSTA Notes

AD LIBBING


Harold B. Smith


Charles King

We compliment Hal Murphy of the "Chronicle" who informs us Charles King of Charles King & Co., New York City, has taken a half page ad for his firm on the back cover of our Convention Year-Book Supplement. Charlie, we are grateful to you, and make you the man of the week.

It appears now we will pass last year's total within the next few weeks. Can you be called part of this undertaking?

I would appreciate a call if you are in position to confirm a contract. How about a commercial ad?

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

ADDITIONAL REGISTRATIONS FOR 22nd ANNUAL CONVENTION OF NSTA, GRAND HOTEL, MACKINAC ISLAND, MICHIGAN, SEPTEMBER 11 TO 14, 1955

Name	Firm	City
*Adams, Edward R.	*Clement A. Evans Co.*	Atlanta, Ga.
Bambenek, J. Ries	*Dallas Union Sec. Co.*	Dallas, Texas
Bradley, Walter V.	*B. W. Pizzini & Co.*	New York, N. Y.
Bunn, John W.	*Stifel, Nicolaus & Co.*	St. Louis, Mo.
Cleaver, James P.	*Goodbody & Co.*	New York, N. Y.
Colwell, Samuel F.	*W. E. Hutton & Co.*	New York, N. Y.
*Crockett, A. Gordon	*Crockett & Co.*	Houston, Texas
*Dean, James B.	*J. W. Tindall & Co.*	Atlanta, Ga.
*Deppe, Ralph C.	*Edward D. Jones & Co.*	St. Louis, Mo.
DeShong, Harold E.	*Dallas, Rupe & Sons, Inc.*	Dallas, Texas
*Diehl, Robert D.	*Paine, Webber, Jackson & Curtis*	Los Angeles, Cal.
Dilworth, Lawrence H.	*R. C. O'Donnell & Co.*	Detroit, Mich.
*Dunn, Gambol J.	*Dunn & Rollins*	New York, N. Y.
Fisher, Charles F.	*National Quotation Bureau, Inc.*	Chicago, Ill.
*Freear, Landon A.	*Wm. N. Edwards & Co.*	Fort Worth, Texas
French, John S.	*A. C. Allyn & Co., Inc.*	New York, N. Y.
*Fusz, Jr., Firmin D.	*Fusz-Schmelzle & Co., Inc.*	St. Louis, Mo.
Gibbs, Louis A.	*Laird, Bissell & Meeds*	New York, N. Y.
*Greenberg, Thomas	*C. E. Unterberg, Towbin & Co.*	New York, N. Y.
Hagensieker, Earl L.	*Reinholdt & Gardner*	St. Louis, Mo.
Hecht, Jr., John C.	*Dempsey, Tegeler & Co.*	Los Angeles, Cal.
Horning, Bert H.	*Stifel, Nicolaus & Co.*	St. Louis, Mo.
*Hunter, Wellington	*Wellington Hunter Associates*	New York, N. Y.
*Jolley, Lex	*Robinson-Humphrey Co.*	Atlanta, Ga.
Jolley, Miss Malinda	*Robinson-Humphrey Co.*	Atlanta, Ga.
Kipp, John	*A. G. Becker & Co.*	Chicago, Ill.
Knob, J. Edward	*Drexel & Co.*	Philadelphia, Pa.
*Krisam, Wilbur	*John C. Legg & Co.*	New York, N. Y.
*Lee, Alonzo H.	*Sterne, Agee & Leach*	Birmingham, Ala.
*Markham, Edwin J.	*Wertheim & Co.*	New York, N. Y.
*Martin, Justus C.	*Robinson-Humphrey Co.*	Atlanta, Ga.
McClintic Jr., William N.	*Strader, Taylor & Co., Inc.*	Lynchburg, Va.
McCullen, William J.	*Hendricks & Eastwood, Inc.*	Philadelphia, Pa.
McGregor, William J.	*Taylor & Co.*	Chicago, Ill.
McLaughlin, John F.	*McLaughlin, Cryan & Co.*	New York, N. Y.
O'Kane, Jr., John J.	*John J. O'Kane, Jr. & Co.*	New York, N. Y.
Pauley, Milton	*Troster, Singer & Co.*	New York, N. Y.
*Pearson, G. Harold	*Mountain States Sec. Corp.*	Denver, Colo.
*Phillips, Josef C.	*Pacific Northwest Co.*	Seattle, Wash.
Pizzini, Robert M.	*B. W. Pizzini & Co.*	New York, N. Y.
Porter, Stuart P.	*S. R. Livingstone, Crouse & Co.*	Detroit, Mich.
Quinn, John J.	*Stone & Youngberg*	San Francisco, Cal.
Quinn, Robert J.	*Salomon Bros. & Hutzler*	New York, N. Y.
*Raffel, William	*Raffel & Co.*	Philadelphia, Pa.
Remington, Clifford G.	*Woodcock, Hess & Co.*	Philadelphia, Pa.
Roob, Edward	*Salomon Bros. & Hutzler*	Chicago, Ill.
*Saunders, Walter F.	*Dominion Securities Corp.*	New York, N. Y.
*Scattergood, Harold F.	*Boenning & Co.*	Philadelphia, Pa.
*Scheuer, Charles C.	*Tegtmeyer & Co.*	Chicago, Ill.
*Schlicting, Hugh R.	*Wm. P. Harper & Son & Co.*	Seattle, Wash.
Strader, Ludwell A.	*Strader, Taylor & Co., Inc.*	Lynchburg, Va.
*Summerell, Donald E.	*Wagenseller & Durst Inc.*	Los Angeles, Cal.
*Swan, Leslie B.	*Chas. W. Scranton & Co.*	New Haven, Conn.
Tegeler, Jerome F.	*Dempsey, Tegeler & Co.*	St. Louis, Mo.
Thorsen, Lester J.	*Glore, Forgan & Co.*	Chicago, Ill.
Waldron, Stanley M.	*Merrill Lynch, Pierce Fenner & Beane*	New York, N. Y.
Walker, Louis E.	*National Quotation Bureau, Inc.*	New York, N. Y.
*Wallingford, Charles L.	*H. M. Byllesby & Co.*	Philadelphia, Pa.
*Weatherston, John S.	*J. R. Phillips Invest. Co.*	Houston, Texas
Weigner, Arthur	*Lehman Bros.*	New York, N. Y.
*Weiss, Morton	*Singer, Bean & Mackie*	New York, N. Y.
*Welch, Edward H.	*Sincere & Co.*	Chicago, Ill.
*Wielar, Jack B.	*Starkweather & Co.*	New York, N. Y.
Williams, Robert C.	*Weeden & Co.*	Chicago, Ill.

*Mr. and Mrs.

Uranium Exchange Opens

RAPID CITY, S. Dak.—Morris E. Brickley is engaging in a securities business from offices in the Harney Hotel under the firm name of Uranium Exchange.

Dennis & Co. Opens

WHIPPANY, N. J. — Alexander Dvoretsky is engaging in a securities business from offices at 26 Perry Street under the firm name of Dennis & Co.

Connecticut Brevities

Underwood Corporation has made plans to purchase a large tract of land, including part of Brainard Aviation Field, in Hartford. The company has tentative plans to construct a new plant on this site, and may at some time also move its main office to the new location.

* * *

Northeastern Steel Corporation, which began operations Jan. 1, 1955, reports in its first semi-annual report to stockholders that its program of modernizing and expanding its facilities is well ahead of schedule. The electric furnaces are expected to be in operation during the fourth quarter of this year, and the new rolling mill should be available early in 1956. With its presently limited operations a profit of $153,227 was shown for the six months before depreciation and fixed charges and after fixed charges the cash loss was $147,476, compared to the original estimate of $599,000 for the first year.

* * *

New Haven Clock & Watch Company has announced plans for the manufacture of several new products, including a governor for automobiles, a self-regulating electric clock and electronic components for color television sets. The present employment level of about 1,100 is expected to be increased substantially.

* * *

The Wallace Aviation Corporation, which was recently formed as a subsidiary of **R. Wallace & Sons**, Wallingford, has been sold to **Clevite Corporation of Cleveland, Ohio.** The new owners have indicated that production will continue in Wallingford and that, except for top management, personnel will remain unchanged.

* * *

J. M. Ney Company, presently located in Hartford, has announced plans for construction of a new plant on a 150-acre tract located in Bloomfield. The company fabricates precious metals for use in dentistry and industry.

* * *

The Holo-Krome Screw Corporation, which is a subsidiary of **Veeder-Root, Inc.**, has recently completed and occupied a new plant addition which will be used for heat-treating, receiving, shipping and storage. A second addition has been started as a part of the present $650,000 development program. The company's plants are located in West Hartford.

* * *

The New England Transportation Company, a subsidiary of **New York, New Haven & Hartford Railroad**, has decided to sell its bus lines which provide inter-city service in Connecticut and neighboring states. These lines have become unprofitable due to lessened traffic. The company will retain its truck lines and another subsidiary of the New Haven Road will continue to operate intra-city lines.

* * *

The upper two floors of a three-story building constructed in 1941 have been leased by **Colt's Manufacturing Company** to the Pratt & Whitney Aircraft Division of **United Aircraft Corporation.** The Colt Museum of Firearms will continue to occupy space on the ground floor. The leased space amounts to 42,000 square feet.

* * *

In Thomaston **The Hallden Machine Company** has begun construction on a new plant which, when completed, will cost about $1 million, including new machinery. The company is a producer of automatic rolling mill machinery.

* * *

Pitney-Bowes, Inc. of Stamford has recently purchased factory space amounting to about 108,000 square feet from Schick, Inc., which recently moved out of the area. Pitney had previously planned construction of a new building for warehousing and distribution use, but will use the former Schick building instead.

Burlington Equipment Certificates Offered

Salomon Bros. & Hutzler and associates are offering $4,350,000 of Chicago, Burlington & Quincy RR. Equipment Trust No. 2 of 1955 $3\frac{1}{8}\%$ equipment trust certificates to mature semi-annually, March 1, 1956 to Sept. 1, 1970, inclusive. The certificates are priced to yield from 2.65% to 3.15%. Issuance of the certificates is subject to authorization by the Interstate Commerce Commission.

The certificates will be secured by the following equipment, estimated to cost $5,490,000: 10 2,400 horsepower Diesel-electric units, 10 1,200 horsepower Diesel-electric switching locomotives and 10 gallery type Z suburban cars.

Associates in the offering are Drexel & Co.; Union Securities Corp.; and Stroud & Co., Inc.

With Manley, Bennett

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Susan E. Swan has joined the staff of Manley, Bennett & Co., Buhl Building.

With Don W. Miller Co.

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Charles H. Forsberg has become associated with Don W. Miller & Co., Penobscot Building, members of the Detroit Stock Exchange. Mr. Forsberg was formerly with Smith, Hague, Noble & Co.

Two With F. J. Winckler

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich. — Clarence T. Carney and Harold E. Morris have become connected with F. J. Winckler Co., Penobscot Building, members of the Detroit and Midwest Stock Exchanges.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

PONTIAC, Mich. — Robert W. Schnitker is now with King Merritt & Co., Inc.

With State Bond & Mtg.

(Special to THE FINANCIAL CHRONICLE)

NEW ULM, Minn.—William G. Akers III, is now with State Bond and Mortgage Company, 28 North Minnesota Street.

LETTER TO THE EDITOR:

SEC Proposals Described as Death Sentence to Small Business

Correspondent in Seattle, Washington, writes that new regulations of the SEC, particularly the requirement that all funds from public financing of new enterprises be impounded, will halt independent promotion of small business, and will be especially fatal to new mining developments.

Editor, Commercial and Financial Chronicle:

The newly proposed regulations of the SEC, aimed at small business concerns which are in the process of public financing, appear so spell out a "death sentence" to new mining developments, and to small business in general.

Under paragraph (c) the new proposed regulation requires that all funds from public financing of new enterprises, shall be impounded. This leaves the new company nothing with which to pay organizational expenses: legal fees; commissions; office rent; technical, geological and engineering fees; insurance; andministrative costs; transportation expenses; and general overhead, much of which *must begin at the company's inception and prior to the actual development of its properties.*

Then too, why should any regulation demand that 85% of an issue of securities be sold in six months? 180 days is a very short time in the selling of any sizable amount of mining stock, especially when the offering company has no funds allowed with which to carry on the tremendous job of selling a stock issue and starting a company.

Thus, free enterprise financing of new mine developments, and other ventures, would be *completely frustrated* under this regulation.

Big outfits, already in the field, are able to finance their new developments without public offerings of securities, but new companies, *financing as they develop,* by public offerings, are STOPPED IN THEIR TRACKS: impounding of their funds does the trick; it kills their venture before it starts, and *leaves "Big Money" free to monopolize the field.*

A mining proposition develops slowly—over a period of time: it is a growth—not a quick creation. Mines are not financed and developed in six months, as the regulation postulates. They move gradually, by study, trial and error from discovery, through explorations and development, into production. Stock is sold as money is needed.

Why should SEC want to destroy this free enterprise process? Why should they want to crush the small enterpriser? Then too, why should SEC want to deprive the small investor of his right to invest in low-priced stocks at the *start* of an enterprise? Small investors do not have sufficient money to play the big stock market. Mining and other publicly financed ventures, provide an opportunity for the small man to invest. Great mining companies have grown great only because small investors — thrifty Americans—invested in them *at the beginning* and *gave them the start they needed!* A study of the histories of American Mining Companies shows that, almost *without exception,* they have started small —with the modest investor. They have *seldom* been started by "big money"! Generally "big money" waits until venture capital has made the proposition go.

This extreme caution on the part of "big money" leaves for the early venture-capital investor and *unprecedented opportunity;* for this type of speculative investment is *one of the few ways left* whereby the person of moderate means may gain possible security and sometimes a fortune, from a modest investment *at the beginning!*

The idea of impounding the funds from free enterprise public financing, is not new. It has been tried in California under state regulations, over a period of years, and *with devastating results to small business.* Big business men were prime movers in getting this prustrating regulation passed in California; it gave them a neat instrument with which to "squeeze" out all new, independent oil and mining men. The result has been amazing: public financing of new enterprises in California mining and oil, *has completely "dried up,"* and the "Golden State" has dropped from its long-time leadership in mining, to a place far down the list, and is steadily declining lower and lower!

So, once more the mining industry is to suffer—this time on a national scale—from what would appear to be a cleverly contrived scheme to destroy the traditional free enterprise method of public financing; once more we find the present Administration at Washington moving to wipe out the free enterpriser in favor of monopoly in spite of the fact that America's economic greatness is the result of competitive free enterprise, dedicated to the good of all—not to the few.

This death blow to free enterprise mining should be resisted. Small business enterprisers everywhere, and in every line, should unite to stop this creeping Fascist scheme. We talk much of the American Way of competitive free enterprise—but do we believe in it? If so, we should—we must FIGHT! Write the President, White House, Washington D. C.; write your Senators and Representatives; urge them to investigate these subtle schemes to destroy small business by slanted regulations. Now we are testing whether our American way of life can stand up under the pressure and power of cumulative wealth. Yes, we are testing! This is a last call!

What reason do they give for such drastic and destructive regulations? No reason!—Only an excuse! They say: some unscrupulouo securities man might sell some bad stock to the public. This is an excuse—not a reason. The crooks and confidence men are OUT of the securities selling business today. No line of business in America today is so strictly guarded and so conservatively handled. So, let us not be misled by the excuses offered by bureaucrats doing the bidding of *Big, big, business!*

[Signed]
A. P.

Seattle, Wash.
Aug. 10, 1955

SEC Extends Deadline For Comment On Proposed Reg. "A" and "D" Revisions

The Securities and Exchange Commission has announced that the time for filing written comments on the Commission's proposed revision and consolidation of Regulation A and Regulation D has been extended from Aug. 15, 1955 to Sept. 15, 1955 following the receipt of several requests for additional time within which to submit views and comments upon this proposal.

The proposal, set forth in detail in Securities Act Release No. 3555, contemplates the consolidation of Regulation A and Regulation D into a single integrated exemptive regulation for both domestic and Canadian securities and, among other things, the inclusion in the new regulation of certain special requirements with reference to companies in the promotional stage.

EDITOR'S NOTE: The Commission's proposals were discussed in detail in the editorial "Still Reaching" which appeared on page 3 in the Aug. 11 issue of the "Chronicle."

Shearson, Hammill Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—John H. Sickel is now connected with Shearson, Hammill & Co., 520 South Grand Avenue. He was previously with Sutro & Co.

First Calif. Adds

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif. — John W. Tolly has become associated with First California Company, 647 South Spring Street. He was formerly with Hill Richards & Co.

G. W. Slaight, Jr. Now With Gregory & Sons

Gregory & Sons, 72 Wall Street, New York City, members of the New York Stock Exchange, announced that G. Wilmer Slaight, Jr., has become associated with the firm as Manager of its municipal bond trading department. Mr. Slaight was formerly New York Manager for Cruttenden & Co.

B. Frank Davis

B. Frank Davis, partner in Fahnestock & Co., New York City, passed away Aug. 11 following a heart attack.

Now First Secs. of Denver

DENVER, Colo. — A. S. Krakover Brokerage Co., University Building, has been succeeded by First Securities of Denver. Partners are Allen S. Krakover and Arthur M. Kaplan.

THE MARKET . . . AND YOU

By WALLACE STREETE

The summer doldrums really set in on the stock market this week and both volume and the breadth of the list bumped bottom on the smallest one-day sessions seen in around a year and a half. It robbed of much of its significance a rather persistent downdrift in prices, although there was plenty of caution engendered by the fact that the early August lows of the averages are again in jeopardy.

* * *

Boardrooms consequently were somewhat on the gloomy side, particularly since Labor Day isn't too far off and an incomplete reaction carrying over into the busier season isn't an encouraging spectre. Leadership has been somewhat less than good with some of the low-priced speculative issues making the most active list with fair regularity.

* * *

The hopes of the technicians that the rail shares would come to life and signal a new forward push found little of nourishment as the carriers generally continue to lag on buoyant periods and to sag rather willingly when a downdrift is general. Missouri Pacific, in particular, had moments of definte easiness that left it a score of points under its year's high.

* * *

Coppers the Bright Spot

What bright lights there were in the list were centered mostly in the copper section where the world shortage has been the principal prop. In fact, the coppers were largely responsible for keeping the new highs running slightly better than the new lows, although the lead has been seriously whittled down all this month.

* * *

No less than Kennecott, Phelps Dodge, Miami, Magma and Andes Copper were able to push into new high territory simultaneously, with the others for the most toying with their previous highs only a short distance away. It was the outstanding group action of the list.

* * *

Some Leading Aircrafts

Aircrafts occasionally showed some life with highly optimistic earnings estimates for North American Aviation enabling this issue to turn in what would have been a superior performance even in a strong market. The stock now has run its improvement for the month past 10 points with still some room for additional ebullience since the directors' meeting for dividend action won't come for another three weeks. The company has a fiscal year ending in September and estimates indicate that the annual earnings could exceed $9 a share since nearly $7 already has been reported in the official figures for nine months. The quarterly dividends have been running 75 cents obviously could be increased in view of the good earnings. Moreover, in selling at only about six times such earnings, the stock is well under the 12-times-earnings standing of the industrial average.

* * *

Douglas and Boeing, which were the aircraft leaders in recent months, have been definitely lukewarm in following the lead of North American. Illustrative of the rotating leadership in the group is the fact that they have been lolling a score of points under their peak prices and ready, on any weakness in the group, to do joust with their year's lows.

* * *

Chemical issues took their lead from duPont whose directors met this week midst rather widespread expectations that a stock split was in the offing, either matching the 3-for-1 division proposed by General Motors, or exceeding it. Instead investors were given a dividend boost which wasn't enough to generate any great enthusiasm and left the issue on the heavy side and off better than 30 points from its year's peak.

* * *

Neglecting Store Stocks

Store stocks continue to get rather widespread attention from the market analysts without, however, stirring up too much commotion marketwise so far. The stocks have done little all year so far, Safeway holding in about a seven point range despite the rather violent Spring seesaws of the market.

* * *

Kroger Co., which on a sales basis has worked into the third niche in the industry has been selling at nearly a 5% yield on a well-sheltered dividend. Despite the fanfare of acquiring in rapid order 26, 25 and 28-store chains within a three month span, the issue has held in a range of only a shade over 10 points which is anything but an excessive market history. A point of odd comparison is that its billion-plus annual sales are now being achieved on a total of 1,678 stores, while in 1929 the chain operated 5,575 stores but sales just nudged over the quarter billion line. The stock, (subsequently split 2-for-1 in 1951) sold at 122 in 1929. In fact it is one of those exceptions whose all-time peak of 132 was achieved in 1928 before the year of frenzy. Currently the split stock's equivalent value has been in the 80's.

* * *

G. C. Murphy, a variety store chain which also has built up something of a record as one of the "fastest-growing" in the business, has been similarly neglected despite its yield that approaches 5% and some concentrated attention from the research department. The stock, in fact, is no stranger to recent appearances on the list of new lows and hasn't yet built up a range of as much as six points. The company is generally regarded as a candidate for better dividend treatment since present payments are covered more than twice by earnings despite the charges incident to opening up more stores with a score of new ones being added under present plans. The company also retired its preferred stock in May and is free of funded debt.

* * *

In fact, the list is studded with companies that still show above-average yields despite the fact that they have no prior obligations which exert an inverse leverage on common stock prices when a stock market tumbles a bit from its lofty standing. Sunshine Biscuits is in this category on a yield of around 5% as are Otis Elevator and First National Stores, which have a single-issue capitalization and still yield 4% or better.

"News-Is-Out" Trouble

General Motors and Reynolds Metals, which carved out spectacular gains earlier in the year culminating in the expected stock split proposals, were suffering this week from the "news-is-out" ailment of rather constant downdrifts. On a couple of occasions drastic losses were their fate, with GM now off better than 10 points from its peak price, while Reynolds is a score of points under the lofty standing. The latter, which more than doubled at its high from the 1954 low, was given to the wider swings on the weak side. Western Union and Sunbeam, which were split recently, were still reacting from their jubilation and were something of regulars on the list of new lows.

[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.]

LETTER TO THE EDITOR:

Makes Comparison of Investment Results of Mutual Funds and Stocks

Richard A. Houghton finds that common stocks of large companies in expanding industries have given better results than investment in certain selected mutual fund shares.

Editor, Commercial and Financial Chronicle:

Every small investor is sooner or later faced with the important question of whether to use his accumulated savings to purchase individual stocks or mutual fund shares. All too often his decision is based on personal prejudice, rumor, or the intuition of his broker. In the following article an attempt is made to compare the results of investing $10,000 in mutual funds over the past five years with the results of investing an equivalent amount in several listed common stocks.


Richard A. Houghton

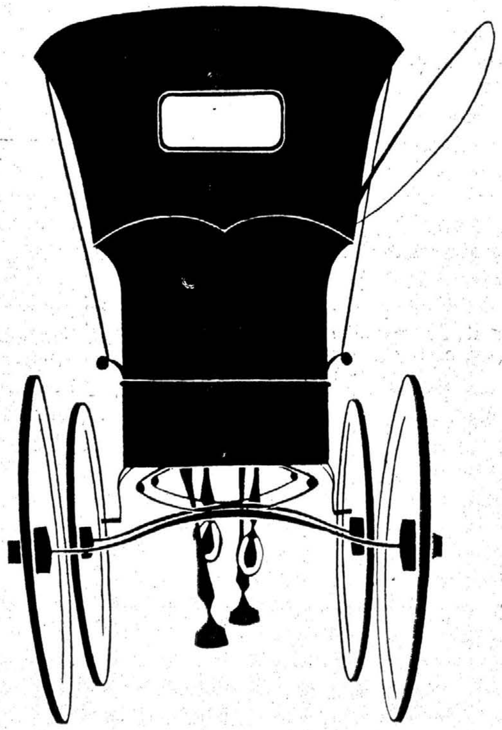
From this comparison a fairly definite conclusion may be drawn—namely, that open-end investment companies are a poor place to invest accumulated funds, whether the objective of the investor be capital growth, or large annual income.

To compare the appreciation and earnings record of investment company shares with that of listed common stocks, the five-year period from Dec. 31, 1949 to Dec. 31, 1954 was chosen. It was assumed that an individual invested $10,000 in ten different mutual funds at their last offering prices on Dec. 31, 1949, and also $10,000 in ten listed stocks at their closing prices on this same date. Dividends and capital gains presumably were not reinvested, and all securities were sold at their last prices on Dec. 31, 1954.

In selecting a sample from each group, it was further assumed that the investor was completely unacquainted with stock market operations, but that he acted in a reasonable manner on the basis of information which was available to the public at the end of 1949.

Nine of the ten mutual funds selected were chosen from those 101 mutual funds in existence at the end of 1944. The first eight were funds which had increased most percentagewise in net asset value during the five years to Dec. 31, 1949. The Massachusetts Investors Trust was added to the group because it was the oldest

Continued on page 35



if it weren't for financing

Chances are we'd still be using buggy whips, wood stoves, wash tubs and kitchen pumps. The low cost, mass produced necessities and conveniences we know today couldn't exist without mass markets created by modern financing.

Among the nation's largest providers of credit, Associates and its subsidiaries do a combined business of well over a billion dollars a year. Much of it is in automotive time sales financing; but much of it, too, is in commercial loans to manufacturers and business enterprises, and in direct and personal installment loans to individuals.

Diversified financing services like these have helped bring America out of the horse and buggy days. Today Associates can be of even greater help in an expanding economy. There are 151 Associates branches in United States and Canadian cities serving automobile dealers and purchasers; 138 Associates direct and personal loan offices devoted to consumer finance.

Working capital for business and industry is provided through the Associates Commercial division, with offices in New York, Chicago and South Bend.

A REPORT FOR THE FIRST SIX MONTHS

CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 1955	June 30, 1954
Cash and Marketable Securities	$ 81,146,112	$ 66,968,329
Receivables:		
Retail motor vehicle installment receivables	$578,409,395	$424,553,547
Wholesale motor vehicle short-term loans	67,100,654	45,487,999
Direct and personal installment loans	41,678,044	37,765,548
Commercial and other receivables	27,696,421	25,803,615
	$714,884,514	$533,610,709
Less: Unearned discounts	44,144,624	30,707,576
Reserve for losses	17,506,326	11,484,714
Total receivables, net	$653,233,564	$491,418,419
Other Assets	11,529,998	7,617,605
	$745,909,674	$566,004,353

LIABILITIES

	June 30, 1955	June 30, 1954
Notes Payable, short-term	$352,716,100	$255,560,050
Term Notes due within one year	39,770,000	43,250,000
Common Stock Dividend payable July 1, 1955	1,562,736	1,406,462
Accounts Payable, Accruals and Reserves	29,705,347	24,724,799
Unearned Insurance Premiums	28,925,709	24,876,229
Long-Term Notes	136,135,000	85,455,000
Subordinated Long-Term Notes	42,000,000	35,000,000
Capital Debentures	18,500,000	9,000,000
Preferred Stock	12,500,000	12,500,000
Common Stock	31,254,720	31,254,720
Surplus	52,840,062	42,977,093
	$745,909,674	$566,004,353

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Six Months Ended June 30, 1955	Six Months Ended June 30, 1954
Discount, interest, premiums and other income	$51,648,914	$46,254,477
Operating expenses	34,296,900	30,792,812
Net income before Federal income tax	$17,352,014	$15,461,665
Provision for Federal income tax	8,540,000	7,490,000
Net income	$ 8,812,014	$ 7,971,665
Consolidated net earnings per share of common stock after payment of preferred dividends	$2.73	$2.47

Associates

Commercial and Installment Financing

ASSOCIATES INVESTMENT COMPANY

ASSOCIATES DISCOUNT CORPORATION

and Other Subsidiaries

HOME OFFICE • SOUTH BEND, INDIANA

Railroad Executives Discuss Outlook for the Industry

Continued from page 6

that should materially help the industry. It remains now for the Congress to carry out the recommendations.

These reforms, together with the cooperative spirit and willing attitude of the rail brotherhoods, certainly indicate that the future of the rail industry is one of bright promise.

J. D. FARRINGTON

President, Rock Island Lines

Daily perusal of the financial sections of metropolitan newspapers, and the columns of financial publications leaves no doubt as to the sound and prosperous condition of business in general. Increased production and greater consumer demand in almost all lines of manufacture would indicate that the close of the year 1955 will see many new records established.

J. D. Farrington

The casual reader may then wonder why, with business daily recording new gains, the railroad industry appears not to be keeping up the same sort of advances both as to volume and revenues.

The answer, of course, lies in the ever increasing freight volume that is being handled by competitive forms of transportation, most of which are subject to very little regulation, or no regulation at all. Because of the narrow limits, prescribed by law, in which railroads may move to meet rates set up by the highway and waterway carriers, a considerable amount of traffic is lost to these competitors.

Despite this general situation, I am firmly convinced that 1955 will end as a very good year for the industry as a whole. The railroads will not show spectacular gains, but they will show modest increases. The vast investments the industry has made in improved facilities, and the operating economies that thus have been affected, have combined to place the industry in a very strong competitive situation. Should the recommendations of the President's Cabinet Committee on transport be enacted into legislation to place all forms of transportation on an equitable competitive basis, the future of the industry should be much brighter, indeed.

Taking a long range view, the Rock Island Lines will undoubtedly share well in the future prosperity of the nation. I base this premise on the fact that the unprecedented millions of youngsters now growing up will, in time to come, establish greater and greater consumer demands through the natural processes of marriage, the building of homes and the propagation of new families. This means more demands on transportation, and to meet these demands the railroads will constantly keep pace with every technological development by which they may produce more efficient mass transportation at the lowest possible cost. The Rock Island system has, since before World War II, been in the forefront of progressive planning by which to meet every foreseeable economic development. It will continue to build for the future.

Rock Island's passenger volume in 1955, contrary to the declining trends shown by the industry as a whole, has month by month recorded slight gains. This, I regard, as an indication that insofar as our railroad is concerned we have passed the leveling off phase that followed the downward trends from the higher levels of previous years.

The future of the Rock Island, and the industry as a whole, is to say the least, genuinely encouraging.

DONALD V. FRASER

President, Missouri-Kansas-Texas Railroad Co.

There is good reason for optimism regarding the general economic outlook in the Southwest for the balance of 1955 and for several years ahead and I feel that the high level at which business now is operating will be maintained.

D. V. Fraser

Having just completed a tour of our railroad system, I was impressed by the confidence and optimism expressed by business leaders with whom I talked. The last five years of severe drought conditions have dimmed the agricultural picture in Texas and the Panhandle of Oklahoma, but recent moisture in this area may have changed this cycle for the future. The Southwest territory served by the KATY is enjoying a comparatively better year than 1954, and, in my opinion, it is again becoming one of the bright spots in the national economic picture. Active industrialization of the territory is under way and greater intensity in this direction will be the key to further success for the whole Southwestern region.

The KATY's business is showing improvement over last year and I am hopeful the volume will continue to expand. We are engaged in a program of improvement of the railroad, both in plant and equipment, which we intend to continue. It is our purpose to keep the property not only abreast but ahead of the demands of our customers and of the expanding economy of the territory we serve.

W. ARTHUR GROTZ

President, Western Maryland Railway Company

Expansion is afoot in Baltimore, spurred by such vigorous groups of leading businessmen as the Greater Baltimore Committee and the Joint Committee of the Governor and Mayor on the question of a port authority.

W. Arthur Grotz

Our own business outlook is bright. The expansion programs of the steel industry augur well for added movements of coal, limestone and ore. In the expanding domestic and export coal market we also see the prospect of an increasing output of the coal mines served by the Western Maryland. Greatly expanded cement and paper producing capacity is under construction along the Western Maryland lines, as is a large glass plant.

Ocean shipping at our Port Covington terminal in Baltimore Harbor will shortly be stimulated by extensive additions to the merchandise pier space, tracks and handling facilities, as will the grain trade by the expansion of our grain elevator to 5,000,000 bushels, the largest in Baltimore.

Recently completed warehouses of the Western Maryland in the heart of Baltimore, its piggy-back equipment, and a new industrial development activity and intensive sales promotion also assure good earnings for the future.

On the operations side, our completion of dieselization, including the new streamlining of service facilities now starting construction, increased Centralized Traffic Control, and better roadway machines mean savings. A full car supply, augmented by purchases of new cars and rebuilding of old, protects the expanding requirements of the shippers and provides a very substantial item of car rental income from other railroads to the Western Maryland. In the direction of long-range economies in car operation, the Company has been among the leaders in the adoption of roller bearings, and its newest cars are using high tensile steel to lengthen the interval between heavy repairs. In the company's laboratory and on the road every new idea which might result in improved service or economy is thoroughly considered.

Finally, from the standpoint of management controls and financial stability, the company has an effective budget and inventory control and is streamlining its accounting to fit in ultimately with the great advances that have been made in electronic data processing.

F. G. GURLEY

President, Atchison, Topeka and Santa Fe Railway System

Earnings of the Santa Fe Railway System for 1955 are expected to be better than those of last year, but short of our 1953 figure. Industrial business on our line during the first six months of this year has been outstanding for the system, and if this should continue in the second six months, Santa Fe's second half, with greater movement of agricultural products, should exceed the first half.

Fred G. Gurley

There has been sufficient moisture in the southwestern states of Texas New Mexico, Colorado, Oklahoma and Kansas, to materially alleviate the drought conditions which have existed during the past two years. While the moisture was not received in time to permit an average wheat crop, yet it has contributed toward prospects for good corn, sorghum, grain, and cotton production provided weather conditions in the remaining months of the year are not adverse. We can therefore, look for fairly good prospects from an agricultural standpoint for the balance of the year.

Industrial development in Santa Fe territory has continued to expand, many new industries have been located, and many existing industries have increased their existing operations. This condition should be productive of good traffic for our account.

Passenger revenues this year will be on a fair level, although they will be slightly below our 1954 figure. As of Aug. 1, Santa Fe had on order 2,703 freight cars, 97 streamlined passenger cars and 19 freight Diesel locomotive units. The bulk of the passenger equipment on order consists of cars for the new Hi-Level El Capitan which Santa Fe will inaugurate in 1956. It has become increasingly evident to us that the trend during the past several years in railroad passenger business has been toward chair car travel. This new train will have greater customer appeal. The patron will receive more for his travel dollar, at the same time this improved service will result in increased economy, which we have been striving to reach in our passenger operations.

Work is progressing in Texas on construction of 49.3 miles of new railroad between Sanger and Garland to provide Santa Fe with an improved and direct entrance into the city of Dallas. This route, via the city of Denton, will be completed late this year, and is the longest stretch of new railroad built by any single line in the United States during the past 20 years.

Handicaps in competing with other forms of transportation remain a major problem of the Santa Fe and other railroads. There has been loss of traffic due in large part to government policies and programs which have provided large subsidies for highway, water, and air transportation, while at the same time rigidly restricting the railroads in their efforts to meet the competition. Statutory restrictions enacted under entirely different competitive conditions are outmoded and in need of modernization in order to maintain a strong and efficient transportation system in the national interest. The report submitted to President Eisenhower recently by the Cabinet Committee on Transport Policy and Organization is a step in this direction.

FELIX S. HALES

President, Nickel Plate Road, New York, Chicago & St. Louis

Surpassing earlier predictions, the automobile, steel and construction industries spurred industrial production to a new record in the first half of 1955, and the volume of rail traffic, consequently, exceeded expectations for the same period.

Felix S. Hales

Nickel Plate carloadings increased 14.2%, compared with the first half of 1954, while revenues and net income rose 9.09%, and 27.40%, respectively.

Despite the fact that the gross national production has reached the highest point to date, the current business picture seems healthy. Most of the increased production has been consumed so that increases in inventories have been slight. The steel business should continue at present levels for at least the balance of the year. This is also true of the construction industry in which an indicated decline in residential building is being offset by an accelerated rate of plant investment by business. It seems unlikely that the automobile industry can equal the record set in the first half of 1955, particularly in view of the increase in dealers' inventories. However, the anticipated earlier appearance of new models and shortened changeover periods should be helpful. There is room for further expansion in other industries which are operating at less than capacity rates, and on the whole, it appears that second-half business for the railroads should equal the first six-month volume. Encouraged by the present outlook, the railroads are stepping up their orders for new equipment to meet rising demand for their services.

The present high level of consumer credit is one shadow in the picture. Although personal income is at record levels, consumer credit recently has been increasing at a rate of $10 billion annually and the amount outstanding is now at an all-time high. The result, of course, has been the tremendous consumer spending which basically has brought about the increased production referred to. Looking beyond 1955 it seems likely that there may be some slacking in consumer demand but indications are that the overall industrial output will remain high well into next year.

While the nation's railroads hope to increase their business by improving equipment and offering new services, they still need freedom from certain restrictions which place them at a competitive disadvantage with other forms of transportation. Of vast importance to the welfare of the public and the railroads is the enactment of recommendations in the Presidential Cabinet Committee Report. These recommendations are designed to create more equal terms of competition among all forms of transportation, with the expectation that competitive forces will produce more efficient service at lower rates.

J. P. KILEY

President, Chicago, Milwaukee, St. Paul and Pacific Railroad Company

I believe the volume of freight traffic during the remaining months of this year will show an increase of about 5% over the corresponding period a year ago, and that passenger travel will continue to show a decline of about 10%.

John P. Kiley

Because of increased wages and allowances and higher prices for materials and supplies, our operating and maintenance costs will continue to increase.

At this time, the agricultural outlook in our territory is favorable, but with such a large percentage of crops being subject to Government control, the movement to market is spotty and, therefore, difficult to program, resulting in shortages and surpluses of equipment at various times of the year. If crops could move to market in accordance with normal practices, there would be fewer freight car shortages.

The railroad industry continues to be plagued with a low return on its invested capital, notwithstanding that

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Western Europe Auto Production at Record High Level

National Industrial Conference Board analysis showed Western European auto manufacturers since 1948 have raised their output at about same pace as American producers and have greatly enlarged their export of cars. They are now turning out almost 75% of all vehicles exported.

Western European auto manufacturers have been turning out motor vehicles at such a fast pace since 1948 that their output was up by 211% by the end of 1954, according to an analysis recently made by the National Industrial Conference Board. By comparison, United States commercial and passenger car production rose by about 25% over the same period.

Cars for Export

Increased foreign sales have been largely responsible for the tremendous upsurge in production in Western Europe. These countries now manufacture nearly three-fourths of all vehicles exported to world markets, while the U. S. accounts for a little more than a fourth. Before the war, the U. S. share of all exports was almost 50%.

The United Kingdom ships the most passenger and commercial vehicles across its border—mainly to Australia, New Zealand and Sweden. The United States, whose primary markets are Mexico, Brazil and Venezuela, is the second largest exporter of motor vehicles. Ranking third is Western Germany, with large exports to Holland, Sweden and Belgium.

The Conference Board found that the United States maintains second place because of its huge exports of commercial vehicles. If passenger car exports alone are considered, the U. S. ranks third, behind the United Kingdom and Western Germany.

Total Free World Production—1938-1954

Western Europe has been able to increase its share of total free world output steadily from 1948 in every year except 1953. From 1948 to 1954, its share rose from only 13% of the world total to 26%—almost up to the previous high level in 1938 of 29%.

The United States is also in about the same position in relation to total free world production as it was before the war: 69% now compared to 66% in 1938. However, the 1954 share represents a sharp drop from the 83% in 1948.

North American Highways Crowded

NICB found that 74% of all motor vehicles in the free world are used in the United States and Canada. This compares with 78% in 1948 and 73% in 1938.

In the use of commercial vehicles alone, the rest of the world comes much closer to matching North America. More than four out of every ten commercial vehicles in the world are in use outside North America, in contrast to a ratio of about two out of every ten passenger cars.

Investment Analysts of Chicago Meetings

CHICAGO, Ill.—The Investment Analysts Society of Chicago will hold its luncheon meetings next year in the Adams Room of the Midland Hotel. This change has been made to permit increased flexibility in scheduling extra meetings.

Railroad Executives Discuss Outlook for the Industry

Continued from page 18

during the last few years, billions of dollars have been plowed back by the industry for new equipment and modernization of physical properties.

ROBERT S. MACFARLANE

President, Northern Pacific Railway

While it may be too much to expect the present high level of business to continue the last half of this year and into 1956, Northern Pacific looks to the immediate future with genuine optimism.

Robert S. Macfarlane

Our earnings of $3.04 per share for the first six months of 1955 were the highest since 1943 and we anticipate the year's net income will exceed $7 per share, as compared with $5.79 in 1954. This forecast is based principally on excellent crop prospects in our territory and continued heavy movement of forest products to satisfy an active building industry.

Farm commodity price levels are slightly lower than a year ago, but heavier yields should help maintain a satisfactory standard of prosperity.

In the Williston Basin, where Northern Pacific owns oil rights on some 3 million acres, our company is currently participating in the production of 74 wells, which is 22 more than at the end of 1954.

The Butte Pipe Line Company, in which NP has a 10% interest, will complete this fall a 16-inch crude oil line from eastern Montana to Guernsey and Fort Laramie, Wyo., to connect with lines to refineries in the Midwest. This outlet to Midwestern markets is expected to encourage expansion of production and further development in the Williston Basin.

To speed up transcontinental freight service and reduce operating costs, Northern Pacific put in service in June a $5½ million "push button" freight classification yard at Pasco, in central Washington. Five hundred all-steel boxcars and 50 mechanical refrigerators costing a total of more than $5 million also went into service this year.

Northern Pacific's dieselization program, designed to fully dieselize four of the company's seven operating divisions by 1958, is ahead of schedule. This year we are putting in service 71 units at a cost of about $11 million and next year's diesel purchases are expected to exceed $12 million.

Northern Pacific's passenger revenue for the first six months of 1955 was 14.61% above 1954, thanks to the increased patronage attracted to the Vista-Dome North Coast Limited, our crack Chicago-North Pacific Coast streamliner, by new equipment and services. The latest service refinement has been the addition of stewardess-nurses to train personnel and inauguration of a fleet of luxurious new buffet-lounge cars, called Lewis and Clark Traveller's Rest. Traveller's Rest was the name given a favorite camp site in western Montana by the famed explorers, whose expedition to the Pacific was made in 1804-06 and whose sesquicentennial is being celebrated in the Northwest this year.

JOHN W. MARTIN

Trustee, Florida East Coast Railway Co.

While the Florida East Coast Railway has experienced some decline in passenger traffic, its freight traffic has held up relatively well, and its long-range prospects are favorable due to the continuing rapid growth of its territory.

The coastal counties served by this line have shown a remarkable gain in excess of 500% in population during the past 30 years. This has been more than double the gain shown by the State of Florida as a whole, and many times that of the national average. It is now estimated that the East Coast of Florida is acquiring new residents at a rate of more than 100,000 per year.

Growth on the lower East Coast of Florida, comprising Palm Beach, Broward, and Dade Counties has even been more rapid. This area has almost doubled in population during the past decade, and is experiencing a substantial industrial development, consisting of new plants and warehouse facilities to serve the rich expanding market, which is now offers.

The outlook for the railroad industry as a whole seems brighter, due to the current high level of general business activity. Heavy investments in facilities to bring about operating economies are beginning to pay off in a higher net on most railroads, although the margin is still precariously thin.

PATRICK B. McGINNIS

President, New York, New Haven and Hartford Railroad Company

The railroad industry realized during the first half of 1955 the promise prevailing for it at the beginning of the year. The brilliant financial statements of the rank and file of railroads for the first six months bespeak increases in traffic and in operating efficiency. Equities, comprising the Dow-Jones railroad stock average now afford an average yield of about 4.75% which is well above the yield afforded by industrial stocks, though one percentage point below the yield prevailing a year ago. However, it is far more significant that earnings accruing to railroad equities now are far above those of a year ago. Consequently, latitude for substantial dividend increases is considerable. Estimated net income at 126 class I railroads for the first half this year was up 79% from a year ago and individual railroads including the New Haven Railroad reported far larger percentage gains. Add to this the continuing high level of rail traffic implicit in booming business, and the conclusion seems inescapable that railroad stocks will rise from their monotonous trading range of the past four months.

Patrick B. McGinnis

Many investors seem to overlook inherent advantages of railroad transportation. No other agency offers a general, common carrier transportation service that undertakes to haul anything, for anybody, in any quantity, in any season of the year, to and from any part of the United States. No other agency in periods of crisis is so able to expand its capacity without proportionate increase in its use of either manpower or fuel. Our railroads can accomplish this by putting more tons in cars, more cars in trains, and more trains on the tracks. This leverage is an important consideration, investmentwise.

Fortunately, the tradition-bound railroad industry now is embracing technological progress with open arms. The results, as measured by increasingly good control over operating expenses, are impressive. Then too, our railroads are in splendid financial condition. And such water as may have been in the capital structure of the railroad industry has long since been squeezed out.

The progress made by American railroads has been made in the face of seemingly overwhelming obstacles. These obstacles stem largely from a long-since extinct monopolistic age. Most American railroads have reorganized their shortcomings, and accumulating evidence suggests that public attitudes toward our mass transportation problems are fast veering in favor of railroads.

There is reason to believe that vast changes in the railroad industry lie ahead. Changes in both operating and corporate patterns are in prospect. If our entire distributive system is to be brought into line with our highly developed productive system, then the necessity for sound integration of our transportation facilities cannot be escaped.

Railroads do not seek regulation of competing forms of transportation. They seek freedom from the strangling regulation from which its competitors are free. The persent prospect of accomplishing this end with the aid of enlightened thinking in legislative circles, is bright. The report of the President's Advisory Cabinet Committee on National Transportation is a case in point. The fate of the badly needed legislation recommended in this report is up to every thinking man and woman who would benefit from more efficient transportation. It is up to every investor in the land.

HENRY S. MITCHELL

President, Duluth South Shore and Atlantic Railroad Company

Our railroad, in common with many others, has enjoyed a substantial improvement this year in carloadings, both on line and from connections. Loadings of raw materials on our line were depressed last year because industries in general were curtailing normal replenishments of their inventories. Our on line loadings have increased this year as a result of the widespread increase in business activity.

Henry S. Mitchell

The upswing in carloadings is producing an increase in net income for most railroads. But in this connection it should be noted that present railroad earnings reflect in general a tight rein on expenditures for maintenance; that costs of materials now being purchased by the railroads are higher than when present stocks were acquired, because of increased wages now being paid in the producing industries; and that there are pending for negotiation in the near future numerous demands of railroad employees for further wage increases.

Deficit passenger operations continue to plague the railroad industry, and obtaining relief from them is still a slow and difficult process. On our railroad, we have been able to ease this burden by accommodating passengers in Budd RDC No. 1 equipment and handling mail and express in trucks we operate on the highways.

The long-term survival of the railroads as a private industry may well depend on the adoption of recommendations made in the report of the President's Advisory Committee on Transportation Policy and Organizaation which would enable the railroads to compete on a fair basis with other forms of transportation.

H. C. MURPHY

President, Burlington Lines (Chicago, Burlington & Quincy; Colorado & Southern; and Fort Worth & Denver Railway Co.)

The business outlook for the Chicago, Burlington & Quincy and for the railroad industry generally is favorable for the last half of 1955. C. B. & Q. carloadings for the first half of the year showed slightly more than a 3% increase over last year, and expectations are that loadings will attain a somewhat higher level during the last half.

H. C. Murphy

Since the last week in May, the nation's rail freight has been moving at its heaviest pace since October, 1953, and has been attaining levels of from 11 to 16.4% above corresponding periods in 1954.

In forecasting the freight carloadings for the third quarter of the year recently, all 13 of the Regional Shippers Advisory Boards estimated increases over the same period last year. This is the first time since early 1951 that such unanimous optimism has prevailed.

Except for government freight which is under last year, and undoubtedly will continue to be so without the stimulus of preparations for war and inflation, rail traffic gives promise of holding up through the balance of the year because production of the things that provide a backlog of rail revenues continues at high levels.

The Gross National Product for the second quarter hit a record annual rate. Construction activity is high and gives evidence of continuing to be strong. Personal income is expected to hold up because jobs are plentiful and continued increases in wages and dividend payments are probable.

The automobile industry, despite a predicted leveling off of production, will continue to be a sustaining influence for the rest of the year. Steel production, generally regarded as a barometer of industrial production, may reach an all-time high. This upsurge strengthens the belief that 1955 may be one of the best, if not the best, years on record for our national economy.

These are but a few of the factors that will contribute to good rail earnings. They justify the forecast of a 10 to 12% increase in net operating income, which forecast was made by the railroads in seeking retention of *Ex Parte* 175—Surcharges.

With rail traffic and revenues continuing to improve, and with rail carriers generally demonstrating marked ability to control expenses, railroad operating revenues will be good in the second half of the year and 1955 should be better, earningswise, than last year.

Obviously the above assumes no worsening in the international situation and no serious strikes in the major industries.

JAMES P. NEWELL

Vice-President—Operations, Pennsylvania Railroad

During the summer of 1954 we anticipated improved business conditions and an increased volume of freight traffic in 1955. The results to date have surpassed our expectations with a 16% increase in net ton miles. As a result of the type of traffic which has produced the heaviest increase in volume, as well as selected reduction in rates, the increase in freight revenue (9.9%) has not kept pace with the increase in net ton miles.

James P. Newell

The most serious aspect of the abrupt change is well illustrated by comparison of our 35,000 car surplus (serviceable cars stored) 14 months ago as against the shortages which exist today.

With increased traffic and revenue it has been possible for us to materially increase our maintenance expenditures, particularly our expenditures for equipment, during the last half of the year. In addition to placing orders for 4,000 new cars, the equipment repair budget has been increased substantially during the same period. Despite this expenditure, net income for the year will reflect a decided improvement over 1954.

We are confident that 1956 will be a good year for the railroad industry with respect to freight volume—perhaps not quite as good as the last half of 1955, but on a plane about equal to the first half of the year. Unfortunately a number of requests for increased wages and employee benefits now confront the railroads. The extent of such increases can materially affect the 1956 financial results of the railroads, and we question

Continued on page 22

E. J. Busick Mgr. Bache Auditing Dept.

Bache & Co., 36 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, have announced the appointment of Edward J. Busick as Manager of the firm's Audit Department.

Edward J. Busick

Mr. Busick was formerly associated with a leading commercial bank and a public accounting firm. A graduate of the School of Commerce, New York University, he is a certified public accountant.

Washington Natural Gas Shares Offered

Barrett Herrick & Co., Inc. and associates on Aug. 16 offered for public sale 238,632 shares of Washington Natural Gas Co. common stock at $1.25 per share. Of the offering, 213,578 shares are being sold for the account of the company and 25,054 shares for the account of certain selling stockholders.

The company's share of the proceeds from the sale will be used to retire $53,250 of notes and for working capital. The company's outstanding capitalization consists of 913,768 shares of common stock of 10 cents par value.

The company is engaged in the exploration and development of gas and oil properties on acreage owned in Upshur, Randolph, Webster, Barbour and Lewis Counties in West Virginia. It owns drilling equipment and has an interest in a pipeline to market its gas and the gas of other producers.

Municipal Bond Club Of Chicago Field Day

CHICAGO, Ill.—The Municipal Bond Club of Chicago will hold its 19th Annual Field Day at the Medinah Country Club on Friday, Sept. 16. The outing will be preceded by cocktails and dinner on Thursday, Sept. 15, at the Union League Club of Chicago.

Guest fee, $35; non-resident member, $20; and member fee, $10. Checks should be made payable to the Municipal Bond Club of Chicago.

Members of the Committee are Harry Hammond, General Chairman.

Arrangements: John T. Boylan, A. G. Becker & Co., Chairman; Edgar S. Beaumont, Farwell, Chapman & Co.; Frank C. Carr, John Nuveen & Co.; John X. Kennedy, White, Weld & Co.; Robert J. Taaffe, and Ralph N. Youngsma, First National Bank & Trust Company.

Reception: Don G. Miehls, Wm. Blair & Co., Chairman; Elmer G. Hassman, A. G. Becker & Co.; Charles R. Wilson, Smith, Barney & Co.

Entertainment: Roland C. Roos, Mullaney, Wells & Co., Chairman; John H. Kramer, Harriman Ripley & Co.; Raymond B. McCabe, Halsey, Stuart & Co.

Transportation: Paul Stephens, Paine, Webber, Jackson & Curtis, Chairman; Paul Hackbert, Rodman & Renshaw; Floyd W. Sanders, White, Weld & Co.; James E. Harper, Paine, Webber, Jackson & Curtis.

Municipal Trust Shares: Byron J. Sayre, John Nuveen & Co., Chairman; Andrew D. Buchan, Bacon, Whipple & Co.; Kenneth L. Eaton, A. C. Allyn & Co.; William A. Grigsby, John Nuveen & Co.; Thomas L. Kevin, Glore, Forgan & Co.; Charles E. Lundfelt, McCormick & Co.

Prizes: Eugene C. Travis, Harriman Ripley & Co., Chairman; Lee H. Ray, Continental Illinois National Bank & Trust Co.; Jay Simon, City National Bank & Trust Co.

Golf: Gene A. Frantz, Wm. Blair & Co., Chairman; Milton S. Emrich, Julien Collins & Co.; Sampson Rogers, Jr., McMaster Hutchinson & Co.

Softball: John N. Faust, Kidder Peabody & Co., Chairman; Clarke J. Robertson, Fairman, Harris & Co.; Robert L. Meyers, Stone & Webster Securities Co.; Richard E. Phillips, White-Phillips Co.

Tennis: DeWitt Davis, Welsh, Davis & Co.

Hess & McFaul Add

(Special to THE FINANCIAL CHRONICLE)

PORTLAND, Oreg. — William Bell is now with Hess & McFaul, American Bank Building.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Gilbert B. Reynolds and Leo Simon, Jr., are now affiliated with Hamilton Management Corporation, 445 Grant Street.

Joins L. A. Huey

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Dean B. Bonnette, Jr., has become connected with L. A. Huey Co., Ferguson Building.

Ira Kaufman V. P. of Arthur M. Krensky Co.

CHICAGO, Ill.—Effective Aug. 3 Ira J. Kaufman was elected Vire-President of Arthur M. Krensky & Co., Inc., 141 West Jackson Boulevard.

Orvis Bros. Admit

Orvis Brothers & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, will admit Thomas A. McKay to partnership on Sept. 1.

Railroad Executives Discuss Outlook for the Industry

Continued from page 20

whether continuing operating improvements and increased efficiency can fully offset such wage increases.

Nevertheless, there will continue to be improved operating technique and efficiency as well as expansion in the new fields of activity—in this respect we refer particularly to our own railroad and the increasing development of our TrucTrain service which is commonly known as "Piggy-Back."

On the Pennsylvania, the placing in service of a portion of the Hollidaysburg Car Shop and the eastbound portion of the new Conway Yard (near Pittsburgh) in the fall will be extremely helpful.

Insofar as passenger service is concerned, it has continued to decline and is now approximately 5% under last year. Increased use of the private automobile, as well as subsidized forms of transportation, are responsible and we see no immediate prospect of any reversal of this trend during 1956.

Nineteen fifty-six could be a red letter year for the railroads if it produces some favorable action on the Weeks Committee Report with more equitable treatment of the railroads in matters where they are subject to unfair discrimination, particularly with respect to treatment accorded their competitors. The result would be improved earnings—more in line with what the railroads are entitled to receive considering their return on investment, as well as increased expenditures for expanding and modernizing the railroad plant, the net result of which would be improved service to the public.

D. J. RUSSELL

President, Southern Pacific Company

I am definitely optimistic about the prospects for continuing growth of business for the Southern Pacific, and about our ability to handle all the growing traffic.

Best evidence of our optimism is the fact that we and our solely controlled affiliates by the end of this year will have made postwar expenditures of over $700 million for physical improvements. The efficiency of our railroad, and our ability to give top grade transportation service have been vastly increased by these investments and by our intensified research activities to uncover better ways of railroading. Of course, even during times of prosperity, the railroad industry, by tradition born of necessity, has had to proceed cautiously because of the low rate of return railroads have been able to earn, for reasons that are well known. In view of this, I believe our continued large expenditures can be considered significant. In 1955 we are expending a record $115 million for improvements, topping the $109 million invested in 1953, the previous record year.

Donald J. Russell

Freight traffic of our lines currently is reflecting the favorable trend of business activity throughout the United States. The effect of the continued high level of building in practically all areas, of increasing industrial output and sales, and of the sustained large volume of consumer income and expenditures, has created a very favorable business atmosphere.

Our lines are particularly well situated to benefit from the high volume of nationwide building in that we serve large lumber producing areas. The high production of automobiles has also stimulated our traffic directly, and indirectly, by its favorable effect upon general business within our territory.

Mineral production and the manufacture of chemicals and a variety of other products required for industrial output have resumed their upward trends. Plants producing petroleum products and chemicals are operating close to capacity. With the sustained large demand for fresh and processed produce of farm, field and orchard, continued gains are in prospect, taking into consideration seasonal factors and minor fluctuations arising from local conditions. The long drouth in Central and West Texas was dispelled by good rainfall in most of the area during July, brightening fall crop and pasture outlook more than in the past several years.

We look for continued growth of the territory served by our lines. This territory has experienced the largest population gains of the nation. Residential construction shows no sign of slackening. New industries are continually being established. There are large known resources of timber, copper, petroleum and various other natural resources. New resources are continually being discovered. As an example of the search to discover some of the resources that may still be hidden, Southern Pacific is now conducting on its own land of more than 4 million acres one of the largest geographical surveys ever made by a private industry.

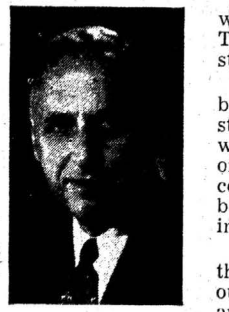
Although we operate in States that have excellent networks of highways and an increasing number of airways, nevertheless, the number of passengers using our trains in 1954 was 31% greater than in the prewar year 1940. Passenger revenues for 1955 have been lower than in 1954, due primarily to the discontinuance of certain trains that failed to attract sufficient traffic to cover cost of operation. We expect that passenger revenues for 1956 will be about the same as for this year, and we hope for further relief in the removal of more deficit trains.

Faster and more flexible movement of traffic, both local and transcontinental—brought about by our investments in new electronic controlled yards, line changes, heavier rail, reballasting, diesel power, many new cars, centralized traffic control, radio and other improved communications, mechanization of many former hand operations, our expanded trailer-on-flatcar service, and our soon-to-be-opened pipeline service in the Pacific Southwest—should continue attracting more and more business to our transportation facilities.

ALFRED E. PERLMAN

President, New York Central Railroad

The outlook for the railroad industry—and of the New York Central—is only as good as the people running it. We have to catch up with the times if we are going to serve our customers as we should and provide a sound investment for our owners. I am confident that the people in the industry have the power to perform this transformation if the right tools and methods to work with are placed in their hands.



Alfred Perlman

That is what we are trying to do now on the New York Central. The results so far show in our improved cash position ($76 million now against $26 million a year ago) and in our net income ($30 million for the first seven months of 1955 against a deficit of more than $7 million in the same period last year).

These results have been achieved in part by speedy cost controls, something the railroad lacked when the new management took office, and by more efficient operations. They have not been achieved at the expense of the property.

When the Central's component parts were consolidated into the present great system, the process of digestion and rationalization which should have taken place never really got more than started. We are pressing forward with the consolidation of shop facilities for more efficient repair work, the beginning of electronic signalling which will enable us to do as much work at tremendous savings with two tracks as we have handled on four, and in the installation of new devices like the spectrograph and electron microscope which are saving us millions in fuel costs and repairs.

The Central is studded with yards. However necessary they may have been when this was a string of smaller roads, now they are a series of stoppers, clogging traffic. We have made a start at consolidating these and we are working with Carnegie Institute of Technology to determine the best location of our major classification yards for the most efficient operation.

These are physical problems. We're moving ahead on other problems of the railroad, too; a new concept of passenger equipment, personnel training and development, improved accounting, corporate simplification, incentives for employees, etc. We may not be moving as fast as we would like, for there is a long way to go. But we are moving as fast as any optimist could have hoped for a year ago, and the future looks good.

I am making no predictions as to how well the New York Central will end the year. I am optimistic, but I cannot help but be when I see the results so far in 1955. One reason we are doing so well is because we are paying no income taxes. I expect this bittersweet state of affairs to change before long. When we are paying income taxes, lots of them, the Central will have begun to come into its own.

R. N. SHIELDS

President, The Pittsburgh & West Virginia Rwy. Co.

The Pittsburgh & West Virginia Railway Company did not begin to feel the effects of the upturn in business until the month of March. As a result our earnings for the first quarter were disappointing, amounting to $141,600, or 47 cents per share. In the second quarter we earned $241,600, or 79 cents per share, making our net for the first six months $383,200, or $1.26 per share. Our carloadings for July are running 23% ahead of last year and slightly ahead of July, 1953.

R. N. Shields

With the prospect of the steel industry operating at very close to capacity for the rest of the year and other industries operating at high levels, we believe that a conservative estimate of our earnings for the year 1955 will be $3.00 per share prior to tax adjustments. The repeal of Sec. 462 of the Internal Revenue Code will increase our tax liability by about $121,000, and we will have other tax adjustments of about $30,000. We expect to charge out this $151,000 in tax adjustments in our December statements, and this year-end adjustment will have the effect of reducing our earnings by about 50 cents a share. While earnings after tax adjustments of $2.50 will be less than the $2.80 earned last year, 83 cents of last year's earnings were due to nonrecurring tax credits.

The long-range outlook for The P&WV is very good because we have along our railroad what we believe to be the best remaining acreage for industrial sites in the area. The plots range in size from 25 acres to 2,000 acres. An intensive campaign to attract new industries to our line was inaugurated about a year ago, and to date we have closed agreements with seven concerns that have located or will locate their operations on our railroad. While not one of these industries will in itself produce a large traffic volume, collectively these industries will produce a sizable amount of freight revenue.

Within the past few weeks we hit the jack pot when the Parkway Terminal Company decided to locate a Thirty-Million-Dollar Planned Industrial Development on our railroad adjacent to our Rook Yards. When completed this terminal will contain two million square feet of floor space suitable for light manufacturing and warehousing. We believe that a conservative estimate of its potential, from a gross revenue standpoint to The P&WV, is about $500,000 per year.

In addition to increased revenues, these new industries will provide a greater diversification in traffic, leaving The P&WV less vulnerable to the wide fluctuations in steel operating rates.

Furthermore, our coal traffic is heavier than it has been at anytime during the past three years. The P&WV straddles hundreds of millions of tons of virgin coal which up to the present time has not been mined because of market conditions. With the increased demand for coal and the depletion of other mines in the district, we believe that our coal traffic volume will improve steadily in the years ahead.

It is my belief that the nation is on the threshold of the greatest era of opportunity ever experienced. With our rapidly increasing population, industrial expansion, and modernization there will come an ever-increasing traffic volume. Dieselization, mechanization of maintenance-of-way operations, central traffic control, and generally improved practices should all add up to a greatly increased earning capacity for the railroad industry.

H. E. SIMPSON

President, The Baltimore and Ohio Railroad Co.

H. E. Simpson

As we now see it, we expect to have roundly $400,000,000 gross revenues for the year, with net income of something over $20,000,000. For the first half of the year, this company had gross earnings of $203,209,429, with net income of $12,645,998. It is not expected net for the second half will equal that of the first half because of our heavy maintenance program for the last half of the year.

JOHN W. SMITH

President, Seaboard Air Line Railroad Company

Last year this time, the country was emerging from a period of financial adjustment which it had entered shortly after the end of the Korean War. There had been some concern felt about the probable severity of the adjustment, but fortunately the downward trend was comparatively slight.

John W. Smith

As a matter of fact, the so-called adjustment turned from a negative aspect into a movement of such a positive nature that recently some economists have been mentioning the possibility of a mild national inflation. To us of the Seaboard, this does not seem likely. The Seaboard serves the six southeastern states of Virginia, the Carolinas, Georgia, Florida and Alabama, and the general economy of this area continues to develop at a rapid rate along sound and healthy lines.

One of the reasons for this good condition is that these states have attracted many new and diverse industries which have given even greater promise to the areas in which they are located. In the past four years—from 1950 through 1954—the population in the six states the Seaboard serves increased from 18,776,000 to 20,381,000, a sizable growth and a very important one considering the steadily developing retail trade and business volume of the area.

The business volume in these six states has shown consistent and dynamic growth, which is indeed a true reflection of the increase in population. For instance, from 1939 through 1954, the business volume in the six states mentioned has gone from $14,604,000,000 up to $75,058,000,000, or about $4,000,000,000 average gain each year during the 15-year period.

As a further indication of the Seaboard's confident faith in the continued upward trend of business in the area it serves it has at this time on order 25 new lightweight stainless steel passenger cars, 1,000 all-steel box cars, 200 covered phosphate cars and 200 covered cement cars, 10 new diesel electric freight locomotives, and has a rebuilding program underway on 12 other

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LETTER TO THE EDITOR:

Takes Issue With Dr. Spahr On "Irredeemable Currency"

Dr. Ernest R. Gutmann present arguments to indicate that our gold stock may not be adequate to support a redeemable currency. Concludes we must be satisfied with a gold bullion standard as "a gold coin standard is out of reach."

Editor, Commercial and Financial Chronicle:

Unsolicited I have to come to the aid of Dr. W. Randolph Burgess, Governor William McC. Martin, Jr., the National Association of Manufacturers, and the Gold Miners. The article in the "Chronicle" of Aug. 4, "The N. A. M. Study and Irredeemable Currency," by Dr. Walter E. Spahr (hereafter called the author) should not be allowed to go unchallenged.

Dr. E. R. Gutmann

After this preamble, let us examine the facts to see if actually "our gold stock is more then adequate to support a redeemable currency" as my opponent contends.

In the first place, as the old double-eagle was minted at $20 an ounce, the new double-eagle, which would have to be minted at $35 an ounce, would have to have half the size.

Second, according to the 1934 definition, a dollar is equal to one thirty-fifth of an ounce of gold. If such a coin had ever made it appearance in 1934 (in reality, coinage was put out of commission by law), it would have belonged "to a price level of 0.75 cents" for wheat and 0.75 cents for wages. Only at this level would the standard have been able to fulfill its basic functions according to the 1934 definition.

Third, in 1955, with wheat at $2 and wages at $1.90 on the average, we have to face an entirely different situation. To reintroduce a coin in 1955 at the 1934 basis, which the author proposes, would mean that we would have to push all prices back to the 1934 level in order to arrive at equilibrium. If we fail to do that, the standard will never regain its inherent corrective powers.

Fourth, if we attempt to push all prices back to the 1934 level, we would create by this endeavor the most beautiful case of violent deflation anybody has ever seen. We would simply invoke the very condition we are trying so hard to build up a defense against in depth, knowing that it would be socially and politically a ruinous move.

Fifth, a gold coin circulating under these conditions would mean that we would give away an ounce of gold at $35 (1955 dollars) instead of at $35 (1934 dollars). The difference between the two periods is a shrinkage of 48% in that part of our monetary unit in which we are off the standard. This is on par with the idea of giving our substance away at $16.83 (1934) because we would circulate by contract and definition in 1955—1934 dollars. Or, expressed conversely, a value of $67.34 (1955) would be put in circulation at $35 (1955), really a bargain, which would be taken up by many people anxious to protect their savings. To give one practical example, in France, where the government has $550 million in gold, and the citizens have $4 billion in boarded gold, the soul of France came and got it. Nostalgic historic reminiscences as to withdrawal ratios are worthless. The situation has completely changed and the experience of the public has changed with it. There is no such thing as "Inflation without Tears." Inflation is partial repudiation. The difference is only in degree, not in kind.

Sixth, we must now look into these ratios and their coverage Bills in circulation are $30 billion; bank deposits are $200 billion; government, state municipal, and local obligations are $250 billion (outside of permanently established funds); and corporate securities are $175 billion. This comes to a total of $665 billion. Withdrawal of only 1½% of these liquidable assets for the purpose of converting them into gold would bring the Federal Reserve banks below their legal requirements. Insurance with over $300 billion is not taken into consideration, nor is one single cent for the potential claims of holders of foreign short-term credit balances. They amount to $12¼ billion today. It is highly misleading not to include these claims, or to minimize the potential danger as the author does, because $2¾ billion in gold were actually withdrawn in the last six years in this category. Earmarked gold has no place at all in this discussion, that is, gold held in safekeeping for other nations, which have the same right to protect the savings of their citizens as the author demands for us.

The reasoning given above should furnish conclusive proof (facts and figures are official and easy to verify) that we have to be satisfied with the gold bullion standard and that a gold coin standard is beyond reach. Dr. Burgess is of this opinion. Governor William McC. Martin, Jr., is of this opininn. The National Association of Manufacturers is of this opinion. I am of this opinion. Only the author and his group contend that our gold stock is more than adequate to support a redeemable currency at the 1934 basis. I hope to have demonstrated this incongruity.

Equally unsolicited I have to defend the Gold Miners and take exception to the detached "remarks heaped upon them." They had to sell their product at $35 in 1934 and are forced to sell it at $35 in 1955. In the meantime, they have had the same increase in costs and wages as any other industry. I would like to hear the howl if that had happened to somebody else. It is small wonder that over three-fourths of this industry fell by the way side and that production is $60 million instead of $200 million in former times. The joker of it all is that it just had to happen to "King Gold," the monetary metal which all other prices are referred to. Is that pure or poor coincidence? Brass doubled! Even if no action is taken on gold, the march of events will force the issue.

Dr. ERNEST R. GUTMANN
60 Broad Street, Room 1603-4
New York 4, N. Y.
August 8, 1955

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Transfer of the Exchange membership of Ferdinand A. Straus to Maurice S. Byck will be considered by the Exchange on Aug. 18.

John C. van Eck, Jr. retired from Steckler & Moore July 31.

Lewis G. Salomon general partner in F. L. Salomon & Co. became a limited partner effective July 1.

Robert J. Connell Opens

(Special to The Financial Chronicle)

DENVER, Colo.—Robert J. Connell, Inc. has been formed with offices in the First National Bank Building to engage in a securities business. Officers are Robert J. Connell, President; Everett T. Bohlen, Vice-President; and M. M. Carpenter, Secretary. Mr. Connell was formerly with Brereton Rice & Co.

Form Interstate Inv. Co.

(Special to The Financial Chronicle)

DENVER, Colo. — Interstate Investment Company has been formed with offices at 2740 East Third Avenue to engage in a securities business. Officers are Omar E. Garwood, President; Durwood D. Vernon, Vice-President; and Cecil E. Hellbush, Secretary-Treasurer.

Railroad Executives Discuss Outlook for the Industry

Continued from page 22

diesel locomotives and 300 gondolas, all at a cost of about $19,515,000.

The Seaboard looks forward to the immediate future as a time that will show an even greater and faster expansion in the states it serves. The growth that has come about in the area in the past 25 years is amazing. Seaboard's record in the past gives every reason to have full confidence in its ability to continue to grow with the territory it serves.

H. H. SIMMS

President, Atlanta & Saint Andrews Bay Railway Company

The national economic picture has been so considerably improved this year that I can see nothing to interfere with the railroads having one of the best years, both for gross and net profits, that they have experienced for quite some time. The only obstacle for this result to obtain would be their inability to supplly shippers with an adequate number of freight cars, particularly box cars. With the automobile and steel industries flourishing and with an almost unprecedented home building program continuing, the railroads should have much greater tonnage available than last year, and with the bumper grain crop still to be transported the tonnage outlook is indeed promising. It is to be hoped that shippers and receivers will cooperate in loading and unloading cars with utmost dispatch so as to make those cars available for more frequent service.

H. H. Simms

As for our own railroad, I believe that we will surpass last year's tonnage by 7 or 8% and last year was one of our best years.

R. H. SMITH

President, Norfolk and Western Railway Company

About the same time last year we pointed out that our business and resultant net earnings during the first seven months of the year had been quite disappointing as compared with previous years, but that an improvement during the remaining months of 1954 was anticipated and that the property, including particularly the rolling stock, was being maintained in condition to take advantage of the expected increased volume of business.

R. H. Smith

The anticipated improvement in business conditions developed and the earnings for the year as a whole were only about 6% less than the previous year. The improvement in volume of traffic and resultant earnings has continued and, in fact, increased during 1955 with the result that our net earnings for that period are approximately 70% ahead of the net earnings during the first half of 1954. In making this statement, however, it should be remembered that the comparison is with one of the poorest periods of business and earnings which we have experienced in many years.

The outlook for the balance of the year and the future is encouraging. Coal production is again on a good level. Export coal is moving in substantially better volume than for several previous years. This is a tribute to the resourcefulness of the American coal producers who by the expenditure of tremendous sums for mine mechanization, improved cleaning and preparation plants are producing coal of a quality and at a cost which permits them profitably to sell it 3,000 miles away in the European areas at a cost less than those countries which were originally self-sufficient in coal can now produce it. This is true even with respect to England, which was only a few years ago a large supplier of coal to the world. And it is true in spite of the fact that the American coal mining wage scale is by a wide margin the highest in the world.

Aside from the coal industry, other manufacturing industries have generally recovered from the post-Korean slump of late 1953 and early 1954 and are back on a high volume basis. This is true on our railroad and, in addition, we are beginning to get the advantages of the traffic from new industries located along our line in the last few years.

The only disturbing feature of the situation is the tremendous increase in the cost of railroad equipment and maintenance material. A freight car today costs well over twice as much as the same car cost at the beginning of World War II, and railroad wages have gone up more than 150%. A mile of rail with fastenings costs 2½ times as much as it did at the beginning of the war. Freight rates, the principal source of the railroads' revenues, have not gone up in anything like an equal proportion.

But we are optimistic about the future for our railroad and the railroad industry.

W. G. VOLLMER

President, The Texas and Pacific Railway Company

The mood of the people of the United States today is that of peace and prosperity. In varying degrees, a similar mood exists throughout most of the world.

Prospects for the realization of both are better today than they have been for a great many years.

W. G. Vollmer

At the recent Geneva Conference a friendly atmosphere prevailed among the leaders of the world's major powers, which is a hopeful sign.

It is the hope and prayer of millions of people the world over that the cold war gradually will subside and eventually die out . . . completely.

Meanwhile, the economy of the nation has moved steadily forward. At mid-year the forward momentum created by rising income and expenditures has carried industrial output and aggregate production to new high ground.

The trend of employment and consumer income has been upward, a situation which is likely to continue throug out the last half.

Present indications are that inventory buying by business firms will remain substantial for the immediate future.

Outlay for new plant and equipment is expected to continue its rise.

The supply of money appears to be reasonably easy, although interest rates may edge a little higher and installment credit may tighten up a bit.

Present indications are that both the gross national income and personal income for 1955 should surpass that of 1954.

Businessmen and economists generally are agreed that the outlook for the last half of the year is good . . . and the present level of business should carry over into 1956.

From the standpoint of the railroad industry, traffic volume and gross revenues are running ahead of 1954, but behind the peak year of 1953. Unless something now unforseen occurs to upset the general upward trend in our national economy, the last half of 1955 should equal the first half. If it does, and such seems to be the general belief, both gross and net revenues should be somewhat better than 1954, but not equal to 1953.

Favorable action by the Congress upon some of the principal recommendations in the Report of the President's Cabinet Committee on Transport Policy and Organization is one of the immediate needs of the railroad industry.

Such action would be helpful in bringing about greater equality of opportunity among the carriers in their competition for the nation's traffic. It also would serve to increase the efficiency and the economy of our national transportation system, all of which would prove beneficial to the public.

WM. WHITE

President, The Delaware & Hudson Railroad Corp.

There is nothing wrong with the railroads that adequate profit won't remedy. The public should not be misled by a comparison of this year's earnings with last, as last year was a very poor one. The rate of return for the last 12 months was only 3.75%, which any businessman will recognize as inadequate. And even this low rate of return is misleading because it is inflated by reduced income tax accruals due to accelerated amortization and by some deep cuts in maintenance expense. Like any other business, railroads must earn an adequate return over the long pull in order to pay good wages, good dividends and give good service.

William White

The Cabinet Committee Report, if enacted into legislation, would offer a partial solution to inadequate earnings because its basic philosophy is to remove some shackles that prevent the railroads from adequately meeting their subsidized competition. But, in addition, another philsophy must be adopted, namely, that all forms of transportation that use for commercial purposes facilities that are provided with public monies must pay an adequate user charge therefor, and that applies to highways, airways and inland waterways, because no private enterprise operating without subsidy can complete with competition that is subsidized. This is equally as true with transportation as it is with power.

Also, the railroads must reduce their passenger deficits and in that they need the help of public authority, which must accept the fact that service which is not sufficiently used to provide revenue that covers its out-of-pocket cost is not necessary in the public interest. The railroads need help to accomplish these things—help that is reasonable and does not touch the public purse. Given this help the rest is up to railroad management, and it will not fail.

In our lifetime we have seen revision of laws regulating transportation only twice, and each time it was because the country became scared. The first time was after World War I when the country was scared about its railroads; and the second time after the wave of bankruptcies of the 1930s when the country was again scared. Since then subsidized competition has become more acute and the need for a new philosophy of regulation is greater than ever before. So the country ought to be scared again, but I fear it isn't, particularly the members of Congress. It shouldn't take a crisis to bring about a fair deal. The Congress and regulatory authorities should be keen to give the railroads a fair deal, and that's all they ask. Railroads aren't seeking to dip into the public treasury. That ought to be a novel experience for Congress.

S. R. YOUNG

President, Atlanta and West Point Rail Road Company, and The Western Railway of Alabama
Chief Executive Officer, Georgia Railroad

During the first half of 1955 our lines experienced labor difficulties which curtailed operations for approximately 60 days, and caused a substantial decline in revenues, as compared with 1954. Following resumption of full operations on May 11, 1955 former traffic returned to our lines in gratifying volume, although complete recovery was not effectuated until sometime later. At present the level of our tonnage is rising, and we anticipate further increases in the months ahead. Appraisal of our earnings for the year cannot be forecast at this time, but with continued growth in volume net income is expected to exceed the 1954 figures.

S. R. Young

These lines are in the group of Class I carriers referred to as "smaller railroads," and a substantial volume of our tonnage represents through or overhead traffic. In order to maintain a competitive position, these lines must, therefore, rely upon fast dependable schedules. The Atlanta and West Point Rail Road—The Western Railway of Alabama operates between Atlanta, Georgia and Montgomery, Alabama, two fast through freight trains in each direction daily, while on the Georgia Railroad between Atlanta, Georgia and Augusta, Georgia a like number of through fast freight trains are also operated in each direction daily. In addition, closely coordinated schedules are maintained between the Atlanta and West Point Rail Road on the one hand and the Georgia Railroad on the other. Adequate local freight service is also operated by each of the three lines.

To provide expedited service on connecting line tonnage to, from or via our lines, we maintain through schedule arrangements with the Nashville, Chattanooga & St. Louis Railway and Louisville and Nashville Railroad at Atlanta, Georgia; with the Atlantic Coast Line Railroad and Charleston & Western Carolina Railway at Augusta, Georgia; with the Savannah & Atlanta Railway at Camak, Georgia; with the Louisville and Nashville Railroad at Montgomery, Alabama, and likewise with the Louisville and Nashville Railroad at Selma, Alabama.

We also operate the Crescent Limited and the Piedmont Limited, both of which are modern equipped through passenger trains between New York and New Orleans via the A. & W. P.—W. Ry. of Ala. In addition, we operate one local passenger train in each direction between Atlanta and Montgomery and two passenger trains daily between Atlanta and Augusta, one of which is a through train operating to and from Wilmington, North Carolina.

We are encouraged about the potentialities for industrial development along our lines. This territory has already experienced considerable growth in this direction, and prospects for further development are very bright.

Government regulations, to which air, highway and water carriers are not subjected, have tended in the past to divert business from these lines along with other rail carriers and thus have diminished their net earnings. However, recently Federal legislation has been proposed which, if enacted, will allow the rail carriers to compete with other forms of transportation on a more equitable basis. This should improve the net earnings of the rail carriers and also create a much stronger national transportation system.

The Atlanta and West Point Rail Road and The Western Railway of Alabama contemplate purchase of 100 new box cars and 50 gondola cars at an early date. Georgia Railroad will acquire 100 additional woods rack cars to accommodate increased demand in loading of pulpwood.

Public Utility Securities

By OWEN ELY

Atomic Power and the Utilities

Warned perhaps by the political issue over public vs. private hydro power, the utility companies have made every effort to cooperate with the Atomic Energy Commission and other Government agencies in the development of new "atomic power" generating units. Recent progress in this field has been highlighted by the Geneva Convention.

In March, 1954, Duquesne Light Company agreed with the AEC to purchase the steam to be produced by a 60,000 kw reactor plant to be built for the AEC by Westinghouse Electric. The utility company agreed to contribute the land and pay $5 million of the cost of the reactor, or at the rate of perhaps roughly $100 per kilowatt. However, this cost was not to include the cost of the reactor and generator, etc., which were estimated in the press at $25 million or more, although no authoritative figure was made available. Assuming that the amount mentioned should prove correct, total cost might exceed $500 per kw, which compares with about $150 per kw for a large fuel-burning plant.

Duquesne Light agreed to buy the steam at a rate estimated at about 4.8 mills per kwh, which was about twice the production cost at its new and efficient Elrama steam plant. Duquesne's offer was the most favorable to the Government of 9 bids submitted by utility companies or communities.

Early in 1955, Admiral Strauss, Chairman of the Commission, requested proposals from private companies by April 1 for constructing atomic power reactors. Companies submitting acceptable proposals would qualify for Federal cooperation and assistance "within the limits of available funds." The Commission promised that private power producers would receive a guaranteed price for seven years for the plutonium which would be turned out as a fission by-product. The Commission also a greed to sell or lease uranium, thorium, and heavy water to the utilities, or lease processed uranium and plutonium, at "fixed" prices (subject only to change with the general price level). Cooperation in research and development work would continue.

Meanwhile, a large number of utility and industrial companies had set up research teams to study construction and operating costs for various types of reactors. In New England a group of utilities formed the "Yankee Atomic Electric Company" to construct a moderate-sized plant. Consolidated Edison of New York, just prior to the Commission's announcement, had announced plans for a $55 million plant with a pressurized water, thorium-uranium convertor reactor at Indian Point on the Hudson River, some distance from New York, with an estimated capacity of 236,000 kw and an indicated cost of about $233 per kw.

Babcock & Wilcox, leading boiler producers, had set up a large research staff and about this time estimated that they could build a nuclear plant which could produce electricity for less than 10 mills per kw as compared with an estimated 11-20 mills (including capital cost) for the Duquesne power plant. While the 10-mill cost was well above the 6-mill operating cost for many of the big electric steam plants built in the postwar period, nevertheless it was considered to be almost competitive in New England where fuel costs are relatively high.

Recently, General Electric announced development of the "dual-cycle" boiling water reactor which will, it is reported, reduce both capital and operating costs. Construction costs are estimated at some $200-$270 per kw. The company will build, with AEC approval, a $45 million nuclear power plant in Illinois for Commonwealth Edison and the Nuclear Power Group, using this new type reactor. This plant is to be built 44 miles southwest of Chicago and will have a capacity of 180,000 kw. Cost works out at about $250 per kw, and the plant is expected to be ready for operation by 1960.

General Electric estimates that this new plant can produce power at an operating cost around 6 mills, which will be competitive with fuel-burning plants, so long as it is operated almost *continuously*. Such "base load" operation reduces the kwh cost considerably for such inflexible overhead items as depreciation, local taxes, interest and dividends, etc. It also claims that the dual-cycle type is much more flexible than the regular boiling water reactor with respect to handling changes in the load.

The boiling water reactor is considered much safer than other types, since in effect it has its own built-in fire department. If the reactor should get out of hand (as happened a year or two ago at the Chalk River Canadian plant) the water surrounding the nuclear fuel would turn to steam, and since fission is dependent on the presence of water in this type reactor, conversion of water to steam would automatically stop fission. This reduction in risk is an important item in both capital and operating costs; it reduces the amount of land necessary to surround the plant, and also reduces the cost of insurance and safety precautions.

The AEC recently authorized a group headed by Detroit Edison to build a 100,000 kw plant at Monroe, Michigan, to be ready for operation in 1959.

Niagara Mohawk Power is the first utility actually to distribute atomic-generated electricity to its customers. The company contracted to buy power on a temporary basis from a reactor at West Milton, N. Y., owned by the AEC. This was a land-based prototype (experimental duplicate) of the submarine power reactor built by General Electric. Niagara is buying part of the output on an interruptible basis at a cost of only 3 mills, a bargain rate. The company gained some favorable publicity by the move, although the amount of power to be obtained is only a "drop in the bucket" compared with the company's huge kwh output.

General Public Utilities has just announced that it plans to build an atomic power plant in the Philippines, where the cost of coal is about twice as high as in the U. S. areas served by GPU subsidiaries.

Forms Top Inv. Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Thomas C. Yager is conducting a securities business from offices at 610 South Broadway, under the name of Top Investment Company.

Chicago Inv. Women To Hold Luncheon

CHICAGO, Ill. — Investment Women of Chicago will have a summer luncheon for members and guests at Honey Bear Farm, Genoa City, Wisconsin, on Saturday, Aug. 13, 1955.

Securities Salesman's Corner

By JOHN DUTTON

Some common sense regarding the use of the Mutual Fund prospectus

What I wish to discuss this week may not meet with the approval of some of those who believe that a salesman should completely and fully disclose every available fact pertaining to Mutual Funds, before he takes the order—whether or not his client wishes to know them or not. Don't misunderstand this statement. I agree, if an investor wants to know all the details about the acquisition cost, its exact amount, how it is determined, who are the attorneys, the exact amount of management fee figured to four decimal places, certainly see that they are provided. Once in a while you will come across an investor who not only looks under the hood but who also wishes to take apart the carburetor—let him do it.

Sell Intelligently

After a good many years of experience in the sale of intangibles I think I can state that most people want a **limit of talk** about how a thing is put together when they buy it. This holds for life insurance, securities, mutual funds, or a title policy on a home. They want to know what their investment will do for them. If you want to make sales, keep your technical talk down to a minimum.

What does the average investor care about the acquisition cost of a Mutual Fund if he **knows and believes that if he puts his money to work in a good fund than 10 years from now he will have a better chance of obtaining a larger retirement income than if he left his money wasting away at 2%?** The sale that hinges on whether or not an investor should pay an acquisition cost on a Mutual Fund of 3%, 4%, or 8% is the wrong kind of a sale. He isn't buying an acquisition cost—he's buying more income, more growth, more inflation protection, more convenience, or any combination of of these things. That is what you should sell.

Deliver the Prospectus

All the details are in the prospectus. After you have made the sale and you have covered any points brought up by the customer to his satisfaction, give him a prospectus. Don't leave the front door open to a future disagreement because he saw that the acquisition cost was 8% and you never mentioned it. Bring it up but do so without underemphasis or overemphasis. It is a minor consideration anyway. If the investment isn't going to bring your customer a decided advantage over his presently available cash funds, savings accounts, or other securities, then don't take his order in the first place.

I have found it very acceptable to prospects considering Mutual Funds to tell them that the acquisition cost covers both the purchasing and sales expense of the investment. I point this out as an advantage—which it is. When you buy real estate you usually pay a price that includes the real estate salesman's 5% commission and when you sell that real estate you pay it again. You pay a commission when you buy a stock; you pay another when you sell it. All investments when bought must be appraised from the standpoint that some day they may be sold. The Mutual Fund is the only investment of which I am aware that does not impose a selling cost on the buyer. When you pay your acquisition cost you are through with the expenses connected with the ultimate disposal of the Fund should you desire to do so. This is a pleasant and dignified way to cover the acquisition cost of a Fund—and it is the correct way to show that the 8% charge is only a 4% charge for the round trip.

Don't go off on a long dissertation trying to prove that the investor should not mind paying the acquisition cost. Mention it and get back to the important things which interest your customer. How can he be better off financially!

Don't Labor the Technicalities

Every sale depends upon the confidence your prospect has in you, in your firm, or in the organization that stands behind a Mutual Fund, or a combination of these factors. No sale can be made unless that confidence is established first. I continually labor that point in this column but it is basic. Get the confidence of your prospect first. Sometimes you can do it through a recommendation of a friend, or in one interview. It depends upon your sales ability, your personality, your belief in your product to do the job for which it is intended.

When you have this confidence don't overtalk the technicalities. Offer a good Fund that meets the prospect's requirements, then talk about those requirements. You should spend at least 60% of your sales time discussing and emphasizing the prospect's needs and the benefits that he will have when, after allowing for suitable reserves, he changes his low income producing savings accounts and cash to a better paying Mutual Fund that has a possibility of growing over the years.

"Over here, Mr. Prospect, you are receiving $1,000 a year in income on which the Federal Government is taking several hundred dollars away in taxes. Your money cannot grow, at best it stays the same, and you know the purchasing power of these dollars has been steadily decreasing for many years, isn't that so? Ten years from now, 15 years from now, you will want more income than you have today, that is why you have told me you are saving part of your present income. Why not then obtain these advantages —instead of $1,000 a year income before taxes which you now have, shift your assets into this professionally managed Mutual Fund which has its assets invested in over a hundred of the greatest business organizations in this country and you should obtain at least $2,000 a year before taxes, based upon past experience and a reasonable appraisal of the future which lies ahead. When Uncle Sam gets through with his tax bite you should still have about $1,600 of income to reinvest for the future instead of around $800 as at present."

And go on from there. Enumerate each point, show what the prospect **will lose if he doesn't do this.** (Once you have convinced him that he will be better off in terms of **BENEFITS**, how much do you think should be devoted to discussing unimportant matters such as acquisition cost, how it is figured, management fees, and the mechanical phases of an investment?) The less the better!

Don't mislead, don't oversell, don't fail to disclose necessary information. But don't sell these mechanical things that no one wants to buy. You are selling benefits not legal and technical details pertaining to the production and selling expenses involved in the distribution of Mutual Funds. That is of interest only to those who make them and you who sell them. The people why buy them want to know the good things an investment **WILL DO FOR THEM.**

With Columbia Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — Sam Badis is now connected with Columbia Securities Company, Incorporated, Equitable Building.

With Skyline Secs.

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—Carl G. Johnson is now with Skyline Securities Inc., 1719 Walton Street.

Drexel to Admit

PHILADELPHIA, Pa. — Drexel & Co., 1500 Walnut Street, members of the New York Stock Exchange on Sept. 1 will admit Edward Starr 3rd to partnership.

New Parrish Partner

Edward V. Jaeger will be admitted to partnership in Parrish & Co., 40 Wall Street, New York City, members of the New York Stock Exchange, on Sept. 1. Mr. Jaeger has been associated with the firm as economist.

E. H. Lockwood Opens

(Special to THE FINANCIAL CHRONICLE)

LONG BEACH, Calif. — Ernest H. Lockwood II is conducting a securities business from offices at 4252 Atlantic Avenue.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week—Bank Stocks

In June there was a discussion in this space of the prospect not only that interest rates generally were soon to harden, but also that loan volume among the leading New York City banks was on the increase, and that the incidence of better rates and rising loans was likely to make its appearance in September, more-or-less at the time that the seasonal loan expansion started. The customary pattern is for loans to start their increasing trend in very late summer, preparatory to the movement of crops from the farms and to the building up of inventories by retail trade for the fall and winter needs of the economy.

On Aug. 4 Chase Manhattan Bank announced an increase from 3% to 3¼% in the rate for loan accommodation for the best names —the "prime rate." Their lead was quickly followed by a number of the other large banks, and those in a number of other cities joined the move. In the opinion of some bank officials the move to a higher prime rate should have been initiated earlier; but it is probable that the banks did not want to give the appearance of interfering with the heavy july financing by the Treasury as would have been the case if the rate had been advanced at a time when the Treasury was trying to do its refunding at as favorable terms as could be.

At the June 30, 1955, quarter-date the 13 leading New York City banks had loans on their books totaling $13,061,237,000. As the increase of one-quarter of one percentage point in the prime rate will extend to lesser-name borrowers as loans mature and are replaced, it is obvious that the banks will derive the benefit of the higher rate on a large part of their loan portfolios. And loan totals have been growing. A year ago at this time loans in the New York Central Reserve district were less by approximately $1,717,000,000; and boom business conditions have resulted in weekly increases recently at almost every reporting day.

A reflection of the trend was the decline in stock prices on Aug. 5, the reasoning here, right or wrong, being that with a tighter money supply there would be less funds available for investments which in turn would curtail the demand for stocks. The development will be felt in the bond market; the 90-day bill rate in the Aug. 9 week went to 1.889%, the highest figure in a number of months.

The new prime rate is as high as it has been in 22 years, although the same rate was in effect for some time prior to March, 1954, when it was reduced to 3%. What really is taking place is a two-way squeeze. Loanable funds are in short supply, with reserves at the Federal Reserve running to a deficit figure, while the demands of industry and trade for loan accommodation are on the increase. Whereas in the first half of 1954 loans in this district contracted by $953,000,000, in the like period of 1955 the expansion amounted to $391,000,000.

A move by the money authorities to put some restraint on borrowing was the recent move in some Reserve districts to increase the discount rate from 1¾% to 2%. This is the rate charged by the Reserve banks on their loans to member banks. In other words, at these existing rates, member banks may borrow at 2% from the Reserve bank and lend to prime-name borrowers at 3¼%. But the increase in the discount rate makes this operation less attractive for the bank borrower, and, as has been indicated, is used as a restraint rather than for any other purpose.

Historically, the 3¼ rate for best-name borrowers is not high. All through the 1920's it ruled around 5%, touching 7% in 1920; and it was only the depression of the 1930's that brought the rate down, as business contraction at that period brought few borrowers into the loan marekt.

Two possibilities exist for a reversal of the present trend. First, if general business stages a letdown the demand for funds will be reduced. Secondly, the Federal Reserve may lower reserve requirements against the bank's deposit liabilitiy, and it may also go into the bond marekt to buy governments, and thus supply funds with which to increase the banks' loanable funds. But, as at present there is a policy of mild restraint on business, it is probable that neither of these two possibilities will be used to such an extent as to interfere with the brakes that are now being applied.

The effect on the banks is to enable them to show better earnings. Ad why not? This industry has been a whipping-boy and a stepchild far too long, and has not been able, because of the long period of artificially easy money, to participate as it should in the boom economy. For a strong banking system an adequate rate of earnings on capital funds is an essential, and the banks are only beginning to get into that position.

Join Morton Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Halstead M. Bradley, Kenneth E. Chase, Thomas R. McKenna, Roger R. Marceau and Charles M. Roberson have joined the staff of B. C. Morton & Co., 131 State Street.

FIF Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo. — William E. Barrett, Norman D. Beard, Robert E. Day, Daniel V. Koontz and William W. Milam, Jr. have joined the staff of FIF Management Corporation, 444 Sherman Street.

Continued from first page

As We See It

some of them, as well as so-called fly-by-night lenders, have been making loans on various types of consumer durables and to home owners with an abandon well calculated to give prudent people real uneasiness. The mere volume of these loans as reported in the official statistics is enough to attract attention. This is particularly true of loans of this sort made by commercial banks and loans made by these banks to finance companies which in turn lend to consumers. But the increase in the volume of such loans is but one aspect of a situation which to common knowledge among the matriculate carries other elements of danger more disturbing than the amount of money loaned in this way. Unfortunately, none of the currently compiled and published statistics in these fields do or could give a clear picture of this aspect of the situation.

There are literally dozens of ways in which loose practices both in the motor car lending and the real estate mortgage fields can be made to remain out of view in any and all of the figures ordinarily published. With the second hand car market in the state it now is, it is often—perhaps we should say usually—all but impossible to tell precisely what down payment is actually made on a new car purchased. The so-called balloon note is only one of the techniques employed to disguise the real term the loan is to run. In the real estate field, the most common abuse in times past, and no doubt present now, is the over liberal appraisal for lending purposes, but there are others which do not show in the published statistics.

No More Regulations!

In recent years the tendency in such situations, when action was contemplated, has been to enact legislation providing for more public regulation. At best such measures—which really have no place in our free enterprise system in any event—would prove something less than fully effective in such a situation as that which now exists. We hope that the authorities will stick to their resolution not to indulge in such authoritarian procedures.

In the present situation it is understood that chief concern in Washington is felt about the part that commercial banks are playing in all this. It is understandable enough why this should be the case. When a finance company, a savings bank or some other lender takes what is saved by one individual and lends it to some other individual the net of it is simply that the spending of a certain sum of money is transferred from one holder to another; when a commercial bank lends to a consumer, a home owner or a finance company which is to finance a consumer or a home owner, the funds for the purpose are often, not to say ordinarily, actually created, thus adding to the sum total of so-called purchasing power or money supply. These specially created deposits represent high powered funds and can be really troublesome in the course of time. It is in this area perhaps that the authorities could, if they would, be most effective in placing a cautionary hand upon the over-expansion of credit.

Broader Action Necessary

It seems to us, however, that the program to be effective and to be fair all round should go a good deal further than is now suggested in dispatches from Washington. Take the field of consumer credit, particularly in the motor field. Mere restriction of the banks in this field, leaving sales finance companies and others free to borrow from the banks and lend to consumers, would be neither effective nor fair. Nor are we able to see that it is sensible to confine attention to two fields—consumer credit and mortgage credit—leaving all others to borrow at will. An over liberal credit policy as respects other elements in the community easily creates funds which may be loaned to consumers or to companies lending to consumers. Let us not forget the lessons we should have learned from the old street loans "made for the account of others" in the late 'Twenties. It has often been said with truth that it is impossible to make funds cheap and abundant to everybody but the stock speculator and expect to keep funds out of the stock market. About the same can be said of these areas of consumer credit and mortgage credit. Policies of arbitrarily easy money should, of course, go by the board.

But there are still other aspects of this situation. Abuses have undoubtedly arisen in the matter of the relation between a loan and the security behind it in the form of an automobile or a home, and in the length of time loans are to run. One is often obliged to wonder, however, if lack of care in sifting loan applications is not a more serious matter at this and some other times, too. What makes an individual a good credit risk is above all adequate steady, dependable, income in relation to all fixed commitments, and, of course, a record of responsibility in financial matters. It seems to us that one of the real dangers of the present situation is that so little attention is paid to such matters once collateral is offered. We can only hope that this rather commonplace aspect of the matter is receiving due consideration when plans are laid for guarding against excesses in this field of consumer and mortgage credit.

$200,000,000 General Motors Acceptance Debentures Offered by Morgan Stanley Group.

An underwriting group headed by Morgan Stanley & Co., comprising 275 investment firms, offered for public sale yesterday (Aug. 17) $200,000,000 General Motors Acceptance Corp. 3⅝% 20-year debentures. Maturing Sept. 1, 1975, the debentures were offered at 98¼% to yield 3¾%.

This offering was oversubscribed and the books closed.

Proceeds from the sale of the debentures will provide additional working capital for GMAC for the purchase of receivables. The rise in the volume of business of General Motors dealers has materially increased the need for GMAC financing facilities, resulting in substantial increases in notes and bills receivable and borrowings. Additional borrowings are required to keep pace with the continuing strong demand for General Motors products, and the current issue is the second public offering this year, $250,000,000 in debentures having been sold early in March.

The new 20-year debentures are subject to redemption at prices ranging from 101⅞% through Aug. 31, 1956, to the principal amount on and after Sept. 1, 1970.

GMAC finances the distribution of new products manufactured by General Motors Corp. to dealers for resale and finances such dealers' retail instalment sales of new General Motors products and used units of any make. Financing related to automotive vehicles comprised 96% of the dollar volume of receivables purchased in 1954 and 97% in the first six months of 1955.

During the five-year period 1950-1954 the annual volume of receivables acquired by the company increased from $4,093,393,981 to $6,923,427,310 and for the first six months of 1955 the volume acquired totaled $4,957,599,827. Notes and bills receivable held by the company (after deducting unearned income and loss reserves) increased from $985,383,106 as of Dec. 31, 1949 to $2,521,881,787 at the end of 1954 and to $3,143,232,218 as of June 30, 1955.

GMAC consolidated total annual operating income increased from $100,974,000 to $209,671,000 in the five-year period 1950-1954 and amounted to $114,944,000 for the first six months of 1955. Income before interest and discount and income taxes rose from $64,839,000 to $143,561,000 during the five-year period and totaled $76,282,000 for the first half of this year.

Capitalization of the company at July 31, 1955, including the new debentures, is as follows: Indebtedness due within one year, $1,108,514,628; senior funded debt due subsequent to one year, $1,644,522,456; subordinated indebtedness, $325,000,000; and capital funds, $181,775,637 (at June 30, 1955).

Other members of the underwriting group include: Dillon, Read & Co., Inc.; The First Boston Corp.; Kuhn, Loeb & Co.; Blyth & Co., Inc.; Drexel & Co.; Eastman, Dillon & Co.; Glore, Forgan & Co.; Goldman, Sachs & Co.; Halsey, Stuart & Co., Inc.; Harriman Ripley & Co., Inc.; Kidder, Peabody & Co.; Lazard Freres & Co.; Lehman Brothers; Merrill, Lynch, Pierce, Fenner & Beane; Salomon Bros. & Hutzler; Smith, Barney & Co.; Stone & Webster Securities Corp.; Union Securities Corp.; White, Weld & Co.; Lee Higginson Corp.; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; Dean Witter & Co.; Clark, Dodge & Co.; Dominick & Dominick; Equitable Securities Corp.; Hallgarten & Co.; Hemphill, Noyes & Co.; Hornblower & Weeks; W. E. Hutton & Co.; R. W. Pressprich & Co.; L. F. Rothschild & Co.; Spencer Trask & Co.; Tucker, Anthony & Co.; Wertheim & Co.; and Wood, Struthers & Co.

P. S. Davies V.-P. of E. W. Axe & Co.

SAN FRANCISCO, Calif.—Philips S. Davies, West Coast banker and civic leader, has been appointed Vice-President in charge of the San Francisco office of E. W. Axe & Co., Inc., investment management firm.

For the past 21 years Mr. Davies has been an executive of the First Western Bank and Trust Company, of San Francisco, and its predecessor, the San Francisco Bank. During most of that time he was Assistant to the President, the late Parker S. Maddux.

A native of Waterloo, Wisconsin, Mr. Davies studied at the University of California and has long been active in San Francisco business and community affairs. He is Chairman of the board of the Electrical Corporation of San Francisco and a director of the Golden Gate Bridge and Highway District, Franklin Hospital, the Redwood Empire and the North Central Improvement Club, all of San Francisco.

J. E. Finn Opens

(Special to THE FINANCIAL CHRONICLE)

DENVER, Colo.—John E. Finn is engaging in a securities business from offices at 1726 Arapahoe Street under the firm name of John Finn Securities.

NEWS ABOUT BANKS AND BANKERS

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NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

George F. Baker, Jr. has been appointed to the Board of Directors of **City Bank Farmers Trust Company of New York** it was announced on Aug. 4. A graduate of Harvard, Mr. Baker is a director of **The First National City Bank of New York**, Treasurer and Director of Community Service Society, and Trustee of the George F. Baker Trust.

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The First National City Bank of New York announced on Aug. 17 that it has appointed two Assistant Vice-Presidents and two Assistant Cashiers. The Assistant Vice-Presidents are Daniel D. Dickey and Julien L. McCall, both assigned to the Southern District of the Domestic Division. Mr. McCall is a former member of tht staff of **The First National Bank of the City of New York.** The new Assistant Cashiers are Ellis E. Bradford and A. Edwards Danforth, both assigned to the Metropolitan District of the Domestic Division. Mr. Bradford was formerly in the First National Division of the bank and Mr. Danforth was in the Domestic Division.

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Directors of the **Chemical Corn Exchange Bank of New York** on Aug. 11 approved the declaration of a 10% stock dividend, subject to ratification by the shareholders at a special meeting on Sept. 7 and further subject to approval by the State Superintendent of Banks. N. Baxter Jackson, Chairman, announced that the distribution, if confirmed by shareholders, will be mailed on Sept. 30, 1955 at the rate of one share on each 10 shares held of record Sept. 15, 1955. Where fractional shares are involved, instead of receiving scrip, shareholders will receive the equivalent in cash, based on the closing bid price for its stock on Sept. 26. The new shares issued as a result of the stock dividend will not, it is indicated, be entitled to the Oct. 1 quarterly cash dividend, but will benefit from subsequent dividends.

Chemical Corn Exchange Bank's shareholders will be asked at the special meeting to authorize an increase in the bank's capital stock from $42,940,000 to $47,234,000, and to authorize the issuance of 429,400 new shares of $10 par value. Upon such authorizations, the directors plan to transfer $5,000,000 from undivided profits, of which $4,294,000 will be credited to capital and $706,000 will be credited to surplus. The bank then will have capital of $47,234,000, surplus of $127,766,000, and undivided profits in excess of $19.5 million. The last previous stock dividend was 10% distributed on Dec. 9, 1953.

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Guaranty Trust Company of New York announces the appointment of Meredith J. Bratton as Manager of the Publicity Department, in charge of advertising, public relations and promotion. Prior to joining the Guaranty Trust Company, Mr. Bratton served as Advertising and Public Relations Manager of the General Dynamics Corporation's Electro Dynamic Division.

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Irving Trust Company of New York announces the election of Lester F. Grieb as an Assistant Vice-President in the trust company's Domestic Banking Division. Mr. Grieb has had many years' experience in the banking field and prior to joining Irving he was Executive Vice-President of the **Reading Trust Company in Reading, Pa.** He is a member of the New York Bar.

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Fred Berry, President of **North Side Savings Bank**, at 185 West 231st Street, New York City, died on Aug. 7 in New Rochelle Hospital. His home was in Larchmont. A banker in the Bronx all his adult life, Mr. Berry, who was 77 years of age, was known as the "Dean of Bronx Bankers." He was also active as a civic worker. He was President of the Bronx Board of Trade from 1933 to 1938, served as Chairman of the Board of Managers of the Bronx Union Y.M.C.A.; was Chairman of the Greater New York Fund for three years, etc. He was likewise a member of the Bronx Chamber of Commerce, Institutional Securities Corporation, Real Estate Board of the Bronx, Savings Banks Association Group IV; also Advisory Board Member of the Chase Manhattan Bank. Born in Hull, England, he was brought here in 1882 and as a youth worked as a messenger for the Washington Bank in the Bronx. In 1902 he was a bookkeeper for the Knickerbocker Trust Company and in November, 1911 was appointed Assistant Manager of the Bronx Office. Following many mergers he was made Vice-President of **Irving Trust Company** in charge of Bronx activities. After 26 years with Irving Trust, Mr. Berry resigned as Vice-President and in October, 1926 was elected President of the Bronx County Trust Company. He held the post until 1944 when he became Chairman of the Board and two years later was elected President and a Trustee of North Side Savings Bank.

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Completion of the merger of **The Jamaica National Bank of New York of Jamaica, L. I., N. Y.,** with **The Marine Midland Trust Company of New York** was announced on Aug. 15 by George C. Textor, President of the trust company. This merger follows acquisition of The Jamaica National Bank by **Marine Midland Corporation.** Total resources of The Jamaica National Bank on June 30, 1955 amounted to $32,570,000. As a result of the merger, combined capital funds of The Marine Midland Trust Company of New York based on figures of June 30, 1955 are approximately $39,500,000, and total resources more than $500,000,000. Reference to the proposed merger appeared in our July 7 issue, page 95. The Jamaica National Bank of New York was established in 1924 and operated three offices in the borough of Queens. These offices will now be operated as branches of The Marine Midland Trust Company of New York bringing its total in Greater New York to 10. Completion of the merger increases the number of offices of the 11 Marine Midland Banks in New York State to 144.

Mr. Textor stated that Edward H. Dawson and Raymond F. Riley, both former Vice-Presidents of The Jamaica National Bank have been elected Vice-Presidents of the trust company. Mr. Dawson will be in charge of the bank's offices in Queens assisted by Mr. Riley. In addition, the election was announced of Richard F. LaTrenta, Roswell T. Auger and Carl H. Kalb as Assistant Treasurers of The Marine Midland Trust Company of New York. All are former officers of The Jamaica National Bank. Edward F. Litchhult, presently in charge of the Pomonok Office will continue in that capacity. No changes in personnel are contemplated, according to Mr. Textor.

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The consolidation of the **Central National Bank of Mineola, Long Island, N. Y.** and the **North Shore Bank Trust Company of Oyster Bay, N. Y.** with the **Meadow Brook National Bank, of West Hempstead, L. I., N. Y.** is announced by the Presidents of the three institutions. The joint announcement stated that the consolidation took effect as of the close of business on Aug. 17, following approval by the stockholders of the respective institutions and by the Comptroller of the Currency. According to Augustus B. Weller, President of Meadow Brook, Mead W. Stone, President of Central National who now becomes a Vice-President of Meadow Brook, and Arthur H. Snouder, President of the North Shore Bank, also a new Vice-President of Meadow Brook, the mergers were designed to bring the added resources and facilities of a large commercial bank to the communities of Mineola, Williston and Oyster Bay. With the consolidations Meadow Brook is now a 26-office Nassau County bank with total resources over $250,000,000. The North Shore Bank Trust Company of Oyster Bay had assets of approximately $7,000,000. The Central National Bank of Mineola joins Meadow Brook with total resources of somewhat more than $24,000,000 The announcement also named new officers at Meadow Brook from the two banks that merged into that organization. In addition to Mr. Stone, the following who will continue in the Mineola office were named officers of the Meadow Brook National Bank: John F. Gunn, Assistant Vice-President; Harold K. East, Assistant Vice-President; Harry J. Diebner, Assistant Cashier; and William J. Kuhn, Jr., Assistant Cashier. Albert Davey, Assistant Cashier, will join the administrative staff of Meadow Brook at the West Hempstead office. The new officers of Meadow Brook named at the Williston Park office are Walter E. Smith, Vice-President; Peter Johner, Jr., Assistant Vice-President and Francis I. Sawyer, Jr., Assistant Cashier. At Oyster Bay in addition to Mr. Snouder, Clifford W. Carll was named Vice-President and LeRoy C. Smith Assistant Vice-President.

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Mr. Arthur T. Roth, President of the **Franklin National Bank, of Franklin Square, Nassau Co., N. Y.** announced on Aug. 15 the opening of three new offices within the next 60 days. They will operate in temporary quarters, Mr. Roth said, until permanent buildings are completed. At the present time the bank operates two branches in the same square block at Mineola, (the former Main Office of the **Nassau County Trust Company**) and the Mineola Office (the former Main Office of the **First National Bank of Mineola**). Operation of these two offices, President Roth says, can be consolidated into the larger office now known as the County Seat Office. At the same time the Mineola Office will be moved to a location about two miles away at the corner of Jericho Turnpike and Herricks Road. The second new branch will be opened in an area known as Plainedge, midway between the bank's present Levittown and Farmingdale offices. The third new branch will be in the area known as New Cassel close to the intersection of Old Country Road and Wantagh State Parkway.

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As of July 28 the **First National Bank of Glen Head, Nassau County, N. Y.** increased its capital from $230,000 to $234,600 by a stock dividend of $4,600.

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The Palmer National Bank of Palmer, Mass. has been enabled to double its capital as a result of a stock dividend of $125,000, making the capital now $250,000, as of July 20, in place of $125,000 previously.

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An addition of $50,000 (by a stock dividend of that amount) made to the capital of the **Beach Haven National Bank & Trust Company of Beach Haven, N. J.** brings the bank's capital up to $200,000 (from $150,000) effective July 19.

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Charles J. McCloskey, President and founder of the **Branchville National Bank of Culver Lake, N. J.,** died on Aug. 11. He was 86 years of age. He had been President of the bank, it is stated, since its organization in 1933. The Newark "Evening News" states that Mr. McCloskey was Treasurer and a former director of the Selected Risks Insurance Co. of Branchville. He was a member of the Sussex County Planning Board and had served 20 years as a Frankfort Township Committeeman.

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As of July 22, the **Peoples National Bank & Trust Company of Irvington, N. J.,** with common capital stock of $300,000, was placed in voluntary liquidation, its business having been absorbed by the **Fidelity Union Trust Company of Newark, N. J.**

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Allen Keen has been appointed Assistant Vice-President of **Tradesmens Bank and Trust Company of Philadelphia,** and will assume charge of the Estate Planning Division of the Trust Department, it was announced on Aug. 15 by James M. Large, President.

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The First National Bank of Middleton, Ohio has increased its capital from $1,000,000 to $1,100,000, effective July 20, the addition having resulted fro;m the sale of $100,000 of new stock.

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The election of Alan M. Cooper as President of the **Norwood-Hyde Park Bank & Trust Company of Cincinnati,** occurred at a meeting of the bank on Aug. 4, according to the Cincinnati "Enquirer," which reported that Mr. Cooper would retire on Aug. 15 as a Vice-President of the **Central Trust Company of Cincinnati** with which he had been identified in an official capacity for the past nine years. Earlier, it is stated, he was associated for 13 years with the **New York Trust Co.** With his election to his new post in the Norwood-Hyde Park Bank & Trust Mr. Cooper succeeds Don Wiegel, who has become President of the **Springfield Savings Bank of Springfield, Ohio.**

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The doubling of the capital of the **Forest Park National Bank of Forest Park, Ill.** has been brought about by a stock dividend of $60,000 and the sale of $40,000 of new stock, the capital thereby having become $200,000 as of July 19, as compared with $100,000 previously.

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Under the charter and title of the **First National Bank of South Carolina, of Columbia, S. C.** (with common stock of $700,000) the **Carolina National Bank of Anderson, S. C.** (common stock of $300,000) has been consolidated as of July 21 with the **First National of South Carolina.** At the effective date of the consolidation, the consolidated bank had a capital stock of $1,100,000, in 110,000 shares of common stock (par $10 each) surplus of $1,100,000 and undivided profits of not less than $220,000.

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The American National Bank of Jacksonville, Fla., reports a capital of $350,000, as of Aug. 1, increased from $300,000 by the sale of $50,000 of new stock.

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$1,000,000, resulting from the sale of new stock, was added to the capital of the **Texas National Bank of Houston, Texas,** on July 25, bringing the capital up to $6,000,000 as of that date, from $5,000,000.

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Both by the issuance of $1,600,000 of new stock and by a stock dividend of $1,600,000 the **First National Bank of Arizona, at Phoenix, Ariz.,** has enlarged its capital from $4,800,000 to $8,000,000, the increased capital having become effective Aug. 2.

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The plans of the **First Western Bank and Trust Company of San Francisco** to enter California's north coast city of **Eureka** became known on Aug. 8 when T. P. Coats, Chairman of the bank's Board of Directors, announced the filing of a formal application with the State Superintendent of Banks for permission to open an office there. In addition to the State Superintendent of Banks, First

Western's Eureka application is subject to the approval of the Federal Deposit Insurance Corporation. First Western has opened five new offices to date this year and it now has 59 banking offices in 44 communities throughout the State.

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First Western Bank and Trust Company of San Francisco announced on Aug. 15 that it has completed arrangements to acquire the assets of the **Butte Valley State Bank of Dorris, in Siskiyou County, Calif.** The announcement was made by T. P. Coats, Chairman of the Board of First Western, and William G. Hagelstein, President of Butte Valley State Bank. Merging of the bank with First Western is subject to the approval of regulatory authorities. The Butte Valley bank, it is announced, has assets of nearly $4,000,000 and deposits of more than $3,500,000. It has been in business since 1908. This new addition to First Western's banking system will be operated as the Butte Valley office of First Western, and it will be staffed and managed by the personnel now employed by the bank there. Mr. Coats said Mr. Hagelstein would become a Vice-President of First Western and would devote himself to First Western's affairs in the Klamath Basin. Manager of the office in Dorris will be Fred Fisher, who has been with the Butte Valley State Bank since 1947, and Assistant Manager will be Howard R. Hansen. Both Mr. Hansen and Mr. Fisher will become Vice-Presidents at the Dorris office.

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The Board of Directors of **The Bank of California, N. A. of San Francisco, Calif.** has voted to call a shareholders meeting to be held Sept. 13 to approve the issuance of 52,200 additional shares, which will first be offered to shareholders of record at the close of business on that date at $70 a share, in the ratio of one new share for each 10 shares presently held. While the Board has not yet acted on the October dividend it is stated that these new shares will participate therein. Since the time of the previous stock offering in July 1951, deposits, it is indicated, have increased from $359,932,000 to $443,253,000 as of Aug. 4, 1955, and loans have expanded during the same period from $142,826,000 to $201,219,000. Unsubscribed shares of the new issue will be distributed by a syndicate of underwriters to be formed by Blyth & Co., Inc. It is contemplated that immediately after the meeting of Sept. 13, transferable subscription warrants, exercisable at any time on or before Oct. 7, 1955, will be mailed to eligible shareholders. The proposal to increase the capital stock of the Bank is subject to approval of the Comptroller of the Currency.

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Tony L. Westra, formerly Vice-President of the **Northwest Security National Bank of Sioux Falls, S. Dak.**, has joined the staff of California Bank. Mr. Westra has been assigned to the Public Relations Department. He was associated with Northwest Security National Bank for nine years prior to joining the California Bank staff.

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The Hongkong and Shanghai Banking Corporation of California, organized last month, has been accepted for membership in the Federal Deposit Insurance Corporation and expects early authorization from the State Superintendent of Banks to engage in the business of a commercial and savings bank in California. Ian H. Bradford, Chairman of the Board of Directors, indicated that the new bank would be ready to accept deposits by Aug. 15. "Establishment of this complete domestic banking service for our customers will facilitate the transacting of foreign banking business in the 12 countries in the Far East served by 34 branches of the parent Hongkong Bank," said Mr. Bradford. Branches of the Hongkong Bank are also maintained in New York, London, Paris and Hamburg. An item bearing on The Hongkong and Banking Corporation of California, appeared in our July 14 issue, page 185.

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Promotion of two members of the official staff of **Anglo California National Bank of San Francisco** was announced on Aug. 15 by Paul E. Hoover, President. Harry Goodfriend, formerly Assistant Vice-President and Manager of the the bank's Seaboard office in San Francisco has been appointed Vice-President and Manager of the Stockton office. Mr. Goodfriend joined Anglo in 1928. Frederick W. Clinchard, formerly Assistant Vice-President, public relations department, head office, has been appointed Assistant Vice-President and Manager of the Seaboard office. Mr. Clinchard became a member of the bank's Oakland main office staff in 1824.

With W. G. Nielsen

(Special to The Financial Chronicle)

BURBANK, Calif. — Fred O. Gregg is now with W. G. Nielsen Co., 3607 West Magnolia Blvd.

Leo Schoenbrun Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif. — J. C. Staton, Jr. is now affiliated with Leo Schoenbrun, 1385 Westwood Boulevard.

Schwabacher Adds

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — Henry F. Casey has been added to the staff of Schwabacher & Co., 100 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

Joins Sutro Staff

(Special to The Financial Chronicle)

SAN FRANCISCO, Calif. — James L. Murdock has become connected with Sutro & Co., 407 Montgomery St., members of the New York and San Francisco Stock Exchanges.

Joins Arnold Staff

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Herman Jacobson has joined the staff of Lloyd Arnold & Company, 404 North Camden Drive. He was previously with Samuel B. Franklin & Co.

Pacific Northwest Adds

(Special to The Financial Chronicle)

PORTLAND, Oreg. — Robert Enright and Gordon R. Moore are now affiliated with Pacific Northwest Company, Wilcox Building. Both were previously with Foster & Marshall.

Warns World War II Veterans of Expiration Of VA Housing Loan Legislation in July, 1957

George C. Johnson, President of the Dime Savings Bank of Brooklyn, praises program of home ownership, but finds only about 25% of GIs in New York regional office of Veterans Administration have exercised their home-buying rights under the Servicemen's Readjustment Act.

Veterans of World War II are reminded by George C. Johnson, President of The Dime Savings Bank of Brooklyn, that they have less than two years in which to buy homes under the liberal financing terms provided in the Servicemen's Readjustment Act. For World War II veterans, provisions in the law are due to expire July 25, 1957.

George C. Johnson

Only about 25% of the World War II veterans under the jurisdiction of the New York regional office of the Veterans Administration have exercised their home-buying rights, the banker said.

Pointing out that his bank has actively supported the loan guaranty program of the VA since it began in 1944, Mr. Johnson stated:

"This program has brought home ownership within the means of thousands of families who otherwise could not buy homes. This is because a lower down payment is required than on any other type of mortgage. The 4½% interest rate for veterans also results in lower monthly payments on principal and interest.

"Furthermore, the veteran is an excellent credit risk. The New York regional office of the VA reports that it has allowed claims on only 3/10ths of 1% of all the home loans it has guaranteed, whereas nationally, the figure is 6/10ths of 1%. The New York VA office is justifiably proud of its record. Veterans themselves also should take pride in this fine credit showing.

"The Dime of Brooklyn has made more than 29,000 home loans to veterans in the past 11 years, and our experience closely parallels that of the New York VA office.

"More than $40,000,000 has been paid off by veteran borrowers at The Dime, and today, we have more than $240,000,000, or 47.6%, of our total mortgage portfolio invested in VA-guaranteed home loans."

To assist war veterans who are planning to buy or build a home with a GI loan, a 30-page booklet issued by the Veterans Administration is being distributed without charge by The Dime Savings Bank of Brooklyn at the New Home Buyers Exhibition and Library of Homes, jointly maintained at the bank's main office by the bank and the Long Island Home Builders Institute.

The distribution is being made in cooperation with the New York regional office of the VA, of which Andrew C. Dittrich is loan guaranty officer. Nearly 15,000 of these booklets, which are filled with advice to the home-buying veteran, have been given away at the bank during the past year.

Continued from page 7

Unsound Aspects of Federal Government Power Marketing

this policy when it built its first large scale power project — the Hoover Dam. It should never have abandoned it. No stockholder of a private company would stand for long selling power on any other basis. In the Federal power business the Federal taxpayers are the stockholders. They have supplied all the money. They have a right to demand that this price policy be adopted.

It is often contended that the rates for Federal power should, in addition to covering other cost elements, provide as a return on investment only interest at the rate paid by the government. I do not share this view, especially where the government enters a field which is competitive with private industry. But even on this basis, using a long-term interest rate of 3% and computing Federal, state and local taxes on the basis of payments made by nongovernmental producers on production of an equivalent amount of energy the Federal power revenues during fiscal 1953 were $75 million below the amount required to recover costs according to this standard. Of the Federal power activities prior to June 30, 1953, operations failed to recover these costs by over $330 million. There can be no question that this deficiency—a subsidy to users of Federal power—had to be made up by Federal taxpayers.

Now it would also be logical to assume that the Federal Government, having built these hydroelectric power plants as incidental to the main objectives of improving navigation, preventing floods, or irrigating land, would have contracted to sell power only up to capacity of the hydroelectric plants and on the basis that there would be variations in the output resulting from fluctuations in stream flow. This, however, has not happened. The TVA, for instance, requires all of its regular utility customers to take their entire supply from its facilities. This policy, in effect, creates an obligation on TVA to build all the generating facilities ever needed in an 80,000 square mile area which it now supplies. The result is that TVA has built large steam plants and extensive transmission systems and its distributors have no generating facilities of their own. Since TVA has, for all practical purposes, already exhausted all of its hydroelectric possibilities, the only way it can continue to meet the expanding needs of its distributors is to build more steam plants, as it has been and is doing. Much the same undertaking of a permanent utility obligation has occurred in the Pacific Northwest. In 1946 a Department of Interior brochure pointed out that the Federal Government's power activities had provided the Pacific Northwest with very low-cost hydroelectric power. It went on to say, and I quote:

"This in turn, has made it impractical and uneconomical, with some exceptions, for electric utilities, both public and private, within the region to develop additional electric generation in small plants. As a result, the Federal Government today has a public utility responsibility for meeting the additional power needs of the region. The program of the Federal Government has, with minor exceptions, become the single source from which all Federal power needs of the region must so far as possible be met."

Uneconomic System of Marketing

I think you will agree with me that undertaking to supply power at less than cost to a large area of the country is uneconomic and can only result in a constantly expanding Federal power business with constantly increasing calls on the taxpayers for funds to pay for the necessary facilities.

The second aspect of the Federal Government's power marketing policy is concerned with the preference of one class of customers over another. A special study of the history of this preference policy was undertaken as a part of our investigation. This study showed that the preference policy had its beginnings with the passage of the Reclamation Acts of 1902 and 1906, a period during which the conservation of natural resources was a national issue. The idea in the beginning was that the resources of the nation should be developed and utilized for the benefit of all the people. Sincee lectric utilities were regarded at the time as monopolies with no restriction on the rates they could charge the consumer, it was concluded that the only way to insure that the benefits of developing these power resources would flow down to the ultimate consumer was to give first call to local public bodies. These public bodies were assumed not to be interested in making a profit on the transactions. Because of the absence of Federal activity in this field during the period, there were few statutes dealing with marketing from Federal power projects between 1906 and the commencement of Hoover Dam construction in 1928, but the Boulder Canyon Act covering the latter project and the legislation covering the extensive developments from 1933 to date consistently carried forward this preference policy.

This same preference policy was also incorporated in the licensing provisions of the Federal Water Power Act of 1920, which required that public bodies should have first call over private companies in the construction on navigable streams of dams for power purposes.

Not only were public bodies and cooperatives given preference to all Federally-generated power, but the statutes covering the principal projects also provided that power already contracted for by private utilities could on relatively short notice be withdrawn and transferred to these preference customers, if it were necessary to meet their requirements.

In the administration of the statutes the Department of the Interior until very recently took the position that it was under mandate, not only to contract with public bodies and cooperatives on on a voluntary basis, but to seek them out and to actively promote their establishment.

As a result of this former Department of the Interior policy a large number of public utility districts took over the properties and markets of private utilities in the Columbia Basin area. In the seven-state TVA area, except for two small privately owned distribution properties, the entire retail distribution passed into the hands of municipalities and cooperatives.

Like so many government policies which are established under a certain set of circumstances, this preference policy was continued long after the circumstances had changed. It will be recalled that at the commencement of this preference policy there was no regulation of electric rates and no Federal income taxes.

Regulation of public utility rates was first undertaken in two states in 1907 and it was provided for progressively by other states thereafter. It did not become fully effective until Congress, in 1935, gave the Federal Power Commission the power to regulate interstate electric rates and the Securities and Exchange Commission the right to regulate and dissolve holding companies.

This regulation of electric utilities recognized the monopolistic character of their operations. The standards of rate making adopted by the regulatory commissions were designed to bring about the same results as would obtain were competitive forces fully operating in this field. In other words, when electric rate regulation became fully effective, as it now is, the ability of electric utilities to fix rates without restriction was ended and the original need for the preference clause disappeared.

The Federal Income Tax Law was passed in 1913 and the first tax rates were nominal, the highest rate up to the commencement of World War II being 19%, while today the corporate tax rate is 52%. State and local tax rates have also advanced substantially during this period. They are about twice as high today as they were before the war.

As you know, these local public bodies are themselves exempt from all Federal taxes including income taxes, and the income from their securities to the holders thereof is also exempt from Federal income taxes. The latter exemption results in lower financing costs than those met by private companies, the income from whose securities are fully taxable to a large majority of the holders. Accordingly these public bodies already have an inherent advantage over private companies.

Thus when the preference policy was first adopted there was very little difference between the tax burdens of privately owned and publicly owned utilities and it made relatively much less difference if taxes were not considered as an element of cost in fixing rates.

Today, however, the cost of Federal power can be 35% to 40% lower than the cost of privately sold power if corporation taxes and taxes on the income from securities necessary to finance these projects are not taken into account. For local public bodies this tax advantage is also substantially as great. So we have an entirely different tax situation than when the preference policy was initiated and its impact on power costs and rates cannot be ignored.

Now what have been the results of the enforcement of this preference policy?

Starting in 1946 when all of the principal Federal projects were in operation, the preference customers took 38.3% of the power available to non-Federal users. This ratio steadily increased until in 1953 it was 52.2%. Meanwhile the privately owned utilities in 1946 received 33.3% of all the salable power from these projects and in 1953, 18.5%, or only about one-half the relative amount received in the earlier year. The Federal industrial customers, mostly aluminum and electro-chemical, received relatively the same amount in each year (28.4% as against 29.3%).

The trend toward increasing of the supply to preference users has been accelerated in recent years. For instance, in the case of the important Bonneville Administration no firm power whatsoever will be available to privately owned utilities in the Pacific Northwest after 1960 unless Congress authorizes additional projects. In 1953 privately owned utilities received 33.3% of all power generated. In the case of the Central Valley project, which until recently sold 95% of its output to California private utilities, from now on practically all salable firm power will be delivered to preference customers, leaving the California private utilities with only the secondary power which such preference customers do not elect to take.

Preference Customers

Ultimately, of course, under present practices 100% of Federally generated power will go to preference customers. This preference policy in effect makes any consumer of a privately owned utility a "second-class citizen" so far as Federal power is concerned. The company from which he buys power is denied Federal power. His neighbor across the road or in the next town served by a cooperative or a municipality gets power for less than true cost and he, in his electric rate, pays local, state and Federal taxes in a greater amount because his neighbor pays nothing toward these ends.

A dramatic illustration of all this occurs in the Pacific Northwest. In 1953 power users in the state of Washington, in which there are numerous preference customers, received almost 85% of the Federal power produced by the Columbia River projects and power users in the state of Oregon, where private power enterprise in electric distribution is more prevalent, received less than 15%.

It is time to get back to the original intent of the preference policy and that is to eliminate the possibility of any mark-up in the price of Federal power on the resale of the same by the distributor. This can easily be accomplished through rate regulation or by contract and the policy will be much more effective than it now is.

There are many other inequities, inadequacies and faulty practices in the marketing of Federally generated power but time will not permit me to go into them. Failure on the part of the Federal Government to recognize taxes as an element of power cost and rates, coupled with Congressional direction to sell preferentially to consumers which are themselves exempt from these levies, can only result in driving out ultimately any private capital, which must assume those tax burdens—large and important as they are. There is no net financial gain to the nation in following out the present policy because the total cost of producing the power is not changed. The cost is merely being divided into two parts instead of one. One part is borne by the beneficiary of the power in his rates and the other is shifted to the general taxpayers, who in most cases are not the beneficiary. This useless financial effort will, however, if followed to its logical conclusion, destroy private initiative in the power field, and it is not unlikely that it will also confiscate as well, indirectly perhaps, private investments already made.

I believe that thoughtful men, with the overall good of the nation in mind, will not permit these marketing policies to continue.

Is Federal Power Business Necessary?

Let us consider next whether all of this Federal power business is necessary to the efficient conduct of the Federal Government. Or is some or all of it a non-essential activity competitive with private enterprise which could be eliminated?

I suppose there will always be debate as to whether, and as to the extent, the Federal Government should have gone into the large scale power business in the past. The past interests us only to the extent that the same valid conditions and circumstances exist today which, allegedly, may have once justified Federal entry into the power field.

It has been contended that Government activity in this business was necessary because: there was large scale unemployment; the needs of defense had to be satisfied; the Atomic Energy Commission needed large blocks of power; the hydro developments in connection with multiple-purpose projects were too large for private financing; the private utilities because of over-capitalization and faulty financial structures could not construct all the property that was needed; adequate service was not supplied to the rural areas; electric rates were too high to promote wide-spread use.

Whatever the situation may have been in the past, there is presently no unemployment problem and there has been none in the last 15 years, there is no World War calling for emergency plant construction for defense purposes, private utilities are contributing to the extensive requirements of the Atomic Energy Commission about as much energy as the Federal agencies themselves are contributing. This is being done by entirely new plants already built or in the process of construction — and financed entirely by private capital.

Large accumulated savings in the hands of private citizens and institutions now enable both private companies and non-Federal public bodies to obtain ample capital for the building of power plants, toll bridges, toll roads and other revenue producing property. In the 13 years to 1953 privately owned electric companies have added $13.2 billion to their investments in properties, a sum $11 billion in excess of the total Federal investment to June 30, 1953. In 1953 alone these companies invested $2.6 billion, or more than the present Federal total. Local public bodies have invested to date over $2 billion in electric properties. These private and public bodies are able and willing to construct all necessary generating facilities.

The Securities and Exchange Commission has dissolved all unnecessary holding companies and sound financial structures prevail throughout the electric utility field. A study of the average rate of return earned by private utilities during recent years shows that it is practically the same as the average rate of return which commissions and courts have decided is necessary to attract capital. The rate level, therefore, has been reasonable.

If there has been any neglect of rural electric development in the past, it does not exist today. REA and the non-Federal utilities have contributed about 50-50 to installing electricity on over 90% of the farms. There is no longer any necessity for REA to continue making loans in substantial and increasing amounts for enlarging facilities.

Private Power Companies Can Do the Job

It seems clear to me, therefore, that whatever the situation may have been in the past, the private and local public electric enterprises of the country are now of sufficient financial strength, and capital accumulation in the hands of private citizens and institutions is adequate, to finance the furnishing of the country's electrical needs on the basis of earnings realized from reasonable rates. The government's power activities are therefore now and in the foreseeable future will be competitive with private enterprise.

Finally, we might ask, despite this situation as it is now and appears for the future are the resources of the Federal Government so plentiful and are the burdens of Federal taxes so light that we can afford to sell Federal power at less than it costs to everyone who may want "cheap" power? I call your attention to the fact that the debt of the Federal Government at the end of fiscal 1933, when its active power program began, was only $22.5 billion; at the end of fiscal 1953 it was $266.0 billion, or nearly 12 times as much. In the 20 years from 1933 to 1953 there have only been three years in which the Federal Government has not operated at a deficit.

I think the conclusion is inescapable that Federal financing of the power portion of whatever multiple-purpose construction projects may be undertaken in the future is neither desirable nor necessary. Power generation and distribution is, and essentially always has been, a local problem. Local private and publicly owned utilities presently own the thermal plants which will permit the most economical utilization of hydroelectric power. The Federal Government's deficits are still large and its debt is astronomical. There should not be any further unnecessary calls on Federal taxpayers.

The situation calls for some restraining body in the Administrative branch of the Federal Government which will curb the power construction and marketing agencies and which will decide when local interests are in fact wholly unable to undertake hydroelectric plant construction. This body should, I think, be largely made up of non-agency or public members.

It is self-evident from the facts that non-Federal development of hydroelectric power should be actively encouraged by the Federal Government. The partnership policy, under which the Federal Government pays that portion of the construction costs which are attributable to navigation flood control or irrigation, and local electric utilities—either public or private—pay the portion attributable to power, should be encouraged by all and emphasized and pushed by Federal legislators and administrative officials.

Proper cost and rate standards should also be covered by legislation. There should be no discrimination in favor of one class of citizens or consumers, or of one river valley or area over another. Rates for Federal power are in urgent need of revision. In order to promote economy in the public business an increase in the existing rate level for Federal power is a must. The accounts should be stated on the same basis as any other commercial undertaking, with full recognition of all costs, including the cost of government. The whole matter of adequate accounting and compensatory and non-discriminatory rates should, I am firmly convinced, be put in charge of the Federal Power Commission which already has such complete jurisdiction over the interstate rates of privately-owned utilities.

Most of these observations apply with equal force to present and future power projects. What specifically should be done with present power projects? $2.3 billion is a lot of money to have invested in a strictly commercial business like selling power. The $10 billion total for plants in being and under way is a lot more. A necessary first step is to bring about the full earning capacity of the existing properties by increasing rates so that they will yield a fair return on the investment. It would be foolhardy to sacrifice any of the present Federal taxpayers' investment because of a low earnings level.

No hard and fast rule can be established as to the disposition of the present Federal power systems. A number of problems must be considered in connection with each one, and no one program will fit all of them. However, some plan for their ultimate disposition is clearly indicated.

I conclude with one final observation on a matter of great gravity. We are on, if not a bit over, the threshold of development of power by atomic energy. In the not-too-distant future, according to the latest estimates, a very considerable portion of our National power generation will use atomic energy as a fuel.

Whatever authority controls in one hand the power sources of an industrial nation can, if it so elects, control all industry. For this reason it seems to me urgent that our National philosophy on power be reviewed and, upon review, directed without deviation to the end that local, non-Federal organizations be the ones to develop all of our power requirements from whatever energy source — coal, oil, gas, falling water or atomic energy. In the interest of our Nation's future welfare and the perpetuation of our present form of society the Federal Government should as soon as feasible withdraw from this field as based on present energy sources and refrain from entering it based on atomic energy as a source.

Miller, Spink Adds

(Special to The Financial Chronicle)

CHICAGO, Ill.—James E. Ciflin has been added to the staff of Miller, Spink & Co. Inc., 231 South La Salle Street.

With Bristol Secs.

(Special to The Financial Chronicle)

FALL RIVER, Mass.—Rolfe S. Ollerhead is now connected with Bristol Securities Company, 130 South Main Street.

Joins Nelson Burbank

(Special to The Financial Chronicle)

BOSTON, Mass.—Kerry G. Sabanty has been associated with Nelson S. Burbank Company, 30 State Street. He was formerly with Vance, Sanders & Company.

Dempsey-Tegeler Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—Robert H. Heinbockel has been added to the staff of Dempsey-Tegeler & Co., 210 West Seventh Street.

With John L. Donahue

(Special to The Financial Chronicle)

DENVER, Colo.—Helen I. Morris has joined the staff of John L. Donahue, 430 Sixteenth Street.

"Something Good About Ourselves!"

"Criticism comes daily from the habit of our political parties to deplore the opposition. It arises from the forthright refusal of the American people to wash their dirty linen in secret. It comes from our love of sensational incidents where villainy is pursued by law and virtue triumphs.

Herbert Hoover

"And it comes from the fuzzy-minded totalitarian liberals who believe that creeping collectivism can be adopted without destroying the safeguards of free men. It comes bitterly and daily from the Communists at home and abroad who would overthrow our American system. And it even comes from free nations whom we have tried to help.

"In all this clamor we might occasionally mention something good about ourselves.

"We could point out that our American way of life has perfected the greatest productivity of any nation on earth; that our standard of living is the highest in the world. We could point to our constantly improving physical health and lengthening span of life. We could point out that the mechanical genius of our people has, by millions of labor-saving machines, taken the sweat from the backs of most of our people.

"In the governmental field, we could suggest that our supposedly decadent people still rely upon the ballot and the legislative hall to settle their differences without the use of secret police or slave camps.

"All of which is not boasting, but just fact. And we could say a good deal more."—Herbert Hoover.

And who else could say as much?

COLUMBUS AND SOUTHERN OHIO ELECTRIC COMPANY

RESULTS OF OPERATIONS

	For the three months ended June 30		*For the twelve months ended June 30*	
	1955	*1954*	*1955*	*1954*
Operating Revenues				
Electric	$ 9,495,783	$ 8,203,076	$37,300,611	$32,844,093
Heat	1,800	2,467	29,814	29,384
Total	$ 9,497,583	$ 8,205,543	$37,330,425	$32,873,477
Operating Expenses				
Fuel used in electric production	$ 1,461,134	$ 1,276,344	$ 5,680,204	$ 5,428,542
Other operation	2,098,804	1,922,260	8,041,525	7,439,306
Maintenance	802,334	727,080	3,192,002	2,382,891
Provisions for depreciation and amortization	1,043,215	966,715	3,970,359	3,508,859
General taxes	800,176	641,352	3,012,165	2,434,568
Federal income taxes	1,303,000	1,052,000	5,456,000	4,871,000
Total	$ 7,508,663	$ 6,585,751	$29,352,255	$26,065,166
Operating income	$ 1,988,920	$ 1,619,792	$ 7,978,170	$ 6,808,311
Other Income				
Rentals and interest income from subsidiary, less expenses	$ 29,549	$ 32,324	$ 124,523	$ 126,246
Provision for deficit of subsidiary	36,628	21,681	2,288	106,968
Other	* 1,046	* 520	24,594	127,001
Total	$ 65,131	$ 53,485	$ 151,405	$ 360,215
Gross income	$ 2,054,051	$ 1,673,277	$ 8,129,575	$ 7,168,526
Interest and Other Income Deductions	489,829	532,234	2,105,895	1,810,168
Net income	$ 1,564,222	$ 1,141,043	$ 6,023,680	$ 5,358,358
Preferred Dividends	214,471	214,471	859,824	859,824
Earnings on common shares	$ 1,349,751	$ 926,572	$ 5,163,856	$ 4,498,534
Common Shares Outstanding at End of Period	2,401,360	2,201,360	2,401,360	2,201,360
Earnings per common share	$0.56	$0.42	$2.15	$2.04

*Denotes red figure.

This is an interim statement. The Company's fiscal year ends December 31, at which time its financial statements are examined by independent public accountants.

Continued from first page

The Future of the Dollar

ten thousand dollars according to the inscription it bears. Each can be produced by the government at the same slight cost. Intrinsically each is of the same value, which for practical purposes is nil. In respect to this paper money, with the exception of the silver certificates, the government has assumed no obligation. It neither agrees to redeem it nor convert it into a thing of intrinsic value. The owner receives it and holds it at his own risk. Its value at any time, present or future, is limited to that for which it can be exchanged. I make specific reference to these characteristics of the present dollar because, as I propose to point out, it is this lack of intrinsic value and the ease with which it can be produced by government that lies at the heart of the question of the paper dollar's future. Broadened in terms, the question is — can paper be made to serve as money in the sense that money is considered a safe and stable measure of and repository for value?

The Definition of Money

The provision of money is a function of government. Its purpose is to serve the needs of commerce as a measure of value and medium of exchange and as an adequate repository for savings. In the original understanding of the term, money consists of a thing of intrinsic value, the unit being a specified amount of that thing, commonly gold or silver.

Modern times have witnessed departures from this practice and governments, pressed for funds, have decreed paper, bearing a suitable inscription, to be money. These attempts to make paper serve as money have not been prompted by the needs of commerce. They have been prompted by the needs of government, the purpose being to enable the government to provide itself inexpensively with money to spend. The motivating force may have been the necessities of war or of national defense or to carry out some peacetime project or program. The latter was the case in 1933 when our own government substituted paper money for the existing metallic standard. But whatever the motive the result is the same—abnormal expenditures by government paid for by abnormal emissions of paper, a practice which, once well established, has in every instance become a political fixture from which escape has proven impossible. More than once demonstrated in the past, this is being redemonstrated today, and I propose to point out some of the compelling reasons for it. In a word, history is repeating itself, and prodigality and fiscal improvidence have become the accepted practice of every paper money government in the world. Unhappily our own government does not afford an exception. Its expenditures have already reached such heights that a distinguished Senator has recently pointed out that our public indebtedness now equals the fairly appraised value of all property, public or private, within the country. Yet there has been no substantial abatement in our expenditures nor is any such abatement in sight.

The Menace of Paper Money

Paper money is a prolific mother of fiscal excesses. Limitless in supply, negligible in cost of production, its evils not immediately apparent to a deceived people, governmental improvidence and extravagance are its inevitable offspring. A fiscal vice, in the beginning it exercises a magic spell over both government and people. Once under its addiction, though warning signs are everywhere, escape proves impossible. The permanent addiction of the individual to narcotics or stimulants has its counterpart in the addiction of the people to inordinate government spending when money in limitless supply is to be had for the printing.

The spending of great sums by government has become a source of popular favor and official power. In our own country it has continued for more than twenty years. An industrial and commercial mechanism stimulated far beyond its normal scope has been created. The entire economy, personal and corporate, has become geared to this great inpouring of money. Enterprises have been launched, money has been loaned and borrowed, employments established, wages and salaries fixed, contracts let and taken, property sold and purchased, instalment commitments entered into, all in reliance upon things as they are. From things as they are, substantial reduction in public spending would constitute a sharp departure. It would bring dislocations in agriculture and in all branches of trade and industry, dislocations painful and deeply resented by masses of people—many with little grasp of their true import. It would require cessation of production from marginal lands, production now commercially possible only because of government price supports. It would require reorientation in the field of industrial production and distribution and search for new markets under conditions highly competitive and uncertain. This reorientation would take time and provide a field day for the agitator and demagogue. He would take quick advantage of it. None are more aware of this than those in the seats of government.

For examples illustrative of the helplessness of governments caught in the toils of an advanced paper money inflation, one might profitably turn to any one of the major governments of today. Such inflations are in progress on every continent. It is a world-wide madness. Its evil impress is everywhere apparent, in production, in international trade and commerce, in political and commercial confusion, in the irrational and wasteful conduct of public business.

As example France would serve as well as another. Within the adult lifetime of living persons the purchasing power of the French paper franc has dropped from 20 cents American gold dollars to less than one-quarter of one cent of our present depreciated paper money. It requires no discussion to demonstrate the disaster to all holders of francs or securities payable in francs with consequent personal unhappiness and political discontent. Great Britain, Italy, the Low Countries, all of Latin America and most of Asia as readily afford examples. The differences are of degree. But it is unnecessary for Americans to look abroad for proof of the helplessness of governments caught in the snare of paper money.

The answer respecting the likelihood of abandonment of an established practice of paper money inflation is to be found in the field of politics. It is true that the evil manifestations are economic. Nevertheless their origins are political and their ending, when the end comes, must also be political. The competent economist or monetary expert can foretell and explain these manifestations. He can prescribe the cure for economic and monetary ills and to his credit often does. But it is the person, educated or uneducated, with understanding of the motivating human forces which prompt and control political action, who best knows whether the cure will be accepted or rejected. In respect to this an examination of our own situation is illuminating.

The U. S. Situation

The government of the United States took the country from a gold to a paper monetary standard in 1933. The declared purpose was to raise the general price level, induce full employment and hasten and insure permanent prosperity. The ownership of gold by American citizens was declared unlawful, all privately owned gold seized and paper money issued in exchange. The gold clauses of the government's bonds were repudiated.

Government spending on an unprecedented scale then began, and the purchasing power of the paper dollar began its decline.

Twenty-one years have now passed and during that time each succeeding Administration has declared its purpose to reduce expenditures, keep the budget in balance and bring inflation to an end.

None has done so. On the contrary public expenditure steadily increased, the public debt grew greater and the depreciation of the dollar continued. It is true that a major war forced unanticipated expenditures, but through higher taxes a great part of that cost was defrayed as the war progressed. Ten years will shortly have elapsed since the war ended and both the abnormal expenditures and inflationary Treasury practices continue. To one considering the future of the American dollar this is of great significance. **But of all the years since 1933 it is the last two which are most illuminating. It is at these that a hard look must be taken.** This is because two years ago the country turned from the party long in power to the opposition, an opposition pledged with particularity to **substantially** reduce expenditures and taxes, to bring the Budget into balance and discontinue inflationary Treasury practices. In a word to restore fiscal sobriety and bring to an end the extravagances as well as the punitive taxation of past Administrations which it unreservedly condemned. Yet despite its expressed determination to do each of these things the new Administration has, in fact, done none of them. Percentage wise its decrease in expenditure has been slight, its decrease in taxation a minimum and the budget remains unbalanced. Even more significant is the fact that the new Administration very soon felt compelled to demand from Congress an increase in the lawful debt limit, an increase of which it took immediate advantage.

Is this failure on the part of the present Administration chargeable to a concealed purpose to secure election through promises it did not intend to keep? Or to incompetence? Or to ignorance respecting the natural consequence of its acts? I do not say so. I think few will be found who doubt the pre-election purpose of those elected to bring about the changes they proposed.

It is chargeable to the fact that they now face defeat at the polls should there be a marked recession in industrial activity and employment or too sharp a decline in agricultural prices. It is because substantial reduction in public spending would force major economic adjustments in both industry and agriculture, a return from the abnormal to the normal, a turn from fiscal intoxication to fiscal sobriety, in a word an indefinite period of pause and readjustment to permit natural laws to assert control and a normal peacetime economy to be restored. It is because all political experience, whatever the country, shows that such a period, irrespective of responsibility or beneficial after effects, means defeat for the party in power. Futile temporizing and half measures therefore take the place of curative action. New justifications are assembled in support of new expenditures or the continuance of old. Every reason is advanced but the true one. This is defended by persons fully aware that political opportunism alone prompts otherwise indefensible projects. They assert that under another Administration things might even be worse. Often this argument is not without a considerable measure of truth.

This reaction on the part of governments is not confined to any one people. It is universal. It is as human as are the ruinous demands of organized groups either lacking understanding of their certain consequences or seeking protection from abnormal economic forces pressing upon them. Both governments and people have become victims of an economic malady which must run its course before a cure is possible.

It is one of the dismal facts of human history that no well established paper money inflation has been permanently stopped short of the clearly discernible approach to complete disaster. This means far down the slippery road as is evidenced by conditions in France and other countries. Despite decline in the value of the French franc to less than one-quarter of one cent in our depreciated paper money, even small gestures of reform have resulted in the fall of one government after another. Instead of retrenchment additional extravagances have followed in appeasement of angry voters. There has been little or no attempt at reform in the other European or Latin American paper standard countries and Great Britain, under a Tory government, recently legislated an unprecedented increase in welfare payments. As expected, the political effect was not unfavorable.

The Problems Ahead

What observer of the American political scene believes that a party in power could survive a sharp decline in agricultural prices? Yet artificial support of farm prices as a factor in our unbalanced budget and its discontinuance would certainly result in a drop in prices. Another and greater difficulty lies in the manufacture of arms and munitions for ourselves and others, an industrial activity of major proportions, bearing no relationship to peacetime pursuits. How will this great mechanical and labor force be turned back into profitable peacetime pursuits? How long will it take and how patiently will those affected bear the inevitable delays and dislocations? Another is in our great artificially stimulated housing boom. Another is found in our vast give-away programs which make mockery of reason in view of the fact that they force us into an increase of an already unprecedented public debt with consequent further depreciation of our already heavily depreciated paper money. These gratuitous dollars come back to our markets in exchange for created things. When the giving stops another and true market for several billions annually of produced or manufactured things must be found or factories closed and workmen dismissed. Where is this market? How long will it take to discover and establish it? These are but a few of the terrors which confront political office holders contemplating reduced expenditures and a balanced budget. Consideration of them makes clear the forces which successfully combine to prevent adequate action.

Reduced to the level of the individual, what Congressman from an agricultural district could hope for re-election should he be party to withdrawal of all price support for farmers? Or from an industrial area should he fail to give support to measures to keep employment up and wages high? And who will say that if wages are kept high by government spending and auxiliary legislation, farm prices should not also be kept high in the same manner? And who will deny the justice of the poultryman's claim that if the government gives artificial support to the price of the grains he must buy to feed his flocks, it should also support the prices of the eggs and birds he sells? Or of the dairy farmer for the same reason? Or of the cattle feeder who must purchase corn and protein feeds at artificially supported prices? And if all these are protected is there not cause for complaint on the part of the prune and raisin growers and the producers of cotton and tobacco if foreign aid is discontinued and as a consequence foreign markets shrink leaving in America an increase of unsold surpluses forcing an increase of idled acres? And so one might run the entire list of reciprocal economic relationships, demonstrating how one political action forces another until the entrapment of government is complete and there is no escape. Those with voting strength do not for long remain stepchildren in democracies. The insuperable argument against return from paper money to the gold standard is that it would accomplish that which its advocates claim—prevent prodigal spending by governments. Those in office know that they could not survive its discontinuance. To continue in power they must continue to spend. And being human they will continue to spend until the people seem ready to accept the painful readjustments the discontinuance of government prodigality would entail.

A. M. Krensky Displays "Live Stock" at Fair

CHICAGO, Ill.—Arthur M. Krensky and Co., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges, is taking a booth as a temporary branch office at the Illinois State Fair in Springfield, Aug. 12-21.

Convinced that the public wants to see "live stock" operation as well as livestock, the company will have a quotation board in their booth, a Dow Jones news service ticker and a direct private wire to Chicago for up-to-the-minute news and quotes.

Executives of the Krensky firm will be present at all times to confer on stock operation and to answer any questions from the public about market movements.

With Richard J. Buck

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Mary A. Redman has joined the staff of Richard J. Buck & Co., Statler Office Building. Miss Redman was formerly with Coburn & Middlebrook, Inc.

With Inv. Planning

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Paul J. Waters has become affiliated with Investors Planning Corporation of New England, Inc., 68 Devonshire Street.

Joins Keller Staff

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Murray M. Taradash is now with Keller & Co., 53 State Street.

With Palmer, Pollacchi

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John N. Cullen and Roland A. Pettinati have been aded to the staff of Palmer, Pollacchi & Co., 84 State Street.

With Coombs & Co.

(Special to THE FINANCIAL CHRONICLE)

LOS ANGELES, Calif.—Richard L. Murtaugh and Clarence E. Wicks are now with Coombs and Company, 602 West Sixth Street.

Continued from page 3

Are Common Stock Prices Too High?

common stocks must necessarily be different from that justified when prices were still relatively low. At present common stock prices have not only caught up but seem to have exceeded a level which to us would represent a complete discounting of the economic events that have occurred in the last decade. This is suggested by the fact that a representative group of industrial stocks such as is included in the Dow-Jones Industrial Average or in Standard & Poor's Index of 50 Industrial Stocks yields less than 4%. Whenever yields of common stocks are reduced to much below 4% during a period of active business, prices of common stocks seem on the high side and appear vulnerable to adverse economic and political changes that may occur and usually do so unexpectedly.

This raises the question of the degree of risk at this level of common stock prices which we will attempt to measure in this article. To do so, it is necessary to make certain simple assumptions: namely, that (1) in the next few years we will not be engulfed in the calamity of a third world war; (2) we will enjoy at least a continued normal rate of growth of our manufacturing industries equal to that which prevailed over many decades in the past; (3) productivity will continue to rise and may make up for lost time by gaining at a rate faster than normal; (4) wage rates will remain relatively high and inflexible even during periods of business decline; and (5) further advances in wage rates, including fringe benefits, are likely to take place.

Under these assumptions we obtain the following normal trend of the Federal Reserve Board Index of Manufactures and of the commodity price level. We also show an index of value of manufactures which is nothing more than the Federal Reserve Board Index of Manufactures adjusted for commodity prices:

Long Range Trend

American Industry Price Level

	Normal Volume FRB Index of Mfrs. (1947-49: 100)	Output Per Man Hour	Average Hourly Earnings (1947-49: 100)	Unit Labor Cost	"Normal" Comm. Prices All Comm. Except Farm Products & Foods	"Normal" Index of Value of Mfrs.
1950----	107	112	110	99	104	111
1951----	111	112	120	107	112	124
1952----	115	115	126	109	113	130
1953----	120	120	133	111	115	138
1954----	125	123	135	110	112	140
1955----	130	130	142	109	112	146
1956----	135	135	147	109	112	151
1957----	140	140	150	107	110	154
1958----	145	145	152	105	108	157
1959----	151	149	156	105	108	163
1960----	157	153	160	105	108	170

If these figures should even approximately represent the normal trend of the volume of business and the price level during the next few years, the level of stock prices which one might consider normal can be estimated as follows:

Long Range Trend

Dow-Jones Industrial Average (Earnings per share and Price Level)

	Yearly Rate Before Taxes	Fed. Tax Rate on Dow-Jones Ind. Avge.	Fed. Taxes	Net Before Pfd. Divds.	Pfd. Divds.	Net for Common	Normal Level (13 x Net for Com.)
1950--	$44.40	46%	$20.40	$24.00	$1	$23.00	299
1951--	49.60	58	28.80	20.80	1	19.80	258
1952--	52.00	53	27.60	24.40	1	23.40	304
1953--	55.20	56	30.80	24.40	1	23.40	304
1954--	56.00	47	26.30	29.70	1	28.70	373
1955--	58.40	47	27.40	31.00	1	30.00	390
1956--	60.40	45	27.20	33.20	1	32.20	419
1957--	61.60	45	27.70	33.90	1	32.90	428
1958--	62.80	45	28.30	34.50	1	33.50	435
1959--	65.20	45	29.30	35.90	1	34.90	453
1960--	68.00	45	30.60	37.40	1	36.40	473

This table shows that the average earnings per share of the Dow-Jones Industrial Average during the period 1956 to 1960 (five years) is estimated to be $34.00, and that if one is willing to apply a times-earnings of 13 (which is conservative), then the normal level of the Dow-Jones Industrial Average during that five-year period is estimated to be 442. If with varying conditions of business, earnings, and dividends from periods of depression to prosperity the Dow-Jones Industrial Average ranges 100% from the low to the high (unless there are great underlying changes, this seems a reasonable supposition), then the low point in the Average during the next several years should be somewhat below 300 and the high point would be almost 600.

It is possible to approach this problem from a somewhat different angle. We can make certain assumptions as to the volume of business and commodity prices during periods of depression and during periods of prosperity in future years, and we can estimate the earnings and dividends under these assumed conditions and thereby the level of the Dow-Jones Industrial Average which may be expected.

We might assume that the volume of business during a period of a future depression is at least 20% below normal and during a period of future prosperity 20% above normal (this means a drop of one-third in volume of business from a high level to a low level), and similarly we might assume that commodity prices might be moderately above and below normal under these differing conditions. With these assumptions we obtain the following figures for the Federal Reserve Board Index of Manufactures and for prices for all commodities except farm products and foods. We also show an index of value of manufactures which is volume adjusted for prices.

Cyclical Swings, American Industry

	Volume FRB Mfrs. High	Volume FRB Mfrs. Low	Prices (All Comm. except Farm Products & Foods) High	Prices Low	Index Value of Mfrs. High	Index Value of Mfrs. Low
1950----	126	84	110	98	139	82
1951----	131	87	120	106	157	92
1952----	136	91	120	106	163	97
1953----	142	94	120	108	170	102
1954----	147	98	118	108	173	106
1955----	153	102	118	106	180	108
1956----	159	106	118	106	187	112
1957----	165	110	116	104	191	114
1958----	172	114	114	102	196	116
1959----	178	118	112	100	199	118
1960----	185	123	112	100	207	123

If we allow for lower than normal profit margins during periods of low business and higher than normal profit margins during prosperity, we obtain the following high and low level of earnings for the Dow-Jones Industrial Average:

Cyclical Swings in Earnings of the Dow-Jones Industrial Average

	High Level			Low Level		
	Earn./sh. before Taxes	Federal Taxes per sh. (1)	Earn. per sh.	Earn./sh. before Taxes	Federal Taxes per sh. (1)	Earn. per share
1950	64.00	29.40	33.60	30.00	13.80	15.20
1951	68.00	39.40	27.60	34.00	19.70	13.30
1952	70.00	37.10	31.90	36.00	19.10	15.90
1953	72.00	40.30	30.70	38.00	21.30	15.70
1954	74.00	34.80	38.20	39.00	18.30	19.70
1955	76.00	35.70	39.30	40.00	18.80	20.20
1956	78.00	35.10	41.90	42.00	18.90	22.10
1957	80.00	36.00	43.00	43.00	19.30	22.70
1958	82.00	36.90	44.10	44.00	19.80	23.20
1959	84.00	37.70	45.30	45.00	20.20	23.80
1960	86.00	38.70	46.30	46.00	20.70	24.30

(1) Rates assumed as shown under "Long Range Trend Dow-Jones Industrial Average."

This shows that the average of the low earnings for the five-year period 1956 to 1960 may be about $22 or $23 a share and the average of the high earnings about $44 a share.

Finally, if we apply the principle that the Dow-Jones Industrial Average tends to sell at higher than normal times-earnings during periods when earnings are below normal and at lower than normal times-earnings when earnings are above normal, we obtain the following figures for the Dow-Jones Industrial Average at varying levels of earnings:

Dow-Jones Industrial Average

High and Low at Various Levels of Earnings

	Normal Level		High Level		Low Level	
Earn./sh.	Times Earn. No.	DJI Age.	Times Earn. No.	DJI Avge.	Times Earn. No.	DJI Avge.
$20	20.0	$400	26.8	$536	13.0	$260
22	18.6	409	24.8	546	12.3	271
24	17.2	413	23.0	552	11.5	276
26	16.2	421	21.6	562	11.1	289
28	15.2	426	20.3	568	10.1	283
30	14.4	432	19.2	576	9.5	285
32	13.6	435	18.1	579	9.0	288
34	13.0	442	17.3	588	8.6	292
36	12.3	443	16.4	590	8.2	295
38	11.8	448	15.8	600	7.8	296
40	11.3	452	15.0	600	7.5	300
42	11.0	462	14.4	605	7.2	302
44	10.4	458	13.9	612	6.9	304
46	10.0	460	13.4	616	6.7	308

This table shows that the low of the Dow-Jones Industrial Average during coming years is likely to be not much below 300 and the high is likely to be not much above 600. These figures are very close to those obtained from the use of the more simple and direct method of approach used above.

All these assumptions leave out extreme cases of violent economic disturbances arising from major wars or depressions.

At the recent high of 475, the Dow-Jones Industrial Average was within approximately 25% of the 600 level which we regard as a very high level and almost 60% above the level which we would regard as very low. In other words, at the present time the upside percentage potential in the market seems to be less than half of the downside percentage potential. These odds will diminish rapidly in attractiveness with any further rise in stock prices.

To Manage Bache Office

GREENSBORO, N. C.—Bache & Co., members of the New York Stock Exchange and other leading stock and commodity exchanges, have announced that Archie B. Joyner has been named manager of the firm's office at 108 West Market Street, and that W. Gordon Latham has been named associate manager. Both men have been associated with the Greensboro office for a number of years.

Joins Keller Bros.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—Ida K. Levy has become affiliated with Keller Brothers Securities Co., Zero Court Street. Miss Levy was formerly with Waddell & Reed, Inc.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced that the following transfers of membership will be considered on Aug. 25: Frank L. Foreman to Albert L. Key; membership of the late Willard A. Lynch to Albert H. McIntyre; and Solomon Litt to James D. Litt.

Armour Inv. Co. Formed

SALT LAKE CITY, Utah—Armour Investment Company has been formed with offices at 2549 Simpson Avenue to engage in a securities business. Officers are John P. Reeves, President; Ivan V. Walton, Jr., Vice-President; Don Roland, Secretary; and Vaughn H. Duffin, Treasurer.

James Talcott, Inc. Sells Common Stock

Public offering of 100,000 shares of common stock of James Talcott, Inc. is being made today (Aug. 18) by an underwriting group headed by F. Eberstadt & Co. The stock is priced at $22.50 per share. The shares are being sold by the company, which is among the leading factoring and commercial financing concerns in the United States, to expand the company's resources and permit an increase in the company's volume of business.

James Talcott, Inc. has also arranged through F. Eberstadt & Co. for the private sale to institutional investors of $1,500,000 of 4¼% subordinated notes, due Oct. 1, 1964 to 1970.

Since the business was founded in 1854, the company has been actively engaged in factoring and, in addition, in recent years has developed a substantial volume of general accounts receivable financing.

The company yesterday (Aug. 17) raised its quarterly dividend on its common stock to 30 cents per share. Regular quarterly dividends have been paid on the common stock in each year since the first public offering of such stock in 1936.

Among those associated in the underwriting with F. Eberstadt & Co. are: A. G. Becker & Co., Inc.; Hornblower & Weeks; Lehman Bros.; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; White, Weld & Co.; Robert W. Baird & Co.; Carolina Securities Corp.; Courts & Co.; Goodbody & Co.; The Milwaukee Co.; Prescott, Shepard & Co., Inc.; Shillinglaw, Bolger & Co.; Stein Bros. & Boyce; Straus, Blosser & McDowell; and Walston & Co.

George O. Kanouff Opens

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—George O. Kanouff has opened offices in the First National Bank Building to conduct a securities business.

Two With McCleary

(Special to THE FINANCIAL CHRONICLE)

ST. PETERSBURG, Fla. — L. Wesley Livingston and Roy D. Neal, Jr. have been added to the staff of McCleary & Co., Inc., 556 Central Avenue, members of the New York Stock Exchange.

Three With B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Joseph W. Page, Raymond W. Bonin and Edward L. Goodbar are now with B. C. Morton & Co., 131 State Street.

Blair Adds To Staff

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Ray E. Flynn has been added to the staff of Blair & Co. Incorporated. He was previously with Campbell, McCarty & Co.

Form D. R. Hill Co.

PUEBLO, Colo.—Dale R. Hill and Company is conducting a securities business from offices at 1305 East Tenth Street. Officers are Dale R. Hill, President; John E. Hill, Vice-President; and Leslie F. Davis, Secretary-Treasurer.

Hugh C. Harle

Hugh Coffin Harle passed away Aug. 9 at the age of 73. Prior to his retirement he conducted his own investment firm in New York City and was a partner in Abbott, Proctor & Paine.

John V. Huff Opens

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, N. C.—John V. Huff is engaging in a securities business from offices at 407 Brentwood Avenue.

Continued from page 5

The State of Trade and Industry

was placed at 1,474,000 tons, or 61.8%. The percentage figures for 1954 are based on annual capacity of 124,330,410 tons as of Jan. 1, 1954.

Will You Live To Be 100 Years Old?

More and more the wise and farseeing executive of today is gauging the expansion possibilities of his business by a study of the births and mortalities expected by the findings that insurance actuarial pronouncements issue from time to time. The following interesting information was released early this month:

Chances of living to age 100 are twice as good now as they were only half-a-century ago, says the family economics bureau of Northwestern National Life Insurance Company of Minneapolis, Minn.

Of the nearly 20,000,000 babies born in the past five years, 80,000 should live to be 100 years old. Out of an equal number born in the early 1900s, however, only about 40,000 would be expected to reach the 100-mark.

Of the total white American population living today, approximately 500,000 will live to be 100, the insurance statisticians calculate, on the basis of present trends. Out of each 100,000 babies born in 1900, a total of 200 should survive to see the year 2000. But of each 100,000 born in 1950 approximately 400 should live until 2050 A.D.

This country's population over 60 years of age is steadily on the climb. Today 18,500,000 persons in the United States are past 60 as compared to only 8,000,000 in 1920. By 1960 there will be 23,500,000 over the mark.

Electric Output Scores a New All-Time High Record For the Fourth Consecutive Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Aug. 13, 1955, was estimated at 10,729,000,000 kwh. The previous high level at 10,925,000,000 kwh. was attained in the preceding week, according to the Edison Electric Institute.

This week's output decreased 196,000,000 kwh. above that of the previous week, when the actual output stood at 10,925,000,000 kwh. It increased 1,733,000,000 kwh., or 19.3% above the comparable 1954 week and 2,215,000,000 kwh. over the like week in 1953.

Car Loadings Fall 3.8% Under Prior Week But Advance 14.7% Above Like Week in 1954

Loadings of revenue freight for the week ended Aug. 6, 1955, decreased 30,319 cars or 3.8% below the preceding week, according to the Association of American Railroads.

Loadings for the week ended Aug 6, 1955, totaled 765,452 cars, an increase of 97,860 cars, or 14.7% above the corresponding 1954 week, but a decrease of 19,897 cars or 2.5% below the corresponding week in 1953.

U. S. Automotive Output Last Week Increased 6.6% Bringing Total 1955 Output Up to 5,200,000 Cars

According to "Ward's Automotive Reports" for latest week ending Aug. 12, domestic auto plants built their 5,200,000th and their dealers sold the 4,500,000th passenger car of the year in that period as factory output moved up 6.6% over the previous week.

However, weekly operations next week are headed for a downturn that will continue through September and into October as additional car producers swing into model changeovers.

Joining DeSoto, Chrysler and Lincoln in model changeover shutdowns, "Ward's" said, are American Motors with its Rambler series, plus Dodge. Following shortly thereafter will be certain Mercury plants in staggered sequence, plus Ford, then Plymouth, With G. M. Corp. divisions following at various stages in September.

"Ward's Automotive Reports" counted 151,176 car and 24,448 truck completions for U. S. plants this week compared with 141,778 and 22,669 last week. Car output alone improved 6.6%.

This combined total of 175,624 increased 6.8% over last week, "Ward's" said, and was 51% above the 116,193 last year at this time, the gain stemming principally from the return of cooler weather to the auto plants.

Canadian output last week was placed at 2,074 cars and 611 trucks. In the previous week Dominion plants built 6,035 cars and 864 trucks, and for the comparable 1954 week 2553 cars and 462 trucks.

Business Failures Down Sharply

Commercial and industrial failures fell to 169 in the week ended Aug. 11 from 213 in the preceding week, reported Dun & Bradstreet, Inc. At the lowest level so far this year, failures were considerably below last year when 233 occurred but slightly above the 150 in 1953. Failures remained one-third lower than the pre-war level of 252 in 1939.

Failures with liabilities of $5,000 or more declined to 139 from 175 in the previous week and 185 in the comparable week a year ago. A decrease also appeared among small failures, those involving liabilities under $5,000, which dipped to 30 from 38 last week and 48 in 1954. Nineteen businesses failed with liabilities in excess of $100,000 as against 13 a week ago.

Most of the week's decline ocurred in retail trade, where the toll dropped to 77 from 108, and in construction, down to 19 from 34. Also, wholesaling failures dipped slightly to 25 from 28, while casualties in manufacturing edged up to 31 from 29 and in commercial service to 17 from 14. More wholesalers succumbed than last year, but all other lines had fewer failures than in 1954. Notably sharp declines from a year ago prevailed in both manufacturing and retailing.

Wholesale Food Price Index Holds to Moderate Uptrend In Latest Week

Rising moderately for the second successive week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., went to $6.24 on Aug. 9, from $6.21 the week before. Two weeks ago the index touched a two and a half year low of $6.17. The current number at $6.24, compares with $7.10 on the corresponding date a year ago, or a drop of 12.1%.

Commodities quoted higher last week included hams, bellies, lard, butter, eggs, steers, hogs and lambs. Lower in wholesale cost were flour, wheat, corn, rye, oats, barley, sugar coffee, cottonseed oil and cocoa.

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 Moved Irregularly The Past Week

After trending upward in the early part of the week, the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., turned lower to finish at 275.18 on Aug. 9. This compared with 275.31 a week earlier and with 272.59 on the corresponding date last year.

Leading grain markets held fairly firm during most of the week, but suffered a sharp reaction as the week ended.

Heavy selling, induced by week-end rains over a wide section of the Midwest, resulted in sharp declines for all grains and wiped out most of the advances of the past few weeks due to the recent hot, dry weather.

Harvesting of Spring wheat was progressing rapidly and one private forecaster estimated production of all wheat for this year at 926,000,000 bushels, or about 66,000,000 bushels more than the Government estimate of July 1. The general quality of the new crop Spring wheat is expected to be good to excellent. Trading in grain and soybean futures on the Chicago Board of Trade was more active the past week. Daily average purchases totalled about 47,300,000 bushels, against 40,100,000 last week, and 52,000,000 bushels in the like week a year ago.

Domestic flour business remained very dull. Most users of hard and soft Winter wheat flours held fair to large balances and little activity was looked for in the near future. A good potential demand existed for Spring wheat bakery flours but the expanding harvest and gradually declining prices have encouraged a waiting policy among bakers and jobbers. Cocoa values continued to weaken under pressure of hedging and trade selling and reports that United States importers bought cocoa from Brazil as low as 28⅜ cents a pound. Warehouse stocks of cocoa declined to 249,900 bags, from 258,229 last week and compared with 112,897 bags a year ago.

Following the sharp advance of last week, coffee prices turned downward, influenced by the Department of Agriculture forecast that coffee supplies this season and in the future will be plentiful, despite recent frost damage in Brazilian producing areas.

Both raw and refined sugar prices were unchanged for the week. Demand for lard showed considerable improvement in late trading and prices turned upward for the first time in several weeks. Demand for hogs and pork was stimulated by the return of cooler weather.

Spot cotton prices trended lower during the past week under pressure of liquidation and hedge selling prior to the publication of the first official crop estimate.

The report, issued by the Department of Agriculture on Aug. 8, forecast a crop of 12,728,000 bales. This was considerably above recent private estimates, and only 968,000 bales below last year's actual yield of 13,696,000 bales.

Reported sales in the 14 markets continued to increase and totalled 72,300 bales, as against 69,400 bales in the previous week. The mid-July parity price for cotton was reported at 35.22 cents compared with 35.34 cents a month earlier.

Trade Volume Rose 6 to 10% Above Like Period A Year Ago the Past Week

Dollar volume of retail trade in the period ended Wednesday of last week advanced 6 to 10% higher than a year ago, Dun & Bradstreet, Inc., reports.

Shopping in downtown areas was reduced by the hot weather but substantial gains continued to be made at suburban stores.

Regional estimates varied from the comparable 1954 levels by the folllowing percentages: New England, up 4 to 8; East, up 4 to 9; South, up 7 to 11; Middle West and Southwest, up 8 to 12; Northwest, up 2 to 6 and Pacific Coast, up 6 to 10.

While the response to traditional August furniture sales varied considerably, the overall volume remained above a year ago.

Interest in air conditioners surpassed that in other appliances and automobile parts and repairs were also in large demand.

There was a moderate increase in wholesale orders during the week. While the rise in dollar volume of trade was slight, volume remained higher than last year.

In some lines wholesale inventories were higher than in previous weeks.

Heavy trading continued in the fall apparel market, with children's school clothes and women's fall coats among the best sellers. Orders were far above those of last year.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Aug. 6, 1955, advanced 5% from the like period of last year. In the preceding week, July 30, 1955, a rise of 13% was registered from that of the similar period of 1954, while for the four weeks ended Aug. 6, 1955, an increase of 10% was recorded. For the period Jan. 1, 1955 to Aug. 6, 1955, a gain of 7% was registered above that of 1954.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Aug. 6, 1955 dropped 4% below that of the like period of last year.

New York and Brooklyn department store sales last week dropped well below year-ago levels for the second consecutive week.

Store executives estimated the decline for the nine major stores, compared with the 10 in operation at the same time last year.

The weather was blamed for the sales decrease. Last week's storms and the threat of hurricane winds kept store traffic down. The previous week had seen the stores vacated because of the heat, but last week's coler temperatures were of no value to merchants because they brought inclement weather.

In the preceding week, July 30, 1955, a rise of 10% was noted from that of the previous week. For the four weeks ended Aug. 6, 1955, an increase of 4% occurred. For the period Jan. 1, 1955, to Aug. 6, 1955, the index recorded a rise of 2% from that of the corresponding period of 1954.

Blyth Group Offers Rheem Mfg. Debs.

Blyth & Co., Inc. heads an underwriting group offering publicly today (Aug. 18) an issue of $25,000,000 of Rheem Manufacturing Co. 20-year sinking fund 3⅞% debentures due Aug. 1, 1975 at a price of 98.25% to yield slightly more than 4% to maturity.

Proceeds will be used by the company to retire approximately $14,000,000 in funded debt with the remainder being used for general corporate purposes.

The debentures are redeemable at prices ranging from 102% after Aug. 1, 1955 to 100% after Aug. 1, 1971. A sinking fund commencing in 1956 will operate to retire $900,000 principal amount of debentures each year at par.

The company's sales for the six months ended June 30, 1955 were divided approximately as follows: containers, 24%; home appliances, including water heaters, clothes dryers, water softeners and heating and air-conditioning units, 32%; automotive parts, 13%; and U. S. Government products, including aircraft components, guided missile components and parts, shells and shell cases, and other ordinance items, 31%.

For the five months ended May 31, 1955 the company reported net sales of $67,504,807 and net earnings, after preferred dividends, of $2,469,163. For the comparable 1954 five-month period net sales were $77,834,724 and net earnings $2,437,645.

Giving effect to the current offering, capitalization to be outstanding will consist of: $25,000,000 in funded debt; approximately 35,408 shares of $100 par value convertible preferred stock; and approximately 1,619,140 shares of common stock, $1 par value.

Among those associated in the offering are: Kuhn, Loeb & Co.; The First Boston Corp.; Goldman, Sachs & Co.; Harriman Ripley & Co.; Kidder, Peabody & Co.; Lazard Freres & Co.; Lehman Brothers; Merrill Lynch, Pierce, Fenner & Beane; Smith, Barney & Co.; Stone & Webster Securities Corp.; Union Securities Corp.; Dean Witter & Co.; Hemphill, Noyes & Co.; Hornblower & Weeks; F. S. Moseley & Co.; Paine, Webber, Jackson & Curtis; W. E. Hutton & Co., and Schwabacher & Co.

With Fulton, Reid

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Thomas F. Berlin is now with Fulton, Reid & Co., Union Commerce Building, members of the Midwest Stock Exchange.

With Merrill Lynch

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — William D. Robertson is now connected with Merrill Lynch, Pierce, Fenner & Beane, 1003 Walnut Street.

John P. Witt Adds

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Virginia B. MacAllister is now with John P. Witt & Co., Union Commerce Building, members of the Midwest Stock Exchange.

King Merritt Adds

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo. — Herman A. Teague has been added to the staff of King Merritt & Co., Inc., Woodruff Building.

With Benj. D. Bartlett

(Special to THE FINANCIAL CHRONICLE)

CINCINNATI, Ohio — Otto J. Palm has become associated with Benj. D. Bartlett & Co., 313 Vine Street, members of the New York and Cincinnati Stock Exchanges.

Continued from page 16

Makes Comparison of Investment Results of Mutual Funds and Stocks

and largest of the mutual funds, and the newly established Television-Electronics Fund because of its specialized field at a time when television was being widely introduced.

Approximately $1,000 was theoretically invested in each of the ten funds, the exact amount being determined as that figures closest to $1,000 which would buy an even number of shares. A total of $24.32 was not invested.

Increase in Value of Ten Mutual Funds 1950-1954
(Figures Rounded to Nearest Dollar)

	Shares Purchased Dec. 31, 1949				Shares Sold Dec. 31, 1954		
Fund—	Net Asset Value	Offering Price Per Sh.	No. of Shs.	Cost of Shares	Net Asset Value	No. of Shs.	Proceeds from Shs. Sold
Inv. Trust of Boston	$7.94	$8.68	115	$998	$17.51	115	$2,014
Pioneer	25.92	27.98	36	1,007	11.85	144	1,706
Chemical	15.00	16.22	61	989	26.87	61	1,639
General Capital	52.05	55.95	18	1,007	63.67	18	1,146
Founders Mutual	5.81	6.32	158	999	11.95	158	1,888
Group Sec. (Petrol.)	7.68	8.39	119	998	9.50	238	2,261
Eaton & Howard	18.22	19.38	52	1,007	17.13	104	1,782
Fidelity	26.66	28.92	35	1,009	25.98	70	1,819
Television-Elec.	10.34	11.27	89	1,003	10.62	178	1,890
Mass. Investors Tr.	27.68	29.92	32	957	27.99	64	1,791
Totals				$9,974			$17,936

The above table shows that during the five-year period the $9,974 invested in mutual funds would have increased by 80% to $17,936. The profit which would have been realized from sale of the investment company shares is shown below—together with the total income which would have been received from each investment company during the five-year period.

Profit From Ten Mutual Funds 1950-1954
(Figures Rounded to Nearest Dollar)

Fund—	Sales Receipts Less Purchase Costs	Divs. Plus Capital Gains 1950-1954	Total Profit Over Five Years
Investment Trust of Boston	$1,016	$457	$1,473
Pioneer	699	344	1,043
Chemical	650	446	1,096
General Capital	139	734	873
Founders Mutual	889	294	1,183
Group Securs. (Petroleum)	1,263	357	1,620
Eaton & Howard	775	386	1,161
Fidelity	810	407	1,217
Television-Electronics	887	472	1,359
Mass. Investors Trust	834	368	1,202
Totals	$7,962	$4,265	$12,227

In deciding which ten stocks to select from among the more than 1,000 listed on the New York Stock Exchange at the end of 1949, a small investor would have had certain public information at his disposal. For example, the Berlin air-lift had been officially terminated in July, and responsible national leaders were predicting a "cold war" likely to last for ten to twenty years. It was agreed by the leaders of all major political parties that the United States armed forces must remain strong, and that world air supremacy must be maintained, particularly in bomber aircraft. The population of the country was increasing rapidly. The value of construction contracts awarded in 37 states had reached an all-time high in 1949, and television set production had increased fourfold from January to November of 1949—to the accompaniment of large national advertising campaigns.

Under these circumstances a reasonable man totally unacquainted with the stock market and faced with the requirement of selecting a portfolio of ten growth stocks might well have picked two large companies from each of the following five industries.

(1) *Aircraft:* Boeing Airplane Co.; Douglas Aircraft Co., Inc.

(2) *Electrical Equipment:* General Electric Co.; Westinghouse Electric Corporation.

(3) *Cement:* General Portland Cement Co.; Lehigh Portland Cement Co.

(4) *Glass:* Libbey-Owens-Ford Glass Co.; Corning Glass Works.

(5) *Television Sets:* Radio Corporation of America; Zenith Radio Corporation.

The following table lists these ten arbitrarily chosen stocks in alphabetical order, and shows the amount invested in each stock. Approximately $1,000 was invested in each of the ten companies —the exact amount being determined as that figure closest to $1,000 which would buy an even number of shares in a multiple of 5. $113.28 was left uninvested. During the five-year period the amount invested in these ten stocks (including commissions) would have increased in value 296% (after deducting selling commissions).

Increase in Value of Ten Listed Stocks 1950-1954
(Figures Rounded to Nearest Dollar)

	Shs. Purch. Dec. 31, 1949			Shs. Sold Dec. 31, 1954		
Company—	Price	Number	Cost*	Price	No.	Proceeds†
Boeing	23⅝	40	$957	73⅞	120	$8,805
Corning	29½	35	1,046	148½	35	5,157
Douglas	71	15	1,079	130	60	7,757
General Electric	42⅜	20	859	46¾	60	2,776
General Portland	38⅞	25	985	86⅜	25	2,136
Lehigh Portland	49½	20	1,003	55¾	40	2,206
Libbey-Owens-Ford	63	15	957	71¾	30	2,129
R. C. A.	12⅝	80	1,025	38½	80	3,050
Westinghouse Electric	33	30	1,003	80½	30	2,390
Zenith	32	30	973	91½	30	2,718
Totals			$9,887			$39,124

*Including New York Stock Exchange commissions now in effect.
†After deducting New York Stock Exchange commissions now in effect.

The profit which an investor would have realized during five years from an original investment of $9,887 in listed common stocks is shown below:

Profit From Ten Listed Stocks 1950-1954
(Figures Rounded to Nearest Dollar)

Company—	Sale Rec'pts Less Purchase Costs	Div. Income 1950-1954	Total Profit Over Five Years
Boeing	$7,848	$970	$8,818
Corning	4,111	385	4,496
Douglas	6,679	896	7,575
General Electric	1,917	361	2,278
General Portland Cement	1,151	383	1,533
Lehigh Portland Cement	1,203	242	1,445
Libby-Owens-Ford	1,171	373	1,545
R. C. A.	2,024	456	2,480
Westinghouse Electric	1,387	315	1,702
Zenith	1,746	465	2,211
Totals	$29,237	$4,846	$34,083

It appears that an investment of approximately $10,000 in these ten listed stocks would have earned $21,856 more for an investor over a five-year period than an equivalent sum placed in ten of the better mutual funds. Dividend income from the stocks would have been $581, (or 14%) greater than income from the funds, while proceeds from capital growth would have been $21,-275, or 267% greater.

It may be argued that the author's hindsight in choosing two aircraft stocks to include in the comparison is responsible for the good showing of the listed stocks. However, if the extremes are eliminated from both samples, the common stocks still have a 2 to 1 profit advantage, as shown in the following table:

Total Profit Over Five Years in Dollars

Six Stocks		*Six Funds*	
Corning Glass	$4,496	Television-Electronics	$1,359
R. C. A.	2,480	Fidelity	1,217
General Electric	2,278	Mass. Investors Trust	1,202
Zenith	2,211	Founders Mutual	1,183
Westinghouse Electric	1,702	Eaton & Howard Stock	1,161
Libby-Owens-Ford	1,545	Chemical	1,096
Total	$14,712	Total	$7,218
Four Stocks Eliminated		*Four Funds Eliminated*	
Boeing	$8,818	Group Sec. (Petrolium)	$1,620
Douglas	7,575	Invest. Trust of Boston	1,473
Genl. Portland Cement	1,533	Pioneer	1,043
Lehigh Portl'd Cement	1,445	General Capital	873
Total	$19,371	Total	$5,009

It is interesting to note that the three *worst* stocks selected profitwise, (i.e. Libbey-Owens-Ford and the two cement companies) earned a total of $4,523 in profits—or more than the three *best* mutual funds. (Group Securities Petroleum Shares, Investment Trust of Boston and Television-Electronics Fund) which earned a total of $4,452 in profits.

Only *two* mutual funds earned as much profit as the *worst* stock selected!

Several factors undoubtedly account for the better performance of the individual stocks. In the first place, a five-year period may have been too short to amortize properly the higher commissions paid for the mutual fund shares. A second, and probably more significant reason is the fact that the shares of large listed companies perform better during a bull market than unlisted, unknown securities such as would be held in varying degrees by many mutual funds.

Shall I invest in mutual funds or common stocks? Apparently, the common stocks of large companies in expanding industries are the answer for those with accumulated dollars—at least during a period of generally rising stock prices.

Armed with a knowledge of general economic trends, and relying on the ability of large corporations to make a reasonable profit, the small investor can well afford to establish his own portfolio of common stocks.

RICHARD A. HOUGHTON

1550 Ashland Avenue,
Evanston, Ill.
August 15, 1955.

Cartwright Director

Clermont Cartwright, Chairman of Hill, Thompson & Co. Inc., has been elected a director of Sunset Oil Company, it was announced by J. D. Sterling, Sunset President. William H. Tietz has been elected Secretary and Treasurer, Mr. Sterling also announced.

Mr. Cartwright is President of Tungsten Alloy Manufacturing Co. Inc. of Newark, N. J., and is a director of Penn-Michigan Mfg. Co., The Van Auken Company, and Helms Manufacturing Co.

F. D. Newman Adds

(Special to THE FINANCIAL CHRONICLE)

MIAMI, Fla.— Charles O. McConnell, Thelma A. Smock and Eleanor S. Watson have been added to the staff of Frank D. Newman & Co., Ingraham Bldg.

With Security Planning

(Special to THE FINANCIAL CHRONICLE)

WEST PALM BEACH, Fla. — Leo N. Cowan, Elmer W. Lee and Theodor E. Weber have joined the staff of Security Planning, Inc., Harvey Building.

F. E. Randall Opens

WELLSVILLE, N. Y.—Frank E. Randall is engaging in a securities business from offices at 99½ North Main Street.

V. H. Obelgoner Opens

HALLETTSVILLE, Tex. — Vernon H. Obelgoner is conducting a securities business from offices at 100 Maury.

Forms R. W. Polk Co.

LITTLE ROCK, Ark.—Rufus W. Polk is engaging in a securities business from offices at 5024 Club Road under the firm name of R. W. Polk & Company.

H. C. Shore Opens

Harold C. Shore has formed Harold C. Shore & Co. with offices at 50 Broad Street, New York City, to engage in a securities business.

Honnold Branch

DENVER, Colo.—Honnold & Co. has opened a branch office at 524 Seventeenth Street under the direction of James Tweeddale.

McCleary Opens Branch

WINTER HAVEN, Fla. — McCleary & Co., Inc. has opened a branch office at 259 West Central Avenue under the direction of George Mann.

Now Wall St. Management

BOSTON, Mass. — The firm name of John H. G. Pell & Company, Inc., 140 Federal Street, has been changed to Wall Street Management Corporation.

Robt. M. Work Retiring

Robert M. Work of the Chicago office of Salomon Bros. & Hutzler since Dec. 1, 1921, and Manager since 1928, is retiring as of Sept. 30, 1955. Mr. Work is presently on terminal vacation and means to reside in Los Angeles Calif.

With United Western

(Special to THE FINANCIAL CHRONICLE)

OAKLAND, Calif.—Geno Bozzolo is now with United Western Securities, Inc., 1419 Broadway.

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:

	Date	Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Aug. 21	§92.3	*89.4	91.0	61.8
Equivalent to—					
Steel ingots and castings (net tons)	Aug. 21	§2,228,000	*2,157,000	2,195,000	1,474,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Aug. 5	6,639,500	6,615,300	6,596,900	6,153,450
Crude runs to stills—daily average (bbls.)	Aug. 5	¶7,542,000	7,577,000	7,646,000	6,744,000
Gasoline output (bbls.)	Aug. 5	25,953,000	26,447,000	26,478,000	23,756,000
Kerosene output (bbls.)	Aug. 5	2,094,000	2,217,000	1,887,000	1,975,000
Distillate fuel oil output (bbls.)	Aug. 5	11,063,000	11,008,000	11,474,000	9,619,000
Residual fuel oil output (bbls.)	Aug. 5	7,146,000	7,790,000	7,583,000	7,485,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Aug. 5	156,476,000	157,005,000	159,307,000	156,808,000
Kerosene (bbls.) at	Aug. 5	32,475,000	32,000,000	30,456,000	32,539,000
Distillate fuel oil (bbls.) at	Aug. 5	119,479,000	115,936,000	105,167,000	105,077,000
Residual fuel oil (bbls.) at	Aug. 5	45,273,000	45,457,000	45,304,000	55,238,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Aug. 6	765,452	795,771	551,608	574,367
Revenue freight received from connections (no. of cars)	Aug. 6	644,251	652,132	551,608	574,367
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Aug. 11	$334,458,000	$317,693,000	$578,407,000	$419,221,000
Private construction	Aug. 11	188,211,000	191,204,000	371,880,000	268,697,000
Public construction	Aug. 11	146,247,000	126,489,000	206,527,000	150,524,000
State and municipal	Aug. 11	128,596,000	111,666,000	132,778,000	133,893,000
Federal	Aug. 11	17,651,000	14,823,000	73,749,000	16,631,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Aug. 6	9,150,000	*9,650,000	7,390,000	7,499,000
Pennsylvania anthracite (tons)	Aug. 6	456,000	524,000	345,000	472,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Aug. 6	97	98	87	92
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Aug. 13	10,729,000	**10,925,000	10,440,000	8,996,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Aug. 11	169	213	224	233
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Aug. 9	5.174c	5.174c	5.178c	4.801c
Pig iron (per gross ton)	Aug. 9	$5[illegible].09	$59.09	$59.09	$56.59
Scrap steel (per gross ton)	Aug. 9	$44.00	$43.33	$38.50	$27.8[illegible]
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Aug. 10	35.700c	35.700c	35.700c	39.700c
Export refinery at	Aug. 10	38.125c	39.050c	36.100c	29.550c
Straits tin (New York) at	Aug. 10	96.625c	97.375c	95.125c	93.375c
Lead (New York) at	Aug. 10	15.000c	15.000c	15.000c	14.000c
Lead (St. Louis) at	Aug. 10	14.800c	14.800c	14.800c	13.800c
Zinc (East St. Louis) at	Aug. 10	12.500c	12.500c	12.500c	11.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Aug. 16	95.17	94.61	95.34	100.42
Average corporate	Aug. 16	107.80	108.16	108.70	110.70
Aaa	Aug. 16	111.07	111.44	112.19	115.82
Aa	Aug. 16	109.60	109.79	110.52	112.7[illegible]
A	Aug. 16	107.98	108.16	108.88	110.34
Baa	Aug. 16	103.13	103.30	103.80	104.31
Railroad Group	Aug. 16	106.56	106.56	107.44	109.24
Public Utilities Group	Aug. 16	108.52	108.70	109.24	111.07
Industrials Group	Aug. 16	108.52	108.88	109.79	111.81
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Aug. 16	2.86	2.90	2.84	2.46
Average corporate	Aug. 16	3.29	3.27	3.24	3.1[illegible]
Aaa	Aug. 16	3.11	3.09	3.05	2.86
Aa	Aug. 16	3.19	3.18	3.14	3.0[illegible]
A	Aug. 16	3.28	3.27	3.23	3.15
Baa	Aug. 16	3.56	3.55	3.52	3.4[illegible]
Railroad Group	Aug. 16	3.36	3.36	3.31	3.21
Public Utilities Group	Aug. 16	3.25	3.24	3.21	3.11
Industrials Group	Aug. 16	3.25	3.23	3.18	3.07
MOODY'S COMMODITY INDEX	Aug. 16	398.2	403.7	405.7	426.3
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Aug. 6	367,978	281,121	225,732	277,574
Production (tons)	Aug. 6	278,376	280,062	155,704	245,341
Percentage of activity	Aug. 6	98	99	55	91
Unfilled orders (tons) at end of period	Aug. 6	691,068	602,944	642,257	416,80[illegible]
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Aug. 12	106.84	106.81	106.88	106.85
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 23	1,131,336	*1,294,989	1,245,014	1,160,703
Dollar value	July 23	$62,963,160	*$71,834,190	$65,549,131	$53,097,672
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	July 23	1,026,744	*1,015,706	1,175,826	1,156,234
Customers' short sales	July 23	6,740	*6,364	5,498	8,700
Customers' other sales	July 23	1,020,004	*1,009,342	1,170,328	1,147,534
Dollar value	July 23	$52,325,371	*$52,417,020	$58,842,561	$43,334,769
Round-lot sales by dealers—					
Number of shares—Total sales	July 23	276,650	256,540	331,530	358,590
Short sales	July 23	------	------	------	------
Other sales	July 23	276,650	256,540	331,530	358,590
Round-lot purchases by dealers—					
Number of shares	July 23	455,040	536,000	396,010	358,150
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 23	491,690	471,630	471,180	485,520
Other sales	July 23	11,463,630	11,680,770	13,572,610	12,927,560
Total sales	July 23	11,955,320	12,152,406	14,043,790	13,413,080
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	July 23	1,546,480	1,473,730	1,716,720	1,513,580
Short sales	July 23	271,570	281,720	277,400	290,580
Other sales	July 23	1,323,940	1,336,370	1,436,760	1,261,610
Total sales	July 23	1,595,510	1,613,090	1,714,160	1,552,190
Other transactions initiated on the floor—					
Total purchases	July 23	327,900	326,880	368,920	456,350
Short sales	July 23	27,600	38,000	18,100	22,120
Other sales	July 23	293,470	286,610	371,330	454,260
Total sales	July 23	321,070	324,610	389,430	476,380
Other transactions initiated off the floor—					
Total purchases	July 23	496,165	502,470	658,745	400,602
Short sales	July 23	90,230	65,500	84,100	47,220
Other sales	July 23	582,525	615,596	701,407	476,200
Total sales	July 23	672,755	681,096	785,507	523,420
Total round-lot transactions for account of members—					
Total purchases	July 23	2,370,545	2,303,080	2,744,385	2,370,532
Short sales	July 23	389,400	385,220	379,600	359,920
Other sales	July 23	2,119,935	2,238,576	2,509,497	2,192,070
Total sales	July 23	2,589,335	2,623,796	2,889,097	2,551,990
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Aug. 9	110.1	*110.1	110.3	110.2
Farm products	Aug. 9	87.8	*87.2	89.1	95.6
Processed foods	Aug. 9	100.9	*101.9	103.0	105.2
Meats	Aug. 9	81.5	81.4	86.8	88.6
All commodities other than farm and foods	Aug. 9	116.7	*116.7	116.2	114.3

*Revised figure. ¶Includes 811,000 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
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of June	127,634	131,128	120.758
Stocks of aluminum (short tons) end of June	12,630	12,052	66,555
AMERICAN GAS ASSOCIATION—For month of June:			
Total gas (M therms)	4.441.780	4,840,721	4,238.600
Natural gas sales (M therms)	4,218,474	4,575,594	4,011,700
Manufactured gas sales (M therms)	28,045	36,613	33,700
Mixed gas sales (M therms)	195,261	228,514	193,200
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of July	9,110,000	*9,746,467	6,627,597
Shipments of steel products (net tons)—Month of June	7,770,213	7,540,889	5,887,488
AMERICAN PETROLEUM INSTITUTE—Month of May:			
Total domestic production (barrels of 42 gallons each)	227,817,000	227,236,000	220,977,000
Domestic crude oil output (barrels)	206,983,000	206,600,000	200,593,000
Natural gasoline output (barrels)	20,779,000	20,571,000	20,362,000
Benzol output (barrels)	55,000	65,000	22,000
Crude oil imports (barrels)	23,017,000	20,907,000	21,957,000
Refined products imports (barrels)	12,222,000	12,787,000	9,200,000
Indicated consumption domestic and export (barrels)	246,348,000	245,001,000	222,951,000
Increase all stock (barrels)	16,708,000	15,929,000	29,183,000
BANKERS' DOLLAR ACCEPTANCES OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of July 30:			
Imports	$223,150,000	$216,316,000	$225,154,000
Exports	185,837,000	188,662,000	153,809,000
Domestic shipments	11,401,000	12,467,000	18,072,000
Domestic warehouse credits	96,265,000	112,377,000	72,777,000
Dollar exchange	40,840,000	39,790,000	91,964,000
Based on goods stored and shipped between foreign counrties	92,143,000	84,964,000	45.581,000
Total	$647,636,000	$654,576,000	$589,357,000
BUILDING CONSTRUCTION—U. S. DEPT. OF LABOR—Month of July (in millions):			
Total new construmtion	$3,967	$3,810	$3,556
Private construction	2,774	2,669	2,387
Residential building (nonfarm)	1,533	1,480	1,267
New dwelling units	1,365	1,315	1,125
Additions & alterations	135	134	113
Nonhousekeeping	33	31	29
Nonresidential building (nonfarm)	667	634	551
Industrial	197	189	158
Commercial	276	259	206
Warehouses, office and loft buildings	94	90	81
Stores, restaurants and garages	182	169	125
Other nonresidential building	194	186	187
Religious	66	62	52
Educational	41	39	48
Social and recreational	25	24	21
Hospital and institutional	31	30	29
Miscellaneous	31	31	37
Farm construction	148	141	164
Public utilities	410	398	393
Railroad	29	30	30
Telephone and telegraph	65	60	58
Other public utilities	316	308	305
All other private	16	16	12
Public construction	1,193	1,141	1,169
Residential building	21	23	24
Nonresidential building	392	394	420
Industrial	62	69	130
Educational	225	221	189
Hospital and institutional	32	33	34
Other nonresidential building	73	71	67
Military facilities	115	113	90
Highways	460	410	440
Sewer and water	99	99	89
Miscellaneous public service enterprises	29	26	25
Conservation and development	60	59	57
All other public	17	17	14
COMMERCIAL PAPER OUTSTANDING—FEDERAL RESERVE BANK OF NEW YORK—As of July 30 (000's omitted)	$593,000	$572,000	$747,000
COTTON GINNING (DEPT. OF COMMERCE)—As of Aug. 1 (running bales)	312,984	------	388,229
COTTON PRODUCTION — U. S. DEPT. OF AGRICULTURE—1955 Corp as of Aug. 1:			
Production 500-lb. gross bales	12,728,000	------	13,679,000
FACTORY EARNINGS AND HOURS—WEEKLY AVERAGE ESTIMATE — U. S. DEPT. OF LABOR—Month of July:			
Weekly Earnings—			
All manufacturing	$75.76	$76.11	$70.92
Durable goods	81.40	82.19	75.83
Non-duable goods	67.89	67.83	64.74
Hours—			
All manufacturing	40.3	40.7	39.4
Durable goods	40.7	41.3	39.7
Non-durable goods	39.7	39.9	39.0
Hourly Earnings—			
All manufacturing	$1.88	$1.87	$1.80
Durable goods	2.00	1.99	1.91
Non-durable goods	1.71	1.70	1.66
MOODY'S WEIGHTED AVERAGE YIELD OF 100 COMMON STOCKS—Month of July:			
Industrials (125)	3.63	3.71	4.54
Railroads (25)	4.77	4.66	5.95
Utilities (not incl. Amer. Tel. & Tel.) (24)	4.34	4.53	4.56
Banks (15)	3.95	4.01	4.35
Insurance (10)	2.45	2.40	2.73
Average (200)	3.78	3.87	4.61
NEW CAPITAL ISSUES IN GREAT BRITAIN—MIDLAND BANK LTD.—Month of July	£134,814,000	£23,921,000	£23,175,000
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of May (000's omitted):			
Savings and loan associations	$950,000	$900,390	$674.939
Insurance companies	163,472	165.247	123.503
Bank and trust companies	482,212	455.960	330,171
Mutual savings banks	152,643	135.603	117,845
Individuals	285,911	276.283	231,372
Miscellaneous lending institutions	448,573	423,649	326,668
Total	$2,482,811	$2,357,132	$1,804,499
UNITED STATES GROSS DEBT DIRECT AND GUARANTEED—(000's omitted):			
As of July 31	$277.625,547	$274.418,365	$271,004,530
General fund balances	6.810,921	6,215,665	4,224,495
Net debt	$270.814.626	$268.202,700	$266,780.035
Computed annual rate	2.348%	2.351%	2.334%

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.

● **Aldens, Inc., Chicago, Ill. (9/1)**
Aug. 10 filed $3,662,600 of convertible subordinated debentures due Sept. 1, 1970, to be offered first for subscription by common stockholders in the ratio of $100 principal amount of debentures for each 16 shares of stock held on or about Sept. 1; with a 16 day standby period. **Price**—To be supplied by amendment. **Proceeds**—For working capital and expansion purposes. **Underwriter**—Lehman Brothers, New York.

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.

Aloha, Inc., Las Vegas, Nev.
Aug. 8 filled 900,000 shares of common stock (par $1) and 900,000 shares of preferred stock (par $10) to be offered in units of one share of each class of stock. **Price**—$11 per unit. **Proceeds**—For construction of hotel and related activities and for contingencies, stock in trade, and working capital. **Underwriter**—None.

Alouette Uranium & Copper Mines, Inc., Montreal, Canada
July 22 (Regulation D) 1,000,000 shares of common stock. **Price**—30 cents per share. **Proceeds**—For exploration and development expenses, etc. **Underwriter**—Hudson-Bergen Securities, Inc., Cliffside Park, N. J.

★ **Amalgamated American Oil, Inc.**
Aug. 8 (letter of notification) 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to oil and gas activities. **Office**—541 South Spring Street, Los Angeles, Calif. **Underwriter**—None.

American Asbestos Co., Ltd.
Feb. 17 (Regulation "D") 600,000 shares of common stock (par $1). **Price** — 50 cents per share. **Proceeds**—For general corporate purposes. **Underwriter**—Maine Investment Co., Ltd.

★ **American Copper & Uranium Corp.**
Aug. 2 (letter of notification) 300,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to mining activities. **Office**—710 S. 4th Street, Las Vegas, Nev. **Underwriter**—None.

● **American Enka Corp., Enka, N. C.**
July 28 filed 237,798 shares of common stock (par $5) being offered for subscription by stockholders on the basis of one new share for each 4.7 shares held as of Aug. 16; rights to expire on Aug. 30. **Price**—$46 per share. **Proceeds**—For new plant facilities and improvements. **Underwriter**—Harriman Ripley & Co. Inc., New York.

★ **American Mica Processing Co., Atlanta, Ga.**
Aug. 11 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant and equipment and other general corporate purposes. **Offices**—743 E. Penn Street, Philadelphia, Pa.; and 1131 Healey Building, Atlanta, Ga. **Underwriter**—Franklin Securities Co., Atlanta, Ga.

American Natural Gas Co.
June 15 filed 736,856 shares of common stock (par $25) being 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**—$48.50 per share. **Proceeds**—To be applied to the purchase of equity securities of subsidiaries or to replace other corporate funds used for that purpose. **Underwriters** — White, Weld & Co., New York; and Drexel & Co., Philadelphia.

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. (9/2)**
Aug. 2 filed up to $650,000,000 of 12-year 3⅞% convertible debentures to be dated Oct. 13, 1955 to be offered for subscription by stockholders of record Aug. 25, 1955, on the basis of $100 of debentures for each eight shares held; rights to expire on Oct. 13, 1955. The debentures are to be convertible into common stock beginning Dec. 13, 1955, at $148 per share, payable by surrender of $100 of debentures and payment of $48 in cash. **Price**—At face amount. **Proceeds**—For construction program. **Underwriter**—None. **Warrants**—Rights are to be mailed on or about Sept. 2.

Arcturus Electronics, Inc.
Aug. 9 (letter of notification) approximately 500,000 shares of common stock. **Price**—Approximately eight to nine cents per share. **Proceeds** — To D. E. Replogle, President. **Office**—101 Hazel St., Paterson, N. J. **Underwriter**—McCoy & Willard, Boston, Mass.

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.

★ **Associated Grocers' Co. of St. Louis (Mo.)**
Aug. 4 (letter of notification) 3,000 shares of common stock. **Price**—At par ($100 per share), in units of 12 shares, no more, no less. **Proceeds** — To reimburse treasury. **Office**—5030 Berthold Avenue, St. Louis 10, Mo. **Underwriter**—None.

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.

★ **Baker Laboratories, Inc., N. E. Cleveland, Ohio**
July 29 (letter of notification) 7,500 shares of common stock (no par) to be offered to officers and key employees. **Price**—$35 per share until Oct. 1, 1955, after which price will be book value per share as determined

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NEW ISSUE CALENDAR

August 18 (Thursday)
Missouri Pacific RR. ____ Equip. Trust Ctfs.
(Bids noon CDT) $3,675,000

August 19 (Friday)
Mississippi Valley Gas Co. ____ Debentures
(Offering to stockholders—underwritten by Equitable Securities Corp.) $2,000,000

August 22 (Monday)
General Minerals Corp. ____ Common
(Sanders & Newsom; Rauscher, Pierce & Co.; and Laird & Co.) $3,700,000
Splendora Film Corp. ____ Common
(J. H. Lederer Co., Inc. and McGrath Securities Corp.) $600,000

August 23 (Tuesday)
California Electric Power Co. ____ Common
(Bids 9:30 a.m. PDT) 230,000 shares
Pacific Telephone & Telegraph Co. ____ Debentures
(Bids 11:30 a.m. EDT) $67,000,000

August 24 (Wednesday)
Bergstrom Paper Co. ____ Class A Common
(A. G. Becker & Co. Inc.) 70,000 shares
Cromwell Uranium & Development Co., Inc. ____ Common
(James Anthony Securities Corp.) $300,000
Great Western Corp. ____ Common
(Lehman Brothers) 500,000 shares
Northwest Nitro-Chemicals, Ltd. __ Debs. & Common
(Eastman, Dillon & Co.) $8,500,000 debentures and 850,000 shares of stock
St. Louis-San Francisco Ry. ____ Bonds
(Bids noon EDT) $19,500,000

August 26 (Friday)
Genung's, Inc. ____ Debentures
(P. W. Brooks & Co., Inc. and Blair & Co. Inc.) $1,000,000
Genung's, Inc. ____ Common
(P. W. Brooks & Co., Inc. and Blair & Co. Inc.) 25,000 shares

August 30 (Tuesday)
California Electric Power Co. ____ Bonds
(Bids 9 a.m. PDT) $6,000,000

August 31 (Wednesday)
Pacific Telephone & Telegraph Co. ____ Common
(Offering to stockholders—no underwriting) $133,919,600

September 1 (Thursday)
Aldens, Inc. ____ Debentures
(Offering to stockholders—underwritten by Lehman Brothers) $3,662,600
Colohoma Uranium, Inc. ____ Common
(General Investing Corp. and Shaiman & Co.) $1,250,000
Cuba (Republic of) ____ Bonds
(Allen & Co.) $3,000,000
Rea (J. B.) Co., Inc. ____ Common
(Smith, Barney & Co. and William R. Staats & Co.) $400,000

September 2 (Friday)
American Telephone & Telegraph Co. __ Debentures
(Offering to stockholders—no underwriting) $650,000,000

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 7 (Wednesday)
Eastern Lime Corp. ____ Debentures
(Stroud & Co. Inc. and Warren W. York & Co., Inc.) $800,000
Eastern Lime Corp. ____ Common
(Stroud & Co. Inc. and Warren W. York & Co., Inc.) 30,000 shs.

September 8 (Thursday)
Day-Brite Lighting, Inc. ____ Common
(Scherck, Richter Co.) 259,419 shares
New York Central RR. ____ Equip. Trust Ctfs.
(Bids to be invited) $7,500,000

September 12 (Monday)
Massachusetts Indemnity Insurance Co. __ Common
(Estabrook & Co.) 60,000 shares

September 13 (Tuesday)
Bank of California, N. A. ____ Common
(Offering to stockholders—underwritten by Blyth & Co., Inc.) $3,654,000
Utah Power & Light Co. ____ Bonds
(Bids noon EDT) $15,000,000
Utah Power & Light Co. ____ Common
(Bids noon EDT) 177,500 shares

September 19 (Monday)
Lamson & Sessions Co. ____ Preferred
(McDonald & Co.) $3,000,000

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
Tampa Electric Co. ____ Common
(Offering to stockholders) 197,532 shares

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
Rochester Telephone Corp. ____ Common
(Offering to stockholders—may be underwritten by The First Boston Corp.) 195,312 shares

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

November 29 (Tuesday)
San Diego Gas & Electric Co. ____ Bonds
(Bids 11:30 a.m. EDT) $18,000,000

December 6 (Tuesday)
Virginia Electric & Power Co. ____ Preferred
(Bids to be invited) $12,500,000

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by the financial statement as of end of the quarter prior to purchase. **Proceeds**—For general corporate purposes. **Office**—4614 prospect Avenue, N. E., Cleveland 3, Ohio. **Underwriter**—None.

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.

● **Bergstrom Paper Co., Neenah, Wis. (8/24)**
Aug. 4 filed 70,000 shares of class A (non-voting) common stock (par $1). **Price**—To be supplied by amendment (around $12 per share). **Proceeds**—To finance expansion and modernization program. **Underwriter**—A. G. Becker & Co. Inc., Chicago, Ill.

★ **Black Hills Uranium & Minerals Corp.**
Aug. 11 (letter of notification) 1,200,000 shares of non-assessable common stock (par one cent). **Price** — 25 cents per share. **Proceeds**—For mining expenses **Address**—P. O. Box 1363, Rapid City, S. D. **Underwriter**—Morris Brickley, Harney Hotel, Rapid City, S. D.

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."

★ **Blackstone Uranium Mines, Inc., Denver, Colo.**
Aug. 3 (letter of notification) 15,000,000 shares of common stock (par one cent). **Price**—2½ cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—801 Custis Street, Denver, Colo. **Underwriter**—Columbia Securities Co., Inc., same city.

Blenwood Mining & Uranium Corp., Denver, Colo.
July 29 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price** — 30 cents per share. **Proceeds** — For expenses incident to mining operations. **Office**—612 Kittredge Bldg., Denver, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver 2, Colo.

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.

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.

★ **Brookline & Neal Finance Co., Portland, Ore.**
July 27 (letter of notification) $50,000 (estimated) face value of 8% promissory notes (in denominations of $500 or multiples thereof). **Proceeds**—For working capital. **Office**—521 S. E. Ankeny Street, Portland, Ore. **Underwriter**—None.

● **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 9:30 a.m. (PDT) 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.; Kidder, Peabody & Co. **Bids**—Tentatively scheduled to be received up to 9 a.m. (PDT) on Aug. 30.

Calumet & Hecla, Inc.
June 9 filed 116,832 shares of common stock (par $5) being 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; eight 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 being 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 are 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. These offers will expire on Sept. 15. **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.

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.

★ **Carlisle Corp., Carlisle, Pa.**
Aug. 4 (letter of notification) 7,000 shares of capital stock (par $1). **Price**—At market (estimated at $6.12½ per share). **Proceeds**—To Furber Marshall, President. **Underwriter**—Cohu & Co., New York, N. Y.

★ **Carolina Mines, Inc., King Mountain, N. C.**
Aug. 8 (letter of notification) 127,846 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For expenses incident to Kyanite mining. **Underwriter**—None; shares to be offered through directors.

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.

★ **Century Controls Corp.**
Aug. 5 (letter of notification 100,000 shares of common stock (par $1). **Price**—$1.75 per share. **Proceeds**—For product research and development, machinery and working capital. **Office**—Allen Boulevard, Farmingdale, L. I., N. Y. **Underwriter**—P. J. Gruber & Co., Inc., New York.

★ **Charleston Parking Service, Inc.**
Aug. 1 (letter of notification) 120,000 shares of non-voting common stock, class A—(par 50 cents) and 60,000 shares of voting common stock, class B (par 10 cents) to be offered in units of two class A and one class B share. **Price**—$5 per unit. **Proceeds**—For general working capital. **Office**—505 National Bank of Commerce Building, Charleston, W. Va. **Underwriter**—Crichton Investment Co., same address.

★ **Cisco Uranium Corp., Salt Lake City, Utah**
Aug. 10 (letter of notification) 7,000,000 shares of capital stock (par one cent). **Price**—Three cents per share. **Proceeds**—For mining expenses, etc. **Office**—2630 South 2nd West, Salt Lake City, Utah. **Underwriter**—Denver Securities, Inc., Denver, Colo.

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.

★ **Cole-Ray Uranium Corp., Reno, Nev.**
Aug. 1 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—13 N. Virginia Street, Reno, Nev. **Underwriter**—None.

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.

★ **Commercial Standard Life Insurance Co., Fort Worth, Texas**
July 28 (letter of notification) 10,000 shares of common stock (par $10). **Price**—$15 per share. **Proceeds**—For capital and surplus. **Underwriter**—Commercial Standard Insurance Co., Commercial Standard Building, Fort Worth 1, Texas.

Commercial Uranium Mines, Inc.
July 12 (letter of notification) 15,000,000 shares of common stock (par one cent). **Price**—Two cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—170 Vista Grand Road, Grand Junction, Colo. **Underwriter** — Columbia Securities Co., Denver and Grand Junction, Colo.

★ **Commonwealth Credit Corp. of Utah**
Aug. 11 (letter of notification) 40,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To operate business and for working capital. **Office**—Salt Lake City, Utah. **Underwriter**—None; shares to be offered through President and Vice-President.

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.

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 Fiberglass, Inc.
Aug. 4 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds**—For advance to Alumin-Aire, Inc., a subsidiary, and for acquisition of, advances to and investment in other companies that may be organized or acquired. **Office**—118 West 22nd St., New York City. **Underwriter**—J. J. Riordan & Co., Inc., New York City.

★ **Cook Industries, Inc., Dallas, Texas**
Aug. 1 (letter of notification) 107,915 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For general corporate purposes. **Underwriter**—Central Securities Co.

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. (8/24)**
May 25 (regulation "D") 300,000 shares of common stock (par five cents). **Price**—$1 per share. **Proceeds**—For exploration and development expenses, etc. **Offices**—Toronto, Canada, and New York, N. Y. **Underwriter**—James Anthony Securities Corp., New York.

Crown Uranium Co., Casper, Wyo.
May 6 (letter of notification) 225,435 shares of common stock (par five cents). **Price**—At market (estimated at about 15 cents per share). **Proceeds**—To selling stockholder who received these shares in exchange for shares of Kontika Lead & Zinc Mines, Ltd. **Office**—205 Star Bldg., Casper, Wyo. **Underwriter**—Justin Steppler, Inc., New York.

★ **Cuba (Republic of) (9/1)**
Aug. 10 filed $3,000,000 of Veterans, Courts and Public Works 4 %bonds due 1983. **Price**—To be supplied by amendment. **Proceeds** — To Romenpower Eletra Construction Co. which had received them in consideration of construction work. **Underwriter**—Allen & Co., New York.

Dawn Uranium & Oil Co., Spokane, Wash.
June 16 (letter of notification) 1,500,000 shares of common stock. **Price** — 10 cents per share. **Proceeds**—For uranium and oil exploration. **Office**—726 Paulsen Bldg., Empire State Bldg., same city.

★ **Day-Brite Lighting, Inc., St. Louis, Mo. (9/8)**
Aug. 12 filed 259,410 shares of common stock (par $1), of which 50,000 shares are for the account of the company and 209,410 shares for three selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter** — Scherck, Richter Co., St. Louis, Mo.

★ **Defense Metals Mining Co., Vanadium, N. Mex.**
Aug. 1 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to mining activities. **Address**—P. O. Box 101, Vanadium, N. Mex. **Underwriter**—None.

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.

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.

★ **Dix Uranium Corp., Provo, Utah**
Aug. 10 (letter of notification) 6,000,000 shares of non-assessable capital stock. **Price**—At par (five cents per share). **Proceeds**—For mining expenses. **Office**—290 North University Ave., Provo, Utah. **Underwriter** — Weber Investment Co., Provo, Utah.

Dome Uranium Mines, Inc., Denver, Colo.
July 12 (letter of notification) 1,300,000 shares of common stock (par one cent). **Price** 20 cents per share. **Proceeds** — For expenses incident to mining operations. **Office**—352 Colorado National Bldg., Denver, Colo. **Underwriters**—R. L. Hughes & Co., Denver, Colo. and G. W. Allen & Co., Cheyenne, Wyo.

★ **Douglass Muffler Manufacturing Corp.**
Aug. 9 (letter of notification) 5,000 share of capital stock. **Price**—At par ($10 per share). **Proceeds**—For payment on property, expense of moving, working capital, etc. **Office**—1916 West Valley Boulevard, Alhambra, Calif. **Underwriter**—None.

Dow Chemical Co., Midland, Mich.
Aug. 5 filed 200,000 shares of common stock (par $5) to be offered to employees of company and certain of its subsidiaries and associated companies. Subscriptions will be accepted from Sept. 6 through Sept. 30. **Price**—To be determined near the end of August, 1955. **Proceeds**—For General corporate purposes. **Underwriter**—None.

★ **Eastern Lime Corp., Kutztown, Pa. (9/7-8)**
Aug. 10 filed $800,000 of 15-year 6% convertible debentures due Sept. 1, 1970, and 30,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans and to establish a new quarry in Oley, Pa. **Underwriters**—Stroud & Co., Inc., Philadelphia, Pa.; and Warren W. York & Co., Inc., Allentown, Pa.

★ **El-Tronics, Inc., Mayfield, Pa.**
(formerly Campbell Teletector Corp. of Pa.)
Aug. 2 (letter of notification) 100,000 shares of common stock (par five cents). **Price**—$2.75 per share. **Proceeds**—For general operating capital. **Office**—1420 Walnut Street., Philadelphia 2, Pa. **Underwriter**—Elliot & Co., 25 Broad Street, New York, N. Y. **Offering**—Now being made.

● **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 Building, Philadelphia, Pa. **Underwriter**—None. Statement withdrawn Aug. 2.

★ **Evergreen Mines, Inc., Seattle, Wash.**
Aug. 5 (letter of notification) 100,000 shares of common stock (no par). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—5002 Ivanhoe Place, N. E., Seattle, Wash. **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.

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., Ogden, Utah; and Shelton Sanders Investments, Albuquerque, N. M.

Foremost Dairies, Inc.
July 21 filed $20,000,000 of 4½% subordinated debentures due Jan. 1, 1981, of which $15,000,000 are being 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 being offered in exchange, par for par, for the outstanding 50,000 shares of Philadelphia Dairy Products Co., Inc. first preferred stock. Both offers will expire on Aug. 31. **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 Co., Salt Lake City, Utah
Aug. 1 (letter of notification) 15,000,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—515 Deseret Bldg., Salt Lake City, Utah. **Underwriter** — Moab Brokerage Co., Western States Investment Co., Potter Investment Co., Mid-America Securities, Inc. of Utah, and Cashin-Emery, Inc., all of Salt Lake City, Utah.

★ **G. & A. Laboratories, Inc., Savannah, Ga.**
Aug. 1 (letter of notification) 2,500 shares of common stock (par $1). **Price** — $25 per share. **Proceeds** — To purchase equipment and for general corporate purposes. **Office**—Exley Avenue, Savannah, Ga. **Underwriter**—None.

★ **Gahagan, Inc., Bethlehem, Pa.**
Aug. 10 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—To reduce indebtedness and for working capital. **Office**—11 West Fourth Street, Bethlehem, Pa. **Underwriter**—None.

Gallina Mountain Uranium Corp.
July 29 (letter of notification) 500,000 shares of common stock (par one cent). **Price**—An aggregate of $50,000. **Proceeds**—For mining expenses. **Office**—82 Beaver St., New York. **Underwriter** — Prudential Securities Corp., same address.

Gas Hills Mining & Oil, Inc., Kemmerer, Wyo.
Aug. 1 (letter of notification) 1,000,000 shares of capital stock (par five cents). **Price** — 25 cents per share. **Proceeds**—For oil and mining expenses. **Underwriter**—Empire Securities Corp., Las Vegas, Nev.

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 (8/22)**
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.

● **Genung's, Inc., Mount Vernon, N. Y. (8/26)**
Aug. 5 filed $1,000,000 of 5¾% sinking fund debentures due 1975 (with detachable seven-year warrants to purchase 50 shares of $1 par common stock for each $1,000 of debentures, at prices ranging from $8 to $15 per share over the period), together with 25,000 shares of common stock. **Price**—100% of principal amount for the debentures and $7 per share for the stock. **Proceeds** — Approximately $290,000 to pay insurance company loan, reduce certain borrowings and increase working capital. **Underwriters**—P. W. Brooks & Co., Inc. and Blair & Co. Incorporated, both of New York.

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.

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. (8/24)**
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.

★ **Half Moon Uranium Corp., Ogden, Utah**
Aug. 10 (letter of notification) 8,000,000 shares of capital stock. **Price**—At par (two cents per share). **Proceeds**—For mining expenses. **Office**—E-17 Army Way, Ogden, Utah. **Underwriter**—United Intermountain Brokerage Corp., Ogden, 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.

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.

Industrial Hardware Mfg. Co.
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. and 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 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.

★ **Kaniksu Metals, Inc., Tacoma, Wash.**
Aug. 2 (letter of notification) 1,000,000 shares of capital stock (par one cent). **Price**—Five cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—522½ North Kay Street, Tacoma, Wash. **Underwriter**—None; shares to be offered through Edmund James Cowan, Vice-President.

● **Kirby Oil & Gas Co.**
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. **Offering** — Postponed.

★ **Koal-Krudes, Inc., Spokane, Wash.**
Aug. 8 (letter of notification) 1,200,000 shares of common stock (par 10 cents). **Price**—25 cents per share. **Proceeds**—To build processing plant at Monarch, Wyo. **Office** — 711 Hutton Building, Spokane, Wash. **Underwriter**—None, shares to be offered through officers and directors of company.

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.

★ **Link-Belt Co., Chicago, Ill.**
Aug. 12 filed 134,433 shares of common stock (par $5) to be offered in exchange for the common stock of Syntron Co. at rate of 5.4 shares of Link-Belt stock for each Syntron share. The exchange will become effective if 95% of the 24,895 shares of outstanding Syntron stock are deposited for exchange; but Link-Belt reserves the right to declare the exchange effective if not less than 80% of Syntron shares are so deposited in exchange.

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.

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★ **Magnolia Park, Inc.**
Aug. 8 (letter of notification) maximum of 600,000 shares of common stock (par 10 cents) to be offered first for subscription by stockholders. **Price**—To stockholders, 50 cents per share; unsubscribed shares to public, 62½ cents per share. **Proceeds**—For general corporate purposes. **Underwriters**—Gearhart & Otis, Inc. and Hunter Securities Corp., both of New York City; and T. J. Feibleman & Co., New Orleans, La.

Maloney (M. E.) & Co., Inc.
Aug. 5 (letter of notification) 289,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Business** — General contractors. **Office** — 511 Center Ave., Mamaroneck, N. Y. **Underwriter**—A. C. Champlain & Co., New York, N. Y.

Marine Midland Corp., Buffalo, N. Y.
Aug. 5 filed 43,000 shares of common stock (par $5) to be offered in exchange for all of the outstanding capital stock of The Citizens National Bank of Springville on the basis of 4¼ Marine Midland common shares for each one share of Citizens stock. The offer is subject to acceptance by holders of not less than 80% (8,000 shares) of Citizens stock.

★ **Mascot Mines, Inc.**
Aug. 1 (letter of notification) 300,000 shares of common stock (par 35 cents). **Price** — 62½ cents per share. **Proceeds** — For expenses incident to mining activities. **Underwriter**—Standard Securities Corp., Spokane, Wash.

Maule Industries, Inc., Miami, Fla.
July 15 filed 638,532 shares of common stock (par $1), being 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**—$5.87½ per share. **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. Statement effective July 28.

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 1½-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.

Mesa-Loma Mining Corp., Fort Collins, Colo.
July 13 (letter of notification) 2,955,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—415 Peterson St., Fort Collins, Colo. **Underwriter**—Bay Securities Corp., 115 Broadway, New York, N. Y.

Meteor Air Transport, Inc.
July 29 (letter of notification) 5,963 shares of Class A stock (par $1) to be issued upon exercise of warrants at $1.50 per share. **Proceeds**—For working capital. **Underwriter**—Eisele & King, Libaire, Stout & Co., New York.

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.

★ **Moran Electronic Components, Inc.**
Aug. 1 (letter of notification) 1,500 shares of 7% cumulative preferred stock (par $10) and 2,000 shares of common stock (no par). **Price**—$10 per share. **Proceeds**—For working capital, equipment and advertising. **Office**—10500-02 Wheatley Street, Kensington, Md. **Underwriter**—None.

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.

★ **Narda Corp.**
Aug. 8 (letter of notification) 50,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—To repay bank loan; and for expansion to develop additional products and for working capital. **Business**—Electronic test equipment. **Office**—160 Herricks Road, Mineola, L. I., N. Y.

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.

★ **Nordic Plastic Co., Inc.**
Aug. 9 (letter of notification) 199,000 shares of common stock (par 10 cents) and 19,900 warrants to purchase 19,900 shares of common stock at rate of 10 warrants for each 100 shares sold. **Price**—25 cents per share; and one cent per warrant. **Proceeds**—For inventory, machinery and working capital. **Office**—383 Douglass St., Brooklyn, N. Y. **Underwriter**—None.

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. (8/24)**
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.

★ **Nuclear Corp., Carson City, Nev.**
Aug. 9 (letter of notification) 880,000 shares of capital stock, non-assessable (par two cents), of which 200,000 shares will be offered at 25 cents per share; 200,000 at 30 cents; 200,000 at 35 cents; 200,000 at 40 cents and 80,000 shares oa 50 cents per share. **Proceeds**—For mining expenses. **Office**—Virginia & Truckee Bldg., Carson City, Nev. **Underwriter**—None.

Oasis Uranium & Oil Corp., Fort Worth, Texas
June 8 (letter of notification) 265,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For uranium and oil exploration. **Office**—Fortune Arms Bldg., Fort Worth, Tex. **Underwriter**—Standard Securities, Inc., Salt Lake City, Utah.

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 up to 11:30 a.m. (EDT) on Aug. 23 at 195 Broadway, New York, N. Y.

● **Pacific Telephone & Telegraph Co. (8/31)**
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 as of Aug. 31; rights to expire on Sept. 30. 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**—At par. **Proceeds**—To repay bank loans. **Underwriter**—None.

★ **Pacific Uranium Corp., Seattle, Wash.**
Aug. 3 (letter of notification) 2,500,000 shares of common captial stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—229 Broadway North, Seattle, Wash. **Underwriter**—None; shares to be offered through J. Ellis George, President.

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.

★ **Penn-Utah Uranium, Inc., Reno, Nev.**
Aug. 4 (letter of notification) 2,000,000 shares of common stock (par three cents). **Price**—15 cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—206 N. Virginia Street, Reno, Nev. **Underwriter**—Philip Gordon & Co., Inc., New York, N. Y.

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.

★ **Professional Acceptance Corp., Amarillo, Texas**
Aug. 1 (letter of notification) 4,000 shares of series C common non-voting stock. **Price** — At par ($50 per share). **Proceeds** — For working capital. **Office** — 227 Paramount Building, Amarillo, Texas. **Underwriter**—None.

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.

★ **Rea (J. B.) Co., Inc. (9/1)**
Aug. 12 filed 4,590 shares of common stock (par $100) and 4,590 shares of class B common stock (no par), of which 4,000 common shares are to be offered for sale to public at par and 590 common shares and 590 class B shares are to be offered to employees other than Dr. and Mrs. James B. Rea at $100 and $1 per share, respectively. The other 4,000 class B shares are to be issued to Dr. and Mrs. Rea in consideration of services rendered by Dr. Rea. **Proceeds**—To repay short-term indebtedness, for inventory and working capital and other general corporate purposes. **Office**—Santa Monica, Calif. **Underwriters**—Smith, Barney & Co., New York; and William R. Staats & Co., Los Angeles, Calif. **Offering**—May be placed privately.

★ **Real Savings Assurance Co., Mesa, Ariz.**
Aug. 8 (letter of notification) 10,000 shares of common stock to be offered to contract holders (par $1). **Price**—$2.25 per share. **Proceeds**—To expand business and for working capital. **Office**—711 East Main Street, Mesa, Ariz. **Underwriter**—None.

★ **Reliance Life Insurance Co. of Georgia**
Aug. 5 (letter of notification) 12,000 shares of common stock (par $5). **Price**—$25 per share. **Proceeds**—To increase capital and surplus account. **Office** — Candler Building, Atlanta, Ga. **Underwriter**—None; shares to be offered through William August Lloyd, President.

Revere Realty, Inc., Cincinnati, Ohio
March 8 filed $1,000,000 of 5¼% cumulative convertible debentures due Jan. 1, 1980 and 25,000 shares of common stock (no par). **Price**—Par for debentures and $100 per share for stock. **Proceeds** — To purchase real estate or interest therein. **Underwriter**—Stanley Cooper Co., Inc., Cincinnati, O.

★ Rio De Ore Uranium Mines, Inc.
Aug. 15 filed 3,000,000 shares of common stock (par one cent). **Price**—15 cents per share. **Proceeds**—For expenses incident to mining operations. **Office**—Grand Junction, Colo. **Underwriter**—Tellier & Co., Jersey City, N. J., on a best-efforts basis. If 85% of issue is not sold, monies will be refunded.

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.

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.

★ Ryder System, Inc., Miami, Fla.
July 29 (letter of notification) 13,950 shares of common stock (par $5). **Price**—$10 per share. **Proceeds**—For corporate purposes. **Office**—1642 Northwest 21st Terrace, Miami, Fla. **Underwriter**—None.

★ Sacred Heart Reproductions Corp.
Aug. 8 (letter of notification) 40,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For working capital and general corporate purposes. **Business**—Manufacturers and distributors of religious goods in lithographic and other media forms. **Office**—c/o Greystone Hotel, 91st Street at Broadway, New York 24, N. Y. **Underwriter**—None.

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.

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.

★ Shacron Oil Corp., Washington, D. C.
Aug. 2 (letter of notification) 150,000 shares of class A non-voting stock (par $2) and 75,000 shares of class B voting stock (par $1) to be offered in units of two class A shares and one class B share. **Price**—$3 per unit. **Proceeds**—For expenses incident to oil activities. **Office**—1500 Massachusetts Avenue, N. W., Washington, D. C. **Underwriter**—None.

★ Sheldon Enterprises, Inc.
Aug. 5 (letter of notification) $125,000 of 7% convertible debentures due Sept. 1, 1975. **Price**—At par (in denominations of $500 each). **Proceeds**—To open additional retail outlets and for working capital. **Business**—Operators of retail card shops. **Office**—195 Broadway, Paterson, N. J. **Underwriter**—None.

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.

Spirit Mountain Uranium, Inc., Cody, Wyo.
July 29 (letter of notification) 25,200,000 shares of common stock. **Price**—At par (one cent per share). **Proceeds**—For expenses incident to mining activities. **Office**—1507-8th Street, Cody, Wyo. **Underwriter**—Utah Uranium Brokers, Las Vegas, Nev.

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.

★ Standard Minerals, Inc., Las Vegas, Nev.
Aug. 3 (letter of notification) 295,000 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds** — For expenses incident to mining activities. **Office** — 120 S. Third Street, Las Vegas, Nev. **Underwriter**—None.

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 Finance & Loan Co.
Aug. 1 (letter of notification) $200,000 of 6% subordinated debentures due 1965 and 6,000 shares of common stock (par $1) to be offered in units of a $1,000 debenture and 30 shares of stock. **Price**—$1,075 per unit. **Proceeds**—For working capital and general corporate purposes. **Underwriter**—Beil & Hough, Inc., St. Petersburg, Fla.

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.

★ Supervised Shares, Inc., Des Moines, Ia.
Aug. 15 filed 300,000 shares of capital stock. **Price**—At market. **Proceeds**—For investment.

★ Susan B. Uranium Corp., Carson City, Nev.
Aug. 11 (letter of notification) 300,000 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—Virginia Truck Bldg., Carson City, Nev. **Underwriter**—Coombs & Co. of Las Vegas, Nev.

★ Target Uranium Co., Spokane, Wash.
Aug. 12 (letter of notification) 1,000,000 shares of non-assessable stock (par five cents). **Price**—20 cents per share. **Proceeds** — For mining expenses. **Office** — 726 Paulsen Bldg., Spokane, Wash. **Underwriter** — Percy Dale Lanphere, Empire State Bldg., Spokane, Wash.

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 and manufacturing. **Office**—221 West Charleston Blvd., Las Vegas, Nev. **Underwriter**—Utah Uranium Brokers, Las Vegas, Nev.

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 273,906 shares of common stock (par $7) being 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 on or before Sept. 12 of at least 263,402 shares of Production Company so that Transmission will thereafter own 80% or more of Production capital stock. Statement effective Aug. 5.

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.

★ Three Forks Oil & Uranium Co.
Aug. 8 (letter of notification) 2,000,000 shares of common stock (par two cents). **Price**—15 cents per share. **Proceeds**—For mining expenses. **Office**—426 First National Bank Bldg., Denver, Colo. **Underwriter**—None.

★ Thunderbird Ranch, Riverside County, Calif.
Aug. 1 (letter of notification) 1,500 shares of capital stock (par $100). **Price**—$200 per share. **Proceeds**—To pay off long-term indebtedness. **Address**—P. O. Box Y, Palm Springs, Riverside County, Calif. **Underwriter**—None.

Thunderbird Uranium Corp.
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.

★ Traffic Controls, Inc. of Delaware
Aug. 12 (letter of notification) 295,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For inventory, equipment and working capital. **Office**—82 St. Paul St., Rochester 4, N. Y. **Business**—Produces "Phototraffic" cameras. **Underwriter**—None.

★ Trans-Mountain Uranium Co., Inc.
Aug. 1 (letter of notification) 2,950,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—2340 East Hiway 24, Colorado Springs, Colo. **Underwriter**—None.

Trans-National Uranium & Oil Corp.
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.

★ Troy Copper & Uranium Corp., Las Vegas, Nev.
Aug. 10 (letter of notification) 300,000 shares of non-assessable common stock. **Price**—At par ($1 per share). **Proceeds** — For mining expenses. **Office** — 710 South Fourth St., Las Vegas, Nev. **Underwriter**—None.

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.

★ Tyrex Drug & Chemical Corp.
Aug. 11 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For research and product development, ingredient manufacturing, raw materials and working capital. **Office**—66 Hudson St., Hoboken, N. J. **Business**—To manufacture and distribute chemical products, pharmacal specialities and sanitary devices. **Underwriter**—None.

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 companies, 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.

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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-Arizona Uranium, Inc., Salt Lake City, Utah**
Aug. 1 (letter of notification) 600,000 shares of common stock (par 16⅔ cents). **Price**—50 cents per share. **Proceeds**—For expenses incident to mining activities. **Office**—Greyhound Terminal Building, West Temple & South Temple Streets, Salt Lake City, Utah. **Underwriter**—Trans-Western Brokerage Co., New Orleans, La.

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 at Two Rector Street, New York, N. Y.

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 at Two Rector Street, New York, N. Y.

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, rebulid and market television pictures 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.

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.

★ **Western America Uranium Exploration Corp.**
Aug. 4 (letter of notification) 300,000 shares of capital stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to mining activities. **Office**—216 Fratt Building, Billings, Mont. **Underwriter**—None.

★ **Western Mineral Development & Mining Co.**
Aug. 4 (letter of notification) 2,950,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds** — For expenses incident to mining activities. **Office**—468 Independence Building, Colorado Springs, Colo. **Underwriter**—None.

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.

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.

Atlantic City Electric Co.
Aug. 1, B. L. England, President, announced that the directors are now considering the sale to the public of a small amount of common stock early next year. **Underwriters**—Probably Union Securities Corp. and Smith, Barney & Co., both of New York.

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,

★ **Bank of California, N. A., San Francisco, Calif. (9/13)**
Aug. 10 it was announced stockholders on Sept. 13 will vote on approving the issuance of 52,200 additional shares of capital stock (par $20), which will first be offered for subscription by stockholders of record Sept. 13, 1955 on the basis of one new share for each 10 shares held; rights to expire on Oct. 7, 1955. **Price**—$70 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Blyth & Co., Inc., San Francisco, Calif.

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.

★ **Campbell Chibougamau Mines, Ltd.**
Aug. 15 it was reported a secondary offering of about 150,000 shares of common stock will be registered with the SEC. **Business**—Company, recently formed, is a copper mining undertaking on Merrill Island, Quebec, Canada. **Underwriter**—Allen & Co., New York. **Offering**—Not expected for four or five weeks.

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.

Chicago, Milwaukee, St. Paul & Pacific RR.
July 13 stockholders approved the creation of an issue of $60,000,000 5% income debentures, series A, due Jan. 1, 2055, being offered in exchange for 600,000 shares of outstanding 5% $100 par preferred stock, series A, on a par for par basis; offer commenced 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**—To repay bank loans and 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.

★ **Continental Aviation & Engineering Corp.**
Aug. 11 it was announced stockholders on Sept. 7 will vote on approving a proposal for additional financing. **Underwriter**—May be Van Alstyne, Noel & Co., New York.

Continental Can Co., Inc.
April 18, preferred stockholders approved creation of not to exceed an additional $25,000,000 of debentures or other indebtedness maturing later than one year after the date thereof. The company has no present plans for making any additional borrowings. **Underwriters**—Goldman, Sachs & Co. and Lehman Brothers, both of New York.

Daitch Crystal Dairies, Inc.
April 28 stockholders approved a proposal to increase the authorized common stock (par $1) from 500,000 shares to 1,000,000 shares to provide for future financing and expansion. **Underwriter**—Hirsch & Co., New York.

★ **Delaware Power & Light Co.**
July 26, Stuart Cooper, President, announced that the company is presently discussing arrangements for temporary financing through banks and is planning the subsequent issuance of bonds and equity securities. It appears that the first step in the permanent financing of the program will take place sometime late this fall. The present construction program includes two plants which will cost approximately $40,000,000. **Underwriters**—To be determined by competitive bidding. Probable bidders: (1) For bonds—Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; Union Securities Corp.; The First Boston Corp. and Blyth & Co., Inc. (jointly); White, Weld & Co. and Shields & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); W. C. Langley & Co. (2) For common stock

hich may be first offered to stockholders)—W. C. angley & Co. and Union Securities Corp. (jointly); idder, Peabody & Co. and Merrill Lynch, Pierce, enner & Beane (jointly); Carl M. Loeb, Rhoades & o.; Blyth & Co., Inc. and The First Boston Corp. ointly); White, Weld & Co. and Shields & Co. (joint-); Lehman Brothers. (3) On preferred stock—Blyth Co., Inc. and The First Boston Corp. (jointly); White, eld & Co. and Shields & Co. (jointly); Lehman rothers; W. C. Langley & Co. and Union Securities orp. (jointly); Morgan Stanley & Co.

Denver National Bank, Denver, Colo.
une 30 it was announced that company plans to offer o its stockholders the right to subscribe for 50,000 addi-onal shares of capital stock (par $10) on the basis of ne new share for each four shares held. **Price**—$30 per hare. **Proceeds**—To increase capital and surplus. **Meet-ng**—Stockholders to vote July 28 on approving financ-ng and 25% stock dividend.

Detroit Edison Co.
lay 2 stockholders approved a proposal authorizing bout $60,000,000 of convertible debentures. Previous ffer of convertible debentures was made to stockhold-rs without underwriting.

Detroit Steel Corp.
ug. 8 directors approved a plan which will include the ublic sale of $30,000,000 15-year first mortgage bonds nd the sale to present common shareholders of 503,000 dditional shares of common stock on a one-for-five asis (with an oversubscription privilege). **Price**—Of tock, to be not more than 80% of the market value im-nediately prior to the offering. **Proceeds**—To retire irst mortgage note held by RFC in amount of $38,180, 00, through payment of $32,180,000 in cash and issuance f $6,000,000 in 6% cumulative preferred stock at par $100 per share); the remainder will be used for work-ng capital. **Underwriter**—Halsey, Stuart & Co. Inc., lew York and Chicago. **Offering**—Expected late in Sep-ember. Stockholders to vote Sept. 15.

Doman Helicopters, Inc.
Feb. 17 Donald S. B. Waters, President, announced stock-olders voted to increase authorized capital stock from ,000,000 shares to 3,000,000 shares in anticipation of xpansion of the company's activities. **Underwriter**—Previous financing handled by Greene & Co., New York.

★ **Du Mont Broadcasting Corp.**
Aug. 10 it was announced that corporation, following ssuance to stockholders of Allen B. Du Mont Labora-ories, Inc. of 1,000,000 shares of common stock as a lividend, contemplates that additional shares will be offered to its stockholders. This offering will be un-lerwritten. Kuhn, Loeb & Co. and Van Alstyne, Noel & Co. handled Du Mont Laboratories class A stock fi-nancing some years ago.

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.

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, Fen-ner & 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."

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. (joint-ly); 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 con-sidering 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. Unsub-scribed 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 pre-emptive 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 deben-tures, will offer additional convertible debentures to shareholders, the latter probably sometime in the Au-tumn of this year. **Office** — 726 Jackson Place, N. W., Washington, D. C. **Business**—Industrial merchant bank-ers.

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. **Under-writers**—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. **Pro-ceeds**—For expansion program and working capital. **Underwriters**—The First Boston Corp., New York; and Dean Witter & Co., San Francisco, Calif.

★ **Kayser (Julius) & Co.**
Aug. 17, it was announced plans an offering of stock to its shareholders and borrowing through long-term bank loans. **Proceeds**—To finance acquisition, through purchase, of the net current assets of Holeproof Hosiery Co. (latter's stockholders to vote on proposal on Sept. 6).

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.

★ **Laclede Gas Co.**
Aug. 8 it was stated company plans sale of about $10,-000,000 convertible first preferred stock to stockholders. **Underwriter**—To be determined by competitive bidding. Probable bidders: Lehman Brothers, Merrill Lynch, Pierce, Fenner & Beane and Reinholdt & Gardner (jointly); White, Weld & Co.; Stone & Webster Secu-rities Corp.; Blair & Co. Incorporated. **Bids**—Probably this fall.

★ **Lamson & Sessions Co. (9/19-23)**
Aug. 15 it was reported company plans to issue and sell about $3,000,000 of convertible preferred stock. **Under-writer**—McDonald & Co., Cleveland, Ohio. **Registration**—Expected late in August.

★ **Lanolin Plus, Inc.**
Aug. 15 it was reported company (name to be changed from Consolidated Cosmetics, Inc.) plans registration in September of about 200,000 shares of common stock (part for selling stockholders).

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. **Pro-ceeds**—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. **Under-writer**—To be determined by competitive bidding. Prob-able bidders—Halsey, Stuart & Co. Inc.; The First Bos-ton 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 out-standing). 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. Incor-porated, 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.

★ **Massachusetts Indemnity Insurance Co. (9/12-16)**
Aug. 15 it was reported company plans to issue and sell 60,000 shares of common stock. **Proceeds**—To sell-ing stockholders. **Underwriter**—Estabrook & Co., Boston and New York.

Missouri Pacific RR. (8/18)
Bids will be received by the company at St. Louis, Mo., on Aug. 18 for the purchase from it of $3,675,000 equip-ment trust certificates. Probable bidders: Halsey, Stuart & Co., Inc.; Salomon Bros. & Hutzler.

Morris Plan Co. of California
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**—Ameri-can Telephone & Telegraph Co. owns about 86.7% of the presently outstanding common stock. **Underwriter** — None.

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 prin-cipal subsidiary, on a basis of 1.45 National shares for each Pennsylvania Gas share.

New Haven Clock & Watch Co.
Aug. 3 it was announced that stockholders approved a plan of recapitalization and plans to raise not less than $300,000 of new capital. **Underwriter**—Probably Rey-nolds & 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. **Under-writer**—To be determined by competitive bidding. Prob-able 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 Central RR. (9/8)
Bids will be received on Sept. 8 for the purchase from the company of $7,500,000 equipment trust certificates to mature annually to, and including 1970. Probable bid-ders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutz-ler.

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. **Pro-ceeds**—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 expan-sion and improvement program which will cost ap-proximately $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 require-ments for 1955 will approximate $31,000,000. Present plans contemplate these funds will be obtained tem-porarily 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 competi-tive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc. and The First Boston Corp. (joint-ly); Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly); Equit-able Securities Corp. and Union Securities Corp. (joint-ly); 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

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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 National Bank, San Francisco, Calif.
Aug. 6 directors approved offer to stockholders of about 35,764 shares of additional capital stock on basis of one new share for each four shares held. **Price**—$35 per share. **Underwriters**—Elworthy & Co.; Schwabacher & Co.; Davis Skaggs & Co.; Pflueger & Baerwald; and J. Barth & Co.; all of San Francisco, Calif.

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)
Aug. 8 company applied to New Jersey Board of Public Utility Commissioners for authority 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.
Aug. 8 it was announced that company may issue and sell early in October 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.

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

Reading Co.
June 7 stockholders approved a proposal increasing the authorized indebtedness of the company to $125,000,000. Funded debt at Dec. 31, 1954 totaled $84,077,350. If, in the future, the directors should deem it in the best interests of the company to issue bonds, the board will determine the amount of the issue and the terms and conditions of the bonds. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

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.

● St. Louis-San Francisco Ry (8/24)
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). **Bids**—Expected to be received up to noon (EDT) on Aug. 24, at 120 Broadway, New York, New York.

● San Diego Gas & Electric Co. (11/29)
Aug. 2 it was reported company plans to sell $18,000,000 of bonds. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—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. **Bids**—Expected to be received up to 11:30 a.m. (EDT) on Nov. 29.

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 later this year.

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.

★ Tampa Electric Co. (9/21)
Aug. 17 it was announced company plans to offer to its common stockholders of record Sept. 20 an issue of 197,532 additional shares of common stock (par $7) on the basis of one new share for each 10 shares held; rights to expire on Oct. 6. Warrants are to be maile on Sept. 21. **Price**—Expected to be set by the director on Sept. 20. **Proceeds**—To repay bank loans and fo new construction. **Underwriter**—If determined by com petitive bidding, probable bidders may be: Goldmar Sachs & Co.; Stone & Webster Securities Corp.; White Weld & Co. and R. W. Pressprich & Co. (jointly).

Texas Gas Transmission Co.
March 15 it was reported company plans to sell addi tional first mortgage bonds later to finance cost of nev construction, which is estimated at about $17,500,00(**Underwriter**—Dillon, Read & Co. Inc., New York.

Unexcelled Chemical Corp.
May 25 stockholders approved creation of 100,000 share of 5% non-voting preferred stock (par $25) and in creased authorized common stock from 500,000 shares t 1,000,000 shares.

Union Electric Co. of Missouri
Jan. 24 it was reported company expects to sell abou $30,000,000 30-year first mortgage bonds late in 1955 **Proceeds**—To repay bank loans and for new construc tion. **Underwriter** — To be determined by competitiv 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 Shield & Co. (jointly). **Bids** — Expected to be received i October or November 1955.

United Aircraft Corp.
April 26 stockholders approved a new issue of 500,00 shares of preference stock (par $100). **Proceeds**—To re deem present 5% cumulative preferred stock (233,50 shares outstanding), and for working capital. **Under writer**—Harriman Ripley & Co., Inc., New York.

United Gas Corp.
Feb. 24, N. C. McGowen, President, announced tha corporation plans to raise $35,000,000 to $40,000,00(through the sale of additional common stock to stock holders. **Proceeds**—For construction program of com pany and of United Gas Pipe Line Co., a subsidiary **Underwriter**—None. **Offering**—Expected in Septembe or October.

United Gas Corp.
Feb. 24, N. C. McGowen, President, stated that company might be doing some debt financing, with thi 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).

Virginia Electric & Power Co. (12/6)
Aug. 2 it was announced that company plans to issue and sell 125,000 shares of cumulative preferred stock (par $100). **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Stone & Webster Securities Corp.; Merrill, Lynch, Pierce, Fenner & Beane.

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.

Westcoast Transmission Co., Ltd.
April 25 it was reported company now plans to issue and sell publicly about $20,000,000 of securities, probably in units of notes and stock. Bonds are expected to be placed privately. **Underwriter**—Eastman, Dillon & Co., New York. **Offering**—Expected in July.

Westpan Hydrocarbon Co.
March 2 it was announced Sinclair Oil Corp. has agreed with the SEC to divest itself of its investment of 384,380 shares of Westpan stock (52.8%). **Underwriter**—Union Securities Corp., New York, underwrote recent sale of Sinclair's holdings of Colorado Interstate Gas Co. White, Weld & Co., New York, may be included among the bidders.

Worcester County Electric Co. (10/18)
The company proposes to file a registration statement with the SEC early in September with respect to sale of $8,500,000 first mortgage bonds, series D, due 1985. **Proceeds**—For payment of bank loans and new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Salomon Bros. & Hutzler and Stroud & Co., Inc. (jointly); Coffin & Burr, Inc.; Kidder, Peabody & Co., Blyth & Co., Inc. and White, Weld & Co. (jointly); Blair & Co. Incorporated and Baxter, Williams & Co. (jointly); The First Boston Corp. **Bids**—Tentatively scheduled to be received on Oct. 18 at company's office, 441 Stuart St., Boston 16, Mass.

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 $4\frac{3}{4}$% 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.

Mutual Funds

By ROBERT R. RICH

Affiliated Fund Now at Record

One of the nation's largest common stock investment companies Affiliated Fund, Inc., reports that its net assets reached a record level on July 31, 1955 when they amounted to $337,976,230, equivalent to $6.18 per share, and compared with $266,054,922 or $5.20 per share, on Oct. 31, 1954, the end of its last fiscal year, after allowing for distribution on Dec. 8, 1954 of $14,859,960 (29 cents a share) from profits realized in the previous fiscal year.

Sales of Affiliated's capital stock in the nine months period amounted to $33,000,000, an increase of 32% over sales of $25,000,000 in first nine months of the previous fiscal year. On July 31, 1955 shares outstanding were at an all time high of 54,700,379.

Distribution of assets on July 31, 1955 shows 89.49% invested in common stocks and 10.51% in cash and Governments. Purchase of Governments took place within the last three months and is in line with the policy of Affiliated Fund to "create reserve purchasing power by investing a portion of its assets in Government bonds when the stocks of a number of important companies appear to be substantially overpriced."

Exclusive of U. S. Government securities additions to the portfolio in the nine months ended July 31, 1955 were American Airlines, Incorporated; Dixie Cup Company; Eastern Air Lines, Inc.; Eli Lilly & Co.; Lily-Tulip Cup Corp.; Marathon Corp.; Potomac Electric Power Company; St. Regis Paper Company; San Diego Gas & Electric Company; Tennessee Gas Transmission Company; Union Bag & Paper Corp.; United Air Lines, Inc.; and El Paso Natural Gas $4.40 convertible preferred.

Common stocks eliminated in the nine months were American Broadcasting-Paramount Theatres, Inc.; Armstrong Cork Company; Best Foods Inc.; Consumers Power Company; Endicott Johnson Corp.; Grand Union Company; International Nickel Company of Canada, Ltd.; Louisville Gas & Electric Company; R. H. Macy & Company, Inc.; National Gypsum Company; North Indiana Public Service Company; United States Gypsum Company; and F. W. Woolworth Company.

In his letter to stockholders, Harry I. Prankard 2nd, President, states in regard to policy, "We do not limit our investments to any particular industry, to any particular region or country, or to any particular types of stocks. We seek large profits when prices for stocks (and market risks) are low, and we try to be conservative in our investments when prudence dictates such a course."

The report shows that investment in the electric light and power industry, accounting for 12.47% of total assets, and that in the natural gas industry accounting for 11.70% are the largest in the portfolio. Food shares (7.70%) rank third; bank stocks (7.88%) fourth; and drug company equities (7.45%) fifth.

THE INTRODUCTION of controled themonuclear fusion, which many scientists feel is the ultimate step in the further development of atomic energy, could broaden the entire atomic energy outlook, according to an "Atomic Activities" letter published by National Securities and Research Corporation. The letter points out that nuclear fusion eclipses all other known atomic power producing processes.

Robert Colton, manager of the firm's Atomic and Electronics Research Division, says that "fusion provides more energy than fission, is inherently safer, produces less dangerous radiation, and minimizes the troublesome radioactive waste disposal problem. As a result, insurance carriers no longer should be obsessed with the gigantic liability problem of fission reactors."

"For fusion, no uranium would be required," Mr. Colton explains. "Those experienced mining and metallurgical companies like Anaconda Company, Kennecott Copper Corporation, Climax Molybdenum Company, and National Lead Company, as well as a number of others of the same stature, could easily supply the remainder of uranium required for other phases of the atomic energy program.

"The best choice of fusionable materials appears to be lithium and deuterium, a heavy isotype of hydrogen. Lithium, a very light, silvery metal, is abundantly available from many natural sources. Deuterium may be made by exposing hydrogen to neutrons or by decomposing heavy water, which in turn may be separated from ordinary water. About one part of heavy water to 5,000 parts of ordinary water occurs naturally.

"For fusion, more lithium would be required and more knowledge of lithium chemistry must be developed. Naturally, the major lithium producers, Foote Mineral Company, Lithium Corporation of America and American Potash and Chemical Corporation, are completely aware of the potentials and are developing their background so that they can benefit the most as lithium becomes so necessary."

DIVERSIFIED Investment Fund reported the fund's net asset value per share at the end of July amounted to $9.66. This represented an increase of 5.3% over the $9.17 per share asset value at the end of the fiscal half-year, May 31, 1955 and a gain of 15.4% above the $8.37 per share reported at the close of the previous fiscal year ended Nov. 30, 1954.

The assets of the fund at the end of July were invested in 93 securities, with bonds representing 12.1% of the whole, preferred stocks 17.2%, and common stocks 70.3%.

Added to the bond section of the fund's investment portfolio since May 31, 1955 were Atlantic Coast Line RR. Unified A 4½s of 1964. Other portfolio additions included the 4.90% preferred stock of Tennessee Gas Transmission Co., the 5% convertible preferred stock of A. C. F. Industries Inc. and the common stock of that company.

The fund's holdings of the common stock of General Portland Cement Co. were eliminated.

PERSONAL PROGRESS

GALE WEIMER has resigned from the staff of the Bank of America after more than 30 years of service to become Vice-President of American Funds Distributors, Inc.

His appointment, effective Aug. 1, was announced by Ward Bishop, President of the organization, which distributes shares of The Investment Company of America, American Mutual Fund, Inc., and two eastern investment trusts. Mr. Weimer's last position with Bank of America was Assistant Trust Officer in the corporate trust division.

Paper Industry Peak in 1955 A Boom Tip-off

The paper industry, an excellent indicator of general business activity, will find 1955 another peak year with prospects for the intermediate and long-term future "exceedingly bright," according to an analysis of the investment management department of Calvin Bullock.

Total U. S. production for 1955, estimated at about 29 million tons, will be almost 9% above 1954, the previous peak year, the publication reports. Total U. S. paper and board consumption now approaches a 35-million-ton annual rate, compared with 26 milion tons in 1948 and 29 million in 1952. The difference between domestic production and consumption represents imports.

"Present capacity levels will have to be increased rather substantially," according to the analysis.

From the standpoint of timber resources for paper making purposes, the United States leads all other nations in the world, the publication reports. The nation's share of world paper production rose to 49% in the 1950-52 period from 38% in 1935-38. Ample resources are available to supply the increasing demand, the report states.

Biggest growth in paper usage was in kraft paperboard which rose to 38% of total paperboard production in 1953 from only 6% in 1929. Kraft paper production rose from 53% of total coarse paper production in 1929 to 76% in 1953.

Domestic newsprint production capacity, estimated to reach 1,750,000 tons annualy by 1956 contrasted to only 1,073,700 tons in 1953, is being expanded by the development of Southern pine, which has the advantage of growing into pulpwood in 20 to 40 years, about twice as fast as other species in colder climates, according to the analysis.

Canada, which now supplies about 80% of domestic newsprint requirements, can be expected to find new overseas markets "as European and United Kingdom recovery expands further," the publication observes.

Increased use of paperboard containers in the fruit and vegetable field and the almost universal trend toward supermarket

Continued on page 46

No. 150,000 on Wellington's Shareholder List

Walter L. Morgan (left) President of the $460,000,000 Wellington Fund, presenting framed welcome letter and certificate to Mr. and Mrs. Romeo J. Audette of Pawtucket, Rhode Island, on their jointly becoming the 150,000th shareholder of Wellington Fund. The presentation was made at the Philadelphia headquarters of the fund, which is one of the oldest and largest mutual funds.

With Hamilton Managem't

(Special to The Financial Chronicle)

DENVER, Colo. — Claude W. Smith has become affiliated with Hamilton Management Corporation, 445 Grant St.

Joins Wayne Jewell

(Special to The Financial Chronicle)

DENVER, Colo.—Lester A. Miller has joined the staff of Wayne Jewell, 817 Seventeenth Street.

Shaiman Adds to Staff

(Special to The Financial Chronicle)

DENVER, Colo.—Robert Yoches is with Shaiman & Company, First National Bank Building.

With Oscar E. Dooly

(Special to The Financial Chronicle)

MIAMI, Fla.—Miles R. DuKet is now with Oscar E. Dooly & Co., Ingraham Building.

Two With Beil & Hough

(Special to The Financial Chronicle)

ST. PETERSBURG, Fla.—William E. Johnson and Frederick P. Richmire are now with Beil & Hough, Inc., 350 First Avenue North, members of the Midwest Stock Exchange.

Two With Courts Co.

(Special to The Financial Chronicle)

ATLANTA, Ga. — Charles R. Crawford, Jr. and Hugh P. Nunnally, Jr. have been added to the staff of Courts & Co., 11 Marietta Street, N. W., members of the New York Stock Exchange.

Clement Evans Adds

(Special to The Financial Chronicle)

ATLANTA, Ga. — Ryburn G. Clay, Jr. has become affiliated with Clement A. Evans & Company, Inc., First National Bank Building, members of the Midwest Stock Exchange.

Joins Hornblower Staff

(Special to The Financial Chronicle)

CHICAGO, Ill.—Harold A. Hobson, Jr. is with Hornblower & Weeks, 134 South La Salle Street.

Now With Arthur Krensky

(Special to The Financial Chronicle)

CHICAGO, Ill.—Noel N. Rothman has become connected with Arthur M. Krensky & Co., Inc., 141 West Jackson Boulevard, members of the New York and Midwest Stock Exchanges. He was previously with Shearson, Hammill & Co.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market, in the opinion of certain money market specialists, is in the process of working out a bottom. This does not mean, however, that quotations of these securities will not continue to be moved about as they have been in the past as the market for these issues, especially the longer-term ones, is still on the thin side. However, it is reported that a few more institutional investors than has been the case recently have been showing an interest in Government obligations. There is also evidence that under the market, scale orders have also been placed for selected longer-term issues. There is likewise evidence that the intermediate term obligations are getting a bit more attention.

The near-term market is still the best one, because there is a sizeable demand for these issues and there are no indications yet that the quest for liquidity will be dissipated until some of the uncertainties that shroud the money market have been removed.

Near-Term Rates Stabilizing

The interest rasing operations appear to be out of the way for the time being, in spite of the recent increase in the "call loan" rate from 3¼% to 3½%. This means that the money market will be adjusting itself to the series of increases in money costs which it has been hit with in a very short space of time.

As a whole, the Government market seems to have given a rather satisfactory account of itself in view of what has recently transpired. The short-term interest rate has been going up fairly rapidly, but it seems as though this uptrend is now losing a great deal of its momentum so that the climb from here on will be much more gradual. Some money market specialists are of the opinion that near-term rates are entering an area of stabilization so that fluctuations, for a period of time at least, will tend to be within a rather restricted range.

Scale Buying of Long Bonds Noted

The longer end of the Government market has shown a tendency to rally in the face of higher interest costs, but it appears to be a bit too early yet to indicate whether the market for these obligations has rather fully discounted the money tightening operations. The demand for the most distant Treasury obligations is still rather limited because investors, the ones that do make the market for Government securities a solid and broad picture, are still getting a better return on their funds from other channels, namely mortgages, private placements, loans, corporate and tax free obligations.

This does not, however, mean that certain investors, pension funds and the small institutional ones, have not been giving a limited amount of support to the long Government market. It is evident that scale orders in not too large amounts have been placed in the market, and the fluctuations which have taken place from time to time have filled quite a few of these orders. There has also been a certain amount of "technical operation" going on, with the professional element, such as dealers and traders, covering short commitments. This has given a semblance of stability to the longer Government bond market. However, in spite of this, it is still a very thin market and one which can be moved rather readily in either direction.

Continued Large Demand for Credit

The demand for credit is and will continue to be large and, under such conditions, the pressure will still be on the money markets, except in the instances when the powers that be see fit to give temporary relief, which should be expected from time to time. If the seasonal needs of the country are going to be financed without stringencies, and it seems as though this will be the case, then the money market should not have to make too much of an adjustment from presently existing levels. There is no question but what the supply of non-Government securities and other such investments will continue to be plentiful and this means that competition for available funds will be as keen as ever.

However, on the other hand, the adjustment which has already taken place in quotations of Government securities has gone a long way toward discounting the loan demand and the competition from non-Treasury investments.

Accordingly, not a few money market specialists are still of the opinion that a bottom is in the making in the Government market, and they are not adverse now to recommending that orders for specific issues be placed on a scale basis. Because of the thinness of the market, and its susceptibility to quick changes in both directions, under the market scale orders which have been placed already have a certain amount of discretion attached to them.

Continued from page 5

Observations . . .

ample often underemphasized — seem to grow in almost geometrical progression.

From abroad we get the report:† "The most lucrative investments have been the pictures of a few artists who died either at the end of the last century or in the first half of this, and whose work is in such demand that it is virtually impossible to forecast what one of their pictures will fetch in a public sale. The most obvious examples are Cezanne, Toulouse-Lautrec, Van Gogh and the most famous of the Impressionists—Manet, Renoir, Degas, Monet and so forth. To give but three instances from the Cognac sale held in Paris in 1952; a not outstanding Cezanne still-life fetched 23,000,000 francs: a pretty, but unimportant, Renoir commanded 22,500,000 francs; and a Degas pastel went for 10,000,000 francs. Even insignificant trifles by these artists command high prices."

On the American scene too, Blue Chip-ism has been rife. Thomas Bentons have risen by 33-50% over the past decade; and Grant Woods by as much as 300%. And witness the skyrocketing of Marins. This midst the severe struggles of the lesser fry!

In this area of growing reliance on names, there is a lessening of emphasis on quality.

And as in the securities field, in art the Blue Chip-ism and the escape from judgment to the safe has been stimulated by memory of the casualties with the formerly fantastically high-price fetchers like Meissonier, Bougereau, Thomas Hovenden, and Joseph Israels.

That Crucial Style Feature

Another analogy between the "two markets" is found in the mass psychology of uniquely paying for style. That is, in painting as in stocks, follows success in speculation the course of the beauty popularity contest so apt depicted by Lord Keynes:—it not a question of picking that gir photograph that seems most bea tiful to the contesting picker, b in correctly anticipating that o which the other contestant w deem to be the most beautiful.

In any event, there are pe sistent and drastic changes style in both areas. The gre popularity enjoyed by the En lish portraitists 1910-1915, no applies to the Impressionists; a we have the in-and-out Dut period of the 17th century.

Spilling Over Into the "Secondar Issues

Another dual characteristic the spilling over of buyers in the "secondaries" during t course of a Bull Market. On bo sides of the Atlantic, the shorta of the good and reliable old ma ters has at some periods pushed the price of lesser known artis and less distinguished pictures (some point the Blue Chip-is does get temporarily diminished Witness the recent coming fashion and rising prices of pi tures of the Baroque periods, the Barbizon School, of Theodo Rousseau, Harpignies, and Da bigny. As with the stock market turning to the secondary issue hitherto neglected Renaissan works, an Ibbetson, or below-th top quality Dutch masters ma midst the Bull Market in t leaders, offer an opportunity f great short-term profits for t rank art speculator.

But the matter of definition— whether the buyer is investing speculating — seems unimporta to his activity, or to the appeal the activity. As in the field theatrical play financing, t factor determining the devotion money should be purely the bu er's non-material satisfaction - without confusion with financi achievement.

In any event, it is unnecessar to exploit that word *investmen*

†The London "Economist," March 5, 1955.

Continued from page 45

Mutual Funds

shopping with its attendant demand for prepackaged items and display cartons were among the factors mentioned as influencing the continued increase in paper usage.

"More important," the report observes, "paper should continue to show an increasing per capita consumption because its greater number of uses is perhaps the best single example of an increasingly 'livable' America."

TOTAL NET assets of the T. Rowe Price Growth Stock Fund, Inc. increased to $5,435,729 on June 30, 1955, as compared with $3,081,953 one year earlier. The net asset value per share increased from $21.40 to $30.02 during the same period, which represents a rise of 43.2% after adjustment for the $0.62 distribution in December 1954 from realized gain on the sale of securities.

WALL STREET Investing Corp.'s net assets and net asset value per share are the highest in the common stock mutual fund's history, shareholders learned today.

The firm's semi-annual report reveals that, as of June 30, its net assets were $6,467,795.58, as compared to $5,808,083.52 on Dec. 31, 1954. For the same period, net asset value per share increased by 11.03%—from $18.62 to $20.93.

John H. G. Pell, President, said the company's equity and reserve positions have remained unchanged and continue to reflect the management's view of the best method of achieving its objectives: (1) long-term capital growth, (2) conservation of principal in terms of dollars and purchasing power, and (3) reasonable current income.

He stated that the corporation is planning two additional bank services, scheduled to take effect later this month: a dividend-a-month plan and a retirement program somewhat similar to a variable annuity policy divorced of the insurance feature.

INCREASES in both net income and net asset value per share were recorded by The United Corporation during the first six months of the year, according to the company's interim report for the half year issued by Wm. M. Hickey, President.

Net asset value rose substantially during the first six months of the year, amounting on June 30, 1955 to $88,853,146, equal to $6.31 a share. On Dec. 31, 1954 net assets were $83,133,679 or $5.91 a share, and $77,527,715 or $5.51 a share on June 30, 1954.

Net income during the first six months of 1955 increased to $2,392,749, equal to 17c a share, from $2,072,364 or 14.7c a share reported for the corresponding period of 1954. Mr. Hickey said that the improvement in net earnings was due in part to an increase of $123,069 in dividend and interest income and to an increase of $223,222 in profits on sales of se curities. Considerably larger u realized capital gains remained i the portfolio at June 30, 1955 an helped to bring about the im provement in net asset value.

Total investment securitie owned by United on June 30, 195 had an indicated market value $85,663,672, with the balance assets represented by cash an U. S. Government securities. Pub lic utility common stocks con tinued to be the largest grou holding, aggregating $62,204,433 o 70% of total net assets. Othe group holdings included stocks o manufacturing companies value at $10,465,211; oil stocks, $5,159, 751; banking, finance and insur ance stocks, $3,579,213, and miscel laneous common stocks, $1,623,66

TOTAL NET ASSETS of th Atomic Development Mutua Fund, Inc., increased twenty-fol during the fiscal year ended o June 30, 1955.

Board Chairman Merle Thorpe Jr., and President Newton Steers, Jr., reported to the Fund' 30,000 stockholders that net asset had increased from $2,226,997 a the beginning of the period t $44,512,374 at its close. Net asset per share increased during the period from $10.88 to $14.37.

During the year the fund realized a gain of $201,684 in the sal of securities and recorded an increase in appreciation on securities of $3,460,547, Messrs. Steer and Thorpe reported. Net investment income after expense amounted to $354,878.

The report notes that dividend totaling 12 cents per share were paid during the year.

Dean Witter Places Armstrong Note Issue

Dean Witter & Co., it is announced today (Aug. 18), has placed privately an issue of $1,000,000 5¼% junior subordinated notes due July 1, 1965, of A. J. Armstrong Co. Inc. of New York City.

The company is in the factoring business.

With E. R. Bell Co.

(Special to THE FINANCIAL CHRONICLE)

KANSAS CITY, Mo. — Arnold Cohen is now with E. R. Bell Company, 4627 Wornall Road.

Peet Adds to Staff

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Eugene H. Peek has become associated with H. O. Peet & Co., Farnam Building.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

SPRINGFIELD, Mo. — John C. Gaffney and Allen R. Oppegard are now connected with King Merritt & Co., Inc., Woodruff Building.

Walston Adds Three

(Special to THE FINANCIAL CHRONICLE)

SAN FRANCISCO, Calif.—Carmen Burroughs, Robert M. Pilot and Eugene K. Ratto are now with Walston & Co., 265 Montgomery Street, members of the New York and San Francisco Stock Exchanges.

John B. Joyce Adds

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Ohio—Mrs. Madeleine M. Adkins has joined the staff of John B. Joyce & Co., Huntington Bank Building, members of the Midwest Stock Exchange.

With Schirmer, Atherton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — John J. McCarthy has become connected with Schirmer, Atherton & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Joins Hy Patashnick

(Special to THE FINANCIAL CHRONICLE)

NORTH ADAMS, Mass.—Mark L. Murray is with Hy Patashnick, 111 Main Street.

With Hornblower & Weeks

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Jerome Coe has been added to the staff of Hornblower & Weeks, 75 Federal Street.

DIVIDEND NOTICES

AMERICAN Cyanamid COMPANY

PREFERRED DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of eighty-seven and one-half cents (87½¢) per share on the outstanding shares of the Company's 3½% Cumulative Preferred Stock, Series B, and a quarterly dividend of ninety-three and three-quarter cents (93¾c) per share on the outstanding shares of the Company's 3¾% Cumulative Preferred Stock, Series C, payable October 1, 1955, to the holders of such stock of record at the close of business September 2, 1955.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company today declared a quarterly dividend of fifty cents (50¢) per share on the outstanding shares of the Common Stock of the Company, payable September 30, 1955, to the holders of such stock of record at the close of business September 2, 1955.

R. S. KYLE, *Secretary*

New York, August 16, 1955.

ADAMS EXPRESS COMPANY

To The Stockholders:

The Adams Express Company's Board of Managers today took action to effect a 2 for 1 split of its shares by declaring a 100% stock dividend. Stockholders will receive on October 18, 1955, one additional share ($1 par) for each share ($1 par) held of record at the close of business September 29, 1955.

A quarterly cash dividend of 30¢ a share on the presently outstanding shares was also declared, payable September 23, 1955 to stockholders of record September 2, 1955.

W. B. VIALL
Secretary

August 16, 1955.

DIVIDEND NOTICES

BRIGGS & STRATTON CORPORATION

BRIGGS & STRATTON

DIVIDEND

The Board of Directors has declared a quarterly dividend of sixty cents (60c) per share and an extra dividend of forty cents (40c) per share on the capital stock (without par value) of the Corporation, payable September 15, 1955, to stockholders of record August 26, 1955.

L. G. REGNER, Secretary-Treasurer.

Milwaukee, Wis.
August 16, 1955

AMERICAN INTERNATIONAL CORPORATION

To The Stockholders:

The Directors of American International Corporation today took action to effect a 2 for 1 split of its shares by declaring a 100% stock dividend. Stockholders will receive on October 18, 1955, one additional share ($1 par) for each share ($1 par) held of record at the close of business September 29, 1955.

A quarterly cash dividend of 20¢ a share on the presently outstanding shares was also declared, payable September 20, 1955 to stockholders of record September 2, 1955.

W. B. VIALL
Secretary

August 16, 1955.

DIVIDEND NOTICES

THE GARLOCK PACKING COMPANY

August 10, 1955

COMMON DIVIDEND No. 317

At a meeting of the Board of Directors, held this day, a quarterly dividend of 25¢ per share and an *extra* dividend of 25¢ per share were declared on the common stock of the Company, payable September 30, 1955, to stockholders of record at the close of business September 9, 1955.

H. B. PIERCE, *Secretary*

BRUNING

AMERICA'S LARGEST SUPPLIER OF ENGINEERING & DRAFTING EQUIPMENT

The Board of Directors of Charles Bruning Company, Inc. have declared a regular quarterly dividend of 60c per common share payable September 1, 1955, to holders of record August 16, 1955.

Vincent G. McDonagh,
Secretary

COPYFLEX COPYING MACHINES FOR BUSINESS AND INDUSTRY

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED

At a meeting of Directors held August 9, 1955 in London it was decided to pay on September 30, 1955 Interim Dividend of Six Pence for each Ten Shillings of Ordinary Stock for the year ending September 30, 1955 on the issued Ordinary Stock of the Company free of United Kingdom Income Tax.

Also decided to pay on the same day half-yearly dividend of 2½% (less tax) on issued 5% Preference Stock.

Coupon No. 224 must be used for dividend on the Ordinary Stock and Coupon No. 104 must be used for dividend on the 5% Preference Stock. All transfers received in London on or before August 29, 1955 will be in time for payment of dividends to transferees.

Also decided to pay on October 31, 1955 half-yearly dividend of 3% (less tax) on the 6% Preference Stock. All transfers received in London on or before October 7, 1955 will be in time for payment of dividends to transferees.

Stockholders who may be entitled by virtue of Article XIII (1) of the Double Taxation Treaty between the United States and the United Kingdom, to a tax credit under Section 901 of the United States Internal Revenue Code can by application to Guaranty Trust Company of New York obtain certificates giving particulars of rates of United Kingdom Income Tax appropriate to all the above mentioned dividends.

BRITISH-AMERICAN TOBACCO COMPANY LIMITED

August 9, 1955

DIVIDEND NOTICES

E. I. DU PONT DE NEMOURS & COMPANY

DU PONT

REG. U. S. PAT. OFF.

Wilmington, Del., August 15, 1955

The Board of Directors has declared this day regular quarterly dividends of $1.12½ a share on the Preferred Stock—$4.50 Series and 87½¢ a share on the Preferred Stock—$3.50 Series, both payable October 25, 1955, to stockholders of record at the close of business on October 10, 1955; also $1.50 a share on the Common Stock as the third quarterly interim dividend for 1955, payable September 14, 1955, to stockholders of record at the close of business on August 22, 1955.

P. S. DU PONT, 3RD, *Secretary*

BRITISH-AMERICAN TOBACCO COMPANY LIMITED

NOTICE OF DIVIDENDS TO HOLDERS OF ORDINARY AND PREFERENCE STOCK WARRANTS TO BEARER.

A second interim dividend on the Ordinary Stock for the year ending 30th September 1955 of six pence for each Ten Shillings of Ordinary Stock, free of United Kingdom Income Tax will be payable on 30th September, 1955.

Holders of Bearer Stock to obtain this dividend must deposit Coupon No. 224 with the Guaranty Trust Company of New York, 32, Lombard Street, London, E.C.3., for examination five clear business days (excluding Saturday) before payment is made.

The usual half-yearly dividend of 2½% on the 5% Preference Stock (less Income Tax) for the year ending 30th September next will also be payable on the 30th September, 1955.

Coupon No. 104 must be deposited with the National Provincial Bank Limited, Savoy Court, Strand, London, W.C.2., for examination five clear business days (excluding Saturday) before payment is made.

DATED 10th August, 1955.

By Order
A. D. McCORMICK,
Secretary.

Westminster House,
7, Millbank,
London, S.W. 1.

Stockholders who may be entitled by virtue of Article XIII (1) of the Double Taxation Treaty between the United States and the United Kingdom, to a tax credit under Section 901 of the United States Internal Revenue Code can by application to Guaranty Trust Company of New York obtain certificates giving particulars of rates of United Kingdom Income Tax appropriate to all the above mentioned dividends.

DIVIDEND NOTICES

HEMPSTEAD BANK
HEMPSTEAD, N. Y.

144th Consecutive Dividend

The Board of Directors has this day declared a regular quarterly dividend of Thirty-two cents (32c) per share payable on September 15th, 1955 to stockholders of record at the close of business on August 11, 1955.

Walter G. Barker
President

Dated August 11, 1955.

CONSOL

The Board of Directors of

PITTSBURGH CONSOLIDATION COAL COMPANY

at a meeting held today, declared a quarterly dividend of 75 cents per share on the Common Stock of the Company, payable on September 12, 1955, to shareholders of record at the close of business on August 26, 1955. Checks will be mailed.

CHARLES E. BEACHLEY,
Secretary-Treasurer

August 15, 1955.

NORFOLK SOUTHERN RAILWAY CO. NS

NORFOLK SOUTHERN RAILWAY COMPANY

Common Dividend

The Board of Directors of Norfolk Southern Railway Company have declared a dividend of thirty cents (30¢) per share on the common stock of said Company, payable on September 15, 1955, to stockholders of record at the close of business September 1, 1955.

J. RAYMOND PRITCHARD, *President*

SEABOARD FINANCE COMPANY

COMMON STOCK DIVIDEND

82nd Consecutive Quarterly Payment

The Board of Directors of Seaboard Finance Co. declared a regular quarterly dividend of 45 cents a share on Common Stock payable October 10, 1955 to stockholders of record September 22, 1955.

PREFERRED STOCK DIVIDENDS

The directors also declared regular quarterly dividends of $1.43¾ on the $5.75 Sinking Fund Preferred Stock, and $1.18¾ on the $4.75 Sinking Fund Preferred Stock. All preferred dividends are payable October 10, 1955 to stockholders of record September 22, 1955.

A. E. WEIDMAN
Treasurer

July 28, 1955

Penn-Texas

CORPORATION

DIVIDEND NOTICE

The Board of Directors of Penn-Texas Corporation has today declared a regular quarterly dividend of thirty-five cents ($.35) per share on the Capital Stock of the Company payable October 18, 1955, to stockholders of record October 3, 1955. This compares with previous quarterly dividends of twenty-five cents ($.25) per share.

DIVIDEND APPLICABLE TO SHARES ISSUED TO NILES-BEMENT-POND CO. STOCKHOLDERS IN MERGER

The Board of Directors of Penn-Texas Corporation has pointed out that the above declared dividend will be payable not only on the presently outstanding Penn-Texas Corporation shares but also on those shares of Penn-Texas Corporation Common Stock which Niles-Bement-Pond Company stockholders may receive as a result of the merger, inasmuch as it is contemplated that the merger may become effective prior to the October 3rd record date.

July 26, 1955

L. D. SILBERSTEIN, *President*

Beneficial Finance Co.

105th CONSECUTIVE QUARTERLY CASH DIVIDEND

The Board of Directors has declared a quarterly cash dividend on the Common Stock at the rate of

$.25 per share

The dividend is payable September 30, 1955 to stockholders of record at close of business September 15, 1955.

August 16, 1955

Wm. E. Thompson
Secretary

OVER 900 OFFICES — Beneficial Finance SYSTEM — IN U. S. AND CANADA

Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C.—Should the present lessening of tensions in the cold war prevail for some months, the effect upon the Federal budget will be comparatively small for two or three years, it is reported in an informed fiscal quarter.

In theory the cold war was to cost $34 billion per year for Defense Department military spending for an indefinite period. In fact, such spending in fiscal 1955 reached a total of $35,847 million. In other words, it is more than $1.8 billion above the long-range "sustainable" level.

It is explained that if the era of good will between Russia and the United States were to continue, the Defense officials might be able to cutback a little here and a little there, have two of some kinds of a program where they have three at present. And they could delay taking deliveries on one or another item under order.

This all is possible without reducing force goals. It is not anticipated that the projected size of the military establishment would be cut barring some decisive step which should make it appear that the cold war was definitely at an end.

However, the most that this adjusting action to the era of East-West good will could produce, it was stated, would be a holding of Defense Department military spending to that long-range "sustainable" goal of $34 billion.

Even if there was a definite and recognizable end of the cold war, it would take the military from two to three years, now that military spending has so much momentum, to cut well below the $34 billion level, it was indicated.

In other words, Geneva even to the most optimistic is not going to make possible that cut in expenditures which so many are relying upon to make possible a tax cut next year without further unbalancing the budget.

Other Spending Rises

When the figures on other spending for fiscal 1955 are studied, there is little that offers hope for a net reduction in total spending.

Thus veterans' compensation and benefits, taking $3,515 million from the Treasury in fiscal 1955, cost $218 million more than in fiscal 1954. The long-run trend of pension costs is upward.

Agricultural price supports cost $3,410 million in '55, $1,884 million more than '54, and are expected to cost at least as much this current fiscal year.

In the present year the enlarged "regular" Federal aid highway program is authorized at $875 million, against $595 million last year.

President Eisenhower's "metals and minerals price support program," undertaken last year under an Executive Order boosted stockpiling costs $151 million to a total outlay for this purpose alone in fiscal '55 of $802 million, and would have cost much more but for the rise in prices of base metals, depressed in price last year.

Then, too, Congress has boosted from $700 million to $1.5 billion, the aggregate sum which can if necessary be lost, by selling price support commodities for foreign currencies, in order to get these commodities out of the hands of the government. When this "Agricultural Trade and Development Act" to provide for this arrangement, was passed last year, it was made a "three-year program."

In writing a report on this Act after it was adopted a year ago, this correspondent predicted that if the government actually succeeded with this indirect give-away, Congress would provide more funds for it in haste. This has been done.

"This Is The Last"

Rep. Jesse P. Wolcott (R., Mich.), the ranking Republican on the House Banking Committee, made the following observations when the House had before it the request for another $2 billion for Commodity Credit Corp.:

He noted that in going along with this request for $2 billion additional for CCC, that "last year, you will recall, we increased it from $8½ to $10 billion, and we were given certain assurances that if the flexible support program of the Administration was put in operation, then probably there would be no necessity for increasing the authorization further.

"We have the same reasonable assurance now that the flexible provisions will shortly be in effect and that there will be no necessity—and we hope this is correct—to continue the authorization beyond the $12 billion figure," he informed the House.

BUSINESS BUZZ

"You knew darn well, Jetsam, when I asked you to compare averages I didn't mean Duke Snyder and Willie Mays!"

Democrats Load Housing Bill

That Housing Act of 1955 which the Congress put on Mr. Eisenhower's desk was really something. In the Housing Act of 1954, the President took the leadership in getting several new, costly, and far-reaching housing financing aids. However, the White House's demands for housing legislation this year were comparatively modest compared with 1954's docket. Nevertheless, the House and Senate, as it were, this year went the President four or five better.

Congress gave the President what he wanted on two or three things.

One of these was to add another $4 billion increment to the ever-expanding, never stabilizing scope of the FHA's insurance program.

Another thing was to continue for a year the FHA home modernization insurance loan program.

A third thing was to provide $500 million worth of Federal gifts, elegantly styled "capital grants" to cities to subsidize slum clearance and urban renewal.

Finally, while the President wanted a 70,000-unit program of public housing spread over a two-year period, Congress voted a one-year program of 45,000 units.

New Programs Added

Additionally, however, the Congress steamed up cooperative housing. This may now be insured by FHA on the basis of "replacement cost," rather than "estimated value," in order that the money will be more plentiful. (Certain special "urban renewal" loans were also changed to the replacement cost basis.)

Furthermore, Congress voted $50 million of Federal National Mortgage Association "advance commitment" funds for cooperative housing. This means that to all practical purposes the government will not only guarantee lenders against losses on cooperative housing, but will also agree to shell out Treasury cash to purchase these mortgages.

A new program of $100 million of loans for financing municipal utilities, sewers, water works, etc., was also voted. This revives a Federal activity that was supposed to pass into history when RFC was slain.

Military Housing Glorified

Even though the Defense Department was willing to go back to the conventional method of paying for housing for military personnel at military bases out of appropriated funds, the Congress thought otherwise.

It re-enacted and put new financial magic into the FHA Title VIII for military housing. Under the new set-up, the Defense Department will ask for contractors' bids to put up this housing according to the design and specifications the Service people draw up. Contractors' bids, incidentally, are a form of procurement traditionally identified with the use of public funds.

Then the Service in effect becomes the mortgagor, docking the quarters allowance from the military personnel and using it to pay for this housing which, however, is financed not with appropriated funds but with private savings from insurance companies or other large lenders, under a loan insured by FHA. It is a loan which FHA **must** insure, once Defense sets it up.

Furthermore, the loans are to 100% of the cost of these projects.

Under the expired Title VIII, theoretically there was a "private owner" who undertook ownership of this housing, borrowed the money, and managed the rentals, and who theoretically had to put up 5% of the cost, himself. Under the new scheme the military housing title becomes nothing but a mechanism designed solely for keeping this form of military housing outside the legal Federal budget.

The new Congressional Housing Act of 1955 also wrote in the boost of $200 million (on top of the present authorized $300 million) for "college housing" loans, and made it clear these could be used for various other purposes.

Kill Housing For Aged

On the other hand, Congress did in conference kill the proposed new broad Federal commitment to provide public housing for elderly persons, adopted at first by the Senate and proposed also by the House Banking Committee.

It also did one thing which particularly irked the Administration. Under the Housing Act of 1954 a whole kit of Federal guarantees and subsidies, including public housing and "capital grants" for slum clearance, was tied in with overriding Federal control of local, municipal planning.

In other words, if a city did not plan its future in a way to win a pat on the back from the Housing and Home Finance Agency, it did not get these various grants, insured loans, and subsidies.

Congress removed public housing as a bait which HHFA can refuse if a city doesn't do what HHFA wants.

(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.)

Three With FIF

(Special to The Financial Chronicle)

DENVER, Colo. — Thomas F. Bradley, James C. Hughes and Paul A. Schaefer are now connected with FIF Management Corporation, 444 Sherman Street.